

DEPARTMENT OF IMMIGRATION AND MULTICULTURAL AFFAIRS

SUBMISSION TO

**THE JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE
AND TRADE (TRADE SUB-COMMITTEE)**

INQUIRY INTO

***ENTERPRISING AUSTRALIA – PLANNING, PREPARING AND
PROFITING FROM TRADE AND INVESTMENT***

MARCH 2001

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Introduction

The principal aim of the Department of Immigration and Multicultural Affairs (DIMA) in administering Australia's immigration program is to maximise as far as possible its contribution to Australia's well-being through focusing on Australia's economic, social, environmental and humanitarian interests. This is reflected in the annual migration program, annual refugee and humanitarian program, temporary entry programs as well as settlement, citizenship, multicultural, and compliance programs.

Australia's economy and society are changing, and our place in the global economy and the ever more complex geo-political world, needs to be recognised. These changes are especially obvious when dealing with rapidly increasing international people flows. Changes to DIMA processes must keep pace with a dual reality to:

- (1) enable faster entry of a growing volume of legitimate and essential people movements; and
- (2) prevent the entry of people who pose a threat to the Australian community and those who would seek to undermine and defraud Australia's immigration policies and programs.

Immigration program policy change has focused strongly on attracting an increased number of skilled migrants who have the ability to advance Australia's economy. During recent years, skilled entry programs have been reformed and streamlined to ensure the timely entry of people with skills and qualities that Australian business needs to take advantage of expanding markets and growth opportunities. International competition for the limited pool of skilled people interested in moving across national borders has increased markedly and will continue to do so. Despite competition from Canada, USA, New Zealand and a growing number of European countries not previously considered to be in the migration market, Australia's skilled migration stream is at its highest level since 1990-91 and represents over 50% of the Migration Program. This is the highest ever proportion of skilled migrants accepted under an annual Migration Program. It is notable that out skilled entry requirements have never been as rigorous or as targeted.

The results of commissioned research to determine the impact of reforms to the Migration Program are very positive, indicating that the changes are delivering major economic and budgetary benefits:

- the increased focus on skilled immigration will deliver \$5.3 billion in improved living standards for Australians by 2007-08 (see Attachment A);
- the Migration Program 2000-01 can be expected to contribute positively to the Commonwealth Budget bottom line an average of \$270 million per year over the next five years (see Attachment B); and
- the employment performance of recent migrants has improved dramatically compared to those who entered in the early to mid 1990s (see Attachment C).

Temporary entry programs have also been substantially reformed and program numbers in virtually all areas are at record levels. For the first time, net long term temporary movements outnumbered net permanent movements in 1999-00. For the most part, this can be attributed to the movement of highly skilled people coming to Australia for work and investment reasons. Since the reforms to temporary business entry policies were implemented in 1996, the demand for key skills under the streamlined arrangements has increased by over one-third since 1996-97. Business has responded positively to the reforms to temporary business entry and to various initiatives such as the establishment of Business Centres in each State and Territory, dedicated to providing a high level of client service to the local business community.

Australia's recent immigration reforms have resulted in a net gain in skilled persons in the late 1990s. At the seminar on the Economic Impact of Immigration on 1 March 2001, Dr Bob Birrell indicated that the annual net gain to Australia of managers, professionals, and tradespersons has been increasing over the past five years and is evidence that there is no 'brain drain'. While there has been a sharp increase in the net loss of skilled Australian residents over the same period, these losses are well short of the inflows of skilled persons arriving permanently and the net movement of skilled temporary residents (see Attachment D).

The numbers of overseas students, working holiday makers and visitors are at record levels, and pro-active programs coupled with high levels of interest in Australia (fuelled by promotion and the Olympics) should see numbers increase further in the future:

- Overseas students are building the education industry, creating jobs and generating substantial revenue (over \$3 billion in 1999). Overseas students in Australia are at record levels. Encouraged by streamlined skilled migration arrangements, many overseas students are applying to migrate after completing their studies, so much so that about 50% of all skilled migrants under the new points test are former overseas students and many have ICT skills;
- Working holiday makers are coming to Australia in growing numbers - the 74,500 who received visas in 1999-00 was a new record (a doubling of the number just 5 years before). They inject some \$500 million into the Australian economy (especially the tourism industry) and develop links with Australia that can often be to Australia's advantage later on;
- Visitors numbers are also continuing to grow and the almost 3.3 million visitor visas issued in 1999-00 continued a series of record year on year outcomes - up 7% on the previous year. The first quarter of 2000-01, covering most of the Olympics period, continued the trend. Assisted by interest in Australia generated by the Olympics, numbers are forecast to continue to grow at a rate of between 5% to 10% per annum.

Against this background, there are three Terms of Reference of this Inquiry that are of particular relevance to the Immigration portfolio:

'Incentives and impediments to foreign investment in Australia such as transport systems, taxation, telecommunications infrastructure, production costs, industrial relations structures, legal systems, federal systems of government and research and development initiatives;

The adequacy of a skilled workforce in Australia particularly in new growth areas such as, though not limited to, financial services, information technology, E-business, education, pharmaceuticals, and health care, and the competitiveness of that workforce; and

Opportunities for encouraging inward investment and export sales.'

The body of this submission therefore describes the various programs administered by DIMA relevant to this Inquiry, placing an emphasis on objectives, recent initiatives and recent outcomes to assist the Inquiry to take them into account when assessing the very broad range of Government programs aimed at enterprising Australia. The emphasis in this submission is on the various skilled and business entry programs administered by DIMA but student, visitor and other programs are also presented, together with the Productive Diversity program that links migration programs, business and multicultural Australia together for Australia's economic advantage.

Part One - Immigration and Foreign Investment

Term of reference – Incentives and impediments to foreign investment in Australia such as transport systems, taxation, telecommunications infrastructure, production costs, industrial relations structures, legal systems, federal systems of government and research and development initiatives

Introduction

1.1 The need to assist in enhancing Australia's attractiveness to foreign investment is addressed in both skilled migration and temporary business entry provisions. Business investors may undertake short or long stays to explore, negotiate or to establish and manage their business. Provision also exists for overseas companies to establish branches, agency distributorships, or joint ventures where there is benefit to Australia from the proposed activity.

1.2 DIMA works closely with the Department of Industry Science and Resources, State governments, the business community and within international fora, particularly within the Asia-Pacific Economic Cooperation (APEC) region, to ensure Australia's policies and procedures are competitive and remain a model of 'best practice'. Within the APEC region, Australia also encourages developing economies to provide more flexible entry and stay arrangements for business visitors and temporary residents, to make it easier for Australian business people to expand their business interests in emerging markets.

Business Visitor Entry

1.3 The objective of business visitor entry policy is to support Australian business and assist trade and investment activities by ensuring that genuine business visitors are visaed with a minimum of inconvenience or delay. DIMA is required by the Government to achieve a balance between facilitating the Government's foreign policy/trade agenda whilst maintaining a strong focus on immigration integrity.

1.4 In 1999-00, a total of 234,825 business visitor visas were granted. This represented a significant growth rate of 11.8% over the 210,059 visas granted in the 1998-99 program year. Growth is continuing in 2000-01 with 135,043 business visitor visas granted from July to December 2000, an increase of 20.6% over the same period for 1999-00.

1.5 The ten largest markets for business visitor visas in the 1999-00 program year were the United States (53,876), the People's Republic of China (36,100), the United Kingdom (18,432), Japan (15,246), India (10,765), Indonesia (8,867), Canada (8,332), South Africa (6,256), France (4,537), and Germany (3,668). Growth rates in both the US and China were 22% higher over the 1998/99 program year.

1.6 The Non-Return Rate (NRR) for business visitors has remained at less than 2% for the last three program years, consistently less than the total visitor NRR. The NRR

for business visitors for 2000-01 to date is 1.95%, compared to a NRR of all visitors of 2.23%. The NRR of business visitors from some higher risk countries, however, are significantly higher. For example, India has a NRR of 5.92%, more than twice the global NRR for business visitors. Other examples include: Nigeria has a 15.85% NRR; Kenya has a 6.83% NRR; Russia has a 3.30% NRR; and the Republic of Korea has a 2.34% NRR. This inevitably means that a higher degree of scrutiny must be applied to business visitor applications from such countries.

Recent initiatives to assist business visitors

1.7 Since October 1999, a number of major initiatives designed to assist business visitor entry have been implemented:

Broader use of business visitor visas

1.8 In October 1999, the Government announced changes to the business visitor visa policy to allow for overseas media representatives, sports people and visiting professionals to enter Australia on a short stay business visitor visa, rather than on "sponsored" visas as was previously the case. This change streamlined the visa application process for categories of people who would have previously been required to have formal sponsorships from Australian parties. The initiative significantly reduced processing times in several of DIMA's offices overseas. The change does not, however, apply to entertainers who must continue to enter via the sponsored categories.

Extension of the short validity business Electronic Travel Authority (ETA)

1.9 The short validity business ETA was made available to all ETA eligible countries on 1 February 2000. The nationals of these countries have been found to be at low risk of overstaying their visa in Australia (see list at Attachment E). Prior to 1 February 2000, nationals of only four ETA countries (Canada, France, Spain, and the United States) were eligible for the short-validity business ETA. This visa allows holders to enter Australia once and stay for three months after the date of arrival in Australia. The visa is valid for twelve months and is free of Australian Government charges. In the 1998-99 program year, 48,695 short validity business ETAs were granted. The number of grants increased to 63,746 in 1999-00, representing a growth of 30%, with more than half the visas granted after the change on 1 February 2000.

1.10 Business people also have access to a long-validity business visitor ETA that is valid for the life of the holder's passport and allows for multiple visits and a stay in Australia for three months on each arrival in Australia.

1.11 The changes to legislation, policy and processes provided a significant boost to the Meetings, Incentives, Conventions and Exhibitions (MICE) sector as it provided conference and convention delegates from ETA countries with the opportunity to obtain an electronic business visitor visa without Australian Government charge. See also 3.17 - 3.19 for details.

Sponsored Business Visitors

1.12 The sponsored business visitor visa class was introduced on 1 July 2000. The new visa program enables a small group of business visitor applicants who have difficulty establishing their bona fides overseas to provide overseas decision-makers with stronger evidence of their intention to depart Australia before their visas expire.

1.13 The program requires a sponsorship by an Australian party and an undertaking by the sponsor that the visitor will abide by the conditions of their visa and will return home before the visa expires. The program allows Australian Government agencies, members of State, Territory and Federal parliaments, and local government mayors, to provide formal sponsorships for business visitor visa applicants.

1.14 DIMA regularly briefs business organisations on Australia's business visa requirements, including the new sponsored business visitor program. The next such session will be in Sydney on 15 March 2001, and will be attended by Trade Managers from the State and Territory headquarters of the Australian Chamber of Commerce and Industry.

1.15 The new program complements the existing and highly successful business visitor visa program, while reducing the non-return rate of those visitors coming on the new visa.

Business (Long Stay) Temporary Entry

1.16 The current temporary business entry arrangements commenced on 1 August 1996 following a review of the existing policy regime by a Government-appointed Committee of Inquiry, chaired by Mr Neville Roach, then Managing Director of Fujitsu Pty Ltd. The new provisions were a direct response to business concerns that existing procedures were an impediment to business becoming internationally competitive. The simpler procedures and streamlined entry were developed in recognition of the business imperative to be able to quickly move key personnel to maintain competitiveness.

1.17 Key objectives of the reforms include:

- increasing Australia's attractiveness to trade and investment;
- increased international competitiveness and trading links ;
- greater employment, training and economic activity;
- transfer of skills, knowledge and new technologies into Australia;
- greater use of Australia's multicultural workforce by offshore interests; and
- greater integration into the global economy and locally, within the Asia Pacific region.

1.18 The fundamental principle underlying the arrangements was that there must be 'benefit to Australia' resulting from any business sponsorship activity. Benefit may be in

terms of employment creation; increased competitiveness; increased exports; enhanced international trading links; introduction of new skills, knowledge or technology.

1.19 The temporary business entry arrangements represent a balance between giving business more flexibility to build up its international competitiveness by bringing in skilled people, while at the same time safeguarding employment and training opportunities for Australian citizens and residents. The over-riding program objective is to maximise benefit to Australia from the entry of temporary residents while maintaining the integrity of the policy.

1.20 The arrangements provide for business people and skilled key personnel seeking to stay in Australia for up to four years. The arrangements provide for:

- personnel (executives, managers and specialists) for companies operating in Australia (including intra-company transfers);
- personnel coming under a labour or *regional headquarters agreement*;
- personnel from *offshore companies* seeking to establish a branch in Australia, participate in joint ventures, or fulfil a contract awarded to an offshore company; and
- *independent executives* seeking to establish a new business or joining existing businesses in Australia.

