Seasonal Migration from Tonga and Vanuatu to New Zealand: Implications for PNG

John Gibson
University of Waikato
Background/Motivation

Seasonal migration has been widely discussed in the Pacific

Population growth is greatly exceeding formal employment growth in PNG and rest of Melanesia

Generally disappointing development experience

Nearby, there are seasonal labour shortages in Australia and New Zealand’s horticultural and viticultural industries

Supply and demand are pushing issue up the policy agenda

• Globally, temporary migration seen as a way to relieve labour shortages in developed countries and aid development in poorer countries - with few of the perceived costs - such as permanent losses of talent from poorer countries, and social stresses, fiscal costs and irreversibility in developed countries

• BUT very little empirical evidence on development impacts of temporary migration
Working age pop not formally employed, 2015 ('000s)

- PNG: 3600
- Fiji: 300
- Solomons: 150
- Vanuatu: 45
- Samoa: 10
- Tonga: 6

Source: World Bank
NZ’s Recognised Seasonal Employer Scheme

• Started April 2007

• Open to PNG and other Pacific Forum countries (except Fiji post-coup)

• Up to 5,000 seasonal workers can come to NZ to work in horticulture and viticulture for maximum of 7 months per 11 month period

• Have to be recruited by a recognised employer who pays half of the return airfare

• Five ‘kick start’ countries
  • Kiribati, Samoa, Tonga, Tuvalu and Vanuatu
  • ca. 1600 workers in NZ from Vanuatu, 700 from Tonga
  • given assistance to facilitate effective recruitment, to orientate workers and assist in their pastoral care
Ambiguous Impact of RSE and other Seasonal Migration on Sending Households

• Increase in remittances
  • Income effect
  • May ease liquidity constraints

• Possible transfer of knowledge, skills and attitudes

• Change in incentives to migrate in the future

• But loss in earnings and home production while household member is overseas

• Increase in costs (e.g. communication, documentation) from having household members in two countries

• Possible disruption to other household members left behind
**RSE survey**

- Conducted by Waikato University with funding from World Bank and assistance from NZ Department of Labour and Labour Ministries in Tonga and Vanuatu

- 450 households in 3 groups surveyed in each of Tonga & Vanuatu
  - households with member(s) who had or soon would temporarily move to NZ to work through RSE
  - households with member(s) who applied for RSE but had not been recruited by the time of the survey
  - Households where no member had applied for RSE
    - **Initial interviews** when the seasonal migrant was at the pre-departure stage (Oct 2007- Mar 2008)
    - **Second interview** with the remaining household members while the migrant is in New Zealand (in field currently)
    - **Third interview** when the seasonal worker has returned to Tonga or Vanuatu (ca. Aug/Sep 2008)
Patterns of RSE Participation

- comparisons of migrant families to applicants and non-applicants
- comparison of RSE applicants and Pacific Access Category applicants (Tonga only)
RSE migrants come from poorer households in Tonga but not Vanuatu

Weekly total income per person

TONGA

VANUATU

Pa'anga

Migrants

Applicants

Non-applicants

Pa'anga

0
10
20
30
40
50
60

Vatu

0
1000
2000
3000
4000

© THE UNIVERSITY OF WAIKATO • TE WHARE WANANGA O WAIKATO
29 November 2010
• RSE migrants from Tonga come from poorer households than applicants that were not recruited and than non-applicants
  • Difference persists even when controlling for various demographic and household factors

• In Vanuatu the income difference between RSE groups becomes statistically insignificant once controlling for these other factors

• In both countries, males with lower levels of education are significantly more likely to apply for RSE than female and those with more education
RSE is opening up a migration outlet to groups who have been less active participants in existing opportunities

• Only 10 percent of RSE applicants in Tonga say they could migrate to NZ or elsewhere through skills and family sponsored channels

• Only 11 percent of RSE applicants in the Tongan sample had previous applied for the Pacific Access Category to permanently migrate to NZ

• The RSE applicants are significantly poorer, less likely to be in current employment and have lower schooling than PAC applicants
Comparison of RSE applicants with PAC applicants

- Income (if employed)
- Employed %
- Year 10 graduate

RSE Applicants ▶ PAC Applicants

© THE UNIVERSITY OF WAIKATO • TE WHARE WANANGA O WAIKATO
29 November 2010
Implications for PNG

