



Coordinator
International Development Policy
Development Policy Section
Department of Foreign Affairs and Trade
RG Casey Building
John McEwen Crescent
Barton ACT 0221
E-mail: development.policy@dfat.gov.au

Submission on the New International Development Policy

Joint Submission from The Uniting Church in Australia, Synod of Victoria and Tasmania; the Pacific Islands Council of Queensland Inc; the Pacific Islands Council of South Australia and NSW Council for Pacific Communities

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For more information, please contact:

Dr Mark Zirnsak

Senior Social Justice Advocate
Uniting Church in Australia
Synod of Victoria and Tasmania
Address: 29 College Crescent
Parkville VIC 3052

Phone: 0409 166 915

E-mail: mark.zirnsak@victas.uca.org.au

Mr Tukini Tavui

President
Pacific Islands Council of South Australia
Address: 113 Gilbert St
Adelaide, SA 5000

Mobile: 0412 638 228

E-mail: tukini.tavui@mypicsa.org

Ms Ema Vueti

President
Pacific Islands Council of Queensland
Address: Pasifika House, 69 Nathan Road
Runcorn Qld 4113

Mobile: 0422 036 916

E-mail: president@picq.com.au

Mrs Malaemie Fruean

Chairperson
NSW Council for Pacific Communities
Address: 4 Surrey Street
Minto NSW 2566

Mobile: 0407 281 245

E-mail: chair@nswcpc.org.au

The Uniting Church in Australia, Synod of Victoria and Tasmania; the Pacific Islands Council of Queensland Inc; the Pacific Islands Council of South Australia and the NSW Council for Pacific Communities welcome this opportunity to make a submission on the New International Development Policy. The following submission focuses on the vital role that remittances play in development opportunities in the Pacific Islands and that the New International Development Policy should include acknowledgement of remittances as assisting in development in places where there are limited other forms of development opportunity. Further, the Policy should include reforms to the Pacific Australia Labour Mobility (PALM) scheme.

Within the scope of the development policy, remittances assist states in sustaining "their own development" and enhance "community resilience to external pressures and shocks". The PALM scheme is an opportunity for Australia to use a "national strength", being the need for rural labour, "to enhance the impact of our development program". The PALM scheme also provides the opportunity to "build stronger and more meaningful partnerships" with Pacific Island and Timor Leste Governments and communities.

Members of submitting organisations across the country continue to provide support to workers on the Pacific Australia Labour Mobility (PALM) scheme. Our organisations also have partnerships with community organisations and churches across the Pacific Islands and Timor Leste, and we have regular contact with them.

We strongly support the PALM scheme because it has had a positive financial benefit for the majority of workers that have been able to come to Australia, their families, communities and the economies of the countries they have come from. At the same time, we also recognise negative social impacts on some families and communities in the countries of origin. A minority of workers have had negative experiences of being exploited and mistreated in Australia. Sometimes these cases of exploitation and mistreatment have been from employers and the employers' agents; in other cases, workers have suffered negative impacts outside the employment relationship due to excessive gambling or alcohol consumption in Australia.

The PALM scheme provides vital employment and income opportunities for people from the Pacific Islands and Timor Leste. In our discussions with Pacific Island Governments, many cannot facilitate the creation of enough jobs in their own countries to match the number of people reaching workforce age each year. Church representatives from the Pacific and other Pacific Island community members have stated the negative social impacts of unemployment in some Pacific countries, including family breakdown and increased drug and alcohol abuse. There are also reports that higher levels of unemployment are leading to a greater prevalence of family violence in Pacific Island communities.

Table 1. Unemployment rates in selected Pacific Island countries in 2019 and 2021.

Country	% unemployment in 2019	% unemployment in 2021
Vanuatu	4.39 ¹	2.18 ²
Tonga ³	3.06	3.97
Samoa ⁴	8.41	9.84
Fiji ⁵	4.45	5.24

¹ <https://www.adb.org/offices/pacific/poverty/vanuatu>

² https://www.theglobaleconomy.com/Vanuatu/Unemployment_rate/

³ https://www.theglobaleconomy.com/Tonga/unemployment_rate/

⁴ https://www.theglobaleconomy.com/Samoa/Unemployment_rate/

⁵ https://www.theglobaleconomy.com/Fiji/Unemployment_rate/

Papua New Guinea ⁶	2.45	2.75
Solomon Islands ⁷	0.75	1.03
Timor Leste ⁸	4.51	5.07

The World Bank has identified high unemployment in many Pacific countries as a critical issue.⁹ The table above reports the unemployment rate of Pacific Island countries that send workers on the PALM scheme for 2019 and 2021.

