

Department of Pacific Affairs

Ni-Vanuatu 'Making Business' through Seasonal Worker Programs

Rochelle Bailey

In Brief 2019/13

An objective of both Australia's Seasonal Worker Program (SWP) and New Zealand's Recognised Seasonal Employer Scheme (RSE) is to encourage economic development in the Pacific.¹ This In Brief highlights how a number of ni-Vanuatu seasonal workers in both RSE and SWP have created various and sometimes unexpected businesses and responded to the changing economic environment in Vanuatu. This research reveals seasonal workers have been encouraged to invest businesses that are not necessarily aligned with what workers want or need. For example, many were encouraged into particular businesses by local chiefs or leaders and did so out of obligation. Workers coming from areas with limited commercial opportunities are dissuaded from potential business aspirations due to concerns their business ideas are not possible to sustain due to limited resources and incomes in their villages.

Examining a recent sample (2019) of 79 RSE workers and 95 SWP workers,² it was found that 87% invested in some type of business or contributed to a family member's or community business project.³ Given previous research (Bailey and Kautoke-Holani 2018), this recorded number of business investments was significantly higher than anticipated. The majority of these workers had also participated in their respective schemes for more than three seasons, which is when, it has been argued, business investment occurs (Bailey and Kautoke-Holani 2018). Figure 1 shows the main areas of business investment.

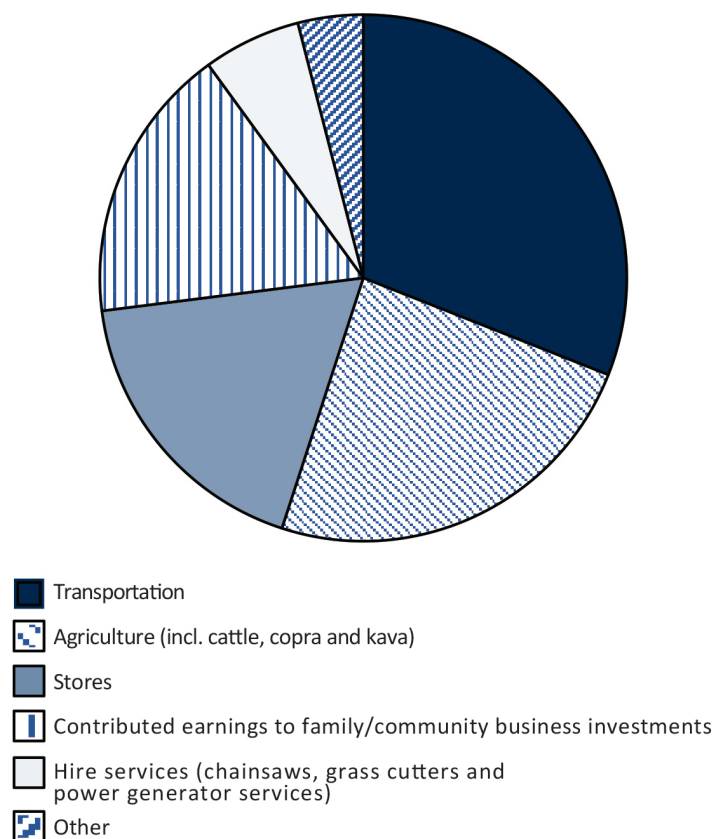
In total, workers invested in 184 businesses. However, out of the 174 workers in this study, 16% invested in more than two business ventures, in part due to either the success or failure of various business ventures, as discussed in a forthcoming paper. Of the 13% that did not invest, the majority were women. Of the 27 women in this study, only four stated they used their earnings for business ventures. Nonetheless, as Bailey and Kautoke-Holani (2018) have shown, female workers and spouses of seasonal workers do invest and are often drivers of economic diversity.

