



## Labour force and Population

### Overview

The Cook Islands has a small and geographically dispersed population that has for many years displayed symptoms of 'urban drift' (population movements towards bigger population centers), not only towards Rarotonga but also to international destinations such as New Zealand and Australia. The economic impact of COVID-19 on employment opportunities and comparative wages has further compounded this, resulting in an even more acute emigration challenge during 2020 and 2021.

Population size has direct links to economy size; hence a shrinking population will result in a smaller GDP, but conversely a sustainably growing population will increase GDP, particularly with issues of 'critical mass' being front and centre in a small nation like ours. GDP correlates to levels of living standards along with opportunities for education, jobs and income.

This programme firstly aims to address this acute 'supply side shock' to our population that has come with COVID-19 before it becomes a permanent reduction in population and therefore demand for goods and services.

Wider workforce development is a longer-term focus for this programme. Workforce development is a complex policy area and the results can take some time to see. The Cook Islands is at a stage of its development where its workforce is beginning to demand more flexibility, better opportunities for part-time and gig-work and other policies supportive of labour force participation such as childcare and eldercare.

Within this programme there are existing outputs from the Economic Development Strategy. The ERR adds outputs for 2022 and 2023 aimed at urgent short term needs.

Funding for this programme may become available from Cook Islands funding partners however the project is included in the Economic Recovery Roadmap (ERR).

### Context

The Cook Islands suffered a significant and permanent loss of population during the financial crisis of the 1990's, with many of the working age population taking their families to New Zealand and Australia in search of work. Anecdotally, very few have returned permanently to the Cook Islands. This history illustrates the threat that economic shocks can pose to population and GDP.

Strategies encouraging people to live in the Cook Islands will always focus firstly on Cook Islanders and those with existing links to the Cook Islands, particularly the Cook Islands diaspora in New Zealand and Australia. To meet immediate labour needs, however, consideration must be given to the expatriate and migrant workforce, and steps to ensure we remain an excellent recipient country.

Over time, the nation is aiming toward a sustained workforce and resident population (as recognized in goal 14 of the National Sustainable Development Agenda (NSDA) “A Sustainable Population”). A Population Policy is currently being prepared by the Office of the Prime Minister in furtherance of goal 14 and the NSDA Monitoring Indicators will provide evidence of success.

### ***Departures during border closures***

There have been a number of estimates in terms of actual loss of work force since the beginning of Covid-19 since the Cook Islands borders were closed in March 2020. The Ministry of Foreign Affairs and Immigration estimates around 500 people left the Cook Islands through the long border closure that started in March 2020, and a further 400 people since the August 2021 closure. Around 38 per cent of these departures were migrant workers from Fiji, Indonesia and the Philippines permanently returning home to their families; some of these were Cook Islanders who went away to work and have since returned.

More recently workers have been targeted by NZ recruitment agencies given the severe work force shortage NZ faces in certain industries. These recruitment drives were targeting our young and active local working population at first but extended into the migrant workforce.

A survey issued by the Cook Islands Chamber of Commerce, Cook Island Tourism Corporation and the Cook Islands Tourism Industry Council has revealed at least 620 people are needed to ease labour shortages in the tourism industry and related sectors by April 2022. The survey found that these positions had been left vacant by local and migrant workers heading to NZ to take up other jobs.

While we would expect some churn between these various countries’ labour forces, anecdotal evidence suggests most of these departures were due to lack of work, poor working conditions or lower wages in Rarotonga. Some may return with the border reopening but we expect many have gone for good, having moved on to other things. This is supported by the low return rate of Cook Islanders during the 1990’s. We will focus our efforts on bringing in new workers and ensuring that decent working conditions await them.

