



9 October 2002

Mr Richard Selth
Secretary
Joint Standing Committee on Migration
Parliament House
CANBERRA ACT 2600

**REVIEW OF AUSTRALIA'S MIGRATION AND TEMPORARY ENTRY PROGRAM
FOR SKILLED LABOUR**

Dear Richard,

Thank you for the opportunity to provide a tourism industry perspective on this important subject to the Parliamentary Joint Standing Committee on Migration.

The TTF is a private, national lobby group representing Chief Executives of the 200 major corporations and institutions in Australia's tourism, transport and leisure industries. In preparing this submission we consulted a number of our Members and received detailed input from YHA Australia and from the International College of Tourism & Hotel Management.

Before turning to our sectoral concerns, we recognise the skilled migrant intake of Australia has a large national economic significance. Skilled migration programs are a vital component of Australia's national policy stance contributing to the dynamism of our economy, alongside policies encouraging investment and trade. From this perspective, it is arguable that skilled migrant programs and supporting initiatives with short-term visitors to Australia have received inadequate attention from national policy makers. We therefore welcome this Parliamentary Inquiry.

From a Government program management viewpoint, the attraction of skilled migrants sets very different challenges to the traditional role of the Department of Immigration. In seeking to attract skilled migrants the Department has a higher reliance on marketing to build demand to emigrate to Australia of the highest quality applicants possible, rather than regulating supply of available immigration or entry rights, which is the Department's core function.

This different challenge in the view of TTF should force consideration of different techniques, including using temporary entry programs in new ways. On this basis, the consideration by the Joint Committee of approaches already implemented in other countries appears to be a worthwhile initiative for injecting new thinking into this important area of Government policy.

As the world economy has globalised, so the special skills of Australians are increasingly recognised overseas. Within our tourism industry, the skills of Australian hotel general managers and chefs are highly valued overseas. Competing to retain these skilled professionals has inevitably meant seeking to lure them back to Australia and to find replacements in the larger international market.

We also note that attracting skilled migrants also relies on providing excellent opportunities for potential migrants to visit Australia as tourists. It would be interesting to know - What proportion of Australia's skilled migrants in 2001/02, had previously visited Australia as tourists?

This data should be available from the passenger card records or skilled migrant application forms within the Department of Immigration. Our expectation is that skilled migrants commonly visit a country as a tourist before they migrate.

Where there are immigration barriers to tourism from particular countries, such as India, then the attraction of skilled migrants from this source is inevitably discouraged. In developing policies to target particular types of skilled migrants it is appropriate that tourism policies be similarly refined.

As an example, a few years ago we received correspondence from a complainant that middle class Indian visitors were being routinely rejected as tourists to Australia. At this time the Indian IT workforce was already one of the largest and most sophisticated in the world, while there was a shortage of IT trained staff in Australia. Visa application rejection policies should consider encouraging potential skilled migrants to visit Australia as tourists, even if they come from what are classed as medium to high-risk source countries.

In essence, marketing Australia as a destination for skilled migration, should often begin with marketing tourism to Australia. We encourage the Committee to recognise the close inter-relationship between Australia's tourism policies and marketing and subsequent skilled migration outcomes.

It is in this light that a modified Working Holiday Maker (WHM) program might provide an indication of what might be possible with more targeted approaches.

The WHM program provides very valuable touring and work opportunities for many young visitors.

The traditional understanding was that while WHM tourists are commonly still studying or in early stages of their post graduate training, these visitors often carry out seasonal work – unpopular with Australians or provide a valuable labour force boost to allow servicing of major events such as the Rugby World Cup.

However, a recent survey of WHM visitors puts the lie to this industry understanding. In a survey carried out by the TNT Magazine of 1,000 WHM's they were both older, more qualified and undertaking more high value work than previously understood. This was despite the current restriction of a maximum three-month term with one employer that restricts the opportunities to take on professional placements.

In a "Backpackers Uncovered" Survey by Student Uni Travel and TNT Magazine 1060 backpackers in Australia were interviewed in April 2002. Of the backpackers 58% were travelling on WHM visas and a surprisingly high proportion were in professional fields in demand in Australia. This survey provided a range of useful data on the background and work experience while in Australia of backpackers.

