

Submission
Joint Standing Committee on Migration
Review of Australia's migration and temporary entry program for skilled labour

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The following submission provides summary comments on the issues raised in the terms of reference for the Review.

- International competition for skilled labour

Australia is very competitive in attracting skilled labour from overseas. We are amongst the top few favoured destinations. Only the USA could be said to be a preferred destination. The reason for this situation has more to do with Australia's life style, housing availability and educational and health services than it does with salary levels. As a result there are many more potential applicants who hold professional and trade credentials acceptable to Australian employers than any imaginable immigration regime in Australia could accommodate. Thus the Australian Government can and should be selective in the way it manages its immigration program.

Because of this favourable position, there is no brain drain from Australia.¹ There is a net inflow of professionals across the occupational spectrum, including the key areas of accounting and computing, which have been most in demand in the international labour market. Australia is losing a small proportion of professionals who have been trained in Australia, but most of these eventually return. There are more serious losses in research intensive fields, like biotechnology, mathematics and information technology. These losses are primarily due to the limited business and government investment in research in these fields in Australia.

- The degree to which quality permanent skilled migrants are being attracted

There have been major recent reforms to Australia's skill selection system which have greatly improved the quality of those selected as skilled migrants and the relevance of their skills to Australian employers. The reforms implemented in mid-1999 added new elements of targeting to the selection system. The most important was the establishment of a three tiered ranking of occupations by the characteristics of the skills required. The first, the 60 point tier, included occupations which require professional and trade skills which are central to the performance of the occupation. These include engineering, nursing, accounting, computing and most blue collar occupations which require trade level skills. The second, or 50 point tier, includes professional and managerial fields like marketing specialists and personnel officers where degree level training may be a requirement, but is not central to an appointment in the occupation. The third, or 40 point tier, includes associate-professional occupations like financial market dealers and engineering technicians, which usually require a diploma level qualification.

In the case of the main points tested skilled category, that is the Independent or 136 visa category, since the introduction of the mid-1999 reforms, over 80 per cent of all principal applicants approved have been persons holding 60 point occupations. It has been difficult for applicants with 50 point occupations to pass and impossible for those with 40 point occupations. Following the recent increase in the pass mark from 110 to 115 almost all those selected will be limited to 60 point occupations.

The dominance of 60 point occupations in the 136 visa category means that it is now entirely composed of relatively highly trained professional, and to a lesser extent trade skilled migrants. There has been a parallel reduction in the proportion of migrants in fields like the marketing specialists and

¹ Bob Birrell, Ian R. Dobson, Virginia Rapson and T.Fred Smith, *Skilled Labour: Gains and Losses*, DIMIA, 2001

personnel officers referred to above. This is a welcome focus and implies an improvement in the skill level of the migrants selected in the points tested categories.

Two occupations stand out within the 60 point occupation group. They are accountants and computing professionals. These two occupations have constituted just over half of all the principal applicants selected under visa category 136 since mid-1999, though less than 20 per cent of the smaller Skilled Australian Sponsored category (visa 138).

One of the major reasons for the dominance of accounting and computing in the Independent category is another reform, in this case implemented in mid-1998. This was the decision to allocate five additional points to applicants with Australian training and to waive the requirement of occupational experience for those who apply for immigration within six months of completing their qualification in Australia. Applicants whose filed of training qualifies them to apply under a 60 point occupation and who can satisfy the relevant Australian accrediting authority that their Australian training is acceptable as a professional qualification are virtually assured a successful migration application in the Independent category (136).

The accounting and computing fields have been the most popular for overseas students studying in Australia. Their popularity has grown further now that the option of permanent residence has been made available after completing their studies. As a result, enrolments in universities and TAFE colleges have boomed, as have applications for professional accreditation and for subsequent permanent residence in Australia. The result is the dominance of these two fields in the Independent category just noted.

