

The changing composition of PNG’s foreign workforce

Author : Carmen Voigt-Graf

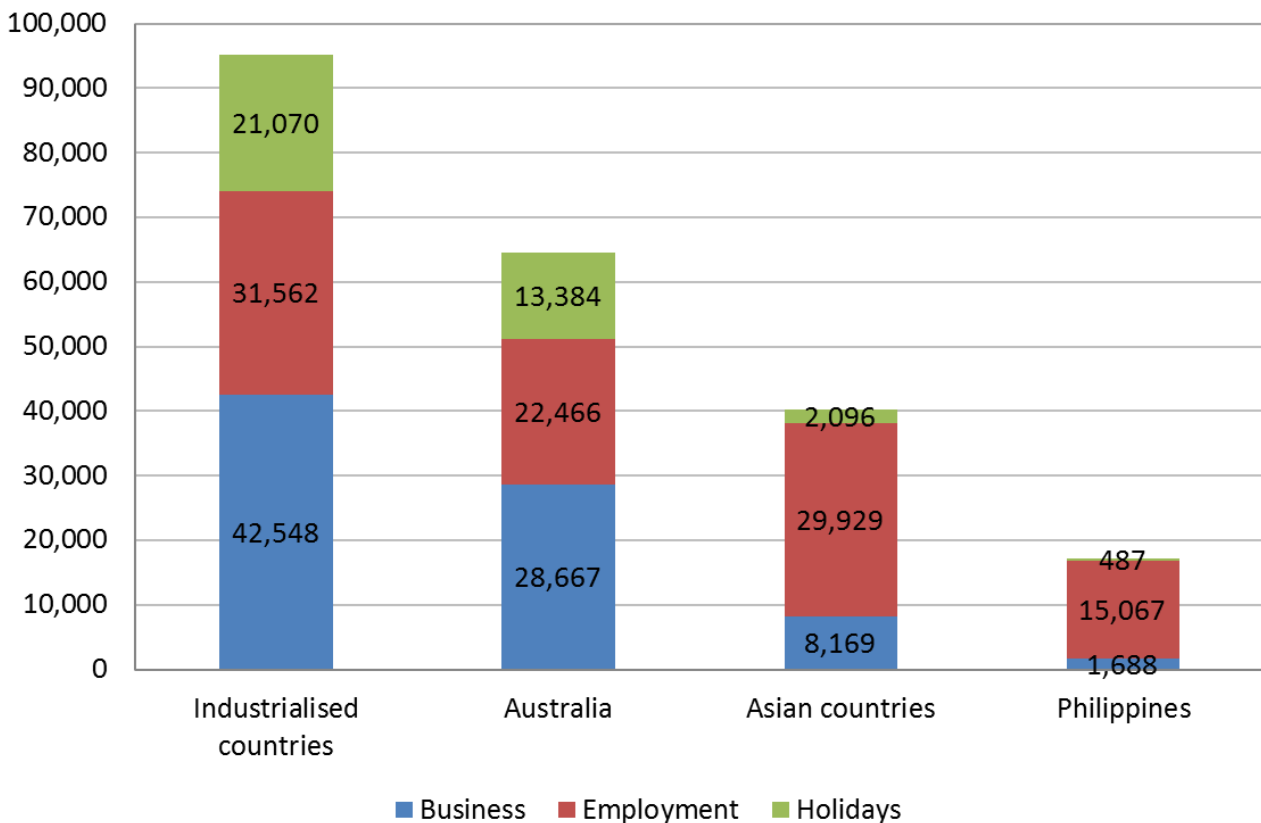
Date : March 16, 2015

This is the [fourth in a series of posts](#) analysing arrival and departure data in Papua New Guinea.

So far, we have seen that the number of arrivals to PNG has increased enormously over the last decade, on account of the country’s economic boom. Australia has remained the predominant source country of visitors to PNG, contributing about half of all visitors, but Asia has been the fastest growing source region, with the number of visitors from the Philippines increasing particularly rapidly. In this post, I will show that different factors are driving growth from different source regions.