1.21 The last three streams of entry directly support and encourage foreign investment in Australia.

Regional Headquarters Agreements

1.22 Regional Headquarters Agreements form part of a range of incentives, eg. tax incentives, designed to enhance Australia's attractiveness as a business location in the Asia-Pacific region.

1.23 The objectives of Regional Headquarters Agreements are to:

- encourage international firms to choose Australia as a regional base;
- promote the competitive advantages of Australia as an investment location;
- facilitate the development of investment proposals and the establishment of regional operations; and
- provide continuing support services to assist companies considering expanding their investment in Australia.

1.24 Invest Australia, in the Department of Industry, Science and Resources (DISR), is responsible for assessing all proposals of companies wishing to establish regional operations in Australia. Proposals are assessed in consultation with DIMA which is also a signatory to any Agreement.

1.25 A major advantage of a Regional Headquarters Agreement is that streamlined immigration procedures facilitate the entry (both temporary and permanent) of key expatriate and specialist personnel of the company group. Hence, visa applications to

which a Regional Headquarters Agreement applies, receive priority over other applications associated with a standard Labour Agreement (for details of Labour Agreements, refer to 2.28).

1.26 The establishment of Regional Headquarters Agreements has generated substantial benefits for Australia. In 1999-00, these Agreements are estimated by DISR to have created over 3000 jobs for Australians and attracted almost \$700 million of investment in Australia.

1.27 There are 92 current Regional Headquarters Agreements (a further 6 are under negotiation) with the greatest number of visas being in the ICT and financial sectors; 31 RHQs (33%) as at January 2001.

Overseas Companies

1.28 Overseas companies seeking to establish a branch or other business activity in Australia, including joint ventures, agency distributorships and subsidiaries or to fulfil contractual obligations, may nominate key personnel to establish their Australian operation. The proposed operation must be of 'benefit to Australia', providing employment or enhanced competitiveness, trade or business links with international markets. Employers are required to comply with standard employer undertakings including any financial obligations to the Commonwealth, Australian industrial laws and levels of remuneration.

1.29 In 1999-00, a total of 467 principal visas were granted to key personnel nominated by overseas companies.

Independent Executives

1.30 This stream enables a person to enter Australia for the purpose of establishing, or buying into, a business and managing that business. The category attracts independent business people who cannot meet the Business Skills category business assets and experience criteria. Once they have established a successful business, many Independent Executives apply for permanent residence. To date in 2000-01, at least 229 people who entered on these visas have obtained permanent residence on the basis of having established an eligible business.

1.31 In 1999-00, a total of 3,937 independent Executive visas were granted. At 30 June 2000, there were an estimated 5,363 Independent Executives in Australia, up by 58.8% on the 3,377 present in June 1999.

Business Skills Migration

1.32 The objective of Australia's Business Skills visa classes is to benefit Australia by: developing international markets; creating or maintaining employment in Australia; transferring capital and investments; exporting Australian goods or services; producing goods or provide services that would otherwise be imported into Australia; introducing

new or improved technology; and adding to commercial activity and competitiveness within sectors of the Australian economy.

1.33 Australia's Business Skills visa classes serve the interests of the Australian economy by providing for the settlement of successful business people who:

- are owners (or part-owners) of a business (or businesses) or senior executives employed by major businesses; and
- will use their business skills to obtain a substantial ownership interest in a new or existing business in Australia and actively participate in that business at a senior management level;
- successful business people who invest in 'designated investments' in Australia; and
- certain temporary visa holders in Australia who have established a business in Australia (Independent Executives – see 1.30-1.31).

1.34 There are also options for State/Territory governments to sponsor business persons who have particular skills and attributes relevant to that State's development policies. Concessionary visa criteria apply to such sponsored subclasses.

1.35 The Business Advisory Panel (BAP), appointed by the Minister for Immigration and Multicultural Affairs in 1997, undertook a review of business entry programs in 1999 and found that Australia's business entry programs were generally well regarded and producing positive outcomes of benefit to Australia. The review made a number of recommendations to ensure that policy settings are responsive to the continually changing business environment, especially globalisation, and in the face of global competition for the best potential business entrants. Many of these recommendations have been implemented; others are currently under consideration.

1.36 Demand for business migration has increased in recent times. In 1999-00, 6,260 business migration visas were granted to business people and their families. This compares with over 6,080 visas issued in 1998-99 and 5,300 visas issued in 1997-98. Attachment F shows Business Skills arrivals in 1996-97 by industry sector.

1.37 Access Economics completed an economic assessment of the Business Skills visa classes in 1998. The assessment by Access Economics was that business migrants had created employment, and benefited the Australian economy. The Executive Summary of Access Economics' final report is attached (Attachment G).

Post-arrival monitoring

1.38 The *Migration Act 1958* requires that Business Skills visa holders participate in post-arrival monitoring for three years after their initial arrival in Australia. Surveys are conducted at 24 and 36 months after the migrant's initial arrival, and they provide information on the business activities they have engaged in, or their efforts to establish or buy into a business. Business Skills visas may be cancelled where business migrants have not made reasonable efforts to establish business or otherwise do not meet visa requirements.

1.39 DIMA has taken steps to implement recommendations in relation to Business Skills post-arrival monitoring. In particular, monitoring is being enhanced by improved validation of the self-reported information provided by visa holders.

1.40 Improved checking of the information provided by Business Skills visa holders has resulted in an increased number of visa cancellations, with 61 Business Skills visas cancelled in 2000-01 to date, compared to 3 cancellations in 1999-00. DIMA has been raising awareness of the post-arrival monitoring process, aiming at briefing clients, agents and DIMA processing offices.

APEC business initiatives

1.41 DIMA represents Australia in APEC as the convenor of the APEC Business Mobility Group (BMG) formed in 1997, which aims to facilitate trade and investment within the region by removing barriers to the international movement of business people. The BMG comprises all 21 members of APEC.

1.42 As convenor, DIMA is a prominent driver of progress in streamlining business visitor and long stay temporary entry within this forum. Australia's temporary business entry arrangements are of particular interest to other economies and are held as a model for member economies. DIMA's efforts have resulted in considerable reform to business entry arrangements across the APEC region and include:

- the greater use of 5-year, multiple entry business short stay visas and extension of visa-free arrangements;
- the introduction of the APEC Business Travel Card, an Australian initiative which saves business travellers time and money by providing:
 - pre-cleared, short-term entry to nationals of participating APEC economies (no visas or permits required);
 - multiple entry for three years; and
 - fast-track immigration processing on arrival through special APEC lanes at airports;
- the implementation of agreed-in-principle arrangements for streamlined processing for (long stay) temporary entry of intra-company transfers between APEC economies (based on Australia's current temporary skilled entry arrangements).

1.43 In addition, Australia has successfully sought APEC funding to run a series of technical cooperation and training programs to build the capacity of APEC members to implement improved immigration management systems and procedures.

1.44 DIMA will continue to be proactive in building regional cooperation and leading the BMG in achieving its 2001 goals which include: expansion of the APEC Business Travel Card scheme; the development of standards in immigration processing across the APEC region; and (subject to APEC funding approval) the trial of a multilateral Advance Passenger Processing system.

Part Two - Immigration and the Skilled Workforce

Term of reference – the adequacy of a skilled workforce in Australia particularly in new growth areas such as, though not limited to, financial services, information technology, E-business, education, pharmaceuticals, and health care, and the competitiveness of that workforce

Introduction

2.1 Australia faces a decline in the rate of growth of our population and our workforce. Even given fairly optimistic assumptions about the future path of Australia's fertility rate, projections indicate that natural increase (births minus deaths) will decline until around 2030 when deaths will probably begin to exceed births. After that, only immigration will contribute to population increase, which is likely to taper off completely by mid-century. Labour force growth is projected to decline at a faster rate than population growth. At the same time, emigration from Australia is currently at its highest level since the early 1970s and emigration of Australian-born is at its highest level ever and rising. The bulk of these people are young and skilled. Against this background, the study by Dr Bob Birrell (Attachment D) highlights the importance of immigration in making sure Australia has a brain gain.

2.2 The expansion and creation of new industry growth areas, and increase in trade and investment activities has generated the need to attract people with skills to ensure Australian industry remains internationally competitive.

2.3 Immigration policy has been reformed in recent years across the skilled migration, students and temporary business entry programs, to maximise as far as possible, its contribution to Australia's economic growth and innovation. Australia has a highly flexible approach to setting the annual migration program size and structure to respond to changing needs and opportunities. In addition, Australia has very flexible arrangements for people to be able to apply for permanent migration after entry on a temporary basis or to move from one temporary entry class to another. This is designed particularly for people involved in business entry. Around 25% of skilled visas under the 1999-00 Migration program were delivered from on-shore visa applicants who changed their status.

Skilled Migration

2.4 The key objective of Australia's Skilled Stream of Australia's Migration (non-Humanitarian) Program is to provide for the entry of people who have skills or outstanding abilities which will broaden and enhance the economic base of Australia's skilled workforce. The migration to Australia of skilled people helps to address specific skill shortages in Australia and enhances the size, skill level and "employability" of the Australian labour force. The emphasis on skilled migration in Australia's migration program recognises the important contribution migrants make to the economic development of Australia in the areas of growth and innovation, international competitiveness and exports and trade.

2.5 Since 1996, the Government has re-balanced the Migration Program towards the Skill Stream. Whereas in 1995-96 the Skill Stream comprised 29.2 per cent of the program, this share increased to 50.3 per cent in 1999-00 and a planned 52.6 per cent in 2000-01. In addition, on 1 July 1999, the Government introduced changes to the points-tested categories (Skilled Independent and Skilled Australian Sponsored) to further improve the economic and employment impact of migrants entering Australia under these visa categories. These changes mean that all new points-tested applicants as a minimum have to be less than 45 years of age, have vocational level English and have a skilled occupation with qualifications recognised in Australia. The new points test has been very successful resulting in the entry of skilled migrants who are doing very well in the labour market. Of skilled applications received in 1999-00, 81 per cent are aged between 18 and 34, 50 per cent have Australian qualifications and 88 per cent have scored the maximum 20 points for English.

2.6 The objective of this increased focus on skilled migration has been to enhance the economic contribution of migration to the nation's wellbeing. Research commissioned by DIMA has demonstrated that this objective is being achieved.

2.7 Economic modelling by Econtech (Attachment A) has shown that changes to Australia's migration policies and intake since 1995-96 will result in higher living standards for all Australians over the next ten years. The shift towards migrants who have higher skill levels, stronger English language skills, greater levels of wealth and who are aged between 20 and 45 years will mean that Australians will be some \$257 per person better off in 2007-2008.

2.8 Professor Sue Richardson of the National Institute of Labour Studies at Flinders University is comparing the labour market experiences of migrants to Australia that arrived between September 1999 and August 2000, with those arriving between September 1993 and August 1995. Professor Richardson's project is due for completion at the end of April 2001, however she presented an Executive Summary (Attachment C) of her research during the recent Seminar on the *Economic Impact of Immigration* held at Parliament House on 1 March 2001. Professor Richardson's research indicates that the labour market outcomes of the 2000 cohort of migrants are superior to that of the mid-90's cohort. In particular, the 2000 cohort has increased employment, and reduced unemployment by two thirds from 28% to 9%, compared to the mid-90's cohort. Increased migrant participation in the labour market contributes positively to the Commonwealth Budget.

2.9 Analysis by Access Economics (Attachment B) has also demonstrated that the strengthened emphasis on skilled migration has had a strongly positive impact on the Commonwealth budget; it is expected that the 2000-01 Migration Program will contribute an average of \$270 million per year over the next five years. In addition, Access Economics has demonstrated that Skill Stream migrants are considerably more successful than other migrants in terms of income, labour force experiences, health and housing. Further, analysis by Access Economics indicates that the businesses established by business migrants (part of the Skill Stream) are generally more

productive in terms of net worth, turnover and export levels than those of comparable established Australian businesses.

2.10 It is becoming evident, however, that international competition for skilled migrants, particularly in areas such as information, communications and technology (ICT) is intensifying. Labour shortages around the world means that traditional immigration countries, including Australia, are increasingly having to compete for such migrants with countries that, in the past, have not been significant players in the market for skilled migrants. The increased demand from other countries for these migrants is linked to the demographic situation that many of these nations are now facing. With low fertility rates and no history of organised migration programs, many developed nations, especially in Europe, are experiencing declining and ageing labour forces and populations. As a result, they are now seriously considering immigration as a key means of supplementing their skilled workforces.

