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# Paid Caregivers and Domestic Workers: Some Policy Issues in Relation to Meeting Future Demand in New Zealand

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## **Introduction<sup>1</sup>**

While the current recession may be curbing movement, over the long term international labour mobility has been on the rise. Many of those on the move are highly skilled. Yet internationally there is demand for particular types of low-skill workers. This includes in areas of work in the home such as cleaning or looking after children; other caring work, including looking after the elderly; seasonal primary sector employment; and work in the hospitality and tourism sector, as well as in the lower-skilled jobs such as labouring in the building and construction industry. Shortages of workers in these areas has been driven by a range of factors, including a perception of undesirability that low-skill jobs hold amongst increasingly skilled local labour forces in industrialised countries. Shortages of low-skill workers in the horticulture industry prompted New Zealand to develop the Recognised Seasonal Employer (RSE) guest worker scheme, which thus far has been very successful. In this paper we turn to two somewhat overlapping areas where we see potential future demand for lower-skill workers. These are domestic workers and caregivers for the elderly. In contrast to workers brought from overseas to pick fruit or prune vines, the workers we consider are either directly or indirectly caring for people. In this paper we consider the future demand for such workers; how we might meet this demand, particularly through migration; and, if we increasingly rely on migration, what are some of the key policy issues to consider. When we consider migration, our primary focus is on New Zealand as the host country rather than on potential impacts on sending countries.

## Background

Historically, most families grew their own food, made their clothes, fashioned tools and cared for dependents, both young and old. However, in industrialised countries most of these goods and services are now sourced outside the household. Yet three areas of work have stayed to a relatively high degree within the household: these are childcare, food preparation, and washing and cleaning. In addition, older people may be cared for in their own homes, sometimes by family members but often by paid non-family members. However, some older people live in residential homes, where again they require paid workers to care, cook and clean for them.

Despite the myth of New Zealand being a 'classless' egalitarian society, childcare, cooking and cleaning work was at one stage a large source of paid employment for women. Such work declined rapidly around the time of the Second World War. In recent decades domestic work appears to be on the rise again, and there are drivers in place that suggest a variety of domestic work in New Zealand is likely to grow in the long term.

In recent years the number of people working in paid childcare, including paid childcare within a home setting, has increased. But perhaps even more importantly, caregiving work in relation to the elderly, both in the home and outside the home, is now forecast to grow strongly. Reasons for the past and future growth of both domestic and caregiving work include:

- De-institutionalisation, primarily since the late 1980s, of some forms of care, including psychiatric and disability care, has meant more people with care needs are living in home-like settings.
- There has been an increase in the employment of women outside the home who have dependent children and/or elderly parents. This has not been matched by an equal increase in participation of males in unpaid work.
- Low fertility and ageing in high-income countries will greatly increase the demand for aged-care workers. A conservative estimate suggests that in New Zealand the number of caregivers needed for the elderly will rise from just under 18,000 in 2006 to over 24,000 in 2016, and around 48,000 by 2036 (Department of Labour, 2009). In Australia similar projections suggest a strong rise in the demand for caregivers for the elderly.
- There may have been a change in attitudes towards contracting out domestic work, perhaps partly prompted by more migrants coming from countries where domestic work is common.
- Overall in the last decade there has been an increase in income differences between the better off and the poorer members of society, potentially allowing domestic work to be contracted out.

While the worldwide recession has been curbing some

of the previously rapidly growing international demand for domestic labour, it is not clear how a long and deep recession would affect short-term demand for such labour in New Zealand. Certainly there is some evidence that paid domestic work increased in the 1930s Depression. The recent and forecast rise in the demand for domestic work means that some historically contested issues, including the legal status and employment rights of domestic workers, as well as how to source such workers, are ripe for renewed debate. Equally, the forecast long-term rise in demand for caregivers for the elderly, both in and outside the home, raises issues about employment arrangements as well as where to source such workers.

Over the whole period there were few public sector organisations which had recognised in their strategies the likely long-term nature of the downturn that was faced then.

In most countries, domestic work and caregiving work are significant areas of employment. The International Labour Organization (ILO) has suggested a conservative estimate is of over 100 million domestic workers globally. The ILO has highlighted that these workers are often the most disadvantaged and vulnerable in society: domestic work is often the site of forced labour, child labour, abusive employment relationships and unfair working conditions. In many countries, those employed in this domestic work and wider caregiving work are migrants, sometimes working illegally or, at times, as part of guest worker schemes. Almost all domestic and caregiver workers are female and many of these workers will have left their own families behind when migrating.

