Scaling up for labour mobility

Stephen Howes
Potential
Labour mobility is already scaled up in many Pacific countries

• Remittances are one of the top three sources of foreign exchange for a number of Pacific countries
  • Fiji, Samoa, Timor Leste, Tonga, Vanuatu

• Seasonal work in Tonga:
  • About a quarter of all young men (aged 20-45) leave the country every year to work on Australian and New Zealand farms.
  • Earnings of $26.2 million more than double Tonga’s export earnings.
There has already been strong seasonal worker growth
Current trends are above *Pacific Possible* projections
1. Non-Pacific foreign workers

- In Australia, backpackers working on farms greatly outnumber seasonal workers.
  - In NZ, 2,600 seasonal workers for 1,000 backpackers.
  - In Australia, 230 seasonal workers for 1,000 backpackers.
  - There are calls in Australia to give further incentives to backpackers to work on farms.
- Certainly in Australia, and perhaps in NZ, there is still illegal use of foreign labour on farms.
- There is a push to introduce a new agricultural visa in Australia that would be open to other countries.
Backpackers and seasonal workers on Australian farms

Year | SWP | Backpackers (second visa)
--- | --- | ---
2005-06 | 2,692 | 57
2006-07 | 7,822 | 63
2007-08 | 11,826 | 423
2008-09 | 21,775 | 1,067
2009-10 | 25,315 | 1,473
2010-11 | 30,501 | 2,014
2011-12 | 38,862 | 3,177
2012-13 | 45,950 | 4,490
2013-14 | 41,339 | 6,166
2014-15 | 36,264 | 8,457
2015-16 | 34,506 |
2016-17 | 36,367 |
2017-18 | |
2. Other Pacific countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vanuatu</td>
<td>40%</td>
</tr>
<tr>
<td>Tonga</td>
<td>31%</td>
</tr>
<tr>
<td>Samoa</td>
<td>16%</td>
</tr>
<tr>
<td>SI</td>
<td>5%</td>
</tr>
<tr>
<td>Kiribati</td>
<td>2%</td>
</tr>
<tr>
<td>TL</td>
<td>2%</td>
</tr>
<tr>
<td>Fiji</td>
<td>2%</td>
</tr>
<tr>
<td>PNG</td>
<td>1%</td>
</tr>
<tr>
<td>Tuvalu</td>
<td>1%</td>
</tr>
<tr>
<td>Nauru</td>
<td>0%</td>
</tr>
</tbody>
</table>
Competition will remain intense even with continued rapid growth
3. Robots
4. Nationalism

• Both Australia and New Zealand labour mobility schemes embed a “citizens first” principle
  • In Australia, both the PLS and the SWP have labour market testing, and the PLS is capped.
  • In NZ, RSE has a cap and labour market testing.

• More broadly, migration is increasingly controversial around the world. Nationalism is on the rise, and backlashes against labour mobility schemes are increasingly likely as the schemes grow.
5. Sending country concerns

• Some sending countries are worried about brain drain, especially in relation to semi-skilled and skilled opportunities, and lost agricultural output.

• These concerns could result in reduced participation
  • Limits on return workers
  • Limits on PLS sectors
Challenges

1. Non-Pacific foreign workers
2. Other Pacific countries
3. Robots
4. Nationalism
5. Sending country concerns
Strategies
Strategy 1: Lobbying

• Pacific Islands need to make their voice heard in ANZ
  • Use the Pacific’s new-found strategic importance
• Key issues in Australia
  • No extension of SWP to Asian countries
  • No new agricultural visa
  • No further incentives for backpackers to work on farms
  • Entry into PLS and lifting the PLS cap
  • Ability for families to join under PLS.
• Key issues in New Zealand
  • Lifting/removing the RSE cap
  • NZ’s Pacific Trade Partnership
Strategy 2: Strengthening labour sending governance

- Improving sending country governance is in the interest of the Pacific as a whole as well as of individual countries
  - The better the SWP performs the less the likelihood of a new ag visa being introduced in Australia.
- Why have some countries done so much better than others in accessing SWP and RSE?
What can we learn from the big sending countries?

Vanuatu and Tonga in the SWP

- Tonga
- Vanuatu
Why has there been such variable performance from the smaller sending countries?
Factors underwriting seasonal worker success

• External factors
  • History (first-mover advantage)
  • Geography

• Performance
  • Government
  • Workers

• There is no single model to guarantee or sustain success but the key factors seem to be:
  • Government performing its core functions competently
  • Allowing employers to recruit workers directly
  • Attracting large employers
  • Political or bureaucratic leadership
Strategy 3: Combatting brain drain

• Limiting labour mobility is not the answer.

• Don’t put limits on return workers.
  • In Australia, average seasonal worker is expected to visit 3-4 times.
  • Those countries with a higher reliance on return workers have seen more rapid growth which means more opportunities for new workers.

• Expand training efforts.

• Improve the investment climate at home.
Strategy 4: Resourcing

• Domestic resourcing by governments is key, and justified once we think of labour mobility as a major export business.
  • As the schemes grow, the LSUs need to as well.
  • There is a specific need for more liaison officers, especially in Australia
  • Vocational training also needs to be better resourced.

• As a supplement to domestic efforts, look to partners for help - in the Pacific, aid for trade should mean aid for labour mobility:
  • Australia: Target of 20% of program on aid for trade
  • Regional agencies
Strategy 5: Diversification

• Don’t put all your eggs into seasonal work.
• Get into the Pacific Labour Scheme.
• Look at other opportunities: Korea Basic Employment Permit System
  • TL benefits a lot more from the BEPS than from SWP.
Strategies

1. Lobbying
2. Improving labour sending governance
3. Combatting brain drain
4. Resourcing
5. Diversification
Conclusion

• Labour mobility is perhaps the most significant new employment and foreign exchange opportunity for most PICs.

• But don’t take labour mobility benefits for granted. It is an ultra-competitive market, with many challenges and threats out there.

• Encouraging that countries are developing labour mobility policies. But they are only the start. Implementation is key.
<table>
<thead>
<tr>
<th>Challenges</th>
<th>Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Non-Pacific foreign workers</td>
<td>1. Lobbying</td>
</tr>
<tr>
<td>2. Other Pacific countries</td>
<td>2. Improving labour sending governance</td>
</tr>
<tr>
<td>3. Robots</td>
<td>3. Combatting brain drain</td>
</tr>
<tr>
<td>4. Nationalism</td>
<td>4. Resourcing</td>
</tr>
<tr>
<td>5. Sending country concerns</td>
<td>5. Diversification</td>
</tr>
</tbody>
</table>
Want to know more?

• For the best in Pacific labour mobility, check out www.devpolicy.org

• Right now we are following the ag visa debate www.devpolicy.org/swp-under-threat

• Hand in newsletter slip, or subscribe to our monthly labour mobility newsletter at: http://www.devpolicy.org/join-us/
Thank you!