2.11 However, despite the increased international competition for skilled migrants, there is no overall 'brain drain' from Australia. In fact, research commissioned by DIMA from Dr Bob Birrell, Centre for Population and Urban Research, Monash University into the alleged 'Brain Drain' from Australia shows that, for the years 1995-1996 to 1999-00 combined, there was a net gain from overseas movements of around 40,000 managers and administrators, 57,000 professionals and 21,000 tradepersons (Attachment D). Moreover, the annual net gain to Australia has been increasing over the five years in question. Almost all managerial, professional and trade occupations showed modest net gains, including occupations where the international demand for the skill in question was strong. For example, there was a net gain of computing professionals from international movements to and from Australia over the years 1997-1998 to 1999-00 relative to the employed stock of computing professionals in Australia as of mid-2000 of 3.2 per cent. The parallel figure for accountants was 2.1 per cent. Like the United States, Australia is gaining such workers from developing nations (particularly from Asia). In addition Australia is gaining heavily from New Zealand and South Africa. Australia is also drawing net inflows of skilled workers on a temporary basis, mainly from Europe and the United States. Like other developed nations Australia is losing some of its skilled workers to other such nations, particularly to Britain and the United States. But overall, Australia is a beneficiary of the movement of skilled workers around the globe.

2.12 Against this background, the Government is concerned to enhance Australia's competitive advantages to attract skilled migrants. The Government has continued to finetune entry policies to ensure Australia maintains its competitive edge in this area. For example since July 1998 a number of policy changes have been introduced to assist successful overseas students with key skills (eg in ICT, accounting, nursing) to migrate. (See 2.14-2.21).

Skilled Migration Categories

2.13 There are five main categories of Skill Stream migrants:

1. **Skilled Independent Migrants** – not sponsored by an employer or relative in Australia. They must pass a points test which includes skills, age and English language ability (15,610 visas in 1999-00, and an estimated 21,350 in 2000-01).
2. **Skilled Australian Sponsored and Skilled Australian Linked** – applicants must pass a points test which includes skills, age and English ability and receive additional points for sponsorship by relatives in Australia (7,900 visas in 1999-00, and an estimated 5,950 in 2000-01). Also includes Skilled Regional Sponsored and Regional Linked for those sponsored by relatives in designated areas (not points tested).
3. **Employer Sponsored** – employers may nominate (or ‘sponsor’) people from overseas through the Employer Nomination Scheme (ENS), Regional Sponsored Migration Scheme (RSMS) and Labour Agreements (LAs). These visas enable Australian employers to fill skilled permanent vacancies with overseas personnel if they cannot find suitably qualified workers in Australia (5,390 visas in 1999-00, and an estimated 5,800 in 2000-01).
4. **Business Skills migration** – encourages successful business people to develop new business opportunities and settle permanently (6,260 visas in 1999-00, **and an estimated 6,700 in 2000-01**).
5. **Distinguished Talent** – for distinguished individuals with special or unique talents of benefit to Australia (110 visas in 1999-00, and an estimated 170 in 2000-01).

Policy Changes

2.14 To ensure that Australia’s skilled migration program continues to meet its stated objectives in the context of an increasingly ‘knowledge-based’ economy, the *Review of the Independent and Skilled-Australian Linked Categories*¹ concluded that skilled migrants:

- enhance per capita incomes and economic growth;
- create new jobs;
- bring significant levels of capital;
- enhance Australia’s international competitiveness;
- have a positive impact on the Commonwealth Budget, and
- contribute to the supply of skilled persons in Australia at a time when the demand for skilled workers has grown strongly.

¹ *Review of the Independent and Skilled-Australian Linked Categories*, February 1999, Report by the Department of Immigration and Multicultural Affairs and the External Reference Group to the Review of the Independent and Skilled-Australian Linked Categories.

2.15 The *Review* highlighted the importance of skills (including employment experience), age and language ability in determining a migrant's employment prospects.

2.16 Subsequently, the above skilled visa subclasses, introduced on 1 July 1999, used a new points test regime to consolidate and enhance the benefits of a targeted skilled migration program. The new points test places a very high weighting on skills in demand (eg ICT, accounting, nursing), such that, around 50% of successful applicants under the new points test have such a skill. A key feature is that the points test is now highly integrated with the student market.

2.17 An internal review of the first 12 months of operation of the new points test shows that the test clearly selects migrants who will make significant contributions to Australia's international competitiveness and economic wellbeing.

2.18 From 1 July 1999 to 30 June 2000, 8,488 applications, consisting of 15,804 persons, were lodged under the points tested visa categories. These consisted of:

- 7,130 applications (12,915 people) under visa subclass 136 (*Skilled Independent*)
- 888 (1876 people) under visa subclass 138 (*Skilled Australian Sponsored*)
- 410 (934 people) under visa subclass 139 (*Skilled Regional Sponsored*)
- 6 (12 people) under visa subclass 137 (*Skilled State/Territory-nominated Independent*), and
- 54 (103 people) under visa subclass 134 (*Skill Matching*).

2.19 Of the 8,488 applications lodged, 6,778 applications or about 80% were received from 12 countries, namely: India (1274 applications), the UK, excluding Ireland (1050), China (1011), Malaysia (706), Indonesia (537), Hong Kong (537), South Africa (530), Singapore (319), Fiji (227), Philippines (206), Sri Lanka (204) and Taiwan (177) (figure.

2.20 The impact of the new points test categories has been apparent in several areas. Of the applications assessed:

- applicants with occupations on the *Migration Occupations in Demand List* (MODL) make up 50% of all applications;
- 60.5% of applications are from applicants aged between 18 and 29 and 81% are aged between 18 and 34;
- 87.7% of all skilled applicants have scored the maximum 20 points available for English;
- 50% of all applications have Australian qualifications, including *recent student graduates* taking advantage of the work experience waiver and former students who have returned home and worked;

- around 25% of all Skill Stream applicants hold qualifications in ICT; and
- 15% of applications are from accountants, with nurses the next biggest occupational group. All of these occupations are currently in high demand.

2.21 Research by Professor Sue Richardson of the National Institute of Labour Studies at Flinders University (Attachment C) shows that the policy changes to the skilled migration categories have improved the employment prospects for migrants.

2.22 A comparison of the key features of the skilled migration points tested categories with countries with similar categories, namely Canada and New Zealand, is at Attachment H.

Employer Nominated Migration and Regional Sponsored Migration

2.23 The objective of Australia's Employer Nominated Scheme (ENS) and Regional Sponsored Migration Scheme (RSMS) is to enable Australian employers to recruit skilled workers if unable to fill specific positions from the Australian labour market or through their own training efforts. Employers may sponsor staff for permanent entry under the Employer Nominated Scheme (ENS) and the Regional Sponsored Migration Scheme (RSMS).

2.24 Australia maintains a demand-driven program for employers who cannot fill a skilled position from the local labour market and wish to recruit from overseas. To make this program more responsive to the needs of employers, labour market testing in the ENS category has been waived for positions that involve skills in demand such as ICT, accounting and nursing. Further changes have been made to enable overseas students in Australia with these skills to apply for employer nominated migration without meeting the normal experience requirements. Because of Australia's flexible approach to change of status on-shore, an increasing percentage of employer nominated cases are from people already in Australia (ie people that employers have already tested for suitability to their needs).

2.25 The RSMS is a unique feature of Australia's migration program and is designed to address skills shortages in regional and low population growth areas of Australia, and to achieve a more balanced dispersal of migrants. The increase in RSMS uptake in recent years and preliminary findings from a recent evaluation indicate that the scheme is proving very useful in supplementing skills shortages in regional Australia.

2.26 The RSMS enables employers in regional Australia to fill positions with overseas workers where the positions are of a skilled nature and cannot be filled from the local labour market. In delivering the RSMS a crucial role is played by regional certifying bodies. These are usually State/Territory bodies based in the local region whose role is to certify that there are shortages in specific skills in the region so that local employers are able to sponsor suitable qualified staff from overseas to fill those positions.

2.27 As in 1999-00, a further 5,000 place contingency reserve has been established this year under the skill stream for use by employers, regional authorities and State/Territory governments to meet any additional demand. The contingency reserve will enable employers to target migrants with skills in short supply through the *Employer Nomination Scheme* and *Labour Agreements*, as well as allowing States and Territories seeking to attract a higher proportion of the skilled migration intake to nominate additional skilled migrants.

Labour Agreements

2.28 A Labour Agreement is a formal arrangement negotiated between the employer and the Commonwealth for the temporary and/or permanent entry of a number of people to fill a group of positions across a wide range of occupations.

2.29 The advantage of a Labour Agreement is that they allow for the streamlined entry of a specified number of persons with particular skills where a skill shortage can be demonstrated. No labour market testing or evaluation of the skilled nature of the position need occur, since these issues are dealt with during the negotiation phase. Only the skills of individual applicants need to be checked to ensure they satisfy the requirements of the Agreement.

2.30 Labour Agreements ensure that the recruitment of skilled persons from overseas occurs in the context of improving employment and training opportunities for Australians. Labour Agreements can allow for temporary entry permanent entry.

2.31 There are 58 current Labour Agreements (a further 9 are under negotiation). The major areas covered are in the ICT and hospitality sectors. A breakdown of all current Labour Agreements (as of February 2001) is below:

TYPE OF AGREEMENT	NO. of LAs	PERMANENT VISAS ALLOWED	TEMPORARY VISAS ALLOWED
AGRICULTURE	1	0	350
AUTOMOTIVE	2	0	135
AVIATION	1	50	140
BUILDING & CONSTRUCTION	1	0	20
DEFENCE	4	195	30
ENGINEERING	2	0	472
EXECUTIVES & MANAGEMENT	2	0	160
FINANCE & ACCOUNTING	2	500	2680
FISHING	1	0	32
ICT	12 (20%)	1045	3450
MINING	1	0	12
NURSES	1	50	340
OIL AND GAS/RESOURCES	2	5	28
RADIOGRAPHY	7	11	105
RELIGIOUS WORKERS	1	100	90
SHIPPING	1	30	30
SPORTPERSONS	1	0	150
TEACHERS	1	40	135
TOURISM & HOSPITALITY	14	76	1349
TRADEPERSONS	1	0	12
TOTAL	58	2102	9720

Students applying for Migration

2.32 A significant and increasing number of overseas students apply for skilled migration annually. Approximately 50% of applicants in the new points-tested categories are former overseas students who have undertaken studies in Australia:

- these applicants have the advantage of qualifications easily recognisable in Australia, and prior experience of life and work in Australia;
- Australian employers prefer these students to those with overseas qualifications.

2.33 Changes to the policy have been very successful with applications in the points tested migration categories exceeding expectations mainly due to the overseas students with Australian Information and Communications Technology (ICT) qualifications. A quarter of applicants has an ICT occupation and of these, 60% have an Australian qualification. Under the old policy, less than 10% of applicants were ICT professionals with only around 20% having Australian ICT qualifications.

2.34 In 1999-00, 2,459 students were granted permanent residence. Students accounted for 14.2% of all onshore residence grants.

2.35 To further assist the entry of successful overseas students to the Australian labour market, from 1 July 2001, students will be allowed to apply onshore to enable them to get visas to take up employment on completion of their studies.

2.36 Successful ICT professionals and graduates will be the major beneficiaries of the new arrangements. Other occupations likely to benefit will be nurses and accountants.

Temporary Business Entry (See also 1.16-1.21)

2.37 Globalisation of the world economy has resulted in increased competition for business, technology, knowledge and skilled personnel. Australian business is increasingly turning to skilled temporary workers to supplement critical skill shortages in industries where local recruitment and training efforts are insufficient to meet demand. The contribution of net temporary migration to population growth has exceeded that of net permanent migration for the first time in 1999/2000. Long-term temporary movements became the major component at 52.3% of net overseas migration for the first time in 1999-00, and much of this movement is of highly skilled temporary people. The number of visas issued in 1999-00 under the skilled temporary residence program grew by 8% to 77,060 people. As the table below indicates, since the current flexible arrangements were implemented in 1996, the demand for key skills has increased temporary business grants by over one-third.

457 Grants	1995-96	1996-97	1997-98	1998-99	1999-00
Offshore	13196	11445	14838	15881	15736
Onshore	9616	13923	18746	17284	19229
Total	22812	25368	33584	33165	34965

2.38 The increase in temporary migration has been the result of a shift in the Government's immigration policy that has been in part a response to the new global economy. In response to business groups wanting more flexible arrangements for bringing skilled workers from overseas, the Government introduced two types of temporary business entry visas in 1996/97: a long-stay visa for temporary residence of up to four years, and a short-stay one for visits of up to three months. The introduction of these new temporary migration categories, together with the internationalisation of the labour market, has contributed significantly to the increase in temporary migration.

