International Labour Organization

ILO brief

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Pacific Employment and Social Monitor, April 2024*

Towards resilient labour markets and better jobs

Key points

- Economic recovery in the Pacific has been uneven and more recently slowing down. In contrast, job growth has remained resilient, with decreasing unemployment rates.
- High youth unemployment rates remain a concern. The share of youth who are not in education, employment or training is at staggering levels in some Pacific Island countries, with young women experiencing higher shares than men.
- Despite in general high shares of women in employment, gender gaps continue to persist. Unemployment rates among women in some of the smaller Pacific Island countries are significantly higher than among men.
- Jobs in countries other than Australia and New Zealand are often of poor quality. Informal employment has been stagnating at high levels. Climate change and natural disasters in some cases impeded faster progress in reducing working poverty. Wages often remain at relatively low levels. Taken together, these are some of the drivers of the recent surge in labour migration.
- Macroeconomic and sectoral policies, along with employment and skills policies, as well as policies that foster entrepreneurship, increase social protection, enable a just transition, and promote labour standards are key to enhancing social justice in the Pacific, and to creating decent jobs for all, including women, youth, persons with disabilities and other marginalized groups.

Economic recovery after the pandemic has been uneven

The Pacific Islands are a very diverse sub-region within Asia and the Pacific, including countries of different income levels, population sizes and levels of economic activity.[1] Australia and New Zealand alone accounted for 74 per cent of the sub-region's working-age population and 97 per cent per cent of the sub-region's gross domestic product (GDP) in 2023. Even after excluding Australia and New Zealand from the sub-regional total, there is a high level of concentration, with Papua New Guinea accounting for 76 per cent of the remaining

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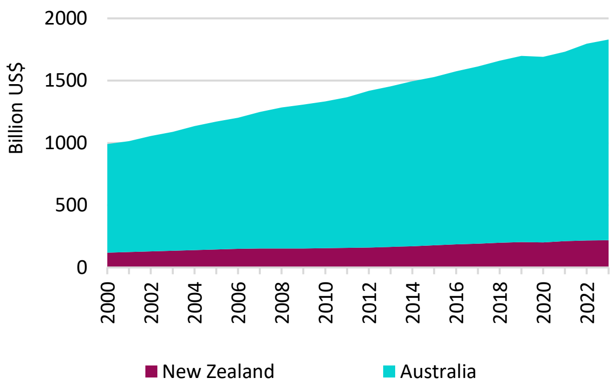
[1] See Annex for more detailed information on the country coverage for both the aggregate Pacific Islands sub-regional data series and the country-specific data shown in this ILO Brief. Table A1 in the Annex has information on the income level classification of ILO member states in the Pacific Islands sub-region.

working-age population and nearly half (47 per cent) of the remaining sub-region's GDP.[2]

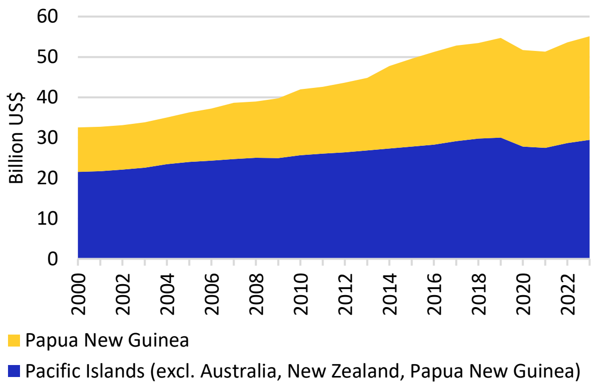
The pandemic struck many countries of the sub-region hard, especially those whose economies are highly dependent on tourism and imports. While Australia's and New Zealand's economies only experienced relatively mild setbacks during the pandemic and are now fully back on their pre-pandemic economic growth path (figure 1a), the pandemic opened up a persistent gap in real GDP for the other countries in the Pacific (figure 1b). In Papua New Guinea as well as the small island economies that form part of the Pacific Islands sub-region, real GDP in 2023 was still by around 8-10 per cent smaller than what the 2010-19 trend would have had predicted.

▶ **Figure 1. Real GDP**, billion constant 2015 US$

a. Australia and New Zealand



b. Pacific Islands except Australia and New Zealand

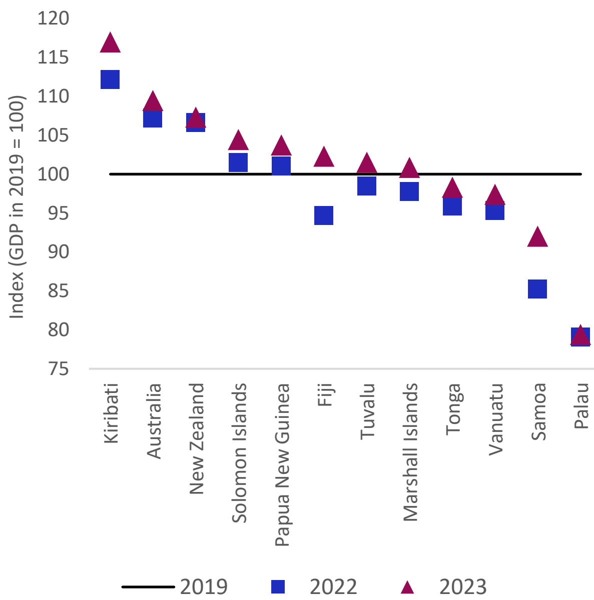


Note: See Annex for a list of countries includes in "Pacific Islands".
Source: IMF World Economic Outlook database, April 2024; World Bank World Development Indicators database, UN National Accounts database.

Australia's and New Zealand's real GDP in 2023 was by an estimated 9.5 and 7.3 per cent larger than the respective 2019 values. Similarly, the real GDP of Kiribati, Solomon Islands and Papua New Guinea in 2023 significantly surpassed pre-crisis levels. In the case of Kiribati, the rapid recovery from the pandemic has been to a large extent driven by supportive fiscal policies and large infrastructure projects. Solomon Islands hosted the Pacific Games in 2023, equally accompanied by large investments in infrastructure. In Papua New Guinea, mining as well as the agricultural sector have been playing a strong role in the recovery.[3]

In contrast, the real GDP of Fiji, Marshall Islands, Palau, Samoa, Tonga, Tuvalu and Vanuatu continued to hover significantly at or below pre-pandemic levels (figure 2). For some of the countries, this is related to the rather sluggish recovery of tourism. For example, in the case of Palau, the number of visitor arrivals in 2023 stood at only 41,227, much improved compared to the 12,328 recorded the year before, but still significantly below the 94,051 recorded in 2019.[4] High inflation rates have also played a role in keeping real GDP down in some of the smaller Pacific Island countries (discussed in more detail in figure 13).

▶ **Figure 2. Real GDP in 2022 and 2023 relative to 2019**, index (GDP in 2019 = 100)



Source: IMF World Economic Outlook database, April 2024.

[2] For data sources to calculate GDP shares, see figure 1 notes. The underlying data source for population shares is UN World Population Prospects 2022.

