



**SOUTH AUSTRALIAN GOVERNMENT  
SUBMISSION TO THE REVIEW OF  
AUSTRALIA'S MIGRATION AND TEMPORARY  
ENTRY PROGRAM FOR SKILLED LABOUR**

**AUGUST 2002**

South Australian Government Submission to the Review of Australia's Migration and  
Temporary Entry Program for Skilled Labour

---

**Contents**

1.	<u>Introduction</u> .....	3
2.	<u>International Competition for Skilled Labour</u> .....	3
3.	<u>The Degree to Which Quality Permanent Skilled Migrants are Being Attracted to Australia and are Settling Well</u> .....	4
4.	<u>Whether there Are Lessons to be Learnt by Australia from the Entry and Program Management Policies of Competing Nations, Including Canada, New Zealand, USA, Ireland, Germany and Japan</u> .....	4
5.	<u>The Degree to Which Australia's Migration and Temporary Entry Programs are Competitive</u> .....	5
6.	<u>Whether There are Policy and/or Procedural Mechanisms that Might be Developed to Improve Competitiveness</u> .....	7
7.	<u>Settlement Patterns for New Arrivals Including the Role Played by State and Local Authorities</u> .....	8
8.	<u>Summary of Recommendations</u> .....	11

## **1. Introduction**

The South Australian Government believes that programs to facilitate the entry of skilled migrants into Australia can assist build a competitive workforce, address short term skill shortages and tackle other issues arising as a result of demographic trends. The Review of Australia's Migration and Temporary Entry Programs for Skilled Labour is welcomed as it provides an opportunity to present the State's views on the skilled migration program in Australia, particularly in relation to settlement patterns in South Australia and the impact on society and the economy.

Shortages of skilled labour in certain areas are negatively impacting on the international competitiveness of Australian industry and the attraction of new investment. With unemployment rates in Australia at their lowest levels for many years and a lag between demand for skills and the ability of the education system to deliver increases in supply, current shortages cannot be completely met in the short term from the local labour market. Skilled migration is thus a critical means for further developing Australia's competitiveness as a business location.

A number of demographic issues are arising in South Australia that are important to consider in any discussion on migration. These include:

- Slow forecast population growth compared with all other mainland States till 2051;
- A net loss of people interstate, particularly those with postgraduate qualifications;
- An ageing of the population to a greater extent to that nationally; and,
- Lower labour market participation rates for older age groups than that nationally.

The South Australian Government believes that skilled migration has the potential to assist address some of these issues and actively supports the attraction of skilled migrants. However, in recent history, the State has received less than 5% of the total number of skilled migrants entering Australia, less than its population share of 7.7%.

While it is recognised that migration and settlement patterns are influenced by a range of factors, it is believed that more should be done to encourage the settlement of new skilled migrants in Australia's less populous regions, including South Australia. The emerging capacity constraints on the eastern seaboard, particularly in Sydney, highlight the need to encourage a change in Australia's migration settlement patterns.

This Submission outlines a number of issues that the South Australian Government believes are critical to ensuring the ongoing competitiveness of Australia's skilled migration program and encouraging more sustainable settlement patterns in the future. The Submission addresses each of the Terms of Reference for the Review as outlined by the Joint Standing Committee on Migration.

## **2. International Competition for Skilled Labour**

International competition for certain types of labour, eg nurses, has increased over recent years as countries that have not traditionally been in the market for such migrants introduce strategies to address local workforce capability issues. With the decline in fertility rate, combined with an ageing of the workforce in many countries, it is anticipated that competition will continue to grow into the future. It is crucial

that Australia's migration and temporary entry programs remain sensitive to the global demand for skills and can facilitate entry of required types of labour.

The periodic reviews undertaken by the Department of Immigration & Multicultural & Indigenous Affairs (DIMIA) used to determine occupations for priority processing are considered to be valuable in this regard. Ongoing use of these reviews is supported by the South Australian Government.

#### ***Recommendation 1***

***South Australia supports policy and procedural review and recommends the Commonwealth Government continue to monitor the international climate for skilled labour and adapt policies as necessary to meet the needs of Australian employers.***

#### **3. The Degree to Which Quality Permanent Skilled Migrants are Being Attracted to Australia and are Settling Well**

Skilled migration visas to Australia are currently in high demand. In terms of attracting skilled migrants to South Australia, the State has performed well under State Specific Migration Mechanisms (SSMMs). South Australia received 17% of visas issued under the SSMMs in 2001-02. This is well above the State's population share. However, only 4,136 visas were issued under the SSMMs, from a total migration program of 93,080.

