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Ref: KKA/pc

29 August 2008

The Secretary
Senate Foreign Affairs, Defence and Trade Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Sir / Madam

Inquiry into the Main Economic and Security Challenges Facing Papua New Guinea and the Islands of the South Pacific

Please find attached Fiji's Submission to the Standing Committee on Foreign Affairs, Defence and Trade on the Inquiry into the Main Economic and Security Challenges facing Papua New Guinea and the Islands of the Southwest Pacific.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Evisake Kedrayate'.

Evisake Kedrayate
Counsellor
For Acting High Commissioner

FIJI HIGH COMMISSION CANBERRA



SUBMISSION TO THE STANDING COMMITTEE ON FOREIGN
AFFAIRS, DEFENCE AND TRADE

INQUIRY INTO THE MAIN ECONOMIC & SECURITY CHALLENGES
FACING PAPUA NEW GUINEA AND THE ISLANDS OF THE
SOUTHWEST PACIFIC

BY THE ACTING FIJI HIGH COMMISSIONER TO AUSTRALIA:
MR KAMLESH KUMAR ARYA

30 August 2008

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1.0 Executive Summary

1.1 The submission expresses the gratitude of the Fiji Government in the appointment of an Acting Fiji High Commissioner to Australia;

1.2 Seeks a review of the decision to exclude Fiji from the pilot scheme for the seasonal workers programme given its direct implication for the common people in Fiji who are now being 'penalised' for the situation in the country;

1.3 Attempts to explain the challenges faced in meeting the country's manpower and workforce needs given its limited resource base;

1.4 Finally, the submission recommends a review of the relatively recent decision by Australia to sponsor students for in-Fiji courses, and that consideration be given for the increase of in-Australia awards per annum given the need for specialised courses currently unavailable in Fiji, or alternatively to invest in the expansion of the local academic institutions so that they offer study programmes in the specialised areas that are now of priority workforce needs for the country and the wider South Pacific island community.

2.0 Introduction

2.1 The Fiji Government acknowledges with gratitude the Government of Australia initiative in opening dialogue between the two countries through the posting of a Fiji High Commissioner to Australia, albeit in an acting capacity. I arrived in Canberra on 6 August 2008 and take the opportunity to express the hope of the Government of the Republic of the Fiji Islands that I will be able to perform my duties as a fully accredited High Commissioner in the not too distant future in order to progress our bilateral relationship to higher levels of cooperation.

2.2 To underpin the aim of this submission, it is fitting to quote from a report titled *The Bipolar Pacific* recently released by the Centre for Independent Studies in Sydney. The report states that unemployment and underemployment are at the core of the Pacific's instability and that of the two million Pacific Island men, four out of five are unemployed in towns or villages. Further, about 80 per cent of the South Pacific's population is found in the failing group of islands where employment is rare and living standards are not rising. As has also been raised many times through various means and history itself has proven in the South Pacific, violence is inevitable if the countries' economic, social and political problems are not resolved. The report adds that '*without employment-led growth, crime and corruption will worsen.*'

2.3 Unemployment and under-employment in the South Pacific are now security issues not only for the island economies but also for the region as a whole and would pose major security challenges for Australia as a regional player.

2.4 Australia, together with other member states of the United Nations and 23 Non-Government organisations endorsed the following 8 Millennium Development Goals (MDG) to be achieved by 2015:

- eradicate extreme poverty;
- achieve universal primary education;
- promote gender equality;
- reduce child mortality;
- improve maternal health;
- combat HIV/AIDS;
- ensure environmental sustainability; and
- develop a global partnership for development

2.5 The opportunity for gainful employment accorded to the citizens any of the South Pacific Island countries will help them realize all or part of, at least 6 MDGs mentioned above

3.0 Terms of Reference

“The following matter be referred to the Senate Standing Committee on Foreign Affairs, Defence and Trade for inquiry and report to the Senate by 30 May 2009;

The major economic challenges facing Papua New Guinea and the island states of the southwest Pacific:

- (i) the implications for Australia;*
- (ii) how the Australian Government can, in practical and concrete ways, assist these countries to meet the challenges.*

The Inquiry to include an examination of the following:

- (i) employment opportunities, labour mobility, education and skilling;*
- (ii) barriers to trade, foreign investment, economic infrastructure, land ownership and private sector development; and*
- (iii) current regional organisations such as the Pacific Island Forum and the Secretariat of the South Pacific Community.”*

4.0 Focus of the submission

4.1 The submission by the Fiji High Commission will focus on item (b) (i) of the Terms of Reference on the:-

Employment opportunities, labour mobility, education and skilling;’

5.0 Purpose

5.1 The purpose of this submission is twofold:-

- (i) To seek a review of the Australian Government decision on Fiji’s participation in the pilot guest worker scheme; and
- (ii) To provide in-depth explanation on the limited educational opportunities and upskilling programmes that are available for Fiji’s growing population given its limited resource base, and also the country’s inability to supply the skilled manpower to meet workforce demands even as the formal work environment develops towards more sophisticated needs such as the result of advanced technology.

