PACIFIC LABOR MOBILITY, MIGRATION, AND REMITTANCES IN TIMES OF COVID-19

SUMMARY REPORT

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Acronyms

DFAT	Department of Foreign Affairs and Trade
GP	Global Practice
OECD	Organisation for Economic Co-operation and Development
PICs	Pacific Island Countries
PLF	Pacific Labour Facility
PLS	Pacific Labour Scheme
RSE	Recognised Seasonal Employer
SWP	Seasonal Worker Programme

ACKNOWLEDGEMENTS

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SUMMARY

Migration and labor mobility have historically played a critical role in providing employment, income, and skill acquisition opportunities for Pacific Islanders. With limited formal job opportunities at home, a large and growing number of Pacific Islanders have migrated overseas, mostly to Australia (28 percent of Pacific Islanders living in OECD countries), New Zealand (32 percent) and the United States (30 percent). Although small in absolute numbers, the relative scale of this migration is significant: the Tongan diaspora of 53,247 people in 2019 is equivalent to half the resident Tongan population (105,139); the Samoan diaspora of 124,400 people is equivalent to 60 percent of the resident Samoan population. In addition to long-term migration, large numbers of Pacific seasonal workers participate annually in temporary labor mobility schemes.

Australia's Seasonal Worker Programme (SWP) and New Zealand's Recognised Seasonal Employer (RSE) scheme engage Pacific Islanders in low-skilled jobs in the agriculture sector under short-term contracts of 6–11 months. In 2019, approximately 25,000 workers found jobs in the schemes. For Samoa, Tonga, and Vanuatu, seasonal workers employed through these schemes accounted for 6.0 percent, 14.7 percent, and 8.1 percent of the workforce in 2018–19, respectively. In addition, since 2018, a small but growing number of Pacific Islanders have participated in Australia's Pacific Labour Scheme (PLS) which offers non-seasonal employment opportunities in low and semi-skilled industries on contracts of up to three years.

Migrant workers (both temporary and permanent) make an important economic contribution to Pacific Island countries (PICs). Seven of the top ten remittance recipients by share of GDP in the East Asia and Pacific region are in the Pacific. Tonga tops the list with remittance inflows equivalent to nearly 38 percent of its GDP in 2020. At the household level, remittances are an important source of income; in Tonga and Samoa, four out of every five households receive remittances from abroad.

The COVID-19 crisis caused significant disruptions to Pacific labor mobility and diaspora groups, with adverse consequences to their employment and earnings. Pacific diaspora communities have faced the risk of becoming unemployed as host economies have been affected by the pandemic. International travel restrictions aiming to curb the spread of the pandemic have left thousands of seasonal workers stranded in Australia and New Zealand and suspended the arrival of prospective workers for most of 2020. Although travel to Australia and New Zealand under the SWP, PLS, and RSE has now recommenced, numbers are significantly lower than the approximately 14,000 RSE workers and 12,000 SWP workers that travelled to New Zealand and Australia in 2018–19.

This report employs data collected by the World Bank through a series of phone surveys undertaken in Australia, New Zealand, Timor-Leste, and five Pacific Island countries. Quantitative data were collected through four structured surveys between June and early September 2020 which covered: (i) seasonal workers working in Australia and New Zealand during the pandemic outbreak ('current workers'); (ii) prospective seasonal workers who were forced to remain in their home country due to the suspension of international travels ('cancelled workers'); (iii) households of current seasonal workers; and (iv) employers under the SWP and RSE schemes. The survey covered workers from Fiji, Kiribati, Samoa, Timor-Leste, Tonga, and Vanuatu. Data on the Pacific diaspora were collected through semi-structured phone interviews with representatives of diaspora groups between May and August 2020. The report also uses data on PLS workers, collected by the Pacific Labour Facility (PLF), based on a compatible questionnaire implemented during the same time period.

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SURVEY FINDINGS

Employment and Income Effects

The pandemic caused disruptions to the employment of many seasonal workers. During the period from March until August 2020, more than 30 percent of SWP workers and 54 percent of RSE workers spent at least one week without any work while more than two-thirds of workers across both schemes reported having fewer work hours than they did during the period of January and February 2020. Those who experienced reduced work hours on average lost 18 hours per week; a 37 percent decrease from 48 hours to 30 hours per week. The overall change across all workers was also negative, at 11 hours per week, with no noticeable difference across the two schemes.

Consistent with its impact on work hours, the crisis caused a widespread and substantial reduction in seasonal workers' earnings on average. Overall, 68.4 percent of seasonal workers reported that their earnings were lower than during the January–February period, while 16.7 percent experienced an increase in earnings. The income effects of COVID-19 varied considerably across nationalities. Timorese, Samoan, and i-Kiribati workers were most affected, with approximately 71.4 percent, 87.2 percent, and 77.8 percent, respectively, seeing a decrease in weekly earnings (Figure 1). Tongan and Fijian workers fared the best, with 57 percent and 62 percent, respectively, experiencing lower earnings.

The crisis disproportionally affected female seasonal workers. Although male workers were more likely to see their earnings drop than their female counterparts, when they did, the extent of reduction in male workers' income was more modest than amongst females (although it was still substantial) at 48 percent as compared to 58 percent (Figure 2 and Figure 3). Part of this gap may be due to the different jobs that women and men typically occupy in horticulture. While men tend to work outdoors, women are more likely to be employed in the packing sheds and were probably more impacted by social distancing requirements and manufacturing shutdowns. This reduction in income represents a significantly heavier burden on female workers because they earned considerably less than male workers despite working roughly the same number of hours, both pre- and post-lockdown. The magnitude of the income loss was also greater for first-timers, team members, and those employed by labor hire companies (as compared to returned workers, team leaders, and workers employed by direct employers), although the differences were less pronounced than in the case of the gender gap.

FIGURE 1: **Change in weekly earnings of seasonal workers after lockdown**

FIGURE 2: **Changes in weekly earnings of seasonal workers by workers' profiles**

