

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into Pacific Region seasonal contract labour

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Introduction

The Government of Papua New Guinea welcomes the opportunity to make a submission to the inquiry on a matter that it sees as very important and beneficial to both Australia and Papua New Guinea.

The inquiry is considering an initiative to improve the flows of people between Pacific region countries and Australia in connection with labour needs for selected rural industries in Australia. As a close neighbour and a major Pacific country Papua New Guinea has much to offer in regard to the initiative being considered by the inquiry.

This submission provides background information that is vital to making judgments about developing and implementing such an initiative. It also provides views on the specific terms of reference relating to social and economic effects on local communities, material on the legal and technical and administrative matters that need close consideration and comments on the effects of such scheme on the economies of Pacific nations.

Background

The history of Papua New Guinea and indeed Pacific Islands relationship with Australia is an everlasting one.

In Papua New Guinea's case there is a shared sense of geography, history, strong personal relationships and shared aspirations for the people of the two countries. At the closest point of our maritime border, Papua New Guinea and Australia are only a few kilometers apart. Papua New Guinea and Australia are linked physically by the undersea phone cable, and the soon-to-be constructed Papua New Guinea to Australia gas pipeline. Both our countries share a common history.

Papua New Guinea attained independence from Australia only 30 years ago. Before that, of course, Papua New Guinea had a strong colonial relationship with Australia. Many Papua New Guinean's were nursed by Australian's, had Australian teachers, and worked with Australian colleagues. There are bonds from shared sacrifices in war along the Kokoda Track, with the Fuzzy Wuzzy Angels, a common symbol of our shared sacrifices to protect our security. Strong personal relationships were forged in the common struggles that Papua New Guinean's and Australians faced in building our nation.

Since then, Papua New Guinea and Australia have continued to move in parallel, sometimes moving apart, but always returning to our common path. Today, Australia's influence in Papua New Guinea still looms large, in politics, in academia, in commerce and in sports.

- Australia is Papua New Guinea's main source of trade and investment, and foreign aid. It is Papua New Guinea's main defence partner. (Information on trade and investment is shown in Appendix I)

- Many Papua New Guineans have studied in Australia, and there are many studying in Australia today. These people have continued to maintain and build strong personal relationships between people from our two countries, reinforcing relationships already in place.
- In sport the most eagerly awaited annual event in Papua New Guinea is the State of Origin rugby league. Even in the more isolated areas it is not uncommon to see someone wearing an Eels or Roosters jersey, or carrying a Broncos' umbrella.

More generally, however, we are bound together by shared aspirations: a safe and stable region, comfort that our children will be healthy and well educated, and opportunities to realize the prosperity that can come from hard work.

Together, we have seen Papua New Guinea emerge from a dependent colony to a fully-fledged sovereign nation of over 5 million people, with an economy of around US\$5 billion and with a leadership role in the Pacific region. There is however much to be done to build the Papua New Guinea economy so that incomes of our citizens and the services available to them improve to bring them a better life.

At this stage, as the Papua New Guinea economy recovers there is clearly interest in people seeking to take up work elsewhere, as has been the case in the Pacific region in the past as people moved in response to the ebb and flow of economic circumstances in different parts of the Pacific. The late nineteenth century saw New Zealand draw people from Australia, while the restructuring of the New Zealand economy in the latter part of the twentieth century saw Australia attract workers from across the Tasman Sea. With restoration of the New Zealand economy it once again attracted workers back. Such movements of people to jobs elsewhere in the Pacific have provided benefits to both countries involved.

Recent experiences in Australia where a bumper crop of fruit such as mangoes goes un-harvested because of a shortage of pickers while the skills of underemployed Papua New Guinea people familiar with harvesting such fruit in the tropics goes unused. This example suggests that something is needed to change the arrangements that can facilitate the movement of such people into the work in Australia.

Existing arrangements between countries facilitate people from one country working in another country temporarily; in this regard the Australia-New Zealand arrangements are particularly open. We understand that Australia has a range of other arrangements for temporary employment for people, including a scheme for young travelers who can take up casual work during part of their visit to Australia under its Working Holiday-maker Scheme. Similar arrangements are available for young Australians traveling to countries who have reciprocal arrangements.