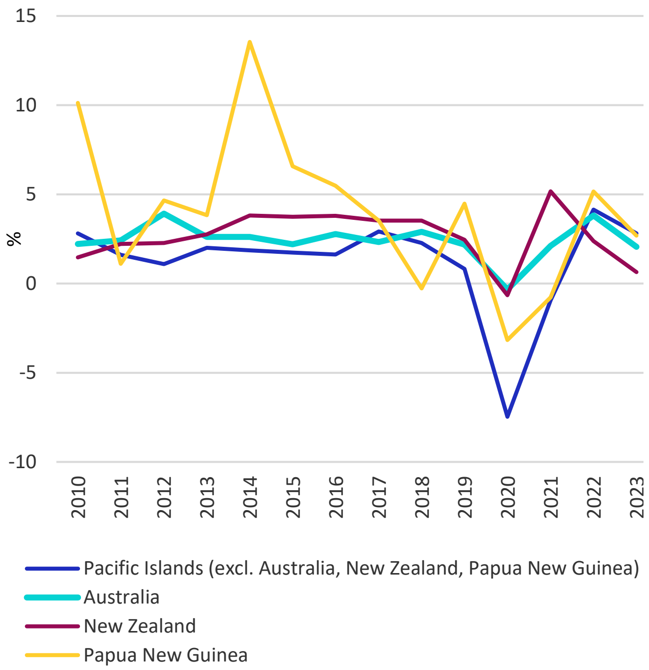
[3] See International Monetary Fund (IMF). 2023. *Kiribati: 2023 Article IV Consultation – Press Release and Staff Report*, IMF Country Report No 23/329; World Bank. 2023. *Papua New Guinea Economic Update: Unlocking the Economic Benefits of Gender Equality*.

[4] See Palau Visitors Authority. 2021. *Palau Visitor Arrivals Statistics 2020 Report*; Palau Visitors Authority. 2024. *Palau Visitor Arrivals Statistics December 2023 Summary*.

Economic recovery has been slowing down

While Australia and New Zealand experienced a peak in their economic growth rates in 2021, other countries in the sub-region reached their peak in recovery only in 2022, after a much more drastic decline in economic growth during the pandemic (figure 3). Throughout the Pacific Islands sub-region, economic growth slowed in 2023, in line with the deteriorating global macroeconomic environment characterized by ongoing geopolitical tensions and frequent and proactive measures by central banks to control inflation.

▶ **Figure 3. Real GDP growth,** percentage



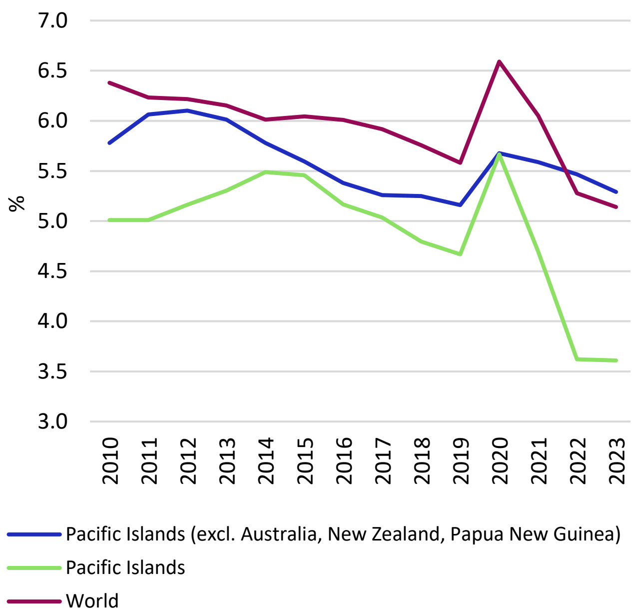
Source: IMF World Economic Outlook database, April 2024.

Unemployment rates in the sub-region are back to pre-pandemic levels

Total unemployment in the Pacific Islands is estimated at nearly 800,000 in 2023, equivalent to an unemployment rate of 3.6 per cent. When excluding Australia, New Zealand and Papua New Guinea, there were 73,000 unemployed in 2023, equivalent to an unemployment rate of 5.3 per cent – similar to the global unemployment rate of 5.1 per cent (figure 4).

The oscillations in the trend are to a large extent driven by Australia and New Zealand, in line with the general pattern that unemployment rates in high income economies tend to be more reactive to changes in economic growth. The rapid economic recovery from the pandemic in these two countries was accompanied by a pronounced decrease in unemployment rates, including for youth. Also in the smaller Pacific Island countries, jobs growth has been resilient, with unemployment rates back or nearly back to pre-pandemic levels in 2023, despite the weaker economic recovery.[5] The youth unemployment rate in the smaller Pacific Island countries kept on declining as well, only remaining slightly above pre-pandemic levels at 12.4 per cent in 2023, compared to 12.1 per cent in 2019.

▶ **Figure 4. Unemployment rate**, percentage



Source: ILOSTAT, ILO modelled estimates, November 2023.

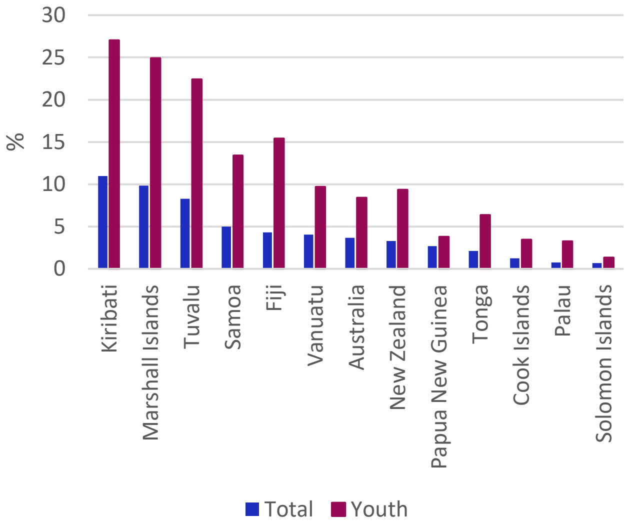
Youth unemployment remains a concern

While unemployment rates are estimated to overall have recovered in the Pacific Islands sub-region, the rates vary significantly between countries. However, most countries have a total unemployment rate of 5 per cent or below, according to the latest available data point (figure 5). Kiribati, Marshall Islands and Tuvalu are the exceptions, which are countries with a relatively high shares of public sector employment in total employment. This may be an

[5] This is broadly in line with the global trend. See ILO. 2024. *World Employment and Social Outlook: Trends 2024*.

indication that private sector employment opportunities in these countries are more limited than elsewhere. Workers that do not possess the necessary skills and qualifications for a job in the public sector, are often the ones that end up being unemployed in these countries.

