

Australian PM announces new Pacific Labour Scheme

by Matthew Dornan

10 September 2017



On Friday at the Pacific Islands Forum Leaders meeting, Prime Minister Malcolm Turnbull announced the Pacific Labour Scheme, which from 2018 will give Pacific islanders the opportunity to work in rural and regional Australia for up to three years. The scheme will initially be capped at 2,000 workers, and will be open to citizens of Kiribati, Nauru and Tuvalu.

Details regarding the design of the scheme are still to be released, but we can draw a few conclusions from the [Prime Minister's statement](#) and from a [press conference](#) attended by both the Prime Minister and Minister for International Development and the Pacific. Key points include:

- The scheme will be employer-demand driven, with the number of places (under any cap) determined by employer demand – subject to labour market testing aimed at ensuring there are labour shortages in regions where the visa is provided. This approach is similar to that used by the Temporary Skill Shortage Visa (formerly the 457 visa).
- The scheme will involve year-round employment, unlike the existing Seasonal Worker Program, with visas provided for up to three years.
- Though for rural and regional areas, the scheme is not linked to agricultural employment. In fact, the media release specifically mentions work in towns.
- The scheme will be directed toward low and semi-skilled workers.
- The press statement says that “Kiribati, Nauru and Tuvalu will have first access to the scheme”, suggesting that the list of countries included in the scheme will expand in the future.

This a welcome announcement. The targeting of these three countries is likely to explain why the scheme was not offered to the Pacific as part of the PACER Plus side agreement on labour mobility (so could NZ's involvement). That agreement was criticised by many, including [myself](#), for its failure to incorporate meaningful commitments on labour mobility for the Pacific. It is good to see movement in the right direction now.

The cap of 2,000 workers is small, but it is likely to grow over time. That was the experience of the Seasonal Worker Program (SWP), which began as a pilot with a small cap but later saw its cap increased gradually. The SWP was uncapped entirely last year. It is growing rapidly now, but remains modest in size, due to competition from backpackers seeking extensions to their working holiday maker visa. That issue is unlikely to affect the new Pacific Labour Scheme to any significant extent, given the longer length of visas provided.

It is worth noting that 2,000 places is significant for the three countries to be included from 2018 (Nauru and Tuvalu, with populations of 10,000; Kiribati with a population of close to 110,000). In targeting these states, which are the only small Pacific island states without existing open migration arrangements with a developed country (or significant levels of existing migration in the case of Tonga), the Australian government has shown that development objectives underlie this scheme. We've previously [argued for](#) schemes that target these three countries (though focused on permanent migration).

Without having seen the details, many questions remain.

Will workers be tied to one employer? This is the case for workers under the Seasonal Worker Program, but not for those under the Temporary Skill Shortage Visa. The answer to this question will likely provide an indication of the extent to which the scheme will be regulated/overseen by the government.

Will workers be able to bring family members to Australia? This is permitted under the Temporary Skill Shortage Visa, and one would think should be under the new Pacific Labour Scheme, given the three-year duration of visas under the scheme. There would certainly appear to be a double standard should this not be allowed.

What requirements will workers have to meet? High fees or stringent English tests (as seen under the Temporary Skill Shortage Visa) would likely limit the number of workers able to use the scheme, especially from countries like Kiribati where standards of English are low.

How will the scheme interact with other Australian Government initiatives, including a redesigned Australia-Pacific Technical College.

Lastly, will the scheme provide workers with a one-off opportunity or will they be able to renew their visa as is the case under the Temporary Skill Shortage Visa?

The Prime Minister was at pains to point out at the press conference that the scheme is focused on temporary residency. It is not aimed at facilitating permanent migration. This is a point of difference with the Temporary Skill Shortage Visa, which

though also temporary in focus, has historically seen many visa holders go on to gain permanent residency. Temporary Skill Shortage Visa holders on the Medium and Long-term Strategic Skills List can later be sponsored by their employer for permanent residency. There is unlikely to be any such pathway to permanent residency for those on the Pacific Labour Scheme.

For this reason, the scheme also **falls short** of the Foreign Minister's **call** the other week for Australia to emulate "New Zealand's positive experience with Pacific labour mobility". The key difference between Australia and New Zealand on labour mobility from the Pacific is the existence of a permanent window for the migration of Pacific islanders. New Zealand has **several**. Australia has none.

Small Pacific island countries with access to New Zealand's labour market face challenges as a result of out-migration, but these are far outweighed by the positives, such as higher incomes, better standards of living, and improved education outcomes.

The Pacific Labour Scheme's temporary focus means it cannot be described as a '**step change**' in Australia's relations with the region. But it is a welcome development nonetheless, and a move in the right direction.

Matthew Dornan is Deputy Director of the Development Policy Centre.

Note: This blog was updated on 12 September based on new information regarding the scheme provided by DFAT on its webpage. A previous version had suggested the scheme might target unskilled workers when this is not the case.

Author/s:

Matthew Dornan

Matthew Dornan was formerly Deputy Director at the Development Policy Centre and is currently a senior economist at the World Bank.

Link: <https://devpolicy.org/australian-pm-announces-new-pacific-labour-scheme/>