

REGIONAL INITIATIVE TEMPLATE

Please complete each section below.

1. Contact Details

Please provide the following contact details:

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2. Name of Initiative

Labour market conditions in the Pacific Island Forum (PIF)

3. Background and Rationale

You may consider: What is the issue being addressed by this initiative? What are the causes of this issue? Are there relevant studies that have been carried out to support the issue? Are there links to national, regional or international goals/policies?

Please limit your response to no more than 750 words.

Issue being addressed: Labour market integration within the Pacific Island Forum (PIF).

An unskilled worker in the Solomon Islands has to work an entire week (i.e. 38 hours) at the legislated adult minimum wage to earn the same income as his/her counterpart earns working for an hour in Australia (Chand, 2012). The differences in income for skilled and professional workers are large but their magnitudes largely unknown given the paucity of such data. Even less known are the conditions of employment across the 16 jurisdictions that comprise the PIF. Deepened regionalism within the PIF demands greater integration of the labour market. Information on wages, portability of qualifications, and working conditions across the PIF is necessary albeit not sufficient for this.

The labour market within the PIF is far from being integrated. The contrast with the market for tradeable goods across the Pacific region, and for the globe more generally, is stark. Two types of strategies have so far been implemented to improve the status quo of a highly fragmented regional labour market. On the one hand, aid from developed donors provides financial support for training of individuals from their less developed neighbours especially in area of critical skill shortages, such as medical-nursing, teaching, and mechanical-engineering. This supply-side intervention has resulted in a relatively small stream of individuals obtaining their training abroad with a few choosing to stay in the host countries. On the other hand, targeted temporary migration schemes have been put in place to reduce unskilled labour imbalances during seasonal demand-peaks in the region. As an example, an initiative to import unskilled workers from the Pacific Islands to Australia and New Zealand for seasonal employment commenced in 2008.

There are strong motivations for both the workers and the firms for a fluid and deeply integrated labour market within the Pacific region. The mobility of workers, however, has remained an almost exclusive domain of government policy with developmental aims. The reasons for the above are unclear. The literature on the economics of immigration demonstrates that there are indeed significant potential benefits (i.e. 'trillion dollar bills on the sidewalk') from increased mobility of workers globally (Clemens, 2011). These gains for the PIF given their small and dispersed populations are likely to be significant, but their magnitudes are unknown due to the absence of requisite data.

Access to information on wage rates and employment conditions including the portability of qualifications within the island-Pacific will inform the market on the opportunities for arbitrage whilst lending pressure on the policymakers to facilitate such transactions. That is, information on the gains in income that could accrue to workers and to firms from pooling of skills within the PIF may create pressures for reforms leading to regional integration.

The PIF region is a natural place to start in the search for the constraints to a regionally integrated labour market. This is so for five compelling reasons. First, the populations of the potential source nations are small vis-à-vis the host nations of Australia, New Zealand, and Papua New Guinea, thus allaying fears of being 'flooded by workers' in the receiving countries. Second, labour market conditions vary enormously across the 16 members of the Pacific Island Forum, meaning that the potential gains are just as significant. Third, the atoll states and coastal regions of other island nations are at risk of sustaining the wrath of climate change thus forcing people to move. An integrated labour market provides an outlet for those adversely affected by climate change as well as other natural disasters. Fourth, labour mobility has been at the forefront of policy debates in several labour-importing nations including Australia, New Zealand, and Papua New Guinea. Australia, for example, actively advertises for 'skills in demand' through its Department of Immigration and Citizenship. Similar concerns have been aired within regional trading agreements including the Pacific Agreement on Closer Economic Cooperation Agreement (PACER Plus) and the Melanesian Spearhead Group (MSG). Both of the above regional trading agreements recognise the potential gains from the mobility of skilled and professional workers. Fifth, the lessons from PIF have the potential to inform the larger debate on the economic effects of international migration.

The information on the opportunities for employment and conditions of employment across the 14 developing nations of the Pacific is absent. Data for Australia is reported on the global database compiled by the [Wage-Indicator Foundation](#) while none of the other PIF members get a mention on this database.

4. Description

Please provide a brief overview of this initiative. Try to address the following: Does this initiative contribute to a positive change to the region? What makes this initiative of importance to the Pacific region as a whole? Who would implement this initiative? Who are the main beneficiaries? Are regulatory or legislative changes required at the national level to implement this initiative? How would the initiative be funded? Has this initiative been carried out previously? What are the key risks in implementing this initiative? Are there any complementary projects and programmes currently active? What is the proposed timeframe for this initiative? How would the initiative be sustained over the proposed timeframe?