The last year for which annual data is available from the National Statistics Office (NSO) for the country of residence by reason of visit is 2012. This shows remarkable differences in the reasons to visit PNG between regions of origin. Figure 1 shows the reasons for visitor arrivals from industrialised countries in comparison to the reasons for visitor arrivals from developing Asian countries (except for the industrialised Asian countries of Singapore, Japan and Korea). The reasons for visitor arrivals from the two largest countries of residence, Australia and the Philippines, are displayed separately, as well as being included in the categories of industrialised and developing Asian countries respectively.

Figure 1: visitor arrivals by reason of visit, 2012

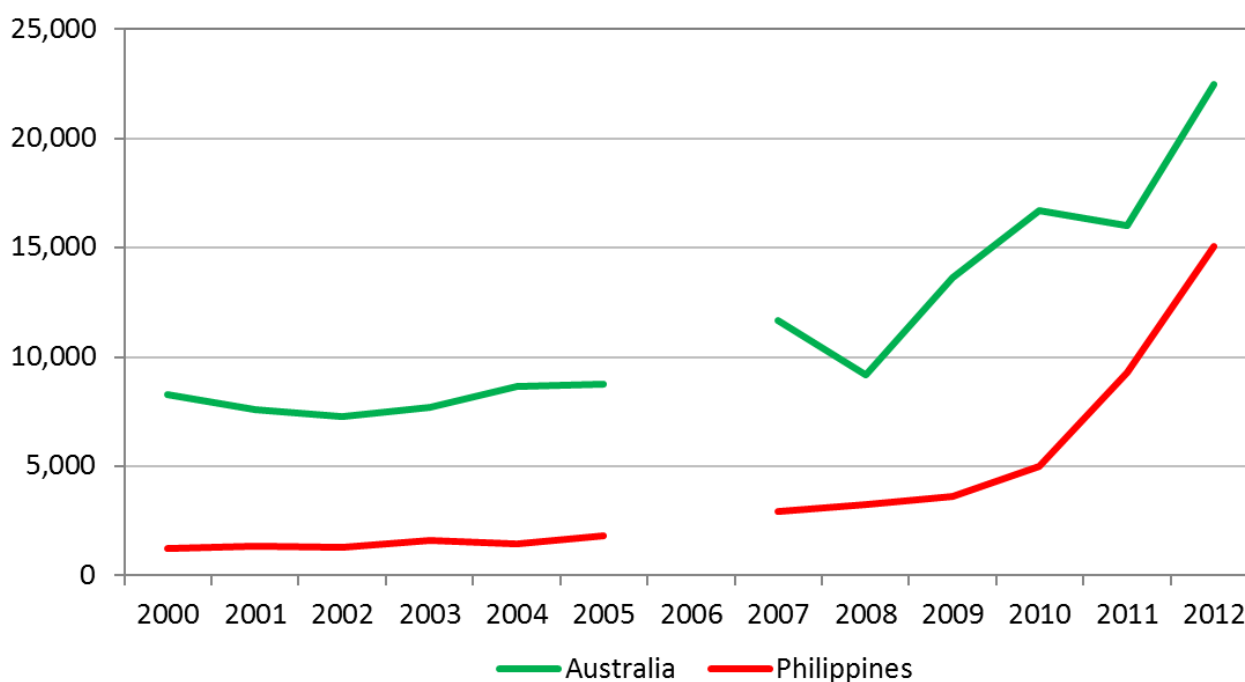


The main reason for visitor arrivals from industrialised countries is business: 40% of visitors from industrialised countries went to PNG for business reasons. In contrast, the main reason for visitors arriving from Asian countries is employment (69.6%). As many as 82.3% of Filipinos went for employment reasons. From all countries in the world, the Philippines has the largest percentage of employment-related visitor

arrivals to PNG, followed by the Indian subcontinent (76.5%). Since many visitors from Asia arrive for employment, they usually stay in PNG for longer periods of time compared to the business arrivals, who tend to stay for short periods of time.