Despite the forecast long-term increase in demand for domestic workers and specifically caregivers for the elderly, in New Zealand the local supply of potential workers is likely to be shrinking. This is due to two main factors. One is the overall upskilling of the New Zealand population, but particularly of women. As women gain higher educational qualifications they are very likely to find low-paid domestic work unattractive. Secondly, unlike the situation in many OECD countries, currently low-skill migrants are not replacing the reducing numbers of low-skill local women. In relation to the OECD, New Zealand, along with Australia and Canada, stands out in having a small proportion of low-skill workers born overseas. But there may be another factor too. Australia is facing a similar set of issues. If incomes remain higher in Australia for many jobs, then potential workers in New Zealand may migrate to Australia to fill labour shortages.

A further pressure on labour supply is workforce ageing. Due to the nature of such work, accurate data are

not available on domestic workers. However, the current domestic workforce is likely to be ageing, with fewer local young people likely to be moving into this area of work. Certainly, cross-sectional data on caregivers for the elderly shows a disproportionate number in older age groups. It is therefore almost inevitable that migration will be used to meet the forecast long-term increase in demand for both domestic and elder caregiving labour. While the potential source countries of such migrants include traditional domestic migrant-sending Asian countries such as the Philippines, New Zealand has a source much closer that could supply significant numbers of domestic workers – Melanesia. Currently there are no migration outlets for other than high-skill workers from Melanesia.

There is a range of issues which policy makers need to consider regarding paid domestic work and wider caregiving work. These include:

- labour law and wider regulatory frameworks for paid work in the home;
- migration frameworks that allow the management of low-skill migration;

**Table 1: Selected agencies with interest in domestic and elderly caregiver work**

Organisation	Interest in domestic and elderly caregiver work
Department of Labour	Labour market and migration concerns
Ministry of Social Development	Ensuring ill and disabled people are well cared for; ensuring positive outcomes for low-skill migrants and their families if they are permanent migrants
Ministry of Health	Ensuring a future supply of well-trained caregivers
Statistics New Zealand	Accurately counting caregiver and domestic work
Ministry of Education	Ensuring nannies working in the home are delivering quality early childhood education and care; educating children of low-skill migrants
Ministry of Women's Affairs	Ensuring that the mainly female workforce is undertaking 'decent' work; also possibly a gender equality goal by ensuring that paid domestic support is available to women in senior positions in the public and private sectors
Inland Revenue	Ensuring domestic and caregiver workers are part of the taxable workforce
Ministry of Pacific Island Affairs	Ensuring positive outcomes for low-skilled Pacific workers, including migrants from the Pacific
Te Puni Kokiri	Ensuring positive outcomes for low-skilled Māori workers who may be competing with low-skill migrants for jobs
Human Rights Commission	Ensuring human rights issues are addressed
Unions and non-governmental organisations	Making sure domestic and caregiving work is 'decent work'; also that clients are well looked after

- ways of protecting vulnerable clients of domestic and caregiver workers;
- determining whether domestic and caregiving work is really low-skill work.

**Low-skilled or 'essential' skills?**

Domestic and caregiving work is often described as low-skilled, or sometimes even unskilled, work. The term unskilled has been criticised, particularly by feminist writers, on the basis that such jobs are actually skilled but the skills used in them are undervalued by society. Alternative suggestions for such work include the term 'essential work'. There is also some confusion at times about whether the definition of low-skilled is based on the skills required for the job or the formal education levels of those generally working in the area. For example, lower-skilled jobs are often filled by more highly educated immigrants, at least in the early period when as new migrants they may face employment barriers such as language skills or qualification recognition. One of the issues policy makers need to consider is the types and level of skill required for undertaking domestic and caregiving work, and, given that some domestic work and much of caregiving work for the elderly is government funded, how these jobs should be valued financially.

**Domestic work and caregiving work are cross-cutting policy issues**

Both domestic work and caregiving work are cross-cutting policy issues. Table 1 shows the range of agencies with potential interests in domestic and caregiving work, particularly when this work is carried out by low-skill migrants.

