

NEW SOUTH WALES INPUT TO THE REVIEW OF AUSTRALIA'S SKILLED LABOUR MIGRATION AND TEMPORARY ENTRY PROGRAMS BY THE JOINT STANDING COMMITTEE ON MIGRATION

Preamble

The NSW Government welcomes the opportunity to comment on the scope and nature of Australia's migration and temporary entry programs. The settlement of migrants in NSW can be an important contributor to the economic and social well-being of its residents. However, there are a number of factors that can influence the impact migrants have on our economy, environment and social structures, including the following:

- NSW continues to attract a significantly higher proportion of all settler arrivals to Australia (around 43 per cent) when compared to its national population base (around 34 per cent).
- The Sydney basin is the primary destination for settler arrivals (around 94 per cent of NSW settler arrivals), presenting challenges for the NSW Government in maintaining and developing infrastructure to meet a growing population within a finite geographic location. The Sydney basin's position as the most favoured migration destination occurs despite the fact that there is little in the way of proactive promotion by the NSW Government.
- An increase in the level of migration announced by the Commonwealth earlier this year has placed further financial pressure on the NSW Government to accommodate population increases. The ability of NSW to finance the requisite service infrastructure is severely limited by current Commonwealth/State fiscal arrangements that see it receive the second lowest level of per capita GST revenue.

The NSW Government has previously outlined its position on immigration in the context of its submission on the 2002-2003 Migration and Humanitarian Programs. This position was reiterated in the NSW response to the DIMIA draft discussion paper entitled *Supporting settlement in rural, regional and remote Australia*, namely that:

- the proportion of migrants choosing to settle in NSW must be reduced;
- the Sydney basin has reached its limit in terms of absorbing more settlers; and
- many regional areas of NSW would benefit from a greater influx of settlers, particularly those areas which can offer employment or business opportunities.

It is recognised that no one agency or tier of government can realistically implement all the changes required to achieve a significant shift in NSW settlement patterns. A whole-of-government approach is required, including appropriate input from regional and community interests. With this in mind, the NSW and Commonwealth Governments have established a Working Party on Migration to Sydney and Regional NSW. The Working Party will prepare, by November 2002, a joint report, to the NSW Premier and the Minister for Immigration and Multicultural and Indigenous Affairs on options to divert the level of skilled and business migration from Sydney to regional NSW and reduce the level of temporary and permanent migration to Sydney.

In seeking an outcome that will benefit urban and regional areas, the position of the NSW Government is underpinned by the following principles:

- taking a planned approach to attracting migrants;
- better marketing of regional NSW to prospective migrants;
- providing incentives to settlement in regional areas;
- improving initial settlement services, other services infrastructure and support; and
- improving existing regional specific migration programs to better suit the needs of NSW.

The comments that follow highlight the impact of the existing policy framework and suggests areas that the Commonwealth may wish to address if it is to ensure that Australia's migration and temporary entry programs (a) meet our economic and social objectives, and (b) result in positive, long-term outcomes for settler arrivals.

In preparing this response, the Community Relations Commission For a multicultural NSW sought input from:

- Department of Education and Training;
- NSW Health;
- Department of Community Services;
- Department of Ageing, Disability and Home Care;
- Department of Housing;
- The Premier's Department;
- NSW Police;
- Department of State and Regional Development; and
- Department of Local Government.

Background

Underpinning the success or otherwise of Australia's migration and temporary entry programs is the extent to which persons settling in Australia find employment commensurate with their skills level. As stated in a recent DIMIA report *finding a job is a crucial step in successful settlement into Australian life for migrants who are not dependent family members*¹.

Other than through data collected via the Longitudinal Survey of Immigrants to Australia cited in the DIMIA report above, skilled migrants fall outside the scrutiny of analysis particularly for the first two years after arrival because they are not systematically tracked by any agency. The two-year waiting period for access to certain benefits also means that they are not represented in Centrelink or educational data systems. The NSW Office of the Director of Equal Opportunity and Public Employment (ODEOPE) has found that skilled migrants are not finding positions at an appropriate skills or professional level:

¹ Department of Immigration and Multicultural and Indigenous Affairs (2002), *The Settlement Experiences of New Migrants*, prepared by the National Institute of Labour Studies, Flinders University, p5.