For example, backpackers were found to be a more highly qualified population than previously understood:

- One in twenty backpackers had completed a higher degree, while a similar proportion had undertaken some post graduate training;

- Just under one in three backpackers were university graduates;
- Nearly a further one in four backpackers had completed some of a university degree; and
- Around 6% of backpackers had completed a trade qualification.

Corresponding to this population's high ratio of qualifications, around 22% were aged between 26-30 with nearly 45% aged between 22-25.

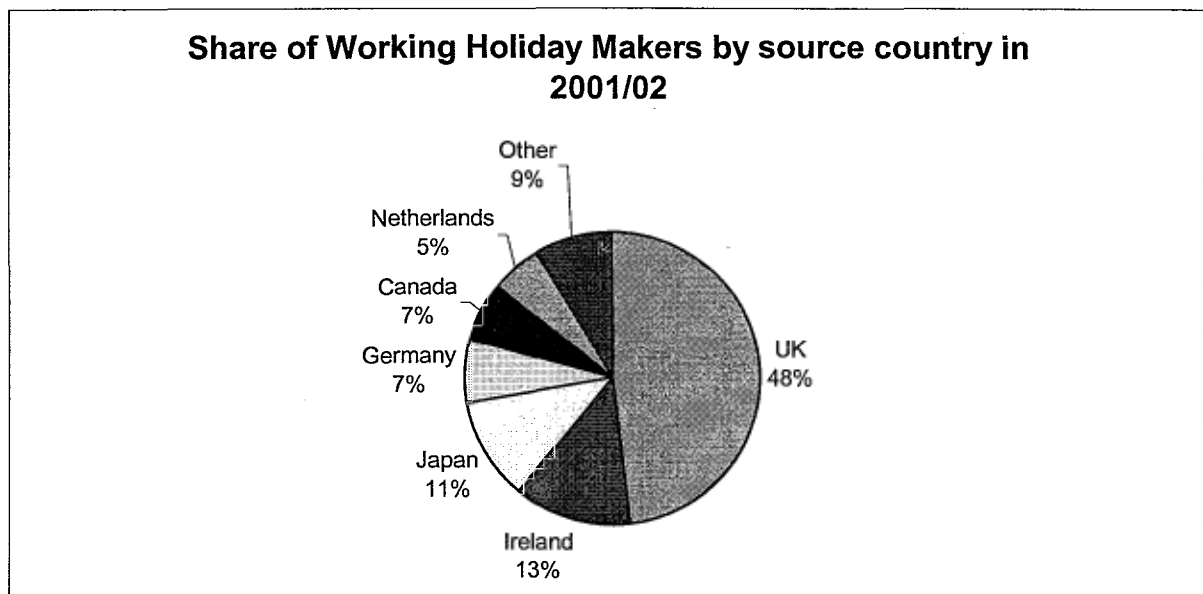
The survey also found that the type of work undertaken before the backpackers arrived reflected the greater than anticipated maturity and qualifications of the backpacker population:

- 13% of the sample were from Accounting/banking/finance careers;
- 8% information technology;
- 7% healthcare; and
- 2% teaching.

In addition, this survey found that of backpackers around 6% had worked while in Australia in each of healthcare, information technology and banking/finance/accounting while a further 2% had worked in teaching.

Allowing for the non-working backpackers, the survey findings suggest that around one third of WHM visitors work in these highly valued fields, even though the WHM program currently has no bias toward encouraging take-up from these skilled professional areas.

In 2001/02 the number of WHM visitors grew by 11.3% (to 85,200) compared to 76,570 in 2000/01. The major sources of WHM visitors in 2001/02 are shown in the following chart:



Source: TNT Magazine reporting Department of Immigration data.

In recent years the WHM program has been expanded to cover new countries such as Germany and the Nordic countries. However, to date the take up of WHM visas from Denmark, Sweden, Finland and Norway has been disappointing. As these countries provide strong professional training and good skill with English, additional promotion of the WHM by the Australian Tourist Commission in these markets could bring dividends in terms of future skilled migration to Australia.