2.39 Temporary business entry arrangements benefit Australia by filling skill shortages and introducing new skills, knowledge, and technology. Temporary business residents significantly contribute to Australia's economic growth as well as enhancing our ability to compete in the markets from where they came. In 1999-00, there was a 28% increase in visas issued to nationals of India, a 22% increase in visas to those from the Netherlands and an 18% increase from Ireland.

2.40 The current temporary business entry arrangements are widely considered to be amongst the most effective arrangements implemented by any developed country and compare favourably with our major competitors for skilled people. Attachment I compares the policies of Australia with the USA, Canada, Malaysia, Singapore, UK and Germany (particularly as they relate to ICT workers).

2.41 The Australian business community supports the current policy and streamlined arrangements. Reviews of the current arrangements were conducted in 1998 by the Business Advisory Panel (BAP), established in 1997 to advise the Minister for Immigration and Multicultural Affairs on business' needs², and by the Committee for Economic Development of Australia (CEDA)³. Both reviews found that current arrangements are viewed very positively by business. A number of refinements have been made to procedures and, on the basis of a BAP recommendation, DIMA has also significantly increased its program awareness and consultative efforts within the business community.

2.42 In addition, a broader *Review of Temporary Residence Visas* is currently under way with the aim of achieving greater simplification, efficiency and client service in the operation of 20 temporary residence visas. The visas under review are predominantly temporary resident visas for skilled persons to work in Australia in their field of speciality. The Minister for Immigration and Multicultural Affairs has appointed an External Reference Group to the Review. This group is made up of a range of eminent persons who bring to the Review a client perspective on particular visas, as well as a broad community perspective on the visa system. These persons are involved in a range of business activities and are injecting a valuable insight into business views and priorities into the consideration of issues and development of options for change.

² *Business Entry in a Global Economy Maximising the benefits*, August 1999, Report by the Business Advisory Panel on its review of all business entry programs.

³ *Temporary Business Entry to Australia Views of Companies and Migration Agents*, July 1999, report by Committee for Economic Development of Australia (CEDA)

2.43 These further refinements to the visa arrangements for skilled persons will reflect the need for Australia to remain competitive in attracting skilled overseas workers. As well as considering the current policy settings and their ongoing appropriateness in the context of the Australia's current business and community life, the Review is also considering the visa processes, with a view to simplifying and speeding up processes, while retaining integrity of the visa system.

Economic Benefits of Skilled Temporary Business Entry

2.44 Australia's temporary business entry arrangements are specifically designed to assist business to meet their skilled workforce requirements quickly and flexibly. There have been various research studies on the costs and benefits of temporary entry in past years. The CEDA Report, *Temporary Business Entry to Australia*, July 1999, lists a number of the benefits of skilled temporary entry:

- in periods of excess demand, Temporary Business Entry (TBE) helps supply the required number of skilled workers (The ICT industry anticipates shortage of ICT workers 31,000 over the next 12 months and 180,000 over the next 5 years);
- TBE assists in the development of new industries and increases the mobility and the flexibility of the Australian labour force;
- by augmenting the skilled labour force TBE contributes to the introduction of economies of scale in some industries;
- TBE could contribute to a reduction in any upward pressure on wage rates. This in turn could lead to increased profits and greater investment spending in Australia;
- entrepreneurial expertise and capital allows them to tap into niche markets - generating income and employment opportunities for locals;
- there may be considerable savings on education and training costs and so contribute to a reduction in social capital expenditure per capita of the workforce;
- TBE may lead to increased labour force participation rates and a reduction in the average age of the workforce;
- TBE may contribute to the development of new complementary skills in the Australian workforce and facilitate the introduction of change in the workplace;
- temporary residents reduce government outlays:
 - as they are guaranteed jobs;
 - earn a higher average wage;
 - are not able to access social security benefits; and
 - are required to pay state and local government taxes.

- temporary residents are required to pay income tax, Goods and Services Tax (GST), and superannuation contributions. Under current legislation - A New Tax System (Commonwealth-State Financial Arrangements) 1999 – states receives payments derived from GST based on its estimated population (including long-term temporary residents); and
- a survey of occupations nominated under the 457 subclass showed the average income of 457 visa holders to be approximately \$76,000.

2.45 In recent times, growth industry sectors such as ***the information and communications (ICT) sector, health care and education industries*** have taken particular advantage of temporary business entry provisions to help meet their recruitment needs. For example, Australia had a net gain of over 8,000 ICT professionals to Australia in the 1999-00 Program Year. To support industry demands for skilled labour in these industries, a number of new initiatives and refinements to existing procedures in respect of each of these industries have been undertaken.

Information and Communications Technology (ICT)

New initiatives

2.46 On 29 January 2001, the Prime Minister announced the Government's Innovation Action Plan, '*Backing Australia's Ability*', which included a number of immigration measures aimed at attracting more highly-skilled ICT workers to Australia and retaining Australian-educated overseas ICT students.

2.47 The measures build on recent policy changes which have successfully brought an increasing number of overseas students to Australia, many of whom have been studying ICT and have applied for permanent residency on the basis of their qualifications. Two key changes in this area will be to:

- use the contingency reserve allocation in the Migration Program to accommodate the rising demand to migrate from ICT professionals who have been trained in Australia. This will involve at least 2,500 places over and above the 76,000 places announced in the Migration Program for 2000-01; and
- from 1 July 2001, enable successful Australian-educated overseas students with key skills, particularly ICT qualifications, to apply for and be granted permanent residence visas under the Skilled-Independent and related categories without leaving Australia.

2.48 Other measures include:

- a legally-based Ministerial Direction to all immigration decision makers to give immediate processing priority to ICT professionals applying under the Temporary Business (Long Stay) visa and the Skilled Stream of the Migration Program;

- DIMA will liaise with employers in the ICT industry to develop an industry-wide Labour Agreement for ICT professionals to enable them access to the streamlined processing and entry provided by these Agreements;
- all ICT occupations will be recognised as “key” positions, removing the need for employers to test the labour market when looking to nominate an overseas worker for long-term temporary entry;
- ICT firms will be allowed to more easily demonstrate their commitment to training by providing evidence of membership or participation in a formal ICT industry training initiative, such as the joint Government/ICT industry *Skills Exchange Program*. This provides an alternative to having detailed training records or proposed training plans assessed;
- ICT specialisations on the Migration Occupations in Demand List (MODL) will be reviewed in consultation with the Department of Employment, Workplace Relations and Small Business and the National Office for the Information Economy (NOIE) and with representatives from the ICT industry on a six monthly (rather than annual) basis to identify ICT specialist shortages;
- DIMA will continue to foster close relationships with industry to ensure key players remain informed of policy developments. An information/application booklet has been developed to provide a clear step-by-step guide to sponsoring employees from overseas under the Temporary Business (Long Stay) visa. This will be available in both hard copy and electronically; and
- DIMA is examining the possibility of allowing electronic lodgement of Temporary Business (Long Stay) applications over the Internet. This will help to further speed up processing.

Measures taken in recent years

2.49 Australia already offers the most streamlined system of entry for employers wanting to bring in ICT workers on a permanent or temporary basis.

2.50 ICT professionals can enter Australia under:

- the Temporary Business (Short Stay) visa
- the Temporary Business (Long Stay) visa
- the Employer Nomination Scheme (ENS) and Regional Sponsored Migration Scheme (RSMS)
- Labour Agreements and Regional Headquarters Agreements (RHQs)
- Skilled-Independent points tested categories.

2.51 The MODL system, which includes a number of ICT occupations, was introduced in July 1999. Additional points in the Skilled-Independent category are available to applicants with occupations on the MODL. Under the ENS and the Temporary Business (Long Stay) category, labour market testing requirements are waived where the position to be filled is on the MODL.

2.52 Under the ENS, overseas students whose occupations are on the MODL, and who have successfully completed their course in Australia, are able to apply onshore and have normal post graduate work experience requirements waived.

2.53 The introduction of the new general points tested categories in 1 July 1999 has had a highly favourable impact on the number of applications lodged by skilled people, the approval rate under permanent categories, and migrant employment rates following arrival.

2.54 Specialist Business Centres have been established in State and Territory offices of DIMA to process Temporary Business (Long Stay) visa applications quickly.

2.55 Streamlined health and character assessment is provided under the Temporary Business (Long Stay) visa, where an applicant is considered a low risk.

2.56 DIMA has negotiated a number of Labour Agreements and RHQs with key ICT companies to allow for permanent and temporary entry of skilled ICT workers. There are currently 11 Labour Agreements and 25 RHQs with ICT companies (including ICT recruitment firms) providing approximately 4,100 temporary and permanent positions in Australia

2.57 Access has been increased for regional employers and State and Territory governments to the Skills Matching Database (SMD). The SMD provides an efficient and centralised resource for identifying prospective overseas employees. At 30 November 2000, there were 1,318 applicants available for skill matching, of which 271 were ICT professionals.

2.58 DIMA has developed a close partnership with industry associations to increase awareness of opportunities for the ICT industry to recruit overseas workers. For example, a DIMA "roadmap" outlining a range of visa entry options is located on the website of the peak ICT industry body - the Australian Information Industry Association (AIIA). In addition, over the course of 2000, DIMA Business Centres in Sydney, Melbourne, and Brisbane held highly successful and well-attended information sessions for Human Resource managers of ICT firms.

2.59 Australia offers many advantages to people applying to enter the country whilst overseas and those seeking to remain. Additionally, Australia's temporary business entry arrangements allowing spouses and accompanying family members of skilled temporary residents to work in Australia are an important attraction for ICT workers.

Health Care

2.60 The temporary business entry program has special arrangements to streamline the entry of qualified general and specialist medical practitioners, to assist in meeting the demand of employer agencies to fill identified 'areas of need' in health care. Australia benefits from this category as many temporary resident doctors are providing services in regional and remote areas. Before being approved for visa grant, medical practitioner

applicants must meet criteria specified by health authorities including being approved for a Medicare provider number; registration by a State Medical Board; and be sponsored to meet an 'area of need' as identified by a State Health Authority.

2.61 Visa grants increased from 1,216 in 1999-00 to 1,523 grants in 2000-01; an increase of 25.2%.

Educational Visas

2.62 Specific provisions exist within the temporary entry program for qualified people to join educational and research institutions or organisations to fill academic, teaching and research positions that cannot be filled from within the Australian labour market. The category provides benefits to Australia by allowing educational and research institutions to appoint internationally regarded academics and researchers who are able to contribute new ideas and knowledge as well as enhancing international cooperation. Given community concerns about the 'brain drain' from Australia of key academics, this category is essential to making sure Australia maintains a net inflow of people with such skills.

2.63 Visas granted under this category totalled 781 in 1999-00 and 722 in 2000-01; a decrease of 7.6%.

Part Three - Immigration, Inward Investment and Export Sales

Term of reference – Opportunities for encouraging inward investment and export sales

Introduction

3.1 Australia's immigration program directly contributes to boosting Australia's performance and earnings in this area. It is estimated that the tourism industry contributes some \$25.2 billion to the Australian economy – 4.5% of the total of Australia's Gross Domestic Product⁴. International tourism contributes some \$5.3 billion and the overseas student market contributes some \$3 billion dollars in export revenue annually.

3.2 The numbers of tourists, overseas students and working holiday makers are all at record levels and are expected to increase further in the future, assisted by marketing and responsive immigration programs, and special international events (the Olympics) and future Games such as the Goodwill and Commonwealth Games. In addition, DIMA has an active Productive Diversity program and works in close partnership with business and business educators to promote the benefits of diversity management to Australian business. The following programs and recent immigration initiatives specifically support Australia's investment and export activities.

Tourism Export Industry

3.3 The Australian Government is committed to assisting the entry of genuine tourists and family visitors and seeks to ensure that all genuine visitors are provided with a speedy and helpful visa service. Recognising the importance of the tourism industry to the Australian economy, DIMA has sought to make the potential visitor's visa application process as straight-forward as possible while maintaining a commitment to the integrity of the border.

3.4 The 1999-00 visitor program year delivered an outcome of 3,293,232 visitor visas comprising some 2,719,140 Electronic Travel Authorities (82.56% of total visitor visas granted) and 574,092 label visitor visas (17.44% of total grants). This outcome is a 7% increase over the 1998/99 visitor program year (3,072,358), generating foreign earnings of around \$16 billion as well as creating employment in the tourism industry.

3.5 The Olympics have added to this industry with forecasts suggesting that 1.5 million extra visitors are expected to come to Australia between 1998 and 2004.