Please limit your response to no more than 750 words.

This project aims to collect and publicise information on employment conditions within the PIF region. It fills an existing void in information on wages and employment conditions within PIF region. The initial focus of the project is on the opportunities for and levels of migration of skilled and professional workers within the PIF region (see Hosein & Thomas, 2007 for the Caribbean). The collected information will be posted online and updated annually. It will complement the information currently provided by the Wage-Indicator Foundation for some 63 nations worldwide.

The specific tasks to be accomplished include:

1. Collect national wage data for all 16 PIF members using a consistent survey methodology for skilled occupations (trade skills with three years of experience and professional staff with requisite experience to work in Australia, New Zealand, and Papua new Guinea);
2. Contribute to the understanding of the institutional framework including the laws and regulations governing the employment of skilled and professional workers within PIF nations; and,
3. Disseminate information on wages and employment conditions online and annually using the world-wide web.

Published information on employment conditions for workers with comparable skills and experience will help market participants meet demand. The ready access to data on wage and employment conditions across the 16 member nations of the PIF will induce increased research on the constraints to increased integration of the labour market within the region.

The initiative will be hosted by the School of Business at UNSW Canberra, and draw upon partners from each member nation. Partners in this project include the USP and the National Research Institute in Papua New Guinea.

Workers and employers are most likely to benefit from access to data on employment conditions across the PIF. Researchers and policymakers will have access to the data for policymaking. A deeply integrated regional labour market has the potential to increase income.

There are no regulatory hurdles to the collection and publication of information on employment conditions, thus this proposal meets the 'sovereignty test'.

The total budget to get this project off the ground over a time frame of three years, as shown below, is A\$1.05 million.

	Year 1	Year 2	Year 3
Research Fellow (B)	95215	97595	100035
Data collection costs	160000	160000	160000
Website	10000	10000	10000
Sub-total	265215	267595	270035
Super and admin	82217	82955	83711
TOTAL	347432	350550	353746

We envision a fulltime researcher with a PhD in labour economics hired at the level of research fellow to be responsible for the collection, publication, and analysis of the data. The actual collection of the data will be outsourced to the 16 in-country partners who will be paid \$10,000 each per annum for providing this service. The setting up of the website and its maintenance is budgeted to cost another A\$10,000 per year. The cost of infrastructure and staff on-costs (including superannuation and administrative imposts) by the University of New South Wales amounts to 31 percent.

Securing long-term funding for the scheme is a challenge. WageIndicator Foundation has agreed on the use of their survey instruments for data collection following adaptation to the PIF context. There are similar projects in the pipeline and it is envisaged that the Wage Indicator Foundation will commit resources so as to sustain it after it has been established.

5. Alignment to Regional Vision, Values and Objectives

Briefly describe how your initiative supports the vision, values and objectives set out in the Framework for Pacific Regionalism. These can be found in the Framework for Pacific Regionalism document or in the submissions guideline document.

Please limit your response to no more than 500 words

The leaders at the PIF Forum in Auckland in 2004 espoused a vision for the Pacific as: “a region of peace, harmony, security, social inclusion, and prosperity, so that all Pacific people can lead free, healthy, and productive lives” which according to the economic ministers was to be realised through “sustainable development predicated on economic growth” (FEMM Action Plan, 2004). The support for “full inclusivity, equity and equality for all people of the Pacific” is amongst the values espoused by our leaders.

Regionalism achieved through deeper integration of the labour markets of PIF member nations provides a means to raise economic growth through productive exchange across markets. These exchanges promote social inclusion in so far as the opportunities are availed to all citizens, and allow citizens to choose the place and the vocation that best enhances their wellbeing. Access to information on wages and employment conditions is necessary, albeit insufficient on its own, to help an individual realise their potential. Information on the potential gains from a deeply integrated regional labour market is likely to engender lobbying by both the prospective employees and their employers to allow the market to deliver benefits to the transacting parties – in this case the workers and their employees. The benefits of economic expansion spills over to others in the form of increased tax revenues that then are able to fund social needs such as basic education and primary healthcare.

