Remittances and Labour Mobility in the Pacific

A working paper on seasonal work programs in Australia for Pacific Islanders

Nic Maclellan
Peter Mares

Swinburne Institute for Social Research
Remittances and Labour Mobility in the Pacific

A working paper on seasonal work programs in Australia for Pacific Islanders

Nic Maclellan and Peter Mares

Pacific Labour and Australian Horticulture Project
Institute for Social Research
Swinburne University of Technology
nicmaclellan@optusnet.com.au
pmares@swin.edu.au

Acknowledgements: This working paper is part of the project Pacific Labour and Australian Horticulture, being carried out at the Institute for Social Research (ISR) at Swinburne University of Technology in Melbourne, Australia. The study is funded by an Australian Research Council Linkage Project grant, with industry partners Oxfam Australia and two local government authorities – the Sunraysia Mallee Economic Development Board (Mildura) and the Economic Development Unit of the Swan Hill Rural City Council.

The project is investigating the feasibility of a seasonal labour program to employ workers from Pacific Island nations to fill short-term job vacancies in horticulture in the Swan Hill / Mildura region of Victoria during periods of peak labour demand (such as harvests). As well as the research on remittances and labour mobility in the region, the wider study involves surveys of growers and potential employers in Victoria’s Murray Valley, and a detailed study on the Canadian Seasonal Agricultural Workers Program – a long-running program which raises important issues for any such scheme between Australia and its nearest neighbours.

This working paper is based on research conducted during field trips to Fiji and Tonga (June 2005), Vanuatu and New Caledonia (September 2005), and interviews with a range of government, church, academic and NGO representatives. As detailed in the endnotes, many people are owed thanks for giving time for interviews and sharing their research findings. However the views expressed in the paper are those of the authors alone and do not represent the position of any organisation or institution.

Copies of other project working papers can be found on the ISR website at:

Cover photo: Scott Espie/ iStockphoto.com
Executive Summary

Pacific island community and government leaders have long argued that increased access to the Australian and New Zealand labour markets, especially for unskilled workers, should be a central component of regional economic integration. At the October 2005 meeting of the Pacific Islands Forum in Papua New Guinea the issue of labour mobility was a key topic.

As a contribution to the ongoing discussion about labour market access and seasonal work schemes, this working paper analyses the debate over remittances, migration and development in the Pacific.

The paper consists of six sections and a conclusion:

Section 1 provides an overview of labour mobility in the Pacific and includes a case study of the recruitment of Fijians to work in Kuwait and Iraq.

The movement of peoples has had a massive impact on the Pacific from the colonial era to the present day. Large numbers migrate from the Pacific islands in search of the three ‘E’s – education, employment and enjoyment. Often they end up instead with the three ‘D’s – jobs that are dirty, difficult and dangerous – while governments are left to deal with the social consequences of the three ‘M’s – mobile men with money.

The immigration policies of developed nations favour those with skills and high levels of education, creating a ‘brain drain’ from the Pacific as professionals move to jobs offshore that offer better pay or career advancement. For example, the loss of doctors, nurses and other health professionals is causing considerable stress to public health systems in the Pacific.

In this way, Pacific Island nations are robbed of the skilled workers who are most needed, while low or semi-skilled workers who also need jobs are left behind with limited employment opportunities in the formal wage sector. Given the youth bulge in most island nations, the issue of employment generation will become increasingly urgent in the Pacific in coming decades.

The pressing need to find jobs for Pacific Island workers coincides with the emergence of gaps in the labour force of developed nations and is encouraging discussion about the potential for greater international labour mobility, including temporary seasonal labour programs in agriculture.

Section 2 outlines the increasing importance of remittances to the economies of Pacific Island nations and examines the links between remittance flows.

---


and development. It includes a case study on the ‘political migration’ of Indo-Fijians and their remittance activity.

International trade and finance organisations are increasingly focussed on the role of labour mobility in development and poverty reduction. Recent World Bank studies have documented that international migration and international remittances both have a strong impact in reducing poverty: remittances received by developing countries should total US$167 billion in 2005, more than twice the level of development aid from all sources.

Migration has become an outlet for many Pacific island nations and remittances have long played a vital part of the economy in many Pacific countries like Tonga, Samoa, Niue, Kiribati, Tuvalu and Wallis and Futuna. Remittances now play an increasingly important role in larger Pacific economies like Fiji.

There is significant evidence that the influx of remittances into rural communities can contribute to community development and addressing poverty. Substantial proportions of migrant workers’ remittances are used to fund children’s education and directed to poorer members of the community.

Section 3 examines the links between trade negotiations and discussions of seasonal work programs.

Labour mobility is a central element in negotiations over three regional trade pacts: the Pacific Island Countries Trade Agreement (PICTA), the Pacific Agreement on Closer Economic Relations (PACER) and the Economic Partnership Agreement between the EU and African Caribbean and Pacific countries (EPA). Pacific island governments will pursue the issue in these forums, since they see access to the Australian (and New Zealand) labour markets as crucial to long-term job creation and development.

Pacific economists see an increase in remittances from greater labour mobility as an important way of boosting foreign reserves and addressing balance of payments gap between Australia, New Zealand and Pacific island neighbours, which are only likely to worsen as PACER takes effect and trade protections are dismantled.

A major stumbling block to negotiating increased labour market access is the issue of reciprocity – whether Pacific island countries will have to open their labour market to Australian and New Zealand workers in return for access for unskilled workers in the larger economies.

Discussions of reciprocity must take into account the different situations and needs of Forum member countries: relations between a rich developed nation like Australia and a small-island state are not relations between equal partners. Non-government and church leaders in the Pacific are even more outspoken than government leaders about the need for Australia to increase labour market access without demanding extensive trade-offs.
Section 4 provides a summary of the debate about seasonal labour migration schemes within Australia.

While there is an increase in temporary entry by skilled migrants to Australia for employment, discussion about temporary entry for unskilled workers is only just beginning.

The debate is entangled with widespread perceptions and fears that have deep historical roots. It raises concerns about foreign workers stealing Australian jobs or undermining local wages and conditions, and evokes memories of blackbirding. There is also an entrenched bias in favour of permanent settlement of high-skilled or asset rich migrants rather than the temporary entry of manual workers.

Section 5 discusses some of the negative social and economic impacts that need to be addressed if seasonal labour schemes are to work effectively and includes a case study on i-Kiribati and Tuvaluan seafarers.

Pacific church and community leaders welcome the idea of developing seasonal work schemes to allow Pacific islanders greater access to the Australian labour market. However, they also raise concerns about social and economic impacts that would need to be addressed if such schemes were to function effectively.

The increasing movement of people raises new social issues (e.g. the impact on families of parents being absent for long periods of time, the transfer of HIV and other sexually transmitted diseases). The growth of an international labour market in the Pacific also raises challenges of regulation and management (for example, to avoid exacerbating ‘brain drain’ or encouraging fake recruiters who take large deposits from aspiring workers while promising jobs that do not exist).

Section 6 details a range of issues – concerning regulation, labour rights and social impacts – that would need to be addressed if seasonal work programs were to operate effectively, without evoking memories of blackbirding.

In *A Pacific Engaged* – the 2003 Senate report on Australia’s relations with the Pacific region – the Senate Foreign Affairs, Defence and Trade Committee recommended that ‘the Australian government support industry groups, State governments, unions, non-government organisations and regional governments to develop a pilot program to allow for labour to be sourced from the region for seasonal work in Australia.’

This paper endorses that proposal. If Australia is to introduce a seasonal employment scheme and further open up its labour market to Pacific Island workers, the starting point should be a series of small-scale pilot projects.

However governments, employers and workers’ organisations will need to address key issues in order to design a scheme that is both effective and equitable. These include:
• Protecting the labour rights and conditions of seasonal migrant workers

• Developing bilateral government-to-government treaties outlining the responsibilities of both host governments and sending nations (possibly within a regional framework through the Pacific Islands Forum).

• Addressing the significant social impacts of migrant worker schemes on families and communities.

• Adequately preparing seasonal migrant workers for travel and work through pre-departure training and information sessions.

• Developing incentives and disincentives to reduce overstaying and, including comprehensive legislation to assist migrant workers with legal return and facilitate the sending and productive investment of remittances.

• Ensuring that migrant workers are not subject to double or excessive taxation.

• Developing an equitable cost sharing model between growers, workers and governments to pay for the bureaucratic costs of regulation, administration and oversight, and the practical costs of airfares, visas, medical checks and accommodation.

In its Conclusion this paper argues that the potential problems associated with seasonal labour programs can be overcome or at least minimised with careful design and management. It recommends that Australia should conduct a series of small-scale pilot programs to further investigate the feasibility of seasonal work programs for Pacific Islanders, and refine the model for the structure and regulation of any such scheme.

Seasonal employment programs for Pacific Islanders to work in Australian horticulture are not a panacea for the challenges of unemployment and underemployment in Forum member countries. Nevertheless, a seasonal labour program does have the potential to make a material difference to the well-being of significant numbers of Pacific Island workers and their families – especially those living in rural areas and outer islands.

Such a program should be seen a mechanism to advance, however modestly, sustainable economic and social development in the communities from which the workers come, and to encourage the expansion of people-to-people contacts between Australia and the Pacific.
Section 1: An overview of labour mobility in the Pacific

Australia has long benefited from the labour of working people in the Pacific islands: from the Kanakas who helped build the Queensland sugar industry in the 19th century, to women today, sewing Country Road shirts for a dollar an hour in a Fiji garment factory.

Pacific workers today are international and mobile: i-Kiribati and Tuvaluan seafarers staff the global shipping trade; Samoan and Tongan labourers work in factories and building sites in Sydney and Auckland or pick fruit in Australia’s Murray Valley (often as ‘illegal’ or undocumented workers); more than one thousand Fijians work in Iraq and Kuwait as security guards, truck drivers and labourers, while Fijian soldiers and police officers serve in peace-keeping operations around the globe. Meanwhile Indo-Fijian and Tongan computer technicians, nurses, accountants and teachers migrate to get a better life, in the face of political turmoil and limited career opportunities in their homeland.

This movement of peoples has had a massive impact on the Pacific. In the colonial era, plantations of sugar in Fiji and pineapples in Hawai’i were largely built on migrant and indentured labour on alienated indigenous land. Blackbirding in Melanesia robbed many islands of their young men between 1860 and 1900 and helped build the sugar industry in Queensland. Today, the descendants of these Melanesian labourers in Australia have organised as South Sea Islanders to claim political, social and economic rights, while communities in Vanuatu are seeking recognition of the effect of blackbirding on their development.

Around the contemporary Pacific, there is extensive migration to Pacific towns and cities from rural areas and outlying islands. This internal population movement is often the precursor to international migration, either to other Pacific Island nations or to industrialised countries of the Pacific Rim. It can also be circular migration, with people returning to their home areas after fulfilling their desire for earnings, education or career advancement.

Large numbers of people in the Pacific islands migrate in search of the three E’s – education, employment and enjoyment. Often they end up instead with the three D’s – jobs that are dirty, difficult and dangerous – while governments are left to deal with the social consequences of the three Ms – mobile men with money.

A high percentage of Polynesian and Micronesian islanders now live overseas, especially in Pacific Rim countries such as Australia, Aotearoa / New Zealand, Canada and the United States (The geographer Gerard Ward suggests that the Polynesian triangle now needs to be extended to incorporate Los Angeles, Sydney and Auckland). In smaller islands such as Niue, Cook Islands, Wallis and Futuna

---


and Rotuma, the number of people living overseas is greater than the numbers who remain. Some freely associated states and territories have migration rights to their former colonial power – there are more Cook Islanders in New Zealand than in the Cook Islands, more American Samoans in the USA than in their home islands.

Migration has become an outlet for the population pressures evident many island nations and remittances sent home play a vital part of the economy of countries like Tonga, Samoa, Niue, Tuvalu, Kiribati, the Cook Islands, Wallis and Futuna and Fiji. In turn, there is concern in Fiji, Tonga and Micronesia over the import of Asian labour as domestic workers, sex workers and garment industry labourers. These patterns of migration provide benefits such as the transfer of remittances, the repatriation of skills and education, the promotion of tourism and the seeding of funds for small business development. But labour migration also has a more problematic side.

**Case Study 1: Fijians in Iraq and Kuwait**

The recruitment of former soldiers and unskilled workers in Iraq and Kuwait raises pertinent issues for any proposed recruitment for temporary work in Australia.

Large numbers of Fijian men, including many former members of the Fiji Military Force, are being recruited by private companies to work as soldiers, security guards, truck drivers and labourers to work in or near the conflict zone of Iraq.

In January 2005, Fiji’s Minister for Labour Kenneth Zinck announced that ‘the Government knows that more men are leaving for Kuwait and Iraq and it is a good thing because it is providing employment for the unemployed. This is one solution to the increasing unemployment rate in the country today.’

By mid-2005, there were more than 1,000 Fijians working in Iraq and Kuwait. They were employed by local subsidiaries of US and British security corporations, such as Global Risks Strategies, Homeland Security Limited, ArmorGroup, Sabre International Fiji, Triple Canopy and Meridian Services Agency.