▶ **Figure 5. Unemployment rate, total and youth, latest available year,** percentage



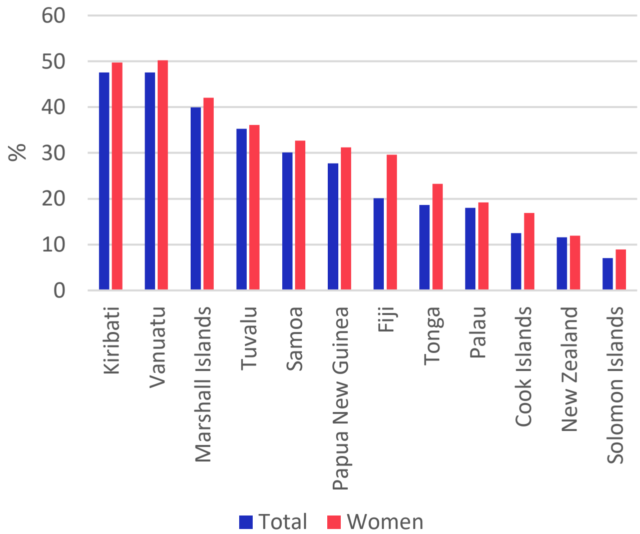
Note: See Annex table A2 for information on the latest available year per country. Youth refers to age group 15-24.
Source: ILOSTAT, based on national data sources.

As in other parts of the world, unemployment rates among youth are significantly higher than among adults in all Pacific Island countries. In some instances, young people do not consider jobs available to be attractive enough. In other instances, there is a skills mismatch, with available vacancies not matching the skills profile of young job seekers. There are also reports about the lack of job readiness skills and basic skills that youth would need to succeed in job applications.

Youth have exhibited a declining share of total employment, from 19.4 per cent to 15.4 per cent between 2000 and 2023 in the Pacific Islands sub-region, similar to the global decline over the same period. Youth labour force participation rates remain significantly below adult rates in all countries of the Pacific. This in part reflects economic development, with more youth staying longer in education rather than entering employment. Indeed, the share of workers with advanced educational attainment has increased over time in Pacific Island countries, which is an indication of an increasing number of youth with comparatively better education entering the labour market. For example, Vanuatu saw an increase in the share of workers with advanced educational attainment from 4.6 to 6.3 per cent between 2006 and 2020, Kiribati from 3.8 to 7.5 per cent between 2015 and 2020 and Fiji from 20.8 to 25.2 per cent between 2011 and 2016.[6]

There are also substantial shares of youth in the Pacific Islands who are not in education, employment or training (NEET). Globally, this share is estimated at 21.7 per cent in 2023. Based on latest available data from the Pacific Islands sub-region, Kiribati, Vanuatu, Marshall Islands, Tuvalu, Samoa and Papua New Guinea have higher NEET shares, showing the difficulties of young people to match skills demand and find jobs that are attractive to them. Young women have consistently higher NEET rates than young men (figure 6). Some countries with high NEET rates also have relatively high incidences of teenage pregnancies; for example, the adolescent fertility rate was 64 births per 1000 women aged 15-19 in Vanuatu and 58 in Marshall Islands in 2021, which compares to 42 globally.[7] NEET rates are also substantially higher for young persons with disabilities (Box 1).

▶ **Figure 6. Share of youth not in education, employment or training (NEET), latest available year**, percentage



Note: See Annex table A2 for information on the latest available year per country. Youth refers to age group 15-24.
Source: ILOSTAT, based on national data sources.

[6] See ILOSTAT, based on national data sources. See classification of educational attainment levels follows the International Standard Classification of Education, with “advanced” comprising first and second stage of tertiary education.

[7] The data source for adolescent fertility rates is World Bank, World Development Indicators database.

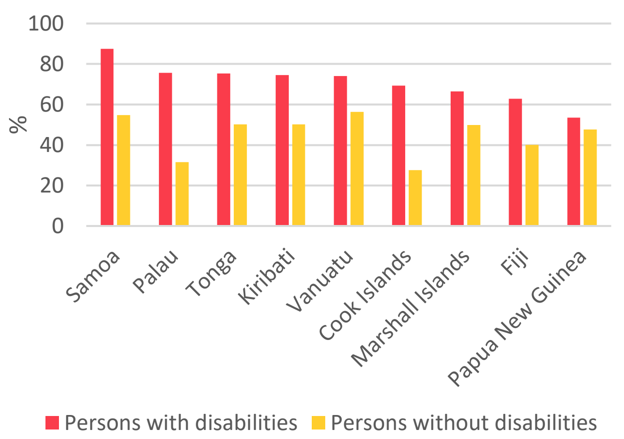
▶ Box 1. Persons with disabilities in the labour market in the Pacific

Persons with disabilities face challenges on the labour market. Enterprises often lack the required facilities for employed persons with disabilities. Globally, the common features of persons with disabilities in the labour market are higher rates of inactivity, informal employment, and youth not in education, employment or training (NEET) relative to persons without disabilities. There are similar findings for countries in the Pacific Islands sub-region.

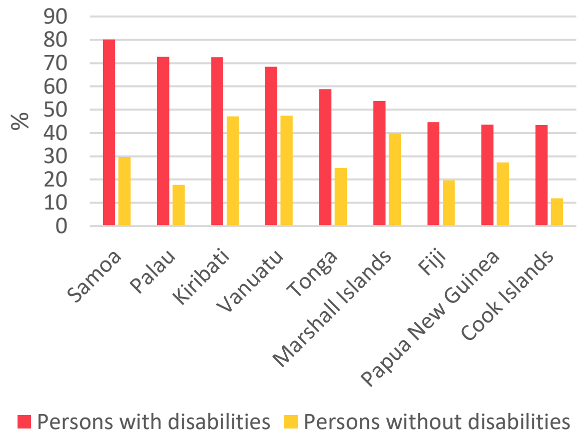
Persons with disabilities are more likely than those without disabilities to be outside the labour force, suggesting that persons with disabilities face more difficulties in accessing employment opportunities compared to persons without. Based on the latest data points from nine countries in the Pacific sub-region, on average 71 per cent of persons with disabilities are outside the labour force (with rates varying between 53.6 and 87.4 per cent). This compares with an average rate of inactivity for persons without disabilities of 45.4 per cent (figure B1a).

▶ Figure B1. Inactivity rate and share of youth not in education, employment or training (NEET) by disability status, latest available year

a. Inactivity rate, percentage



b. Share of NEET, percentage



Note: See Annex table A2 for latest available year. Youth refers to age group 15-24.
Source: ILOSTAT, based on national data sources.

Moreover, youth with disabilities are more likely to not be in education, employment or training (NEET) than their peers without disabilities (figure B1b). On average, 59.8 per cent of the youth with disabilities are NEET compared to 29.5 per cent of youth without disabilities being NEET in the Pacific region (the highest rate of youth with disabilities NEET for a specific country is 80.1 per cent whereas the lowest rate is 43.5 per cent). In contrast, the average rate of youth without disabilities NEET is 28 per cent (with 47.3 per cent being the highest rate for a specific country and 11.9 per cent being the lowest rate). These data illustrate that large numbers of youths with disabilities are neither improving their future employability through education and investment in skills nor gaining experience through employment. Hence, they remain at higher risk of both labour market and social exclusion.

As for the nature of employment, persons with disabilities in the Pacific are more likely to be in informal employment relative to persons without disabilities. Since informal workers are not covered by labour legislation or social protection, persons with disabilities who have informal jobs remain vulnerable in the labour market.

