

A tropical beach scene with turquoise water, white sand, and a blue sky with clouds. The water is clear and shallow, showing the sandy bottom. In the distance, there are palm trees and a small hut on the beach.

TONGA LABOUR MOBILITY SUPPLY MANAGEMENT STRATEGY

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LABOUR MOBILITY SUPPLY MANAGEMENT STRATEGY
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Strategy undertaken for the Kingdom of Tonga

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Disclaimer: The data used in this report have been sourced from reliable sources which are noted in the report. The authors can however accept no liability for any inaccuracies in the data received. It is also important to note that the employment projections in the analysis and strategy which follow are subject to an inherent degree of uncertainty, which has been exacerbated recently by the significant and rapid impact that outbreaks of COVID-19 can have on labour markets.

Glossary

ADB	Asian Development Bank
AEA	Australian Employers Association
ALM	Arrangement on Labour Mobility (An Annex to PACER Plus)
ANZSCO	Australia and New Zealand Standard Classification of Occupations
DEWAR	Australian Department of
DFAT	Department of Foreign Affairs and Trade
CSO	Civil Society Organisation
EU	European Union
GDP	Gross Domestic Product
ICT	Information Communication Technology
ILO	International Labour Organisation
IMF	International Monetary Fund
ISCO	Standard Classification of Occupations
IT	Information Technology
LM	Labour Mobility
MAFF	Ministry of Agriculture, Food and Forestry
MET	Ministry of Education and Training
MFAT	New Zealand Ministry of Foreign Affairs and Trade
MIA	Ministry of Internal Affairs
MoH	Ministry of Health
MTED	Ministry of Trade and Economic Development
NEC	Not Elsewhere Classified
NGO	Non-Government Organisation
PAC	Pacific Access Category (New Zealand)
PALM	Pacific Australia Labour Mobility scheme
PACER	Pacific Agreement on Closer Economic Relations
PIC	Pacific Island Country
PLF	Pacific Labour Facility
PLMA	Pacific Labour Market Analysis
PLS	Pacific Labour Scheme
PPP	Public Private Partnership
PSP	Pacific Skills Partnership
RSE	Recognised Seasonal Employer Scheme (New Zealand)
SET	The Skills and Employment programme for Tongans
SPC	Secretariat of the Pacific Community
SWP	Seasonal Workers Programme
TAFE	Technical and Further Education
TVET	Technical and Vocational Education and Training
UN	United Nations
UNDP	United Nations Development Programme
UNCTAD	UN Conference on Trade and Development
USP	The University of the South Pacific
WB	World Bank

1. Executive Summary

1.1 Background and Benefits of Labour Mobility

Tonga faces significant development challenges due to its relative isolation and lack of economies of scale. Labour mobility provides an important, viable development opportunity to overcome these challenges by enabling the temporary movement of Tongan workers to meet labour shortages in developed countries such as Australia and New Zealand. This temporary movement can generate positive impacts for Tonga's socio-economic development and warrants the need to embed labour mobility as a key component of Tonga's long-term development strategy.

Tonga has participated in the Australian and New Zealand labour mobility schemes since their inception; 2007 for New Zealand's Recognised Seasonal Employer (RSE) scheme, 2012 for Australia's Seasonal Worker Programme (SWP), and 2018 for the Pacific Labour Scheme (PLS). Since then, Tonga has consistently been one of the three main Pacific labour supply countries. Prior to the onset of the COVID-19 pandemic in early 2020, Tonga supplied, on average, around 19% of RSE arrivals each year and Tonga remains the second largest supply country after Vanuatu, for the SWP. Tongan men have predominantly been recruited for seasonal work in Australia and New Zealand, with Tongan women accounting for around 13% of SWP and RSE visa grants in recent years.

Most Tongan communities are engaged in the RSE, SWP and PLS at the individual and household levels.

Tonga's 2021 Census of Population and Housing identified over 25% of Tongan households have remittances from labour mobility workers as their main source of income. A recent World Bank study showed temporary labour mobility remittances from Tongans working on SWP and RSE programmes, was much higher than for any other labour supplying country, with an estimated average of US\$4,108 (\$9,545 TOP) sent per working season per person. These remittances are counter-cyclical and contribute significantly to local household consumption, payment of education and health expenses, church donations and also contribute to savings, investment, and starting up new businesses. However, for all these benefits, Tonga faces a number of labour mobility supply challenges.

1.2 The Labour Supply Challenge

Demand for Pacific and Timor Leste labour is expected to increase significantly over the next five years. Australia's aligned single programme, the Pacific Australia Labour Mobility (PALM) scheme, is expected to increase from its present 35,000 workers to almost 50,000 by 2025-26. This includes demand for short-term seasonal workers, and for longer-term of up to a maximum of four years. For New Zealand, the Government announced in 2022, an expansion of their labour mobility programmes to new sectors including construction and infrastructure, meat and seafood processing, the care workforce and tourism and hospitality.

Given the increasing demand from Australia and New Zealand for Pacific labour, not to mention the potential for other countries in the future to seek Tongan labour, for example, from other PACER Plus members or Japan, **the future labour supply challenge for Tonga is to balance the potentially significant increases in demand for Tongan labour overseas, with the needs of local industry.** This labour supply challenge was correctly identified by the Government of Tonga, with Cabinet commissioning the development of a labour mobility supply management strategy for Tonga.

The research, data analysis, consultations and surveys that inform the Tonga Labour Mobility Supply Management Strategy (TLMSMS), were jointly conducted by labour mobility experts and officials from Tonga, New Zealand and Australia working collectively to ensure an evidence-based approach to our findings. The detailed data analysis is provided in Annexes 1-4.

1.3 Key Findings

Evidence throughout our analysis supports the following key findings:

- **There are a range of skill shortages and labour shortages across the domestic market.** Significant shortages exist for medium to high-skilled professionals particularly for accountants, engineers, IT technicians, secondary and TVET teachers, medical professionals, registered nurses and allied health care workers, scientists, and policy analysts.
- **Only a small number of young entrants are coming into the engineering, education and health occupations,** which is of concern for the future.
- **Skill shortages exist across the trades and construction areas and in specific semi-skilled occupations** such as for solar technicians, chefs, financial service workers and for skilled fishers and agricultural advisors.
- **There is a gradual but increasing shortage of labour in the elementary occupational areas** for example, for labourers, agricultural and fishery workers, cleaners and receptionists.
- **There is a serious lack of qualifications and appropriate skill levels across the work force.** Only one-in-three plumbers and pipe fitters for example, have a post-school qualification. There is therefore a critical need to relook at Tonga's long-term skills development strategy to support sustainable economic development.

Given these shortages, we have undertaken investigations to the degree to which labour mobility schemes were contributing to overall skill shortages in the domestic economy and found the following:

- **From a demographic perspective, and based on 2021 census data, it was found that, there is no absolute shortage of labour at either the national or a range of sub-national levels.**
- **The drain on the domestic labour market due to labour mobility schemes overseas, is minor.** In 2022/23 it is estimated that 21.2% of Tongans aged 20-59 in the labour force will be recruited for labour mobility. With the expansion of labour mobility schemes, this proportion is estimated to increase to 31.5% by 2024/25. **Tonga's labour force is therefore highly unlikely to be heavily depleted by departures for seasonal work and longer-term employment on PALM visas over the next 3-4 years.**
- Given there is sufficient labour for Tongans to continue to benefit from participation in labour mobility schemes, the analysis found that **the priority labour market sectors for Australian and New Zealand labour markets in the future are: the Agriculture/Horticulture sector, the Meat and Seafood Processing sectors, the Construction and Trades sectors, Aged Care and Individual Health Care and to a lesser extent, the Hospitality and Tourism sectors.**
- Given that the drain on the domestic labour market due to labour mobility schemes overseas, has not been as heavy as sometimes perceived, the main causes for a gradual decline in the labour force and relevant work skills are due to a complex of factors including:
 - The impact of **permanent migration** of both males and females out of Tonga
 - **A serious under-skilling of the work force,** with lack of sufficient educational and vocational options
 - **The lack of incentives and conducive work-place conditions** to attract especially younger entrants into the labour force
 - **Selection processes which allow over-skilled Tongans to take low-skilled jobs**
 - A small decline in the Tongan population and therefore labour force due to **lower fertility rates** in recent periods
 - Some anecdotal evidence that there is a **degree of over-dependency on remittances** reducing the incentive for labour to undertake paid work locally.

When all the various causes of shortages are factored in, Tonga will likely face some serious labour supply challenges to meet both overseas and domestic market labour demand in the future, especially if the management of labour supply and skills development is not improved to be more aligned with Tonga's economic development goals that are outlined in Tonga's Strategic Development Framework 2015-25.

1.4 The Need for a Tonga Labour Mobility Supply Management Strategy (TLMSMS)

Tonga needs to be strategically placed to leverage advantage over other labour sending countries and maximise the economic returns of its participation in labour mobility schemes while ensuring the labour supply to local business is not jeopardised. **The implementation of the TLMSMS should in time create a well-balanced labour supply eco-system, leading to greater economic self-reliance for Tonga and a more highly skilled workforce.**

The Strategic vision of the TLMSMS is to develop a well-managed, coordinated labour mobility supply management programme that is equitable, inclusive, can broaden the range of appropriate and aligned skills for both domestic and international supply. This vision aligns with the vision of Tonga’s Labour Mobility Policy (2019/20-2023/24) which is to “provide low-skilled and semi-skilled workers with increased circular [and temporary] migration opportunities for decent work overseas, while enhancing the positive social and economic development of this labour mobility in Tonga; and also supports the Tonga Strategic Development Framework (2015-2025) objective of a dynamic knowledge-based economy and building stronger knowledge and service-based industries (including export of more skilled labour.

The strategy aims to provide the Tongan Government with a framework to:

- Improve the labour mobility institutional framework and labour market intelligence
- Develop a more equitable and well-coordinated labour mobility planning, marketing, and selection process
- Enhance a programme of training and upskilling that compliments the circular nature of labour mobility and supports long-term economic development
- Provide options and conditions for a more attractive domestic labour market; and
- Promote a clear, well-understood and inclusive labour mobility supply management strategy.

The implementation of these strategic objectives is structured under the following six strategic priority areas:

- **Strategic Policy Area 1: Improved Labour Mobility Governance** To develop a more stream-lined, whole of government approach to the management of labour mobility in Tonga
- **Strategic Policy Area 2: Improved Labour Mobility Worker Selection** To improve labour mobility worker selection so as to mitigate risks to private sector development and support poverty alleviation
- **Strategic Policy Area 3: Targeted Reintegration Programme** To leverage return migration for local development through reintegration programmes to facilitate the transfer of human capital, financial capital and social capital for local development
- **Strategic Policy Area 4: Skills Development** To increase domestic skills supply and net skills gain from labour mobility through an integrated skills development framework
- **Strategic Policy Area 5: Private Sector Engagement & Improving Domestic Employment Conditions** To embed the role of both domestic and overseas employers in the labour mobility planning and operational processes, and to enhance local employment conditions in Tonga to attract and maintain labour
- **Strategic Policy Area 6: Data Management & Capacity Building Support for Labour Mobility Supply Data Analysis** To improve Tonga’s labour market intelligence and capacity to monitor and analyse data for policy formulation including labour mobility supply management

1.5 Towards Implementation of the TLMSMS

A TLMSMS Implementation Plan is provided to guide the implementation of the strategic actions and activities under each of the six priority areas in FY2022/2023 – FY2025/26. The Labour Mobility Steering Committee, as the proposed governance body for labour mobility in Tonga, is proposed to administer the implementation of the Plan and to monitor progress. MTED is proposed to lead the implementation through effective coordination with identified implementation agencies and to provide an annual progress update on implementation to the Labour Mobility Steering Committee to assist their role of monitoring the implementation of the Strategy. MTED is also responsible for negotiating the resourcing of this implementation plan with the Tongan government and development partners/programmes.