More people are signing up for work in the Middle East, despite growing public concern at the number of casualties in Iraq, and even though returning troops have complained about the failure to obtain the promised benefits and...
welfare payments to families.\textsuperscript{9} 80 Fijians recruited by Meridian Services as drivers in Iraq claimed in July 2005 that they had not been paid for the past three months. The men said that PWC Logistics had not met the promised pay rates and conditions set out in contracts signed in Fiji, with 100 men either terminated or simply walking off the job. One driver said:

Out of the 350 officers that are left here, we have quite a few who have been terminated, some have just left the job because they are not being paid and only those that have been paid buy food for the whole group. Some of us who could not stand this kind of living have returned to Fiji but the rest are here because we need the money to support our families.\textsuperscript{10}

Returning personnel called for Meridian’s local co-ordinator Timoci Lolohea to be investigated by Fiji’s Labour Ministry and police, but by January 2006, the issue had not been referred to police by the Labour Ministry.\textsuperscript{11} 20,000 people in Fiji have paid a registration fee of at least F$150 to Meridian, in order to be listed for work in Kuwait, even though there were only 2,000 jobs on offer. Fijian journalist Samisoni Pareti has reported that villages have used their development funds to pay for application fees and that Meridian’s recruitment drives have touched on Methodist Church networks – using church funds to pay for application fees, with the money repaid if a job is found in Kuwait.\textsuperscript{12}

The experience of recruitment of former soldiers and unskilled workers in Iraq and Kuwait raises some pertinent issues for any proposed recruitment for temporary work in Australia. Obviously, the security hazards and pay rates are different, but the boom of recruiting for Iraq and Kuwait has raised many issues for the Government of Fiji: the unregulated role of private recruitment contractors, the social impact on family life, and the capacity of government to support workers with pay disputes or post-deployment health problems. The Iraq/Kuwait experience also raises another set of questions about the social impact of labour migration on the family and community life of those left at home.

As the Fiji Iraq case study makes evident, labour migration entails risks as well as opportunities, social and economic costs as well as financial benefits.

The immigration policies of developed nations favour those with skills and high levels of education, and there is an extensive literature on the ‘brain drain’ from the Pacific as rugby players, teachers, nurses, accountants and other professionals and tradespeople move to jobs offshore that offer better pay or career advancement.\textsuperscript{15} The loss of doctors, nurses and other health professionals is causing considerable stress to public health systems in the Pacific, with some countries like Fiji debating whether there is a need to specifically train an excess of personnel for export.\textsuperscript{14}

\textsuperscript{10} ‘Officers reveal Iraq woes’, Fiji Times, 7 July 2005.
\textsuperscript{11} ‘Police confirm, no investigation on Lolohea’, Fiji TV National News, 30 December 2005
\textsuperscript{12} Samisoni Pareti: ‘Fiji’s long, risky road to Kuwait’, Islands Business, April 2005
\textsuperscript{13} See for example John Connell: The Migration of Skilled Health Personnel in the Pacific Region (WHO, Manila, 2004).
\textsuperscript{14} Interview with Kuini Lutua, General Secretary, Fiji Nursing Association, Suva, June 2005.
In this way, Pacific Island nations are robbed of the skilled workers who are most needed, while low or semi-skilled workers who also need jobs are left behind with limited employment opportunities in the formal wage sector. Given the youth bulge in most island nations, the issue of employment generation will become increasingly urgent in the Pacific in coming decades, and there is growing discussion about the potential to address it through greater international labour mobility.

The pressing need to find jobs for Pacific Island workers coincides with the emergence of gaps in the labour force of developed nations. In countries like Australia, lower birth rates, the ageing demographic profile, increased personal wealth, the provision of social welfare, sustained economic growth, low unemployment and higher levels of education have combined to reduce the supply of workers who are available (or willing) to undertake physically demanding labour for relatively low pay. This has opened up debate about the potential for temporary employment schemes for Pacific Islanders to work in overseas labour markets, particularly in seasonal pursuits in agriculture.

This issue of labour migration and seasonal work is on the agenda of Pacific island governments and donor agencies:

- A 2003 inquiry by Australia’s Senate Foreign Affairs, Defence and Trade References Committee on Australia’s relations with the Pacific recommended that the Australian government support civil society and private sector organisations to develop a pilot program for seasonal workers to come to Australia from the Pacific.\(^{15}\)

- The Forum Secretariat hosted a Remittances Roundtable in March 2005, studying the link between remittances, migration and labour market flexibility in current regional trade negotiations.\(^{16}\)

- The Asian Development Bank (ADB) has published an overview of the role of remittances in Pacific island economies, in the context of research on poverty and hardship in island countries.\(^{17}\)

- The World Bank is currently conducting research on labour mobility and market access, investigating ways of improving migration opportunities so that Pacific labour can move to where the jobs are found in the region.

---

\(^{15}\) Senate Foreign Affairs, Defence and Trade References Committee: *A Pacific Engaged – Australia’s relations with Papua New Guinea and the islands of the south west Pacific* (Canberra, August 2003), pp69-75. (Henceforth *A Pacific Engaged*)


• The Australian Agency for International Development (AusAID) is developing ‘Pacific 2020’ scenarios that look at demography and development projections over the next 15 years.18

• The importance of remittances and migration are extensively discussed in the December 2005 Core Group Recommendations Report, the culmination of major consultations and analysis for the forthcoming White Paper on Australia’s aid program.19

• In response to calls by the National Farmers’ Federation for called for a scheme to cover temporary and peak gaps in the rural labour market, the Australian Senate Employment, Workplace Relations and Education Committee is conducting an Inquiry into Pacific Region seasonal contract labour.20

The issue of labour mobility was hotly debated at the 2005 Pacific Islands Forum and Pacific governments are raising the issue of labour market access in negotiations with Australia and New Zealand during regional trade negotiations over agreements such as PACER and the EU-ACP Cotonou agreement (discussed below).

Accessing the Australian labour market for unskilled as well as skilled and professional staff is an explicit policy goal for island governments. For example, a key policy objective of Fiji’s strategic development plan is improved job growth in the formal and informal sectors, with the government explicitly looking offshore – it had hoped to establish an employment exchange scheme with Australia, New Zealand and the United States by 2005.21

The issue will continue to arise in future decades, given the demographic projections for both Pacific Rim and Pacific island populations, with shortages of skilled and unskilled workers in Australia and rising young populations in island nations.

---

18 Interview with Professor Ron Duncan, Executive Director, PIAS-DG (USP), July 2005. A decade ago, Australian academics and journalists contributed to the ideological push for economic policy change in the Pacific, through the Pacific 2010 project. See Rodney Cole (Ed): Pacific 2010; challenging the future (Canberra, NCDS, 1993).
Section 2: Remittances and development

International trade and finance organisations are increasingly focusing on the role of labour mobility in development. Recent World Bank studies have documented that international migration and international remittances both have a strong, statistical impact in reducing poverty – remittances are person-to-person flows – usually targeted to the needs of recipients who are often poor – and altruistic transfers which do not have to be paid back.22

According to the World Bank’s *Global Economic Prospects 2006*, remittances have become a major source of foreign exchange for countries, increasing their ability to pay off external debt.23 The World Bank report shows officially recorded remittances worldwide exceeded US$232 billion in 2005. Of this, remittances received by developing countries, estimated using officially recorded data, should total US$167 billion in 2005, up 73 percent from 2001. This official figure is more than twice the level of development aid from all sources.

The World Bank report also suggests that remittances sent through non-official channels could add at least 50 percent to the official estimate, amounting to almost US$250 billion if remittances sent through informal channels are included. This makes remittances the largest source of external capital in many developing countries – for example, remittances account an estimated 31 per cent of Tonga’s Gross Domestic Product.24

The growing role of remittances in Pacific economies

Smaller Pacific states like Tonga, Samoa, Kiribati, Tuvalu, Wallis and Futuna, Niue and the Cook Islands have long been reliant on remittances from migrants or seasonal workers, to complement Overseas Development Assistance (ODA) and very limited access to Foreign Direct Investment (FDI).25 Remittances are also of growing significance in larger Pacific countries like Fiji.

As more Pacific workers seek employment abroad, remittances will play an increasing role in the economies of many Forum member countries. This has prompted renewed investigation of the ways in which remittances contribute to social and economic development in the Pacific.26 The frequent critique that remittances should be redirected towards investment rather than consumption ignores the crucial role that remittances play in development that reaches beyond the immediate individual or family (i.e. funds spent on family housing, education and health care can also provide community benefits).

24 World Bank, ibid.
25 Samoa, Kiribati and Tuvalu are amongst the five Pacific countries officially recognised by the United Nations as Less Developed Countries (LDCs).
26 For discussion, see the March 2005 ADB report by Connell and Brown, op.cit.
For example, a crucial source of revenue for Tuvalu and Kiribati are the remittances of seafarers who crew vessels for international shipping companies from North America and Europe. The number of i-Kiribati seafarers has risen from 788 (1989) to 1366 (1999) and the number of Tuvaluan seafarers from 67 (1996) to 241 (1999). Maria Borovnik’s study of seafarers’ remittances in Kiribati estimates that 57 per cent of funds remitted to wives are spent on basic needs, 30 per cent saved for investment and 13 per cent spent on school fees.  

For the seafarers themselves, 36 per cent don’t save, 20 per cent have bought a house and land while 44 per cent are saving for house and land. Because of the i-Kiribati tradition of [bubuti](#) (a request by a family member that cannot be refused), cash and goods coming into the community spread through the extended family, rather than remaining with one individual.

Similar patterns can be seen in other island countries. For its overseas exchange transactions, Tonga has seen a steady increase of private receipts through remittances over the last four years, from P$105 million (2001) to P$184 million (2004) – in comparison, in 2003-04 trade in merchandise raised just P$28.3 million and services P$52.7 million.  

**Table: Overseas transfers to Tonga: receipts 2000-2004**

<table>
<thead>
<tr>
<th></th>
<th>2000-01</th>
<th>2001-02</th>
<th>2002-03</th>
<th>2003-04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>105.7</td>
<td>142.1</td>
<td>149.6</td>
<td>184.4</td>
</tr>
<tr>
<td>Official</td>
<td>1.3</td>
<td>1.6</td>
<td>1.8</td>
<td>1.3</td>
</tr>
</tbody>
</table>


Even one of the Pacific’s largest countries, Fiji, is increasingly reliant on overseas remittances, which are playing a crucial role in Fiji’s foreign exchange earnings. The country has historically relied on sugar and gold mining, and more recently tourism and garment manufacture. But over the last decade, the amount of remittances has increased to a level where they earn more foreign exchange than other sectors except tourism (see table).  

---

27 Maria Borovnik: ‘Remittances – an informal but indispensable form of income for seafarer families in Kiribati’ paper to Remittances, microfinance, technology workshop, Brisbane, June 2004. Ms. Borovnik is a PhD scholar at the University of Canterbury in New Zealand, researching: ‘Seafarers in Kiribati – Consequences of international labour circulation.’

Table: Increase in foreign exchange earnings for Fiji, 1994-2004  
(Figures in F$million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Tourism</th>
<th>Remittances</th>
<th>Textile clothing footwear</th>
<th>Sugar and molasses</th>
<th>Gold</th>
<th>Fish</th>
<th>Mineral water</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>393</td>
<td>56</td>
<td>163</td>
<td>266</td>
<td>63</td>
<td>64</td>
<td>-</td>
</tr>
<tr>
<td>2004</td>
<td>682</td>
<td>306</td>
<td>291</td>
<td>188</td>
<td>88</td>
<td>85</td>
<td>53</td>
</tr>
</tbody>
</table>

Source: Reserve Bank of Fiji

The governor of the Reserve Bank of Fiji, Savenaca Narube says that remittances are one of the main sources of funds for domestic spending, the main driver of the economy. Fiji’s economy is increasingly reliant on remittances from citizens working overseas and an estimated 40 per cent of households – especially lower-income families – receive remittances.

Table: Remittances to Fiji, 1993-2004  
(Figures in Fiji dollar millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gifts to individuals</td>
<td>9.83</td>
<td>14.80</td>
<td>14.84</td>
<td>19.38</td>
<td>31.71</td>
<td>39.98</td>
<td>34.72</td>
<td>54.84</td>
<td>83.48</td>
<td>100.94</td>
<td>101.35</td>
<td>95.65</td>
</tr>
<tr>
<td>Grants to NGOs by foreign governments</td>
<td>26.19</td>
<td>11.20</td>
<td>7.51</td>
<td>15.64</td>
<td>20.06</td>
<td>22.75</td>
<td>36.70</td>
<td>28.84</td>
<td>36.60</td>
<td>19.89</td>
<td>10.98</td>
<td>8.89</td>
</tr>
<tr>
<td>Immigrant transfers</td>
<td>0.33</td>
<td>0.10</td>
<td>0.29</td>
<td>0.15</td>
<td>1.04</td>
<td>0.11</td>
<td>2.45</td>
<td>1.52</td>
<td>12.96</td>
<td>0.10</td>
<td>1.01</td>
<td>1.01</td>
</tr>
<tr>
<td>Personal receipts (remittances)</td>
<td>25.83</td>
<td>29.95</td>
<td>28.34</td>
<td>26.81</td>
<td>27.00</td>
<td>24.00</td>
<td>12.65</td>
<td>37.07</td>
<td>91.33</td>
<td>111.52</td>
<td>130.01</td>
<td>200.70</td>
</tr>
<tr>
<td>Total</td>
<td>62.19</td>
<td>56.06</td>
<td>50.98</td>
<td>61.98</td>
<td>79.80</td>
<td>86.84</td>
<td>86.51</td>
<td>122.28</td>
<td>224.38</td>
<td>232.44</td>
<td>243.36</td>
<td>306.34</td>
</tr>
</tbody>
</table>

Source: Reserve Bank of Fiji

Of more than F$306 million of remittances earned in 2004, F$200 million came from the salaries and allowances of Fiji citizens working overseas. Given that significant amounts of remittances are transmitted directly within the family, such as cash carried by hand, these Reserve Bank figures probably underestimate the real amount. Reserve Bank Governor Narube notes:

We are only capturing remittances that flow through the financial system. There are other kinds that are carried in person and sent through the ordinary mail. There are also those remittances in kind. One estimate puts these unrecorded remittances at over $150 million, lifting total remittances above retained tourist receipts.