Changes in weekly earnings of seasonal workers by nationality

Changes in weekly earnings of seasonal workers by demographic profile

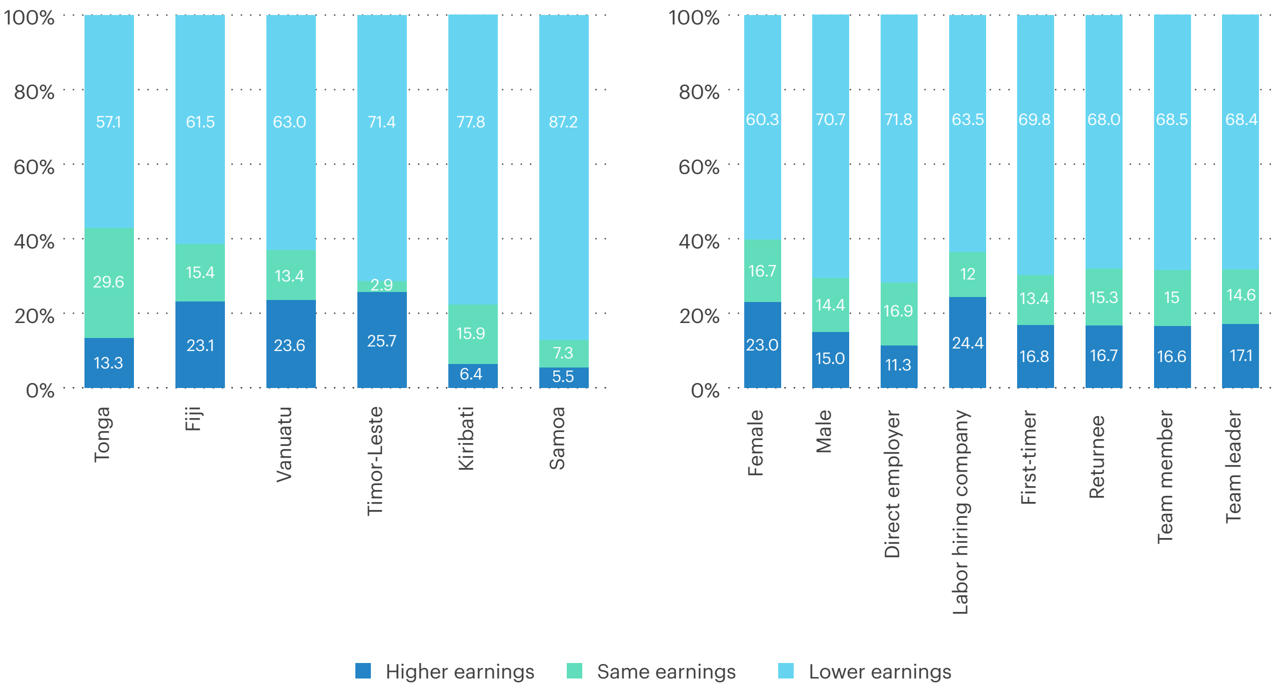
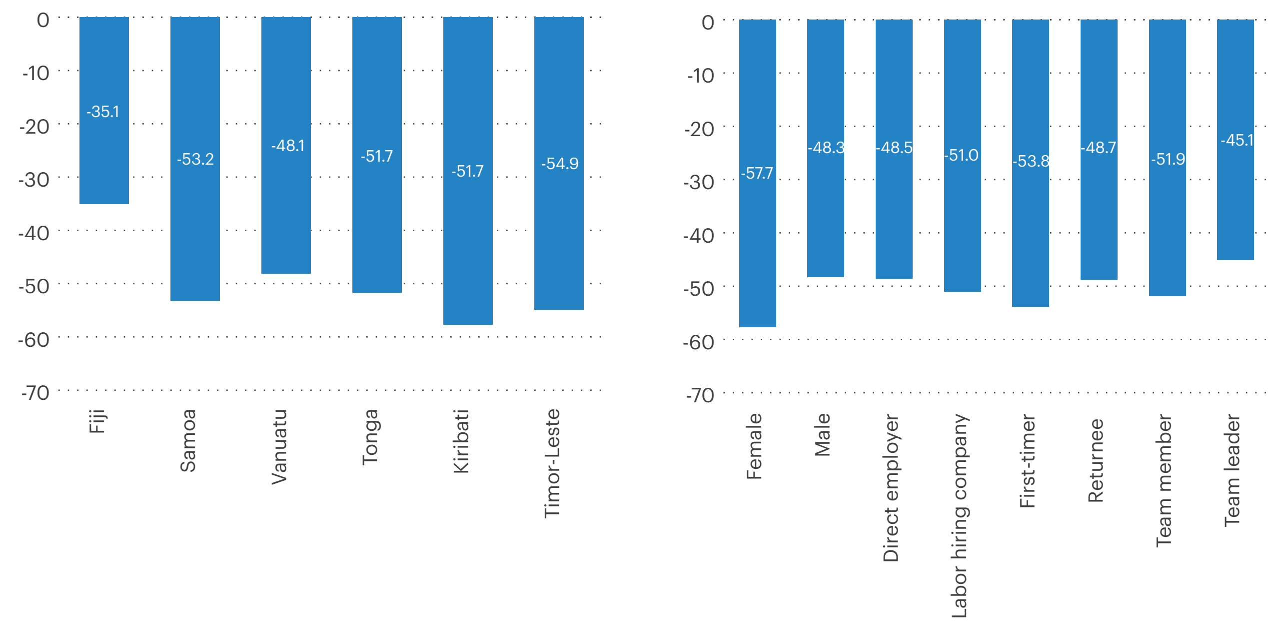


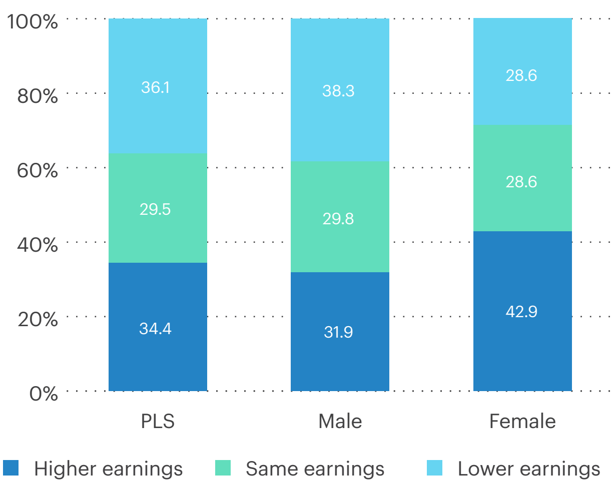
FIGURE 3: Percentage reduction in weekly earnings of seasonal workers



Note: The figures display average decreases in earnings among workers who reported experiencing a reduction in earnings between the pre-lockdown period of January–February 2020 and the month preceding their interview date.

Unlike seasonal workers, semi-skilled Pacific workers employed under the PLS appear to have had a relatively more positive experience during the pandemic. About 36.1 percent of PLS workers reported earning less than they did during the pre-COVID-19 months of January and February 2020, which is considerably lower than the proportion among seasonal workers (68.4 percent) (Figure 4). This difference likely relates to the longer, non-seasonal contracts on which PLS workers are employed, as well as the concerted intervention of the PLF to redeploy, repatriate, and support workers who were stood down during the crisis. Redeployment and repatriation of seasonal workers, in contrast, were largely arranged privately among employers and hence might not have been as effective.

FIGURE 4: Change in weekly earnings of PLS workers after lockdown



Workers' Satisfaction

Despite the overall negative impacts of the COVID-19 crisis on incomes, seasonal workers remained fairly satisfied with their experience in Australia and New Zealand and the majority (95 percent) wished to return next season. When asked how satisfied they were with the scheme on a scale of 1 (not satisfied at all) to 10 (extremely satisfied), the average score was 8.0 among PLS workers, 7.8 among SWP workers, and 8.2 among RSE workers (Table 1). The variation between the two seasonal work schemes is minor when broken down by nationality; the only exception is that Tongan workers in the SWP scheme reported a markedly higher satisfaction score than Tongan RSE workers (9.2 compared to 7.1).

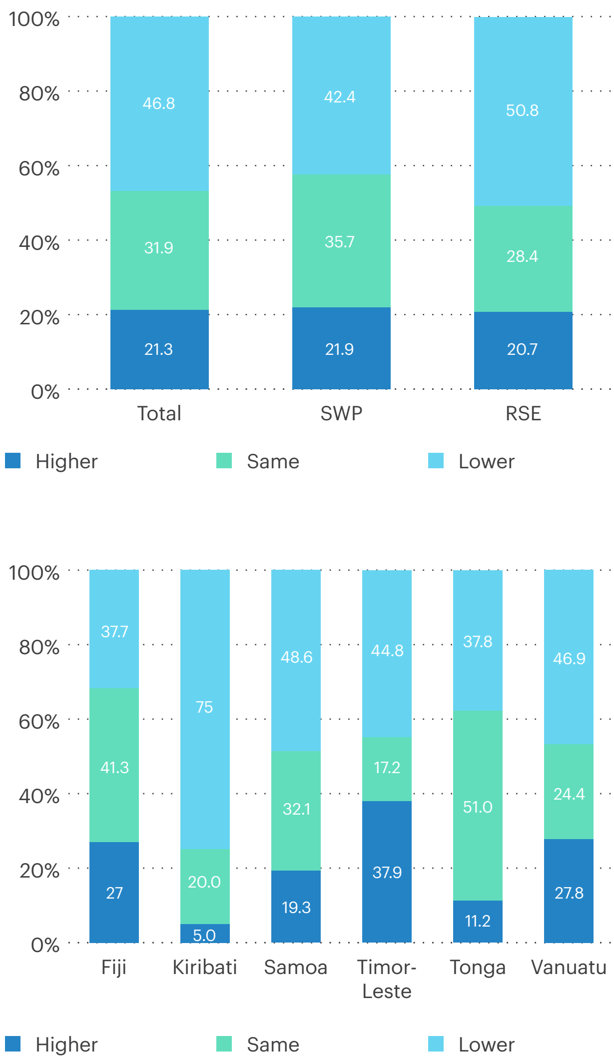
Across nationalities, Timorese workers had the lowest satisfaction level at 6.9, which is likely related to the fact that they experienced the most severe reduction in earnings during this crisis. Across demographic groups, those who were hit harder by the crisis – females, first-timers, team members – tended to be less satisfied. Compared with data collected by the World Bank on SWP workers in 2015 (World Bank, 2017a), satisfaction levels appear mostly similar, with no clear pattern to changes.