2. Introduction

2.1 Background and Objectives of the Labour Mobility Supply Management Strategy

Most Pacific Island nations face significant development challenges due to their relative isolation and lack of economies of scale, and Tonga is no exception. Labour mobility provides one of the few viable development opportunities by enabling the temporary movement of Pacific workers to supply labour shortages in developed countries such as Australia and New Zealand. This temporary movement of workers can generate positive impacts on sustainable development of labour sending countries and warrants the need to embed labour mobility as a key component of Tonga's long-term economic development strategy.

Since 2007, Tonga has been one of the main Pacific labour sending countries participating in New Zealand's Recognized Seasonal Employer (RSE) scheme and Australia's Seasonal Worker Programme (SWP) and Pacific Labour Scheme (PLS) (now combined under the Pacific Australia Labour Mobility (PALM) scheme). Before the COVID-19 pandemic, around 4,200 workers were being mobilised from Tonga each year to mainly work in the horticulture/viticulture sector in New Zealand and the horticulture sector and meatworks industries in Australia.

The number of workers recruited for these schemes have increased slowly each year. It is anticipated that as demand for Pacific labour mobility workers from both Australia and New Zealand continues to increase the number of Tongans participating in the RSE and PALM schemes will also increase. Several stakeholder groups in Tonga have raised concerns that this outflow of workers has generated a "brain drain" which has negatively impacted private sector led growth in the country. The Government of Tonga therefore commissioned the development of the Tonga Labour Mobility Supply Management Strategy (TLMSMS) to improve labour mobility supply management into the future.

The two main objectives of the TLMSMS are to:

1. Identify Tonga's priority labour mobility sectors for the next 5 years and establish targets that can guide Tonga's labour mobility supply management.
2. Recommend measures to improve Tonga's labour mobility supply management, including a conducive labour mobility institutional framework and labour market intelligence programme.

While the TLMSMS clearly identifies the priority labour market sectors for Tonga's domestic economy as well as for labour mobility, it does not establish targets. The reasons for this are outlined in Annex 4. It can be noted here that targets or limits are a reasonably common feature of immigration policy, especially regarding numbers of non-residents being approved for specific types of work in countries where local labour is not available or is not prepared to fill job vacancies. However, they are extremely rare when it comes to imposing domestic constraints on numbers of citizens who wish to travel overseas. It is the view of the authors that arbitrary caps on the numbers of Tongans who can participate in the RSE and PALM schemes in any given year, or in any given sector of the labour markets in these countries would not be acceptable to either the Tongan government or to the wider population. The Australian Productivity Commission, for example, using census and skills data to predict *trends* in the Australian workforce but states explicitly that labour market analysis is not an exact science and therefore *refuses to estimate* the actual number of jobs into the future or the setting of targets. This is standard practice among most professional bodies or labour market experts.

That said, there is a need to monitor more closely the impact of labour mobility on Tonga's own economy, especially the availability of skilled as well as unskilled labour. Measures to improve Tonga's labour mobility supply management, other than arbitrary targets, are therefore the focus of attention in this Strategy.

2.2 Data Sources and Consultation

A core task in the development of this Strategy has been to identify skill shortages in the domestic economy and then assess measures to better manage labour supply, in relation to labour mobility schemes overseas. The terms of reference for the TLMSMS required making use of existing data and reports wherever possible, collecting new data relevant to identifying the national skills profile by occupation, qualifications and

employment outcomes, as well as extensive analysis of data obtained in Tonga's 2021 Population and Housing Census.

This strategy has focused on the most current occupational, skills and demographic data using the 2021 Tonga Census as well as some of the previous data from the 2016 Tonga Census, but also by analysing a range of formal reports and additional data. Key informant interviews with Government employees, business owners, training providers and development partners were conducted during intensive consultations in Tonga and online meetings throughout November and December 2022.

It is important to stress again from the outset, that labour market forecasting is not an exact science. Much of the information concerning skill profiles, educational qualifications or labour market opportunities relies on the accuracy of government data, along with employer and development partner information provided. External issues, including the withdrawal of development partner funding or business failures can undermine the accuracy of our analysis and findings. Labour market information that was sought but was not able to be provided in time for this 2022 study included disaggregated remittance data and the list of occupations of foreign workers. However, some information regarding trends with foreign workers has been provided through one-on-one interviews. The Tonga Statistics Department was particularly helpful throughout the strategy development.

While a lack of information or an absence of data in a few areas has limited some areas of the analysis, a comprehensive range of employer consultations together with the available data have allowed for a reliable assessment of current trends as well as skill shortages in Tonga 's labour market and their relationship to future labour mobility supply issues and management.

2.3 Brief Outline of the TLMSMS

The next section sets the scene for the further analysis of labour mobility supply issues, updating on the status of labour mobility schemes in Australia and New Zealand and summarising the key challenge facing Tongan policy makers.

Section 4 then provides details of Tonga's national skills profile and occupational shortages, demographic trends of relevance to labour mobility schemes, an updated summary of current Tongan participation in Australian and New Zealand labour mobility schemes, before summarising major implications of the analysis and trends in terms of implications for Tonga's priority labour mobility supply areas and overall future labour mobility supply management issues.

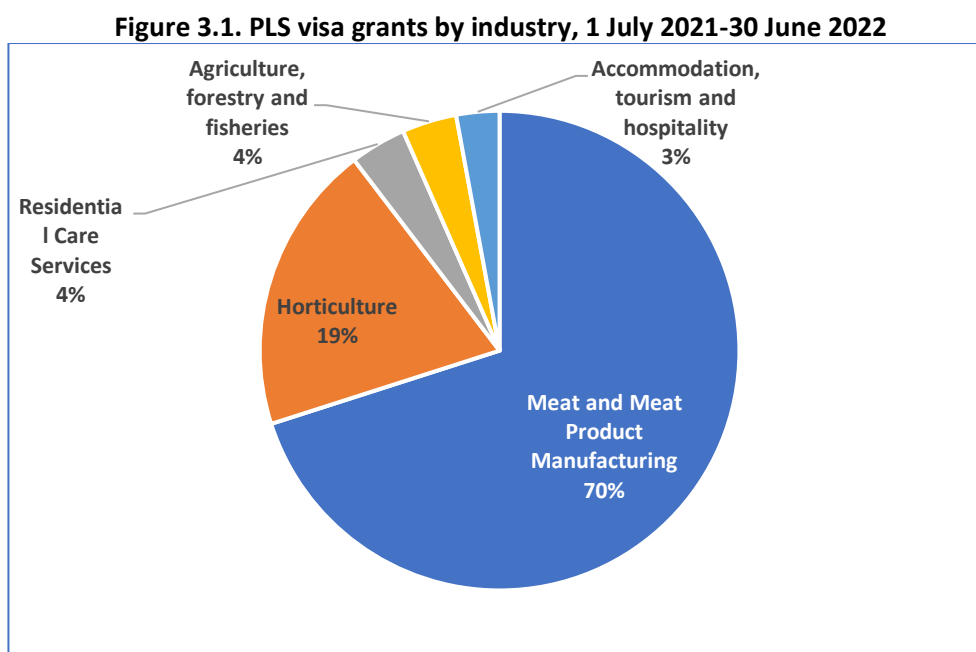
Section 5 provides the rationale, vision, objectives, and guiding principles for the TLMSMS, while section 6 is the more detailed strategy spanning six distinct strategic policy areas, their specific objectives, and strategic actions. Section 7 then provides the implementation plan for the Strategy, outlining the detailed activities, responsible implementation agencies and proposed timelines.

3. The Contemporary Labour Mobility Context for Tonga

3.1 Background and the Expansion of Labour Mobility Schemes

Tonga has a long history of involvement in labour mobility schemes, dating back to the 1970s in New Zealand’s case. Tonga has been actively engaged in New Zealand and Australia’s current Pacific-focused temporary labour schemes since their inception. New Zealand’s Recognised Seasonal Employer (RSE) scheme, introduced in 2007, and Australia’s Seasonal Worker Programme (SWP), implemented in 2012, allow workers from eligible Pacific Island countries to enter each year for short-term, seasonal work, mainly in horticulture.¹ Both schemes have the dual objectives of supporting the seasonal labour needs of their domestic horticulture industries, and contributing to the economic development of participating countries through workers’ earnings and remittances.

In Australia longer-term visas are also available under the Pacific Labour Scheme (PLS), and now under the PALM scheme. Established in 2018, the PLS allows people from Pacific Island countries and Timor-Leste to work in low and semi-skilled jobs in rural and regional Australia, initially for up to three years (extended to four years in 2022). The PLS is open to all sectors that can demonstrate genuine labour demand in rural and regional Australia but focuses on placing workers in sectors with projected employment growth in Australia and which match Pacific skill sets. At present, the dominant sectors for the PLS are meat processing and horticulture as shown in Figure 3.1.



In April 2022 Australia’s two Pacific labour mobility schemes – the SWP and the PLS – were aligned into a single programme, rebranded the Pacific Labour Mobility (PALM) scheme. The consolidated programme streamlines a range of SWP and PLS administrative processes and brings them under a single Employer Deed of Agreement and set of employer guidelines outlining programme arrangements and employers’ obligations. A single PALM scheme visa stream has been introduced, enabling employers to recruit workers for short-term seasonal roles, or for longer-term, established positions. PLS visa validity has been extended

¹ Eligible Pacific countries are Fiji, Kiribati, Nauru, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Timor-Leste is also eligible for the SWP. In New Zealand, seasonal jobs are restricted to the horticulture and viticulture sectors. In Australia, SWP workers can be employed in agriculture (including cane, cotton and pastoral work), horticulture, aquaculture, and in seasonal jobs in the accommodation sector in selected locations. The majority of workers are employed in horticulture. Source: Pacific Labour Facility unpublished data 2022

to a maximum of four years and employers can nominate workers employed in short-term seasonal roles to transition onshore onto the longer-term four-year visa.²

Further reforms to the PALM scheme are scheduled for 2023. These include introducing family accompaniment under the longer-term PALM-PLS stream thus allowing workers on the four-year visa to bring partners and children to Australia. This represents a significant shift in Australia's Pacific labour mobility programmes and is designed to boost further participation in the PALM-PLS and address earlier concerns regarding family separation under the multi-year PLS programme.³

New Zealand: Accredited Employer Work Visa (AEWV)

In August 2022, the New Zealand Government, under their Immigration Rebalance,⁴ announced several sector agreements that enable employers to access lower-paid migrant workers. The sector agreements allow limited exceptions to the median wage requirements for hiring migrants on an Accredited Employment Work Visa (AEWV) – a newly established visa pathway for skilled migrants which replaces six former work visas with a streamlined single visa process. The AEWV, introduced in mid-2022, allows accredited employers to hire skilled migrant workers in areas where genuine skill or labour shortages exist.

The sector agreements⁵ cover:

- the care workforce
- construction and infrastructure
- meat processing
- seafood, including onshore processing and sea-based fishing crew, and
- seasonal snow and adventure tourism

All sectors (except seasonal snow and adventure tourism) will likely have a Pacific focus. Of particular relevance to Tonga, meat processing and onshore seafood processing have been identified as the first sector agreements to be implemented with a Pacific preference. Both sectors are seasonal in nature and can have RSE-type arrangements in place for the recruitment and oversight of workers. The meat processing sector agreement, in place for two years and capped at 320 places per year, will be replaced by a Pacific programme from 2024. Similarly, the seafood onshore processing agreement, also in place for two years and capped at 600 places per annum, will be replaced by a Pacific programme from 2024. The care workforce, construction and infrastructure agreements are uncapped in terms of migrant numbers. As yet, no specific details are available on whether and how a Pacific preference might be implemented for these two sectors. Nonetheless, significantly more detail on both New Zealand and the Australian labour mobility schemes and emerging visa pathways can be found in Annex 4 to the TLMSMS.