30 Interview, Resina Katafono, Senior Economist, Reserve Bank of Fiji, June 2005.
Sila Kotobalavu, the Chief Executive Officer of the Fiji Islands Revenue and Customs Authority (FIRCA) has also welcomed the recruitment of unemployed Fijians to work overseas, with their remittances contributing to general revenue through taxation:

I look at it very positively. The remittances that are coming back to the country have surpassed sugar. The earnings that we were getting from sugar is $366 million. So while people look at it negatively, I look at it very positively. While they are here, some of them are unemployed and they are not contributing to the tax revenue. When they are there, they are earning much higher than what they are earning here and they are above the tax threshold of $8,500 so, under the tax, they are taxable and the VAT when their wives and their children spend those remittances, the VAT component is quite substantive.  

The inflow of remittances in recent years is doubly important, given the significant outflow of funds through emigrant transfers. Since the 1987 coup, an estimated US$517 million has left Fiji in the form of emigrants’ transfers, with more than 5,000 people migrating from Fiji every year (including many teachers, nurses, doctors and other professional staff who have left Fiji after the 1987 and 2000 coups).

Other Pacific countries have acknowledged that it is difficult to monitor the exact level of income from remittances. Data on foreign exchange transactions are currently collected under International Transactions Reporting System (ITRS), but Sylvain Kalsakau of the Reserve Bank of Vanuatu believes that ITRS figures do not accurately calculate the real levels of remittances, and there is a need for extensive household income and data surveys to give more realistic figures that can be used for policy development. In January 2005, the World Bank hosted an International Technical Meeting on Measuring Remittances, noting:

Official statistics on remittances are primarily collected and reported through the balance of Payments Framework, but they are incomplete in many countries, may underreport remittance flows and are often not comparable. There is a pressing need for improvements in the data on remittances.

The upward trend of remittance flows to Fiji since 2000 may not be maintained long-term – although remittance data by country is difficult to monitor, remittances over the last five years have clearly been influenced by two key factors: firstly, the number of Fijians who have worked in Iraq and Kuwait since the invasion of Iraq by the US-led ‘Coalition of the Shilling’, which has transferred hundreds of millions of dollars from taxpayers to private security corporations for recruitment of former military personnel, and secondly, the increased number of people who

---

34 Discussion with Sylvain Kalsakau, Senior Economist, Reserve Bank of Vanuatu, Port Vila, July 2005.
left Fiji after the May 2000 takeover of Parliament by Fiji nationalist George Speight.

### Case Study 2: Indo-Fijians and ‘political migration’

**As well as the attraction of work education, employment and enjoyment in Pacific Rim countries, there are also ‘push’ factors which have increased migration from some island countries.**

Periods of political conflict have led to significant numbers of migrants seeking better opportunities overseas, from the 1980 outflow of francophone ni-Vanuatu to the French territory of New Caledonia at the time of independence in New Hebrides, to the 1990s migration of Bougainvilleans to neighbouring Solomon Islands to flee conflict between the Bougainville Revolutionary Army (BRA), the Papua New Guinea Defence Force (PNGDF) and pro-PNG Resistance militias.

The most important case of ‘political migration’ has been Fiji. Since the 1987 and 2000 coups in Fiji, there have been thousands of emigrants from the Indo-Fijian community and also those indigenous Fijians with the necessary professional and trade skills to gain residency or citizenship in Australia, New Zealand, Canada and the United States. There are special pressures on the Indo-Fijian community, related to ongoing conflict and the calls for ‘indigenous paramountcy’ by some Fijian nationalists. There are ongoing political pressures that will create more pressure for migration, including:

- political debate on ‘reconciliation’ after the 1987 and 2000 coups
- the end of many 30-year land leases that were granted in the 1960s and early 1970s under the Agricultural Landlord and Tenant Act
- uncertainty about preferential access for Fiji’s sugar exports to the European Union market, with looming changes to the Sugar Protocol and new EU-ACP negotiations.

Since the 1970s, many Indo-Fijians have migrated to Canada, New Zealand and increasingly Australia, and the numbers have increased after the coups in 1987 and 2000. Between 1978 and 1986, 20,703 Fiji citizens emigrated (an annual average rate of 2,300). Between 1987 and 1996, the number increased to 50,050 (an annual average rate of 5,005). Between 1997 and 2000, a further 16,825 people migrated.36

In spite of the perception that Indo-Fijians investing their resources overseas after migration there are still significant remittances to family and community members left behind. Professor Brij Lal has highlighted the links between the Indo-Fijian diaspora and the local community in Fiji:

Although they live abroad, they maintain active contact with Fiji through a variety of means: the internet, telephone, video, periodic re-visits, and by remitting money and goods to Fiji. Migrants send regular remittances to parents and siblings, and shoulder responsibility for schooling, weddings, and other life-cycle events. Sometimes they

provide funds to purchase or lease land, construct or improve homes, pay off debts, buy clothes, gold, and other ornaments on special occasions, or meet medical expenses of close relatives. Funds are raised communally to meet losses sustained through hurricane, flood, and drought. Increasingly, Indo-Fijian cultural and social associations overseas have begun sponsoring Indo-Fijian students in Fiji.

Sustainability of remittances?

There has been a long debate amongst Pacific academics over economies based on Migration, Remittances, Aid and Bureaucracy – the MIRAB model – and the role of remittances in national development.

There are a growing number of case studies on the impact of remittances in the Pacific Islands, and researchers such as Richard Brown, John Connell and Avelina Rokodururu are looking at issues such as savings, investment, consumption and social impacts on women and family life.

The World Bank, the Forum Secretariat and universities in Australia and the Pacific are engaged in new research programs to update data on remittance flows, and key research topics such as:

- Do some people remit more than others? For example nurses are seen as excellent remitters. Seasonal workers, returning home after temporary employment, are also likely to remit a large proportion of income.

- Significant amounts of remittances are used for consumption support rather than investment and savings, but there is a changing trend with evidence of investment in human and physical capital (e.g. children in households with family members overseas sending remittances appear to have higher education levels that those without). Beyond this, an increase in consumption is not necessarily a negative – it can have positive benefits for family welfare, if it results in improved housing, better sanitation and better nutrition (for example, the replacement of wood burning stove with gas stoves in kitchens can dramatically improve women’s health).

- What levels of funds are remitted to households without a family member overseas? Ongoing research by Professor Richard Brown of the University of Queensland shows that households in Tonga and Fiji receive remittances even if they don’t have a family member overseas and that overseas

---

37 Brij V. Lal: ibid
migrants remit to organisations and their own business / superannuation funds, as well as to family members.

- Not all remittances are in cash and significant amounts go back through informal means rather than formal banking system (with people carrying cash by hand, transmitting funds through Western Union, or purchasing and carrying goods and other in-kind contributions). Can finance services be developed to assist cheap and efficient transfer of funds?

- Some people are more likely to invest (older and returning migrants; people with small businesses in home country; occupational groups who remit generously). Can policies be tailored to encourage them to invest in community / co-operative / small business schemes?

All of these questions raise important issues for the development of policies that might help maximise the developmental impact of remittance flows.

However many research studies around the world warn that remittances from second and third generation migrants will decline over time, due to family reunification in the overseas country, or greater integration of the migrant into the host community. This suggests that it is dangerous for governments to base economic strategy on an ongoing stream of remittances, which will ebb and flow according to a range of factors (e.g. migration policies, economic recession in receiving countries, or the adoption over time of individualistic values that clash with communalist village traditions).

The Asian Development Bank’s 2005 overview of remittances in the Pacific questions the generalisation that remittance flows are not sustainable over time:

Almost every study of remittances and their rural and international links suggests that they will decline over time, although few studies have evaluated to what extent or over what time period this might occur. More recent studies have, however, shown that this generalisation may not necessarily be true and that the period of sending remittances may actually be very long. Many studies have also not taken account of the new electronic media that have transformed the nature of links and perhaps of remittance practices.40

Although there is a need for further research, there are already Pacific case studies that indicate ongoing financial support to family members at home from long-term migrants: for example, a survey of Tuvaluan migrants to New Zealand, published in 2001, does not support the hypothesis that remittances decrease with the length of time that the migrant spends overseas.41 Another 1998 study of

---


Tongan and Samoan migrants in Australia challenges the assertion that remittances are destined to decline over time, noting that ‘none of the assumptions of migrants’ remittance behaviour on which the doomsday, remittance decay scenario is based, is valid. There is much less cause for pessimism concerning the sustainability of remittance levels.’

Nevertheless, much of the sustainability debate has focussed on first generation migrants, and there is little documentation about the remittance habits of subsequent generations. An ongoing research study of second generation Tongan transnationalism by Helen Lee of Latrobe University suggests that Australian-born children of migrants will not remit at the same rate as their parents.

The debate over the sustainability of remittances from migrants reinforces the need to study the development impacts of remittances from seasonal workers, who do not migrate permanently, but still contribute cash into the sending country’s economy and local communities. A central political issue is whether Forum member countries can develop options for seasonal and temporary work, rather than permanent migration, to allow new opportunities for work and remittances.

---

43 Helen Lee of Latrobe University is currently studying the attitudes towards remittances of a survey group of young Tongans living in Melbourne. See H. Lee: ‘”Tongans only want our money” – the children of Tongan migrants’, paper presented to the SSGM conference on Globalisation, Governance in the Pacific Islands, 25-27 October 2005; Helen Morton Lee: Tongans Overseas – between two shores (University of Hawai‘i Press, Honolulu, 2003).
Section 3: Labour mobility and trade negotiations

Pacific Island governments have made gaining greater access to the labour markets of Australia and New Zealand an explicit policy goal. They see it as a crucial element in long-term job creation and social development. As a result, the issue of labour mobility has emerged as a key element in regional trade negotiations. The starting point of these various negotiations focused on trade in goods, but trade in services and labour mobility have become increasingly important in the discussions.

The concept of regional trade integration was first discussed at the inaugural South Pacific Forum (now Pacific Islands Forum) in August 1971. The need for an actual agreement was taken up more recently as part of the region’s response to global trends towards trade liberalisation, including preparation for the launch in December 1999 of a new round of WTO trade negotiations. In 1999, Forum Leaders ‘endorsed in principle a free trade area among Forum members noting that this would be implemented in stages over a period of up to 2009 for developing Forum Island Countries and 2011 for the Smaller Island States and Least Developed Countries.’

There are three main strands to the trade negotiations involving Pacific Island nations:

PICTA – the Pacific Island Countries Trade Agreement – covers trade in goods for the fourteen Forum island countries excluding Australia and New Zealand. PICTA was endorsed at the Forum Heads of Government meeting in Nauru in August 2001 and provides for the phased elimination of tariffs between island countries. The larger island economies should have abolished most tariffs by 2009 and the smaller ones by 2011. The phasing in of the agreement over this period is to be accompanied by strategies to help governments adopt alternative taxes and economic reform measures to compensate for the revenue they will lose from tariff reductions.

PACER – the Pacific Agreement on Closer Economic Relations – was also endorsed at the Forum meeting in Nauru in 2001. It sets out a broader umbrella agreement for all Forum members including Australia and New Zealand.

EPA – an Economic Partnership Agreement is being negotiated between the European Union and Pacific members of the African, Caribbean and Pacific grouping (EU-ACP), under the Cotonou Agreement. A deal is scheduled to be finalised by December 2007.

---

44 A history of trade issues is set out in the opening statement by Noel Levi, the then Secretary General of the Pacific Islands Forum Secretariat, at the Forum Trade Ministers Meeting. See Forum Press Statement 4801, 4901 and 5001, June 2001.
45 PACER entered into force in October 2002 and PICTA entered into force in April 2003 after six countries ratified it. The text of the two agreements can be found on the Forum Secretariat website at www.forumsec.org.fj
PICTA currently covers trade in goods, but the Forum leaders’ meeting in 2005 agreed on the need for ‘integration of trades in services, including temporary movement of labour’ into both PICTA and the EPA.\[^{46}\] Labour mobility is a central element in these discussions – especially for Pacific island governments, who see access to the labour markets of Australia and New Zealand as a crucial element in long-term job creation and development.

These three strands of trade negotiations are interlinked. For example, PACER requires that Australia and New Zealand be treated at least on the same negotiating basis as the European Union. Hence, any provisions agreed to by Pacific Island nations under the EPA will have a flow on effect on deals with trade agreements with their more immediate neighbours. This is important since Pacific Island negotiations toward an EPA with the EU include discussions on labour mobility. As such they open the door to similar negotiations under PACER, a forum seen as far more crucial to Pacific island government given the much greater significance of the Australian and New Zealand labour markets as a potential source of future employment for Pacific Islanders.\[^{47}\]

The issue of labour mobility has become the centrepiece for Forum Island Countries in their negotiations over the EPA and PACER. The Melanesian Spearhead Group has argued for temporary access for workers with qualifications below tertiary level, including seasonal agricultural workers and the issue was hotly debated at the 2005 Pacific Islands Forum in Papua New Guinea.

Changes to the regional trade regime are part of a larger restructuring of Pacific economies, being driven by multilateral institutions. In Papua New Guinea, the World Bank has been the lead multilateral agency involved in public sector changes, through structural adjustment programs. In other countries, the Asian Development Bank (ADB) has financed such ‘reform’ programs: the Marshall Islands, Federated States of Micronesia, Samoa, Cook Islands, Fiji and the Comprehensive Reform Program (CRP) in Vanuatu.