The implications for the quality of skilled migrants of these developments are positive. In effect Australia is increasingly selecting migrants who have been trained in Australia at their expense to our professional specifications. The research evidence indicates that such persons are more likely to gain professional appointments than migrants from the same birthplaces who are trained overseas in the same field of qualification.²

However there are some concerns about the quality of the migrants in question, their relevance to Australian employer needs and the implications of these reforms for Australian aspirants in these fields. These concerns derive from the way these reforms are currently operating.

First, given the concurrent plateau of funding for subsidised places in Australian universities, most of the growth in graduations in these two fields since the mid-1990s has occurred amongst the ranks of overseas full-fee students.³ As indicated, the latter are now entering the Australian workforce in increasing numbers. This is a good thing as far as maximising the quality of migrants is concerned. But it appears that this outcome is at the expense of locals who aspire to be trained in these fields but cannot find a state subsidised university place in accounting and computing.

Second, the rapid growth, particularly of migrants who qualify for permanent residence in the IT field, is occurring at a time when the Australian labour market in this field is weak. Most of those gaining permanent residence in the IT field via the Australian training concession do not have any occupational experience (having just finished their Australian training) and thus are not well placed to gain employment. Another emerging problem is that there appear to be loopholes in the Australian training provision. Currently all that is required is one year training in Australia at the tertiary level – which can be at the diploma, graduate diploma, degree or trade level. In some cases, as with computing, the accrediting authority is accepting a one year course at the graduate diploma level in computing on top of a degree qualification, but not necessarily in the computing field.⁴ This has prompted the training authorities, including universities to extend such one year offerings to overseas students.

² Bob Birrell and Leslyanne Hawthorn, 'Skilled Migration Outcomes as of 1996', in *Review of the Independent and Skilled-Australian Linked Categories*, DIMIA, Feb. 1999

³ Bob Birrell, Ian Dobson, Bob Kinnaird and Fred Smith, 'Universities and the IT Crisis revisited', *People and Place*, vol. 8, no. 3, 2000

⁴ Bob Kinnaird, 'Australia's migration policy and skilled ICT professionals: the case for an overhaul', *People and Place*, vol. 10, no 2, 2002, pp 60-61

These observations suggest that further reform to the points tested categories is advisable. There should be more targeting of occupations and more targeting of the most highly skilled within these occupations. The effect of the tiering of occupations as a mechanism of targeting skills has been diminished since nearly all those selected currently have occupations in the 60 point tier. There are far more potential applicants with such occupations than it would be advisable to select, given that the Independent program now focuses on a narrow range of occupations. The goal should be to select those most in demand by employers and those with the best experience and training.

Reform should focus in two areas. The first is to find a mechanism to reduce the numbers selected in particular 60 point occupations where there is no demonstrable need for more trained persons in Australia. This could be done by subtracting five or ten points from applicants where their occupation (or in the case of computing professionals where their specialist skills) is in oversupply). The second concerns the skills that migrants have to offer. It does not make sense to award the same 60 points for skill to someone with just a one year diploma course in IT or accounting obtained in Australia as to an applicant who has completed a four year undergraduate course in the same field. Points could be varied by level of training. Another option would be to require Australian training of at least three years at the undergraduate degree level (or equivalent in the trade field) as a precondition for applications wishing to claim the five points for Australian training and the associated waiving of the experience requirement.

- What can we learn from overseas experience?

Australia does not have much to learn from the experience of New Zealand, Canada and the United States, who are the only important first world countries with well developed migration programs. They have more to learn from us as regards the targeting of high quality migrants than vice versa.

- Settlement patterns for new arrivals

The great majority of migrants, whether coming through the skilled, family or humanitarian programs settle in Australia's metropolises, mainly Sydney, followed by Melbourne and Perth. This is unlikely to change given the predominantly Non English Speaking Background of most of our migrants and the fact that the families and communities most are joining after migration are located in these metropolises.