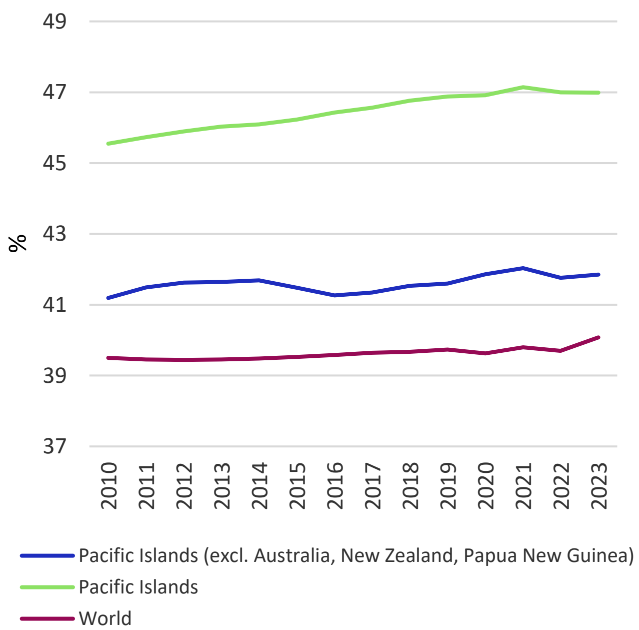
In promoting decent work for all, leaving no one behind, economic policies to stimulate demand and job creation, and employment policies coupled with active labour market policies, can address some of the challenges that persons with disabilities face. For example, this may include employment subsidies or apprenticeship schemes particularly targeted towards persons with disabilities. Increasing the labour force participation of persons with disabilities and reducing the rate of NEET among youth with disabilities may be two major priorities when developing strategies for economic and social inclusion in the region.

Despite high shares of women in employment, gender gaps continue to persist

Women's share of total employment in the Pacific (47.0 per cent in 2023) exceeds the corresponding global share (40.1 per cent). Women have accounted for an increasing share of total employment between 2010 and 2023 (figure 7). By country, the highest female employment shares are found in Australia and New Zealand, as well as in Papua New Guinea. Even when excluding those three countries, the share of women in total employment remains relatively high in global comparison. It is worth noting though that there is a significant disparity between countries, with Fiji (33.4 per cent) and Samoa (35.4 per cent) at the lower end of the scale, according to the latest available data point.

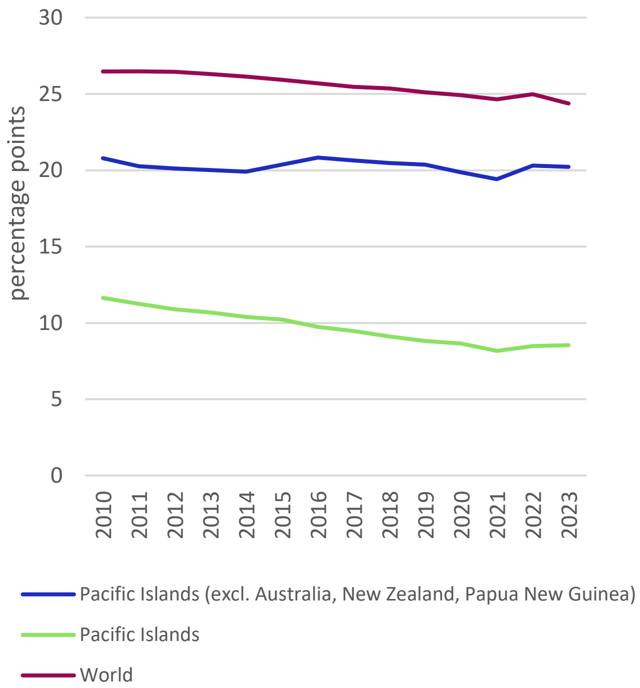
Globally women have a lower labour force participation rate than men. In 2023, this gap was estimated at around 24 percentage points (49 per cent for women compared to 73 per cent for men). The gender gap in labour force participation in the Pacific is lower, at around 8.5 percentage points or 20 percentage points, when excluding Australia, New Zealand and Papua New Guinea (figure 8). This is due to a relatively higher labour force participation rate for women compared to global averages.

▶ **Figure 7. Women's share of total employment,** percentage



Source: ILOSTAT, ILO modelled estimates, November 2023.

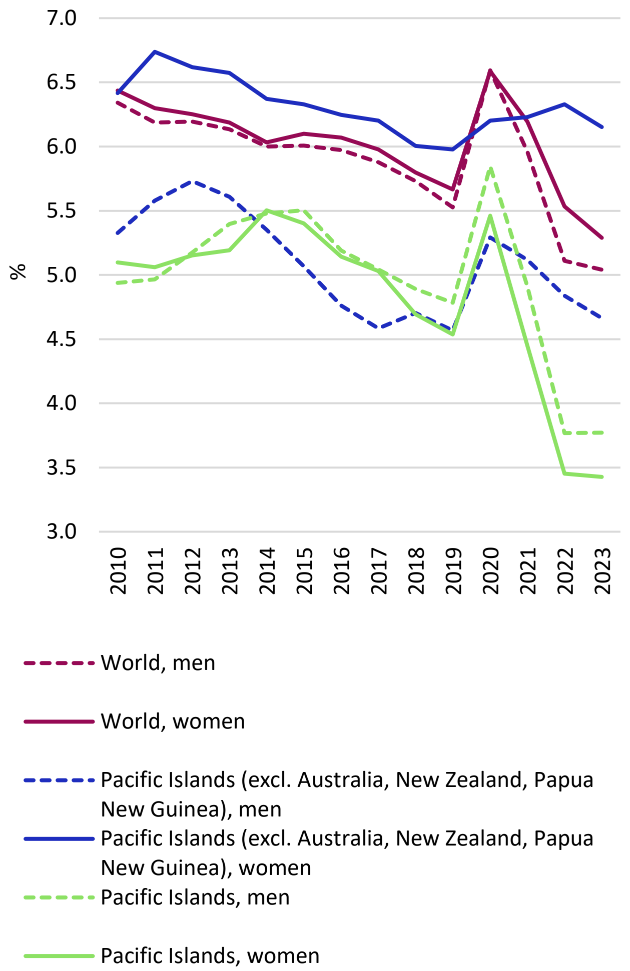
▶ **Figure 8. Difference in labour force participation rates between men and women**, percentage points



Source: ILOSTAT, ILO modelled estimates, November 2023.

Female unemployment rates globally, but also in the Pacific Islands sub-region, closely track male unemployment rates (figure 9). While globally, female unemployment rates (5.3 per cent in 2023) are slightly higher than male unemployment rates (5.0 per cent), the reverse holds for Pacific Islands as a whole, where the female unemployment rate (3.4 per cent) is lower than the rate for men (3.8 per cent). However, this pattern is entirely driven by the three largest countries of the sub-region. When excluding Australia, New Zealand and Papua New Guinea, female unemployment rates exceed male unemployment rates by 1.5 percentage points, illustrating that job-seeking women have more difficulties than men to find employment.