Table 1: Satisfaction rating16 (out of 10) of working experience in Australia and New Zealand

Nationality	SWP	RSE	SWP 2015*
Overall	**7.8**	**8.2**	**N/A**
Fiji	8.2	8.3	N/A
Kiribati	8.4	8.5	N/A
Samoa	8.8	8.9	8.5
Timor-Leste	6.9	N/A	7.9
Tonga	9.2	7.1	9.9
Vanuatu	7.0	7.9	6.3
Male	7.9	8.3	N/A
Female	7.6	7.6	N/A
Returnee	8.2	8.3	N/A
First-timer	7.1	7.8	N/A
Team member	7.7	8.2	N/A
Team leader	8.1	8.2	N/A

* World Bank (2017a)

FIGURE 5: **Change in remittances among seasonal workers**



Remittances and Household Effects

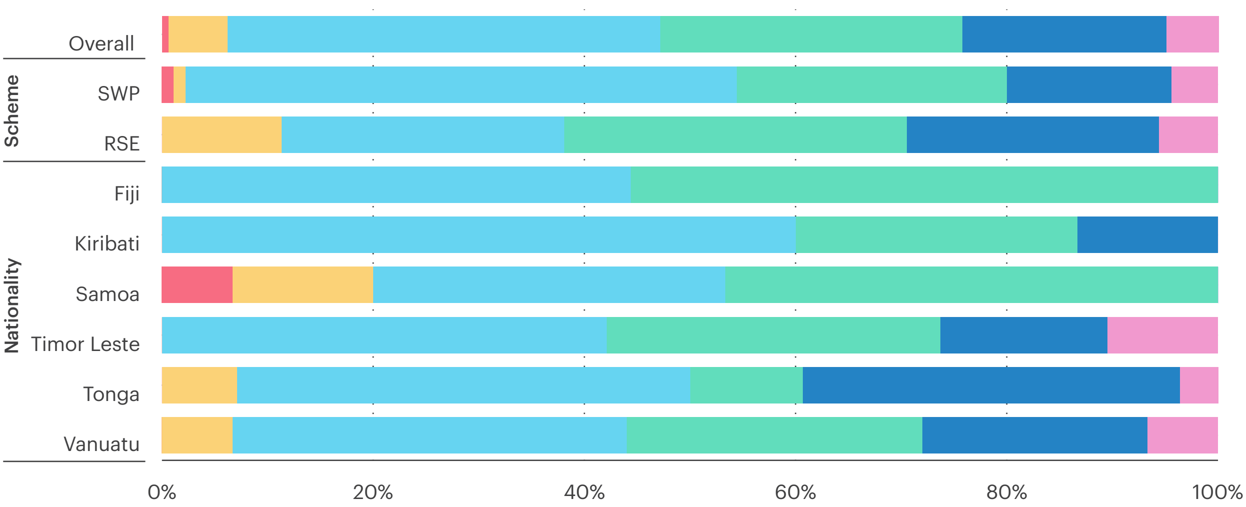
Remittances from seasonal workers decreased, which is unsurprising given the reduction in work hours and earnings. Nearly half of the surveyed workers reported that their remittances were lower than the pre-lockdown months of January and February 2020, while only about 21.3 percent reported remitting more each time as compared to the pre-lockdown period (Figure 5).

The decrease in remittances, however, was markedly more modest than that in earnings, probably because many workers adjusted their own spending and saving behaviors to cope with income impacts and maintain the level of money sent home. While 68.4 percent of workers saw their earnings fall, only 46.8 percent reported remitting less. Moreover, although workers who earned more tended to remit more and vice versa, the correlation between the changes in earnings and the changes in remittances was only moderate; 59.4 percent of those earning less remitted less, and only 30.9 percent of those earning more remitted more. In other words, 40.6 percent of workers whose earnings dropped either maintained or increased their remittances. When disaggregated by the change in earnings, the average changes in remittances were also noticeably smaller, in both absolute and relative terms, regardless of whether earnings increased or decreased.

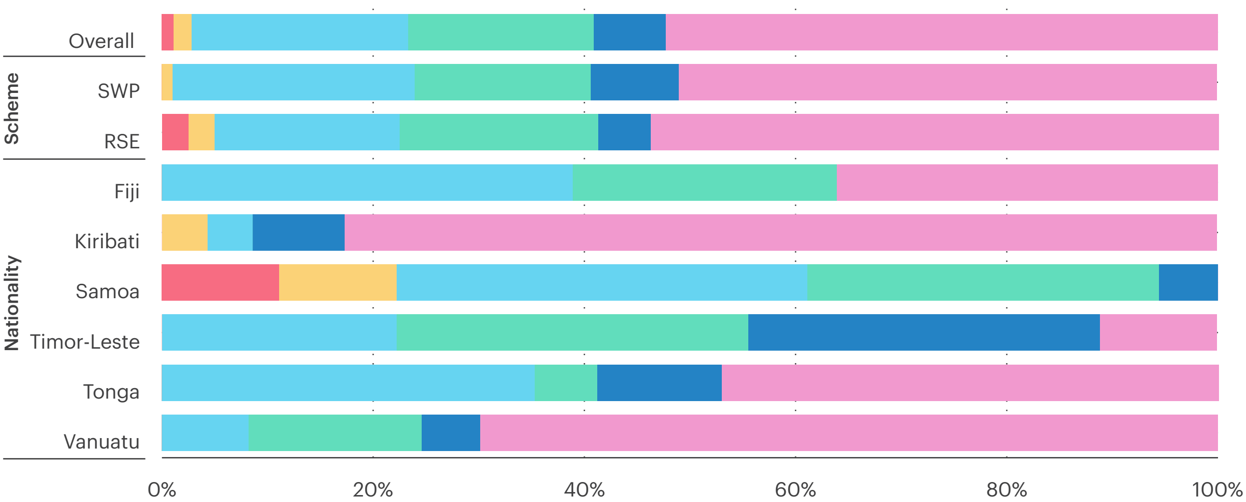
The decline in remittances from seasonal workers is a concern given that the domestic incomes of seasonal worker households had also declined since the onset of COVID-19. This could be linked to household members being laid off or having work hours reduced. Overall, 16 percent of seasonal worker households reported that a household member had been furloughed or laid off and 38 percent reported that a household member had their work hours reduced. Similarly, 57 percent of households that operate non-farm businesses saw their business income drop, and about a quarter (24.4 percent) of households engaging in agricultural activities, such as farming, fishing, or raising livestock, reported their agricultural income this season was lower or much lower as compared to last season (Figure 6).