3.6 DIMA has introduced a number of initiatives aimed at supporting Australia's rapidly expanding tourism industry. One such example is the introduction of the

⁴ 1997-98 Australian Tourism Satellite Account in *Australia Now – a statistical profile of Australia*, Australian Bureau of Statistics; and *Balance of Payments and International Investment Position, Australia*, Australian Bureau of Statistics publication 5302.0

Approved Destination Status (ADS) Scheme (see below) with China in August 1999. DIMA is committed to continuously improving Australia's visa system and in recent years, DIMA has used new and emerging technology to develop some of the quickest, simplest and most effective immigration clearance procedures in the world. An example is the Electronic Travel Authority system (ETA).

Electronic Travel Authority (ETA)

3.7 The ETA system is the most advanced and streamlined travel authorisation system in the world. It enables most visitors to Australia to obtain authority to enter at the same time as they book their travel arrangements. There is no need for the traveller to complete an application form for a visa or, in the case of tourists, pay any Australian Government fee or charge. The ETA is issued within seconds by computer links between the DIMA, travel agents, airlines and specialist service providers around the world.

3.8 The extension of the ETA to Hong Kong and Taiwan on 1 July 1999 represented the completion of the first stage of the ETA rollout, which was undertaken over a period of 4 years. The ETA is currently available to passport holders of 32 countries and locations. Since its inception in 1996, more than 9.1 million ETAs have been issued. Between 80% and 90% of short term visitors arrive in Australia on an ETA. The tourist ETA is free of Australian Government charge and available through more than 70 airlines and over 300, 000 travel agents worldwide currently able to participate in the system.

3.9 Against the background of this very rapid increase in the use of ETAs, the Government decided that there should be a period of consolidation whilst the system is fully bedded-down.

3.10 The Government considers that following this period of consolidation, other countries can be considered for ETA subject to the following criteria:

- an objective assessment of the immigration risk involved, including:
 - an analysis of the level of protection visa activity by nationals of the particular country over the past two years;
 - non-return rate trends over the past two years for nationals of the particular country who enter Australia on visitor visas and year to date;
 - an objective analysis of the level of fraudulent documentation in the offshore visitor visa application caseload and the security of the national travel document;
 - the rate of cancellation of visitor visas at Australian points of entry and after arrival in Australia; and
 - offshore visitor visa rejection rates.
- satisfactory resolution of financial issues associated with implementation;
- resolution of any security concerns;
- consideration of bilateral foreign affairs and trade issues;

- tourism issues including:
 - whether the particular country has been identified by the Tourism Forecasting Council and the Australian Tourism Commission as a “key emerging market”; and
 - the size and yield of the current tourism market and Tourism Forecasting Council estimates of the size and yield of the market in the future.

3.11 Whilst not a criterion, where it is relevant, consideration will be given to whether the United States, Canada or the Schengen States have offered visa waiver status to the country under consideration.

Emerging Markets

3.12 The Australian Tourist Commission (ATC) has identified a number of “key emerging markets” for Australian tourism promotion activity. These markets are China, India, the Gulf States, South America (Argentina and Brazil) and South Africa. In each of these markets, the ATC has developed enhanced marketing plans, and is working in partnership with key travel trade networks (including airlines and travel agents) to enhance Australia’s profile as an attractive holiday and business destination.

3.13 Many of these markets are traditionally high risk areas for immigration. DIMA is working closely with the ATC to identify opportunities for the provision of enhanced visitor visa processing arrangements in these markets while ensuring that integrity issues are addressed. Most key emerging markets have shown strong visitor visa growth in 1999-00. The table below shows visitor visa grant details for the emerging markets as well as non-return rates for the same locations:

		ASIA		GULF STATES		S. AMERICA		SOUTH AFRICA	GLOBAL	
		China (PRC)	India	Saudi Arabia	UAE	Argentina	Brazil		Total	
Visitor Visa Grants	1998/99	57,530	22,971	850	11,638	7,648	5,584	34,196	3,072,358	
	1999/2000	78,671	29,394	849	13,826	8,516	6,970	33,964	3,293,232	
	% variance	36.7	28	-0.1	18.8	11.3	24.8	0		7.18
Non-return Rates %	1998	11.63	6.67	1.68	0.15	2.83	5.01	3.49		2.31
	1999/2000	8.29	6.98	2.64	0.28	2.64	9.38	3.89		2.41

Approved Destination Status

3.14 The growth in visitor arrivals from China in the past two years has been a direct result of the enhanced marketing by the ATC and the introduction of the Approved Destination Status (ADS) scheme between the PRC and Australia. The Government of the People’s Republic of China (PRC) granted in principle “Approved Destination Status”(ADS) to Australia in December 1997. ADS status means that Chinese citizens are allowed to undertake self-funded group travel to Australia. Australia and New Zealand are the only two Western countries that currently have ADS.

3.15 The ADS program was developed by DIMA in consultation with Australian and Chinese tourism authorities to manage and support the growth of group tourism from the key Chinese markets of Beijing, Shanghai and Guangdong Provinces. The ADS program was designed to deliver quick processing and low rejection rates in an otherwise high-risk environment.

3.16 The ADS program commenced on 17 August 1999 with the arrival of the first ADS group from the PRC. As at 31 January 2001 over 23,000 ADS applicants have been processed within 2 days, with a rejection rate of less than 1%. This represents approximately 15% of all visit visa grants in China.

International Event Coordinator Network (IECN)

3.17 The International Event Coordinator Network (IECN) was established in November 1999 to provide assistance to Australian business, in particular the organisers of conferences and conventions. IECN officers are located in each of DIMA's onshore Business Centres and act as a conduit of information between event organisers and the overseas posts processing visa applications.

3.18 In its first year of operation, the IECN has worked with many event organisers and is currently working closely with the organisers of the:

- Goodwill Games (Brisbane - August 2001);
- World Gay Games (Sydney - February 2002);
- Commonwealth Games (Melbourne – 2006; and
- the bid committee for the FINA world swimming championships in Melbourne in 2005.

3.19 In addition to these major events, visa processing advice has been provided to the organisers of over 350 smaller, one-off events across Australia. The IECN will continue to play a role as Australia seeks to become a world leader in the hosting of large political, commercial, sporting, cultural and agricultural events.

Overseas Student Program

3.20 The program increases export revenue by promoting Australia's education and training systems overseas. In 1998, overseas students provided an estimated \$3.0 billion in export revenue and in 1999 it was estimated they generated approximately \$3.2 billion. The program creates jobs and yields tax revenue from businesses both within and outside the education sector.

3.21 The Student Visa program allows overseas students to come to Australia to undertake full-time study in registered courses. DIMA has a mandate to administer the *Migration Act 1958*, balancing the need to facilitate the entry of overseas students with its responsibility for protecting the integrity of the program. DIMA does this with high regard for the Government's wider foreign affairs and trade agenda.

3.22 The size of the industry is expected to continue to grow strongly in 2000-01 and in future years. A total of 120,564 visas were granted to students (excluding student visa grants with permission to work or change of education provider) in 1999-00, up by 8.7% on 1998-99. Of these, 74,428 visas were granted offshore, an increase of 10.9 % on the previous year's figure. The major source countries for offshore student visa grants in 1999-00 were:

- USA with 6,407 visas (up by 30.9 % on 1998-99);
- China with 6,079 visas (up by 69.7%);
- Malaysia with 5,900 visas (up by 23.7%);
- Indonesia with 5,439 visas (down by 40.3%); and
- Hong Kong SAR with 4,544 visas granted (up by 31.1%).

3.23 A major threat to this growth is ongoing difficulties with non-bona fide students, unscrupulous education agents and unscrupulous overseas education providers. The Government works in partnership with State and Territory education authorities and especially the Australian education and training industry to successfully promote the quality and integrity of Australia's education and training programs. While Australia's education exporters have met the challenge of the Asian downturn and the sector has now resumed its growth, the Commonwealth intends to build a closer relationship with the States and to take a stronger role in providing safeguards for overseas students and the industry as a whole.

3.24 The Government works in partnership with State and Territory education authorities and especially the Australian education and training industry to successfully promote the quality and integrity of Australia's education and training programs. While Australia's education exporters have met the challenge of the Asian downturn and the sector has now resumed its growth, the Commonwealth intends to build a closer relationship with the States and to take a stronger role in providing safeguards for overseas students and the industry as a whole.

3.25 The overseas student program is under continuous scrutiny from industry and has undergone a number of reviews and enhancements to remove any unnecessary impediments and streamline the entry of fee-paying students. An efficient student visa program will result in the smooth flow of foreign capital into Australia. Following are some of the initiatives that have recently been developed.

Pre-qualified Institutions

3.26 Through the Pre-Qualified Institution (PQI) program, DIMA is working with industry to develop the student visa market in the emerging countries China, India, Pakistan and Vietnam, while ensuring the continued integrity of the student program.

3.27 The PQI program assists the Australian educational services export industry to be more competitive through faster processing times and greater certainty of visa grant. The program operates through a cooperative arrangement between selected high

integrity, experienced providers and DIMA. Under the arrangement, providers take on a greater role in selecting genuine students. In return, applications sponsored under the PQI program are afforded streamlined processing.

3.28 In China, which is the largest PQI market, applicants sponsored under the 2001 program have their visas assessed within 20 working days, compared to an average processing time of 14 weeks. Applicants will also not be required to meet the current policy requirement to have 570 TOEFL score in order to meet the English Language requirements. In the other PQI markets, applications sponsored under the program are assessed within 10 working days.

3.29 The PQI program has been developed in close consultation with industry in response to concerns over slow processing times. Both the selection criteria for, and terms of the 2001 program, were developed jointly with representatives from industry peak bodies across all educational sectors. For the academic year 2001, 256 applications were received from interested providers. As a result, the number of providers has increased from 45 to 88, with the number of places allocated under the program increasing almost four-fold from 1,090 to 4,006 places.

Visa Disaggregation

3.30 The Government is implementing a more sophisticated risk management approach to arrangements governing the criteria for the grant of overseas student visas. The intention is to support the increasing growth in the overseas student program while at the same time minimising abuse of the program and enabling a rapid response to indications of changes in risk levels in any particular sector or market.

3.31 At present the vast majority of visas granted to student applicants, both on and offshore, are subclass 560 student visas. The regulations governing the criteria for the grant of this subclass are generic to all sectors of the overseas education industry and apply equally to student visa applicants no matter what their nationality. This regime is overlaid by a system that recognises that nationals of certain countries may present a lesser immigration risk than nationals of other countries.

3.32 The current single student visa class (subclass 560) will be split into a number of student visa subclasses based on the education sector to be accessed by student applicants. For example, the level of immigration risk presented by a student visa applicant from a particular country may vary depending on whether the student is seeking to access under- or post- graduate level study at university in Australia or a less expensive vocational education and training course offered by a private business college. This will recognise that the level of immigration risk associated with a particular sector is greater than that presented by another sector.

3.33 The new visa regime will be more flexible to the needs of each education sector and student visa decision making will be more transparent, certain and consistent. DIMA has held a series of consultations concerning the proposed changes with education industry peak bodies. These bodies have given strong, almost unqualified

support to the concept of disaggregation in recognition of the need to protect the integrity and international reputation of this valuable source of foreign income.

E-commerce

3.34 The Student Internet Project allows overseas students to apply for permission to work visas through their university using the internet. Universities using this facility are able to promote themselves as being able to provide this service to their international student population.

3.35 Improvements to the project have seen its expansion as universities have expressed their willingness to participate. There are currently 32 participating campuses and the student internet project is a good illustration of what can be achieved when Government and industry cooperate to provide a world-class facility to attract foreign students. This project is a corner stone in the DIMA's delivery of services to its clients using the internet.

3.36 DIMA is considering options for electronic lodgement of student visa applications for certain markets. The move to an electronic student visa would potentially provide substantial savings for DIMA and a more streamlined process that will offer attractive benefits in a highly competitive international industry.

Working Holiday Maker (WHM) Program

3.37 The WHM Program provides for the temporary entry of young people wanting to combine holidaying in Australia with the opportunity to supplement travel funds through incidental employment, and thus experience closer contact with the local community.

3.38 The WHM Program has been found⁵ to be of benefit to Australia as it:

- generates economic benefits, with projected spending expected to total more than \$500 million annually;
- is an important component of the tourism industry, with benefits to wider regional parts of Australia;
- enhances the cultural and social development of young people; and
- promotes mutual understanding between Australia and other countries.

3.39 Australia has reciprocal arrangements with Canada, Germany, Ireland, Japan, the Republic of Korea, Malta, the Netherlands, Sweden⁶ and the United Kingdom, and is currently negotiating possible arrangements with many more countries.

3.40 Australia's WHM Program is considered to have various competitive advantages including:

⁵ *Working Holiday Makers: More Than Tourists*, August 1997, report by the Joint Standing Committee on Migration

⁶ A Working Holiday Agreement between Australia and Sweden will commence on 1 July 2001.