South Australia has utilised the State and Territory Nominated Independent Program (STNI) over the years and recently conducted a survey of cases processed by the South Australian Government between August 2000 and August 2001. The survey revealed that of the 16 cases processed (47 people), all are still living in SA and are in contact with the nominating office. This represents a 100% success rate of nominations under the Scheme. South Australia will continue to nominate under the STNI and is hopeful to increase numbers during 2002-03.

South Australia believes there is scope to further assess settlement patterns of people entering Australia through the skilled migration program. It is considered that the Commonwealth Government should conduct longitudinal studies so as to analyse the employment and settlement experiences of those utilising the program.

#### ***Recommendation 2***

***The Commonwealth Government should conduct longitudinal studies of those entering Australia through the skilled migration program so as to assess their employment and settlement experiences.***

#### **4. Whether there Are Lessons to be Learnt by Australia from the Entry and Program Management Policies of Competing Nations, Including Canada, New Zealand, USA, Ireland, Germany and Japan**

The task to compare and contrast visa entry criteria between and across countries is a complex matter, but it is something that Australia should be regularly monitoring. Recent assessments of other countries' entry programs undertaken by DIMIA are considered to be valuable. However, the South Australian Government believes that

such review needs to be complemented with regular independent assessments of the competitiveness of Australia's arrangements compared with those in other jurisdictions internationally.

***Recommendation 3***

***South Australia recommends that regular independent reviews of the competitiveness of Australia's migration and temporary entry program for skilled labour and business migrants are undertaken so as to complement DIMIA's review processes.***

**5. The Degree to Which Australia's Migration and Temporary Entry Programs are Competitive**

The competitiveness of Australia as a location for skilled migrants is influenced by a range of factors, many of which are external to the skilled migration program. These include issues such as quality of life, the availability of employment opportunities and where family already reside. Such factors suggest that Australia is a competitive location in an international context with regard to the attraction of skilled migrants.

The South Australian Government believes, however, that a number of factors are limiting the competitiveness of Australia's migration and temporary entry programs. The overall size of the migration program, as set by Federal Cabinet, is a major determinant of its competitiveness. The Minister for Immigration & Multicultural & Indigenous Affairs has recently announced that the program will be managed within the range of 100,000 to 110,000 migrants from 2002-03 to 2005-06, an increase from 93,000 in 2001-02.

While South Australia is supportive of the overall increase, the application of the 100,000 to 110,000 range over a four year period is a concern. Historically DIMIA have reviewed the overall size of the program on an annual basis. In the last three years, this has resulted in an increase in its size of between 15 and 20% per annum. The South Australian Government believes that this practice of annual review should continue on the basis that Australia has been able to easily absorb these increases without negatively impacting on the Nation's employment rate. Ongoing annual review will also ensure that the program is flexible and that industry can access required skills over the short-term.

***Recommendation 4***

***The overall size of the migration program should continue to be reviewed on an annual basis so as to ensure that it is flexible and that industry can access required skills over the short-term.***

Skilled migration visas to Australia are currently in high demand and, as a result of the limits to the size and composition of the migration program, processing times for applications will become longer, possibly taking in excess of 15 months to be assessed. South Australia believes that this is caused, in part, by the large numbers of applications already held by DIMIA, which are considered to be sufficient to meet the 2002-03 skilled program requirements.

South Australia believes that current processing times for visas for skilled migrants are too long and that options for reducing them should be considered in more detail by the Commonwealth Government. The Commonwealth should also continually monitor processing performance of skilled applicants to ensure the ongoing competitiveness of Australia's program.

**Recommendation 5**

*The Commonwealth Government should investigate potential mechanisms for reducing the processing time for skilled migrant visas and should continually monitor processing performance to ensure the ongoing competitiveness of Australia's program.*

Current processing times do place South Australia at a competitive advantage with regard to attracting new skilled migrants within the context of Australia as a whole as processing times under the SSMMs are lower. Despite this, it is believed that their impact on skilled migration needs to be considered in the context of the program's overall goals. This in turn should be analysed in terms of Australia's overall population goals.