We have discussed some of these issues – particularly labour law relative to domestic workers and human rights, and labour law issues in relation to a wide range of guest worker schemes – in more detail in other papers (Callister, Tortell and Williams, 2009; Williams, 2009). Some other issues, such as the question of utilising vertical inequities (i.e. the income gap between the well-off and the low-paid worker) to support horizontal equity (equality between women and men in high-income jobs) are important but beyond the scope of this article. Here we have chosen to focus on two interrelated issues: (1) the development of a suitable migration framework for domestic and caregiver workers; and (2) the potential sources of future domestic and caregiver workers. In doing so our focus is on the host country's, that is New Zealand's, perspective. This means that we do not consider, for example, the consequences of migration models for the families potentially left behind of low-skill migrants.

**Migration frameworks and source of migrants**

Policy makers have tended to divide migration into two categories: permanent and temporary. Historically, temporary migration has been of lesser importance in New Zealand, but has been strongly growing. In New Zealand temporary migrants make up about 21 of every 1,000 head of population, compared with about 11 in Australia and 5

in Canada. The number of people issued work permits in New Zealand grew 13% between 2006/07 and 2007/08. Both permanent and temporary migration have been based primarily around selecting for high-skill workers, although for various reasons some high-skill workers may end up working in low-skill areas. However, currently some domestic workers and caregivers are able to enter New Zealand as temporary migrants through a labour market-tested work permit if there are specific labour shortages and no New Zealand citizens or residents are available to undertake such work. In addition, migrants who have arrived in New Zealand legally through a variety of other channels, such as the International/Humanitarian or the Uncapped Family Sponsored streams, may work in these occupations.

Although New Zealand does not have a formal scheme for either domestic worker or caregiver migration, there has been a rapid and growing reliance on migrant caregivers since 2004. In the past, caregivers from parts of the Pacific have formed a constant source of workers; however, in the last two years there has been a sudden rise in migrant caregivers from the Philippines.

Where borders are difficult to seal (e.g. into Europe, and into North from South America through the Mexican border), illegal migration provides a pool of domestic and caregiver workers. There are three main types of irregular migrants:

- those who enter a country legally with valid documentation, but who violate the terms of their admission (e.g. those on visitors' visas by undertaking work or by overstaying the duration of their visa);
- those who enter a country legally but with fraudulent documentation; and
- those who enter a country illegally (i.e. without undergoing formal admission).

Unlike many countries, New Zealand can easily control its borders. Thus, while there will be some people on visitor permits working illegally, in general migrant domestic and caregiver workers will have come to New Zealand legally.

Three broad migration models are possible for low-skilled domestic and caregiver workers:

- being part of the current temporary migration process;
- having specific guest worker schemes developed;
- opening up a stream of permanent migration for low-skill workers.

These models may vary by the category of worker, for example caregivers of older people or cleaners. The costs and benefits of each model can also be viewed from the perspective of the host, the sending country or the migrants themselves. In an ideal world we have a 'triple win' situation where all three benefit. There are divergent opinions amongst policy makers and researchers on the merits of temporary migration. Some see only negative impacts for migrant workers, including dependency and exploitation, social exclusion, and irreversible social impact on their families left behind. Others believe the recent versions of

guest worker schemes can complement both labour demand and development (through remittances, skill transfer and experience).

Low-skilled temporary migration can be used to improve labour productivity, wages and conditions in receiving countries as well as development outcomes in the sending countries. In New Zealand, a new model of temporary migration, the Recognised Seasonal Employer scheme, has been successfully trialled in relation to one type of lower-skill worker.<sup>2</sup> The RSE guest worker scheme primarily aims to provide temporary migrant workers to meet the labour shortages in the horticulture and viticulture industries in New Zealand. The purpose of this is to increase productivity, viability and profitability of these industries (Whatman and van Beek, 2008). But a secondary aim is to assist development in the Pacific. Hence, the preferred sources of labour are the Pacific Islands Forum member nations. Successful RSE work visa applicants can stay in New Zealand for seven months during any 11-month period, or nine months for workers from Tuvalu and Kiribati. They cannot transfer to another type of permit while they are in New Zealand and must leave at the end of their stay. Work permits are for a specific location, type of work and employer. Only in exceptional cases are employees able to transfer between employers. In the future, similar initiatives could be used in areas such as the meat, dairy, forestry and fishing industries. These are all industries dealing primarily with products, and all are to some degree seasonal as well. In addition, the workforces of many of these primary industries tend to be male-dominated, and this has shown up in the RSE labour force. In the 2007/08 year just under 80% of permits were issued to male workers. However, there is the potential to extend these worker schemes to activities primarily servicing the needs of people and work that is generally not seasonal. Such areas include the primarily female areas of paid domestic and caregiving work.

