



**DEPARTMENT OF IMMIGRATION AND
MULTICULTURAL AND INDIGENOUS AFFAIRS**

**SUBMISSION TO THE JOINT STANDING COMMITTEE
ON MIGRATION (JSCM) INQUIRY INTO
SKILLED MIGRATION**

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TERMS OF REFERENCE

JOINT STANDING COMMITTEE ON MIGRATION (JSCM) - INQUIRY INTO SKILLED MIGRATION

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

1. International competition for skilled labour.
2. The degree to which quality permanent skilled migrants are being attracted to Australia and settling well.
3. 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.
4. The degree to which Australia's migration and temporary entry programs are competitive.
5. Whether there are policy and/or procedural mechanisms that might be developed to improve competitiveness.
6. Settlement patterns for new arrivals including the role played by State and local authorities.

EXECUTIVE SUMMARY

With the demographic transition to below replacement rates of fertility, most developed nations are coming to the realisation that they need to attract skilled people from overseas to supplement their workforces.

The core issue in the terms of reference for this inquiry relates to our competitiveness in the increasingly important skilled migration market. Unfortunately, there is no single indicator or measure for how this might be assessed. There are many factors that need to be considered. In very broad terms, the factors could include:

- i) Our basic endowments (ie the nature of Australia and Australian society).
- ii) The relative attractiveness of our broad citizenship and settlement policies.
- iii) The extent to which our selection policies and programs for skilled entry meet our national and demographic needs, particularly in terms of indicators such as impact on living standards, income distribution and the Budget.
- iv) Whether the migrants themselves are successful and have the employability characteristics that Australian industry needs.
- v) The extent to which each broad category of skilled entry is delivering its objectives.
- vi) The efficiency, timeliness and user-friendliness of application processing arrangements and requirements that are in place.
- vii) The responsiveness of policies and procedures to the ever-changing needs of Australia and Australian industry.

Given the Federated nature of Australia, it is also important that State/Territory Governments and regional/local authorities have appropriate input and ability to use skilled migration to progress their own development strategies.

Australia's performance against suggested indicators of success

A summary of DIMIA's assessment of our performance against each of the above factors is as follows.

- (i) ***Our basic endowments (ie the nature of Australia and Australian society).***
 - *Australia's temperate climate and cosmopolitan, easy-going lifestyle are major draw cards for many skilled people from overseas choosing to live and work in Australia.*
 - *Australia also has a well-established immigrant population and resulting cultural diversity which has arisen from a long tradition and history of planned migration.*
 - *Since WWII, Australia has welcomed more than 6 million migrants. On a per capita basis, Australia has taken many more migrants than Canada or the U.S. in the post WWII years.*
 - *Nearly one in four of Australia's current population of 19.6 million people was overseas-born. Our overseas-born population originates from over 170 countries around the world.*
 - *The fact that Australia has welcomed such a high number of migrants in the post-war years without creating major social or economic difficulty is partly a function of the planned approach to migration that we have taken.*

: *In contrast, countries such as Germany and Japan, which are facing much more serious demographic challenges, face significantly greater difficulties in obtaining public support for the higher levels of immigration they need.*

(ii) *The relative attractiveness of our broad citizenship and settlement policies.*

- *Australia has an extensive range of settlement programs. Unlike many other countries, and consistent with the concept of inclusiveness inherent in Australia's multicultural and citizenship policies, migrants to Australia generally have access to the same range of services as the Australia-born.*
- *Australia offers its migrants access to full citizenship after a limited period of permanent residence.*
 - *This is a draw card for many skilled people from overseas choosing to settle in Australia.*
 - *Australia's generous and welcoming citizenship laws compare very favourably to a number of other countries.*
- *Australia's multicultural policies, and our cultural diversity, provides benefits for all Australians, particularly Australian business.*
 - *Unlike many other countries, all Australians enjoy the right to express, celebrate and share their cultural heritage in the context of an overriding commitment to Australia, its basic structures and the values inherent in Australian democracy.*
 - *Australian businesses are able to capitalise on the cultural diversity of the Australian workforce, and society more generally, by:*
 - : *improving customer sales, through being more responsive to their customer needs or being able to serve a more diverse customer base;*
 - : *creating more highly performing workplaces that can open up new skills, and bring in new knowledge and ideas, to support business growth; and*
 - : *expanding into new markets, particularly overseas, and better serving the needs of their existing business clients.*