The Philippines was already the second most important source country for arrivals for employment purposes in 2000. The country has retained this rank, but the absolute number of arrivals for employment purposes from the Philippines increased from 1,232 in 2000 to 15,067 in 2012, that is, from just 15% of the Australians arriving for employment to 67%. At this rate the Philippines will soon overtake Australia as the main source country of new foreign employees (see Figure 2).

Figure 2: number of visitors for employment from Australia and the Philippines



Note: Data on the number of visitors by country of residence and reason is incomplete for 2006.

Tables 1 and 2 in the Annex to this post provide detailed information on visitor arrivals by country of residence and reason for the years 2000 and 2012 respectively. Only countries that contributed more than 1% of visitor arrivals are included in the tables. In 2000 and 2012, the largest number of visitors for each reason came from Australia, except for visitors arriving for education purposes, where the highest number came from Oceania in both years.

Focussing on employment-related visitor arrivals, Figures 3 and 4 show the declining proportion of employment-related visitor arrivals from Australia and other developed countries. In 2000, 76% of visitors for employment-related purposes came from developed countries, while this proportion had declined to 49% in 2012. Over this time, the share of employment-related visitors from developing countries increased, especially from Asian developing countries (with the exception of Malaysia).

Bear in mind that this increase in the sourcing of workers from developing countries is occurring in a context in which foreign workers have become much more important in PNG. As I showed in my [second post in this series](#), between 1996 and 2013 the number of workers in the formal employment sector in PNG increased by about 1.5 times to 340,000. The number of foreign visitors increased 2.7 times to 168,000, but the number of visitors for employment increased 5.3 times to 70,000. Even allowing for some suspected underestimation of the formal workforce numbers in recent years, these numbers clearly suggest that PNG is relying more heavily on overseas workers. The ratio of visitors for employment to total formal employment increased from

6% in 1996 to 21% in 2013. Presumably, a key attraction of developing-country workers is that they cost less to hire than their industrialised-country counterparts. To this extent, greater reliance on them has driven the turn towards greater reliance on foreign employment. It is also a credit to PNG's foreign work permit system that it has been able to facilitate this rapid growth.