Papua New Guinea established a similar scheme with the United Kingdom last year. Two Papua New Guineans took up the opportunity two months after the scheme was introduced

Papua New Guinea under its current Aid Volunteer Worker visa regime facilitates work by Australian youth under The Youth Ambassadors Scheme, introduced by the Australian Foreign Minister and under its Occupational Trainee visa to undergraduates.

There is a program with Queensland State Government, where skills and qualifications are tested and certified and it should be made available to Papua New Guinea citizens.

We also note that the Pacific Forum countries recognize, in the Pacific Plan the importance for economic growth of improving labour mobility among Pacific countries. Trade in services, including free labour movement is to be included in the Pacific Island Countries Trade Agreement (PICTA).

Developing a scheme to assist labour needs for selected rural industries in Australia through the services provided by workers from Pacific countries such as Papua New Guinea could well draw on such schemes that are in place for other countries.

Papua New Guinea has experience within the country of larger numbers of rural workers moving to work in other parts of the country. Such moves, for instance from the highlands on the main island to oil palm plantations in the smaller islands, have successfully involved integrating different language groups and different cultures into local communities.

Developing a scheme to assist labour needs for selected rural industries in Australia through using the services provided by workers from Pacific countries such as Papua New Guinea could well draw on such schemes that are in place for other countries and Papua New Guinea's experience.

There are clearly different possibilities as to how visiting temporary workers to Australia could be involved in the labour market. In the case of a young traveler it would appear that this could involve soliciting of jobs by the traveler from employers or their agents. However, where Australian employers are seeking employees from a Pacific island country the arrangement might be done in a different way, with some conditionality in the contract and visa access conditions and with third parties being involved in taking a role in managing the participation in the scheme. Arrangements such as Temporary Business Long Stay, Employer Nomination Scheme and Labour Agreements could be put in place to make this possible. Already private labour recruiting companies in Australia have recruitment arrangements where they hire Papua New Guinea workers to work in overseas countries including Australians to work in Papua New Guinea .

Social and economic effects on local communities

Papua New Guinea as a country with many ethnic groups who are relocated around the country is familiar with the social and cultural effects of the local communities. We recognize and appreciate the impact that this movement of people can have in a small country, which will be similar to our experience in Papua New Guinea oil palm plantations.

These impacts have to be managed.

Papua New Guineans are no strangers when it comes to working away from home and working with Australians. Papua New Guineans also share similar recreational

interests, for example in sports such as Rugby League, Australian Football and Cricket. Papua New Guinea sports people already participate in some Australian National Rugby League Clubs. Furthermore we share a common language - English which is an official language in Papua New Guinea.

The introduction of such a scheme would help encourage greater understanding in both countries of their respective cultures. It would also strengthen further, the close historical relationships between our people.

Likely technical, legal and administrative considerations for such a scheme

As mentioned in the background section of this submission decisions would be needed on how a scheme might be structured, bearing in mind the types of schemes that exist in Australia elsewhere and for other purposes. Attention would also need to be given to a range of issues including the following:

- Who could participate in the scheme, would it be limited by age, health status education and skills?
- What would the duration of participation in the scheme be?
- Could participation be extended or repeated?
- How would skills be recognized?
- What type of contracts would be involved?
- Medical and health insurance?
- Superannuation
- Taxation
- Banking and remittance of funds
- Visa classification
- Role of third parties and accreditation.
- Training.

The effects of the scheme on the Pacific nations

The Pacific Island Countries recognize the potential economic benefits that the scheme would have on their respective economies, as well as Australian economy. This includes strengthening of liberal flow of people in the region, enhancing trade and investment liberalization, transfer of technology and skills, enhancing capacity building (fostering business skills) and enhancing money flows.

Strengthening labour mobility, in context of temporary seasonal employment, in the region has significant potential to enhance economic growth in the Pacific Island Countries (PICs). It would be one of the alternatives to assist PICs to overcome their natural impediments, such as small market remoteness and susceptibility to natural disaster that constrain business activity. Temporary seasonal employment would otherwise create growth in employment for semi-skilled labour.