The process has been co-ordinated through donors’ meetings and the Forum Economic Ministers’ Meetings (FEMM). FEMM first met in Cairns in July 1997 and its meetings highlight the private sector as having a central role in the stimulation of the economic environment to initiate growth. The FEMM Action Plan adopted by the Forum sets out a neo-liberal agenda for regional economic restructuring, including: liberalisation of trade and removal of tariffs; reduction of staffing in the public sector; corporatisation and privatisation of government agencies in transport, communications, energy, water and other sectors; replacement of progressive income taxes by regressive consumption taxes –

\[^{46}\] ‘Kalibobo Roadmap for the Pacific Plan’, Annex A to the 36\textsuperscript{th} Pacific Islands Forum Communiqué, p.10 [www.forumsec.org.fj]
Value Added Taxes (VAT) or Goods and Services Taxes (GST); deregulation of capital markets and removal of some controls on the finance sector.

The FEMM process was initially dominated by a push to integrate the Pacific Islands in line with broader APEC and WTO regimes. The July 2000 FEMM meeting noted: ‘We will, to the extent practicable, implement domestic measures consistent with WTO and APEC provisions and obligations, and co-operate in responding to and taking advantage of multilateral trade developments.’

The issue of regional economic integration is a sensitive topic for Forum member governments, as the pace and manner of structural readjustment and trade liberalisation are being widely debated in the Pacific. The ADB acknowledges that the Forum Economic Ministers’ Meeting Action Plan is based on ‘market friendly policies widely accepted as economically sensible, albeit politically difficult to implement.’ Many non-government and church organisations are critical of the process, arguing:

- that trade negotiations are finalised without parliamentary debate or extensive community consultation;
- that there has not been enough research and analysis of social and cultural impacts of economic reform;
- that economic models proposed for developing nations in Africa, Asia and Latin America are not appropriate for Small Island Developing States, and
- that the severe imbalances between the political and economic weight of the Pacific Island Countries (PICs) against Australia, New Zealand and Europe makes rhetoric of ‘level playing field’ negotiations a joke.

ACP countries in the WTO have argued for ‘special and differential treatment’, stressing that small developing states need special recognition of the vulnerabilities and broader development objectives that cannot be met by market forces alone. But negotiations at the WTO have failed to take into account the ‘special and preferential needs’ of Small Island Developing States, which are constantly put off to future negotiations without firm commitments from the OECD countries.

---

48 FEMM documents are available at www.forumsec.org.fj
50 For church and NGO critiques, see World Council of Churches Pacific Office: Islands of Hope – a Pacific alternative to Economic Globalisation (WCC, Geneva, 2001); Professor Jane Kelsey: Big Brothers Behaving Badly – the implications for the Pacific Islands of the Pacific Agreement on Closer Economic Relations (PANG, Suva, 2004); Professor Jane Kelsey: A People’s Guide to the Pacific’s Economic Partnership Agreement (WCC, Suva, March 2005)
Labour mobility under the General Agreement in Trade in Services

Labour mobility is incorporated in international and regional trade negotiations, with the ‘temporary movement of natural persons’ (known as Mode 4) forming part of negotiations under the General Agreement in Trade in Services (GATS). However the focus of Mode 4 discussions is on the movement (not migration) of skilled workers, even though the lower-skilled services workforce is not excluded. Australia, New Zealand and Fiji have made Mode 4 offers at the WTO: Australia’s focussing on inter-corporate transfers and New Zealand on its existing points scheme.\(^52\)

Australia and New Zealand benefit greatly from the migration of skilled workers from the Pacific, though many island governments are worried about the costs of ‘brain drain’ – according to an October 2005 World Bank report, 75 per cent of all graduates from Tonga and Samoa and 62 per cent of all graduates from Fiji have emigrated.\(^53\) Currently, the movement of labour from the Pacific to Australia focuses mainly on skilled trades and professional staff – nurses, teachers, accountants and trades people – who have the necessary points for immigration and residency requirements. New Zealand also has a special Pacific Access Category, which provides a pathway for a quota of islanders from Fiji and Tonga who do not have the citizenship and migration rights of the former New Zealand territories (Cook Islands, Niue, Tokelau, and Samoa).

As well as permanent migration, there is already an increasing trend towards temporary entry for employment of skilled migrants in Australia – but discussion about temporary entry for unskilled workers is only just beginning.\(^54\)

Australia and New Zealand have shown limited interest in taking unskilled labour, even though this would provide significant development support to Forum island countries. A 2005 report on increased labour mobility in the Pacific from the Asian Development Bank and Commonwealth Secretariat stresses the greater benefits of increased movement of unskilled labour for Pacific island economies:

> Australia and New Zealand would gain considerably from increasing these quotas [of skilled and unskilled workers from the Pacific] through GATS Mode 4. Although most of the negotiations have focussed on the mobility of skilled labour, this paper provides further evidence that the gains to developing economies from Mode 4 are greatest when applied to unskilled labour.\(^55\)

It is here however, that politics trumps economics and we see a shift from the language of trade to the language of migration in regional negotiations. As Professor Jane Kelsey of Auckland University notes in a recent study of the EPA negotiations ‘richer countries fear an influx of workers from poor countries’ so


they treat the movement of low-skilled workers as an ‘immigration issue’. By contrast discussion about the movement of skilled workers is treated as ‘a trade issue’. 56

The loss of skilled workers is causing significant problems for island nations, but another concern is the growing pool of unskilled and semi-skilled workers who cannot find employment in the formal sector of island economies, especially as 40 per cent of island populations are aged 0-20. 57

For example, the Fiji government estimates that there are about 17,000 new job seekers each year in Fiji (school leavers and late entrants to the job market), but only about 9,700 job opportunities in the formal sector. 58 Fiji faces significant problems as skilled workers move offshore seeking better career paths, training and job opportunities – health professionals, accountants, soldiers, rugby players and others. But many lesser skilled workers are going overseas too. Fijian women travel as domestic workers, aged carers and nannies to the United States or other Pacific countries, while Fijian men are increasingly recruited in military-related roles.

Pacific island fertility rates are slowing compared to the 1980s, but not fast enough to address population and employment problems. Except for the French territories of New Caledonia and French Polynesia, none of the Pacific Island countries will reduce their Total Fertility Rate to less than 2.1 per cent by 2029. 59

Pacific economists stress the importance of labour mobility for unskilled as well as skilled workers. Satish Chand of the Australian National University notes:

The PICs, to improve on their wellbeing, have to integrate more deeply with the global economy. For the smallest and remotest of the island communities, access to industrial country labour markets is perhaps the only viable option. There is merit in broadening this access, on a controlled and reciprocal basis, for the region as a whole...The benefits from such flows are likely to be the largest for unskilled labour as this group as a whole suffers the greatest restriction. Income earning opportunities for unskilled workers from the islands has the potential to lower poverty at home whilst raising worker productivity through skill transfer. 60

59 The 2.1 per cent fertility rate combines Migration, Mortality and Birth Rates – see demography study by Professor Ron Duncan of PIADS-DG, to be published in the forthcoming World Bank study on Pacific labour mobility. See also Helen Ware: ‘Pacific instability and youth bulges: the devil in the demography and the economy’, paper to the 12th biennial conference of the Australian Population Association, 15-17 September 2004, Canberra.
Reciprocity

A Pacific Engaged, the 2003 Senate report on Australia’s relations with the region, the Foreign Affairs, Defence and Trade Committee recommended that:

… the Australian government support industry groups, State governments, unions, non-government organizations and regional governments to develop a pilot program to allow for labour to be sourced from the region for seasonal work in Australia.61

In its formal reply to the Senate report, the Australian government simply ‘noted’ the recommendation for a pilot study, adding a one line response: ‘Australia has traditionally not supported programs to bring low skilled seasonal workers to Australia.’62

Pacific Islands Forum Secretary-General Greg Urwin argues that one major stumbling block to negotiating increased labour market access is the issue of reciprocity – whether Pacific island countries will have to open their labour market to Australian and New Zealand workers in return for access for unskilled workers in the larger economies.63

In August 2005, Australia's Parliamentary Secretary for Foreign Affairs Bruce Billson stressed that opening the Australian labour market would be a two-way process:

We'd be looking for a reciprocity of labour movement and that would mean for some Pacific Island countries making it a little easier for Australians thought to be of advantage in those economies to actually boost the economic activity and employment prospects, that in some cases it shouldn't be as hard as it is for an Australian to enter those countries.64

Mr. Billson has also stressed that the issue of labour market access would be negotiated as part of a package of trade issues, rather than as a separate treaty:

What we've said is we understand it’s an issue and it needs to be part of that preparatory work, let’s look at what that means. There's certainly been no commitment from Australia to facilitate that in advance of other aspects of a closer trade and economic relationship. So, we’ve said services trade is important, goods trade is important, the movement of people will inevitably be part of that discussion, but we don't think it’s in
anybody's interests to pick off bits of that cooperation that might suit today without looking at the whole package.  

The opposition Australian Labor Party (ALP) supports increased labour mobility as part of a broader regional Pacific community, but says that, in return, there must be increased economic and administrative reform in islands countries. In the ALP’s 2005 policy paper *Towards a Pacific Community*, Shadow Minister for Pacific Island Affairs Bob Sercombe argues:

Following a series of trials, the benefit of an ongoing labour mobility scheme to Australia should only be given in the context of a Pacific common market. Therefore the implementation of such a program would be tied to Pacific countries’ efforts to reduce their own barriers. For example, some Australian businesses experience lengthy delays in obtaining approvals for their staff to work in Pacific island countries – such regulations should be lifted in the context of a common market.

In the Pacific Islands Forum the issue of labour market access is being negotiated as through the EPA and PACER as part of a broader package incorporating trade in services, tourism, fisheries etc. Iosefa Maiava, Deputy Secretary General of the Pacific Islands Forum Secretariat, notes that ‘if there is to be reciprocity, it should be as equitable as possible recognising the different scales and different needs of Forum member countries.’

Presenting labour market access as a trade issue moves the focus away from development and downplays the adverse social impacts labour migration. Pacific island governments see labour market access as primarily a development issue and one that does not require reciprocal rights of access for Australia and New Zealand.

Non-government and church leaders are even more outspoken about the need for Australia to increase labour market access without demanding extensive trade-offs. Reverend Simote Vea of the Tonga National Council of Churches (TNCC) sees the issue as part of a broader economic justice campaign:

PICTA and PACER are opening up our countries for Australian and New Zealand merchandise. Why don’t they open up as well? Their governments only focus on economic agreements they’re trying to force onto the islands, without giving any support. People in the Forum must have a commitment to each other. Movement of labour is the only compensation you can offer us for problems like global warming. The major industrialised countries have to take responsibility.

---

67 Discussion with Iosefa Maiava, Deputy Secretary General of the Pacific Islands Forum Secretariat, Suva, November 2005.
Use of the term ‘reciprocity’ masks the power imbalance in negotiations between island states and a rich developed country like Australia. But this is not a level playing field or a meeting of equals.

Pacific economists see an increase of remittances as an important way to address the balance of payments gap between Pacific Island nations and Australia and New Zealand – a gap which is only likely to worsen as PACER takes effect and trade protections are dismantled.\(^{70}\) Professor Waden Narsey of the University of the South Pacific (USP) has argued that temporary or seasonal labour schemes could replace some of the jobs and revenue that will be lost from key agricultural industries like sugar:

PACER will almost certainly add to the already substantial pool of unemployed labour, so remittances from the export of unskilled labour to Australia and NZ may turn out to be an important counterbalancing flow which reduces the size of the deficit, even if it is unlikely to completely eliminate it, and relieve pressure on the high rates of unemployment in Fiji.

It may be emphasised that what needs to be investigated is not free and permanent access for Fiji unskilled labour, but temporary worker schemes for specific periods of time, in specific industries where Australia and NZ face labour shortages.\(^{71}\)

\(^{70}\) Interview with Resina Katafono, Senior Economist, Reserve Bank of Fiji, Suva, June 2005.

\(^{71}\) Professor Wadan Narsey: ‘PIC development: Remittances and other alternatives to regional integration’, Paper presented at the FDC workshop on Remittances, Microfinance and Technology: Leveraging development impact for Pacific States. Brisbane 10-11 June 2004. Until his retirement in 2005, Professor Narsey was Director of Employment and Labour Market Studies at the Pacific Institute of Advanced Studies in Development and Governance (PIAS-DG) at the University of the South Pacific.
Section 4: Arguments over seasonal work programs in Australia

At the October 2005 Pacific Islands Forum, Prime Minister John Howard stated:

We always have a preference for permanent settlement for migration….I think you either invite someone to come to your country to stay as a permanent citizen or you don’t.\textsuperscript{72}

In reality, temporary entry is an increasingly significant component of Australia’s migration program, but it is restricted to full-fee paying overseas students, skilled workers, professionals and business people.

The business sector has increasing access to short term visas – known as ‘Business (Long-Stay)’ or 457 visas – to bring in workers to cover skill shortages. Originally this category was used exclusively to bring in professionals like IT specialists and medical staff but in recent years the catchment has broadened to include more traditional trades like welding\textsuperscript{73} and baking.\textsuperscript{74} The number of temporary visas issued to skilled workers has jumped dramatically during the life of the Howard government: there were 40,124 business long stay visas granted in the 2003 – 04 financial year, up from just 9,600 in 1996-7.\textsuperscript{75} The growth of this component of the migration program reflects an international trend towards micro- or niche migration schemes designed to overcome labour shortages in particular industries at particular times.