- Only 38% of migrants arriving in Australia between 1986 and 1991 who held degree level qualifications had been able to find employment at professional or management level as of 1991. Subsequent analysis of 1996 Census data suggests that the situation for these people had not improved, the percentage being just over 40%.
- Lack of success in finding employment is noted in OMESC (Other than Mainly English Speaking Countries) migrant unemployment rates. They are consistently higher than for other people across all age groups.²

Detailed analysis of skilled worker movements over the three years 1997-98 to 1999-2000 reveals the decreasing attraction of Australia. Figures show that:

- overall skilled worker gain was modest relative to the total Australian employed workforce as of May 2000. The loss of residents was equivalent to 2.2 per cent for all professionals³. Main destinations were UK, USA and Singapore. The India-born and China-born Australian residents have lower return to Australia rates than Australian-born and most overseas-born Australian residents. The USA is attracting more of the India-born and China-born residents than the UK, with those going to the USA having a lower return rate (58%) than UK (70%). Singapore, as a rapidly expanding and wealthy island, is attracting China-born residents, with a return to Australia rate of 44%⁴, so Australia is also losing skilled migrants to Singapore.
- Australia is not attracting the higher qualified migrants - 19% have higher degree/post graduate, 24% had a Bachelor Degree, 27 % had a Diploma or Certificate/ trade.⁵
- Australia is still losing 55% within 3-6 month period of arrival.⁶

The above data would suggest that while Australia continues to be an attractive migration destination, employment in a skilled occupation and the longer-term retention of settlers do not always follow.

Comments on the terms of reference

International competition for skilled labour

In recent years, the focus of Australia's migration and temporary entry programs has shifted increasingly towards favouring applicants with higher levels of education and skill, particularly where these attributes are in demand in Australia or have equivalence here. This has resulted in more favourable labour market outcomes for settlers,

² Department of Employment and Workplace Relations (NSW State Office), *Migrants in NSW, May 2001*, Economic Analysis Unit, Labour Economics Office, p2

³ Birrell B, Dobson I, Rapson V and Smith TF (2001), *Skilled Labour: Gains and Losses*, Centre for Population and Urban Research, Monash University, p5

⁴ *ibid.* p23

⁵ DIMIA, *op. cit.* p12

⁶ *ibid.* p12

particularly those in the skill stream. A recent report commissioned by the NSW Board of Vocational Education and Training⁷ supported these findings.

However, this report cautioned that the *data in this paper does not support the contention that employers are, in general, using the migration system to meet fluctuations in demands for skilled trades shortages by importing skilled trades labor on a temporary basis. There is also no evidence that over the last five years employers have increased their reliance on imported trades labor*⁸.

The report also notes that

- around 5 per cent of entrants under the Temporary Business Program classified themselves on entry into Australia as semi-skilled or unskilled⁹. This brings into question the stated objective of the Program to enhance international competitiveness through the quick and smooth transfer of key skills, while safeguarding employment and training opportunities for Australian workers; and
- as a consequence of the division of responsibility between the Commonwealth and the states, the coordination of the migration system and the administration of labour in Australia could be improved¹⁰.

In some professions, Australia's migration regulations make it very difficult to attract the right people at the right time, particularly given the long time lag that often occurs between visa application and visa grant/arrival in Australia. One example is in the medical profession. NSW Health Department advises that there exists a worldwide undersupply of medical practitioners. This is evident by significant increases in medical school intakes in a number of OECD countries and international shortages in some specialist medical workforce groups. Australia's capacity to compete is affected by the value of the Australian dollar, access to visas, registration and recognition of overseas qualifications.

The extent to which overseas-trained medical practitioners face difficulties in meeting registration criteria once in Australia is examined in the report "The Race to Qualify", released recently by the NSW Parliament.

The degree to which quality permanent migrants are being attracted to Australia and settling well

There is little doubt that potential migrants see Australia as an attractive destination to do business, build a career and provide a positive future for themselves and their family. This is based on Australia's image as a safe, clean and friendly nation, with abundant land.

However, this attraction can be tarnished if relevant and accessible settlement and other support are not readily available, or if incentives provided by other countries make it

⁷ Toner, P (2001), *Impact of Skill Migration on Skill Formation and the Labour Market*, NSW Board of Vocational Education and Training, Sydney

⁸ *ibid* p.8

⁹ *ibid* p 54

¹⁰ *ibid* p 53

more attractive to migrate elsewhere. In this context, settlement services can be broadly defined to include not just those provided and/or funded by DIMIA, but also those provided by state agencies. These include access to government schools, TAFE courses (including bridging courses to assist with the upgrading of overseas qualifications), and overseas qualifications advisory services.