Figure 3: source countries of visitors for employment purposes, 2000

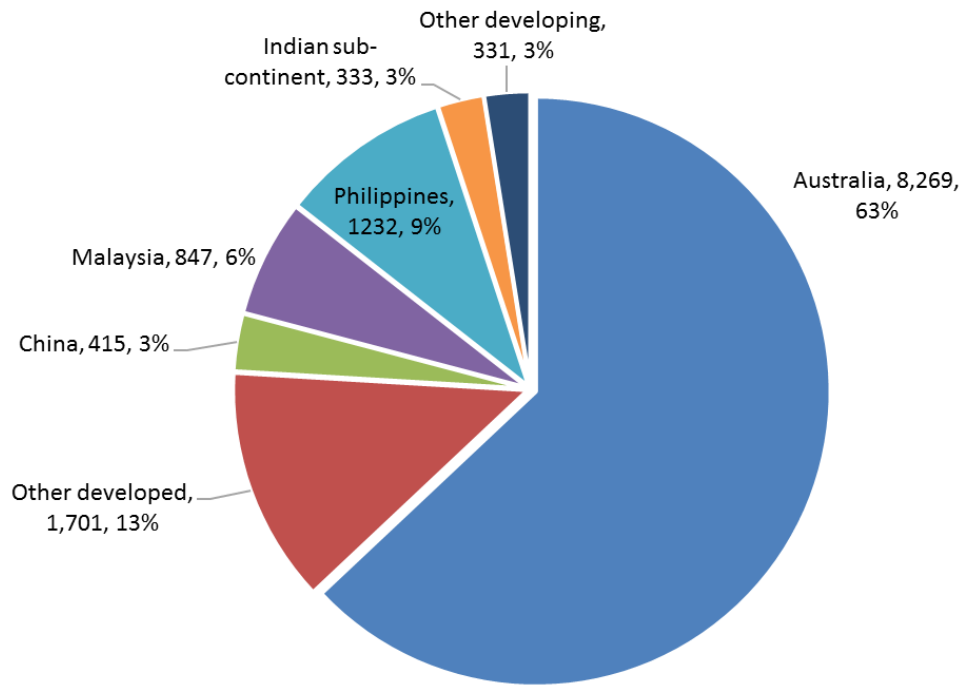
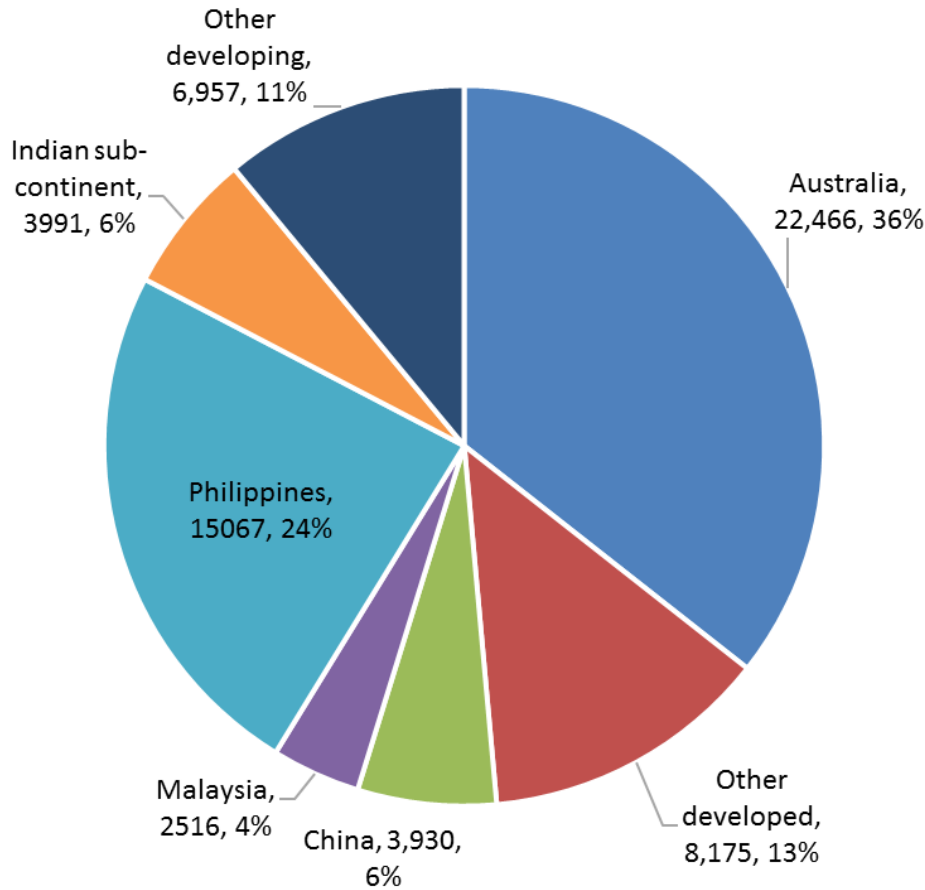
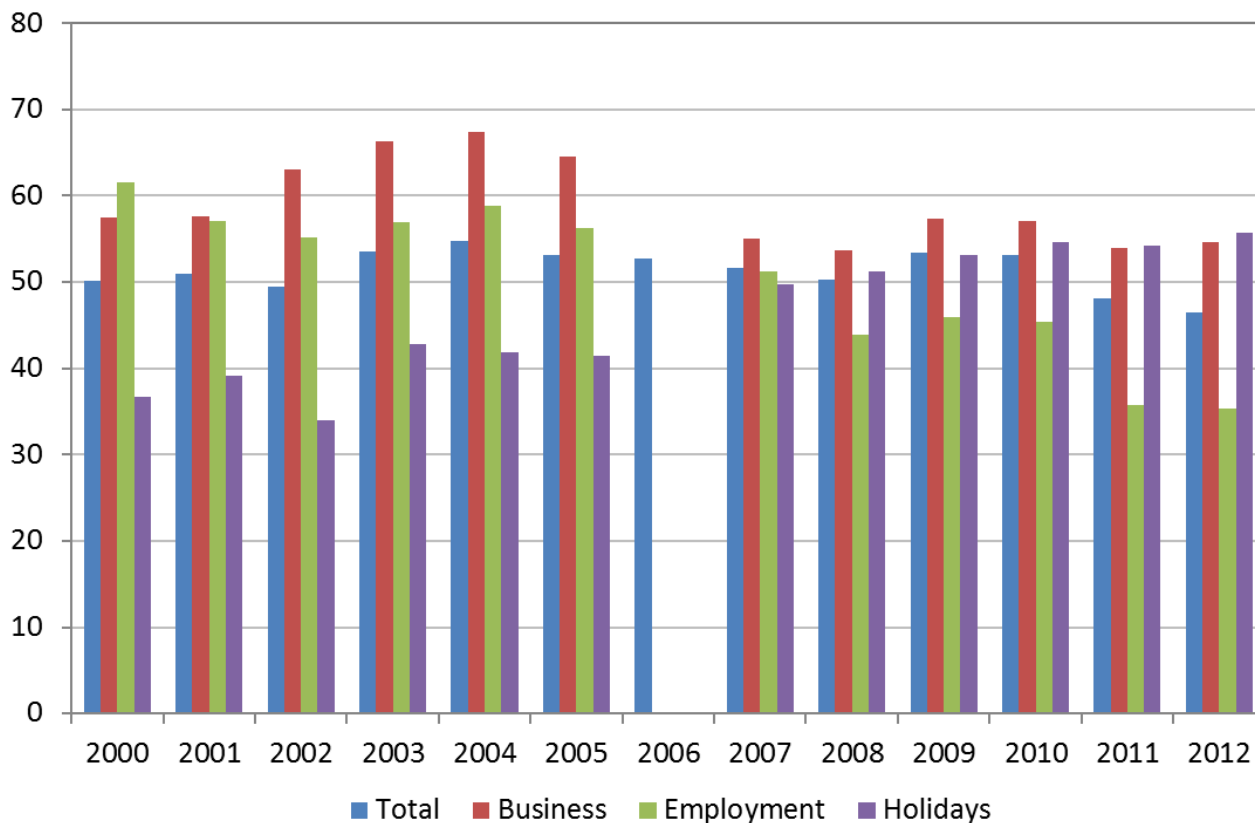