(iii) *The extent to which our selection policies and programs for skilled entry meet our national and demographic needs, particularly in terms of indicators such as impact on living standards, income distribution and the Budget.*

- *Australia has a non-discriminatory Migration Program in terms of factors such as gender, ethnic origin, race or religion.*
 - *The long-standing and bi-partisan commitment of successive Australian Governments to a non-discriminatory Migration Program has enhanced Australia's international reputation as a vibrant and welcoming nation and increased Australia's attractiveness as a migrant destination for young, skilled migrants.*
- *The focus on skilled temporary and permanent migrants delivers strong economic, budgetary and labour market benefits to Australia:*
 - *Professor Ross Garnaut has found that immigrants with levels of economically valuable skills higher than the Australian average tend to raise average incomes, including the relative incomes of Australian workers with fewer skills.*
 - *Living standards are improved. Modelling by Econtech suggests that the 2002-03 Migration Program, if maintained until 2007-08, together with the increasingly strong focus on skilled migration and the many*

improvements made to migration policy since 1995-96, will deliver an increase of \$344 per head in living standards for all Australians compared with continuation of the 1995-96 Migration Program;

- *The net benefit to Government budgets is increased. Access Economics modelling shows that the Commonwealth Budget would benefit:
 - : *to the tune of \$4.3 billion over 4 years, and \$32.7 billion over 10 years if the 2002-03 Migration Program level continued; and*
 - : *by about \$17.6 million in the first year, for every 1,000 long-term temporary business entrants, falling to about \$11.8 million by year four. If the same number of visas issued in 2000-01 were issued each year for the next four years, the cumulative benefit to the Budget would be over \$5 billion over 4 years.**

(iv) *Whether the migrants themselves are successful and have the employability characteristics that Australian industry needs.*

- *Australia's rigorous selection criteria under the points-tested visa categories mean that Australia's Skill Stream is closely aligned to Australia's economic interests.*
 - *These visa categories are highly targeted towards attracting young, skilled, English proficient migrants with skills in national shortage.*
- *Research conducted by the National Institute of Labour Studies using the results of the Longitudinal Survey of Immigrants to Australia (LSIA) shows that Skilled Independent migrants are performing many times better in the labour market, with higher rates of employment and higher incomes, than those who were entering under the same category back in the mid-1990s. Research shows that today's Skilled-Independent principal migrants:*
 - *are younger – around 63 percent are aged 18 to 29 years compared to 51 percent in 1994-95;*
 - *have better English language skills – about 90 percent achieved maximum points for English compared to 83 percent in 1994-95;and*
 - *have skills in demand – some 44 percent of general skilled migrants hold qualifications that are in national shortage.*

(v) *The extent to which each broad category of skilled entry is delivering its objectives.*

- *Refer to Chapters 4 and 5 for an assessment of how well each broad skilled visa category is delivering its objectives.*

(vi) *The efficiency, timeliness and user-friendliness of application processing arrangements and requirements that are in place.*

- *A range of immigration initiatives have been introduced in recent years to facilitate streamlined entry and faster visa processing for both skilled permanent and temporary entrants. These include the Pre-Application Skills Assessment (PASA) initiative; creation of 'global processing' centres; and streamlined processing arrangements for skilled temporary business entry.*
- *Australia has a well-regulated migration agent industry which includes mandatory registration for all sectors of the industry and disciplinary sanctions and penalties against malpractice.*
 - *This protects consumers from exploitation by unscrupulous or incompetent migration agents.*