Besides the natural impediments, PICs recognize the significance of providing sound and sustained macroeconomic environment, which are vital to investment growth. The Papua New Guinea Government has been able to achieve macroeconomic stability, and there are signals of investor confidence being gradually restored. The scheme has the potential to accelerate private investment in Papua New Guinea,

through enhancement of the capacity of the semi-skilled labour, and to complement efforts of the ECP on law and order problems through provision of temporary seasonal employment. Providing further employment opportunities for school leavers and graduates can be an important first step in them gaining commercial work experience and help them move to productive law abiding lives.

The scheme has a potential to increase the flow of money between both our countries at a micro level, which can be of benefit to an individual's well being and the country as a whole. Earning strong Australian dollars under such scheme can be an impetus to generating micro economic activities, for example starting a small taxi business, investing in education or building a home.

Conclusion

There are good reasons to develop and test a scheme to improve the flows of people between Pacific region countries and Australia in connection with labour needs for selected rural industries in Australia.

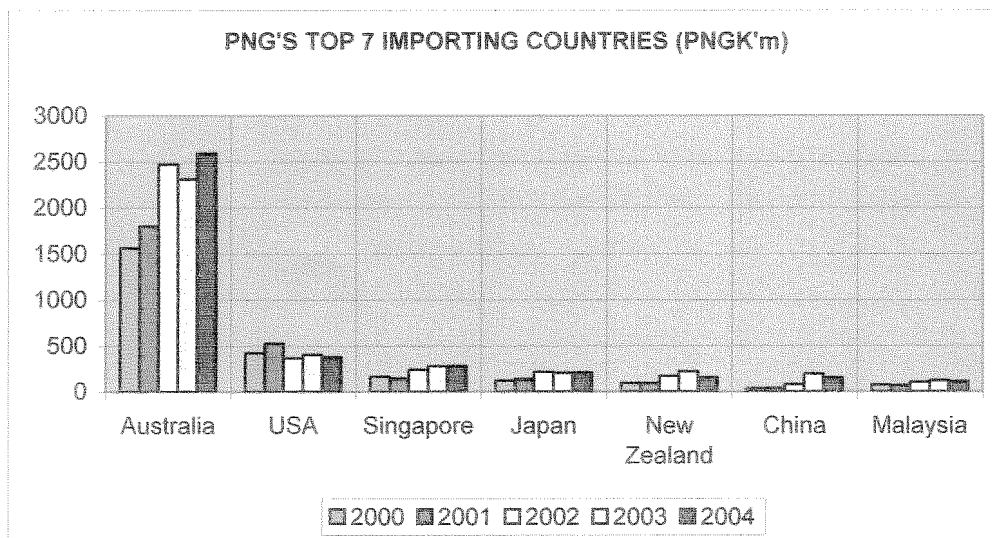
Papua New Guinea would be pleased to cooperate in developing such as scheme and implementing a pilot study with Australia.

ATTACHMENT I

PAPUA NEW GUINEA AUSTRALIA: TRADE AND INVESTMENT

TRADE

- ✦ Australia is traditionally the top trading partner of Papua New Guinea for many years in terms of huge and diversified imports and exports. However, for Australia's exports, Papua New Guinea is one of its major exports destinations in the world. For example, in the last five years (i.e. 2000 –2002)¹ Papua New Guinea imported an average of Papua New GuineaK1, 965.06 million from Australia representing an average of 56.32 % of the total imports. In the case of Agricultural and Farm related imports in both processed and unprocessed forms such as Dairy products, wheat and cereals, fresh and canned fruits and vegetables, fresh and canned animal products etc., Papua New Guinea imported at an average value of Papua New GuineaK516.3 million in the last five years. This represented an average of 62.52% of the total agricultural and farm related imports.



INVESTMENT

Australia has substantial equity interest in Papua New Guinea than any other foreign countries. According to the Bank of Papua New Guinea's Quarterly Economic Bulletin (June 2005 Issue) - out of the average foreign equity investment holding equating to Papua New GuineaK2, 955.4 million in Papua New Guinea, Australia's share accounts for an average of Papua New Guinea K1647 million representing an average of 55.54% In fact its equity investment has been steadily high over the years, far exceeding the other countries. This is represented in the graphical format below for clear picture.

¹ Source: Trade Statistics, Department of Trade and Industry. Note Trade Statistics have only been updated to 2004. Trade statistics after this period are in the process of being updated

TOP 7 FOREIGN EQUITY HOLDING IN PNG (PNGK'm)