3.2 The Potential Labour Supply Challenge for Tonga

Along with the anticipated increase in demand for Pacific labour in Australia and New Zealand, there have been other significant factors influencing Tonga's labour mobility and labour market context in recent years.

- The impact of Hunga Tonga-Hunga Ha'apai eruption and tsunami in January 15, 2022 damaged local infrastructure, affected local business and community livelihood.
- The impact of COVID-19 and border closures in Tonga, New Zealand and Australia at various times, affected the ability of Tongan workers to return home or depart on new labour mobility contracts, resulting in some workers reviewing their desire to participate in such schemes, while others sought longer-term visas and increased work overseas to better utilize their time away.

² [Shttps://www.palmscheme.gov.au/sites/default/files/2021-11/PALM%20scheme%20fact%20sheet%20211123.pdf](https://www.palmscheme.gov.au/sites/default/files/2021-11/PALM%20scheme%20fact%20sheet%20211123.pdf)

³ See for instance Hill E., Withers, M. and R. Jayasuriya (2018). The Pacific Labour Scheme and transnational family life: Policy brief. https://www.arts.unsw.edu.au/sites/default/files/documents/PLS_Policy_Brief_FINAL_June_2018.pdf; and Howes, S. (2018). The Pacific Labour Scheme: No families allowed? *Devpolicy Blog*, 23 February 2018. <https://devpolicy.org/pacific-labour-scheme-no-families-allowed-20180223/>.

⁴ <https://www.beehive.govt.nz/sites/default/files/2022-05/Rebalancing%20New%20Zealand%20Immigration%20System%20%28002%29.pdf>

⁵ <https://www.immigration.govt.nz/documents/employer-resources/sector-agreements-factsheet>

- The signing of PACER Plus, a landmark regional trade and development agreement with potential implications for increasing the movement of Tongan labour of all skill levels across the region as facilitated by the Arrangement on Labour Mobility (ALM).
- The announcement by Australia of the Pacific Australia Labour Mobility Scheme (PALM), which amongst other things, now offers 3 and possibly up to 4-year work visas for Tongans with the possibility of family accompaniment.
- The introduction in New Zealand of the Accredited Employer Work Visa and the development of new sector agreements with implications for increased demand for Tongan workers.

Events such as these are altering the labour mobility landscape and will place increased pressure on the capacity of Tonga to supply labour to overseas markets while meeting the labour demands domestically. This will challenge the Tongan Government to carefully consider balancing the benefits of an increased supply of Tongans working overseas on labour mobility schemes, with the potential risks of shortages in the supply of labour for the domestic economy.

From a positive perspective, however, there are very significant economic development benefits from remittances. The country's primary source of overseas income is remittances from Tongans working abroad, particularly in New Zealand, the USA and Australia. Money sent from Tongans working overseas increased from US \$102 million to \$142 million between 2014 and 2021, according to the World Bank. Other recent studies undertaken by the World Bank clearly demonstrate the financial and investment contribution of remittances from labour mobility back into the economy. Studies undertaken by the Tongan Government through MTED, show that remittances from temporary labour mobility schemes are used predominantly for local consumption, the payment of education and health expenses and church donations, but also importantly for savings, investment, purchasing land/farming/fishing inputs and starting a new business. These remittances therefore boost consumption locally, which is good for business, but also to a significant degree, investment back into the Tongan economy. Tonga can also benefit from workers gaining work experience and a degree of upskilling, depending on the type of job and training provided overseas.

The main risks associated with labour mobility schemes involve potentially negative impacts on family back at home and related social issues, in some cases, poor treatment of workers overseas and the occasional problem of absconders, youth dependency on quick money and, of increasing significance, the impact on skill shortages in the local economy. There are some strategies in place and discussions being held to try and address a number of the social issues and it is vital that this work continues.

Many domestic employers consulted expressed concerns that labour and skill shortages were currently affecting their businesses to some degree. Some were also concerned that a significant number of Tongans will take up increased labour mobility opportunities in the future, resulting in a much higher proportion of the Tongan labour force working overseas. The key challenge facing the government therefore concerns Tonga's capacity in the future to meet the expansion of demand for labour overseas in Australia and New Zealand, whilst providing an appropriately skilled labour force to meet the demands of the local labour market.

Through a consultative and evidence-based analysis of the current labour market, analysis of shifts in population and demographic trends, as well as through close examination of current Tongan participation in labour mobility schemes overseas, this strategy puts forward strategic measures to assist Tonga in the future management of labour supply. The aim is to ensure that labour mobility supply is managed well and in such a way as not to further exacerbate domestic skill shortages.

4. Trends in the Tongan Labour Market & Labour Mobility Participation Rates

This section summarizes current trends and supply shortages in the Tongan labour market, as well as the main trends in Tonga's demography and labour mobility participation rates, in order to determine the implications of these trends on future labour mobility supply management. The detailed labour market analysis is provided in Annex 1 – 4.

4.1 Domestic Labour Market Trends and Analysis

4.1.1 Skill Shortages and Lack of Qualified Workers

Tongan authorities are augmenting reconstruction and restoration efforts, with support from the international community. Real GDP is therefore projected to contract by 1.9% in FY 2022 (July 2021–June 2022), before rebounding by 3.2% in FY2023 with the reopening of international borders. This sends a cautious but positive signal to the Tongan economy and domestic employers that moderate growth is expected into the future which will result in increased demand for labour and skills locally.

Analysis of demographic and labour market data identified that the Tongan labour market is both complex and under-developed, in the sense that there is a lack of skilled and qualified workers able to meet an expanding local and international demand for skilled labour. Key findings relevant to labour management supply issues, are as follows:

1. **High Skilled Shortages:** There are significant shortages of skilled managers, professionals and associate professionals particularly in the sectors of IT, Health, Environmental and Energy occupations, and in Public Policy.
2. **Strong Demand for Higher Qualifications:** Further to this, over half of the jobs advertised in 2022 were in the managerial, professional and associate professional areas requiring at least Bachelor's degrees or, in a number of cases, higher post-graduate qualifications for example in Law, Business, IT, Accounting, Economics, Commerce, Marketing as well as in Engineering and Science. Postgraduate qualifications were also often required for some technicians and associate professionals and for a few positions in skilled agriculture and fisheries.
3. **Shortage of Qualified Engineers, Teachers and Nurses:** There is also further evidence of shortages of qualified engineers, specialist and qualified nurses, as well as qualified teachers at the secondary school level and for educational support staff in both primary and secondary schools. It should be noted that there is only a small number of young entrants coming into these occupations.
4. **Trades and Maintenance Skill Shortages:** With respect to occupations in the trades and related areas, there are distinct shortages in a range of areas including for skilled air-conditioning mechanics and refrigeration mechanics, electricians generally, plumbers, riggers, sheet metal workers, building maintenance and repair, industrial and agricultural machinery repairers, and roofers. These shortages are affecting building and construction activities, the rebuilding of damaged infrastructure for recent natural disasters and the maintenance of key power and energy facilities.
5. **Shortages of Chefs, Cooks, Retail and Service Workers:** There are shortages evidenced by a number of non-Tongan residents working in these jobs – as was demonstrated in the census analysis, 8% of chefs are non-Tongan, and 12.5% of non-residents work in sales and services. Again, there is a need to maintain or if possible, increase TVET programmes to address the lack of qualifications for skilled young people in these occupations. It should be noted though that in most cases, sales and services workers may only require skills learned on the job.
6. **Lack of Qualified Technicians, Trades and Clerical Workers:** For many skilled based occupations where a post-school qualification could be expected, a significant proportion of job holders do not have one. For example, chefs are an occupation in demand but only one in three aged 25-60 years have a post-school qualification. Only just over one-in-three plumbers & pipe fitters have a post-school qualification. Similarly, only three in ten cooks and vehicle mechanics respectively have a post-school qualification.

7. Core work skills and ICT skills and qualified labour are also needed across all sectors of employment.

(See Annex 3 section 3.7 which details core work skills required)

From the consultations and survey conducted, private sector businesses are of the view that semi and high skilled workers required in the domestic labour force should either be discouraged or not be eligible for working temporarily overseas in low skilled jobs, such as fruit picking and meat processing. There was a preference however to allow semi-skilled workers who are seeking to participate in labour mobility to participate in the longer-term schemes but in related occupations where their skills can be accumulated and transferred upon return for local development. With regards to agriculture, there is a mutual demand for agricultural and fisheries workers, labourers and semi-skilled, in the domestic and international market. Tonga is losing mainly young men overseas on the temporary labour mobility schemes, causing some shortages in basic agricultural labour and a lack of seamen for crews, and these factors are affecting local industry. However, the shortage may not be due solely to labour mobility schemes but for a range of other reasons.

4.2 Demographic Trends in Tonga

The obvious shortages in the above listed occupations suggests a need to examine more carefully if there is an overall shortage of labour due to Tonga's demography.

Population Trends

The Kingdom of Tonga's largest de facto census population was recorded on 30 November 2011 (103,252) but it is clear from our analysis of census data that population growth has been slowing for over 40 years. Since the mid-1970s Tonga's population, and hence its domestic labour supply, has been affected by two major demographic developments: international permanent migration, especially to three countries on the Pacific rim (Australia, New Zealand and the United States of America) and, from the mid-1990s, gradually declining fertility. Population projections, reported in the 2016 Census Analytical Report "suggest a continuation of the overall population decrease first experienced in the 2011 to 2016 period, as the lower fertility in recent periods is sustained and births are offset by the projected out migration losses among both males and females".⁶

Labour Force Trends

Growth in the total population aged 15 and over between 2006 and 2021 has been small (2,221 or 3.5%) and, in the case of males, there was actually a decline in numbers (-907 or -2.9%). Between 23% and 28% of the populations of the village groups were in the younger labour force age group (25.8% for the national population). In the case of the older labour force age group (40-59 years) the percentages ranged between 18 and 20 with a national share of 18.7%. When these two prime labour force age groups are combined, between 42% and 47% of the village group populations were accounted for in 2021. **There is little evidence of significant shortages of labour from these percentages for the two main age groups in Tonga's workforce in 2021.** There is however, more variability in the share in the age group that is most affected by overseas labour mobility (20-39 years) in the smaller village size categories than in the larger ones. This means that in some particular smaller villages there may be temporary shortages of labour due to migration of labour mobility schemes, but as stated above, the overall labour force for Tonga has not changed much in recent years.

Unpublished census data on Tonga's labour force provided by the Acting Government Statistician indicates that 30,444 (47%) of the 64,571 people aged 15 and over who were given a current activity on 30 November were classified as 'working' or actively seeking work outside of the household⁷. The equivalent percentages for the 20-39 (14,194) and 40-59 (11,803) year olds were 59.9 and 63.5 respectively. There is a heavy

⁶ Tonga Statistics Department (2019) *Tonga 2016 Census of Population and Housing: Volume 2 Analytical Report*, Government of the Kingdom of Tonga, p. 57.

⁷ Excluded from the 'working' population are 20,695 people whose current activity was classified as 'household duties', 10,782 people who were studying, 1,630 people classified as retired or too old to work, and 1,014 people with a long-term illness, injury or disability.

concentration of those in the different ‘working’ categories in the age group 20-59 years, including those actively looking for work (79.6%). Data and detailed analysis of the current Tonga labour force is provided in Annex 3.

From a purely demographic perspective, based on evidence presented here and in Annexes 1 and 4, it should be noted that in 2022 there is no absolute shortage of labour at either the national or sub-national levels.