FIGURE 6: Income reduction associated with COVID-19 among households of current seasonal workers

Changes in income from wages and salary



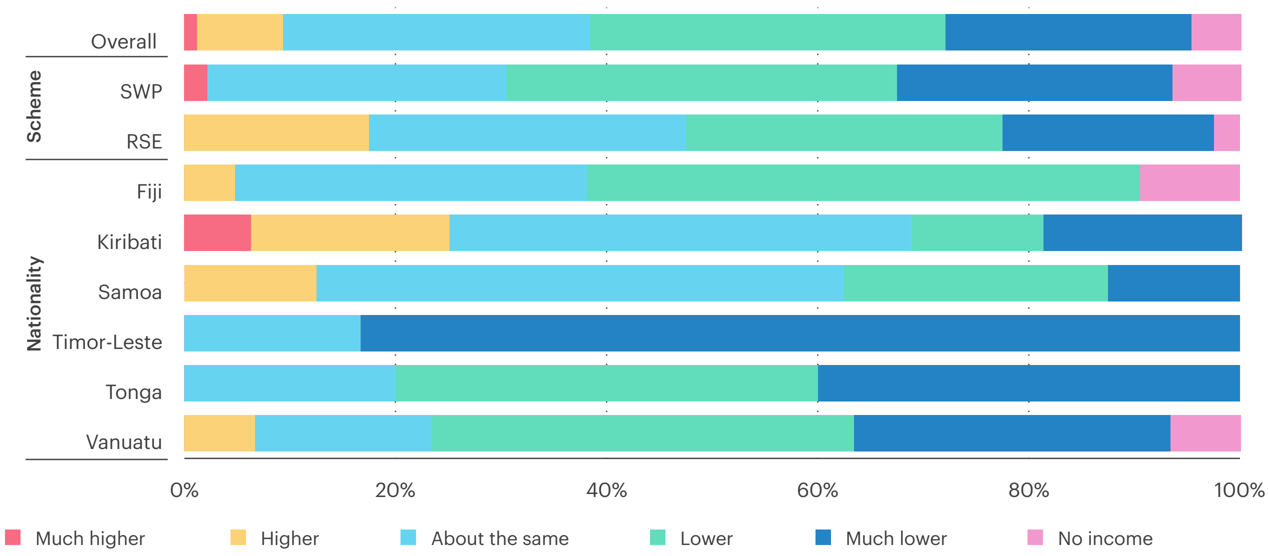
Changes in income from farming, fishing, or raising livestock



Much higher   Higher   About the same   Lower   Much lower   No income

FIGURE 6: **Income reduction associated with COVID-19 among households of current seasonal workers (continued)**

Changes in income from household business



Remittances from overseas seasonal employment accounted for a major share of seasonal worker household income. In Timor-Leste, the average remittances received since March 2020 amounted to 212 percent of household income in the month preceding the survey. In Vanuatu, where many households reported reliance on subsistence agriculture and where economic activities have been curtailed by COVID-19 impacts on the tourism industry, remittances amounted to 101 percent of household income.

Remittances from SWP/RSE workers were fundamental to financing essential household consumption. The main uses of remittances were for everyday expenses, including food (91 percent of households), school fees and other educational expenses (51 percent), and health care (19 percent). Qualitative feedback from surveyed households revealed that some daily expenses such as bus fares and lunches were also related to sending children to school, emphasizing the role of remittances in supporting investment in children's education.

It is also important to note that in areas where subsistence farming is prevalent and the cash economy is limited, remittances were often the primary source of income to finance goods and services such as school fees, health care services, or housing renovation/construction.

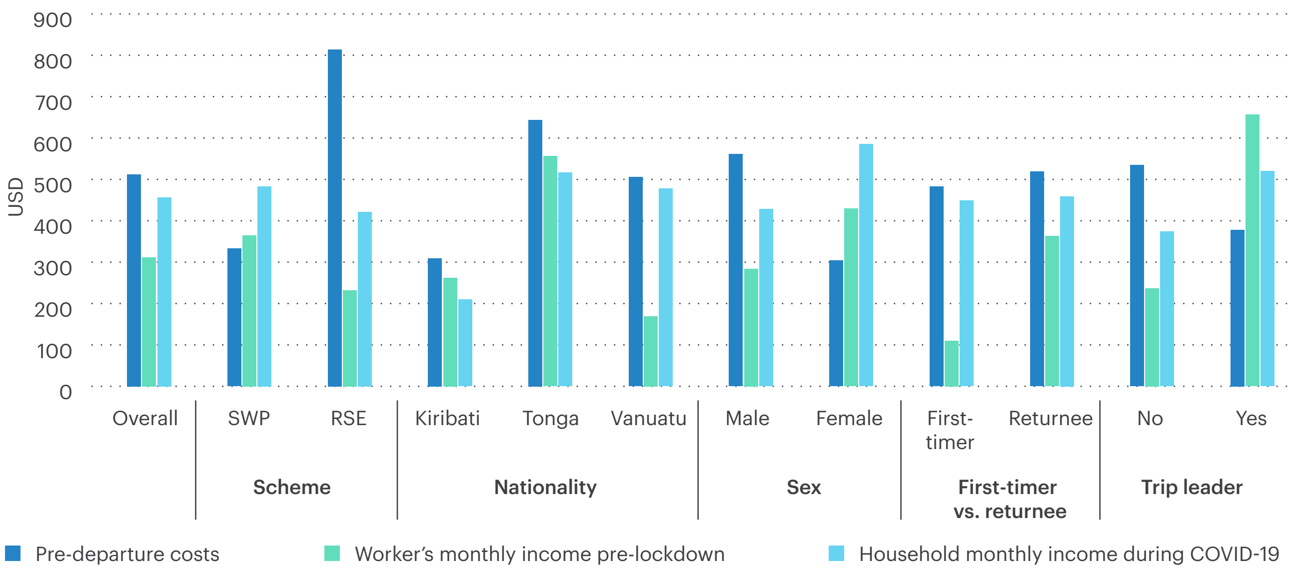
In contrast to the substantial and negative changes in remittances from seasonal workers, most PLS workers (71.2 percent) reported no change in terms of the amount or frequency of remittances sent home. Only 18 percent of surveyed PLS workers lowered the amount sent home each time. Moreover, while a decrease in remitting frequency was observed, the extent of the decrease was significantly smaller than among seasonal workers. In particular, the proportion of workers remitting twice a month or more fell by 5 percentage points from 41.0 percent to 36.1 percent; and only 3.3 percent had not sent any money home since March 2020. It appears that the milder disruption in employment and income under the PLS translated into more stable remittances during COVID-19.

Cancelled Workers

Workers who were unable to travel to Australia or New Zealand to participate in the RSE/SWP schemes due to border closures and the suspension of the schemes experienced significant losses of potential income. Household expenditure was 17 percent higher for households with workers currently abroad as compared to the households of cancelled workers.

In addition, more than one-third of cancelled workers (34 percent) had taken out loans to cover their pre-departure costs, leaving them at increased vulnerability to financial hardship and future shocks. On average, self-reported pre-departure costs amounted to 165 percent of workers' average monthly earnings before COVID-19 and 112 percent of household income during the crisis (Figure 7). About 80 percent of those who borrowed (from either family, friends, banks, or commercial lenders) had not paid off their debts at the time of the survey, and of those who were yet to repay debts, only 26 percent had been making regular repayments.

FIGURE 7: Pre-departure costs compared to household and individual monthly incomes