5.2 These challenges are not unattainable but if left unattended can be potential for very real security issues. With the help of Australia Fiji can

find solutions to deflect situations that can give rise to tensions and other negative situations.

6.0 Acknowledgement: Australian Government assistance

6.1 Australia has always been a development partner in terms of Fiji's nation-building programmes and has featured strongly particularly in Fiji's efforts to develop its human resources and build institutional capacity. Many professionals, skilled and technical people in Fiji gained their qualifications and work experiences under the sponsorship of the Australian Government or were able to study in Australia under other forms of sponsorships. The current Acting Fiji High Commissioner is a product of such assistance by the Australian Government.

6.2 In addition an Australia Pacific Technical College is now located in Nadi, Fiji. The Australian Government initiative in establishing the Australia-Pacific Technical Colleges in Fiji, Papua New Guinea, Samoa and Vanuatu was welcomed by Pacific Island Leaders at the Pacific Islands Forum meeting in 2006 as indeed by the wider Pacific Island communities. Initial funding provided by the Australian Government will cover the first four years of operation and it is expected that 3,000 Pacific Islanders will graduate during the four year period. In addition A\$10 million has been allocated for scholarships to assist Pacific Islanders who do not have access to funds to be able to study at the APTCs. The APTC aims to complement the existing training programmes in the region and in the case of the APTC in Nadi, Fiji is grateful that the APTC has opted to use existing training institutions in the area as its training partners.

6.3 The Fiji Government acknowledges with gratitude the Australian Government scholarships that have been awarded to Fiji citizens to study in Australia and in Fiji over the years.

7.0 Employment opportunities

7.1 Employment opportunities tremendously increased for the select group that have had the benefit of acquiring additional qualifications under Australian Government sponsorship and for which Fiji acknowledges Australia's direct involvement and/or assistance. Relative to their Fiji qualified counterparts, Australian qualified skilled and professional Fiji citizens are able to easily get into Australian job market.

7.2 It is widely known in both countries that a good number of Fiji citizens who studied under Australian Government sponsorship either did not return to Fiji, or came back to Australia after having served their bond obligations in Fiji. Brain drain for a small developing economy like Fiji is unavoidable but for a 'sending' country like Fiji, the best option open to us under the circumstances, is to see how best we can re-engineer the situation to bear some positive spin for our own economy.

7.3 Although over the years and as summarised above, Australia has provided substantial funding to Fiji and its Pacific Island neighbours in the areas of education and skilling, it is reassuring that *Employment opportunities, labour mobility, education and skilling* have formed part of the TOR for the current Inquiry. For us this means that Australia is still keen to hear ideas on how it might expand its assistance in these areas.

8.0 Fiji's Diaspora: development partners

8.1 One of the basic goals for a developing country like Fiji is to improve the living conditions and lifestyles of its citizens. Budgetary constraints however mean that the Government would have to focus funding on priority areas such as the social sector, infrastructure and revenue generating initiatives. The Fiji Government does not have the means to improve the lot at the household and individual level and in this particular area, the Government acknowledges that its Diaspora has become an invaluable development partner in improving living standards of individuals, households and even for the community at large.

8.2 Former Fiji residents now living in Australia, New Zealand, United Kingdom, United States of America and in some countries in the Middle East have contributed enormously to Fiji's economy by way of overseas remittances and through investment.

8.3 As for many small island economies, the overseas remittances that our citizens abroad have been sending to their extended families not only have become a major source of foreign exchange earnings for the Government, but have directly contributed to improved lifestyle and financial independence for many in Fiji.

9.0 Overseas remittances

9.1 Overseas remittances have featured strongly in Fiji's economic development with dramatic increases from 2002 up to date as follows:

Year	Amount (F\$ million)	GDP ratio
2003	232.4	5.3%
2004	297.3	6.3%
2005	310.9	6.2%
2006	322.3	5.9%
2007 *	255.8	4.6%

* The decline in the 2007 ratio reflects a decline in remittances in value as well as an increase in minimal GDP (real GDP contracted by 6.6%). * Source: Reserve Bank of Fiji

10.0 High cost of transmitting funds to the islands

10.1 The media attributes to the Australian Government a statement that remittances being sent home annually by Pacific Islanders is worth over A\$430 million and that the cost of transmitting funds to the islands is very high. Australia has therefore decided to assist guest workers participating in the scheme to gain easier access to financial facilities to help ease the burden of transmitting money back to their island homes.