Publication of wage and employment data for the PIF region on the worldwide web allows it to be accessed by all with access to the internet. It thus serves as a public good, providing information on labour market conditions in each individual member nation. It allows for policymakers to learn from each other with a view to harmonisation of standards in relation to qualifications for specific types of employment. Such harmonisation of standards will allow economies to draw on surplus skills in the region and meet demand-spikes such as those resulting from natural disasters. As an example, the aftermath of Cyclone Pam that struck on 13 March 2015 saw workers being brought in from the neighbours for reconstruction in Vanuatu but tapping into the regional labour market for the rebuilding of Christchurch following the devastating earthquakes of 2011 has proved difficult due to problems in accrediting skills of tradespeople from the Pacific islands.

The availing of information on employment conditions within the PIF that leads to labour mobility so as to reduce the imbalances across the PIF region will raise income whilst reduce inequality. Freer flow of workers across the PIF for example is unlikely to sustain a situation where a worker who works an entire week earns the same wage as his/her counterpart does in just an hour in the neighbourhood. This proposal helps achieve the tenth Sustainable Development Goal of 'Reducing inequality within and among [PIF] countries'.

6. Additional Information

Please provide or attach additional information in support of this initiative.

Please limit your response to no more than 5 pages.

Information on the opportunities for workers in the region (and beyond) is currently accessed through existing networks – both formal and informal. Some Pacific nations such as Fiji have encouraged their unemployed teachers and nurses to seek employment abroad. Fiji has had a longstanding program of sending its soldiers for peacekeeping missions abroad. The Pacific Islands have a history of sending workers to jobs abroad. Samoa, Tonga, and Tuvalu have historically sent workers abroad while citizens of the Cook Islands and Niue have access to the labour market of New Zealand.

The benefits of a well-managed labour mobility scheme can accrue to the worker, the employer, and the communities of both the sending and receiving nations. The Recognised Seasons Employment Scheme (RSE) that has allowed for workers from several Pacific nations to work in New Zealand and its Australian counterpart in the form of the Seasonal Worker Program (SWP) have much to boast about. Independent research confirms that the schemes have made a tangible beneficial difference to the lives of the workers, their families, the employers, and the sending and receiving communities (see Maclellan 2008 "[Workers for all seasons?](#)" and Cotton, 2012 "[The Seasonal Worker Program](#)"). The RSE and SWP in the main involve movement of semi-skilled workers. Depending on the difference in wages and employment conditions, the gains from mobility of skilled and professional workers could be just as significant. There is though a strong case for quantification of the potential gains from increased flows of workers of different skills.

A measure of the gains from labour mobility is reflected in the receipt of remittances. This amounted to 24 percent of GDP for Tonga (data for 2102, the most recent available from the [World Bank](#)), 20 percent for Samoa (data for 2013), and 11 percent for Tuvalu (data for 2013). Remittance income is a relatively recent phenomenon in Fiji but it still amounts to some 5 percent of GDP. Other members of PIF such as the Cook Islands, the FSM, the RMI, and Niue have unfettered access to industrial country labour markets. Remittances from these immigrants while hard to track have rapidly become a major source of foreign currency and capital inflow. While remittance receipts to the Pacific Islands are amongst the highest in the world, the benefits from an integrated labour market extend beyond remittances: it provides the incentives for skill acquisition, allows for people-to-people links, and contributes to changes in norms and institutions which support economic growth.

The proposed project will in the first instance collect, publish, and present analysis on the potential gains from and impediments to a regionally integrated labour market. The collected information together with the methodology used for the collation of the information will be published on the worldwide web. Furthermore, partners from each member nation of the PIF will be engaged (and paid A\$10,000) for administering the surveys. The collected data will be checked for consistency and quality before being published. It is hoped that the published data will encourage more research and policymaking based on the availed information.

The proposed project will be led by Professor Satish Chand. The collection and collation of the data plus some of the analysis will be undertaken by a dedicated senior researcher conversant with the economics of labour migration. The School of Business at the University of New South Wales has several senior researchers who will contribute to the project through research and training. Professor Max Tani of the UNSW, Associate Professor Debyendu Maiti of USP, and Dr Charles Yala of the National Research Institute (NRI) have expressed a keen interest in participating in this project right from its inception.

If funded the project leader will provide annual progress reports with full financial acquittals of all outlays as per UNSW requirements. Funding for the following year may be subject to the satisfactory progress until then.