- *Australia is also one of the few countries that has a national system for overseas skills recognition.*
- (vii) ***The responsiveness of policies and procedures to the ever-changing needs of Australia and Australian industry.***
 - *Australia has a highly flexible approach to setting the annual Migration Program size and structure to respond to changing needs and opportunities. For example, Skill Stream contingency reserves were used from 1999-00 to 2001-02, to accommodate changes in demand and supply of migrants with skills in national shortage.*
 - *Australia's Skill Stream is highly targeted in terms of matching occupations in demand as well as in meeting the needs of different areas of Australia. The introduction of the Migration Occupations in Demand List (MODL) allows the targeting of skills that are in widespread, persistent and ongoing shortage. The MODL is amended easily by gazette notice to respond to changing skill shortages in Australia.*
 - *Priority processing of visa applications in identified visa categories in Australia ensures that applicants who have the most compelling claims in terms of the Government's policy have a streamlined entry to Australia.*
 - *Australia's high quality and comprehensive statistical information and research program informs immigration policy and gives Australia advantages over other countries in program monitoring and in fine-tuning policy as necessary.*
 - *Australia has very flexible change of status arrangements.*
 - *These arrangements allow people, particularly students and business entrants, to be able to apply for permanent migration after entry on a temporary basis. Australia's Overseas Student Program is becoming increasingly important as a potential source of highly skilled migrants. Australia's flexible change of status provisions enable successful Australian-educated overseas students who have qualifications in national shortage to apply for and be granted Australian permanent residence without leaving Australia.*
 - *Australia's flexible approach to change of status onshore has resulted in an increasing percentage of employer nominated cases being from people already in Australia. Nearly 30 per cent of skilled visas under the 2001-02 Migration Program were delivered from onshore visa applicants who changed status.*

Outline of submission

This submission outlines current immigration policies and procedures, in Australia and overseas, and provides DIMIA's analysis on their competitiveness or otherwise in attracting skilled labour.

An outline of this submission and how it is linked to the terms of reference is as follows.

- **Chapter 1 'Introduction'** outlines the domestic and international context in which Australia's skilled migration policies and procedures are set, with particular reference to increasing '*international competition for skilled labour*' (Term of Reference 1).

- **Chapter 2 ‘Population Context’** provides the population context in which Australia’s immigration programs operate, and explains the role that skilled migration can play in assisting us to manage our population future.
- **Chapter 3 ‘Impact of Our Skilled Migration Policies and Programs’** provides an overview of the fiscal, budgetary and employment impact of recent skilled migrants to Australia.
- **Chapter 4 ‘Attracting Skilled Migrants and Facilitating Settlement – Australia’s Report Card’** describes the various permanent and temporary migration, multicultural, citizenship and settlement programs administered by the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) that are relevant to this Inquiry, placing an emphasis on program objectives, recent initiatives and recent outcomes, to assist the Inquiry in assessing *‘the degree to which quality permanent skilled migrants are being attracted to Australia and settling well’* (Term of Reference 2). DIMIA Fact Sheets at on DIMIA’s website provide further information on the various permanent and temporary migration visa categories.
- **Chapter 5 ‘State-specific and Regional Skilled Migration’** outlines Australia’s State-specific and regional migration visa categories, particularly as they relate to skilled migrants in the context of *‘settlement patterns for new arrivals including the role played by State and local authorities’* (Term of Reference 6).
- **Chapter 6 ‘International Comparison of Immigration Policies and Procedures’** discusses *‘the degree to which Australia’s migration and temporary entry programs are competitive’* (Term of Reference 4). This chapter provides DIMIA’s comparative analysis of Australia’s permanent and temporary skilled migration programs, policies and procedures and those of other developed countries. Comparative tables of various aspects of Australia’s permanent and temporary migration policies and procedures, as well as settlement and citizenship programs, are contained in Appendices 1 to 9.
- **Chapter 7 ‘Lessons to be Learnt: Possible Policy and Procedural Mechanisms to Improve Competitiveness’** provides an overview of current and recent reviews of aspects of Australia’s migration policy and procedures and outlines broad strategic directions in immigration for Australia. It relates to *‘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’* and *‘whether there are policy and/or procedural mechanisms that might be developed to improve competitiveness’* (Terms of Reference 3 and 5, respectively).