10.2 The Fiji Government also recognises the challenge faced by its migrant workers in this area and has taken steps to amend policy guidelines so that the guidelines will encourage rather than deter Fiji's Diaspora to remit money to the country, and to actively participate in the

development of the economy. Fiji also hopes that the revised policies will help arrest the chronic brain–drain from the islands.

10.3 Fiji has further initiated consultations on improving ‘financial literacy’ for its people particularly those in the rural areas in the hope that this will help expand the scope for medium, small and micro enterprises. Improving financial literacy for the rural population will complement the initiative by a number of commercial banks which have already taken banking services to the rural villages in Fiji. Government officials have studied the Grameen Bank concept and consultations are progressing well for its adaptation in Fiji.

10.4 The Fiji Government is even considering including topics like savings, investing and banking procedures in school curriculums so that its citizens are exposed to the ideas at very early stages.

11.0 Labour market challenges in the islands

11.1 In August 2006, the Fiji High Commission Canberra was invited to make a submission to the Senate Standing Committee on Foreign Affairs, Defence and Trade Inquiry that *examined the viability of a contracted labour scheme between Australia and countries of the Pacific region, for the purpose of providing labour for selected rural industries.*

11.2 As stated in that submission, Fiji like its island neighbours is not trying to export its unemployment challenges to Australia. The serious challenges that the domestic labour market faces as a result of a plethora of factors is recognised and Fiji is seriously re-looking and reviewing its

policies towards job creation. Many individuals and organisations that presented in 2006 provided informed evidence based on sound research, and empirical data in support of the projected positive effects of a contracted labour scheme on the Pacific Island economies.

11.3 Now that the seasonal workers scheme is going to be trialed, all that Fiji asks is that its citizens be part of the pilot scheme because of the proven positive effects that the guest worker scheme will have on its economy.

12.0 Labour mobility: seasonal workers scheme

12.1 Our 2006 submission to the Committee expressed the Fiji Government support for a Pacific Region seasonal contract labour scheme for consideration by the Government of Australia, and that while appreciative of the significant issues that were of concern to Australia, suggested that the discussions on the scheme be taken to the next level that of in-depth discussion on the framework design, and the establishment of a working group to oversee the development of the overarching framework within which a seasonal contract labour scheme might operate.

12.2 We can only hope that Fiji's presentation had contributed in part towards the policy formulation process resulting in Australia opening its doors to seasonal workers from the South Pacific Islands to service the Australia's horticultural industry.

12.3 Under the pilot guest worker scheme up to 2,500 workers will come to Australia for between six and 12 months to work in the horticultural industry.

12.4 Fiji unfortunately has been excluded because of the political situation in the country.

12.5 It is respectfully stated that the decision not to include Fiji citizens in the seasonal worker scheme has specifically targeted the innocent citizens of the country. The depressed economy has resulted in, amongst others, reduced working hours, loss of employment and lack of job opportunities for many in Fiji. Many still look up to Australia as its developed neighbour to assist them through the financial hardships they are facing and have continued to hope that they will not be let down.

12.6 The potential candidates for the seasonal workers scheme are deemed unskilled workers and form part of the group that would find it impossible to secure skilled employment in Australia under the General Skilled Migration Scheme or secure gainful employment even in Fiji. Thus the decision to exclude Fiji will disadvantage the already disadvantaged members of the society.

12.7 Some NGOs in Fiji such as 'Save the Children Fund' are assisting segments of the very same group of people who would otherwise have qualified under the guest workers scheme by providing bus-fares and lunches so that their children might continue with their education given the current economic situation in Fiji. Participation on the seasonal workers scheme will directly benefit the workers' families through improved educational opportunities for their children, improved living conditions and lifestyles and reduced dependency on hand-outs. All that

the common people want is to earn money to sustain their families back home.

13.0 Education and skilling

13.1 The fact that the Australian Government has seen fit to allocate A\$10 million dollars to address the needs of the islanders who need financial assistance to attend the APTC is testament to Australia's recognition of the great need in the islands for financial assistance towards furthering education and training, and also of Australia's concern for the disadvantaged in the South Pacific.

13.2 Three (3) Fiji Government agencies currently provide local scholarships for its citizens. These include the Public Service Commission scholarship scheme which is open to all ethnic groups in Fiji, the Fijian Affairs scholarship scheme for the indigenous Fijians, and the Multi-Ethnic scholarship scheme for the non-indigenous community. All 3 scholarship agencies receive a collective annual budgetary provision of F\$16.1 million from the Government. Aside from the 3 Government agencies, there are a number of small scholarship schemes such as those funded and operated by religious and charitable organisations in Fiji.

