



# DEVELOPMENT CO-OPERATION TIPS TOOLS INSIGHTS PRACTICES

## In practice

# ADDRESSING POLICY TRADE-OFFS: NEW ZEALAND'S PACIFIC REGIONAL LABOUR MOBILITY SCHEME

### Key messages

Co-ordinated efforts by multiple New Zealand government agencies help to ensure the Recognised Seasonal Employer (RSE) labour mobility scheme promotes development in Pacific Island partner countries.

### Keywords

Partner countries | Policy coherence | Governance

### Key partner

New Zealand

### Challenge

New Zealand's [Recognised Seasonal Employer \(RSE\) Scheme](#), established in 2007, responds to dual needs: (1) a shortage of seasonal labour in New Zealand's horticulture and viticulture sectors; and (2) greater opportunities for workers in Pacific Island countries to develop skills and earn income. This income is sent back to their families and the wider community. The RSE scheme is generally well regarded in Pacific countries and New Zealand. However, some tensions and challenges risk undermining its full development impact in partner countries. These include:

- **Brain drain and loss of labour.** Many sending communities have small labour pools, so brain drain can have significant impacts or loss of labour. The absence of family members for long periods has been raised as a potential challenge by some sending communities.
- **The high costs of sending remittances** in the Pacific. The costs – among the highest in the world – reduce the economic benefits of these remittances.
- **Limited upskilling.** There is little research to date showing that scheme participation leads to upskilling or more transformative contributions to the private sector in partner countries, other than greater purchasing power.

- **Risks of corruption.** The [relatively high income gained](#) through scheme participation raises the risks of corruption in selecting participants and of a few communities “monopolising” the programme.
- **Ensuring living and pay conditions for workers.** It can be challenging to regulate [conditions for workers](#) in host communities, such as housing quality.
- **Data collection challenges** in the Pacific region, which affect monitoring and the ability to gather evidence to improve policy, while **border restrictions** such as those during the COVID-19 pandemic can also impact the scheme.

## Approach

Addressing these challenges has required:

- **A co-ordinated response:** New Zealand's Ministry of Business, Innovation and Employment (MBIE) administers the RSE scheme, with the involvement of other New Zealand ministries – including Housing and Urban Development, Social Development, Pacific Peoples, and Primary Industries. The Ministry of Foreign Affairs and Trade (MFAT) supports Pacific countries to maximise their participation, and New Zealand High Commissions in partner countries help identify challenges or concerns raised by partner country stakeholders and co-ordinate with sending countries.
- **Building capacity:** Employers in New Zealand (or their representatives) are generally responsible for selecting individual participants, overseen by a labour sending unit in the partner country. MFAT supports Pacific countries to maximise their participation, including by building the capacity of these labour-sending units and offering skills training for workers while in New Zealand.
- **Reducing the cost of sending remittances:** As one of the government's policy coherence priorities, MFAT is working with the Reserve Bank and the Department of Internal Affairs to influence banking services and reduce costs.
- **Supporting economic reintegration through complementary development initiatives:** Together with Australia, MFAT funds economic re-integration initiatives in some countries. For example, VLAB, a start-up in Vanuatu that receives funding from New Zealand, supports returned seasonal workers to complete training and establish or grow a business.
- **Impact research:** The RSE Scheme has been the subject of a range of research and [impact studies](#), which have helped to inform policy. Other research has also been commissioned at the request of Pacific partner countries (e.g. through the [PACER Plus implementation unit](#) funded by Australia and New Zealand).
- **Easing travel:** MFAT worked with New Zealand border agencies and Pacific partners to negotiate and open one-way quarantine-free travel with Samoa, Tonga and Vanuatu during the COVID-19 pandemic. New Zealand also adjusted its border settings to allow Ni-Vanuatu workers to travel on national ID cards when passport delays in Vanuatu created barriers to travel.

## Results

- **Informed public debate:** Government-commissioned impact studies and a range of academic research and public analysis have contributed to more informed public debate and discussion on policy incoherence issues and trade-offs relating to the scheme. This builds awareness, facilitating genuine efforts to address incoherence.
- **Scale and reach:** Adjustments to New Zealand's COVID-19 border settings enabled the employment of more than 11,000 RSE workers in 2021. More than one-tenth of the male working age population in

three of the biggest sending countries ([Tonga, 18%](#); [Samoa 14%](#); and [Vanuatu, 14%](#)) has been engaged in the New Zealand and Australian regional labour mobility schemes.

- **Simplified remittances:** With support from MFAT, one solution is currently being [piloted](#) for transferring remittances and social security contributions more easily. The Seasonal Worker Superannuation Administration Service (SWSAS) works by linking an employer's electronic payroll to the National Provident Funds (NPF) in the Pacific. The online service means that RSE workers can easily and cheaply send remittances or retirement savings home.
- **Improvements in living standards:** across all five countries analysed in the [2019 Impact Study](#), there was consensus that the RSE scheme makes a direct contribution to the economic security of participating households and supports improvements in living standards. However, it should be noted that the selective nature of RSE employment opportunities can also contribute to economic inequalities at the village level, as some families participate repeatedly in the scheme while other households fail to gain access.

### Lessons learnt

- **Identify potential trade-offs from the outset:** In its design, the RSE scheme recognised the need to balance the positive impacts for New Zealand with those for individual Pacific Island countries. This process is on-going, supported by research commissioned by MBIE and MFAT to help identify trade-offs as required.
- **Invest in complementary development actions for real impact:** An enduring challenge of Pacific labour mobility schemes is ensuring that complementary actions support positive development impacts in partner countries. This includes equitable targeting of recruitment, for example for unskilled workers. Investing in strengthening the private sector in partner countries would also help to increase wages, encouraging skilled labour to remain and ensuring benefits of the RSE scheme feed back into the local economy. A policy review of the RSE scheme and redesign of New Zealand's development support for labour mobility in 2023 will be an opportunity to address some of these issues and identify complementary investments to facilitate this.
- **Ensure regional co-ordination and co-operation:** There is a strong need to co-ordinate closely with other regional schemes, namely those of Australia, as the different schemes can have impacts on each other and on partner countries. International and global co-operation are also needed to support banking reform and derisking.

### Further information

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### **OECD resources**

OECD (2023), *OECD Development Co-operation Peer Reviews: New Zealand 2023*, OECD Development Co-operation Peer Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/10883ac5-en>.

OECD (2014), *Recruiting Immigrant Workers: New Zealand 2014*, <https://doi.org/10.1787/9789264215658-en>.

### **To learn more about New Zealand's development co-operation see:**

OECD, "New Zealand", in *Development Co-operation Profiles*, <https://doi.org/10.1787/138471d6-en>.

Find more *In Practice* examples from New Zealand here: <https://www.oecd.org/development-cooperation-learning?submodel=in+practice&tag-key+partner=new+zealand#search>.

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