As the Prime Minister’s comments suggest, the debate about seasonal work programs in Australia is entangled with widespread perceptions and fears that often have deep historical roots.

The cheap labour argument: there is a strain of popular antipathy to ‘cheap foreign labour’ from Asia and the Pacific, which has its antecedents in the Victorian gold rush of the 1850s. The underlying fear is that overseas workers will ‘steal’ Australian jobs. If Canada’s long-running Seasonal Agricultural Workers Program (CSAWP) is any guide however, then the employment of offshore seasonal labour would create additional jobs in related industries. (Basok reports that each horticultural farm worker supports ‘2.6 jobs in the supply and processing sectors’\textsuperscript{76} and there is also the economic stimulus created by the local spending of migrant workers).

\textsuperscript{72} Prime Minister John Howard, \textit{Australian Financial Review}, 26 October 2005.
\textsuperscript{73} Paul Robinson: ‘Workers flown in from China’, \textit{The Age}, 21 December 2004
\textsuperscript{74} ‘Unions angry with Brumby’s worker decision’, \textit{PM}, ABC Radio, 15 February 2006
\textsuperscript{76} Tanya Basok \textit{Tortillas and tomatoes: transmigrant Mexican harvesters in Canada} McGill-Queens University Press, Montreal and Kingston, 2003, p.146
However the concept of bringing in temporary foreign workers remains problematic for the Australian labour movement. There has been vocal opposition from specific unions to the idea of bringing in ‘cheap’ labour which could be exploited by unscrupulous employers, undermining local wages and conditions. Bill Shorten, President of the Australian Workers Union (AWU), says ‘guest work arrangements are exploitative of the guest and exploitative of unemployed Australians’.77

The national leadership of the Australian Council of Trade Unions (ACTU) has expressed a more nuanced position, showing sympathy for the idea of a Pacific Island labour program with a developmental component and holding initial discussions about a proposed pilot program to bring workers from Fiji to Shepparton in central Victoria.78 However, the ACTU has firmed its opposition to ‘circular’ labour programs, arguing that international labour agreements should give Pacific workers the right to permanent residency (ironically echoing the Prime Minister’s position). Australian unions have also stressed that they would only support schemes that involved government and union regulation of wages and conditions and respected union membership.

Memories of blackbirding The history of exploitation and abuse in the cane fields of 19th Century Queensland also raise concern over the wages and working conditions for foreign workers. Australia’s Foreign Minister Alexander Downer has stated:

I don’t like the idea of guest workers. I don’t think we should go back to the schemes that used to exist back in the 19th Century where cheap labour was brought in from the South Pacific, particularly into Queensland…Just to take unskilled people from the citrus blocks of the Riverina of South Australia or somewhere for a few weeks every year – I don’t think the idea is going to work…In the end Fiji would get very little out of it. I think there’d be a certain amount of resentment in certain parts of Australia.79

Memories of blackbirding are also a sensitive issue for many Melanesian countries. In July 2005, the Malvatumauri (Council of Chiefs) in Vanuatu hosted a meeting which discussed the heritage of blackbirding for Vanuatu, for islanders brought to Queensland and northern New South Wales to work as indentured labourers in the sugar cane and cotton industries between 1863 and 1904. Representatives at the meeting called for dialogue with Australia over the legacies of blackbirding, with appropriate apologies and further recognition of the rights of South Sea Islanders in Australia. Minister for Finance George Wells played an important role in the meeting, and ironically, he ties the question of

contemporary labour market access to discussion of reparations for past exploitation.  

The high-skill orthodoxy: There is an entrenched view within the Australian government that only high-skilled or capital-rich migrants are of value to Australia. The bias against low-skilled migrants was formalised by the Fitzgerald report into Australia’s immigration program in 1988 and intensified further after 1996, as the Howard government decisively shifted the emphasis of the migration program to favour skilled and business migrants at the expense of family reunion. 

The permanent migration bias: Despite the increase in temporary skilled migration, there remains a well established bias towards permanent, rather than short term migration. Australia’s Department of Indigenous and Immigration Affairs (DIMIA) believes that temporary migrant labour schemes ‘fail to provide long-term benefits for either sending or receiving countries.’ Treasurer Peter Costello has voiced the view that visas for short-stay guest workers would be ‘against the national ethos’. 

The discrimination argument: A common argument for opposing temporary labour programs from the Pacific is that it would be discriminatory under Australia’s immigration policy because it would favour one region (the Pacific) over all others.

However, other countries have quotas restricted to Forum member countries, such as New Zealand’s Pacific Access programs or the European agreement for a quota of i-Kiribati and Tuvaluan seafarers in the EU offshore shipping fleet. Targeted programs for Forum member countries could provide jobs for countries that will never have the employment opportunities of larger Asian neighbours like China, India and Indonesia. Excluding Papua New Guinea (5.1 million people) and West Papua (2.2 million people), there are less than 2 million people in the Pacific islands, so targeted labour programs amongst Forum members would be drawing on a small pool.

There are also precedents for country-specific programs in Australia, which discriminate in favour of certain nations. One program is the Working Holiday Maker Scheme in Australia, which provides travellers aged 18 to 30 with a 12-month visa that entitles them to work in Australia for up to 3 months at a time. 

---

80 Interview with Maurice Michel, political advisor to Minister of Finance George Wells, Port Vila, September 2005. The descendants of the blackbirded labourers are now formally recognised as South Sea Islanders in Australia’s census, and have been organising for greater rights. For details of South Sea Islanders and discrimination under Australian law, see the 2003 study by the Human Rights and Equal Opportunity Commission (HREOC): http://www.hreoc.gov.au/racial_discrimination/Erace/south_sea.html
82 Following a cabinet reshuffle, Indigenous Affairs was moved to a different portfolio and the relevant department is now DIMA – the Department of Immigration and Multicultural Affairs
83 Submission to 2003 Senate inquiry. See A Pacific Engaged (Canberra, April 2005).
with any single employer. Many young people from Commonwealth and EU
countries work in fruit picking and agricultural work under the 12-month working
holiday visa, but the working visa is not available to workers from
Commonwealth countries in the Pacific – the scheme, based on bilateral
agreements with 18 states or territories, does not take in any Pacific Island
nations.\(^{85}\) (In contrast, the United Kingdom has expanded its Commonwealth
holiday-makers scheme to Papua New Guinea, allowing PNG citizens to work in
the UK for up to two years under certain conditions!)

The Australian government stresses however, that the Working Holiday Scheme
should not be compared with other temporary labour schemes. Foreign Minister
Downer has argued that they are ‘fundamentally different concepts’:

> Working holiday maker arrangements are reciprocal and apply essentially to
young people who want to holiday in Australia and do some work to defray
expenses. They must have the means to support themselves in Australia
whether or not they take a job. Guest workers by definition simply do not
have that sort of financial independence.\(^{86}\)

The Minister is correct to point out that the Working Holiday Maker scheme was
never intended as a labour market program: however it has become a labour
market program by default, with horticultural producers increasingly reliant on
‘backpackers’ to undertake seasonal work. This is evident from the policy
changes made by Immigration Minister Vanstone in 2005, which attempted to
funnel more backpackers into agriculture by offering a second 12 month visa to
any visitor who completed at least 3 months seasonal work.

**The fear of overstaying:** Another frequent objection to the idea of seasonal
labour programs in Australia is the fear that temporary workers will overstay their
visas and “disappear” into the community (adding to the stock of undocumented
migrants).

The Canadian experience suggests that this fear is greatly exaggerated. Of the
15,123 workers who entered Ontario under CSAWP in 2004, only 221 (or less
than 1.5\%) were listed as going AWOL (absent from their jobs without leave) and
some of these would have returned to their homeland early. All workers were
reported to have left Canada and returned home by the end of the year.\(^{87}\) Initially,
the low overstay rate in the Canada scheme was engineered through recruitment
criteria that were skewed to select those seasonal workers deemed most likely to
return to their homeland – that is, male workers who were married with children

---

\(^{85}\) Australia’s current reciprocal working holiday arrangements are all with the developed states or territories that
the Immigration department regards as posing a ‘low-immigration risk’, namely Belgium, Canada, Cyprus,
Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Korea, Malta, Netherlands, Norway,
Sweden, Taiwan and the UK. NSW MLC Charlie Lynn has called for the working holiday scheme to be
extended to Papua New Guinea. ‘It’s time to dump our ‘unofficial’ White Australia policy against black

\(^{86}\) ‘Downer responds to allegations’, Fiji Daily Post, 2 December 2005.

\(^{87}\) F.A.R.M.S (Foreign Agricultural Management Service) Regional Report – Caribbean/Mexican
Seasonal Agricultural Workers Programs as of 31 December 2004.
still at home.\textsuperscript{88} Recently however, the scheme has also been opened up to single men and to women.

The most important factor in the low overstay rates in the Canadian scheme appears to be that workers can return to their homeland with the expectation that they will be re-engaged to work in Canada under CSAWP the following year. This ‘partly explains the lower number of over stayers compared with those in other similar programs’ in other countries.\textsuperscript{89} For example, a scheme in the UK to allow final-year university students from non-EU Eastern European countries to work in agriculture has an estimated overstay rate of 10%.\textsuperscript{90} In the UK case, the seasonal migrants know that the opportunity to work in the UK is a one off so the incentive to overstay is greater.

**A debate that won’t go away**

In a December 2005 statement issued to the regional media, Foreign Minister Alexander Downer reiterated Australia’s rejection of temporary work schemes, stating that:

> The answer to the Pacific’s large and growing unemployment problems does not lie in a few hundred unskilled young people coming to Australia to pick fruit for a few months of the year.\textsuperscript{91}

Despite the Howard government’s firm ‘no’ to seasonal work programs the issue is still being debated in Australia and the region. Following the Forum’s adoption of the *Pacific Plan for Strengthening Regional Co-operation and Integration*, PNG’s Foreign Minister Sir Rabbie Namaliu stated:

> We believe that permitting increased labour mobility should be part of Australia’s and New Zealand’s commitment to implementing the Pacific Plan. It is one way to demonstrate to our leaders that they are serious about assisting island countries to develop their capacity and their economies.\textsuperscript{92}

The report of a May 2005 roundtable of ten Australian High Commissioners serving in the Pacific notes:

> The roundtable repeatedly returned to the practical economic benefits of greater labour mobility between Pacific states and Australia and New Zealand.\textsuperscript{93}


\textsuperscript{92} Quoted in *Australian Financial Review*, 26 October 2005, p8. Information about the Pacific Plan can be found at www.pacificplan.org
Zealand as an employment pressure valve, a source of remittances and a source of professional advancement for Pacific Islands.\textsuperscript{93}

Forum island governments are lobbying Canberra on the issue and the Melanesian Spearhead Group has argued for temporary access for workers with qualifications below tertiary level, including seasonal agricultural workers.\textsuperscript{94} In Australia, there is ongoing lobbying by business and farmers’ organisations such as the Australia – Pacific Islands Business Council and the National Farmers Federation.\textsuperscript{95} Similar debates are taking place in New Zealand.


\textsuperscript{94} Interviews with Greg Urwin (Forum Secretariat) Emele Duituturaga (Fiji), Sanjesh Naidu (Fiji), ‘Akilisi Pohiva (Tonga) in June 2005.

\textsuperscript{95} See for example interviews with Bob Lyon (Vice President of the Australia-PNG Business Council and immediate past President of Australia-Pacific Islands Business Council); ‘More calls for Australian labour mobility scheme’, Pacific Beat, Radio Australia, 15 December 2005; Duncan Fraser of the National Farmers Federation, ‘Farmers support call to allow Pacific seasonal workers’ Pacific Beat, Radio Australia, 27 October 2005; Professor Robbie Robertson, Director of Development Studies, University of the South Pacific; ‘Academic rejects labour mobility concerns’, Pacific Beat, Radio Australia, 7 December 2005.
Section 5: The social impacts of temporary labour migration

The ‘paradise’ image of Pacific life promoted by the tourist industry belies the significant changes in social structures in the Pacific, with changing patterns of work, urbanisation and gender roles.

Church and NGO leaders interviewed during this research project welcomed the idea of developing seasonal work schemes to allow Pacific islanders greater access to the Australian labour market. They all however, raised a range of issues about social impacts – on labour rights, family life and development outcomes for women – that would need to be addressed if such schemes were to function effectively. A number of academic and NGO interviewees stressed that traditional economies of rural villages are under challenge, and that seasonal worker schemes could exacerbate some trends.

- Current deployments of Fijian men as UN peacekeepers, British soldiers or private security guards in Iraq has provided evidence of psychological stress on children and negative impacts on educational standards (One interviewee noted that some soldiers’ wives were studying psychology at the University of the South Pacific, to understand the changes that their husbands’ overseas work was bringing).

- Church leaders reported a number of cases of family break-up, infidelity and new relationships forming, as one spouse worked overseas for lengthy periods. There are a number of anecdotal reports of Pacific men who had married in Australia to obtain residency rights, even though they had a wife and family at home.

- Community leaders are worried about the ways in which increased amounts of migrant work will affect gender roles in rural villages. There are concerns about the loss of male role models, and the potential impact that departing young workers will have on the traditional gendered allocation of jobs.

- There are also concerns about the ageing of the population in rural areas, as young people migrate to urban centres or overseas, may impact on agricultural production and add burdens on already stressed health services.