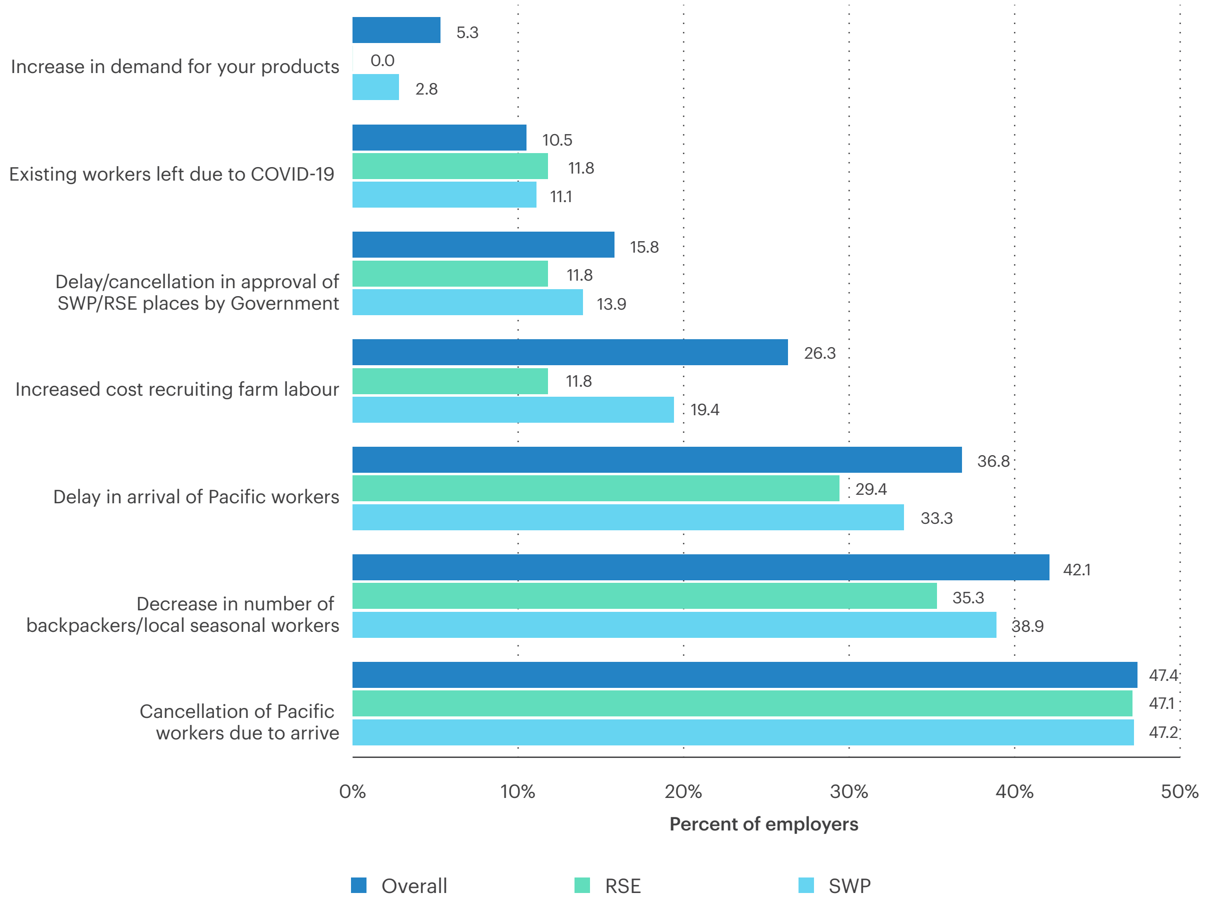
Employers

Border closures and public health measures aimed at curbing the spread of COVID-19 created major and on-going disruptions to employers under the SWP and RSE schemes. The suspension of international travel in March 2020 effectively prevented the arrival of prospective workers and left many existing workers stranded.

COVID-19 also led to a significant shortage of seasonal labor, especially in New Zealand. Nearly half of surveyed employers – 43.2 percent in Australia and 56.7 percent in New Zealand – reported experiencing at least one month of labor shortages between March and August 2020.

Employers attributed labor shortages to border closures and social distancing measures aimed at limiting the spread of the pandemic (Figure 8). The most common causes pinpointed by both SWP and RSE employers were delays and cancellations of the arrival of prospective workers and decreases in the number of local farm workers and backpackers, who employers in the horticulture sector typically rely on during peak harvest seasons (in addition to seasonal Pacific workers).

FIGURE 8: Perceived reasons for labor shortage



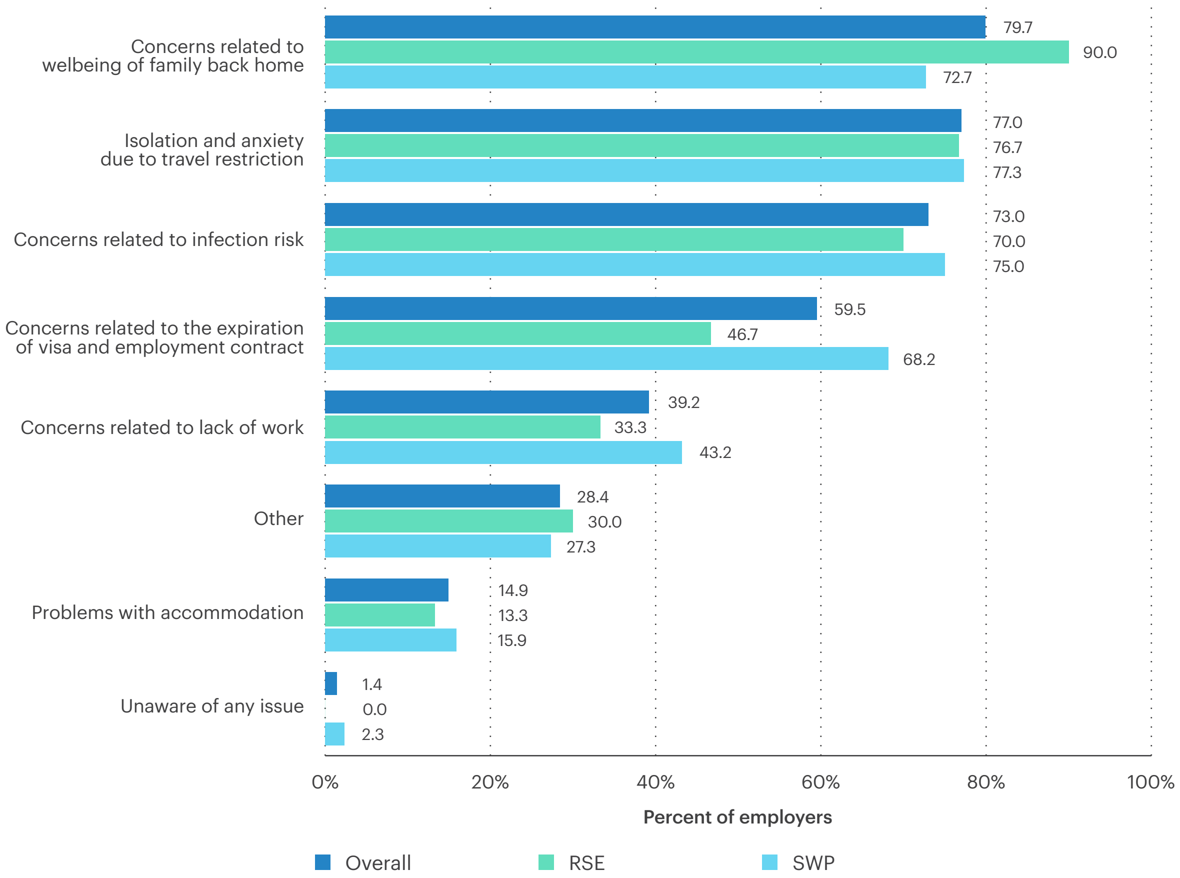
While the lack of farm labor was significant and required business adjustments, the labor shortfall appeared to be seasonal. As most existing workers were stranded beyond their seasonal employment contract, 46 percent of direct employers – both those having experienced labor shortages and those having not – had to reduce hours for their workers, mostly because there was less work available after the harvest season had passed its peak and/or employers wanted to keep their workers employed longer. This explains the apparent paradox of workers being provided with reduced working hours, while employers at other times suffered from worker shortages.

Movement of workers between employers helped to address over/under-supply of labor, but only partially. Approximately 41 percent of employers with stranded workers (or 36.5 percent of all surveyed employers) re-deployed at least some of their Pacific/Timorese employees, with redeployment being moderately more common among RSE employers (44 percent) compared to SWP employers (39 percent).

Redeployment was mostly organized privately by employers, but required government approval and in Australia, involved Commonwealth government support to approve visa conditions. About two-thirds of employers redeployed their workers through private arrangements with workers' new employers. Employers incurred the major share of the costs of contract extension and redeployment.

Providing pastoral care to seasonal workers became more demanding during the crisis. Surveyed employers reported worsening behavioral issues as workers struggled to cope with social isolation and boredom (due to less work), concerns about their families (especially among workers who had children at home), and uncertainties surrounding their employment, income, repatriation, and COVID-19 health concerns (Figure 9). This was confirmed in discussions with diaspora groups, who reported increased strain and mental health issues amongst seasonal worker groups with whom they had contact. Employers voiced dissatisfaction with the lack of support from governments of both sending and host countries to workers during the pandemic.