- its allowable age range of 18-30 years is greater than permitted under the Canadian, Korean and UK schemes;
- the type of incidental employment permitted. WHMS may undertake any type of work of a casual or temporary nature while in Korea, they cannot work as entertainers and in the UK, cannot work in occupations which advance their professional careers;
- WHMs may apply for another type of visa onshore which is not allowed in the UK or Canada; and
- WHMs have a right to study or train for up to 3 months; Canada and Ireland do not permit any study.

3.41 DIMA and the Department of Employment, Workplace Relations and Small Business have jointly commissioned a study by the University of Melbourne on the labour market impact of the WHM program. The study will provide a comprehensive profile of WHMs in Australia, with a particular focus on the nature and duration of employment undertaken, as well as their breadth of travel within Australia.

Program Numbers

3.42 The number of WHM visas granted has increased in recent years, from around 35,000 in 1994-95 to almost 74,500 in 1999-00. Factors affecting the growth include the strength of economies around the world, the growth in tourism and large scale events such as the Olympics.

3.43 Citizens of the UK were the largest visaed group of WHMs in 1999-00 (38,900 persons), followed by Ireland (13,250 persons), Japan (8,510 persons), Canada (5,420 persons), the Netherlands (4,820 persons), Korea (1,200 persons), and Malta (59 persons).

Productive Diversity

3.44 'Productive Diversity' recognises the economic value of Australia's culturally diverse society, which has arisen from current and past immigration programs. Diversity management is a topic of keen interest as more firms become globalised and short-stay and permanent settlers continue to come to Australia. Government multicultural policies have encompassed it since 1991, generally in terms of two main themes:

- capitalising on the linguistic and cultural skills, knowledge of overseas markets and business practices often available in people born and educated overseas; and
- removing impediments to the effective management of a culturally diverse workforce (for example cross-cultural awareness, vocational English training, etc).

3.45 The Task Force on Leadership and Management Skills highlighted the business case for effectively managing diversity. The Task Force's 1995 report *Enterprising Nation* (the Karpin Report) identified "Capitalising on the talents of diversity" as one of five key areas for immediate action for upgrading management performance.

3.46 However, in 1996 Government research indicated that Australian businesses had not taken up the challenge to fully use their diverse human resources as a competitive tool. In response, DIMA commissioned the CEDA in 1997 to examine the slow take up of diversity management more fully. DIMA also commissioned Arthur Andersen (Melbourne) in 1998 to undertake research among Australian universities and TAFEs to quantify and assess cultural diversity management education.

3.47 Both of these studies have provided the impetus for the Productive Diversity Partnership Program, and highlighted further issues that would impact diversity management educators and practitioners. These issues include the need to broaden the definition of Productive Diversity to include all aspects of diversity such as gender and age (CEDA), and acknowledge the degree of leadership in the area of diversity management shown by higher education (Arthur Andersen).

3.48 Among many other findings, the report identified three areas in which the Government could advance diversity education. These related to:

- strengthening the business case for diversity through the development of authoritative Australian data sets;
- encouraging education programs to work closely with industry by establishing sites where human resource managers can demonstrate effective diverse workplaces; and
- exploring a set of common diversity education curricula through a series of national conferences and workshops.

The Productive Diversity Partnership Program

3.49 The Government recognises the complexities that confront Australian business people in responding to and managing diversity. The need for diversity management skills has been recognised by business educators in Australia, with significant increases in diversity management education offerings in Australian universities and TAFEs in the late '90s. Research has also suggested a role for Government to assist Australian managers in developing their diversity management skills.

3.50 DIMA's *Productive Diversity Partnership Program* aims to provide this assistance through engaging Australia's business educators, in partnership with company managers, and management consultants in developing diversity management expertise. The program is developing practical approaches to diversity management and strategic management models that recognise cultural diversity. The program involves three stages, and the Department is currently embarking on the third stage:

1. Resource Development – The Department commissioned nine research reports by Australian business educators, to stimulate discussion and develop resources to assist diversity management education;
2. The *21st Century Business - Delivering the Diversity Dividend* conference was convened by DIMA in November 2000, to share the knowledge and resources gained in Stage 1;

3. Refinement and further development of the conference outputs to develop curricula material and practical diversity management tools for use by business managers and diversity management educators in Australia. In this stage, the Department also aims to encourage new partnerships between business and business educators to further develop diversity management in Australia.

Benefits for business

3.51 Building on the conference outcomes, the Department is now promoting a business case for diversity management, which can provide businesses with the following competitive advantages and bottom-line benefits:

- increased productivity, reduced absenteeism and recorded lower turnover of staff as a result of developing a more inclusive and satisfying work culture;
- developing better and more dynamic export services and products through improved understanding of overseas business practices and networks;
- improved organisational responsiveness, problem-solving techniques, creativity and flexibility;
- improved marketing by using local migrant communities to test new products for export purposes, and skilling firms to operate in culturally-complex environments;
- improved customer service to clients in migrant communities through strategically locating staff with relevant backgrounds; and
- improved technical efficiency with broader approaches to quality management.

Conclusion and Future Directions

The range of programs that DIMA administers have been effective in delivering positive economic outcomes and generally delivering the outcomes expected by Government and wanted by businesses in Australia. Portfolio efforts to link with industry and business groups have been of great assistance in this regard.

Rational policy change based on rigorous research and evaluation coupled with close liaison with stakeholders has characterised most of the recent changes implemented. The immediate future holds a full program of policy development and legislative change to give effect to Government initiatives already announced while a number of policy reviews are currently underway. These include the:

- ❑ recently announced ICT measures;
- ❑ Overseas Students change of status provisions;
- ❑ Review of temporary residence visas;
- ❑ the negotiation of possible reciprocal Working Holiday Maker arrangements with a number of countries including Malaysia, Singapore, Hong Kong (China), Chinese Taipei, the USA, Spain, France, Italy, Greece, Cyprus, Austria, Belgium, Switzerland, Finland, Sweden, Norway and Denmark; and
- ❑ working through the BAP Review recommendations including in respect of the provisional business migration category.

Accompanying the policy changes will be processing and system changes. These will be especially important to delivering appropriate standards of service in an ever changing world where responsiveness to technological progress and speed of processing is the key to competitive advantage and achieving efficiencies. An enterprising Australia can not afford to wait for needed skills when recruiting overseas and immigration processing must be both quick and effective. Similarly, long queues at immigration offices or airports must be avoided if economically beneficial entry programs such as the visitor program are to continue to grow.

DIMA has embraced electronic processing initiatives and already has all application forms available on the internet, allows electronic applications for the majority of the visitor program and for students seeking permission to work at many campuses, and issues ETAs to most visitors so they never need to approach a DIMA office. Undoubtedly, the future will see many more developments of this type and already "on the drawing board" are a range of initiatives. These include the electronic lodgement within Australia of:

- ❑ Resident Return Visa applications;
- ❑ Visitor visa further stay applications; and
- ❑ Temporary business (long stay) entry sponsorships and applications.

Economic Impact of 2000/01 Migration Program Changes

By Chris Murphy, Econtech

1. Introduction

The Department of Immigration and Multicultural Affairs (DIMA) commissioned Econtech to model the economic impact of changes in the migration program since 1995/96. This includes the effects on population, living standards and unemployment.

2. Recent Developments

As a starting point for this project, Econtech investigated the changes in the migration intake from 1995/96 to 2000/01 and observed four significant developments.

- 1) The total intake fell significantly from 81,000 to 65,000.
- 2) There was a marked switch towards the Skill stream, which rose from 28,000 to 33,000. The fall in the total intake was in other streams, with the Family stream down from 39,000 to 23,000 and the Humanitarian Program down from 14,000 to 9,000, all measured in settler arrivals.
- 3) The skill level of the Skill stream has risen. Within the Skill stream, the skill index for Independent migrants rose from 66 to 70, while the skill index for Sponsored migrants rose from 64 to 66. The skill index is calculated from intended occupations of migrants.
- 4) The age structure of arrivals has shifted towards the prime working age group, aged from 20 to 45 years. In 1995/96 this group account for 59 per cent of arrivals but by 2000/01 this had risen to 64 per cent.

The first two developments in the migration intake are directly explained by specific changes to migration policy. Specifically, the rise in the Skill stream and the larger fall in the Family stream, resulting in a net fall in the total intake, are due to changes to the migration program. However, the fall in the Humanitarian Program is not due to changes in migration policy but rather is due to other factors, including changes in overseas demand and a rise in un-planned humanitarian migration through onshore asylum seekers.

The third and fourth developments are consistent with what would be expected from other changes to migration policy. The increase in the skill level of parts of the Skill stream is consistent with the changed requirement that all applicants have to be less than 45 years of age, have vocational level English and have recognised skills for an occupation on the Skilled Occupations List. The shift in the age structure towards the working age group is consistent with the capping of the parents component of the Family Stream, the 45 year age cap for the Independent and Sponsored categories, and the rise in numbers in the Independent category.

Using its MM2 model, Econtech projected the effects of these developments in the migrant intake on population, living standards and unemployment, giving the results outlined below.

3. Population Effects

The new migration policy means that the population, while still growing steadily, is projected to be smaller but younger than if the old migration policy had remained in place.

In the first development identified above, the total migration program intake fell from 81,000 in 1995/96 to 65,000 in 2000/01, reducing population growth. If this continues, by 2007/08 the total population will be 0.8 per cent lower than it would have been had the old migration policy been left in place, although it will still be above present levels.

In the fourth development identified above, the new migration policy has shifted the age structure of arrivals towards the prime working age group. While the population of all age groups will continue to rise under the new migration policy, the population is becoming younger than it would have been under the old migration policy. By 2007/08 the population of the retirement age group will be 2.2 per cent lower than under the old migration policy.

4. Living Standards

The new migration policy is progressively raising living standards compared with the situation if the old migration policy had remained in place. For example, by 2007/08 annual consumption per head is conservatively estimated to be boosted by \$257 or 0.96 per cent. This gain in consumption per head can be divided into three components.

The first component, workforce productivity, will be about 0.08 per cent higher by 2007/08 than if the old policy had remained in place. This is because of the switch to the Skill Stream and the increased skill level of that stream.

The second component of the gain in living standards, the labour force participation rate, will be about 0.62 per cent higher by 2007/08 than under the old policy. This gain is due to the shift in the age structure of arrivals towards the prime working age group.

The final component, the consumption share of GDP, will be about 0.26 per cent higher in 2007/08 than under the old policy. The increase in the Skill Stream, especially the Business Skills category, has raised migrant fund transfers from overseas. Increasing the intake of wealthier migrants boosts the share of GDP that can be consumed.

5. Employment and Unemployment

The economic modelling implies that the changes to migration policy have had little effect on unemployment. While migration adds to labour supply, it also adds to labour demand.

In practice, the increased focus on skilled migration may help to reduce unemployment because it helps to correct the ongoing problem of job mismatch where there is excess demand for skilled labour and excess supply of unskilled labour. However, the job

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mismatch issue is beyond the scope of the economic modelling so it does not capture this potential benefit from the new migration policy of reduced unemployment.

Impact of Immigration, and the Age Criteria on the Commonwealth Budget

Chris Richardson, Access Economics

Relationship between the Age at Arrival of Immigrants and the Future Impact on the Commonwealth Budget

DIMA has commissioned Access Economics to construct a model that measures the present value of projected Budget contributions of a cohort of immigrants arriving in Australia in 2000-01. The Immigrant Ageing Model now under development will project the future circumstances of a cohort of immigrants starting with the sample from the Longitudinal Survey of Immigrants to Australia. The model will estimate the net present value of the contributions of different types of immigrants to the Budget over their remaining lives in Australia and how this depends on their age at arrival.

Estimating the whole-of-life contribution to the Budget of immigrants at different age at arrival requires looking beyond the first ten years after arrival covered by the Commonwealth Budget model, as well as allowing for the impact of ageing during those initial years. The results from this model illustrated that immigrants with different qualifications - and therefore different incomes - affect the Budget differently. However, the contribution of immigrants also changes across their lifetime as they settle into Australia (entering and developing in the labour market etc.). In general immigrants are a net cost to the Commonwealth Budget while they are still at school or studying. They then become net contributors to the Budget after they enter the labour market before again becoming a net cost after retirement. These effects will be summarised in the results from the Immigrant Ageing Model.

The study is in some ways an application to Australia of the methods applied by a key US study, *The New Americans*. The latter analysed the relationship between the age at arrival of immigrants and their impact on the Budget. However, the DIMA-sponsored study is pioneering in that it is the first time that dynamic microsimulation techniques are used to physically age the immigrant population. There are several advantages of applying this technique. First, it better accounts for the improved skill levels of Australian immigrants (as opposed to using the experience of previous immigrants based on their skill levels). Second, it allows results to be presented for separate immigrant groups such as humanitarian, family and the skilled visa classes.