4.3 Updated Tongan Labour Mobility Participation Trends

Evidence that participation in overseas labour mobility is a reality for village-residents throughout Tonga is readily available in the 2021 census. Just over a fifth (4,085 or 21.7%) of the 18,847 private households in Tonga in 2021 had members who had been participants in one or more labour mobility schemes. One key finding relating to participation in the labour mobility schemes is that there are very few communities in Tonga where there is or has been no engagement with the RSE, SWP and PLS at the individual and household levels. Despite this, the incidence of participation at the household (21.7%) and individual (5.0% of those aged 20-59 years) levels is quite low in terms of the populations at risk to engaging with the schemes. The population at risk to recruitment for the RSE, SWP and PLS is essentially restricted to the age range 18-59 years based on the minimum ages for the schemes.

Relevant labour force recruitment projections, 2021

The analysis focused on Tongan men and women aged 20-59 years as the population most at risk of recruitment under the three schemes.⁸ Data on actual annual recruitment for the RSE, SWP and PLS between 2018-19 and 2021-22, as well as estimates of possible annual recruitment between 2022-23 and 2024-25 are provided in Table 4.1.

Table 4.1: Tongans in labour migration schemes, 2018-19 to 2023-24⁹

LM scheme	Actual				Projected		
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Recruits							
RSE	2023	1807	0	957	1900	2100	2300
SWP	3738	2284	2076	2032	2100	2200	2400
PLS	0	67	125	687	1500	2500	3500
Total	5761	4158	2201	3676	5500	6800	8200
Percentages							
RSE	35.1	43.5	0.0	26.0	34.5	30.9	28.0
SWP	64.9	54.9	94.3	55.3	38.2	32.4	29.3
PLS	0.0	1.6	5.7	18.7	27.3	36.8	42.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

While the cap for numbers that can be recruited for the RSE scheme has been lifted for the 2022-23 and subsequent seasons (up from 16,000 in 2021-22 to 19,000 for 2022-23), and there are ambitious targets for recruitment for Australia’s PALM scheme (35,000 in total for 2022-23), it is estimated that recruitment of Tongans is unlikely to exceed 5,500 by June 2023. The important point to keep in mind about the PALM longer term visas is that the numbers recruited each year are potentially withdrawn from Tonga’s domestic labour force for three or up to four years. This is quite different in the case of Tongans on seasonal work visas

⁸ Some information on the ages of RSE workers are available in broad age groups in the visa approval data. There are no data available to us on the ages of SWP and PLS workers. In 2019/20 RSE visas for 204 Tongans aged under 20 years were approved – 8.4% of the total RSE visa approvals for Tongans (2,433). There were no RSE visa approvals for Tongans aged 60 and over in 2020/21. Note that 1,807 Tongan RSE workers arrived in 2019/20, not 2,433 Tongans. The border closed on 19 March before all Tongans with approved visas could arrive, and the visa approval data always contains higher numbers than the actual RSE worker arrival numbers in a given financial year.

⁹ Data sources: The figures on actual recruitment come from data available from MBIE (New Zealand) and DEWR (Australia). The figures for projected recruitment are the authors’ estimates based on discussions with stakeholders.

for the RSE and SWP who are required to return home after a maximum of 7 (RSE) or 9 (SWP) months overseas and usually have between 3 and 5 months back in Tonga before some of them re-recruit for a further season in Australia or New Zealand.¹⁰

Will Tonga's labour force be heavily depleted by labour migration through to 2024-25?

In Table 4.2, a crude assessment is provided of the impact of the levels of recruitment, on the various labour force totals obtained from the 2021 Census. A gender breakdown of the number of recruits is provided based on the assumption that men comprise 80% of the recruits each year.

Table 4.2: Impact of annual recruitment of Tongans on the labour force aged 20-59 years

Labour force group	Actual				Projected		
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Recruits							
All Tongans	5,761	4,158	2,201	3,676	5,500	6,800	8,200
Tongan men (80%)	4,609	3,326	1,761	2,941	4,400	5,440	6,560
Tongan women (20%)	1,152	832	440	735	1,100	1,360	1,640
Recruits as % labour force							
All Tongans 20-59	12.9	9.3	4.9	8.2	12.3	15.2	18.4
Tongans working 20-59	22.2	16.0	8.5	14.1	21.2	26.2	31.5
All men 20-59	22.4	16.1	8.5	14.3	21.4	26.4	31.8
Men working 20-59	25.0	18.1	9.6	16.0	23.9	29.6	35.7
All women 20-59	4.8	3.5	1.8	3.1	4.6	5.7	6.8
Women working 20-59	9.6	6.9	3.7	6.1	9.2	11.3	13.7

The percentages of the relevant labour force that are projected to be engaged in labour mobility during 2022-23 are very similar to the percentages for the 2018-19 financial year, the last full year before recruiting was disrupted by the pandemic in March 2020: 12.3% of all Tongans aged 20-59 years; 21.4% of Tongan men and 4.6% of Tongan women in this age group. If the labour force is restricted to those who were working in the economy at the time of the 2021 Census, then the percentage of Tongans aged 20-59 years who might be absent in the three schemes rises to 21.2% compared with 22.2% of the same labour force in 2018-19.

The shares of the labour force who might be recruited for the RSE, SWP and PLS in 2024-25 reach 18.4% of all Tongans aged 20-59 years (31.8% of males and 6.8% of females). If the labour force is restricted to the working population aged 20-59 years, the relevant percentages recruited in that year for work in Australia and New Zealand rise to 31.5% (all Tongans), 35.7% (men) and 13.7% (women) (Table 4.4).

Major Findings

A key finding therefore, is that Tonga's labour force is not going to be heavily depleted by departures for seasonal work and longer-term employment over the next 3-5 years. Participation in labour mobility schemes comprises a small part of Tongan population movement overseas. In New Zealand's case, RSE visa approvals comprised only 10.7% of all of the visas approved for Tongans during the decade between 1 July 2011 and 30 June 2021. **There are other temporary migration flows that are having a much greater impact on Tonga's domestic labour supply than the seasonal migration flows.**

Notwithstanding Tonga's heavy engagement with the seasonal work schemes since 2007, and a rapidly growing engagement with the PALM, Tonga's population aged 20-59 years in 2021 (44,579) was virtually the same as it was in 2006 (44,371), before the schemes began. And this is despite other forms of temporary as well as long-term residential migration during the past 15 years. **Tonga is not running out of labour.** That

¹⁰ Under the PALM scheme, provision is being made for SWP workers to transition to longer-term PLS visas on-shore without having to return to Tonga at the end of their seasonal work visa. This change will essentially make SWP recruits eligible for longer-term visas as long as they can find an employer who wants them to stay on longer than 9 months in Australia.

said, however, the potential expansion of employment on PALM visas, and the opportunity of transitioning to four-year temporary work visas, could pose some challenges to retaining the small supply of skilled and semi-skilled labour in some sectors of Tonga's economy.

4.4 Implications for Tonga's Priority Labour Mobility Sectors

Given the expansion of some labour mobility programmes and increasing demand for labour in both New Zealand and Australia, the key areas of supply opportunity for Pacific Islanders are as follows:

- **Australia:** Agriculture, horticulture, meat processing (which could include the PLS-TSS pathway which may allow a transition to permanent residence), allied health/aged care/disability care, increasingly in the trades/construction and the accommodation/hospitality areas;
- **New Zealand:** Horticulture and viticulture, and potentially meat processing from 2023/24 and then probably aged and health care; construction and trades; seafood process workers and fishing crews

From our analysis, the following factors are also evident in terms of future Australian and New Zealand skill shortages and labour market opportunities:

- There will be an ongoing and expanding need for basic and entry level labour for work in fisheries, agriculture and horticulture, meat processing and in the hospitality area for kitchen hands and cleaners.
- Significant job shortages will be for people with level 3 skills: trade workers, technicians (carpenters and joiners, mechanics, metal fabricators) and hospitality workers particularly for cooks and chefs.
- The demand for workers in the community services and health care, particularly for individual, disability and aged care services, is likely to increase significantly in both Australia and New Zealand.
- The increase in demand in community health services and hospitality will result in stronger representation of women in labour mobility opportunities into Australia and New Zealand, given the strong participation of women in these service occupations.
- Certificate III courses in Hospitality and Aged Care will become increasingly important as will the maintenance of key trades courses for the built environment and expected job growth across the region.

Tonga's Priorities

Given these trends in the Australian and New Zealand labour markets and employer demand to date, along with the availability of labour in Tonga including domestic labour supply constraints, it is suggested that the following areas should be considered for prioritisation into the future:

1. **Horticulture and agricultural labour** – should remain the priority sectors given there is sufficient labour as shown by the demographic analysis of this section. At this stage **only 14.1% of the labour force are engaged on labour mobility schemes overseas**
2. **Meat and seafood processing** – given the potential labour supply and likelihood of increased demand for meat and seafood processing workers in both Australia and New Zealand
3. **Construction and trades workers** – based on an increase in training/upskilling of Tongans and so long as the supply is carefully monitored to ensure the local market is supported.
4. **Aged and individual care workers** – also based on an increase in training and upskilling of Tongan nurses and aged/individual care workers into the future whilst labour supply to the local domestic market is carefully monitored to ensure the local market is being supported.
5. **The Tourism and Hospitality sector** – consideration should be given to a modest provision of Tongan labour for this sector, where possible through integrated traineeship and apprenticeship programmes developed between local employers and Australian and New Zealand employers.

In sum, these are the labour mobility supply sectors that should be prioritised by Tonga pending the capacity to match the skills and experience required for skilled positions overseas. Annex 6.2 contains a summary of the relevant skills, qualifications and experience required overseas in relation to the required Australian and New Zealand Skills Classification system, ANZSCO.

A key overall finding of the analysis is that the priority sector for Tongan labour is primarily in short and long-term horticultural roles and in meat (and seafood) processing. It is very likely that demand for Tongan workers in these sectors will continue in the foreseeable future. In addition, Australia is looking to expand opportunities in aged care as a priority sector, as well as construction. New Zealand is also opening up opportunities for Pacific labour in aged care and construction, although numbers are likely to be relatively small in the short-term. As such, it is recommended for Tonga to:

- **Continue to prioritise the supply of labour for horticulture and meat processing.** If Tonga wishes its citizens to engage more in future opportunities in aged care and construction, or in hospitality and tourism, these will predominantly be skilled roles that require further training of the workforce and relevant qualifications.
- **Take full advantage of the benefits of international job opportunities in skills-based occupations with post-school qualifications. Further training and qualifications based on competencies recognised in Australia and New Zealand will be essential** (see Annex 6.2). Major impediments, not just for Tonga but for all Pacific Island nations in accessing international labour mobility opportunities, are the level and quality of qualifications held, and the qualification standards required by the destination countries. It is suggested that upskilling of the workforce and training of Tongans in the areas of agriculture including fisheries, construction and trades, in aged care and, to some extent, in hospitality and tourism, will provide increased access to international employment opportunities as well as access to jobs in Tonga.
- **Invest in a skills development strategy to support long-term economic development.** For the Tongan Government, the numbers that can be sent offshore in these roles will largely depend on the numbers that can be trained through Tonga's training institutes and university to attain the relevant qualifications recognised in the destination countries, while also addressing skill shortages in Tonga's domestic labour market in these areas.
- **Develop labour market intelligence to facilitate implementation of the Strategy:** The complex task of monitoring training, upskilling and qualifications, assessing trends in the domestic market, along with demographic issues, migration trends and trends in labour mobility scheme participation, requires a sophisticated labour market intelligence to support the implementation of this strategy.