Popular businesses

Out of the 52 workers who invested in transportation enterprises, 38 purchased buses or taxis (mainly for hire in Port Vila, with the exception of two taxis bought for running services in Santo),

eight purchased boats and another six invested in trucks for island transportation. Problems concerning seasonal workers entering the transportation business since 2007 are twofold: firstly, it has emerged from community forums that traffic congestion in Vila has worsened since the seasonal workers have entered the market. Workers choose to enter not only for income but also for personal access to a vehicle. Secondly, the large increase in the numbers of these vehicles has meant that transportation businesses may have reached saturation levels. This limits the ability for investors to financially maintain vehicles and associated costs such as insurance, on road costs and

Figure 1: Types of business investments by a sample of RSE and SWP workers from the 2018/19 season



Source: Author's survey data.

bank or community loans. To make these repayments, workers return annually to RSE and SWP, locking them into seasonal worker programs. However, a benefit of the upsurge in the transportation industry has been that these business owners are employing local people with no access to the seasonal worker programs to drive the vehicles as form of employment (see Bailey 2014).

The second-largest investment, and this may be underestimated, is agriculture. Agriculture includes cattle farming and the growing of copra, kava and various other crops, as well as supply of agricultural tools and machinery. While overseas, workers have been exploring and learning about new fruit and vegetable crops that could possibly be adapted to the climatic conditions in Vanuatu. This will assist in providing diversification in market produce and diets that will be complimentary to ongoing food security requirements in the region.

Other than general stores, which are the most popular retail enterprise, the second-most popular shops to establish are new and second-hand stores, often supplied with material goods from Australia and New Zealand. They sell technological goods such as mobiles phones, laptops, cameras; second-hand clothing and reading and writing materials for school. In the early years prior to workers acquiring solar panels, many workers in rural areas were investing in petrol sales. However, once residents acquired solar panels, many generator businesses declined and with the exception of supplying to customers with generators, motor vehicles, chainsaws and boats the petrol business has declined somewhat.

Once workers received access to containers to send material goods home, new business opportunities began to expand. For example, workers started to purchase chainsaws, grass cutters ('whipper snippers'), and solar panels. Although they can acquire these goods in Vanuatu, like the sale of second-hand clothing from Australia and New Zealand, there is a perception by customers that overseas goods are of higher quality. One worker reported that he began his own timber and machinery hire business with tools purchased in Australia; he hires out chainsaws and grass cutters to others in the community, or provides the service at a charge. Regarding solar panels and accessories, initially sought after for personal and community use, workers have found business opportunities through charging fees to recharge electronic goods. A popular business is larger solar panel set-ups to run freezers and sell frozen goods such as beef, chicken, fish and ice cream. Since 2009, I have documented a rise in the demand for electronic goods by seasonal workers and their families from Vanuatu. The lack of electricity in rural areas in Vanuatu has created a demand for solar recharging services.

Businesses grouped under the category of 'other' include bakeries, tourism bungalows, rental accommodation, and tourism

operations such as guided sightseeing trips. It is also important to acknowledge that not all workers intend purchasing a business of their own and feel more secure investing in larger community enterprises. Yet other workers spoken to said they had no intention to open and own businesses until they had gained sufficient experience while working overseas. It is clear there are a number of contributing factors that encourage business ownership in Vanuatu. Material and social remittances from seasonal worker programs can promote new ideas for entrepreneurship; however, local support for businesses selected is essential.

Looking to the future

This sample study reveals what only a small fraction of workers participating in RSE and SWP are doing in terms of business ownership. Another area in need of further research is the different businesses entered into by men and women. There were different expectations and aspirations between these groups depending on gender, marital status, number of dependants and obligations to their families and communities. These workers have shown that they are highly entrepreneurial and adaptable in regard to household income diversification. As mentioned previously, they also contribute to other's (often different) business investments. When provided with opportunities such as using shipping services and purchasing sought after material goods, workers found niches in creating new markets. Further research could gauge just how successful these businesses are at improving economic development in Vanuatu, alongside continuous monitoring for longer-term impacts.

Author notes

Rochelle Bailey is a Research Fellow in the Department of Pacific Affairs at the ANU.

Endnotes

1. For SWP this includes Timor-Leste.
2. Workers were randomly selected from four areas in Australia and three from New Zealand.
3. These were only business ventures, not individual or community projects, which have been previously documented.

References

- Bailey, R. 2014. Working the Vines: Seasonal Migration, Money and Development in New Zealand and Ambrym, Vanuatu. PhD thesis, Department of Anthropology and Archaeology, University of Otago.
- Bailey, R. and A. Kautoke-Holani 2018. *Encouraging and Enhancing Economic Development in RSE and SWP*. DPA In Brief 2018/3. Canberra: ANU.