COMMONWEALTH BUDGET MODEL

For many years debates have raged about the impact of migrants on the Australian economy. All too often those debates have generated more heat than light.

One area of particular interest to the Federal Government is the impact of migrants on the Commonwealth Budget. DIMA commissioned Access Economics to update and revise a model to estimate the impact of new permanent migrants on the Budget. The model estimates the impact an additional 1,000 migrants have on the Budget. The extra migrants arrive in Year 1 (assumed to be 2000-01), and the model tracks those migrants

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over ten years. There are no further flows of migrants in future years - that is, the results show the developing Budget impact over time of a single cohort of an extra 1,000 migrants. The results are classified according to migrant visa categories.

The Longitudinal Survey of Immigrants to Australia (LSIA) provides the main source of information as to new migrants' usage of Commonwealth funded activities, as well as their contribution to revenue through direct and indirect taxes. Estimates of outlays in the model are driven by migrant take-up rates and information on the cost of providing Government services. Unit costs in the model have been updated to a base year of 2000-01, using information provided in Budget documents and by Commonwealth Departments. Price and wage growth assumptions are based on projections contained in the Commonwealth Budget Mid-Year Review for 2000-01.

Perhaps contrary to popular stereotype, the model results show that the impact of an additional 1,000 migrants on the Budget is positive in all but the first year. However, such a result should be no surprise. In addition, it reflects the high proportion of skilled migrants in the total. The average Australian draws on the Commonwealth Budget when young (via education and health spending) and when old (pensions and health), or when unemployed or on a benefit. However, the average new migrant is already able to work, and cannot draw on most benefits for the first two years after arrival. Therefore the trend is for improving returns to the Commonwealth Budget over time, except for year three where expenses escalate. This is due to the expiry of the two year freeze on a range of social security benefits which pushes up costs in that year.

Migrants under the three skilled categories provide a positive or neutral impact on the Budget in all years. Again unsurprisingly, the relative contributions from the different categories match those expected. Migrants under the family category are projected to contribute positively to the Budget by year six, with relatively higher outlays than the skilled streams. Expenses from humanitarian migrants outweigh revenues over the projected period. The biggest Budget benefits come from the skilled stream.

Base assumptions of 4% wages growth and 2.5% prices growth reflect migrants delivering productivity improvements, compensated for by real wage growth. This productivity improvement helps to deliver an improved bottom line to the Commonwealth Budget over time (as expenses are mostly linked to the CPI, but revenues are mostly linked to wages). Accordingly, the cost of expenses drawn upon by migrants does not rise as fast as their increasing tax payments. Note that the model does not attribute to new migrants a share of some categories of Commonwealth expenditures which are invariant to the population level, such as Defence expenditure and Government policy making functions.

Labour Force Analysis of data from LSIA 2 and a comparison with data from LSIA 1

Professor Sue Richardson, National Institute of Labour Studies, Flinders University

1. Introduction

The paper will report on changes in the labour market experiences of migrants who arrived in Australia between September 1999 and August 2000 (Cohort 2), compared with those who arrived in Australia during the period September 1993-August 1995 (Cohort 1). It will be based on unit record data from two surveys conducted on behalf of the Department of Immigration and Multicultural Affairs. Each cohort has been surveyed by approximately 6 months after arrival. There are 6,960 primary applicants/spouses in Cohort 1 and 2,881 in Cohort 2.

The main questions to be explored in the paper center on the differences between the two cohorts in terms of labour force experience. Information will be examined separately for different visa categories wherever possible.

The labour market outcomes of the 2000 cohort of migrants is distinctly superior to that of the mid-90's cohort. This is apparent in both rates of employment and levels of unemployment. It is true for each of the visa categories other than Humanitarian and Business Skilled, and is true for both men and women. The main purpose of the paper is to examine in some detail the changes in the characteristics of migrants across the two cohorts, and to relate these to changes in the labour market outcomes. The paper will pay particular attention to changes in levels of employment, unemployment and non-participation in the labour force. Some information will be presented on changes in reliance on private as distinct from government sources of income.

2. The Two Migrant Groups

The two cohorts differ somewhat in terms of some of the major socio-demographic characteristics. A comprehensive table will give an overview of how they compare. This table will report characteristics such as labour force status, country of birth, current main activity, English language proficiency, main source of income and level of highest educational qualification.

3. Labour Force Status

The labour force status of the migrant groups will be examined using the major classifications of employed, unemployed and not in the labour force. We report also on the employment to population ratio. This ratio is the single most useful figure for assessing the labour market success of a group. It focuses on the capacity to find paid work, and does not distinguish between people who are not employed because they are not looking for work, and people who are not employed because they cannot find work.

For the cohorts as a whole, the employment/population ratio has risen from 33 per cent for Cohort 1 to 51 per cent for Cohort 2. This is a very major change in the space of 6

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years. Data will show the change by visa category, sex and primary applicant/spouse. Similar information will be provided for unemployment rates. In brief, for the three major visa categories of Skilled-Australian Linked, Independent and Family Stream, participation in the labour force and employment have both risen and unemployment has fallen for both men and women, for primary applicants and spouses, and for all age groups. In many cases the changes are substantial. The Humanitarian group, which has halved in size as a proportion of all migrants, has very low levels of employment in both cohorts.

The really interesting question is why the recent cohort of migrants has had a better labour market outcome, six months after arrival, than did the cohort of the mid-1990s. It is true that the labour market in 2000 was a little stronger than it was at the time of arrival of the first cohort. But there have also been other changes. The distribution among visa categories has changed. So too have the criteria for selection into the categories of Skilled-Australian Linked and Independent. Greater emphasis has been placed on English language skills, prime age and on having skills which are identified as being in short supply in Australia. In addition, the 2000 cohort was not eligible for social welfare benefits for two years after arrival (with the exception of Humanitarian migrants), whereas the first cohort was. It has also been made easier for students who have studied in Australia to migrate here. In order to make some progress on distinguishing the impacts of these different influences, the results of multivariate analysis of labour force outcomes will be reported and discussed.

Skilled Labour: Gains and Losses

Dr Bob Birrell, Centre for Population and Urban Research, Monash University

Large numbers of skilled persons are moving in and out of Australia. However there is no overall 'brain drain'. For the years 1995-1996 to 1999-2000 combined, there was a net gain from overseas movements of around 40,000 managers and administrators, 57,000 professionals and 21,000 tradepersons. Moreover, the annual net gain to Australia has been increasing over the five years in question.

Over the past three years 1997-98 to 1999-2000 the net gain in managers and administrators was equivalent to 3.8 per cent of the employed stock of such workers in Australia as of mid-2000. For professionals the equivalent net gain was 2 per cent. Almost all managerial, professional and trade occupations showed modest net gains, including occupations where the international demand for the skill in question was strong. For example, there was a net gain of computing professionals from international movements to and from Australia over the years 1997-1998 to 1999-2000 relative to the employed stock of computing professionals in Australia as of mid-2000 of 3.2 per cent. The parallel figure for accountants was 2.1 per cent.

Australia's net gain in skilled workers from overseas movements in the late 1990s was a product of the inflow of skilled permanent residents moving to Australia as part of the immigration program and from New Zealand, and from a significant net inflow of skilled persons coming to Australia on temporary visas. There has been an increased outflow of skilled permanent residents (both Australian and overseas born) from Australia. The number of residents returning from such trips has not kept pace with the leavers. As a result, the net loss of skilled Australian residents has increased sharply since 1995-96. Nevertheless these losses are currently well short of the inflows of skilled persons arriving permanently and the net movement of skilled temporary residents.

The increased net loss of skilled Australian residents is a matter of concern. But the scale of the loss relative to the stock of skilled Australian residents is small.

In summary, Australia is showing a 'first world' pattern in relation to the international flow of skilled workers. Like the United States, Australia is gaining such workers from third world nations (particularly from Asia). In addition Australia is gaining heavily from New Zealand and South Africa. Australia is also drawing net inflows of skilled workers on a temporary basis, mainly from Europe and the United States. Like other 'first world' nations Australia is losing some of its skilled workers to other first world nations, particularly to Britain and the United States. But overall, Australia is a beneficiary of the movement of skilled workers around the globe.

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Business ETA – available to nationals of following countries

	Kind of Passport	Conditions	Subclass		
1.	Andorra	Passport must indicate that the applicant is a national of Andorra	956	976	977
2.	Austria	Passport must indicate that the applicant is a national of Austria	956	976	977
3.	Belgium	Passport must indicate that the applicant is a national of Belgium	956	976	977
4.	Brunei	Passport must indicate that the applicant is a national of Brunei	956	976	977
5.	Canada	Passport must indicate that the applicant is a national of Canada	956	976	977
6.	Denmark	Passport must indicate that the applicant is a national of Denmark	956	976	977
7.	Finland	Passport must indicate that the applicant is a national of Finland	956	976	977
8.	France	Passport must indicate that the applicant is a national of France	956	976	977
9.	Germany	Passport must indicate that the applicant is a national of Germany	956	976	977
10.	Greece	Passport must indicate that Greece	956	976	977
11.	Hong Kong Special Administrative Region, People's Republic of China	-	956	976	977
12.	Iceland	Passport must indicate that the applicant is a national of Iceland	956	976	977

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13.	Republic of Ireland	Passport must indicate that the applicant is a national of the Republic of Ireland	956	976	977
14.	Italy	Passport must indicate that the applicant is a national of Italy	956	976	977
15.	Japan	Passport must indicate that the applicant is a national of Japan	956	976	977
16.	Republic of Korea	Passport must indicate that the applicant is a national of the Republic of Korea	956	976	977
17.	Liechtenstein	Passport must indicate that the applicant is a national of Liechtenstein	956	976	977
18.	Luxembourg	Passport must indicate that the applicant is a national of Luxembourg	956	976	977
19.	Malaysia	Passport must indicate that the applicant is a national of Malaysia	956	976	977
20.	Malta	Passport must indicate that the applicant is a national of Malta	956	976	977
21.	Monaco	Passport must indicate that the applicant is a national of Monaco	956	976	977
22.	The Netherlands	Passport must indicate that the applicant is a national of The Netherlands	956	976	977
23.	Norway	Passport must indicate that the applicant is a national of Norway	956	976	977
24.	Singapore	Passport must indicate that the applicant is a national of Singapore	956	976	977
25.	Spain	Passport must indicate that the applicant is a national of Spain	956	976	977
26.	Switzerland	Passport must indicate that the applicant is a national of	956	976	977

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		Switzerland			
27.	Sweden	Passport must indicate that the applicant is a national of Sweden	956	976	977
28.	Passports issued by the authorities of Taiwan	Passports must not purport to be official passports or diplomatic passports	956	976	977
29.	United Kingdom of Great Britain and Northern Ireland	Passport must indicate that the applicant's nationality is British Citizen or British National (Overseas)	956	976	977
30.	United States of America	Passport must indicate that the applicant is a national of the United States of America	956	976	977
31.	Vatican City		956	976	977

Commonwealth of Australia Gazette
GN 15, 19 April 2000

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BUSINESS SKILLS ARRIVALS 1996-97 BY INDUSTRY SECTOR

INDUSTRY SECTOR	
Wholesale Trade	466
Property and Business Services	107
Retail Trade	66
Manufacturing	47
Accommodation, Cafes and Restaurants	34
Construction	15
Agriculture, Forestry and Fishing	13
Transport and Storage	13
Education	11
Finance and Insurance	8
Health and Community Services	8
Personal and Other Services	6
Cultural and Recreational Services	5
Mining	3
Communication Services	2
Electricity, Gas and Water Supply	1
TOTAL	805

NB - Of the 1416 arrivals in 1996/97, 1043 provided surveys of business activities at 3 years

- 805 of the 1043 respondents indicated that they were engaged in business

Evaluation of the Contribution of Business Skills Migrants in Australia

Access Economics, 21 July 1998

EXECUTIVE SUMMARY

This report provides an economic assessment of the Business Skills Visa Class of Immigrants (BSC), particularly in terms of the main objectives of the program as part of a more general review of the program being undertaken by the Department of Immigration and Multicultural Affairs (DIMA).

In contrast to earlier reviews by DIMA, this report reviews the experience over a number of years rather than taking a snapshot at a point in time. Where possible, the report relies on data collected after the immigrant has completed a survey at the 36 month point. But data for earlier survey points has been used to widen the coverage in analysing certain issues, particularly in cases where there is not a great deal of difference between those available results at the 36 month and 24 month surveys (the latter providing a larger sample).