UNICEF pointed out in Fiji in 2017:¹⁰

The impacts of poverty are significant in Fiji, and children and families are highly exposed to risk and economic shocks, particularly those caused by natural disasters.

- *The lack of social protection and other social welfare services is a significant gap. It limits the ability of the government to lift vulnerable persons out of poverty and support economic growth.*

- *Lack of opportunities for adolescents and young people perpetuates cycles of poverty and has led to unhealthy behaviours, such as drug and alcohol abuse and mental health issues.*

They made identical findings concerning Vanuatu.¹¹

A joint report between Save the Children Australia, ChildFund Australia, Plan International and World Vision in 2019 reported the negative social impacts of poverty, inequality and unemployment across the Pacific Islands and in Timor-Leste:¹²

Poverty and inequality are key drivers of instability within families. The inability to meet the basic needs of nutritious food, medical care, secure relationships, quality learning environments and responsive parenting can lead to increased vulnerabilities for children and can be linked to an increased risk of violence.

Across the Pacific and Timor-Leste, the combination of economic insecurity coupled with increased urbanisation, unemployment, and a lack of cash income to meet family needs often makes it hard for families to cope. Parents face more significant pressure to participate in the cash economy, often resulting in the neglect of children and the absence of strong family structures. In many contexts, this is affecting the broader social safety nets normally provided by families, with limited economic resources to support extended family members, children and other kin who may arrive and become part of the household at any time. A report by UNICEF points to other issues interlinked with economic inequality, poverty and violence. These include children facing greater pressure to work in a cash economy and being lured into exploitative work; problems with alcohol and drug abuse pervading many households and dissolving traditional family structures and protection mechanisms; and the growing youth bulge in combination with rapid urbanisation leaving many children and young adults with limited opportunities.

In 2018, Samoa was the first Pacific country to conduct a national inquiry into family violence. Among its findings was that financial stress triggers family violence while not being causal.¹³

⁶ https://www.theglobaleconomy.com/Papua-New-Guinea/Unemployment_rate/

⁷ https://www.theglobaleconomy.com/Solomon-Islands/Unemployment_rate/

⁸ <https://www.statista.com/statistics/809031/unemployment-rate-in-timor-leste/>

⁹ <https://www.worldbank.org/en/country/pacificislands/overview#2>

¹⁰ UNICEF, Situation analysis of children in Fiji, UNICEF Pacific Office Suva, 2017, 124.

¹¹ UNICEF, Situation analysis of children in Vanuatu, UNICEF Pacific Office, 2017, 102.

¹² Kavitha Suthanthiraraj, 'Unseen, Unsafe. The underinvestment in ending violence against children in the Pacific and Timor-Leste', Save the Children Australia, ChildFund Australia, Plan International, World Vision, 2019, 15.

Further, the inquiry found that detected family violence was higher in lower-income families, where financial stresses were higher.¹⁴

A 2016 report by Save the Children Australia, the Burnet Institute and Australian Aid reported that substance abuse in the Solomon Islands was related to unemployment and limited employment opportunities.¹⁵

Many Pacific Island countries have limited opportunities to build sustainable economic development. Thus, migrant labour and remittances are one of the few options that Pacific Island Governments have available to them for generating income to address poverty in the Pacific Islands. For example, in 2019, people in Fiji received approximately \$400 million in remittances. Remittances comprise the second largest source of foreign exchange after tourism. Remittances earn more for the Fijian economy than traditional export markets, such as sugar, garments, gold and timber.¹⁶ In Tonga, close to 40% of its GDP came from remittances.¹⁷ In Samoa, remittances totalled approximately one-sixth of its GDP. In both Tonga and Samoa, approximately 80% of households received remittances.¹⁸ The IMF has also stated that Vanuatu is also highly dependent on remittances.¹⁹

The Asian Development Bank reported that in 2019 remittances across the Pacific region increased by 9.2%, and in 2020 they increased by 14.4%. Further, from 2019 to 2021, remittances to Fiji had an annual growth rate of 38.1%, and Samoa had an annual remittance growth rate of 6.1%.²⁰

Without the PALM scheme, people from the Pacific Islands would still take jobs in other countries where no programs provide support and offer safeguards against exploitation. Before the pandemic, the UN estimated that over 750,000 Pacific Islanders lived outside their countries.²¹

The administration of the PALM scheme is shared between DFAT and the Department of Employment and Workplace Relations. Reforms that would improve the PALM scheme are:

¹³ Samoa Office of the Ombudsman and National Human Rights Institution, 'National Public Inquiry into Family Violence in Samoa', 2018, 193.