5. Tonga Labour Mobility Supply Management Strategy (TLMSMS)

The overarching theme of the TLMSMS is to enhance the role of labour mobility, not just in the short-term supply of employment opportunities for Tongans, but also as an embedded component of Tonga's long-term economic development strategy. This is based not only on the increased potential of labour mobility to inject additional finance and investment into the economy, but also on its ability to upskill workers for reintegration into the domestic workforce. This requires a well-managed, transparent and consultative labour mobility supply management strategy.

5.1 Strategy Rationale

The rationale for the TLMSMS is to better align Tonga's future engagement in labour mobility schemes with the skills requirements of the domestic labour market, to help ensure that domestic economic growth is not unduly compromised by Tonga's participation in labour mobility.

The TLMSMS provides a comprehensive picture of current labour supply and demand and facilitates the identification of priority labour mobility sectors for Tonga over the next 5 years. Tonga risks serious labour market distortions such as mismatches between skills training and industry demand, significant skills shortages particularly at highly skilled and semi-skilled levels, and the prevalence of local conditions that lack incentives for returning workers to contribute to the local economy. The TLMSMS seeks to address these risks by providing strategic measures that would assist the strategic management of Tonga's labour supply in the longer term.

5.2 Strategy Vision

Labour mobility schemes are well known and relatively popular among the Tongan community and can provide an important source of training, work experience and income not otherwise available especially for younger people. The challenge is to enhance the economic development of labour mobility for the wider community whilst not undermining the supply of labour required domestically.

The TLMSMS therefore envisions the development of a well-managed, coordinated labour mobility supply management programme that is equitable, inclusive, can broaden the range of appropriate and aligned skills for both domestic and international supply, and supports the development of a skilled and flexible labour force for Tonga into the future.

The strategic vision of TLMSMS aligns with the vision of Tonga's Labour Mobility Policy (2019/20-2023/24) which is to "provide low-skilled and semi-skilled workers with increased circular [and temporary] migration opportunities for decent work overseas, while enhancing the positive social and economic development of this labour mobility in Tonga. The TLMSMS also enhances progress towards Tonga's Strategic Development Framework (2015-2025) National Outcome A, in support of a dynamic knowledge-based economy including its stated aim of "building stronger knowledge and service-based industries (including export of more skilled labour), given the limits to the development of primary and secondary industries possible in Tonga."

5.3 Strategy Objectives

The TLMSMS seeks to provide the Tongan Government with a framework to:

- Improve the labour mobility institutional framework and labour market intelligence
- Develop a more equitable and well-coordinated labour mobility planning, marketing and selection process
- Enhance a programme of training and upskilling that compliments the circular nature of labour mobility
- Provide options and conditions for a more attractive domestic labour market
- Promote a clear, well-understood and inclusive labour mobility supply management strategy

5.4 Guiding Principles

The Pacific Labour Mobility Annual Meeting (PLMAM) in November 2022 noted and endorsed the next generation approach to labour mobility, which seeks to enshrine principles that can guide regional action: labour mobility aligned to Pacific development priorities; circular opportunities supported by effective reintegration; emphasis on skills and training; the centrality of worker health and well-being; mitigating negative impacts on communities; and oversight through collective regional responsibility.

The TLSMS firmly supports these principles. In addition, the main guiding principles for the TLMSMS are as follows:

1. **Contribute to economic development:** Contribute to overall sustainable and knowledge-based economic growth of Tonga through remittances, upskilling and investment back into the economy.
2. **Increased coordination and monitoring:** Tonga has been a major participant in labour mobility schemes targeting Pacific workers for unskilled and semi-skilled work in Australia and New Zealand. Tonga can continue to be an important player in labour mobility schemes but there is a need for greater co-ordination and monitoring of Tongan participation, based on up to date evidence.
3. **Whole of Government approach:** The TLMSMS adopts a whole of government approach by recommending different ministries, agencies, organizations, and relevant stakeholders to work in sync to provide a solution to the challenges facing labour supply shortages and related issues.
4. **A pro-poor approach to labour mobility:** Tonga's 2021 Census has produced valuable evidence of the engagement of households and individuals in over 90% of Tonga's villages in these labour mobility schemes. Knowledge about the seasonal work schemes is widespread. There are opportunities for the use of this data to examine more closely the extent to which participation is reaching the poorest households in the villages and thus meeting an objective of delivering pro-poor labour mobility outcomes.
5. **Differentiate between short and longer-term LM Schemes:** It would be useful to treat short-term and longer-term temporary work visas as distinctive types of labour mobility when it comes to assessing their impacts on the domestic labour market. They have different skill needs and provide different opportunities for participation of family members in temporary residence in Australia. They also provide quite different opportunities for local training institutions to grow their skills enhancement programmes to meet labour market demand both locally as well as overseas.
6. **Circulation of labour:** The circular migration of workers for labour, can provide a pathway for Tongans, particularly low-skilled and semi-skilled workers, to access employment opportunities overseas and to earn incomes that can support the sustainable livelihoods of their families back home. The remittances and skills acquired from labour mobility can also contribute substantially to both economic and community development.
7. **Youth engagement:** Provide work and skill development opportunities for young people that may not otherwise be available locally.
8. **Equitable distribution of labour mobility opportunities:** Provide for a reasonably equitable distribution of gender-inclusive labour mobility opportunities particularly to rural areas and outer islands.
9. **Consultative:** A principle which required the TLMSMS to be developed and based on a consultative approach which engages the private sector, education suppliers and community in the development of sustainable labour supply management policies
10. **Evidence based:** The TLMSMS recognizes the need for evidence-based policy making and calls for systematic collection, management and use of high-quality data and analysis to inform decision making and interventions. Policy and programming depend on continuous assessment and learning to understand the wider environment.

6. Strategic Priority Areas for Labour Mobility Supply Management

To deliver on the strategic policy vision and objectives, six (6) policy areas are proposed. Each policy area has corresponding strategic actions which guide the implementation of this Strategy.

Strategic Policy Area 1: Improved Labour Mobility Governance

Strategic Objective

- To develop a more stream-lined, whole of government approach to the management of labour mobility in Tonga

Rationale

- The management of labour mobility in Tonga is spread across several government departments. The operational management of worker recruitment, mobilisation and worker welfare are under the portfolio of the Ministry of Internal Affairs, skills development is administered by the Ministry of Education and Training, and labour policy is managed by the Ministry of Trade & Economic Development. To improve labour mobility supply management in Tonga, there is a need to improve coordination amongst these line Ministries and to align their programmes to Tonga's strategic development and labour market priorities.
- Tonga has a well-developed Labour Mobility Policy and Labour Mobility Operations Manual that are designed to improve labour mobility supply management but implementation has been limited. A coordinated whole of government approach would better facilitate and monitor effective implementation.

The achievement of a more streamlined, whole of government approach to the management of labour mobility in Tonga is centred on the implementation of the following strategic actions:

- 1.1 Re-establish the Tonga Labour Mobility Steering Committee as the governance body for labour mobility under the Tonga National Trade Committee;**
- 1.2 Streamline labour mobility management and domestic labour policy management under one government department; and**
- 1.3 Reinvigorate stakeholder participation in labour mobility management**

Strategic Action 1.1: Re-establish the Tonga Labour Mobility Steering Committee as the governance body for labour mobility under the Tonga National Trade Committee

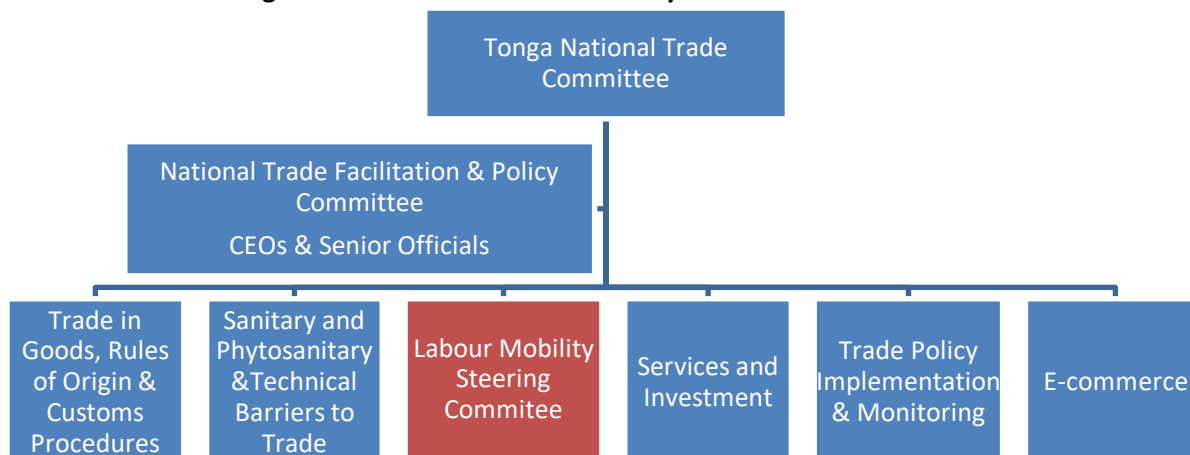
The Tonga Labour Mobility Policy recommended the set-up of a high-level governance structure to manage and monitor the implementation of the Policy. The governance structure was to be led by a cabinet steering committee for policy direction and coordination, supported by an operational management mechanism comprised of a Labour Mobility Working Group and subsidiary sub-committees covering labour mobility supply and market access, worker recruitment and deployment, worker welfare and family support, and reintegration. In 2021, a Labour Mobility Steering Committee was established by the Ministry of Internal Affairs, to manage and coordinate the implementation of the Tonga Labour Mobility Policy. The Steering Committee however is largely inactive and has not effectively facilitated the implementation of the Tonga Labour Mobility Policy, and the management of labour mobility supply from Tonga.

It is therefore proposed that the Labour Mobility Steering Committee is re-established under the existing National Trade Committee. Labour mobility constitutes a form of a trade in labour and the PACER Plus Arrangement on Labour Mobility (ALM) seeks to establish a regional cooperative framework covering low skilled, semi-skilled as well as skilled labour mobility. Tonga, as an important Party of the PACER Plus, can utilise aspects of this Agreement and the Arrangement on Labour Mobility to progress the strategic objectives of the TLMSMS as well as the Tonga Labour Mobility Policy. The re-establishment of the Labour Mobility Steering Committee in the existing National Trade Committee would enable a high-level whole of

government approach to labour mobility management thus better aligning labour mobility management to Tonga’s strategic development plans and priorities.

As provided in Figure 6.1 below, the Labour Mobility Steering Committee is to coordinate a whole of government approach to the implementation of the Tonga Labour Mobility Policy and to promote, regulate and coordinate labour mobility supply management in Tonga. The Committee is proposed to be chaired by the CEO of the ministry responsible for labour mobility policy and for the membership to be comprised of key relevant Ministries and stakeholders, as per the existing Labour Mobility Steering Committee Terms of Reference.

Figure 6.1: Revised Labour Mobility Governance Structure



Strategic Action 1.2: Streamline labour mobility management and domestic labour policy management under one government department

For some time now, the management of labour mobility has been undertaken on an ad-hoc basis with minimal focus on a cohesive institutional and regulatory framework to manage Tonga’s participation in labour mobility. Due in part to their limited capacity and time constraints, the work of the Ministry of Internal Affairs’ (MIA) Overseas Employment Division (OED) as the Tonga Labour Sending Unit (LSU), has mainly focused on the mobilization of workers, while programmes, such as those dealing with labour supply management issues, the marketing of Tongan workers, reintegration and worker welfare and family support, have lacked sufficient attention and support. The lack of a holistic and strategic approach, including coordination with relevant stakeholders such as TVETs and the domestic private sector, has resulted in a less than optimal level of labour mobility coordination and supply management in Tonga.