The extent to which a permanent migrant is a "quality" one is difficult to quantify and it may be argued that factors other than academic qualifications and work experience should be taken into account such as preparedness and ability to settle in regional NSW. As noted earlier, the Sydney basin attracts a significant proportion of both permanent and temporary entrants to Australia. Accordingly, if we are to achieve an outcome whereby greater numbers settle in regional areas of NSW, there should be a recognition that different criteria might need to apply for visa applicants prepared to settle in these areas. This includes the application of lower threshold criteria for visa grant as well as business and other incentives offered by other agencies.

The degree to which Australia's migration and temporary entry programs are competitive

Australia's migration and temporary entry programs, particularly in the skill stream, give greater weighting to applicants who demonstrate criteria which make them "self sufficient" and consequently less reliant on support once they arrive in Australia. While this may improve the settlement outcomes of those actually arriving and reduce initial outlays for government services (eg Special Benefit), Australia may be missing out on people who, in the longer term, will be of net economic and social benefit to this country. This is because some countries are prepared to invest resources in the shorter term to reap longer-term benefits. ODEOPE has advised of two such examples:

Japan attracts migrants with high skills sets although at present its unemployment rate is higher than Australia, running at about 7% compared with 6% in NSW. Japan is a non-migrating country but attracts high quality students, academics and skilled workers through well funded scholarship programs and attractive company packages (see www.mhlw.go.jp). Incentives include:

- the higher the skills, the higher the monthly salary with bonuses, and the better the employment conditions. It is the intention of the employer to proactively encourage and foster higher skills development.
- greater investment in research and post doctoral work in Japan, thus attracting many Asian academics.
- social status and respect accompanying high skills level.

China, also a non-migrating country, has embarked on a rigorous program of repatriation to bring its highest scholars and skilled workers back home. Its economy is developing rapidly and closing the gap with developed countries. Within the past two years more than 130,000 scholars have been attracted back to China under new incentive programs and the prospect of new opportunities. Incentives include:

- government care for more than one child;
- housing;
- seeding grants for research; and

- flexible working policies allowing overseas periods and international exchanges.

Trends are developing in relation to global employment and this impacts on Australia's ability to attract and keep a skilled migrant workforce. For example, a high proportion of the Australian accounting profession are being attracted into the Asian workplace, particularly Hong Kong.¹¹ While many do return to Australia, Australia must also accept that it is dealing with a mobile workforce that will move according to professional and salary conditions. At present, USA and European nations make it easier for firms to recruit skilled workers, and salaries are significantly higher in Europe and North America than Australia. Also, the weak Australian dollar makes Australia comparatively unattractive.

As well as attracting people who have a pattern of international mobility, Australia is at risk of attracting inexperienced over experienced migrants given the number of full-fee paying foreign students filling the skilled independent quotas soon after completing university. For example, in the first 7 months of 2000-2001, under the Skilled Independent program, 29% of all selected were computing professionals and 19% were accountants. Over half held Australian qualifications. Most would have completed these qualifications as full-fee paying overseas students in Australia and may not have local work experience, let alone experience in other parts of the world.

Whether there are policy and/or procedural mechanisms that might be developed to improve competitiveness

As highlighted earlier, NSW is primarily concerned with seeking an outcome whereby a greater proportion of settler arrivals reside and remain in regional areas of the state, thereby helping to promote economic growth in areas that might otherwise stagnate or decline. Australia's visa framework needs to support this objective, hence the importance of the outcomes from the Commonwealth/State Working Party on Migration to Sydney and Regional NSW referred to in the preamble.

Under the skill stream, Australia has a range of different visa regimes that potential migrants can apply under. The nature of the class of entry determines, to a large extent, the attractiveness of Australia as a migration destination, for example whether a migrant is entering through the Skilled Australian Sponsored, Distinguished Talent, Business Skills (including Employer Nomination) or Skilled Independent. For those arriving within the first four categories, the degree of attractiveness is higher because there is greater certainty about settlement, support and employment. However, with the Skilled Independent the degree of certainty and support is not as strong.

For the Skilled Independent migrants, five main features of the Australian labour market create barriers to speedy entry into the workforce and to appropriate skill level utilisation. They are:

- Lack of official explanation of the difference between occupational acceptance for skilled migration visa and accreditation of qualifications to practice one's profession¹².