• Possible to design recruitment mechanisms that appear to be pro-poor, as in the Tongan case

  • Too early to observe impacts on participants vs non-participants but appears likely that seasonal migration can be added to the suite of development programs

  • But a very substantial effort was needed

    • Screening and selection by town officers, pastors etc

    • Deliberate attempt to give all villages in Tonga access to the RSE opportunity

      • Not feasible in larger countries like Vanuatu or PNG

    • High involvement by Labour Ministry in maintaining the “work ready pool”

    • High involvement by NZ DoL, employers and recruitment agents etc
Barriers to RSE Participation

• Knowledge
• Cost
Awareness and RSE policy knowledge

(Households)

- Heard of RSE
- Length
- Return
- Residence
- Family
- Employer

% of the RSE aware who have correct knowledge

Tonga
Vanuatu
Awareness and RSE policy knowledge
(Village Leaders)

- Tonga
- Vanuatu - RSE communities
- Vanuatu - nonRSE communities

% of the RSE aware who have correct knowledge

- Heard of RSE
- Length
- Return
- Residence
- Family
- Employer

Percent

© THE UNIVERSITY OF WAIKATO • TE WHARE WANANGA O WAIKATO
Main Reasons Given For Not Applying for RSE

- English not good enough
- Earn more at home
- Low chance of selection
- Seasonal work too hard
- Have on-going business
- Don't want to leave family
- Can't afford the costs
- Don't know requirements

% saying the reason was “very important” in not applying
Implications for PNG - knowledge

• High awareness already in Tonga and Vanuatu
  • Higher for village leaders than for households, so further improvements in RSE awareness and policy knowledge likely
  • Information likely to flow from return migrants to non-applicants

• Lack of awareness was the major reason given by households for not applying

➡️ likely to have more applicants next year as awareness and policy knowledge grows

➡️ If only a fixed number of RSE slots available, less for PNG
  But if RSE viewed as successful and number of spaces increases in future then not competing over a fixed pie
Substantial up-front costs for participation ➔ competitive finance and airfares are important

- median cost of applying for RSE and all transport is 97,500 Vatu for migrants from the more remote part of our sample (Ambrym/Tanna)
  - equivalent to US$1060 or AUD$1100
  - international airfare is 56% of this (40% after employer pays half airfare)
Implications for PNG - costs

- Not being able to afford the up-front costs is third most important reason for non-applicants in Vanuatu
  - Only 8th most important in Tonga
  - Incomes in PNG closer to Vanuatu than Tonga, so up-front costs could be a big constraint for PNG participants
    - High airfares likely to be especially important friction
- Cost barriers likely lower in future in Vanuatu since earnings from first year could be used as seed money for future applicants
- Finance sector is innovating with loan packages to help seasonal migrants deal with up-front costs
  - likely to have more applicants next year
  - implications for participation from PNG
Conclusions

• Too early to observe impacts on sending households
• Initial indications that recruitment has gone smoothly
• Most of the NZ employers and seasonal workers appear happy and likely to re-apply next season
  • Expect larger applicant pool as information about RSE spreads more widely and financial barriers are reduced

For PNG….

• Head start for applicants from the kick start countries makes it likely that there will be few opportunities in RSE of current scale
  • But may be dynamic demonstration effects
• Can design a pro-poor selection mechanism
• Increased Melanesian presence in NZ workforce
Acknowledgements

• Collaborators
  • David McKenzie - World Bank
  • Alan Winters and Pilar Garcia Martinez – World Bank
  • Halahingano Rohorua – University of Waikato
  • Kim Robertson – Vanuatu

• Funders and supporters
  • World Bank
  • Waikato Management School
  • Dept of Labour Immigration Services

• For more information visit:
  www.pacificmigration.ac.nz
Request for assistance!!

• In addition to studying seasonal migrants, David McKenzie and I are studying highly skilled workers and migrants in the Pacific
  - Concerns about “brain drain” are amongst the most discussed labour mobility issues
- If you were a:
Dux or Grade 12 subject prize winner at a PNG National High School
between 1976 and 1996 we would like to invite you to be part of our survey
- If you know someone who fits this description please alert them to the survey