There are a number of possible models of migration for domestic work. In terms of controlled migration flows, Singapore and Canada offer two diametrically opposite migration schemes. In Singapore, large numbers of paid domestic workers are entitled to work in the country on temporary work permits linked to particular jobs. Domestic workers are not recognised as employees and therefore have very few rights under labour legislation. Instead, workers are subject to strict controls in relation to the nature of their job, salary and working conditions, which are lower than could be expected for a citizen. It is not possible for a paid domestic worker to obtain any citizenship or residency rights in Singapore, and if regular health checks detect a pregnancy the worker will be immediately deported.

In comparison, in Canada live-in careworkers, who are overwhelmingly from the Philippines, obtain rights of residency for themselves and their immediate family after two years in the country. The number of work permits each year is severely limited, with only skilled, educated English- or French-speaking caregivers eligible to apply.

The employment of such caregivers is highly regulated, and they, in theory, enjoy the same employment rights as citizens working in Canada, except in one major regard: while recent amendments give them the opportunity to change employer with just cause, they must remain as live-in caregivers. This scheme is an example of a probationary guest worker scheme transitioning to permanency, a benefit that these migrant workers would be unlikely to qualify for through normal immigration channels. The benefit to Canadian parents is low-cost caregiving and household support better suited to their working patterns than the care generally available from live-out workers.

Guest worker schemes for domestic and caregiver workers could also be developed in New Zealand. For specific occupations, such as caregivers for older people or for children, some recognised training could take place in the

**Thought ... needs to be given to developing a framework that allows for management of low-skill migration and, in these [domestic] jobs, a primarily female migration. This framework needs to keep multiple goals in mind.**

sending country before the workers come to New Zealand. Despite some problems, overall the evidence suggests that in its first year of operation the RSE scheme both met demand from New Zealand employers and provided much needed income and opportunities to migrants. Due to the sector it services, the scheme has avoided the element of competition with local workers which can in turn drive down wages, and, despite some problems, careful regulation coupled with active enforcement has seen it escape accusations of exploitation and abuse that plague the much broader agricultural guest worker schemes of the United States and Canada.

However, despite this superficial similarity, there is little congruence. There are significant differences between work involving often seasonally-produced products and work relating to people. In particular, care work requires the building of long-term relationships (and understanding of cultural norms of care), whereas agricultural work does not. Therefore, a policy that limits the amount of time a worker is entitled to be in the country to the extent of the RSE scheme is unlikely to achieve the necessary results for domestic and caregiver work. In other words, temporary schemes for permanent or semi-permanent jobs are not an efficient use of resources for the host country if the workers return to their home country after a relatively short time. Further, whether live-in or not, migrant domestic and caregiver workers will necessarily undertake intimate work causing

issues of rights and protections to be writ large. For domestic work the home is an isolated environment that is especially susceptible to abuses and vulnerability, but wider caregiving work has some similar issues to address. While Canada's guest worker schemes are often touted as exemplars, the live-in component in particular has increasingly been criticised for this very reason, including, most recently, by Canada's Parliamentary Standing Committee on Citizenship and Immigration.<sup>3</sup> Whatever design New Zealand considers, structures must exist to oversee and enforce the protection of rights of both migrant workers and vulnerable clients. To bring those working in the private home within the ambit of existing human rights and labour law, the private home would need to be seen as a workplace. This would require legislative change, since one's home is currently seen as one's castle.

While temporary migration may be more politically acceptable than permanent migration, not least to ease fears over the burden on social services, the demand and the desire for continuity, particularly in caregiving for the elderly, may change this. There are a number of unique challenges that arise from bringing relatively low-skilled workers into New Zealand as permanent migrants. First, many migrants may quickly move to other jobs, therefore not meeting the demand for domestic or caregiving labour. One way around this is a scheme like the Canadian one, which begins with the workers being temporary migrants but with the potential to become permanent migrants. Workers would be given relative freedom but their visa would bond them to jobs where there are labour shortages – something akin to New Zealand's work to residence visa.