¹¹ Birrell, op cit p31

¹² Leahy M and Bertone S (2002), *Now My Life Can Really Begin*, Victoria University of Technology

- Mismatch between the Migrant Occupations in Demand List (MODL) and actual labour market demands, so some arrive to an oversupply within their profession, for example the IT industry. One study showed that specialists were being invited to Australia under the Skilled Australian Sponsored scheme when there was high level of unemployment among resident IT specialists. Under this scheme, the industry was not required to do “labour market testing”. Computer professionals being sponsored under this scheme do not have to have their IT qualifications certified by the Australian Computer Society. Under this system, the skilled migrant comes into a position immediately and is not concerned with break of continuity within the profession or waiting to have skills recognised.¹³
- In another study related to engineers, many have entered Australia because the MODL has indicated that there was a shortage within that profession. That need has not continued, resulting in engineers not finding employment at their skills and experience level. As Birrell points out, there were 3,728 settlers arriving in Australia over the period 1997-98 to 1999-2000 who indicated that they were engineers. However, it cannot be assumed that they worked within their profession because between 1997 and 2000, there was a decline in the number of persons employed as professional engineers.¹⁴

Consequently, Skilled Independent migrants could be arriving into a labour market that has an oversupply of their skills or profession (despite their nominated occupation being listed on the MODL and having a positive skills assessment), resulting even greater difficulty in accessing appropriate employment.

For Skilled Independent migrants coming to Australia the issue of finding a job as quickly as possible becomes paramount as these migrants cannot access a wide range of government services, including income support, for the first two years in Australia. At this stage in their settlement, their qualifications might not be recognised (in the case of the spouse or other adult family unit members) or they are denied employment because they do not have “local experience”. The skilled migrant has a limited number of options, the most common being to accept a position that is unskilled or semi-skilled, an outcome which is not ideal. This creates a cycle of long hours, low wages, inability to pay fees for educational bridging courses or other appropriate training, and discontinuity within their professional field. This creates a cycle that many migrants do not escape from, resulting in only 5% finding jobs matching their qualifications¹⁵. The skilled migrant must choose between short-term survival over long term establishment. This has resulted in Australia no longer remaining competitive with Canada or USA as both these countries provide economic support for newly arrived migrants.

In many industries, the overseas work experience of some migrants is not valued, acknowledged or understood in relation to local experience. For many skilled migrants, “local experience” becomes a circular trap, in that that they cannot get a job if they don’t have local experience but they cannot obtain a job to get “local experience”. This,

¹³ Kinnaird B, *Australia’s Migration Policy and Skilled ICT Professionals: The Case for an Overhaul*, People and Place, vol 10, no 2, 2002,p55-69

¹⁴ Birrell et al, *op. cit.*, p14-16

¹⁵ Leahy and Bertone, *op cit*, p9

in turn, creates a break in continuity within their professional field and can further impact on employment success.

This decreases Australia's attractiveness as many Skilled Independent migrants lose professional standing and have lower relative earning capacity than if they had remained in their country of origin or chose to migrate to another country.

Preference for employees who have English as a first language becomes obvious through statistics that show that there is a higher proportion of people from OMESC in the manufacturing area while a higher proportion of people from Mainly English Speaking Countries (MESC) work in the property, business, health and community areas. Individuals from MESC are more highly represented as professionals and managers while migrants from OMESC have relatively high representation as labourers, intermediate production and transport workers. There is also a higher rate of unemployment across people from OMESC.¹⁶

Skilled migrants might have greater opportunity for employment in regional areas where there is a shortage of particular professions. However, as noted earlier, migrants are not moving to these areas with the OMESC figures being 23% in Sydney and 16% across NSW¹⁷ for three reasons, namely:

- Skilled migrants resident in Australia for less than 2 years are not eligible for the full range of Job Network Services. Job network services are not staffed or funded adequately to meet additional needs of skilled migrants.
- There is no established government support in relation to intensive English lessons, few migrant resource centres and no special migrant placement officers to assist in finding employment within the regions
- There is no housing support or assistance to acclimatise.

For migrants from OMESC, in particular, the preferred option is that they remain in the city, near friends, relatives and community members who understand their language and culture and who can provide them and their families with economic and emotional support.