Figure 4: source countries of visitors for employment purposes, 2012



The focus of Figure 5 is on Australia's share of total visitors to PNG since 2000. It has oscillated around the 50% mark but was lowest in 2012 (46.5%). We have already seen that Australia's share of visitors for employment purposes has gradually decreased. In contrast, since 2000 Australia's share of business visitors was consistently above 50%, peaking in 2004 (67.4%). Australia's share of holiday-makers has increased in recent years and has remained above 50% since 2008, although the total number of holiday-makers in PNG has actually fallen. More analysis on tourist arrivals will be provided in a forthcoming post.

Figure 5: Australians as percentage total, employment, business and holiday visitors



Note: Data on the number of visitors by country of residence and reason is incomplete for 2006.

In sum, the increasing number of Asian visitors, and especially Filipinos, to PNG for employment purposes since 1999 has been an important development. It is directly linked to PNG's expanding economy, and shows that Filipinos in particular, as well as Asians more generally, have been successful in accessing increased employment opportunities associated with this expansion. Equally striking is the diversification of the foreign workforce, though not of foreign business people, away from its former domination by Australia. Australians continue to dominate arrivals for business and holiday purposes, contributing more than half of the visitors in each category. Australia's growing domination of the holiday market has roughly offset its falling importance in the foreign worker category, which explains why Australia's overall share in foreign arrivals is roughly constant, as [my previous post](#) showed.