▶ **Figure 9. Unemployment rates by sex**, percentage



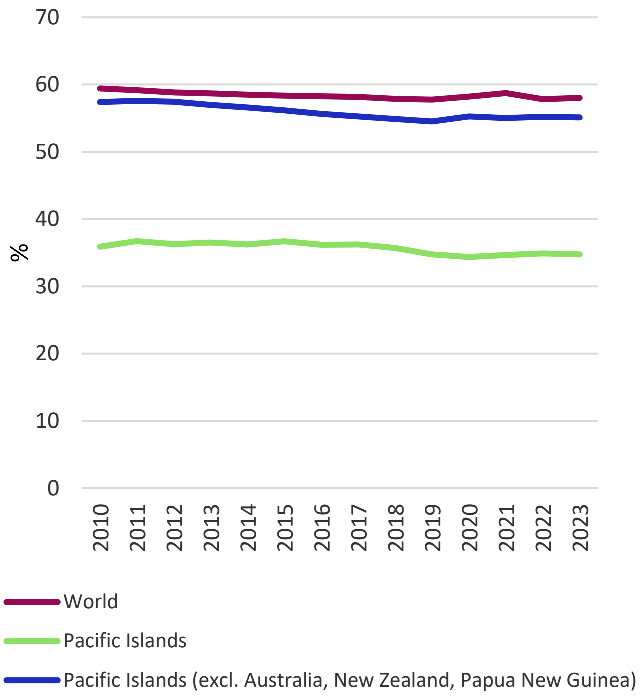
Source: ILOSTAT, ILO modelled estimates, November 2023.

Informal employment has been stagnating at high levels

Workers in informal employment are engaged in economic activities that are either insufficiently covered or not covered by formal arrangements in law or in practice. Informal worker are more likely to live in poverty, often lack the security in the workplace, and more generally often have jobs of poorer quality.

Informal employment has been stagnating, declining only marginally over the last two decades in the Pacific sub-region. The share of total employment in informal employment in the Pacific has decreased from 35.9 per cent in 2010 to 34.7 per cent in 2023 (figure 10). Australia and New Zealand have relatively low incidences of informal employment. Without including the three largest countries of the Pacific sub-region, the informal employment rate (55.1 per cent) is very close to the global rate (58.0 per cent).

▶ **Figure 10. Informal employment rate,** percentages



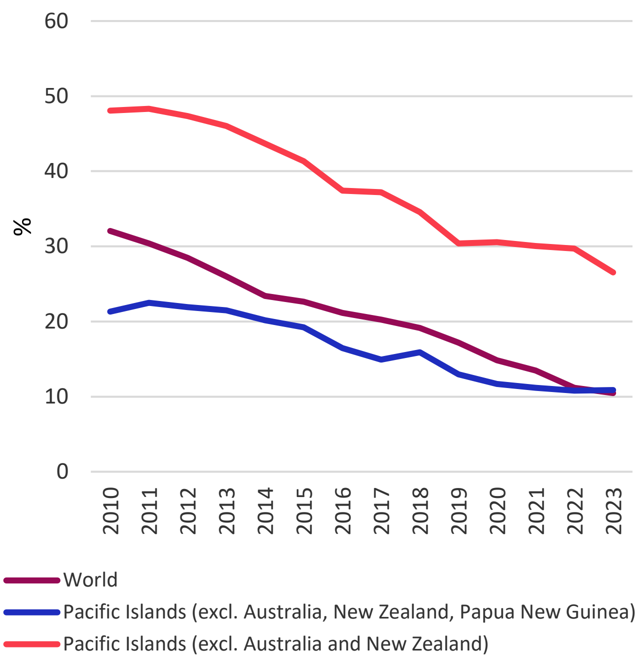
Source: ILOSTAT, ILO modelled estimates, November 2023.

There is a gender-gap in terms of informality, with women in the Pacific likely to have higher rates of informal employment than men. The gap has narrowed to an almost negligible amount in Australia and New Zealand but remains wider elsewhere in the Pacific.

Working poverty has decreased

Having a job does not necessarily mean that a worker earns enough to live above the poverty threshold. As total employment grows in the region, the share of this employed population who are working poor (at $2.15 or less per day) has been decreasing globally and in the wider Asia-Pacific region. There has also been significant progress in the Pacific Islands sub-region (excluding Australia and New Zealand), from 48.1 per cent, to 26.5 per cent between 2010 and 2023 (figure 11). However, this decrease is to a large extent driven by significant reductions in extreme working poverty in Papua New Guinea. The removal of Papua New Guinea from the Pacific sub-regional average leads to a less steep decline in working poverty rates and puts the working poverty rate in 2023 at 10.9 per cent, compared to 21.3 per cent in 2000, which is a smaller reduction than seen in the rest of the world. In many cases, the impacts of climate change and natural disasters have been preventing faster progress.

▶ **Figure 11. Working poverty rate (less than $2.15 per day),** percentage



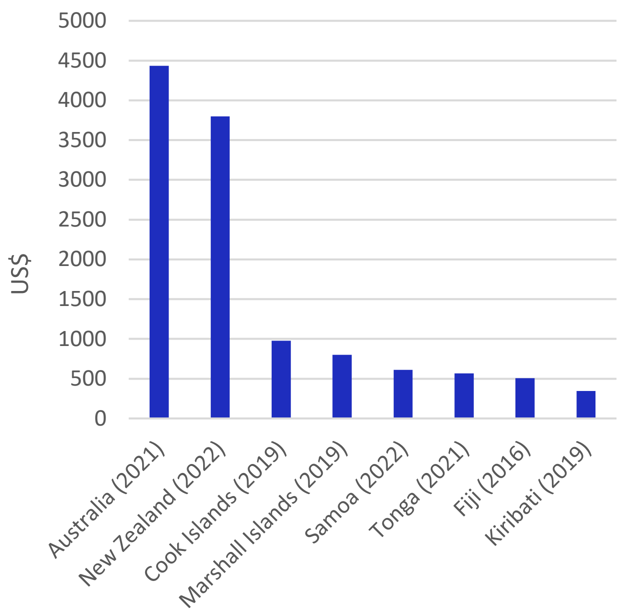
Source: ILOSTAT, ILO modelled estimates, November 2023.

As the extreme working poverty rate decreases, many will move into moderate poverty. Indeed, taking a working poverty rate at $3.65 per day, suggests that around 28 per cent of the employed population in the sub-region, excluding Australia, New Zealand and Papua New Guinea, were working poor at this level in 2023, reflecting a less drastic reduction from around 36 per cent in 2010.

Wage differences between countries are significant

There are vast disparities in wage levels within the Pacific sub-region, between Australia and New Zealand on the one hand, and the other Pacific Island countries on the other hand. Average monthly earnings of employees in the latter two countries, are a multiple of the earnings of employees in many other countries of the sub-region (figure 12).