Another issue that arises with low-skilled permanent migration is the trans-Tasman agreement that allows a free flow of residents between Australia and New Zealand. It is possible that Australia will scrutinise any planned New Zealand schemes to see the potential for unwanted 'back door' migration of low-skilled workers. But equally, due to Australia's own projected labour demand for such workers it might be beneficial for Australia to 'poach' New Zealand's migrant domestic workers and caregivers once they have gained New Zealand work experience and better English language skills. As a precedent, Canada looks favourably on domestic workers and caregivers who have had experience working in Singapore.

The issues that arise, therefore, are those that concern the very nature of the type of migration response that would be desirable for New Zealand. Questions of the numbers of workers who should be entitled to enter the country, whether or not a requirement for qualifications should exist, or any pre-accreditation process, and where those migrants will come from will be central to any determination. Equally, the question of whether those migrants will be eligible for citizenship rights after a period of residence in New Zealand,

or whether they will receive temporary work permits limited to a particular employer for a short period of time, must be addressed. Finally, in relation to domestic workers the question of how employment rights should be regulated will require determining whether they should be treated in any way differently from other domestic workers, either recruited locally or already New Zealand citizens.

There are many low-income countries from which lower-skill domestic workers and caregivers could come. These include many of the traditional sources of such labour in Asia, Africa and South America. But there may be reasons to look closer to home, particularly to the broader Pacific region, including Melanesia. New Zealand already has close historical links with Polynesia and part of Micronesia, and over time there have been significant migration flows, both temporary and permanent, into New Zealand from these areas. But other factors too suggest a need to look to the Pacific. In terms of community, Hispanic migrants in the United States are less culturally isolated than those from Asia or the Caribbean. Having family or tribal ties with people already living in the host country can assist greatly with pastoral care.

In 2006 a World Bank report identified that many Pacific Island nations, but particularly Melanesian countries, had high population growth, low employment, low incomes, major difficulties in developing local industries and few migration outlets (Luthria, 2006). Where labour mobility is possible, it is generally skewed in favour of skilled workers. This report suggested that greater labour mobility would expand the employment options available to Pacific people. The study was influential in supporting the development of the New Zealand RSE scheme as well as a recently announced scheme in Australia. These islands are also a possible source of domestic workers and such migration would likely contribute to development of the Pacific, and are a possible future source of migrant workers for the wider caregiver workforce.

Given the potential benefits for sending countries, some of these countries are now adapting their education and

training institutions to meet the global demand for migrant workers. For example, the Technical Education Skills Development Authority of the Department of Labour and Employment in the Philippines has established partnerships with developed countries that aim to raise the quality of education of Filipino workers. There is potential for Pacific countries, perhaps in co-operation with New Zealand and Australian education providers, to develop training courses for caregivers and possibly domestic workers.

### Conclusion

The demand for domestic workers and caregivers for the elderly, in both New Zealand and Australia, is almost certain to increase in the long term. The growth in demand in Australia may make it even more challenging to find New Zealand workers to fill these jobs. It is therefore highly likely that New Zealand will need to turn to low-skill migration to meet this demand. Policy makers have much experience with high-skill migration. Thought now needs to be given to developing a framework that allows for management of low-skill migration and, in these jobs, a primarily female migration. This framework needs to keep multiple goals in mind. These include maximising the benefits for those from the sending countries, those living in the host country, for migrants and their own families. As part of this, there needs to be policy development in relation to labour law and wider regulatory frameworks for these workers. Finally, attention needs to be given to protecting vulnerable clients of domestic and caregiver workers. The multiple goals mean that no one agency can do this work on its own.

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- 1 This paper draws on three streams of interrelated work. One is an investigation of domestic work (Callister, Tortell and Williams, 2009), another is an examination of guest worker schemes and the labour and human rights of migrant workers (Williams, 2009), and the third is focused on caregivers for the elderly (Badkar, Callister and Didham, 2009). All projects were undertaken as part of the Emerging Issues Low-skill Migration project.
  - 2 See <http://www.dol.govt.nz/initiatives/strategy/rse/index.asp>.
  - 3 See [http://www2.parl.gc.ca/Content/HOC/Committee/402/CIMM/Reports/RP3866154/402\\_CIMM\\_Rpt07-e.pdf](http://www2.parl.gc.ca/Content/HOC/Committee/402/CIMM/Reports/RP3866154/402_CIMM_Rpt07-e.pdf).

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