Notes:

1. Data refers to the country of residence rather than the country of nationality of visitors, which is also available. In general, the numbers for both categories are similar. The reason for country of residence being used in this analysis is that people usually have only one country of residence, but can have more than one nationality, possibly leading to inconsistencies when using the nationality category.
2. The data on country of residence of visitor arrivals by reason for visits is currently only available between 2000 and 2012. The 2013 data is likely to be released soon by the NSO.
3. PNG was included as a country of residence in 2004 and 2005 but it is unclear even to the NSO how these numbers came about and subsequently went back to zero. It is also unclear why 4,929 visitors did not state their country of residence in 1999, while the subsequent number of visitors not stating their country of residence was zero or minute.
4. The tables released by the NSO include the following countries of residence: Papua New Guinea, Australia, New Zealand, Other Oceania, China, Japan, Hong Kong, Malaysia, Singapore, Philippines, Indian sub-continent, Korea, Other Asia, United Kingdom, Germany, France, Other E.E.C, Other Europe, USA, Canada, Other America, Africa, Russia, Italy, Scandinavia, Chile, Israel, and not stated. Russia, Italy, Scandinavia, Chile, and Israel have only been included since 2007, while

previously visitors from these countries had been subsumed into general categories.

Carmen Voigt-Graf is a Fellow at the Development Policy Centre, and a Senior Research Fellow at the National Research Institute in Papua New Guinea.

Annex: Table 1: visitor arrivals by reason and country of residence, 2000

Country of residence	Reason for visit									
	Total	In transit	Convention	Business	Accompanying Business Traveller	Visiting Relatives	Holidays	Employment	Education	Other
Australia	29,285	663	489	9,458	465	3,328	5,060	8,269	75	1,478
	50.10	25.09	51.58	57.53	48.19	60.80	36.69	61.53	14.68	34.90
New Zealand	2,648	72	68	1,127	60	248	368	520	3	182
	4.53	2.72	7.17	6.85	6.22	4.53	2.67	3.87	0.59	4.30
Other Oceania	1,356	149	114	138	29	157	109	197	283	180
	2.32	5.64	12.03	0.84	3.01	2.87	0.79	1.47	55.38	4.25
China	1,100	43	10	325	24	72	125	415	5	81
	1.88	1.63	1.05	1.98	2.49	1.32	0.91	3.09	0.98	2
Japan	3,244	38	11	837	32	58	2,066	56	1	145
	5.55	1.44	1.16	5.09	3.32	1.06	14.98	0.42	0.20	3.42
Malaysia	2,066	35	8	585	35	148	321	847	8	79
	3.53	1.32	0.84	3.56	3.63	2.70	2.33	6.30	1.57	1.87
Singapore	822	202	5	159	12	41	265	114	0	24
	1.41	7.64	0.53	0.97	1.24	0.75	1.92	0.85	0.00	0.57
Philippines	2,656	120	16	296	64	318	294	1,232	20	296
	4.54	4.54	1.69	1.80	6.63	5.81	2.13	9.17	3.91	6.99
Indian sub-continent	1,019	16	7	225	22	105	115	333	10	186
	1.74	0.61	0.74	1.37	2.28	1.92	0.83	2.48	1.96	4.39
Korea	592	10	5	293	19	60	104	61	4	36
	1.01	0.38	0.53	1.78	1.97	1.10	0.75	0.45	0.78	0.85
Other Asia	1,059	23	12	322	21	72	263	253	4	89
	1.81	0.87	1.27	1.96	2.18	1.32	1.91	1.88	0.78	2.10
United Kingdom	2,279	116	52	928	45	195	548	265	18	112
	3.90	4.39	5.49	5.64	4.66	3.56	3.97	1.97	3.52	2.64
Germany	976	19	18	130	16	84	542	74	4	89
	1.67	0.72	1.90	0.79	1.66	1.53	3.93	0.55	0.78	2.10
Other Europe	1,943	46	18	450	16	158	895	197	9	154
	3.32	1.74	1.90	2.74	1.66	2.89	6.49	1.47	1.76	3.64
USA	5,429	135	97	842	77	343	2,462	424	57	992
	9.29	5.11	10.23	5.12	7.98	6.27	17.85	3.15	11.15	23.42
Canada	719	90	5	221	13	59	149	104	4	74
	1.23	3.41	0.53	1.34	1.35	1.08	1.08	0.77	0.78	1.75
Other America	1,043	864	8	37	3	10	66	34	2	19
	1.78	32.69	0.84	0.23	0.31	0.18	0.48	0.25	0.39	0.45
Africa	210	1	5	67	12	18	40	44	4	19
	0.36	0.04	0.53	0.41	1.24	0.33	0.29	0.33	0.78	0.45
Not stated	2	1	0	1	0	0	0	0	0	0
	0.00	0.04	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Total	58,448	2,643	948	16,441	965	5,474	13,792	13,439	511	4,235
	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Table 2: visitor arrivals by reason and country of residence, 2012