Population goals should not only cover the overall number of people in Australia and the growth rate, as has been the focus of much of the debate in this area over recent times, but also the characteristics of the population that the nation is looking to develop.

The other related matter to consider is the impact of the current application of the pass mark. As a result of the strong demand for skilled visas relative to the overall size of Australia's migration program, DIMIA have increased the pass mark for independent visa applicants to 115 points, an increase of five points.

The appropriateness of a fluctuating pass mark, linked to the overall number of places available and demand, also needs to be considered in terms of Australia's skilled migration and overall population objectives. That is, is it more appropriate to set an 'optimal' pass mark that will assess the ability of an applicant to be a productive participant in Australia's labour market and to take the total number of applicants who reach this threshold, or vary the mark to achieve a designated intake?

The South Australian Government believes that the Commonwealth Government should work with the States to develop a population policy for Australia that is not purely based on overall population numbers and growth, but the broad suite of characteristics that the nation is looking to develop in its population. Such a policy should then be used as a basis for setting the scope of the Nation's skilled and other migration programs.

**Recommendation 6**

*The Commonwealth Government should work with the States to develop a population policy for Australia and use this as a basis for setting the objectives of migration programs.*

Another issue of importance to Australia's skilled migration program is the recognition of skills and qualifications gained overseas. Although many migrants

successfully receive formal recognition for their skills and qualifications, others experience barriers due to:

- The complexity of the present system as a result of different schemes and requirements of respective occupations and professions;
- A lack of access to quality information;
- Inconsistencies across States and Territories and at the Commonwealth level; and,
- The fact that the expectations of migrants who have undergone preliminary skills assessment for DIMIA's 'points test' in their migration application do not always accord with the reality on arrival when they must have their qualifications assessed further for the purposes of work or study.

The South Australian Government believes that steps need to be taken at both the National and State and Territory levels to minimise barriers to the recognition of qualifications and to ensure that potential migrants are provided with accurate and consistent information on qualification requirements.

#### ***Recommendation 7***

***That the Commonwealth Government work with the States and Territories to minimise barriers to the recognition of overseas qualifications and to provide potential migrants with more accurate and consistent information on qualification requirements.***

#### **6. Whether There are Policy and/or Procedural Mechanisms that Might be Developed to Improve Competitiveness**

Section 5 of this Submission highlights a range of issues that the South Australian Government believes are central to the ongoing competitiveness of Australia's skilled migration program. Most of these are complex and require more detailed consideration and debate before appropriate policy responses can be proposed. The South Australian Government supports the efforts of the Commonwealth Government in consulting with the States to develop appropriate policy options relating to migration and considers that these processes should continue.

#### ***Recommendation 8***

***The Commonwealth Government should continue to work with the States to develop appropriate policy responses to address issues that are impacting on the competitiveness of Australia's skilled migration program, such as those that will be highlighted through this Review.***

Any changes to migration policy will need to be considered carefully. An example of recent policy change of concern to South Australia is that related to the Business Skills Migration Program. As a result of an Australian Audit Office report, dated March 2000, on the Administration of the Business Entry Program, DIMIA commenced consultations with the States and Territories so as to change the operation of the Temporary Business Independent Executive visa (subclass 457) to ensure that it:

- Enabled better monitoring by the Commonwealth,

- Identified a clearer role for States & Territories in offering assistance to visa holders, and,
- Provided a more certain visa pathway to permanent residence.

South Australia supported, in principle, the initial focus of this review in terms of ensuring closer links between temporary business visas and permanent visas. In addition, South Australia supported the introduction of a State sponsored business migrant visa, with lower thresholds.

Despite opposition from the States and an insufficient level of analysis, a substantial policy shift was proposed by DIMIA. The shift amounted to the abolition of all permanent business skills visas, replaced by a temporary entry visa regime, which the applicant, if running a successful business in Australia, could later use to apply for a permanent visa.

South Australia is concerned with this proposal to remove permanent visas to business skills applicants. Permanent visas are offered up front in a number of competing countries, such as Canada and New Zealand. It is believed that the removal of a permanent visa will decrease Australia's competitiveness in attracting business skills migrants, particularly as the choice of a new migrant destination can be heavily weighted by the availability of a permanent visa.

State and Territory concerns have been, in part, accommodated by DIMIA's proposal to grant a permanent visa to 'high calibre' applicants.