¹⁴ Ibid., 196.

¹⁵ Brendan Quinn, 'Alcohol, other substance use and related harms among young people in the Solomon Islands', Save the Children Australia, Burnet Institute, Australian Aid, January 2016, 10, 47, 49.

¹⁶ Jessica Collins, 'Bang for buck: Getting the most out of Pacific Islander remittances', The Lowy Institute, 18 January 2022, <https://www.loyyinstitute.org/the-interpreter/bang-buck-getting-most-out-pacific-islander-remittances#:~:text=Remittances%20are%20also%20key%20sources,%2C%20garments%2C%20gold%20and%20timber>.

¹⁷ International Monetary Fund, 'Asia & Pacific Department Pacific Island Monitor', Issue 15, October 2021, 9.

¹⁸ Jessica Collins, 'Bang for buck: Getting the most out of Pacific Islander remittances', The Lowy Institute, 18 January 2022, <https://www.loyyinstitute.org/the-interpreter/bang-buck-getting-most-out-pacific-islander-remittances#:~:text=Remittances%20are%20also%20key%20sources,%2C%20garments%2C%20gold%20and%20timber>.

¹⁹ International Monetary Fund, 'Asia & Pacific Department Pacific Island Monitor', Issue 15, October 2021, 9.

²⁰ Aiko Kikkawa, Guntur Sugiyarto, James Villa Fuerte, Bardi Narayanan, Raymond Gaspar and Kijin Kim, 'Labor Mobility and Remittances in Asia and the Pacific during and after the COVID-19 Pandemic', ADB Briefs, No. 204, December 2021, 6.

²¹ Qing Guan, James Raymar and Juliet Pietsch, 'Estimating International Migration Flows for Pacific Island Countries: A Research Brief', Population Research and Policy Review, 14 August 2022, 2.

- The agreements with the Pacific Island governments around the PALM scheme should be standardised to reduce some employers being able to try and play Pacific Island Governments off against each other.
- There need to be improvements in preparing to send workers to Australia so that they and their families understand the social impacts that may result. The PALM scheme needs to be built around more significant support for members of the family and communities that workers are coming from. Some sending governments need much greater help to prepare people coming to work in Australia appropriately. Currently, too many workers are coming to Australia without them or their families fully comprehending the social impacts they will experience. Pacific Island churches should be involved in supporting workers and their families in preparing for placement in Australia, supporting families during the placement and on return.
- There needs to be protection against the PALM scheme draining the best people from the Pacific Islands and Timor Leste. The sending governments need to be assisted in developing policies and practices to ensure that the PALM scheme does not draw away people who have decent jobs already in essential areas such as healthcare, teaching and law enforcement.
- People from the Pacific Islands and Timor Leste should be in senior positions in the administration and oversight of the PALM scheme from the Australian end. While several people have such backgrounds in the scheme's administration, few are at senior levels.
- Workers on the PALM scheme need to have access to Medicare while in Australia. The current use of private health insurance has deterred some workers from accessing necessary medical care, with preventable deaths and severe medical conditions resulting. To prevent people from coming onto the scheme just to access Medicare, the Australian Government would also need to fund thorough health screening of people coming as workers. The health screening of workers should not be through existing public health systems, as that can crowd out people on the Pacific Islands from getting access to the healthcare services they need.
- Skills development needs to be heavily encouraged in the PALM scheme workforce in Australia. Taking new skills back home can have more impact on their community than the money they earn. Vakameasina <https://www.vakameasina.co.nz/> is a training organisation targeting New Zealand RSE workers as a good model for worker training.
- Initiatives such as V-Lab (business development and idea incubator) <https://www.v-lab.org/> should be encouraged and supported across all participating countries in the PALM scheme. Its currently funded by DFAT and MFAT through a bilateral agreement. The initiative creates sustainability and resilience in country by providing participants with business development skills.²²

²² Eliza Berlage, 'Vanuatu skills development program 'empowers' returned seasonal workers to grow small business', ABC Rural, 3 November 2022, <https://www.abc.net.au/news/2022-11-03/yumi-growem-vanuatu-seasonal-workers-become-entrepreneurs/101552032>