However there are some reforms which might influence this pattern. If the immigration inducement given to applicants who train in Australia was limited to training institutions located in regional settings it would give a major boost to these campuses. It would also increase the familiarity of prospective migrants with these locations and thus encourage their subsequent settlement there.

A related reform to the employer nomination and business migration categories should be considered. Neither of these programs is working well. There is strong argument that they should be cut back relative to the points tested skilled categories.⁵ There is a case for restricting these programs to regional locations. If this occurred it would give a boost to regional investment and to the diversion of settlers to regional areas.

⁵ Bob Birrell, 'The Business Skills category: is it delivering?', *People and Place*, vol. 8, no. 4, 2000



This information is about applying to enter Australia temporarily for retirement. If you are over 55, with sufficient income and/or capital to meet requirements, you may be allowed to spend some retirement years in Australia on an extended temporary stay basis. This is not a visa that leads to permanent residence for retirees.

Who is eligible?

To be eligible for a visa for Australia on an extended temporary basis for retirement you must:

- be 55 or older;
- have no dependent children or other dependent family members and, if married or in a de facto relationship, your partner has no such dependants;
- have A\$650,000 or
 - A\$600,000 if you have a non-dependent child permanently in Australia; or
 - A\$200,000 and a pension or other capital for investment to provide an annual income of over A\$45,000; or
 - A\$180,000 and a pension or other capital for investment to provide an annual income of over A\$42,000, if you have a non-dependent child living permanently in Australia.

Note: Assets should not be sold until you are advised by your immigration case officer.

- have no intention of working full-time in Australia (temporary retirement visa holders are allowed to work up to 20 hours per week in Australia);
- be of good health and character; and
- have adequate health insurance.

How long may I stay?

If your application is approved, you will be allowed to come to Australia initially for four years. Once in Australia, after the initial four years you may apply for further stays.

Seeking a further Visa in Australia

Health Requirements

From 1 November 2003, if you have ever held a 410 Visa and are seeking a fresh 410 Visa, you will not be required to meet a health standard with regard to conditions that incur costs or deprive Australians' access, but you will need to undergo examinations for the detection of tuberculosis or other public health risk conditions. This may apply whether or not you have travelled outside Australia since your last examination for visa purposes.

Financial Requirements

From 1 November 2003, if you have ever held a 410 Visa and are seeking a fresh 410 Visa, you will not need to demonstrate the minimum levels of funding that were required when you first sought your retirement Visa. You will be required, nevertheless, as part of evidence that you have met the mandatory criterion, to show that you complied substantially

with the conditions that applied to your last visa. You will also need to complete a declaration, supported by evidence, that you have adequate means of support for yourself (and your spouse). You will need to show evidence of adequate arrangements for health insurance for yourself (and your spouse) and that you have not used community funding.

Transitional Arrangements

The proposed legislation changes to the subclass 410 Temporary Retirement visa are to apply to all existing subclass 410 visa-holders and to all subclass 410 applications lodged on or after 1 November 2003.

What about health insurance?

You must take out private medical and hospital health-care insurance cover in Australia or make other arrangements in your home country. You may not be covered by Medicare (*Australia's national health cover*) or entitled to Australian social security benefits. You will need to show that you have maintained adequate health insurance in Australia.

What about social security?

You may not depend on any Australian social security benefits for your income.

What if I need to go overseas?

You should check that your visa enables you to return to Australia if you wish to travel overseas during your extended stay.

May I buy a house in Australia?

Yes, but you should seek further advice from the:

Foreign Investment Review Board
C/- The Treasury
Canberra ACT 2600
Australia
Telephone: (02) 6263 2111
Facsimile: (02) 6263 2940
www.treasury.gov.au

How recent is this information?

The information is correct at 1 November 2003.

DIMIA enquiry line

Telephone **131 881** for the cost of a local call (24 hours a day, 7 days a week). This number is available only in Australia. If you are outside Australia, please contact your nearest Australian mission.

Home page www.immi.gov.au