The report covers around 1500 immigrants who qualified for visas over the four years ended 30 June 1996.

The immigrants have been sourced from 43 countries with a particularly strong inflow from Hong Kong SAR, Indonesia, South Africa, Taiwan and other parts of Asia. The importance of country/economy of origin varies from year-to-year and it seems to relate more to the conditions in the country of origin rather than conditions in Australia.

Relative to population size, the States of NSW, WA and Queensland have taken the larger share of the immigrants with immigrants being influenced in their choice of State/Territory by the existence of a community of their nationality and proximity to country of origin.

The report distinguishes between those that establish new businesses and those that buy into established businesses in Australia. Around 80% of those in business have established new businesses.

The immigrants enter a range of industries however, high proportions are concentrated in the wholesale, manufacturing and business services areas.

Once established in a business, the younger immigrants tend to do better than the older immigrants as measured by net worth and employment creation.

Immigrants with trade qualifications and university degrees do well (and are more likely to be involved in manufacturing than others).

ATTACHMENT G

The BSC immigrants have performed very well in terms of the program objectives: they have strong international links, have created employment and generally added to the level of commercial activity in Australia. The fact that many are surviving in competitive international markets indicates that they operate competitive businesses. The BSC immigrants are actively engaged in the application of new technology and the introduction of new processes and/or products, especially in the manufacturing sector.

The BSC group has been benchmarked against businesses included in the Business Longitudinal Survey (BLS) undertaken for the Office of Small Business (OSB) by the ABS.

The performance of the BSC group is compared with that of other Australian businesses of a comparable age, size and industry.

That analysis indicates that the BSC firms have a higher rate of exporting than their BLS counterparts, especially in the smallest category (firms employing 1-4 people). The analysis by industry is somewhat mixed but the BSC manufacturing firms perform consistently better than comparable Australian firms.

BSC businesses have a considerably higher average net worth than the Australian businesses with less than 100 employees. BSC firms also have a higher turnover than the BLS firms of the same age do.

The smaller BSC firms have a slightly higher number of employees on average than the smaller BLS firms. Other results for employment are somewhat mixed but overall the BSC firms tend to employ a slightly larger number of employees on average than the equivalent Australian firms.

There have been many studies over the years on the economic impact of immigration on the Australian economy. Apart from the obvious impact on the size of the population and economy, the overall assessment is that the economic effects on real income levels and so on are relatively small but positive. Larger effects are possible the more skilled the intake.

The BSC program has only been running a short time but, on the evidence surveyed in this report, the group is generally more productive in terms of average net worth, turnover and exports than comparable Australian businesses (and other immigrant groups). The number of immigrants coming into Australia under the BSC program is small given the qualities needed to qualify but the program can be seen as having a very positive impact on economic welfare in Australia.

ATTACHMENT H

COMPARISON OF POINTS-TESTED VISA CATEGORIES FOR AUSTRALIA, CANADA AND NEW ZEALAND

POINTS AWARDED FOR:	AUSTRALIA	CANADA	NEW ZEALAND
AGE	Must be under 45. If under 30 score 30 points therefore 27.5% of pass mark.	No age restriction however maximum of 10 points available for 21-44 year olds which is 10% of the passmark.	Must be under 56. 18-24 = 8 points, 25-29 10 points, 30 –34 8 points, 35-39 6 points, 40-44 4 points, 45-49 2 points & 50-55 0 points. (If 10 points awarded is 45% of the passmark)
ENGLISH LANGUAGE	Must have vocational level English = score 15 (which equals 14% of the passmark); Competent level English = score 20. An exception is made for skilled-regional sponsored applicants who may qualify without vocational English if they 4.5 on IELTS and have made arrangements with a participating state or territory govt to upgrade their English skills	Applicants awarded up to 15 points for French or English. No minimum language requirement. maximum points would = 22% of the passmark.	Minimum English
QUALIFICATION	Professional degree or trade certificate – 60 = 59% of pass mark; Generalist degree – 50 = 45.5% of pass mark; Diploma – 40 = 36.5% of pass mark. Must have an occupation on the skilled occupations list	Awarded points for the level of qualification held, up to 16 points, the length of training/education required, up to 18 points, (26% of the passmark) arranged employment, up to 10 points. Must have an occupation on the general occupations list	Base qualification – 10; advanced qualification – 11; masters or higher – 12 maximum score = 50% of the passmark
WORK EXPERIENCE	Is a threshold requirement however is waived if recent Australian graduate; bonus points awarded for specific work experience – 5 or 10 depending on length of experience and occupation (if 5 points awarded is 4.5% of the passmark)	Work experience up to 8 points which equals 12% of the passmark No waiver provision for recent graduates	Must obtain at least one point for work experience (ie one point per year) which increases to 20 points if 20 years experience. Maximum points would equal 80% of the passmark No waiver provision for recent graduates
<u>LOCAL WORK EXPERIENCE</u>	Bonus 5 points awarded if applicant has at least 6 months Australian work experience in the past 4 years (4.5% of the passmark)	n/a	New Zealand work experience of 1 year – 1 point, 2 years 2 points (up to 10% of the passmark)

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OCCUPATIONS IN DEMAND	Bonus 5 points awarded if nominated occupation is in demand + 5 if has job offer also (up to 4.5% of the passmark)	2 lists available – one national and one regional. The regional list appears to be specifically for Quebec under the Canada-Quebec accord where Quebec has the authority to select immigrants within these classes who then present an authorisation to federal authorities for visa processing	Offer of employment = 5 extra points (up to 20% of the passmark). Applicants with insufficient points can be granted residence approval in principle and issued with a work permit enabling them to job search in New Zealand with the aim of gaining a job offer and sufficient points for residence.
IN COUNTRY QUALIFICATION	5 bonus points for Australian qualification available; 10 if PHD (up to 4.5% of the passmark)	n/a	2 bonus points for New Zealand qualification (up to 10% of the passmark)
SPOUSE SKILLS	5 bonus points available if the spouse satisfies base requirement – age, recognised skills and English (up to 4.5% of the passmark)	n/a	1 bonus point for base qualification and 2 for advanced qualification of higher (up to 5% of the passmark)
INVESTMENT	5 bonus points available for capital investment of \$AUD100,000 (up to 4.5% of the passmark)	n/a	New Zealand\$100,000 – 1 bonus point New Zealand\$200,000 – 2 bonus points (up to 10% of the passmark)
<u>FAMILY SPONSORSHIP</u>	15 points for close relative sponsorship, ie sponsor is a brother sister, parent, non-dependent child, aunt or uncle, if not is a designated area relationship extended to grandparent or first cousin if the sponsor resides in a designated area. If sponsor lives in a designated area the applicant must meet the threshold criteria but is not subject to the points test. (up to 14% of the passmark)	Must be close relative, ie brother, sister, mother, father, grandparent, aunt, uncle, niece or nephew who meets income test requirement - 5 points available (up to 7% of the passmark)	Family sponsor – 3 points. Must be parent, brother, sister or child (up to 12% of the passmark)
<u>COMMUNITY LANGUAGE</u>	5 bonus points available if assessed as having fluency in an Australian community language (up to 4.5% of the passmark)	n/a	N/a
PASS MARK	110	70	Changes weekly but never below 24
POOL ARRANGEMENT	Available for two years for groups not meeting current pass mark	n/a	There is no pool arrangement. however, an applicant can re-submit his/her application to take advantage of falls in the pass mark

ATTACHMENT I

COMPARATIVE ANALYSIS OF ADVANTAGES OF AUSTRALIA'S TEMPORARY ENTRY POLICIES (PARTICULARLY AS THEY RELATE TO ICT WORKERS)

Temporary Entry Policy	Comparative analysis with other countries
Spouse work rights	<p>Australia provides unrestricted automatic work rights for spouses of visa holders in this class.</p> <ul style="list-style-type: none"> • The UK allows work by spouses, where the period of stay is more than 6 months. • Germany allows spouses who have a minimum stay of 2 years in Germany to be given work rights. • Canada has a pilot program that allows spouses, whose occupations are in recognised shortage, to work in those occupations. • Other countries do not permit spouses to work unless they can meet the requirements for a work permit in their own right. As the spouses of skilled workers often wish to work, this is a particularly attractive aspect of Australia's policy.
Sponsorship/application requirements	<p>Australia is the only country which does not require sponsors to lodge applications with both the relevant government employment agency as well as the immigration authorities.</p> <ul style="list-style-type: none"> • In the UK, the employer is required to lodge a work permit application to the Overseas Labour Service (OLS). • In the USA, employers are required to give the union or the workplace 30 days notification and approval from the government employment agency prior to lodgement of the sponsorship application for H1-B visas. • In Canada, an 'Offer of Employment' application and fee is required for validation and employers must agree to the undertakings for each worker. The application must also be approved by the government employment agency. • In Singapore, employers are required to lodge an application for an 'Employment Pass' with the Ministry of Manpower, which is responsible for employment related matters, and pay an annual levy for each foreign worker. • In Malaysia, the employer is required to obtain supporting documentation from government agencies relevant to employer activities and pay a monthly levy. • In Germany, the employer is required to lodge a work permit application. The employee is then required to obtain an entry visa, and upon arriving in Germany, the employee must apply for a formal work permit and residence permit.
Processing times	<p>Australia's visa processing times for business temporary entrants are similar to those of Singapore (average is up to 4 weeks), and compare favourably with those of Canada and the UK (average is 4 weeks) and the USA (average is several weeks to months). However, processing times for IT workers coming to Australia are generally quicker than the majority of the business temporary entry caseload. This is because the skills required in the IT sector do not require labour market testing.</p> <p>In Malaysia and for IT&T specialists from non-EU countries in Germany, the visa processing time is 2 weeks.</p>
Skills assessment/qualifications required	<p>Malaysia, Germany, UK and the USA require evidence of at least degree qualifications held by all applicants. In addition, the UK require at least 2 years post-qualification experience, while Germany requires that the agreed salary be in excess of DM100,000 pa (approx AUD83,000). Applicants sponsored to Australia must demonstrate that they have appropriate skills. There is no qualifications threshold to be met and salaries of sponsored employees in Australia are based on market salary rates underpinned by the award safety net.</p>

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<p>Labour market testing (LMT)</p>	<p>Australia provides exemptions to LMT for 'key' activities such as executives, managers and specialists, and occupations on a national shortage list. These requirements are similar to those of Canada, Malaysia, and the UK.</p> <ul style="list-style-type: none"> • Germany has a Skill Matching database against which the applications for temporary work permits are 'tested' to ensure that there are no EU nationals in surplus able to fill the job. • LMT is not required in Singapore for professional positions, including IT, but the employer must make a case to bring in an employee from overseas. • Formal LMT is not required in the USA, but employers must notify the relevant unions and seek approval from the government employment agency for H1-B visas.
<p>Visa validity</p>	<p>Visa holders in Australia may stay in Australia for up to four years, with further extensions of up to four years at a time available. This compares favourably with US policy, where the maximum period is restricted to 6 years (3 years initial validity for H1-B) as well as the policies in Singapore and Germany, where stays are restricted to a maximum of 5 years (initial validity period is 3 years).</p>
<p>Change of status to permanent entry after arrival</p>	<p>Australia has more flexible and streamlined change of status to permanent entry arrangements than other countries, which allow employers to sponsor personnel on a permanent basis.</p> <ul style="list-style-type: none"> • In the UK, permanent migration is only available to work permit holders who have worked in the UK for more than 4 years, whilst in Singapore, skilled workers may be granted permanent residence after at least two years of residence. In Malaysia, foreign companies are allowed certain 'key posts' to be permanently filled by foreigners ('expatriates'). Canada and the USA do not generally allow foreign workers to make application onshore for residence (although H1B visa holders in the USA can change status in some circumstances), and Germany does not have a permanent entry program. • Australia allows change of status applications to be lodged at any time after arrival.
<p>Health checks</p>	<p>Visa applicants require a health declaration and, if in Australia for 12 months or more, are required to undergo an x-ray. A medical check is also required if they are working in a classroom and in health care positions.</p> <ul style="list-style-type: none"> • Malaysia and Singapore require a health declaration before an employment permit is granted. • In Canada, health checks are required only for persons working in the area of health or where the work involves contact with children. • Health checks are not required in the UK, USA and Germany. However, in Germany, employers and employees are required to share equally, the costs for an employee's compulsory medical insurance.
<p>Numerical cap</p>	<p>Australia, like the UK, has an unlimited number of places for applicants who meet the requirements. The USA (for H1-B), Germany and Singapore limit the number of visas able to be granted each year. In Singapore, employers are subject to employment ceilings in terms of the ratio of foreign to local workers that can be employed in their sector.</p>