---


97 Interviews with Prof. Ron Duncan (PIAS-DG, USP), Seema Naidu (FWRM), Avelina Rokoduru (USP), Tupou Vere (PCRC), Suva, June 2005; Betty Blake (Catholic Women’s League of Tonga), June 2005.
There are particular burdens on ageing women. Women who haven’t worked in the formal sector do not have superannuation through the Fiji National Provident Fund (FNPF), and are often reliant on financial support from working children. There is often an added burden of unpaid childcare for older women, as their daughters enter the workforce.

**Specific concerns in relation to women and young people**

Women’s groups like the Fiji Women’s Rights Movement (FWRM) and the Catholic Women’s League of Tonga have reaffirmed concerns over a range of impacts on overseas workers, on women, on family life, and on children.

FWRM has conducted research surveys on sexual harassment in the workplace, which highlight the vulnerability of women to harassment. One in three women surveyed had been sexually harassed in the workplace, but the rates were higher for unskilled workers in the agriculture, trade and construction sectors, where 47 per cent of women surveyed had been harassed. Research by the Tebutt polling centre in Fiji provides further evidence that sexual harassment is worse for semi-skilled and unskilled workers, who are more vulnerable due to their subordinate role, lack of information about labour rights and cultural perceptions of relationships to men. These problems could be exacerbated if women were working overseas as seasonal agricultural workers, unless there was close regulation and support to stop workplace harassment and bullying.

Another concern is a pattern of youth suicide in Fiji, Samoa, Federated States of Micronesia, the Marshall Islands, Palau and Guam, with the Pacific having the highest youth suicide rates in the world. For Indo-Fijians and in Samoa, suicides amongst young women exceed those for young men, which is unusual for almost all populations in the world.

This youth crisis is attributed in part to the absence of parents and relatives: researchers such as the Micronesia Seminar’s Father Fran Hezel have highlighted the effects of globalisation as one of the many elements in youth suicide, as customary and family mechanisms for conflict resolution have been shattered by migration. While extended families often used tight authority systems, they also provided older relatives with whom young men and women could talk to about their problems. With family members working overseas, traditional family reconciliation mechanisms are not working as effectively.

---

Another concern often raised – by church leaders themselves – is that cash raised by seasonal workers may be channelled into church fundraising and tithing schemes, rather than invested in development that would directly benefit the family or local community.\footnote{Interviews with Kioa, Barr, Blake, op.cit.} Many people already commit significant funds to churches solis, paying for pastor’s salaries or the construction of new church buildings and some evangelical churches organise fundraising tours to Australia, New Zealand and the United States, raising significant funds for church operations from migrant communities.

**Case study 3: Social impacts for Tuvaluan and i-Kiribati seafarers**

The Secretariat of the Pacific Community (SPC) has conducted detailed studies of seafarers’ remittance spending and the economic and social implications of seafaring for community development.\footnote{Jennifer Dennis: Pacific Island seafarers – a study of the economic and social implications of seafaring on dependants and communities, Pacific Seafarers Training Program, Regional Maritime Program, Secretariat of the Pacific Community (SPC, Suva, 2003). See also research by Maria Borovnik, op.cit.} This research shows that the actions of overseas workers have negative as well as positive impacts on the social and economic circumstances of dependants and communities.

Although the type of work, recruitment and skill levels for sailors and length of absence are different to seasonal agricultural work, the SPC’s study provide important pointers on social issues that would be useful in designing pilot programs for temporary agricultural work in Australia.

- The seafarers’ wages were the basis of economic support for many people within the home community, ranging from 1 – 30 people. The report estimates that 4,200 people in Tuvalu (population 10,000) and 10,200 people in Kiribati (population 85,000) were directly dependent on the seafarers’ income.

- Loss of employment by seafarers due to illness or injury had ‘catastrophic’ effects on the economic circumstances of some families.

- Wives and partners of seafarers reported difficulties maintaining contact with overseas workers, causing stress and depression. This was exacerbated because depression is not considered a real ‘health problem’ in many Pacific cultures.

- Some seafarers engaged in unsafe sexual activity while overseas, often under the influence of alcohol. There is an increased risk of HIV / AIDS and STIs for the workers, but also for wives / partners who find it difficult to refuse unprotected sex when their husbands return from overseas, and face violence if they refuse.

- An increase in violence against spouses was also related to alcohol abuse, with returning sailors engaging in drinking sessions with their mates. Women were reluctant to report domestic violence to police in this case because 70-80 per cent are dependent on their spouse / partners’ income.
• The majority of wives / partners and children reported difficulties resuming relationships with returning seafarers.

• There are complex gender and childhood development issues, when parents communicate largely with their spouse rather than their children while overseas. Children also reported anger or annoyance at their father on his return, for disrupting household routines, ignoring their personal development, or diverting their mother’s attention to caring for her spouse rather than her children.

• There is some internal migration from outer islands to Tarawa, as seafarers’ families move to the capital to avail themselves of more time with their spouse / parent in between voyages.

Positive outcomes of migrant labour

In spite of these issues, there is significant evidence that the influx of cash into rural communities can contribute to community development and poverty alleviation. The Canadian Seasonal Agricultural Workers scheme has been running for nearly 40 years, and has generated evaluations that document long term development outcomes in source countries.

One particular result is that children of migrant labourers are likely to stay longer in school – Jamaican workers were found to spend up to 35% of remittances on children’s education and there is a positive correlation between the number of years workers are employed in CSAWP and their children’s school leaving age. This finding is consistent with other surveys on the high proportion of migrant workers remittances used to fund spending on children’s education.

A 2005 study by the World Bank’s International Migration and Development Research Program has found that globally, international remittances reduce the level and depth of poverty – a 10 per cent increase in individual remittances will lead to a 3.5 per cent decline in the share of people living in poverty.

Novib (the Oxfam International affiliate in the Netherlands) convened an international meeting on remittances and development in 2004. Papers from that


seminar show how remittances can improve education and health in developing countries, as they allow poorer families to supplement their limited cash incomes and invest in the future.\textsuperscript{109}
Section 6: Requirements for effective and equitable seasonal labour schemes

Labour migration is here to stay and Fiji needs to ensure that immigration issues and remittances are properly regulated and managed for the migrants and the country as a whole. Given its propensity to self-perpetuate and the potential for its benefits to reach out to the wider community, labour migration can become the most effective development agent yet for the country.

Avelina Rokoduru, University of the South Pacific

Global trends and the appealing symmetry of a scheme to allow foreign workers to fill seasonal gaps in Australia’s rural labour market should not blind us to potential obstacles and dangers. Without effective regulation and administration temporary labour schemes will lead to abuses and exploitation.

In its report *A Pacific Engaged*, the Senate Foreign Affairs Defence and Trade Committee also recommended that: ‘the model developed provide for management and organisational arrangements to be the responsibility of the source country and adequate mechanisms be put in place for training and transfer of skills.’

However, given the capacity restraints in Pacific Island administrations, a more realistic proposal would involve some government-to-government framework or treaty (as in Canada’s Seasonal Agricultural Workers program), outlining the responsibilities of governments in both source and host country. (The creation of these bilateral treaties could be supported by the Pacific Islands Forum Secretariat, which could develop model framework legislation with minimum standards). Pacific governments will need extra resources to effectively manage the scheme, and in our view its operation should be integrated with the official aid program to ensure maximum development outcomes.

The following sections outline some issues that need to be addressed in creating pilot seasonal work schemes.

Labour rights and working conditions

In Australia, trade union leaders stress that any seasonal work scheme must not be used to undercut wages and conditions for Australian workers, and must adhere to core labour conventions and standards.\(^{111}\)

---


\(^{111}\) Interview with Rajeshwar Singh, President, South Pacific Council of Trade Unions (SPOCTU), Suva, June 2005; Interview with Tate, Matheson, op.cit.
The International Labour Organisation (ILO) also has a range of conventions covering core labour standards, and the ILO Office for the South Pacific in Suva currently has a program to encourage Pacific governments to sign and ratify the relevant agreements. Fiji and PNG have ratified core conventions, but other countries have not yet done so.\textsuperscript{112}

Pacific governments have pledged to uphold labour rights under the EU-ACP Cotonou Agreement, which states that ‘the Parties reaffirm their commitment to the internationally recognised core labour standards, as defined by the relevant ILO Conventions, and in particular the freedom of association and the right to collective bargaining.’\textsuperscript{113}

The ILO also has specific conventions 97 and 143 covering migrant workers, yet these have not been ratified by Australia or by any Pacific island governments.\textsuperscript{114}

The World Council of Churches (Pacific office) and the Pacific Conference of Churches (PCC) have been working on the social impacts of globalisation, economic justice and the effects on ‘uprooted peoples’. PCC member churches, national councils of churches and ecumenical partners in the Pacific have taken to promote and support the rights of migrant workers and encourage Pacific governments to develop national legislation to guarantee their rights. The PCC has called on Pacific governments to sign, ratify and implement the provisions of the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families.\textsuperscript{115} The Convention was passed by the UN General Assembly in December 1990 and entered into force in July 2003, but has not yet been signed or ratified by Australia, New Zealand or any Forum island state.

Under existing temporary labour programs around the globe a migrant worker is ‘usually required to only for the employer specified in the work permit’\textsuperscript{116}. This restriction often leaves migrant workers vulnerable to exploitation and abuse, since protests against dangerous working conditions, underpayment or unreasonable demands by a particular employer can lead to the dismissal and consequent expulsion from the country of employment. In our view, it should be possible to design a seasonal labour scheme where workers are not tied to individual employers, but can circulate more broadly within an industry sector (such as horticulture). However any seasonal labour scheme needs to recognise the weak bargaining position and relative lack of legal rights of temporary non-citizens in the Australian labour market. In response, safeguards must be built in to protect workers’ rights and guarantee freedom of association. There must also

\textsuperscript{112} Interview with Mr. A. Muhammad Zakaria, Director, International Labour Organisation (ILO) Office for the South Pacific, Suva, July 2005.
\textsuperscript{113} Article 50 of the EU-ACP Cotonou Agreement [http://europa.eu.int/comm/development/body/cotonou/agreement/agr21_en.htm]
\textsuperscript{114} ILO C. 97 Migration for Employment Convention (Revised), 1949 and ILO C. 143 Migrant Workers (Supplementary Provisions) Convention, 1975.
\textsuperscript{115} Interviews with Tevi, Kila Pat and Vea, op.cit
\textsuperscript{116} Martin Ruhs ‘Designing viable and ethical labour immigration policies’ in World Migration 2005 (Chapter 10) IOM, Geneva 2005
be mechanism of independent dispute resolution to manage conflicts when they arise.

Together with sectors such as construction and mining, farming and agricultural work are amongst the most hazardous industries for workers and compliance with occupational health and safety laws will be essential – there could be complex legal and practical issues for workers to claim treatment and compensation for workplace injuries after they return home. There is also a need to develop training programs for health and safety issues such as use of pesticides (which could have positive spin-offs for farm safety when the worker returns to farming and fishing in the Pacific).

Felix Anthony, Secretary of the Fiji Trades Union Congress (FTUC) stressed that the labour movement in Fiji and around the region is going beyond industrial issues of wages and conditions to address the issue of ‘decent work’ (such as full employment, social protection, family / work balance). For this reason, the creation of seasonal worker scheme must address social impacts as well as labour rights.

Recruitment and government regulation

The 2003 Senate Committee into Australia’s relations with the region recommends a pilot scheme, but says that:

… the model developed provide for management and organisational arrangements to be the responsibility of the source country, and adequate mechanisms be put in place for training and transfer of skills.117

However, such a proposal places the burden on small island states, while the Australian government and private sector reduce or avoid their responsibility for the costs as well as the benefits of seasonal work schemes. A more realistic approach would involve some government-to-government framework or treaty as in Canada’s CSAWP, outlining the responsibilities of both host governments.

Pacific governments will need extra resources to effectively manage the scheme, and in our view its operation should be integrated with the official aid program to ensure maximum development outcomes. There is a problem seeing these programs as simply an issue of ‘trade in services’ instead of a component of the social and economic development of Australia’s nearest neighbours.

One pitfall for a more regulated scheme is that rural villagers from the Pacific would have less comfort with a complex bureaucratic scheme, especially where the only High Commission is located in the capital city. Given low levels of literacy in Melanesian countries like Papua New Guinea, Vanuatu and Solomon Islands, and ‘a cultural aversion to lots of paperwork’118 from many islanders, there may be costs and delays in regulation and recruitment procedures.

117 A Pacific Engaged op.cit., p76.
118 Interview with Reverend Jason Kioa, May 2005. The issue was also raised by Avelina Rokoduru, interview, Suva, June 2005.
Experience in Canada suggests that complexity can result in migrant workers missing out on their entitlements – for example tax returns or workers compensation – because they do not have the skills to negotiate bureaucratic systems. Similarly, horticultural producers do not have time to deal with complex paperwork at the height of the harvest – so while a scheme must be regulated it also needs to be user friendly for both workers and employers.

There is also a question of where employment contracts are signed, as this has some implications for labour rights: for example, under Fiji’s Employment Act, signing a contract in Fiji allows provisions of the Act to apply, while signing a contract overseas does not. This has implications if an employee wants the Ministry of Labour to follow up breaches of contract, unpaid or delayed wages, and long-term occupational health problems, as the Ministry can only intervene if there is a valid employment contract.

The need for targeted and ethical recruitment of seasonal workers takes on particular importance, given the disparities in wage levels between Australia and most island countries. There is anecdotal information on skilled workers travelling to Australia for fruit picking and unskilled labouring work, because they could earn more than their own trade or profession (e.g. school teachers who travel to Australia on a tourist visa during the long summer break, and go fruit picking for a couple of months after briefly visiting relatives). Recruitment schemes should be targeting the unskilled, rather than taking skilled trades and professional staff away from the workforce.