The Ministry of Trade & Economic Development (MTED) are mandated to formulate and implement labour, trade, and economic development policy. MTED also has responsibility for liaison with the ILO, the World Bank, the ADB and most bilateral donors on trade and economic development policy and practice. This portfolio would better facilitate the strategic management of labour mobility and its alignment to Tonga’s development plans and priorities. It would also enable Tonga to benefit from opportunities under the PACER Plus Agreement and multilateral conventions such as the ILO.

The increasing development risks of brain drain, and ineffective management of labour mobility supply management warrants an institutional reform that streamlines labour mobility management and domestic labour policy management under one Ministry. Stakeholder workshops identified significant support for this reform. It is therefore proposed that the labour mobility functions of the MIA are merged into MTED. To mitigate operational risks, the transition is proposed to be staged as follows:

Stage	Timeline	Transition Activity
1	FY2022/23	Establish the labour mobility policy function, management of the whole of government governance structure, and monitoring and evaluation of labour mobility policy and operations under MTED to facilitate alignment of domestic and labour mobility policy management
2	FY2023/24	Establish the policy and operational management of labour mobility supply, marketing and market access, and reintegration under MTED to align with existing trade, investment and private sector development programmes
3	FY2024/25	Transition the management of worker welfare and family support policy and operational management to MTED
4	FY2025/26	Full transition of all labour mobility policy and operational functions to MTED

It is proposed that the transition process is managed by the Tonga Labour Mobility Steering Committee with close collaboration between MTED and MIA.

Strategic Action 1.3: Reinvigorate stakeholder participation in labour mobility management

Stakeholder consultations confirmed the need for a more transparent and inclusive labour mobility supply management approach. This would require the consideration of private sector, TVET, community and NGO representation in the Tonga Labour Mobility Steering Committee as well as consultative processes with stakeholder groups to inform labour mobility management in Tonga. These consultative processes can be facilitated through the set-up of policy reference groups that the Labour Mobility Steering Committee can call upon for input on specific labour mobility issues. As recommended in the Tonga Labour Mobility Policy, reference groups are proposed for:

- i. Labour mobility supply management and market access
- ii. Worker selection, recruitment, and mobilization
- iii. Worker welfare and family support
- iv. Reintegration

These reference groups may overlap with existing subcommittees of the Tonga National Trade Committee warranting further streamlining and coordination.

Strategic Policy Area 2: Improved Labour Mobility Worker Selection

Strategic Objective

- To improve labour mobility worker selection so as to mitigate risks to private sector development and support poverty alleviation

Rationale

- The Tonga Labour Mobility Policy and Operations Manual establish the policy guidelines and processes for the selection of labour mobility workers, with a strong focus on alignment to poverty alleviation and local development outcomes. However, these guidelines and processes are largely not implemented.
- There is also a need to refine the worker selection criteria to ensure a more equitable and fair selection process. There is widespread concerns from government departments and private sector on the loss of skilled professionals to work in low-skilled jobs overseas and, in the process, denying the opportunity for less skilled workers. There is therefore a need to improve the selection criteria and processes to address risks to private sector development and to ensure equitable recruitment that can support poverty alleviation.

The improvement of labour mobility worker selection to mitigate risks to private sector development and support poverty alleviation is to be delivered through the implementation of the following strategic actions:

- a. **Re-enforce the worker selection and recruitment policy principles in the Tonga Labour Mobility Policy and processes in the Tonga Labour Mobility Operations Manual;**
- b. **Refine the worker selection criteria to mitigate brain drain risks; and**
- c. **Re-establish Village and TVET based worker recruitment and selection.**

Strategic Action 2.1: Re-enforce the worker selection and recruitment policy principles in the Tonga Labour Mobility Policy and processes in the Tonga Labour Mobility Operations Manual

Pillar three of the Tonga Labour Mobility Policy provides policy guidelines for worker recruitment and mobilization and the Tonga Labour Mobility Policy Action Plan 2019/20 – 2023/24 provides detailed activities to deliver on these policy guidelines. One of these activities is the development of a worker selection criteria and process that meets employer demand, promote Tonga’s competitive advantage, and contribute to poverty alleviation. The Tonga Labour Mobility Operations Manual, approved by Cabinet in 2021, provides detailed and comprehensive processes including a worker recruitment process that promotes equitable distribution of labour mobility opportunities, a worker selection criteria and screening processes. The priority is to re-enforce the implementation of the Tonga Labour Mobility Operations Manual to deliver on the strategic priorities provided in the Tonga Labour Mobility Policy. This would be best managed through the whole of government approach proposed in Strategic Policy Area 1.

Strategic Action 2.2: Refine worker selection criteria to mitigate brain drain risks

70% of the 160 private sector stakeholders surveyed for this Strategy required refinement of the worker selection criteria to strictly match the selection of labour mobility workers to the skills profile in their employment offers. Domestic employers, including in government, expressed concerns about semi-skilled and high skilled workers leaving their positions to work in offshore fruit picking or meat processing roles. It is therefore suggested that semi-skilled and high-skilled Tongans working as professionals, associate professionals or as skilled technicians should not generally be eligible for low skilled labour mobility employment. This criterion should be clearly mandated in the worker selection criteria which determines eligibility for the relevant labour mobility schemes. The strict enforcement of this criteria would discount applicants who are inappropriately matched according to the work requirements and skill levels being demanded.

Stakeholders also expressed the need to refine the selection criteria to increase the minimum age across labour mobility schemes to 20. This is to allow school leavers time to think about longer term career plans and further education and training, as well as to find jobs and experience in the local economy. This would be an internal policy for Tonga and would have no implications on the RSE minimum age of 18 years old.

Noting that Australian and New Zealand employers have the final say on workers recruited, it is important that they are consulted on Tonga’s worker selection criteria and processes. Approved Employers should be required to recognize and support Tonga’s worker selection policy guidelines and processes.

Strategic Action 2.3: Re-establish Village and TVET based worker recruitment and selection

The Tonga Labour Mobility Operations Manual provides for the establishment of a Low-Skilled Work Ready Pool and a Semi-Skilled Work Ready Pool to manage labour mobility supply. The Low-Skilled Work Ready Pool is to be recruited from village-based work pools that are managed by village councils, while the Semi-Skilled Work Ready Pool is to be fed from sector-specific work pools managed by TVETs. Effective implementation of these processes is critical to labour mobility supply management in Tonga and requires the empowerment of village councils and TVETs to implement these processes. This requires the development of clear Terms of Reference and capacity building support for the worker selection panels in villages and TVETs, and engagement of these panels in policy consultations relating to the management of labour mobility supply.

Strategic Policy Area 3: Targeted Reintegration Programme

Strategic Objective

- To leverage return migration for local development through reintegration programmes to facilitate the transfer of human capital, financial capital and social capital for local development

Rationale

- One of the ways to convert the *brain drain* to a *brain gain* for Tonga is through the successful reintegration of returning workers. Returning Tongan labour mobility workers can be a ready workforce, they can also facilitate transfer of skills, social values and social capital acquired abroad for local development. They can further invest financial capital in addition to remittances transmitted prior to return, and they can also engage in entrepreneurial activities. Reintegration policies and programmes can harness the benefits of returning workers to enhance the development impact of circular labour mobility in labour sending countries. Tonga does not have a reintegration programme and therefore has not fully realised the development benefits of return migration.

Leveraging return migration for local development in Tonga requires the strategic action below:

3.1 Re-enforce the reintegration policy guidelines and activity programme in the Tonga Labour Mobility Policy

Strategic Action 3.1: Re-enforce the reintegration policy guidelines and activity programme in the Tonga Labour Mobility Policy

The Tonga Labour Mobility Policy establishes reintegration as a key policy pillar with a strategic objective of increasing the economic development impact of labour mobility through the investment of remittances and skills acquired from labour mobility in business activities and community development projects. The Tonga Labour Mobility Action Plan 2019/20 – 2023/24 further provides a programme of reintegration activities including for youth development, women economic empowerment, household income diversification and community development. Consultations for this Strategy revealed that these reintegration activities have not been implemented.

As the timeframe for this Action Plan ends in FY2023/24, it is recommended that a review of the prescribed reintegration programme is undertaken. The reintegration reference group recommended in Strategic Policy Area 1, would be best placed to facilitate the review process. It is important to ensure that the reference group is comprised of all relevant stakeholders including TVETs, financial institutions, small business development support programmes including incubators and accelerators, and representatives from private sector associations. It is also critical for the review to consider best-practice approaches including:

- i. Reintegration activities begins from the pre-migration phase and covers the entire labour mobility cycle
- ii. Reintegration needs of the individual workers, their households and communities
- iii. Structural support programmes and policies to underpin reintegration activities
- iv. Effective coordination amongst reintegration stakeholders including government agencies, worker associations, civil society organizations, community-based organizations, and the private sector.

An effective resourcing plan should also be negotiated with consideration of existing programmes such as the Tonga Australia Support Platform (TASP), Tonga Youth Employment & Entrepreneurship (TYEE), Market Development Facility (MDF) programmes and MTED business development support programmes.

Strategic Policy Area 4: Skills Development

Strategic Objective

- To increase domestic skills supply and net skills gain from labour mobility through an integrated skills development framework

Rationale

- The labour market analysis identified a range of skill shortages across the domestic market with significant shortages in medium to high-skilled professionals. Skill shortages exist across the trades and construction areas and in specific semi-skilled occupations. There is also gradual but increasing shortage of labour in the elementary occupational areas for example, for labourers, agricultural and fishery workers, cleaners and receptionists. A strategic framework for skills development to address these skills shortages is a priority need for Tonga.
- Labour mobility can be leveraged for net-skills gain through an integrated skills development programme that upskills workers at pre-departure, during employment overseas and upon return. These skills can then be transferred through reintegration activities for local development.

Increasing domestic skills supply and net skills gain from labour mobility requires the implementation of the following strategic actions:

- 4.1 Develop a domestic skills development strategy to support sustainable economic development in Tonga;**
- 4.2 Align TVET training and capacity to meet domestic and overseas industry skills demand; and**
- 4.3 Develop an integrated labour mobility skills development programme to increase net-skills gain for Tonga.**

Strategic Action 4.1: Develop a domestic skills development framework to support sustainable economic development in Tonga

The labour market data analysis for this Strategy identified that there is a lack of skilled and qualified workers to meet an expanding local and international demand for skilled labour. A concerted, long-term effort is therefore urgently required to train, upskill and improve skills supply to meet demand for local sustainable economic development, as well as overseas labour demands. It is recommended that the preliminary findings from the labour market and demographic data analysis provided in Annex 1-4 is used to inform the development of a comprehensive skills development strategy to address skills shortages.

The skills development strategy should provide a sustainable approach to building skills supply in Tonga to support long-term economic development by meeting domestic and overseas skills demand. Of urgent priority is the need to address the following skills shortages:

- High-Skilled Shortages:** There are significant shortages of qualified skilled managers, professionals and associate professionals particularly in the sectors of IT, Health, Environmental and Energy occupations, and in Public Policy.
- Shortage of Qualified Engineers, Teachers and Nurses:** There is evidence of shortages of qualified engineers, specialist and qualified nurses, as well as qualified teachers at the secondary school level. It should be noted that there is only a small number of young entrants coming into these occupations.
- Trades and Maintenance Skill Shortages:** There are distinct shortages in a range of areas including for skilled air-conditioning mechanics and refrigeration mechanics, electricians generally, plumbers, riggers, sheet metal workers, building maintenance and repair, industrial and agricultural machinery repairers, and roofers. These shortages are affecting building and construction activities, the rebuilding of damaged infrastructure for recent natural disasters and the maintenance of key power and energy facilities.

