

Using Material Remittances from Labour Schemes for Social and Economic Development: Case Study Vanuatu



Australian
National
University

ROCHELLE BAILEY

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Millions of dollars are remitted each year to Pacific island states via seasonal workers participating in Australia's Seasonal Worker Program (SWP) and New Zealand's Recognised Seasonal Employer (RSE) scheme. Research in labour mobility primarily focuses on monetary remittances taken home to evaluate potential economic development outcomes, which are key objectives for the Australian and New Zealand governments and their bilateral partners in the Pacific.

Defining what remittances are is often unclear. Are they money sent through official remittance providers, money sent home informally, or both? Migrants also remit material goods, and there are also social remittances, defined by Peggy Levitt as 'the ideas, behaviours, and social capital that flow from receiving to sending communities' (2001:11). These are not necessarily documented or considered by governments or academics due to difficulties in tracing material goods and lack of reporting them. Nonetheless, there are opportunities to acquire knowledge in these areas through impact evaluation studies. This *In Brief* highlights how material remittances contribute to social and economic development in the region, reflecting on observations with ni-Vanuatu RSE workers and their material remittance practices between 2007 and 2014. It does not seek to define remittances, or to identify when income from labour mobility stops being considered a remittance, only that these dynamics need further consideration when researching outcomes of migration in the context of development.

Material Remittances

In the first two years of participation in the RSE scheme, workers converted small amounts of their earnings (AUD50–500) per year into material remittances, including clothing and linen, small household goods such as kitchenware, sewing machines and personal electronics. After two years of participation in the scheme, workers were given the opportunity to remit purchases in shipping containers. A new-found confidence in their employment status was accompanied by a change in spending practices. Larger items were purchased, such as lounge suites, bedroom furniture, televisions,

refrigerators, chainsaws, solar panels and accessories, bicycles, outboard motors and rainwater storage vessels. Workers who sent material remittances after season three invested an average of AUD500–2000 annually. With approximately 10,000 Pacific workers participating in these schemes, a significant proportion of their remittances is going unexamined.

Following Remittances in Containers

Since 2009, ni-Vanuatu workers have purchased shipping containers costing AUD10,000–15,000. Workers in the Central Otago region, New Zealand, shared costs with each other, resulting in a price per worker of approximately AUD300. Workers endeavour to recuperate these expenses by selling the containers in Port Vila. With the exception of the first season, they have run a loss. Most seasons they received AUD5000–7000 for the sale and in 2013 they could not find a buyer. Because of this, in 2014 workers did not invest in containers, which resulted in fewer material items sent to their families and communities.

Those who sent material items via shipping containers between 2011 and 2013 complained that the costs of unloading goods off ships were a deterrent, and, in some cases, workers found their goods had disappeared. They suggested that if improved security was provided for their goods, and shipping costs were lower, much more would be remitted.

How Material Remittances Contribute to Development

Seasonal employers and concerned community citizens frequently ask the following two questions: 'is the scheme good for workers and does the RSE disrupt community social fabric by taking home Western ideas and goods?' (Bailey 2009). Many of the needs and wants of RSE scheme participants existed prior to the scheme. My study indicated that the scheme had not generated new demands for the goods remitted home by workers, but recommended that further studies were needed in this area (Bailey 2014). Incomes from labour mobility have enabled access to goods normally out of economic reach for many ni-Vanuatu. Furthermore, material remittances

provide opportunities for revenue in the receiving countries, such as using kitchenware to establish a village bakery, selling electronic equipment, or reselling second-hand clothing in urban or local village markets. In 2014, the wife of a seasonal worker sold clothing from New Zealand in a market stall and made VUV92,000 (AUD1098) within one hour (Bailey 2014). Workers stated that it was easy to sell goods from New Zealand because their quality was better than that available in stores in Port Vila. This was also discussed in relation to tools and machinery. Workers have returned with chainsaws and small farm machinery, built copra pits, and purchased solar panels, all of which are either rented for a service fee or other forms of exchange such as labour or food.

Some businesses established by RSE workers require initial monetary injections, but material goods taken back have also enabled the opportunity for many microbusinesses to be established. In one family, a father worked in the RSE scheme to pay for boat repairs and he purchased parts from marine stores in New Zealand. In the meantime his son worked in Australia's SWP to earn money to purchase an outboard motor. They realised their goal of establishing a new transportation business by combining both monetary and material remittances from the RSE scheme and SWP.

Educational Resources

Workers remit home many schoolbooks and other educational resources, contributing to development for children in their communities. For some families, travel to school from distant villages has been made easier with access to new transport such as the bicycles their parents remit. Simon from West Ambrym, Vanuatu, said, 'The girls don't have to walk for an hour to school, they take the bikes I took home for them, this gives them more incentive to go [to school] and more time with the family.' Simon was one of many workers who praised these schemes in terms of earning income to contribute to their children's education. Additionally, workers have been provided access to educational resources to take home via New Zealand's Vakameasina educational program. Established in 2010, Vakameasina is an RSE worker training program for upskilling workers, funded by New Zealand's Ministry of Foreign Affairs and Trade and delivered by Fruition Horticulture.

Conclusion

Using various forms of remittances, workers are achieving individual, family and community aspirations. Evidence shows RSE and SWP policies have enabled and enhanced opportunities within Pacific communities through remittances. However, further research is essential to evaluate if these are short- or long-term outcomes. Although there are constraints in researching material and social remittances, it is important that the different remittances from labour mobility schemes are documented, analysed and included within development frameworks. Material remittances contribute to both social and economic development for RSE and SWP workers. These purchases are normally out of reach for many in the Pacific who have limited access to cash resources. However, expenses and losses in sending material remittances to the region need further examination.

To capture the remittances of material goods for the RSE scheme and SWP, surveys could be designed to assess what is remitted. This would aid in analysing the transformative uses of these goods for economic and social development. It is not just goods purchased in Australia or New Zealand that should be classified as material remittances. Often workers who reside in rural outer islands convert their financial remittances into material goods in Pacific urban centres. This further investment into national economies needs to be included in research analysis. Finally, the purchase of material goods also contributes to the economic development of local host communities in Australia and New Zealand (paper forthcoming in this series).

Author Notes

Rochelle Bailey is a research fellow with the State, Society and Governance in Melanesia Program, the Australian National University.

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