There is a growth in labour hire in Australia (by 2001 more than 160,000 people in Australia worked for labour hire firms) and there are a number of professional organisations that could play a role in the recruitment of islanders for Australia.

However if recruitment is to be conducted by private sector organisations, there is a need for closer government regulation of labour hire agencies. The case study on Fijians working in Iraq and Kuwait (see above) is only one example of allegedly fraudulent behaviour by recruiters, exploiting the hopes of poor communities for a better life:

- recruiters in Vanuatu promising non-existent jobs in Australia, and seeking ‘administration fees’ of 17,000 vatu (A$ 200) from rural villagers.
- In a 2003 scandal in Fiji, a US recruiter was collecting US$1,200 payments from Fijian nurses without providing jobs, a fraud exposed when nurses complained to their union, the Fiji Nursing Association. The union has since sent copies of the International

---

Council of Nursing (ICN) recruitment policy to the Fiji government for consideration, outlining an ethical recruitment policy for health staff seeking work overseas.\textsuperscript{121}

There is also evidence of abuse in recruitment for temporary labour schemes elsewhere in the world. For example, Thai workers recruited to do agricultural jobs in the USA under its H-2A temporary visa program, report paying up to US$2000 each to local recruiters in their homeland to secure a place on the scheme\textsuperscript{122}.

Private sector recruitment is not the only option for seasonal labour programs. There are already community organisations in Pacific countries that have links with particular regions of Australia that could co-ordinate the selection of personnel. (For example, the National Farmers Association in Tonga has ties with members of the Tongan community in the Victorian town of Robinvale, and has already developed detailed proposals for recruitment of Tongans for fruit picking if a government approved scheme could be started.\textsuperscript{123})

Recruitment might an activity undertaken in partnership with government. Given the limited resources of Pacific Island administrations, this could be a capacity building activity incorporated into Australia’s official development assistance program.

However recruitment is handled, unions believe that any seasonal workers scheme must involve more than monitoring of conditions for temporary workers – the scheme must be regulated by government, and there must be a system of sanctions for breaches of those regulations. Australian and Pacific unions, through the ACTU and SPOCTU, would seek collaboration with and involvement in any institutions created to regulate the scheme.\textsuperscript{124}

There are overseas examples of government, workers and employers co-operating to develop appropriate standards for seasonal work recruitment and operation – for example, the Temporary Labour Working Group is a consortium of major retailers, growers, suppliers, labour providers and trade unions in the United Kingdom. The Working Group was set up in September 2002, convened by the Ethical Trading Initiative with co-operation from government. Partly as a result of the Working Group’s lobbying activities, a Private Member’s Bill was enacted in July 2004 as the Gangmasters (Licensing) Act. The Group has also developed a code of practice for labour providers to agriculture and the fresh produce trade. While the code is voluntary, one industry group – the Association of Labour Providers – has made compliance with the code a condition of membership. The

\textsuperscript{121} Interview with Kuini Lutua, General Secretary, Fiji Nursing Association, Suva, June 2005.

\textsuperscript{122} Leah Beth Ward ‘Thai farm workers seek equity in strange land’ Yakima Herald Republic 9 October 2005

\textsuperscript{123} Interview with Mumia Tatola (Deputy Chair) and Robert Tofa Ramsey (Secretary), National Farmers Association, Nuku’alofa, June 2005.

\textsuperscript{124} Interviews with Alison Tate, International Officer, Australian Council of Trade Unions (ACTU), Melbourne, June 2005; Alan Matheson, former ACTU International Officer, Melbourne, May 2005; Rajeshwar Singh, President, South Pacific Council of Trade Unions (SPOCTU), Suva, June 2005.
commitment by other employer groups (like major supermarket chains) is vaguer, promising only to ‘actively encourage all suppliers to use only labour providers who are working to comply with the code of practice’. The code is also seen as a forerunner to compliance arrangements that are to be introduced to the statutory licensing of labour providers sometime in 2006.\(^{125}\)

Policies such as these could be adapted for recruitment and employment of seasonal workers for Australia, and extra personnel allocated to the relevant Ministries of Labour, Immigration etc to monitor their implementation.

**Addressing social impacts on families**

During an interview in June 2005, Emele Duituturaga, Chief Executive Officer of Fiji’s Ministry of Women, Social Welfare and Poverty Alleviation, stated that the government of Fiji ‘would support a regulated, managed scheme for seasonal workers. We have few jobs and a limited industry and manufacturing base, with a young and growing population’.\(^{126}\)

However Ms. Duituturaga stressed that there are significant social impacts from migrant worker schemes – the benefits of increased income for the family and community must be weighed against the social costs, especially for women and children. There are also questions of how many benefits from remittances go directly to families, while the costs and burdens of welfare and social adjustment are carried by government, at a time when many Pacific governments are often stretched to capacity in providing basic services.

In response to these social impacts, the SPC’s Regional Maritime Program has developed social responsibility modules for training seafarers – it would be worth further study to see whether elements of these pre-departure training programs (e.g. on HIV / AIDS) could be adapted for use in pilot programs for seasonal agricultural workers.

It is also worth considering whether a maximum length of absence should be imposed on the scheme to ensure that workers are not separated from their families for extended periods of time – for example, visas to work in Australia could be capped at 6 months within any twelve month period so that workers would be sure to spend at least half the year in their home communities.

As the EPA and PACER negotiations discuss trade in services, including increased labour mobility, there is a crucial need for extensive study of social, cultural and political impacts, as well as econometric study of the benefits of remittances. One suggestion for monitoring the flow and usage of remittances is

\(^{125}\) For details of the Temporary Labour Working Group and their code of practice for labour recruiters in the agriculture and fresh produce sector, see: [http://www.lpcode.co.uk/index.asp](http://www.lpcode.co.uk/index.asp)

\(^{126}\) Interview with Emele Duituturaga, Suva, June 2005.
to incorporate a series of questions in national censuses, which could provide a regular and comprehensive database of changes to national remittance patterns.  

**Information and community support**

Migrant workers and members of their families shall have the right to be informed by the State of origin, the State of employment or the State of transit as the case may be concerning:

(a) Their rights arising out of the present Convention;

(b) The conditions of their admission, their rights and obligations under the law and practice of the State concerned and such other matters as will enable them to comply with administrative or other formalities in that State.

....Such adequate information shall be provided upon request to migrant workers and members of their families, free of charge, and, as far as possible, in a language they are able to understand.

Article 33, International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families

There is a need for pre-departure training and information sessions for seasonal workers, as a crucial element of any scheme. Informants stressed the importance of providing accurate and timely information to prospective seasonal workers before they join schemes or travel.

Such information could cover a spectrum of issues, including wage rates, labour conditions (hours, meal breaks, occupational health and safety), cultural issues, visa and consular advice, banking and remittance procedures etc. There could also be discussion of social issues that may face bored, isolated workers, including substance abuse, gambling and the risk of HIV / AIDS.  

Local communities could collectively discuss issues of the increase of funds into the community, with: advice on family budgeting or allocation of savings; planning family business ventures or investing in local community projects.

Fijian migration researcher Avelina Rokoduru has outlined a range of elements that might be incorporated into such a training program:

Government in collaboration with other interested stakeholders can identify niche labour markets and establish training institutions for intending migrants in preparation for those niche markets. The curriculum for these institutions can include expectations of foreign employers, culture and geography of destination countries, awareness for human and migrant rights, presentation and personal hygiene, banking and remittance procedures of both Fiji and receiving countries, foreign currencies, opening and maintaining foreign

---

127 Personal communication, Professor Richard Brown, Department of Economics, University of Queensland. In 2005, Professor Brown has been conducting comprehensive surveys of remittances in Tonga and Fiji, in co-operation with the Department of Statistics in both countries.

banking accounts and services, as well as using other relevant commercial services away from home, insurance schemes, health issues awareness, emergency contacts, etc.

These training or preparatory institutions will also facilitate proper documentation of Fiji’s labour migrants by facilitating and/or processing passport and visa applications, employment papers, as well as transport information to the destination countries. This will protect migrants from abuses and violations from unscrupulous hiring agents, foreign employers and others who wish to make quick and illicit gains from the hiring and other migration processes involving migrants.\(^{129}\)

Mrs. Betty Blake of the Catholic Women’s League in Tonga says that there are currently no formal schemes for training or counselling in Tonga before people work overseas:

> It would be good for people to come over here and talk about the scheme, to give information that will allow people to decide whether or not to go.\(^{130}\)

Our proposal suggests that pre-departure recruitment, training and orientation should involve a range of participants, representing governments of the sending and host nations, growers / employers, unions and church leaders.

The funding of such orientation programs could be funded by a levy on both employers and applicants, or with government subsidy. It is worth noting, however, that international standards state ‘such adequate information shall be provided upon request to migrant workers and members of their families, free of charge, and, as far as possible, in a language they are able to understand.’\(^{131}\)

One informant queried whether government departments in the Pacific have the capacity to adequately inform workers about their rights, and suggested that it may be more realistic for host and sending nations to fund NGOs and churches to organise training programs.\(^{132}\)

Father Kevin Barr, a Catholic priest with extensive pastoral work and research on poverty in Fiji, believes that government could support NGOs and churches to play a counselling and support role for seasonal workers and their families. Father Barr’s work with the Ecumenical Centre for Research, Education and Advocacy (ECREA) has involved counselling work with the Fiji Military Forces (FMF) and Fiji Police deployed overseas as peacekeepers, to address social and financial problems that arise when family members are separated for extended periods.


\(^{130}\) Interview with Betty Blake, June 2005.

\(^{131}\) Article 33, International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families

\(^{132}\) Interview with Seema Naidu, Suva, June 2005.
There is also a potential role for Pacific island communities and churches in Australia to play a support role for seasonal workers. Tongan community leaders such as Reverend Jason Kioa (Moderator of the Uniting Church of Australia Synod of Victoria and Tasmania) believe that Pacific church and community leaders in Australia could extend the support that they are already giving to Pacific islanders in Victoria fruit growing districts.  

Employers and governments could assist with communication between seasonal workers and their families / communities at home. Employers could provide telephones and computer terminals with Internet / email access in church or community centres in Australia, while sending governments, NGOs and aid donors could assist with computer training programs for families at home.

Creating incentives to avoid overstaying

As discussed above, a key concern with temporary labour programs is that workers will overstay their visa and fail to return home when their seasonal work is ended. There is the potential for both positive and negative incentives to reduce overstaying, which would involve governments developing policy that could assist seasonal workers to return to their home country.

Under its ‘risk factor list’ for assessing visa applications, the Australian Department of Immigration and Multicultural Affairs (DIMA) already has strict requirements for visitors from Fiji, Tonga and other Pacific countries because of people overstaying in the past. The department told the 2003 Senate inquiry into Australia’s relations with the region that without ‘very strong enforcement’, the non-return of seasonal workers would incur significant expenses for government:

> Overstay issues associated with low-skilled guest worker schemes also cannot be underestimated, given the experience in other places. It is certainly true that overstay rates, non-return rates and the rates of protection visa applications from visitors from the South Pacific are quite high. They would be amongst the factors that we would need to take into account in considering any guest worker scheme.

However Reverend Jason Kioa (the Moderator of the Uniting Church of Victoria and Tasmania) stresses that ‘most overstayers are homesick – they really want to go back home, but are restricted by the potential legal and financial costs of being caught by Immigration’.

The dilemma for all undocumented workers is that they must stay below the radar for as long as possible in order to maximise their earnings in Australia: they know that once they are caught or decide to leave the country voluntarily, there will be no possibility of future return. Pacific church leaders in Australia are often

---

133 Interview with Reverend Jason Kioa, May 2005. Reverend Kioa is also President of the Tongan Australian Association, whose executive met with the author in November 2005 to discuss community attitudes to seasonal work programs.

134 Senate Foreign Affairs, Defence and Trade References Committee: A Pacific Engaged – Australia’s relations with Papua New Guinea and the islands of the south west Pacific (Canberra, August 2003), p74.

135 Interview with Reverend Jason Kioa, May 2005. Reverend Kioa was himself an overstayer from Tonga.
involved in supporting parishioners in times of crisis (e.g. when a family member dies at home, but the overstayer cannot return home because of visa restrictions). Rev Kioa believes that a scheme that would allow people to travel back and forward between Australia and Tonga would help reduce overstaying and the stresses on family life, and the breakdown of families by the extended absence of undocumented or migrant workers.

Pacific Islands Forum Secretary General Greg Urwin has also noted that seasonal migration to Australia by Pacific islanders is different to past waves of post-war migration from southern Europe, in that many islanders are landowners, maintain connections with extended family groups and have an ongoing status in their home country.  

There is an extensive literature discussing these ‘transnational corporations of kin’.  

A number of interviewees proposed some form of trust scheme, where a proportion of wages were transmitted home. There are already examples where employers transmit funds home on a regular basis on behalf of the seasonal worker (such as the Kiribati and Tuvalu seafarers). Professor Wadan Narsey has suggested:

An essential part of the scheme could be the payment of a large proportion of the wages into trust funds for each worker, which are released in Fiji upon the satisfactory completion of the labour contract and return of the worker. This would not only ensure that Fiji enjoys the remittance benefits, but there is also an incentive for workers to abide by the rules and return after the end of the labour contract.

There is an important reservation to make in response to Dr Narsey’s suggestion: if compulsory savings are to be deducted from the workers’ wages, then it is imperative that at least some of this money is immediately available to family members in the home country for necessary living expenses.

