

Submission to the Australia–Tuvalu Falepili Union Inquiry
Professor Stephen Howes
Director, Development Policy Centre
Crawford School of Public Policy, Australian National University

Introduction

The Australia–Tuvalu Falepili Union (ATFU) is framed as a response to climate change. In terms of substance, it incorporates an important security–migration deal. In return for concessions in relation to security, Tuvalu obtains greater migration opportunities in relation to Australia. Tuvalu obtains other benefits from Australia as well, in relation to disaster response and security guarantees. This submission focuses on the migration aspects of the ATFU.

Greater labour mobility and migration opportunities have been conclusively and repeatedly shown to be a central part of the solution to development challenges in the Pacific.¹ Those countries with greater migration opportunities in the Pacific generally do better. For countries that will not, whether for reasons of governance or of geography, be able to follow a conventional development path, being able to take the people to where the jobs are (i.e., offshore) is an obvious and essential part of the pathway to development. There are also security benefits for Australia for the closer people–to–people links that migration opportunities provide.

As shown below, the ATFU significantly expands Tuvalu’s migration opportunities. There is no doubt then that the treaty is to be welcomed. This submission analyses the migration opportunities provided by the treaty and explores various issues arising.

Understanding the ATFU visa

As part of the ATFU, Australia will provide a “human mobility pathway” to Tuvalu. While it is not specified in the treaty, the Australian Prime Minister [announced at the press conference](#) unveiling the treaty that 280 visas will be offered to Tuvalu under the treaty. The treaty text says that the visas will enable Tuvaluans to “live, study and work in Australia” which implies that they are permanent residency visas.

¹ For more on the importance of migration for the Pacific, see the ANU–World Bank 2017 [Pacific Possible](#) report and Howes and Orton (2020), [Submission to the Inquiry into activating trade and investment between Australia and Pacific island countries](#), Development Policy Centre, ANU.

To put the new ATFU visa in context, it is useful to consider the Australia-New Zealand (ANZ) Trans-Tasman Travel Arrangement (TTTA) relationship. As a result of the TTTA, any citizen of one of these two countries can move to the other country, obtain a visa on arrival, and stay and work there as long as they want. By virtue of their possession of New Zealand passports, Cook Islands, Tokelau and Niue citizens have the same access to New Zealand and Australia. This ANZ+ arrangement sets the gold standard for the free movement of people across the Pacific. The five countries it involves make up more than a quarter of the Pacific Islands Forum (PIF) membership (19 countries) making this by far the most significant form of PIF integration in existence.

Now two levels down are the ANZ Pacific ballot permanent resident visas: New Zealand's long-established [Pacific Access Category \(PAC\) Resident Visa](#) and [Samoan Quota Resident Visa](#) and Australia's (currently being created) [Pacific Engagement Visa](#) (PEV). These Pacific ballot visas extend the ANZ+ arrangement to the rest of the Pacific but in a restricted form. The ANZ+ arrangement is uncapped, and has no work, language or health pre-travel requirements. The Pacific ballot visas are capped, and have work, language and health requirements. Nevertheless, they are (or will be) very important in providing Pacific island citizens with preferential access to permanent residence in New Zealand and Australia.

On an index of liberality, the ATFU visa will come in between the ANZ+ arrangement and the Pacific ballot visas. Like the former, there will be no work requirement. Like the latter, there will be a cap, but it is a very high cap. The New Zealand Pacific ballot visas are typically equal to about half a percent or less of the population of the countries to which they are made available, and Australia's PEV will likely be similar. By contrast, 280 ATFU visas equates to 2.5% of the total population of Tuvalu (11,200).

Likely levels and patterns of migration

The ATFU will enable an unprecedented level of out-migration from Tuvalu. In addition to the 280 visas that will be available under the ATFU itself, Tuvalu every year gets 75 visas under the New Zealand ballot visa. (The New Zealand quota has actually been [temporarily increased](#) to 150 post-COVID, but was 75 pre-COVID.) Tuvalu will also be eligible to participate in the Australian PEV and, although final decisions on eligibility and quotas have not been announced, could be anticipated to have a similar quota under that visa.

430 visas (280 plus 75 plus 75) represents 3.8% of the Tuvalu population. If all these visas are taken up, this would represent an extraordinarily high level of out-migration in a single year, let alone in repeated years, in fact one of the [highest in the world](#).

At least in the initial years, we do not anticipate a problem with demand for the new visas, at least in the initial years. In 2019, before the COVID interruption, for every NZ PAC visa available to Tuvalu, there were [16 applicants](#), just over 10% of the population. This is more than double the number of visas (3.8% of the population) that would be available even with the ATFU visa and the PEV.