### ***Cook Island diaspora - an untapped resource***

As New Zealand citizens, Cook Islanders have easy access to employment in New Zealand and Australia. The 2018 New Zealand census estimates that approximately 80,000 people have Cook Islands heritage in New Zealand. This is in addition to approximately 22,000 people of Cook Islands heritage residing in Australia. This is a significant resource that remains largely untapped. For example, when jobs in the Cook Islands are advertised, are we reaching skilled Cook Islanders who live abroad?

A targeted approach to attracting Cook Islanders back to live or work in the Cook Islands will increase the number of workers and skills available to the Cook Islands economy. We need to use existing diaspora networks to promote the option of living and working in the Cook Islands, to encourage short term and permanent moves. Incentives to attract skilled Cook Islanders back

“home” to contribute to our recovery will be considered, and may be relocation or housing related.

### ***Greater uptake of work visa opportunities***

There is also a strong case to be made for motivating more uptake of work visas for working people from other countries. This would involve better promotion of visa opportunities, particularly in light of the global trend of ‘the Great Resignation’: a higher level of ‘churn’ in jobs after sustained pandemic-related restrictions. Given that people all over the world are questioning their work choices and are starting to once again plan holidays and adventures, we need to communicate that the Cook Islands wants foreigners here to work. We need to do promotional work early in 2022 so people can make active choices to relocate during 2022.

### ***Addressing other challenges in the labour force***

An existing challenge to retaining and growing the Cook Islands workforce is the perception of low wages, with frequent references in social media to the higher wages available in New Zealand and Australia that fail to consider the significantly higher cost of living in these countries. Current economic pressures are expected to see some wage growth in the short-to-medium term as a shortage of labour in the economy forces employers to compete with each other through offering higher wages to attract staff.

A further challenge is the relative access to opportunities for education, career and other lifestyle elements when comparing the smaller market of the Cook Islands versus the larger established economies of New Zealand and Australia. Other programs such as the Universal Access Plan that aims to establish equitable access to telecommunications in the Pa Enea, the implementation of Avarua Cable Limited’s higher speed internet that may support greater business opportunities and education access will contribute to improvements here.

Other challenges exist for Cook Islanders already in the Cook Islands. Known barriers to labour force participation include lack of childcare and eldercare and no enabling policies for ‘gig work’.

Declining numbers of working-age people resident in the Pa Enea has been a concern for many years. Census data is not granular enough to trace the movements of individual populations to or beyond Rarotonga, but anecdotal evidence suggests that much of the population shift out of the Pa Enea has been to international destinations, likely due to land access difficulties for outer-islanders on Rarotonga. Because population and economic viability are so closely linked, there is a threat that these micro economies - which already rely on heavy cross-subsidization from Rarotonga - will become even more dependent. Consistent with the NSDA, the activities in the Population Strategy will seek to address factors that contribute to population loss from the Pa Enea. For example health personnel, the availability of education, retention of skills and lifestyle factors.

## Scope of this programme

This programme will cover projects for better measurement of inward and outward migration, immediate steps to recruit migrant labour, longer term interventions to make the Cook Islands a better recipient country for migrants, promotion of working holiday visa pathways, diaspora attraction, and policy interventions for sustainable workforce growth for Cook Islanders in the Cook Islands.

Within the projects there are existing outputs from the Economic Development Strategy (EDS actions 3.1, 3.2, 3.3, 3.7). The ERR has added immediate priority actions for 2022 and 2023 aimed at stemming population loss and stimulating population attraction and retention. We note the overlap with other ERR work streams as part of the overall package of economic recovery.

## Engagement

The affected agencies are MFEM (Economic Planning Division and Statistics), Ministry of Foreign Affairs and Immigration, Internal Affairs, Office of the Prime Minister and the Chamber of Commerce. Cook Islands Tourism will likely be involved in promotional activities. Each of the affected agencies were consulted as part of the development of this workstream.

## Estimated cost

This programme will be funded out of MFEM's ERR funding and absorbed through normal Government operating expenses as appropriate.

A budget of up to \$100,000 is planned.

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