The inability to achieve appropriate earning capacity also impacts strongly on the ability to "settle well". ODEOPE has found:

- Acceptable and comfortable accommodation assists in the settling process but it is related to income. "The speed and ease with which migrants are able to find decent accommodation is an important dimension of the settlement experience... What constitutes decent housing is complex... Therefore they (migrants) may be forced to live in crowded conditions, such as sharing with relatives when they would rather not. They may also be forced to pay a high proportion of their income in rent or mortgage payments, so that not enough income is left for other essential services."¹⁸

¹⁶ DEWR paper, *op. cit.*, p7-10

¹⁷ DEWR paper, *op. cit.*, p5

¹⁸ DIMIA, *op. cit.*, p27

- If migrants bring financial resources with them, the value of some of the currencies in relation to the Australian dollar and the Australian cost of living means that the financial resources disappear quickly. For some, there are restrictions on the amount that they can withdraw from the country of origin and so with minimal or no government aid, the first two years in Australia becomes financially difficult and impacts on the ability to settle well.
- Sponsorship by other migrants provides some assistance to new arrivals but statistics show that it does not assist in people finding employment. Of sponsored migrants, 75 per cent received assistance from their sponsor concerning accommodation but only 30 per cent received help with employment matters.¹⁹

It is noted that DIMIA has established Business Centres to facilitate liaison with employers and potential business migrants. These Business Centres provide an important first point of contact for individuals seeking to migrate to Australia. However, while a wide range of information on the various types of visas is available from these centres, there may be potential to streamline contact and procedures with these centres to make it more of a "one stop shop" for liaison with other agencies that are integral to the settlement and job seeking process.

Settlement patterns for new arrivals including the role played by State and local authorities

State/territory governments can play an important role in influencing the pattern of settlement for new arrivals, irrespective of whether entry is on a temporary or permanent basis. This extends to having a direct say in where a person settles. For example, the Area of Need Program administered by the NSW Health Department enables the recruitment of suitably qualified overseas trained doctors into a declared Area of Need position (usually in rural or remote parts of the state), while steps are taken to fill the position permanently. The Targeted Inland Recruitment Scheme has a similar objective in linking suitably skilled and experienced overseas-trained medical practitioners to areas of shortage.

The capacity to influence settlement patterns would be greatly enhanced by having closer cooperation between the Commonwealth and State/local authorities in marketing regions/job shortages to potential migrants prior to settlement decisions. Recent analysis based on data from the Longitudinal Survey of Immigrants to Australia (LSIA) suggests that "most migrants make up their minds where they want to settle before they arrive in Australia"²⁰. By targeting potential migrants early in their decision-making process, with the appropriate information and support, this would improve the chances of influencing long-term settlement into regional areas.

One of the benefits of involving state and local authorities in the process of influencing settlement patterns is that, in the longer term, it will assist in the provision of culturally appropriate services. For example, by more closely involving an agency such as the

¹⁹ *ibid*, p9

²⁰ *ibid*, p7.

Department of Ageing, Disability and Home Care in the settlement planning process at an early stage, it can better advise and plan for the provision of services to ageing migrant populations, such as bilingual workers, and factor in any additional costs for mainstream services.

Where settlement takes place in a regional/remote area of the state, the issue of state/local authority involvement become even more vital. Government and other service providers must be involved at an early stage in the settlement planning process so as to adequately consider resource implications for an influx (no matter how modest) of new arrivals. Examples include the provision of English as a Second Language (ESL) teachers in government schools, and adequate reach of Adult Migrant English Program (AMEP) services.

It is noted that the Commonwealth sources the major part of its business class intake from Taiwan, Hong Kong, Indonesia and, to a lesser extent, South Africa. Through representation by the NSW Department of State and Regional Development on the Commonwealth/State Working Party on Skilled Migration, a view has been put to the Commonwealth that migrants from these countries will, in the majority of cases, seek to settle in capital cities. Other countries, therefore, could be identified as being potential sources of business and skilled migrants who specifically wish to settle in regional areas.

Conclusion

Well-targeted skilled and business migration has the capacity to substantially contribute to economic growth in NSW, particularly in regional areas of the state. The challenge is to encourage and facilitate settlement away from the Sydney basin, and to other parts of the state so as to:

- meet the needs of employers in a timely and streamlined fashion, thereby promoting sustainable economic growth;
- retain settlers as a result of increased employment opportunities in regional NSW, with the consequent benefits to local economies; and
- establish a pattern of arrival and settlement that will, in the longer term, draw more migrants to regional areas through overseas business and family links.

The NSW Government is committed to working with the Commonwealth, through the Commonwealth/State Working Party on Migration to Sydney and Regional NSW and other consultative mechanisms, to achieve these objectives. However, this does not alter the fact that the Commonwealth retains primary responsibility for the planning and delivery of the annual migration program. Any changes to the size and focus of the migration program will have a significant impact on NSW, given this state's position as Australia's primary settler arrival destination. Consequently, the Commonwealth must work closely with the NSW Government both in framing the migration program itself and in the planning and coordination of services for new arrivals, wherever these arrivals are located.