Country of residence	Reason for visit									
	Total	In transit	Convention	Business	Accompanying Business Traveller	Visiting Relatives	Holidays	Employment	Education	Other
Australia	72,095	366	827	28,667	1,807	3,988	13,384	22,466	218	372
	46.51	37.62	43.92	54.67	45.00	64.82	55.74	35.38	21.93	35.80
New Zealand	7,776	31	107	3,713	179	296	755	2630	25	40
	5.02	3.19	5.68	7.08	4.46	4.81	3.14	4.14	2.52	3.85
Other Oceania	4,374	134	423	1,124	224	314	599	1,106	369	81
	2.82	13.77	22.46	2.14	5.58	5.10	2.49	1.74	37.12	7.80
China	7,298	42	35	2,322	207	165	517	3,930	39	41
	4.71	4.32	1.86	4.43	5.15	2.68	2.15	6.19	3.92	3.95
Japan	3,109	71	61	1,211	55	27	1,247	401	9	27
	2.01	7.30	3.24	2.31	1.37	0.44	5.19	0.63	0.91	2.60
Korea	1,694	16	10	872	47	41	216	456	13	23
	1.09	1.64	0.53	1.66	1.17	0.67	0.90	0.72	1.31	2.21
Malaysia	4,911	17	29	1,660	142	102	389	2,516	29	27
	3.17	1.75	1.54	3.17	3.54	1.66	1.62	3.96	2.92	2.60
Singapore	1,954	9	23	1,124	18	24	222	506	2	26
	1.26	0.92	1.22	2.14	0.45	0.39	0.92	0.80	0.20	2.50
Philippines	18,306	89	48	1,688	424	309	487	15,067	90	104
	11.81	9.15	2.55	3.22	10.56	5.02	2.03	23.73	9.05	10.01
Indian sub-continent	5,217	17	37	657	209	61	172	3,991	42	31
	3.37	1.75	1.96	1.25	5.20	0.99	0.72	6.28	4.23	2.98
Other Asia	7,402	52	81	1,905	173	112	581	4,432	28	38
	4.78	5.34	4.30	3.63	4.31	1.82	2.42	6.98	2.82	3.66
United Kingdom	3,470	27	36	1,538	54	140	495	1,156	8	16
	2.24	2.77	1.91	2.93	1.34	2.28	2.06	1.82	0.80	1.54
Germany	1,988	6	11	261	29	27	1,413	217	6	18
	1.28	0.62	0.58	0.50	0.72	0.44	5.88	0.34	0.60	1.73
Other Europe	4,727	34	30	1,684	105	122	1,263	1,438	19	32
	3.05	3.49	1.59	3.21	2.61	1.98	5.26	2.26	1.91	3.08
USA	7,198	39	83	2,762	210	340	1,778	1,772	79	135
	4.64	4.01	4.41	5.27	5.23	5.53	7.40	2.79	7.95	12.99
Other America	2,280	16	25	865	60	61	428	801	7	17
	1.47	1.64	1.33	1.65	1.49	0.99	1.78	1.26	0.70	1.64
Africa	1,209	7	17	382	73	23	67	618	11	11
	0.78	0.72	0.90	0.73	1.82	0.37	0.28	0.97	1.11	1.06
Total	155,008	973	1,883	52,435	4,016	6,152	24,013	63,503	994	1,039
	100	100	100	100	100	100	100	100	100	100

Note: For each reason, the highest number of visitors from a country is written in bold red, and the second highest number in bold green.