Strategic Action 4.2: Align TVET training and capacity to meet domestic and overseas industry skills demand

Consultations with domestic private sector and the TVET sector identified the need to address the following constraints:

- i. TVET training programmes are not aligned to industry skills demands. This includes particular technical skills such as IT, management positions in hospitality and tourism, and in the agricultural and fishery sector. One case in point was that the Maritime Polytechnic Institute in Tonga no longer runs courses to train crew and seafarers, yet these courses have been very useful to the fishery sector. This Strategy proposes a general review of TVET training programmes to better align skills supply to domestic and international skills demands.
- ii. Much of this misalignment is due to the lack of systematic engagement between local private sector industries and TVETs. To improve skills supply for both domestic and labour mobility, it is proposed that an annual TVET-Industry skills consultation programme is conducted to better align TVET training to domestic and international demand.
- iii. From the TVET perspective, the constraint is in their capacity not only in qualified trainers but also in equipment and infrastructure. The current TVET support programme by the World Bank SET Project has been effective in addressing this programme and there is a need to build on this support to provide an ongoing development support programme to enable TVETs to meet domestic and labour mobility skills training needs.

Strategic Action 4.3: Develop an integrated labour mobility skills development programme to increase net-skills gain for Tonga

This action requires the engagement of relevant stakeholders including employers and TVETs to provide a training programme that upskills workers at each stage of the circular labour mobility process, as provided below:

i. Pre-Departure Training Programme:

- Compulsory enrolment of all workers in the National Certificate in Work-readiness and Employability Skills Training Levels 2 and 3. These are accredited training programmes that cover employability skills such as professionalism in the workplace, conduct standards, adaptation to new living and work environment, entrepreneurship, basic literacy and numeracy, use of digital technology, teamwork communication, goal setting, problem solving, work place health and safety, and personal budget and financial management. Doing so would significantly contribute to preparing work-ready and employable workers and to establish a preliminary skills-base that can be further developed over the course of the labour mobility process.
- It is recommended that TVETs are engaged to deliver the National Certificate in Work-readiness and Employability Skills Training Levels 2 and 3, as piloted by the Ahopanilolo Technical Institute in 2022
- Improvement to the Pre-Departure Briefing programme is also recommended through the engagement of experienced Team Leaders as trainers, and engagement of Approved Employers to provide input into the training programme.

ii. Up-skilling of workers while employed overseas:

A range of skills training programmes are currently available for workers while they are working in Australia and New Zealand. This includes on the job training provided by Approved Employers, add-on skills training including on basic computer skills and English communication skills (Australia), and a wide range of skills training by the Vakameasina programme (New Zealand). To generate net-skills gain for Tonga, particularly workers on long-term visas, a coordinated training programme that is aligned to the reintegration needs of individual Tongan workers and skills shortages in Tonga, is needed. This training programme should include:

- a coordinated skills training programme provided by employers to not only equip workers for employment overseas but also meet private sector skills needs and reintegration goals of the workers. This requires effective consultation between the Labour Sending Unit in Tonga and Approved Employers in Australia and New Zealand

- online training programmes in Tongan for basic skills training such as goal setting, budgeting and financial management, and basic literacy and numeracy
- skills training for reintegration activities including in trades including modern farming/fishing technology and processes, farm management, basic mechanics, and handyman skills; entrepreneurship and starting a business. These skills training could be coordinated with existing service providers in Australia and New Zealand including by diaspora communities.
- opportunities for certified training to upgrade worker qualifications including in TVET institutions in Australia and New Zealand

This up-skilling programme is to be designed in consultation with Approved Employers to enlist their support and to ensure that worker engagement in skills training will not negatively impact their employment and productivity. Further consultations and coordination between the Tongan government and the governments of Australia and New Zealand would be needed to coordinate and reduce access barriers to existing training programmes as well as consider funding support for workers. The Country Liaison Officer (CLO) could also play a key role in these consultations and their engagement is recommended.

iii. Skills training upon return:

A targeted skills training programme is proposed to be provided upon the return of workers to Tonga to support their reintegration aspirations. This can include:

- Basic entrepreneurship and business start-up training
- Business coaching and incubations
- Skills recognition training including for Recognized Prior Learning (RPL)
- Certified training to upgrade worker qualifications including in local TVETs or higher education
- Business traineeships/apprenticeships for labour mobility returnees

Stakeholder consultations identified strong support from the local private sector to facilitate the re-entry and retaining of young people in the local workforce, with capacity support from government and/or development partners. It is recommended that the Government of Tonga work closely with local private sector and TVETs, as well as with the local community, to embed options and opportunities for returned workers through the reintegration programme proposed in Strategic Area 3.

Strategic Policy Area 5: Private Sector Engagement & Improving Domestic Employment Conditions

Strategic Objective

- To embed the role of both domestic and overseas employers in the labour mobility planning and operational processes, and to enhance local employment conditions in Tonga to attract and maintain labour

Rationale

- There is an identified need for improved engagement of both the local private sector, and Australian and New Zealand Approved employers, to support the effective management of Tonga's labour mobility supply, as well as build skills supply for local employment.
- The stakeholder consultations identified that several local employers are increasingly finding it difficult to recruit workers with the skillsets needed for their business. The skill shortage issue is not necessarily due only to migration and labour mobility but also is a result of misalignment between industry needs and the training provided by upper-secondary school and TVETs; and the lack of incentives for local workers, particularly youths, to enter the workforce due to a range of reasons mainly low wages, work conditions, and dependency on overseas remittances.

Embedding the role of both domestic and overseas employers in the labour mobility planning and operational processes, and enhancing local employment conditions to attract and maintain labour are centred on the implementation of the following strategic actions:

- 5.1 Engage local private sector in labour mobility management;**
- 5.2 Improve collaboration with Australian and New Zealand Approved Employers;**
- 5.3 Support implementation of a minimum wage**

Strategic Action 5.1: Engage local private sector in labour mobility management forums and processes

It was clear that most private sector employers are willing to work hand in hand with the government to address labour supply shortages. It is worth recalling that in the survey of employers, 75% believe there were more benefits to labour mobility schemes and subsequent remittance for the domestic economy, than there were negatives or risks (25%). Hence while there were obvious concerns about emerging labour and skill shortages, there exists much good will to working closely with government and TVETs on solutions to better harness the benefits of labour mobility. Private sector businesses are proposed to be engaged in labour mobility through:

- i. The Annual Labour Mobility Supply Management meeting provided in the Tonga Labour Mobility Operations Manual: This meeting is critical to assessing the impact of labour mobility on local private sector businesses, consider revisions to labour mobility policy and processes, and explore opportunities for collaboration including in reintegration;
- ii. Partnerships between local employers and Australia and New Zealand Approved Employers for upskilling of workers: The Tanoa Hotel in Tonga, for example, has already undertaken some joint arrangements with a Tourism and Hospitality employer in Australia whereby initial training and work experience is undertaken locally, before the trainee then benefits from working with an Australian hotel for a period of up to 3 years, before returning home to a guaranteed job with the Tanoa Hotel. During the workers' employment in Australia, the Australian employer undertakes to provide upskill training. The Tanoa Hotel is keen to expand this model while other employers expressed strong interest.
- iii. Local traineeships and apprenticeships to facilitate reintegration activities including small business investments: Whilst some local employers provide apprenticeships or traineeships, they tend to be the larger companies, so overall the percentage is quite low. This suggests that private sector firms in Tonga may not have the resources or capacity to invest in training their workers compared with other countries in the region such as Fiji, Vanuatu and Samoa. This warrants external support, from government or development partners.

Strategic Action 5.2: Improve collaboration with Australian and New Zealand Approved Employers

It was clear from consultations with several Australian and New Zealand Approved Employers that there was significant goodwill to work with Tonga on sustainable supply labour measures. They were also open to suggestions on how to work more closely with the Tongan private sector on traineeships to align worker training overseas with local private sector skills needs. Concurrently, Australian and New Zealand employers have their concerns and demands which also need to be considered given their vital role as drivers of the employment opportunities for Tongans. They were opposed to temporary suspensions of labour mobility supply as it undermines the reliability and hence profitability of their operations and forces them to move elsewhere to find a reliable workforce. To improve collaboration on labour mobility supply and training an annual 'big picture' meeting between Tonga, Country Liaison Officers and Approved Employers to:

- discuss broad labour mobility policy and implementation issues;
- consider improvements to the pre-departure training programmes, especially on timelines;
- discuss overall support for an increase in traineeships and apprenticeships in general and potential collaborations with Tongan private sector businesses;
- coordinate a skills development programme for workers while working overseas, as provided in Strategic Policy Area 3; and
- consider better engagement with Country Liaison Officers (CLOs)

This can be integrated as part of the Pacific Labour Mobility Annual Meeting (PLMAM) or the Tonga Annual Labour Supply Management Strategy.

Strategic Action 5.3: Support implementation of a minimum wage

Stakeholder consultations identified support throughout the private sector and Tongan community for the introduction of a minimum wage, mainly in recognition of the wage differentials between Tonga and some of its major trading partners but also in recognition of the need to increase the attractiveness of local wages and conditions to retain labour at home. There was recognition that the local minimum wage could not compete directly with the higher wages for labour mobility workers in Australia and New Zealand. From this perspective, the introduction of a minimum wage, may be a small, but important contribution to improving the local employment conditions and can contribute therefore to the management and direction of labour supply flows in the future.

Private sector businesses proposed \$10 Tongan Pa'anga (TOP) per hour as a reasonable starting point for a minimum wage. They believed this would help to create an environment where workers might be more willing to stay at home and find jobs. Unfortunately for Tonga, its two major labour mobility trading partners, New Zealand and Australia, have some the highest minimum wages in the world, increasing the attractiveness of Tongans to work there. However, setting a wage floor at least allows for some competitiveness with room to increase the minimum wages if economic growth and development improve.

The minimum wage can be further progressed through the Commission appointed by the Employment Relations Advisory Committee (ERAC) provided under the Employment Relations Act 2020. Depending at what level the minimum wage is set, it may be necessary for the government to consider some temporary support or subsidy to help SMEs cope with the initial phase. Several employers and government ministries also stated that not just a minimum wage was required but wage increases were necessary to retain skilled and semi-skilled professionals such as engineers, nurses, teachers and middle managers in the tourism and hospitality sectors industry. This could also be included in the work programme of the ERAC.

Strategic Policy Area 6: Data Management & Capacity Building Support for Labour Mobility Supply Data Analysis

Strategic Objective

- To improve Tonga's labour market intelligence and capacity to monitor and analyse data for policy formulation including labour mobility supply management

Rationale

- The information and data required for a comprehensive and evidence-based labour market analysis and effective monitoring of labour supply issues are wide-ranging and complex. While this Strategy provides a summary of the data and information needed, there will be a need for Tonga to establish a more coordinated and holistic approach requiring efficient data collection methods and data management processes. This should ensure that the management of the various data bases relevant to labour mobility are up to date and functional. Given the data management process at present is somewhat ad hoc and there is a deficit in the human resource capacity available to undertake sophisticated labour mobility supply analysis, the issue of better resourcing and out-sourcing for the future needs to be addressed.

To improve Tonga's labour market intelligence and capacity to monitor and analyse data, the following strategic actions are proposed:

- 6.1 Establish Labour Market Intelligence Datasets and Collection Methods;**
- 6.2 Develop Labour Market Intelligence Database; and**
- 6.3 Tonga Labour Market Intelligence Capacity Development**

Strategic Action 6.1: Establish Labour Market Intelligence Datasets and Collection Methods

The Tonga Labour Mobility Policy requires the development of a labour market intelligence programme to inform labour supply management by Tonga and support local development and growth strategies. This demands an integrated programme for the collection and analysis of domestic labour market and labour mobility supply and demand data, including data collected by the Tonga Statistics Department, the employment departments in Australia and New Zealand, and academic institutions and organisations such as the World Bank.