FIGURE 9: Issues faced by seasonal workers during the COVID-19 crisis

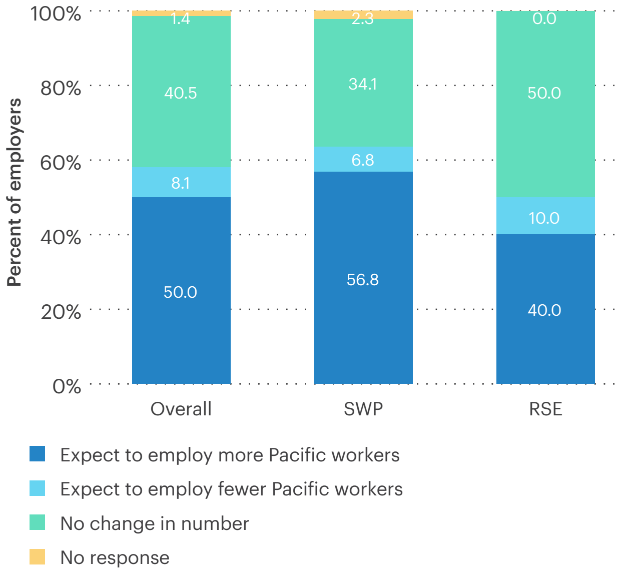


Future Demand for Seasonal Labor, Challenges, and Government Support

Despite challenges posed by the COVID-19 pandemic, demand for seasonal workers remained strong. The vast majority of employers (98 percent) wanted to employ seasonal workers from the Pacific/Timor-Leste again next year; about 50 percent of all employers wanted to increase recruitment – demand was particularly strong among labor hire companies (with 80 percent hoping to increase their intakes). This is likely to be partly the result of a reduction in the number of backpackers, who account for about three-quarters of seasonal farm labor in Australia and are unlikely to be able to return for some time. Robust demand from seasonal employers presents a reason to be positive about the future of Pacific labor mobility (Figure 10). The same advantage might be evident in other areas, such as semi-skilled work under the PLS, although the rate of domestic unemployment will impact this prospect.

Challenges remain if Pacific labor mobility programs are to resume at meaningful scales. Uncertainties surrounding border openings and international travel, obtaining approval from the host country's government to hire seasonal workers, as well as testing and quarantine requirements for arriving workers were the top three challenges that employers were worried about. Also high on the list were concerns about increased costs to bring seasonal workers to host countries, weaker participation by workers, and potential restrictions on hiring foreign workers in favour of domestic ones (Figure 11). Arrangements that have brought Pacific seasonal workers to Australia since September 2020 have set the foundation for further worker arrivals as the pandemic continues. At the same time, these arrangements have varied between Australian states, and it remains to be seen whether there will be a process whereby different arrangements are harmonized in areas such as cross-border logistics and financing of flights, quarantine, testing, repatriation, and medical care should workers become infected with the virus – particularly as the number of workers and diversity of job placements increases, returning to pre-pandemic levels.

FIGURE 10: Employer's intention to recruit seasonal workers in 2021



In line with these challenges, employers voiced strong demand for government support. The top three areas where the vast majority of surveyed employers felt that support was needed were: timely and consistent guidelines related to visa, contract conditions, and redeployment; facilitation of communication with governments of sending countries to recruit workers; and transparent and fast processes to apply for recruitment approvals (Figure 12).

FIGURE 11: Challenges for businesses to employ Pacific or Timorese workers next year

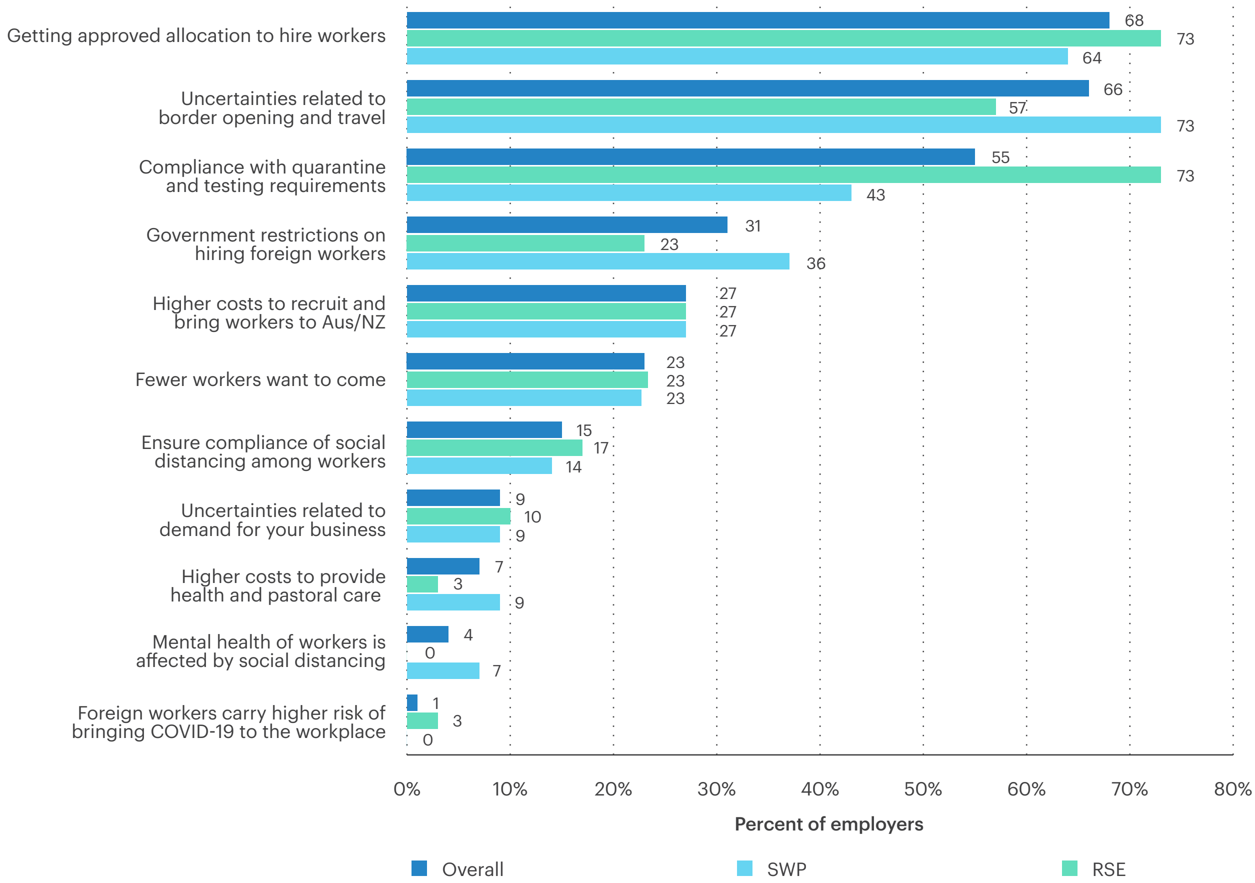
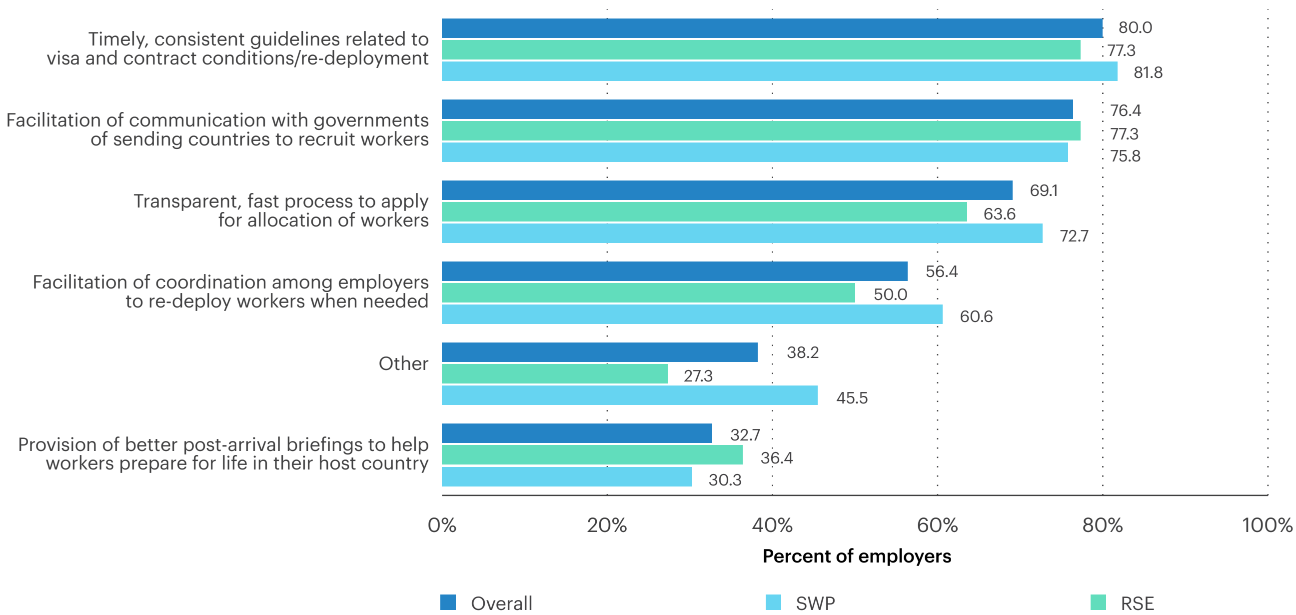