13.3 Only the Fijian Affairs scholarship scheme sponsors students at both local and overseas tertiary institutions given its budgetary provision. Aside from the private students whose families can afford to send them abroad for studies, only the Australian Government scholarship scheme complements the Fijian Affairs scheme in sponsoring Fiji citizens for studies in Australia.

14.0 Specialised degree courses unavailable in Fiji

14.1 Fiji has a good number of tertiary institutions some of which are privately owned. In addition Fiji hosts a number of regional academic institutions such as the University of the South Pacific. The combined courses offered by these Fiji-based academic institutions however do not fully meet Fiji's manpower and workforce needs because a good number of specialised study programmes are not available in Fiji. Courses unavailable in Fiji worth mentioning include the engineering degree in its various disciplines (mechanical, automotive, electrical, electronic, road, water and sewerage) architectural degree, veterinary science degree, forestry degree, fisheries degree, forensic science degree, forensic accounting/audit degree, meteorology degree, survey degree and many others.

14.2 This anomaly has resulted in a number of issues that the island nations have been grappling with over time. For instance, for major construction works, overseas engineers and consultants have to be recruited at exorbitant rates for a small economy such as Fiji, or that the overseas construction companies that are engaged bring into the country their own qualified personnel. The demand for specialised professionals such as where registered engineers or architects are needed cannot be met by the graduates of the APTC or similar level academic institutions in the country.

14.3 Given limited budgets the various island governments in the South Pacific face staff retention challenges in as far as overseas qualified

professionals are concerned compounding an already complex situation for our governments.

14.3 A viable option that could be taken into consideration is a review of the Australian Government relatively recent initiative to also channel scholarship awards for in-Fiji courses given the number of Fiji scholarship agencies already operating in Fiji, and not insignificantly, the A\$10.0 million scholarship provision that the APTC currently allocates for Pacific Island students undertaking APTC courses.

15.0 How the Australian Government can, in practical and concrete ways, assist these countries to meet the challenges

15.1 It is submitted that the Australian Government considers either of these two options to help address the dire shortage of skilled and professional workers to service Fiji's manpower and workforce needs:

(i) Australia reviews its in-Fiji scholarship scheme, and other than the awards for the APTC courses, refrains from sponsoring Fiji citizens at local institutions but increase the number of in-Australia scholarships awards per annum; OR

(ii) Australia (and possibly other donor countries, with Australia taking the lead role) increase investment towards the expansion of the local education/training institutions so that they can offer the specialised degree courses some of which are mentioned in this paper.

15.2 Investing in the local education/training institutions will not only address workforce and manpower needs of the Pacific Island governments thereby resolve part of the workplace challenges that the South Pacific islands face, but the study programmes could be packaged to meet with the local environment and its demands potentially addressing staff retention challenges.

15.3 Significantly for Australia the offer of specialised courses at local institutions at cheaper costs would reduce the demand for increased Australian Government sponsorship for in-Australia studies.

15.4 It is accepted that bringing the specialised courses to the local academic institutions will not necessarily stop the exodus of professional and skilled workers from Fiji. There is however the very real potential for flooding the market enabling the economy to realistically frame remuneration packages to manageable levels for instance as was experienced in Fiji when the University of the South Pacific began offering the law degree programme.

15.5 Australia could consult more effectively with the island governments regarding their manpower needs allowing the island Governments to identify the areas of study in line with their respective priority needs for the award of the Australian Government scholarships, mindful of course that the awarding of scholarships to potential Fiji candidates is Australia's prerogative.

16.0 AusAID consultancies

16.1 The Australian Government could consider formulating a policy whereby priority for the offer of consultancies under its AusAID projects in Fiji are awarded to the qualified Fiji residents who would have a better understanding of Fiji's environment and culture potentially providing effective responses towards issues in question.

17.0 Concluding remarks

17.1 This submission seeks the assistance of the Australian Government in providing gainful employment through the guest worker scheme to segments of the Fiji society that now finds it extremely difficult to secure gainful employment in Fiji let alone in the developed world, and requests a review of the form of education and skilling assistance that the Australian Government offers to Fiji.

17.2 Significantly for the purpose of this submission, the Asian Development Bank is reportedly formulating policies and strategies to help the Pacific Island countries meet the challenge of soaring fuel and food prices because the ADB recognises that the high global prices will potentially cut into the real income for the poorer households in the Pacific islands and push to a higher level the number of islanders below the poverty line.

18.0 Recommendation

18.1 Given the foregoing and as is the thrust of this submission, the Australian Government is kindly requested to:

- (i) Consider including Fiji in the pilot scheme for the seasonal or guest worker programme; and
- (ii) Review the decision to sponsor Fiji citizens for in-country courses and increase the number of in-Australia awards per annum; or
- (iii) Increase investment towards the expansion of the local education / training providers so that they are able to offer specialised courses that are in demand in Fiji.



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August 30, 2008

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