It remains to be seen whether there would be sufficient demand for the visas in later years. Research by myself and colleagues in collaboration with the World Bank in the 2017 [Labour Mobility Pacific Possible Report](#) concluded that only “2,200 Tuvaluans will have the desire and financial means necessary to migrate”. [Further research](#) by my colleagues Richard Curtain and Matthew Dornan in 2019 in their report [A pressure release valve? Migration and climate change in Kiribati, Nauru and Tuvalu](#) came to a similar conclusion. These are only educated guesses, but if they are right, everyone who wants to migrate from Tuvalu will be able to within only five years.

An alternative scenario is that everyone in Tuvalu will want to live in Australia or New Zealand for at least four years in order to get an ANZ passport: four for Australia; five for New Zealand. (Note that dual nationality is allowed by all three of Tuvalu, Australia and New Zealand.) Once there is a larger Tuvaluan community in Australia, they will provide air fares for new entrants, who will simply make do if they can’t get a job. Under this scenario, everyone will want one of the new visas.² And, even allowing for some population growth, everyone will have an ANZ passport within 30 years. However, this does not mean that everyone will have left Tuvalu. Instead, once Tuvaluans have obtained their ANZ citizenship, some will return to Tuvalu, safe in the knowledge that they can return to ANZ at any time should the need arrive (whether for health care or for employment).

From this perspective, it would have been better if the ATFU visa granted immediate Australian citizenship. This would have been less disruptive, and would have meant that only those Tuvaluans who actually wanted to move to ANZ would apply for the visa, rather than also those who wanted to “do time” to meet the passport requirement.

Such an arrangement would no doubt be regarded as too radical. That said, the ATFU visa is itself unthinkable in an earlier era.

² See Bedford, Bedford, Corcoran and Didham “Population change and migration in Kiribati and Tuvalu, 2015–2050: hypothetical scenarios in a context of climate change”, *New Zealand Population Review*, 42: 103–44 for a review of the impact of different migration scenarios on Tuvalu’s population. Their “major increase” scenario corresponds most closely to the one described in this submission. By 2050, under this scenario, they project a population of Tuvalu is only 1,400.

Issues of integration

The lack of a job requirement increases the risk of a Tuvaluan underclass developing. Analysis undertaken for the ANU–World Bank report mentioned earlier shows “weaker employment results for Tuvalu migrants” relative to those other nationalities participating in the New Zealand Pacific ballot visas. This may be because of weaker education systems in Tuvalu and/or poorer English levels. While the ATFU commits Australia to provide ATFU visa holders with access to “Australian education, health, and key income and family support on arrival”, this will not in itself ensure positive labour market outcomes.

There should be close monitoring of the economic and employment outcomes of ATFU visa holders, in particular in comparison to PEV visa holders, especially from Tuvalu.

ATFU visa allocation

The treaty does not specify how ATFU visas will be allocated every year. It has already been noted that there will be excess demand for the ATFU visas, at least in the initial years, and perhaps indefinitely. If a ballot is not used, some other rationing mechanism will be required. If the rationing is done on the basis of skills, this will increase the risks of brain drain. If it is done on the basis of Tuvalu government nomination, it will raise risks of favouritism. A ballot – such as will be used for the PEV – is the preferred mechanism, and should be insisted on by Australia.

Applicability to other Pacific countries

Tuvalu uses the Australian dollar as its legal tender and recognises Taiwan rather than mainland China. Asking it not to enter into a security agreement with China – as the ATFU does – is not to ask for very much. The two other countries in the Pacific that recognise Taiwan already have a security agreement with the United States (Marshall Islands and Palau). It will be much harder to get countries that are already receiving aid from China, such as Kiribati and now Nauru), to agree only to receive “critical infrastructure” aid from the superpower if Australia gives consent (as the ATFU requires of Tuvalu).

It is therefore unlikely that the Tuvalu deal can be replicated. Nevertheless, it surely will not go unnoticed in the Pacific that [Tuvalu asked Australia](#) for a deal, and got one. A third variant of preferential visa access, intermediate to the ANZ+ arrangement and the Pacific lotteries, is now on the table for other countries to request. Australia may need to weaken the requirements in relation to dealing with China for similar agreements to arise. This should

definitely be considered because of the many economic and security benefits greater integration through migration between Australia and the Pacific islands would deliver.

Summary

In summary, the ATFU and its associated visa is to be welcomed, with the following recommendations:

1. Consider making ATFU visa holders eligible for immediate Australia citizenship to prevent excessive outmigration.
2. Monitor closely the economic and social outcomes for ATFU visa ATFU given the lack of a work requirement and the weaker labour market performance of Tuvaluan PAC visa holders in New Zealand.
3. Use a ballot to allocate the ATFU visas.
4. Offer a modified form of the ATFU to other interested Pacific countries.

Note: This submission draws upon and expands on my 14 November 2023 Devpolicy Blog article, "[Australia-Tuvalu deal brings a visa-free Pacific closer](#)".