FIGURE 12: Support businesses wish to receive from the government



The Pacific Diaspora

More than half of the Pacific diaspora members interviewed believed that COVID-19 had impacted their community's employment either through job losses or reduced hours. In the wider Australian population, the biggest job losses by early 2020 were in food and accommodation services (17.2 percent), followed by arts and recreation services (12.7 percent).[1] Census data confirm that in both Australia and New Zealand, a large proportion of Pasifika[2] employment is concentrated in low and medium-skilled occupations including laborers, machine operators, drivers, as well as sales, clerical, and administrative workers. These occupations have high physical proximity scores and are not easily transitioned to online or work from home settings, meaning they were more likely to be affected by lockdowns and social distancing measures.

Pasifika community members reported that government payments had provided some insulation from the real impacts of COVID-19-related job losses. In Australia, the JobKeeper payment was introduced to allow businesses impacted by the pandemic to continue paying their employees' wages. Under JobKeeper, eligible businesses received $A 1,500 per employee every fortnight between 30 March and 28 September 2020, after which slightly lower payments were introduced based on whether employees were employed on a full- or part-time basis (Australian Government, 2020). The JobKeeper payment ended on 28 March 2021. In New Zealand, the wage subsidy performed a similar function, with employees receiving $NZ 585.80 per week if they normally worked 20 hours or more and $NZ 350 per week if they normally worked part-time. Many diaspora members felt that the 'real' economic impacts of COVID-19 would not be felt until after these government payments ended.

Diaspora members reported that not all Pacific Islanders were eligible to receive government payments, while other barriers, such as difficulty in understanding the social security system, also presented challenges to accessing COVID-19 welfare payments. Many Tongans and Samoans have migrated to Australia via New Zealand and still hold New Zealand citizenship. Whereas this would once have entitled them to Australian social security benefits, this changed in 2001 when the *Social Security Act 1991* was amended. Now, while New Zealand citizens can still travel to Australia to live and work, they do not have rights as Australian citizens or permanent residents unless they apply for either citizenship or residency (Faleolo, 2019). As a result, many Pacific Islanders in Australia who hold New Zealand citizenship are not eligible to receive government welfare payments. Many people within the study communities, particularly Tongans and Samoans, fell into this category and thus could not access the JobKeeper payment.

Pasifika community members noted that youth sometimes drop out of education so that they can financially contribute to their household, and that this issue had been exacerbated by COVID-19. In Pacific communities, older children in large households may be under pressure to provide financial assistance to the household, which can lead to early school leaving (Ravulo, 2015). Community representatives in Australia and New Zealand described how it was not uncommon for young people to end their schooling and find work to help pay the bills. Youth generally moved straight into low-skilled jobs such as process or laboring work. As COVID-19 had increased financial strain on some households, community representatives noted that more youth were dropping out of formal education or training to help support their family financially. This trend may lead to longer-term economic impacts through reduced earning capacities with potential flow-on effects for remitting.

The impacts of the pandemic on remittances from the diaspora varied across groups. In Fiji and Vanuatu, the economic impacts associated with a lack of tourism, along with the devastation wrought by Cyclone Harold, meant Fijian and ni-Vanuatu communities in the study were remitting more than in the past. Others noted that remittances had been affected by job losses amongst the diaspora, with those who were struggling financially reported to be sending 'COVID-19-remittances'; money was still flowing but the amounts were smaller than they once were.

1. https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/weekly-payroll-jobs-and-wages-australia/latest-release
2. Pacific Islander migrants.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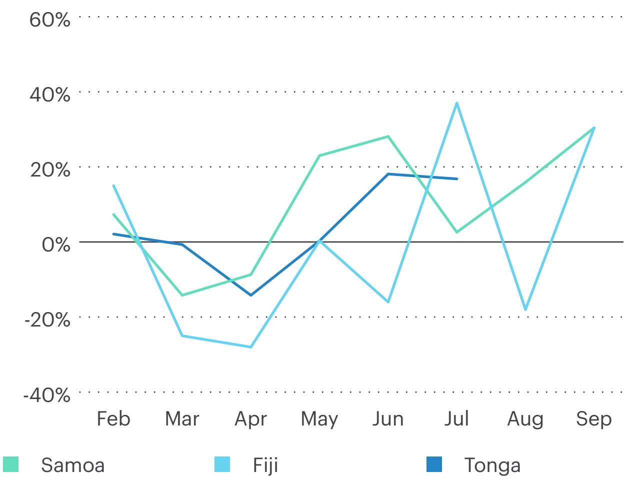
ANALYSIS

Remittances: The Macroeconomic Evidence

At an aggregate level, remittances to Pacific Island countries have been more resilient than expected, despite a severe and abrupt decrease when the pandemic first affected the region. A sharp drop in aggregate remittance inflows was observed in Fiji, Samoa, and Tonga during February–April 2020; yet between May and September 2020, inflows recovered with year-to-date and monthly remittances returning to positive year-on-year growth (Figure 3 and Figure 4). World Bank estimates of the reduction in remittances to the Pacific region were consequently revised downwards from 16.9 percent in April 2020 to 4.3 percent in October 2020.[3] This better-than-expected performance is not unique to the region, having also been observed across Asia, Latin America, and Africa (Caron and Tiongson, 2021; Lopez-Calva, 2021; Oxford Economics, 2021).

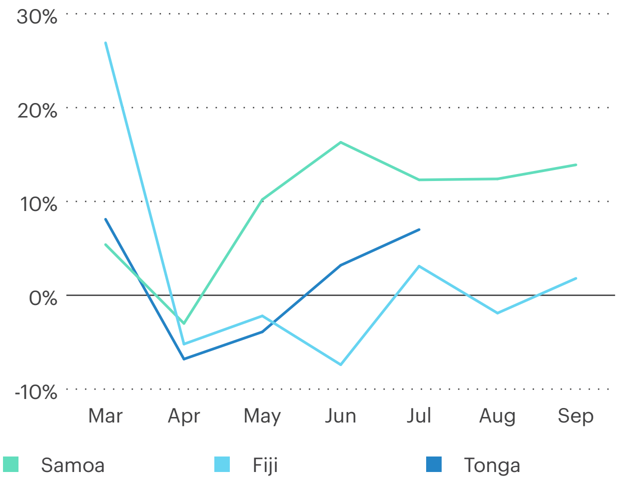
3. Data on aggregate remittance flows to the Pacific region during the second half of 2020 were unavailable at the time of this report.

FIGURE 13: Monthly remittance inflows to Fiji, Samoa, and Tonga in 2020



Source: Reserve Bank of Fiji and Central Bank of Samoa.

FIGURE 14: Cumulative remittances to Fiji, Samoa, and Tonga in 2020 (year to date)



Source: Reserve Bank of Fiji and Central Bank of Samoa.