▶ **Figure 12. Average monthly earnings of employees, latest available year,** current US$

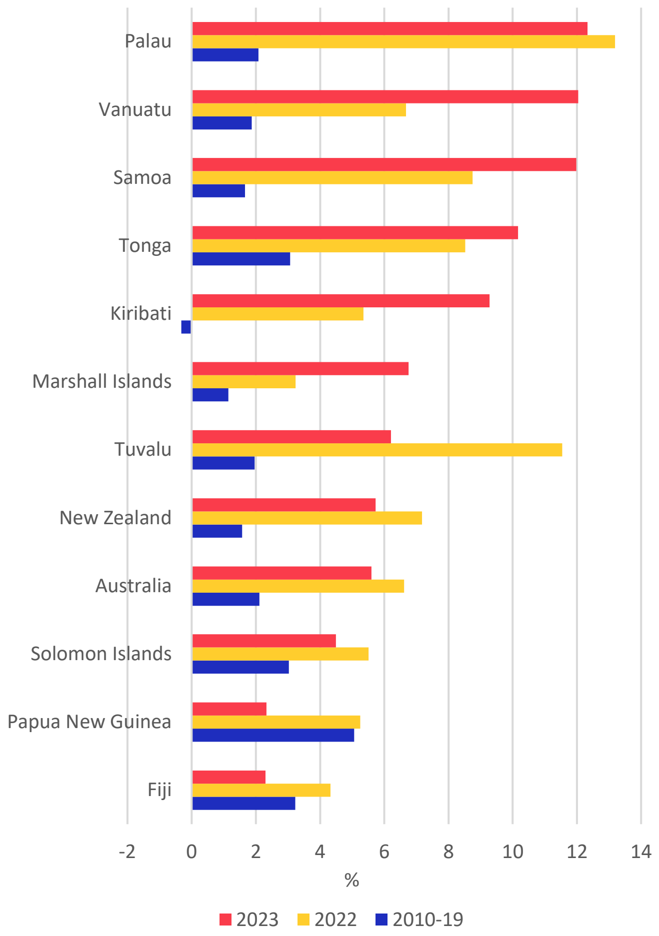


Source: ILOSTAT, based on national data sources.

At the same time, recent years have seen staggering inflation globally, as well as in the Pacific, driven largely by global factors. Consumer price inflation has come down in some countries in 2022-23, including Palau, Tuvalu, New Zealand, Australia, Solomon Islands, Papua New Guinea and Fiji (figure 13). However, many countries in the broader Asia and Pacific region continue to grapple with inflation rates surpassing historical averages, even reaching double-digit numbers.[8] This constitutes a risk to real wage growth, as nominal wages in many cases might not be able to keep up with the higher inflation. Consequently, this can exacerbate economic strain across the sub-region, particularly impacting purchasing power, and especially affecting low-wage earners.

[8] See ILO. 2023. *Minimum wage response to COVID-19 and inflation crises: An Asia-Pacific region overview*, Policy Brief.

▶ **Figure 13. Consumer price inflation rate,** percentage



Source: IMF World Economic Outlook database, April 2024.

Labour mobility has picked up

Differences in the quality of available jobs domestically combined with rising costs of living are among the main factors that drives international migration of Pacific Islanders, whether on a permanent or temporary basis, seeking to take up better job opportunities abroad. While the numbers of international migrants from, and within, the Pacific Islands are small in absolute numbers, the importance of labour mobility and permanent migration and its impact on societies and economies in many parts of the Pacific is significant.

As of mid-year 2020, there were an estimated 566.000 migrants from Pacific Island countries and semi-autonomous territories, around 56 per cent of which migrated to Australia and New Zealand. Another 12 per cent migrated to other Pacific Island countries, with major destinations being American Samoa, New Caledonia, and Guam.[9]

Comparing the stock of emigrants to the current resident population highlights how permanent migration has led to sizeable diaspora communities, especially for Tonga, Samoa, Tuvalu, Fiji, Cook Islands and the Marshall Islands.

In addition to permanent migration, a combined total of almost 48,000 visas were issued to workers participating in temporary labour migration schemes in the region. Between 1 July 2022 and 30 June 2023, the workers participating in Australia's Pacific Australia Labour Mobility (PALM) scheme and New Zealand's Recognised Seasonal Employer (RSE) scheme nearly doubled from the 24,975 visas issued in 2018-19, the last full pre-pandemic year of recruitment.

Contrasting these total numbers of workers in the Pacific labour mobility schemes with the working age population in each of these countries, shows that the countries with the highest rates of workers participating in the schemes, such as Samoa and Vanuatu, have between 6 and 9 per cent of their working age population in temporary labour migration in 2022-23.

The services sector is the largest employer in most countries

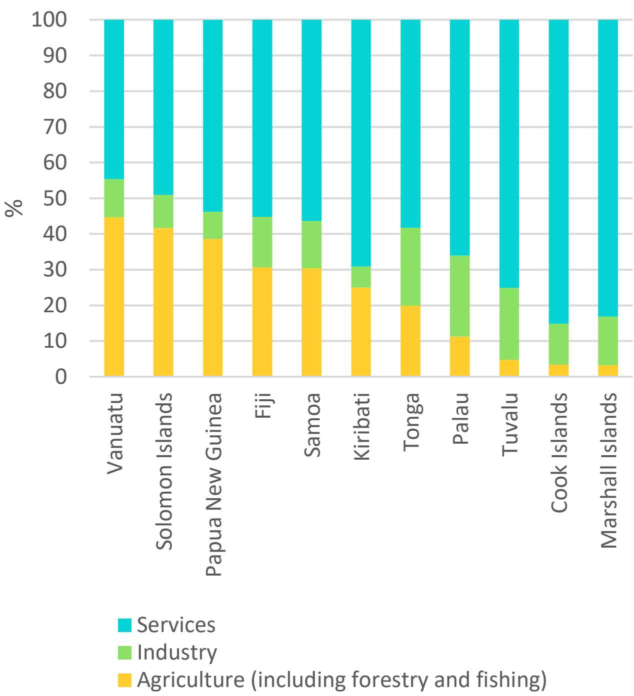
When looking at employment by broad sector, it is services employment that has increased most between 2010 and 2023, while employment in industry has been stagnating. Meanwhile, employment in agriculture, including also forestry and fishing, has seen declines, in terms of that sector's share in total employment.