The Committee could also usefully examine whether the restriction of a three month maximum term of employment for WHM's in professions facing shortages (such as nursing, teaching, chefs and accountants) should be relaxed to allow employment for up to one year. Similarly, the maximum term for WHMs working in identified professions could be extended from the current one year, to two years.

Finally, toward the end of their stay, WHM's who are professionals in particular skill shortage areas, might be encouraged to apply for skilled migration while still in Australia.

Recommendation 1:

- a) *The guidelines for and marketing of the WHM Program be revised to encourage greater attraction of skills in excess demand in Australia, such as nursing and teaching;*
- b) *For WHM visitors who can demonstrate that they have worked in Australia in careers of excess demand, the Government allow the WHM visa to be extended to a second year and in the second year allow continued employment with the one employer; and,*
- c) *For WHM visitors who work in careers of excess demand, nearing the expiry of their extended visa term of 2 years, they be allowed to apply while in Australia to become a skilled migrant.*

Related to the potential for converting WHM visitors to skilled migrants, is the potential for converting students in Australia to skilled migrants.

Within the tourism industry, as an example, there is strong demand for well qualified graduates from local hotel schools to stay on in Australia to gain experience in key managerial/supervisory hotel positions. These are not line or casual positions, but rather positions requiring specialised knowledge and supervisory skills – so these students do not compete with unemployed Australians with few skills.

At the end of June 2001, there were over 1,000 international students studying at Association of Australian Hotel Schools.

In recent years, between 30-40% of international students graduating from Association of Australian hotel schools gain employment in the USA under the J-1 visa. This visa allows graduates to work in the USA for up to 18 months. Not surprisingly, many local graduates are also taking advantage of the J-1 visa to gain postgraduate experience in the USA.

While the tourism industry is currently facing a downturn in demand, it is expected by the Tourism Forecasting Council that the annual number of inbound tourist arrivals will double to just over 10 million by 2012. These international tourists demand high standards of service and professionalism, that International Hotel Schools are focused on delivering. Ideally, it should be possible to vary visa requirements for graduates of these schools to encourage skilled migration that will build capacity of the Australian tourism industry.

In October 2000 the International College of Tourism and Hotel Management at Manly, the Intercontinental Hotel School, William Blue Hotel School and the Blue Mountains Hotel School conducted a career fair where over 32 international hotels were represented. At this time, each participating hotel had an average of 20 key vacant

employment positions (a total of 640 positions). A total of 520 students from the participating hotel schools attended, of whom 60% were international students.

Due to the present work visa arrangements, the Australian international hotels are reluctant to indenture international students due to the perceived onerous responsibilities placed on the employer. The result was that 208 domestic students attending the career fair were eligible for the 640 employment positions.

In February 2000, a student survey was conducted at the International College of Tourism & Hotel Management asking the 300 international students:

1. If employment opportunities were available in Australia upon graduation would you be interested? and
2. How long would you seek to remain working in Australia upon graduation?

The results were that 85% of respondents expressed an interest in gaining employment in Australia upon graduation, while 90% of these respondents indicated a preferred length of employment of between one and two years.


If Australia implemented a similar program to the USA's J-1 visa, it is expected that a large number of the international hotel school student graduates would take up the opportunity to work in Australia, easing the expected shortfall in qualified graduates in coming years.

While the Australian tourism sector has suffered post September 2001, the US industry has endured far tougher times. The result inevitably is that placement prospects in Australian hotels remain far more attractive than in the US, if we can fix the visa problems.

Recommendation 2:

- a) *That the Government introduce a J-1 equivalent visa in Australia, for graduates of International Hotel schools with the number of accessible visas set by the Government in line with the excess demand for graduates of these schools; and*
- b) *That the Government allow applications for skilled migration from visitors completing the J-1 equivalent visa while in Australia and these applications be considered in the light of the excess demand for these graduates.*

If you wish to discuss this submission please give me a call on 02 9368 1500. Given their interests in this submission I have also copied it to Ministers Hockey and Ruddock for their information.



CHRISTOPHER BROWN
Chief Executive

cc Hon Joe Hockey, MP
Hon Phillip Ruddock, MP

Minister for Small Business and Tourism
Minister for Immigration and Multicultural and
Indigenous Affairs