The South Australian Government believes that current processes for reviewing elements of Australia's migration program are not based on an appropriate level of analysis and that scope exists for more independent analysis to be utilised. It is thus considered essential that the Commonwealth Government undertake more detailed analysis of various policy options relating to migration, with this supplemented by independent research where appropriate.

#### ***Recommendation 9***

***The Commonwealth Government should undertake more detailed analysis of the impact of various policy options in the area of migration and supplement this with independent research where appropriate.***

#### **7. Settlement Patterns for New Arrivals Including the Role Played by State and Local Authorities**

The South Australian Government is active in promoting the State to business and skilled migrants. In 1997 South Australia introduced a unique program called Immigration South Australia targeted at attracting skilled independent migrants. The package provides practical assistance to independent migrants with a range of on-arrival services.

The current issue with regard to the capacity of Sydney to accommodate new migrants, as well as other issues associated with Australia's changing demographics, highlight the need for the Commonwealth Government to consider options for ensuring more sustainable settlement patterns. In particular, an opportunity exists to



encourage a greater proportion of migrants to settle in less populated regions in Australia, such as South Australia.

As already highlighted, settlement patterns are dictated by a range of factors, such as quality of life, availability of employment opportunities and the location of family. However, the South Australian Government believes that there is scope for such patterns to be influenced by Australia's migration programs.

South Australia is a staunch supporter of the SSMMs and promotes the Regional Sponsored Migration Scheme (RSMS) throughout the State. The South Australian Government has promoted SSMMs by liaising with Area Consultative Committees and State Regional Economic Development Boards to encourage usage by South Australian employers. South Australia also participates with DIMIA's Adelaide office in a series of regional visitation programs designed to inform both business and community members of the migration options available.

The Immigration South Australia program has been recently extended to provide a range of services to business skills migrants. South Australia has offered support to business skills migrants aimed at encouraging them to select the State as their migrant destination as well as to help them become established in their new business. In recognition of the value that South Australia places on job creation, business skills migrants are eligible for \$5,000 for each new position created (conditions apply).

As in the case with skilled migrants, South Australia actively supports a visa framework that provides an incentive for a migrant to consider the State as their migrant destination. Apart from making the above package available to business skills migrants, South Australia also offers to sponsor business skills migrants to settle locally. In addition, South Australia proposed to DIMIA to change the processing sequence for State sponsored business owner and senior executive categories to enable more active promotion by State/Territory Governments. DIMIA accepted this proposal and the changes were introduced during 2001.

South Australia has also proposed to DIMIA to introduce a designated area investment-linked visa that is designed to entice applicants to consider the State. To date no action has been taken.

South Australia has consistently offered to support the introduction of State sponsorship in the temporary Independent Executive visa (subclass 457) and provides sponsorships to applicants contributing to the economic development of the State through the operation of the Regional Established Business in Australia (REBA) category.

In considering settlement patterns of migrants, in recent history, the State has achieved above population share in the following areas:

- Employer Nominated Scheme, which includes the RSMS (approximately 12%); and,
- Humanitarian program (approximately 8.7%).

Areas where South Australia would like to make a difference are in:

- Business Skills categories (between 1 and 2%) and,
- Independent migrants (fluctuating between 4 and 7%).

The recent extension of the Immigration South Australia program to include a special business skills package is aimed at increasing numbers settling locally and it is recommended that the Commonwealth provide assistance in promoting such a package. This could also be supported by DIMIA promotion of Immigration South Australia to independent skilled migrants, as well as more general promotion of the State as a migration destination.

***Recommendation 10***

***That the Commonwealth Government support South Australia by jointly promoting it as a migration destination, and, in particular, promoting Immigration South Australia to business and skilled migrants.***

The South Australian Government believes that a useful strategy for encouraging greater settlement of skilled migrants in less populous locations would be to provide priority processing for those who nominate to live in a designated region, eg a standard processing time of 4 months. Desirably this would include a strategy that would promote the benefits of settling in such regions, such as South Australia.

***Recommendation 11***

***South Australia recommends that visa applications for all categories where applicants propose to settle in less populous regions, such as South Australia, be given priority processing, potentially with an average processing time of 4 months.***

Scope may also exist to increase the numbers arriving in South Australia in the Skilled Australian Sponsored category, where the State has recently received between 3.5% and 4.7%. Options for achieving this need to be considered in more detail.