Three major factors could explain why remittances remained steady despite the pandemic and its economic impacts: (i) migrants abroad have not suffered from extensive job losses to the degree expected, and some have actually benefitted temporarily as a result of COVID-19 stimulus payments from host governments; (ii) remittances tend to be driven by altruism, increasing when the situation in the migrants' country of origin worsens – as is clearly the situation in PICs as a result of the pandemic; (iii) a diversion from physical transportation of cash across borders to sending through remittance service providers could have also contributed to the sustained remittance flows. The latter explanation is certainly plausible given existing evidence from Pacific seasonal workers, whose practice of carrying a large amount of cash home at the end of a working season is well documented (Maclellan and Mares, 2006; Brown et al., 2015; World Bank, 2017b).

Prospects for Labor Mobility

The study concludes that migrant labor could play an important role in supporting the recovery of Pacific Island economies in the aftermath of COVID-19. The devastated tourism industry and the broader economic slowdown from the pandemic have further tightened the already limited supply of formal jobs in PICs, making employment overseas an even more important source of income and livelihood. In Tonga and Vanuatu, for instance, the total number of workers employed under the SWP, RSE, and PLS schemes in 2018–19 well exceeded the number of formal jobs created annually, which were roughly 325 and 1,260 respectively (World Bank, 2017a). In Kiribati, seasonal and PLS employment in 2018–19 was equivalent to nearly a quarter of the number of formal jobs created domestically per year.

There are reasons to be optimistic about prospects for Pacific Island migrant workers despite ongoing travel restrictions. The Australian, New Zealand, and US economies are slowly recovering from the crisis and now have moderate growth prospects. In the absence of lockdowns, employment in Australia has recovered faster than anticipated, with the number of people in employment in March 2021 surpassing the pre-COVID-19 level and demand for labor expected to more than offset the potential job losses that could result from the withdrawal of the JobKeeper benefit. The country's GDP growth is forecasted to be 4.75 percent over 2021 and 3.5 percent over 2022.[4] New Zealand also recorded a stronger-than-anticipated rebound, with positive growth of 0.4 percent in Q3 2020. In the United States, the US Federal Reserve is projecting 6.5 percent GDP growth in 2021. In the medium term, vaccination of populations in host countries coupled with the fact that many PICs remain 'COVID free' means that there is some prospect of renewed travel between the Pacific and major migrant hosting countries.

There is also reason to be optimistic about Pacific labor mobility programs. Demand for seasonal labor in the horticulture and viticulture industries in Australia and New Zealand has remained strong despite the pandemic. Significant shortages of seasonal labor have been reported in both Australia and New Zealand, with an estimated shortage of 26,000 workers in 2021 in Australia and 11,000 over March–April 2021 (the apple season) in New Zealand. The demand for Pacific seasonal workers in Australia in particular is likely to remain robust in the foreseeable future, given the fact that the annual cohort of 140,000–200,000 working holiday-makers, who make up about three-quarters of the seasonal workforce in Australia, has largely left the country due to the pandemic. It was reported in February 2021 that only around 40,000 working holiday-makers remained in Australia. Incentives put in place by governments in Australia and New Zealand to encourage domestic workers to take up seasonal work appear to have had limited success in easing the shortage. Affirming these trends, about 98 percent of employers surveyed by the World Bank expressed the intention to continue employing SWP/RSE workers in 2021, with about half of them wanting to increase recruitment. In the Australian context, the absence of working holiday-makers, if prolonged, could potentially set the foundation for Pacific labor mobility schemes to expand should numbers not be restricted as a result of travel restrictions (and the related issue of quarantine). In the short term, nonetheless, numbers will remain below pre-COVID-19 levels, with challenges relating to ongoing travel restrictions, limited quarantine places, flights and testing arrangements needing to be addressed.

4. Statement of Monetary Policy (May 2021), Reserve Bank of Australia https://www.rba.gov.au/publications/smp/2021/may/pdf/statement-on-monetary-policy-2021-05.pdf

Potential Policy Responses

Policy interventions to protect Pacific migrant workers from the impacts of COVID-19 have been limited in both home and host countries. In host countries, temporary migrant workers have been ineligible for most COVID-19 related benefit payments, while diaspora communities have had differential access to these payments based on factors such as visa and citizenship status. Most (though not all) labor sending countries have provided no support to temporary migrant workers or their households. In Tonga, targeted financial support to families of seasonal workers unable to return home was provided, however, it appears that coverage at the time of the survey was low, with fewer than 10 percent of interviewed Tongan sending households reporting having received the benefit. In other sending countries, migrant households have received some form of social assistance as part of broader social assistance programs, yet the incidence varies widely, from 86.7 percent of surveyed Timorese households receiving some assistance from the government, to 7.5 percent in Vanuatu (the latter primarily taking the form of a school fee waiver). None of the sending households in Fiji, Kiribati, or Samoa reported receiving social assistance.

Based on the current situation, a number of potential policy responses are outlined, drawing on global experience during the COVID-19 pandemic. These include:

Social safety nets: Destination governments should, where possible, extend social assistance to migrant workers and diaspora populations who have lost employment or livelihoods as a result of COVID-19. Migrant sending countries should also support populations stranded overseas. This has occurred to a limited extent in PICs in response to the pandemic. Tonga, for instance, has provided a one-off payment to students, seasonal workers, and seafarers who are overseas.

Employer retention and promotion: Support should extend to employer retention (for example, wage subsidies) and employment promotion. Extension of employment retention and promotion services to low-skilled temporary and seasonal migrant workers could address a number of ongoing challenges, such as the risk of absconding and illegal employment. More broadly, employer promotion services could facilitate the efficient reallocation of labor between employers and sectors. In Australia and New Zealand, permission to switch employers has been granted to workers under the SWP, PLS, and RSE schemes. However, results from the survey of employers suggests that in the case of the SWP and RSE, redeployment had largely been arranged by employers themselves. Additional support such as that provided under the PLS (and internationally, under the Korean Employer Permit Scheme) could help facilitate such job matching.

Social and health services: There are a range of social and health services that should be available to migrant workers. These include: (i) access to COVID-19 testing and treatment; (ii) support for the provision of COVID-19 compliant accommodation and workplaces; (iii) outreach activities aimed at migrant communities; (iv) support for mental health services; and (v) paid quarantine for newly arriving low- and semi-skilled migrant workers. In addition, the report argues that given the 'COVID free' status of many PICs, there is a strong case for waiving quarantine periods for workers and/or enabling on-farm quarantine with testing. In October 2021, New Zealand was set to begin quarantine free travel for RSE workers arriving from Samoa, Tonga, and Vanuatu.

Repatriation support measures: Many Pacific seasonal workers remain stranded in Australia and New Zealand. Looking forward, as labor mobility resumes at a meaningful scale, coordination between labor sending and host countries is needed to establish repatriation protocols and ensure adequate quarantine capacity for returning workers. In some PICs, limited quarantine capacity has acted as a bottleneck for both the return of current workers and sending of new workers. Some countries have been able to utilize existing infrastructure (such as hotels for repatriation quarantine), however, others have not had this option. The expansion of quarantine facilities in such cases should therefore be a priority, and is potentially an area where development partners could provide support.

Reintegration support: The return of migrant workers as a result of COVID-19 potentially presents an additional source of pressure on the domestic labor market in PICs. At the same time, the suspension of overseas employment for migrant workers is detrimental to the economic wellbeing of their households, given that remittances are a major source of income. Employment and income support such as one-time cash benefits, loans, and provision of employment in public construction projects could help returning workers and their families to cope with these changes. Improved understanding of what kinds of migrant workers are returning home could help governments design adequate and appropriate assistance.

Worker registry: Establishing a database with contact information for current and prospective temporary migrant workers, along with their families, would help to facilitate regular communication and outreach efforts, particularly during times of crisis. Policy interventions targeting seasonal and PLS workers by either the host or sending governments, such as repatriation, taking stock of workers' employment status, and providing mental health and economic supports, would benefit from such a database. The database would also support future sub-population studies that are of interest to Pacific labor sending countries. At the moment, a centralized registry does not exist.

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