There are other ways to maximise the likelihood of return. For example, it could be a requirement that workers return home before they can claim a refund for taxes paid in Australia or before they can access superannuation contributions made by them or on their behalf. As in Canada, the recruitment criteria of seasonal workers could be skewed to select migrants deemed most likely to return to their homeland – that is, workers who are married with children still at home. However, there is a significant trade off here, since such a selection bias requires the extended separation of a parent from his or her children. Selection criteria of

---

136 Interview with Forum Secretary General Greg Urwin, Suva, June 2005.
138 Jennifer Dennis: Pacific Island seafarers – a study of the economic and social implications of seafaring on dependants and communities, op.cit.
this nature also discriminate against young, unmarried workers (such as school leavers) who may be those most urgently in need of a job.

It is our contention that the most powerful factor in ensuring that workers return home at the end of the season will be the secure knowledge that they can be re-engaged to work in Australia for a similar amount of time in subsequent years. In short any temporary labour scheme must be ‘circular’ in nature.

**Government policy to support migrant workers**

One Tongan contributor to an internet debate on remittances believes that the continuation of remittances will be governed by changes to government policy, to actively encourage ongoing connections between the Tongan diaspora and the Kingdom:

> There is no doubt that remittances will decrease in the future unless the Tonga Government does something to acknowledge the important contribution that Tongans living overseas provide to the economy. Ever since Tongans started sending money home, palangis such as Helen Hughes have been saying that you can't rely on remittances – and yet they continue.

> It is part of our culture so to continue, Tonga’s leaders have to do something rather than doing nothing. It is about time that the Government acknowledged the importance of remittances is through appropriate policies including dual citizenship for Tongans living overseas, granting citizenship to their children and working towards giving it citizens abroad the vote, providing services to help Tongans to migrate etc.¹⁴⁰

There is a need for Pacific governments to develop positive policies that encourage remittances and legal return. At present, few Pacific governments have comprehensive legislation or regulations to assist migrant workers with:

- roll-over of any superannuation or pension rights
- reduced freight costs to bring home goods
- tax benefits for repatriated funds
- maintenance of seniority and leave entitlements for former government workers.

For long term development of skilled migration and temporary work programs, there is a need to develop better statistical and monitoring capability of labour market short falls and surpluses. As part of its reporting on the Millennium Development Goals, the Secretariat of the Pacific Community has highlighted the need for better statistical collection, analysis and monitoring, and governments could extend this to labour market studies.¹⁴¹

---


The March 2005 Forum Secretariat Remittance Roundtable has also recognised a number of steps that governments could take to enable increased remittance flows.142

- Revising visa criteria to open up international labour markets to Pacific island workers, particularly the unskilled.

- Development and promotion of innovative and appropriate savings and investment instruments for overseas migrants and seasonal workers, encouraging workers to invest their pensions, bonuses and personal savings in the home country.

- Development of a more affordable and secure remittance systems (simplifying paperwork, and regulating and reducing costs for transferring money).

- Adjustment of tax policies for remitted funds, which are mainly derived from wages and salaries and have already been taxed overseas.

- Development of government, NGO and church programs to look after the needs of migrant workers (information, social, consular assistance, human rights etc) and of family members left behind.

- Improving financial literacy with advisory and training schemes to encourage returning seasonal workers to invest their earnings (e.g. business set-up advisory programs, micro-credit schemes, investment matching funds).

- Adapting the educational, vocational and training curricula to reflect the fact that many workers are contributing to an international rather than domestic labour market.

Within Australia and New Zealand, there are two key areas where policy change would assist in the effective implementation of seasonal work programs.

Firstly, any seasonal labour program will need to take account of taxation agreements (or the lack of them) between Australia and the Pacific. Currently non-residents who perform harvest labour in Australia (working holiday makers) are taxed at a higher rate than resident workers (29% rather than 13%) and do not benefit from the tax free threshold.143 Unless this provision is altered, Pacific Islanders performing seasonal work could find themselves in the inequitable position of paying taxes for services which they can never access. Such a tax

---

For a definition of residency rules for tax purposes, see: http://www.ato.gov.au/individuals/content.asp?doc=/content/64131.htm
regime would also make it difficult for seasonal workers to make significant savings in a stay of less than 6 months.

Secondly, there will be political issues relating to undocumented workers from Pacific Island countries, currently living or working in Australia and New Zealand in breach of their visa conditions. The creation of a regulated temporary work program could be accompanied by an amnesty, which would give time for undocumented workers to regularise their position, either as permanent migrants or as temporary workers. The issue of residency rights for workers is of crucial concern for Australian unions and Pacific communities in Australia, and migration policy would need to be co-ordinated with the introduction of seasonal work programs.144

**Addressing the cost of remittance transfer**

One problem in expanding remittances to the Pacific is that costs of transferring remittances are relatively high, and sometimes insecure.145 Governments find it difficult to accurately account for the transfer of personal remittances, as people returning from overseas often carry cash or goods and hand it directly to family members, without any reporting or record in financial institutions.

Governments and financial institutions are seeking new ways to formalise, regulate the flow of remittances. In June 2004, the World Bank, ADB and APEC co-sponsored a seminar on ‘Shaping the remittance market by shifting to formal systems’. The international financial institutions’ goal was ‘to create market incentives for customers to shift from informal to formal financial institutions’. One critic notes that the enthusiasm of financial institutions for the ‘regulation, reporting and the possible future taxation of workers’ remittances [offers] a sharp contrast with the refusal of international investors to submit to measures such as a Tobin Tax’ on the flow of corporate capital.146

Many Pacific workers use commercial services like Western Union are used to transfer funds from overseas, even though the rates are relatively expensive: for example, Western Union charges a fee of A$20 to transfer an amount of up to A$75 from Australia to Fiji, or A$22 for amounts between A$75 and A$150.147

The attraction of sending money through Western Union is the ease of access in rural areas and outer islands where there are few commercial banks – Many people living in rural areas and outer islands rarely use banking services – an estimated 300,000 people in Fiji do not have a bank account, out of a population of 850,000.148 In contrast, Western Union has 4,500 access locations in Australia

---

144 Interview with executive of Tongan Australia Association, Melbourne, November 2005.
146 For discussion, see Kate Hannan: ‘Globalisation, free markets and small Pacific Island States: Sugar and Sweatshirts, soldiers, migrants and remittances’, paper presented to ANU conference on Globalisation, governance and the Pacific Islands, 25-27 October 2005.
147 Western Union, rates as at 1 August 2004.
148 *ANZ Coconut Wireless*, Issue 3 November 2004 (official newsletter of ANZ’s Rural Banking Programme).
and 70 located around Fiji. Western Union transfers are widely used by poorer villagers, as there is no need for a bank account (people can collect transferred funds using a passport, drivers licence, student card or even a test question).

With the increase in overseas remittances, commercial banks in the Pacific are looking to develop new products to tap the market of overseas migrants and seasonal workers in Australia, New Zealand, Europe and the United States.

The National Bank of Fiji has posted an officer in the United Kingdom, to act as an advisor on savings, investment and remittances for more than 2000 Fijians serving in the British Army.

The ANZ Bank has expanded its rural banking program to encourage poorer Fijians to establish bank accounts, and is promoting money transfer services such as Travelex. In the past, bank to bank transfers rely on overseas correspondent banks which vary in number and accessibility, but a senior manager of ANZ Fiji informed me that the company was investigating ways to expand its products for transfers to Fiji from Australia, and the commercial banks had a range of outlets in rural Victorian towns in fruit-picking areas.\(^{149}\)

The issue is also whether government policy will facilitate the sending of remittances, through regulations on taxation, investment and inter-country movement. Other studies by Richard Brown have indicated that in the Pacific ‘a significant motivating factor for migrants to remit is the accumulation of assets and investments in the home country.’\(^{150}\)

The potential for policy co-ordination between host countries and migrant-sending countries should be explored as part of Forum discussion on remittances.

**Sharing the costs**

As the above discussion makes clear, any seasonal labour scheme for Pacific Islanders to work in Australia will involve costs – the bureaucratic costs of regulation, administration and oversight, and the practical costs of airfares, visas, medical checks and accommodation. A key question in the design of the scheme will be how those costs are to be shared between growers, workers and governments without sacrificing equity or efficiency. As Philip Martin has noted, there has been a decline in the role of no-fee public sector employment services, and a rise in the role of for-profit private sector recruitment agencies. As a result ‘the general trend in the migrant recruiting business has been for costs to be shifted from employers to workers.’\(^{151}\)

---

\(^{149}\) Interview with Mr. Dinesh Bhai, Manager for International Services and Marketing, ANZ Banking Group, Suva, July 2005.


In an unregulated environment, the North-South disparity in wealth and opportunity creates conditions in which recruitment agencies can extract exorbitant ‘application fees’ from would-be migrant workers who are hungry for jobs, and then drive down the conditions and pay under which they are expected to work. As Martin comments:

In most cases, migrants who have incurred debts to go abroad wind up being forced to make the adjustments from the promises to the realities, not employers.\textsuperscript{152}

This trend is objectionable for obvious reasons – it imposes the greatest costs on the most disadvantaged actors. By international standards, domestic and international airfares are very high in Pacific, from outer islands to capital and international airport – asking workers to pre-pay airfares may restrict involvement of isolated communities, who are often most at need of employment in wage sector.

It is our view that employers should share the costs of any seasonal workers scheme in Australia. Equity is only one consideration here; another is that there should be a monetary incentive for employers to look first to the local labour market to secure workers.

While Canada’s scheme has been tailored much more heavily to the needs of employers than workers, it does provide a reasonable model of cost sharing\textsuperscript{153}. Growers must provide free accommodation in addition to wages. They also pay a non-recoverable fee of C$35 per worker to the Foreign Agricultural Resource Management Service (FARMS), an employer-run, non-profit, federally incorporated agency that is authorised by the Canadian government to coordinate and organise the scheme. Workers’ travel is organised through CanAg travel services, which is a subsidiary of FARMS. Farmers pay the cost of all transport within Canada, and must advance the cost of international travel with approximately half of this cost later recouped via deductions from workers’ wages. Farmers must also pay the visa fee of C$150 up front, although this amount can be fully recouped through wage deductions. However, in recovering costs from workers, farmers cannot deduct a maximum of 5% of gross earnings per pay period (in the case of Mexican workers) or C$3.50 per day (for Caribbean workers).

\textsuperscript{152} Ibid. p.3
\textsuperscript{153} For an outline of the operations of the Canadian scheme see Peter Mares’ submission to the Senate Inquiry into Pacific Region Seasonal Contract Labour (submission no. 19) on line at: http://www.aph.gov.au/Senate/committee/eet_ctte/contract_labour/submissions/sub019.pdf
Conclusion – beyond trade and economics

If Australia is to introduce a seasonal employment scheme and open up its labour market to Pacific Island workers, then the starting point should be a series of small-scale pilot projects. The evaluation of such pilot projects would assist in determining whether an ongoing overseas seasonal workers scheme is feasible and desirable. If such trials proved successful, they could provide the basis for developing a realistic model for the administration, cost sharing and regulation of any such scheme in the longer term.

The scheme should not be conceived purely in terms of economic exchange, or as a bargaining chip in trade negotiations intended to further liberalise Pacific Island economies. Rather, it should be regarded as a development opportunity: a mechanism to advance, however modestly, sustainable economic and social development in the communities from which the workers come, and to encourage the expansion of people-to-people contacts between Australia and the Pacific.

The ‘sister city’ relationships that exist between some local Councils in Australia and towns or regions overseas could provide a model here.

Under this scenario, a specific Australian municipality might develop a seasonal labour program with a particular island or region in a Pacific nation. The Australian government and the Pacific Islands Forum would create the framework and lay down minimum rules and standards for the scheme, and would approve any specific arrangement before it commenced, but it would be up to local communities to initiate the project and make it happen.

For example, the town of Robinvale in Victoria, which has a significant Tongan-born and Tongan-descended population, might seek to develop a seasonal labour program with a particular region or island in Tonga, building on pre-existing links and personal connections.

In addition to recruiting seasonal workers for horticulture, community organisations (perhaps church groups) could take a lead role in organising social events and cultural activities to welcome the workers into the community. Tonga-related educational activities could be devised for local schools and information evenings convened to help prepare locals for the seasonal workers arrival.

Workers would be engaged in some level of formal training – for example in first aid, chemical safety and handling – to ensure that they go home with useful skills as well as money in their pockets.

Service clubs (Rotary, Lions), Churches and other groups might engage in fund-raising for the sister community (helping to purchase books for Tongan schools or equipment for a medical clinic), while volunteer programs (Australian Volunteers International and Australian Business Volunteers) might co-ordinate development activities (eg visits to Tonga by surgeons or other health professionals for special clinics). Community-based organisations in both countries could co-operate to
develop ways for remittances to contribute to general development activities, through micro-finance schemes, small business programs, and the education of young women.

Linking specific localities in this way would help to create a bond between communities in Australia and the Pacific and foster people-to-people links: each community would have an investment in the success of the other and in the success of the seasonal labour scheme.

Seasonal employment programs for Pacific Islanders to work in Australian horticulture are not a panacea for the challenges of unemployment and underemployment in Forum member countries. Nor will such schemes transform the economic development prospects of small island states. Nevertheless, a seasonal labour program does have the potential to make a material difference to the well-being of significant numbers of Pacific Island workers and their families and communities—especially those living in rural areas and outer islands. It also has the potential to significantly ease the seasonal labour shortages that hold back Australia’s horticultural industry.

There are currently organisations seeking to initiate seasonal work programs, and regional bodies like the Pacific Islands Forum should facilitate government-to-government discussions to create a framework for pilot projects – a contribution to the education, employment and enjoyment sought by many people in the Pacific.