At the same time, the agricultural sector still remains an important sector in some Pacific Island countries. Vanuatu, Solomon Islands and Papua New Guinea have the highest proportion of total employment in agriculture, at 45 per cent, 42 per cent and 39 per cent, respectively (figure 14). Agricultural production in these countries remains vulnerable to natural disasters such as cyclones, flooding or droughts (see also box 2), with impacts on workers and small businesses. Tuvalu, Cook Islands and Marshall Islands have the lowest shares of employment in agriculture, with 75 per cent, 85 per cent and 83 per cent of employment in services, respectively. Due to the small land mass, employment in agriculture largely corresponds

[9] See United Nations Department of Economic and Social Affairs. 2020. *International Migrant Stock 2020 dataset*.

to employment in the fishing sector in these countries. The countries with the highest shares of employment in industry are Palau (23 per cent), Tonga (22 per cent) and Tuvalu (20 per cent).[10]

▶ **Figure 14. Composition of total employment by broad sector, latest available year,** percentage



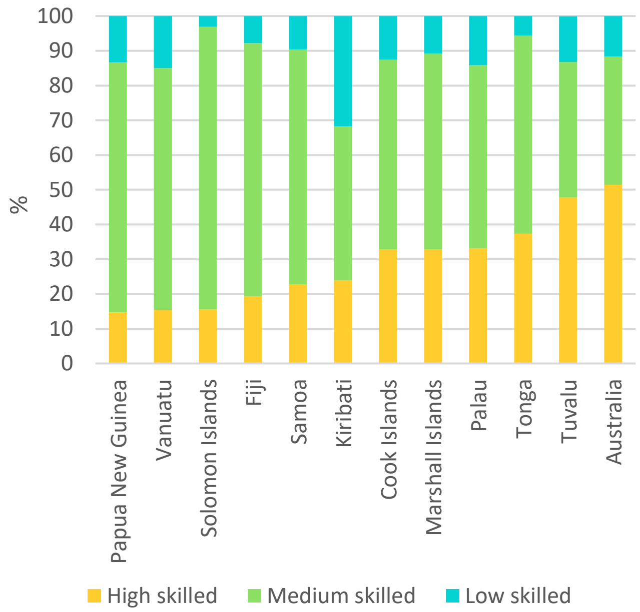
Note: See Annex table A2 for information on the latest available year per country.
Source: ILOSTAT, based on national data sources.

Employment in high skilled occupations has been increasing

Employment in high skilled occupations has been increasing in the Pacific sub-region over time.[11] Including Australia and New Zealand, employment in high skilled occupations increased from 38.1 to 45.0 per cent between 2010 and 2022. Similarly, also when excluding those two high-income countries, the Pacific sub-region has seen an increase in employment in high-skill occupations from 14.2 to 17.0 per cent. This marks an improvement, as employment shifts to more skilled occupations over time, typically in line with economic development and shifts to higher value-added activities.

By country, the composition varies. Australia has the highest share of workers in high skilled occupations at 52 per cent, followed by Tuvalu at 48 per cent and Tonga at 37 per cent (figure 15). At the other end of the scale, Papua New Guinea, Vanuatu and Solomon Islands have the lowest shares of workers in high skilled occupations. Countries with most workers in low skilled occupations as a share of total employment include Vanuatu and Kiribati, at 15 per cent and 32 per cent, respectively. It is important to note that, in all Pacific Island countries except Papua New Guinea and Solomon Islands, women have a higher share of workers in high-skill occupations than men.

▶ **Figure 15. Composition of total employment by occupational skill level, latest available year,** percentage



Note: See Annex table A2 for information on the latest available year per country. For Australia, the data point refers to 2021.
Source: ILOSTAT, based on national data sources.

[10] In Tonga, most of the industry workers are in textile manufacturing.

[11] The classification of employment by occupational skill levels follows the International Standard Classification of Occupation (ISCO). High skilled occupations include managers, professionals, technicians and associate professionals.

▶ Box 2. Climate change and natural disasters

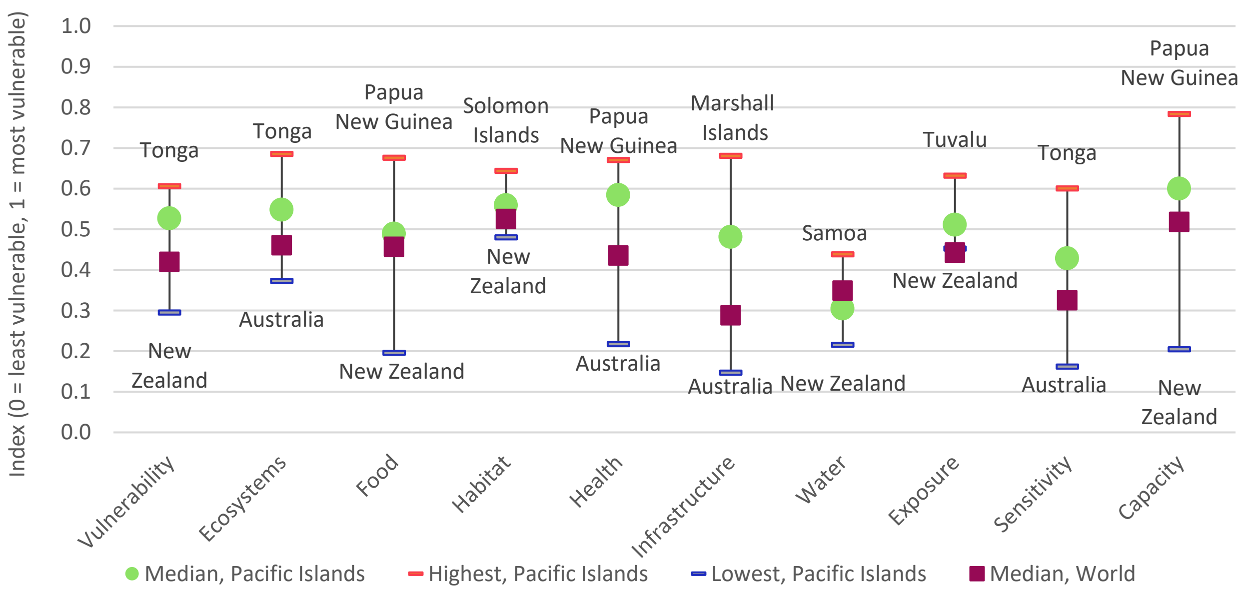
The Pacific Island countries are mostly low-lying islands and atolls that are particularly vulnerable to climate change and rising sea levels. As such, climate risk is an important consideration for the sub-region. This box shows indicators of the vulnerability to environment and climate change, highlighting some of the risk factors for the labour market and economies in Pacific Island countries.

The Notre Dame Global Adaptation Index measures countries' vulnerability to climate hazards as well as their readiness to make effective use of investments for adaptive actions. As for the vulnerability to climate hazards, which this box focuses on, the index considers exposure, sensitivity and adaptive capacity across six sectors: ecosystems, food, habitat, health, infrastructure and water. The median overall vulnerability score for Pacific Island countries is 0.53 (where 0 is least vulnerable and 1 is most vulnerable). The compares to a global median score of 0.42.

The different vulnerability scores for countries in the region with respect to different composite indicators of the index, show some variability within the Pacific sub-region (figure B2). For instance, it shows that for ecosystems – which provides the natural capital upon which human society builds its economy and social system and which include natural resources that are at the foundation of most product value chains – the Pacific Islands sub-region has a median score of 0.55, with a variation between 0.37 and 0.68. Changed temperature and precipitation cause stress within ecosystems unable to respond as quickly as these shifts require.

The Pacific Islands sub-region is most at risk with regards to health and capacity - both are factors heavily affected by climate change. Notably, the range suggests that certain countries within the region are much more at risk than others to climate change.