The datasets required for Tonga's labour market intelligence programme is provided in Annex 5 together with the data sources and types of data analysis required. Given the complexity of labour market intelligence and the different data sources involved, it is suggested that a stocktake of current data collection methods and information management processes is undertaken so as to establish a coordinated strategy for data collection and management of Tonga's labour market intelligence.

Strategic Area 5.2 Database Management

The Tonga Labour Mobility Policy Action Plan 2019/20 – 2023/24 recommends the development of a number of databases to manage worker data and labour market intelligence. The Pacific Labour Facility (PLF) has developed and deployed an In-Country Recruitment Database (IRD) in almost all of the Pacific labour sending countries, including Tonga. The IRD is aimed to improve worker data management and increase efficiency of the recruitment and mobilization processes across labour mobility schemes. Consultations with the Tonga LSU revealed that Tonga has not fully utilized the IRD as have other countries. It is therefore recommended that technical assistance is engaged to review the compatibility of the IRD for Tonga to increase its utility.

The technical assistance is also recommended to develop the labour market intelligence database. Consideration should be given to whether the labour market intelligence data can be reflected in the IRD. If a separate database is best, then consideration should be given to how the two databases can be interlinked to facilitate effective data analysis. It is also recommended that the study assesses the resourcing needs for the establishment of a specialized data collection system to ensure effective and up-to-date management of the labour market intelligence database.

It is also recommended that Tonga liaises closely with the PACER Plus Implementation Unit (PPIU) on the likely development of a regional Labour Mobility Data Management system, to seek advice on consistency of approach to labour mobility data management and technical support.

Strategic Area 5.3: Tonga Labour Market Intelligence Capacity Development

The management of the labour market intelligence database and data collection is a significant task requiring time and resources. The implementation of the TLSMSMS itself requires several strategic actions which would rely on up-to-date labour market and labour mobility data. A dedicated labour market intelligence management capacity is therefore proposed to be established in MTED, but in close coordination with the Statistics Department, to manage the Tonga labour market intelligence database.

Given the size and complexity of the data management tasks required, it is proposed that an ongoing training programme is provided to build the capacity of the MTED labour market intelligence staff as well as the capacity of other relevant stakeholders involved in the process. Due to the importance of labour mobility demand and worker welfare data, it is also important to engage the Tongan Country Liaison Officers who are responsible for the promotion and marketing of Tonga and worker welfare support.

To support the capacity development programme, it is also recommended that a labour market intelligence data management manual is also developed to clarify data management processes. This would not only assist in improving the coordination of different data collection methods across different data sources but would also address risks of high staff turnover not only in MTED but also in other departments.

7. TLMSMS Implementation Plan

The implementation of this Strategy is to be guided by the plan below. The Labour Mobility Steering Committee, as the proposed governance body for labour mobility in Tonga, is proposed to administer the implementation of the Plan and to monitor progress. MTED is proposed to lead the implementation through effective coordination with identified implementation agencies. MTED would also be responsible for identifying and engaging any other agencies who can support the implementation of this Plan.

As provided below, the implementation phase is to commence from FY202-22023 to FY2025/26. During this time, MTED is required to provide an annual progress update on implementation to the Labour Mobility Steering Committee to assist their role of monitoring the implementation of the Strategy.

Strategic Actions and Activities	Key Implementation Agencies	Timeline
Strategic Policy Area 1: Improved Labour Mobility Governance		
1.1 Re-establish the Tonga Labour Mobility Steering Committee as the governance body for labour mobility under the Tonga National Trade Committee		
1.1.1 Review TOR for the Tonga Labour Mobility Steering Committee	MTED, MIA, Tonga LM Steering Committee	FY2022/23
1.1.2 Establish the Steering Committee as the labour mobility governance body under the Tonga National Trade Committee	MTED, MIA, Tonga LM Steering Committee	FY2022/23
1.2 Streamline labour mobility management and domestic labour policy management under one government department;		
1.2.1 Merge labour market and labour mobility policy and operational functions under MTED	Tonga LM Steering Committee, MTED, MIA	FY2022/23 - FY2025/26
1.3 Reinvigorate stakeholder participation in labour mobility management		
1.3.1 Establish policy reference groups to facilitate inclusive stakeholder engagement in labour mobility management	MTED, Tonga LM Steering Committee	FY2023/24
Strategic Policy Area 2: Improved Labour Mobility Governance		
2.1 Re-enforce the worker selection and recruitment policy principles in the Tonga Labour Mobility Policy and processes in the Tonga Labour Mobility Operations Manual		
2.1.1 Re-establish commitment to implementation of the Tonga Labour Mobility Policy and Operations Manual	MTED, Tonga LM Steering Committee	FY2023/24
2.1.2 Review the Tonga Labour Mobility Policy Action Plan 2019/20 – 2023/24	MTED, Tonga LM Steering Committee	FY2023/24
2.2 Refine the worker selection criteria to mitigate brain drain risks;		
2.2.1 Review worker selection criteria in consultation with Approved Employers in Australia and New Zealand	MTED, Tonga LM Steering Committee, Worker Recruitment & Mobilisation Reference Group	FY2023/24
2.3 Re-establish Village and TVET based worker recruitment and selection.		
2.3.1 Develop TORs for village-based and TVET-based recruitments in consultation with village councils and sector-specific TVETs	MTED, Tonga LM Steering Committee, Worker Recruitment & Mobilisation Reference Group	FY2023/24
2.3.2 Implement a capacity building programme to empower village councils and TVETs	MTED, World Bank SET Project	FY2023/24
Strategic Policy Area 3: Targeted Reintegration Programme		
3.1 Re-enforce the reintegration strategic policy guidelines and activity programme in the Tonga Labour Mobility Policy		
3.1.1 Stakeholder awareness, promotion, and coordination programme on reintegration	MTED, Reintegration Reference Group	FY2023/24

3.1.2 Review the reintegration programme in the Tonga Labour Mobility Policy 2019/20 – 2023/24	MTED, Tonga LM Steering Committee, Reintegration Reference Group	FY2023/24
3.1.3 Develop a reintegration resourcing plan	MTED, Tonga LM Steering Committee, Reintegration Reference Group	FY2023/24
Strategic Policy Area 4: Skills Development		
4.1 Develop a domestic skills development strategy to support sustainable economic development in Tonga		
3.1.1 Develop a skills development strategy to support long-term economic development in Tonga (with a clear implementation and resource plan)	MET, TNQAB, MTED	FY2024/25
4.2 Align TVET training programmes to domestic and overseas industry skills demands		
4.2.1 Conduct an annual TVET-Industry skills consultation programme to better align TVET training to domestic and international demand	MET, TNQAB, TVETs, private sector, MTED	FY2024/25
4.2.2 Develop a coordinated TVET support programme to better address TVET capacity constraints	MET, TNQAB, TVETs, World Bank SET Project, MTED	FY2024/25
4.2.3 Review TVET training programmes to better align to domestic and international skills demands	MET, TNQAB, TVETs, World Bank SET Project, MTED	FY2024/25
4.3 Develop an integrated labour mobility skills development programme to increase net-skills gain for Tonga		
4.3.1 Require compulsory completion of the National Certificate in Work-readiness and Employability Skills Training Levels 2 and 3 by all Tongan workers	MTED, TVETs, TNQAB	FY2024/25
4.3.2 Review the Pre-Departure Briefing programme	MTED, Australia, New Zealand	FY2023/24
4.3.3 Develop a worker upskilling programme during employment overseas, to support reintegration and address local skills shortages in Tonga	MTED, Australia, New Zealand, Approved Employers, Country Liaison Officers	FY2024/25
4.3.4 Develop a reintegration skills training programme for returning workers	MTED, Australia, New Zealand	FY2024/25
Strategic Policy Area 5: Private Sector Engagement & Improving Domestic Employment Conditions		
5.1 Engage local private sector in labour mobility management forums and processes		
5.1.1 Conduct an Annual Labour Mobility Supply Management Meeting as provided in the Tonga Labour Mobility Operations Manual	MTED, Tonga Labour Mobility Steering Committee	FY2023/24
5.1.2 Develop private sector-led traineeships and apprenticeship programmes for labour mobility workers, in collaboration with industry associations in Australia and New Zealand	MTED, Private Sector, Approved Employers in Australia and New Zealand	FY2024/25
5.2 Improve collaboration with Australian and New Zealand Approved Employers		
5.2.1 Explore opportunities for improved engagement of Australian and New Zealand Approved Employers in labour mobility supply management	MTED, Private Sector, Approved Employers in Australia and New Zealand	FY2024/25
5.2.2 Engagement of Approved Employers in the Annual Labour Mobility Supply Management Meeting	MTED, Private Sector, Approved Employers in Australia, and New Zealand	FY2023/24
5.3 Support implementation of a minimum wage		
5.3.1 Conduct stakeholder consultations on the introduction of a minimum wage	MTED	FY2024/25
5.3.2 Roll out plans for implementation of a minimum wage	MTED	FY2025/26 (commencement)
Strategic Policy Area 6: Data management and capacity building support for labour mobility supply data analysis		
6.1 Labour Market Intelligence Data Sets and Collection Methods		

6.1.1 Adopt proposed Labour Market Intelligence Dataset	MTED, Statistics Department, Tonga Labour Mobility Steering Committee	FY2023/24
6.1.2 Conduct a stocktake of existing data collection methods and negotiate resourcing to address identified constraints	MTED, Statistics Department	FY2024/25
6.2 Database Management		
6.2.1 Engage technical assistance to review IRD and consider best approach for labour market intelligence database	MTED, ILO, PPIU	FY2024/25
6.2.2 Liaise with PPIU on regional Labour Mobility data management systems and coordination	MTED, PPIU	FY2024/25
6.3 Tonga Labour Market Intelligence Capacity Development		
6.3.1 Establish a dedicated labour market intelligence capacity at MTED to manage the labour market intelligence programme	MTED, Australia, New Zealand, ILO	FY2024/25
6.3.2 Develop a labour market data management process/manual	MTED, PPIU, ILO	FY2024/25
6.3.3 Ongoing training programmes to build capacity on labour market data management and analysis	MTED, PPIU, ILO	FY2025/26
6.3.4 Targeted training for Country Liaison Officers	MTED, PPIU, ILO	FY2025/26

MTED is also responsible for negotiating the resourcing of this implementation plan with the Tongan government and development partners/programmes. It is important for MTED to identify existing relevant programmes and to negotiate opportunities for coordination and streamlining so as to increase efficiency gains.

8. Annexes

There are 7 annexes to the TLMSMS provided separately to this document. They provide a detailed analysis and further evidence for the derivation of the TLMSMS and are required reading particularly for those who will be involved in the implementation of the strategy or for those with a broader interest in the trends and challenges facing the Tongan labour market and future supply. They include:

1. [Annex One: Population and Demographics in Contemporary Tonga](#)
2. [Annex Two: The National Skills Profile of Tonga](#)
3. [Annex Three: Domestic Labour Market Supply and Skill Shortages](#)
4. [Annex Four: Labour Mobility Participation, Supply Issues and Priority Sectors for Tonga](#)
5. [Annex Five: Table of Data Sets and Information Required for Labour Market and Labour Mobility Supply Management](#)
6. [Annex Six: International Classification \(ISCO\) and Australia, New Zealand Classification \(ANZSCO\) of Occupations and Skill Levels relevant for Tongan Labour Mobility](#)
7. [Annex Seven: Stakeholders Consulted for the TLMSMS](#)

Please see separate document, Volume 11 - Annexes to the Tonga Labour Mobility Supply Management Strategy.