***Recommendation 12***

***South Australia recommends that the Commonwealth Government consider further policy changes to achieve improved settlement patterns in the Skilled Australian Sponsored category.***

South Australia also recommends that it be authorised to sponsor independent migrants providing they undertake to settle locally. It is recommended that sponsorship provide 15 points towards the applicant's points test score, which is equivalent to that awarded to skilled family migrants through sponsorship under the Skilled Australian Linked category.

It is proposed that this operate in the same manner as the Skilled Australian Linked category, ie it will not provide any guarantee of employment and will not be linked to labour market issues.

**Recommendation 13**

*That South Australia be authorised to sponsor independent skilled migrants, providing an award of 15 points for the sponsorship, subject to their commitment to settle locally.*

In order to address the issue of Sydney reaching capacity with regard to the number of future migrants it can sustainably support, the South Australian Government recommends that the Inquiry explore other options that may assist divert skilled migrants to locations that have a demand, such as South Australia.

**Recommendation 14**

*That the Joint Standing Committee explore with the New South Wales Government workable options for diverting skilled migrants from Sydney to other locations that have a demand, such as South Australia.*

**8. Summary of Recommendations**

**Recommendation 1**

*South Australia supports policy and procedural review and recommends the Commonwealth Government continue to monitor the international climate for skilled labour and adapt policies as necessary to meet the needs of Australian employers.*

**Recommendation 2**

*The Commonwealth Government should conduct longitudinal studies of those entering Australia through the skilled migration program so as to assess their employment and settlement experiences.*

**Recommendation 3**

*South Australia recommends that regular independent review of the competitiveness of Australia's migration and temporary entry program for skilled labour and business migrants are undertaken so as to complement DIMIA's review processes.*

**Recommendation 4**

*The overall size of the migration program should continue to be reviewed on an annual basis so as to ensure that it is flexible and that industry can access required skills over the short-term.*

**Recommendation 5**

*The Commonwealth Government should investigate potential mechanisms for reducing the processing time for skilled migrant visas and should continually monitor processing performance to ensure the ongoing competitiveness of Australia's program.*

**Recommendation 6**

*The Commonwealth Government should work with the States to develop a population policy for Australia and use this as a basis for setting the objectives of migration programs.*

**Recommendation 7**

*That the Commonwealth Government work with the States and Territories to minimise barriers to the recognition of overseas qualifications and to provide potential migrants with more accurate and consistent information on qualification requirements.*

**Recommendation 8**

*The Commonwealth Government should continue to work with the States to develop appropriate policy responses to address issues that are impacting on the competitiveness of Australia's skilled migration program, such as those that will be highlighted through this Review.*

**Recommendation 9**

*The Commonwealth Government should undertake more detailed analysis of the impact of various policy options in the area of migration and supplement this with independent research where appropriate.*

**Recommendation 10**

*That the Commonwealth Government support South Australia by jointly promoting it as a migration destination, and, in particular, promoting Immigration South Australia to business and skilled migrants.*

**Recommendation 11**

*South Australia recommends that visa applications for all categories where applicants propose to settle in less populous regions, such as South Australia, be given priority processing, potentially with an average processing time of 4 months.*

**Recommendation 12**

*South Australia recommends that the Commonwealth Government consider further policy changes to achieve improved settlement patterns in the Skilled Australian Sponsored category.*

**Recommendation 13**

*That South Australia be authorised to sponsor independent skilled migrants, providing an award of 15 points for the sponsorship, subject to their commitment to settle locally.*

**Recommendation 14**

***That the Joint Standing Committee explore with the New South Wales Government workable options for diverting skilled migrants from Sydney to other locations that have a demand, such as South Australia.***

## **ATTACHMENT 2 - TERMS OF REFERENCE FOR THE REVIEW OF AUSTRALIA'S MIGRATION AND TEMPORARY ENTRY PROGRAM FOR SKILLED LABOUR**

The Committee review and report on Australia's migration and temporary entry program for skilled labour with particular reference to:

- International competition for skilled labour.
- The degree to which quality permanent skilled migrants are being attracted to Australia and settling well.
- Whether there are lessons to be learnt by Australia from the entry and program management policies of competing nations, including Canada, New Zealand, USA, Ireland, UK, Germany and Japan.
- The degree to which Australia's migration and temporary entry programs are competitive.
- Whether there are policy and/or procedural mechanisms that might be developed to improve competitiveness.
- Settlement patterns for new arrivals including the role played by State and local authorities.