▶ **Figure B2. Notre Dame Global Adaption Index, Vulnerability and composite indicators, 2021,** index score (0 = least vulnerable, 1 = most vulnerable)



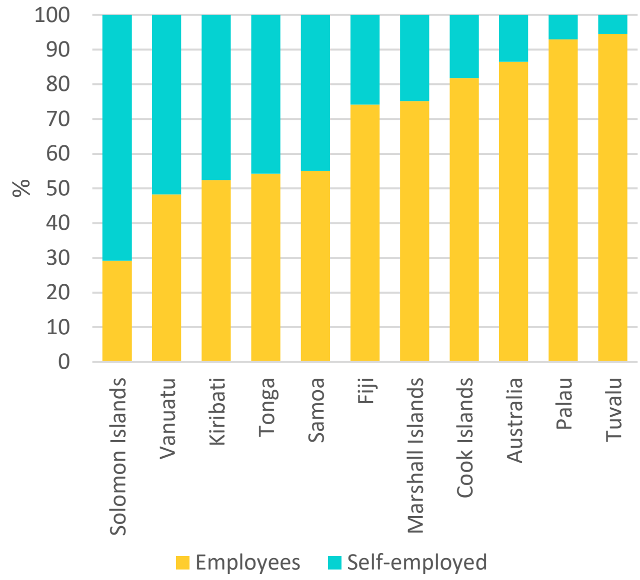
Note: Green dot is the median of data points for Australia, Fiji, Kiribati, Marshall Islands, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Pink square is the median of all available data points.
Source: ND-GAIN Country Index. Available at: https://gain.nd.edu.

Over the 2017-2021 period, there were a total of 70 natural disasters in the Pacific Islands (natural disasters in this context includes floods, droughts, epidemics, storms, landslides, earthquakes and wildfires). This compares to 54 natural disasters over the 1992-1996 5-year period. There are substantial costs to these events, which, for the 2017-2021 period, amounted to US$ 17.3 billion. The Pacific Island countries' vulnerability to climate-induced shocks has implications for the labour market including job losses and migration considerations.

Wage employment is the dominant status of employment in most countries

The share of employees and self-employed, the latter category including employers, own-account workers and unpaid family workers, varies considerably between countries (figure 16). In Tuvalu, the share of employees in total employment is around 94 per cent, followed by Palau at 93 per cent and Australia at 87 per cent. At the lower end of the scale, Solomon Islands, Vanuatu and Kiribati have the lowest shares who are employees, at 29 per cent, 48 per cent and 52 per cent, respectively. The share of employees is higher among men compared to women in all countries except Australia, Fiji, Kiribati and Samoa.

▶ **Figure 16. Composition of total employment by status in employment, latest available year,** percentage



Note: See Annex table A2 for information on the latest available year per country. For Australia, the data point refers to 2021.
Source: ILOSTAT, based on national data sources.

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▶ Conclusions and recommendations

With their remoteness and size, Pacific Island countries and their economies and labour markets are facing unique challenges. While there are employment opportunities, they may not always offer sufficient attractiveness or adequate compensation to be taken up by Pacific Islanders, leading to increasing labour migration outflows. At the same time, labour shortages prevent the filling of vacancies with an adequate match, creating adverse impacts on enterprises and, with potential knock-on effects on domestic economies, undermining their potential to create decent jobs.

Macroeconomic and sectoral policies, along with employment policies that have a strong gender and social inclusion lens and promote international labour standards, are key to promoting social justice and the creation of decent jobs in the Pacific. Skills policies targeted to address shortages in certain sectors can help alleviate constraints in that regard. Policies to promote entrepreneurship can offer an alternative pathway for some workers. Incorporating adequate minimum wages into these policies, which respond to the increased costs of living while ensuring an enabling environment for sustainable enterprises, enhances their effectiveness. In addition, social protection, especially in light of a high vulnerability to climate change and natural disasters, as well as the formalization of the informal sector can play a key role in increasing the resilience of labour markets.

Frequent and regular surveys, including labour force surveys and household income and expenditure surveys, are crucial for improved labour market information in the Pacific Islands sub-region. Data availability has significantly improved over the past few years, but, further efforts are needed to ensure regular data collection in all countries in order to support evidence-based policy making.

▶ Annex: Methodology and coverage

Regional background information

A particular focus of the analysis in this ILO brief is being laid on the 13 ILO Member States, which includes the 11 ILO Member States covered by the ILO Office for Pacific Island Countries, as well as Australia and New Zealand. The countries are mostly small island nations, with the exception of Australia, New Zealand and Papua New Guinea. Most of the countries are lower middle-income according to the World Bank Income Group Classifications (table A1), which is based on gross national income (GNI) per capita.

Table A1. World Bank Income Group Classification, Pacific Island Countries

Country	Code	World Bank Classification
Australia	AUS	High income
Cook Islands	COK	Unclassified
Fiji	FJI	Upper middle income
Kiribati	KIR	Lower middle income
Marshall Islands	MHL	Upper middle income
New Zealand	NZL	High income
Palau	PLW	Upper middle income
Papua New Guinea	PNG	Lower middle income
Samoa	WSM	Lower middle income
Solomon Islands	SLB	Lower middle income
Tonga	TON	Upper middle income
Tuvalu	TUV	Upper middle income
Vanuatu	VUT	Lower middle income

Source: World Bank, World Bank Country and Lending Groups, 2023-2024 Classification.

Country level data

The country level data in this ILO brief is based on household surveys, including mostly labour force surveys, household income and expenditure surveys ad national population censuses (table A2).

Table A2. National data sources for latest available year

Country	Latest available data point	
	Data source	Year
Australia	LFS	2023
Cook Islands	LFS	2019
Fiji	LFS	2016
Kiribati	PC	2020
Marshall Islands	PC	2021
New Zealand	LFS	2022
Palau	PC	2020
Papua New Guinea	SDES	2022
Samoa	LFS	2022
Solomon Islands	HIES	2013
Tonga	PC	2021
Tuvalu	PC	2022
Vanuatu	PC	2020

Notes: PC = Population Census; LFS = Labour Force Survey; HIES = Household Income and Expenditure Survey; SDES = Socio-Demographic and Economic Survey.

Sub-regional level data

The ILO brief also shows sub-regional level data for the Pacific Islands sub-region. ILO produces estimates of selected labour market indicators globally for all countries in the world above a certain population threshold ("ILO modelled estimates"). For the Pacific, these include the following countries and territories:

- Australia
- Fiji
- French Polynesia
- Guam
- New Caledonia
- New Zealand
- Papua New Guinea
- Samoa
- Solomon Islands
- Tonga
- Vanuatu

Australia and New Zealand are at different levels of economic development than most of the other countries, and in 2023 accounted for around 34 times the total collective GDP of the remaining countries in the regional aggregate list. Further, the populations of Australia and New Zealand, combined, far outweigh the rest of the region. For this reason, a sub-regional data series that excludes Australia and New Zealand is presented in some figures, which better reflects the situation in countries other than Australia and New Zealand. Papua New Guinea accounts for 76 per cent of the aggregate working-age population of the remaining countries but inferences are less reliable with its last real datapoint considered in the estimates dating back to 2010. Hence, some figures also exclude Papua New Guinea, as mentioned in the legends of respective figures.

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