The DIMIA website provides a wide range of information on migration and population issues in Australia, including the departmental publication ‘Population Flows-Immigration Aspects’. The DIMIA website address is www.immi.gov.au.

1. INTRODUCTION

Term of Reference 1 – To review and report on aspects of Australia’s skilled labour migration and temporary entry program with particular reference to international competition for skilled labour.

“Immigration has assumed new importance at the turn of the new century, with changes in international migration being so profound that it has been argued that there has been a paradigm shift”

Professor Graeme Hugo

- 1.1 Planned immigration has been a key feature of the Australian social and economic landscape since European settlement in 1788. Today, nearly one in four of Australia’s 19.6 million people was born overseas. This proportion is significantly higher than in any other traditional immigration country.
- 1.2 The nature of Australia’s Migration Program has, however, changed over time. Australia’s immigration policies have been re-focused in the past few years to facilitate the entry of an increased number of skilled migrants who have the ability to advance Australia’s economy. 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. In addition, selection criteria have been significantly refined so that Australia is now getting skilled migrants who will contribute quickly and significantly to Australia’s economic well-being. These are better educated, younger, more job-ready migrants with the language skills to operate successfully in the Australian workforce.
- 1.3 Temporary entry has also increased significantly in importance. In 1999-00, for the first time, net long-term movement exceeded net permanent movement as a share of net overseas migration.
- 1.4 The principal aim of the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) in administering Australia’s immigration program is to maximise as far as possible migration’s contribution to Australia’s well-being through focusing on Australia’s economic, social, environmental and humanitarian interests. This is reflected in the annual Migration and Humanitarian Programs, temporary entry programs as well as settlement, citizenship, multicultural and compliance programs.
- 1.5 Our immigration policies and programs are flexible to enable us to accommodate the changing needs of Australia’s economy and society. In recent years, globalisation has been the most significant force for such changes. Australia’s place in the global economy, our international relations, and the management of permanent and temporary people movements are increasingly important to our future.
- 1.6 To realise potential economic and social benefits from immigration, Australia needs a high proportion of skilled, entrepreneurial and youthful immigrants. Australia needs to attract people with the skills and qualities that business needs for the ultimate benefit of the country. Skilled migrants will also assist us to

manage the inevitable transition to an ageing population and labour force.

- 1.7 The benefits of Australia's strong emphasis on skill are clear:
- skilled migrants tend to fill jobs that would largely have gone unfilled, rather than displace existing workers;
 - they raise living standards because they add to the nation's productivity, through the skills and knowledge they bring;
 - Australia benefits directly from the funds that these entrants bring with them and deposit or invest here. This also helps to reduce Australia's net foreign debt; and
 - they have a direct and highly positive impact on government budgets.
- 1.8 Skilled migrants not only have a positive impact on the Australian economy and budget, they also help to dampen income inequality.
- 1.9 In 2001-02, Professor Ross Garnaut found that immigrants with levels of economically valuable skills higher than the Australian average tend to raise average incomes. He also found that an increase in the number of people with substantial skills and education raises the relative incomes of Australian workers with fewer skills.
- 1.10 Conversely, a disproportionately high component of unskilled labour in the Migration Program would raise the relative incomes of Australians with high levels of skill and reduce the incomes of unskilled Australians. It could also increase unemployment because of Australia's system of minimum wages for lower-skilled workers.

“...a global market in migrants exists where immigration is regarded as an engine of growth. Human resource skills are perceived as national economic resources for which countries are in competition.”

Professor John Salt, London University

- 1.11 The significant economic, fiscal and social benefits of skilled migrants mean that there is increasing global competition for skilled people. The sharp increase in the international demand for skilled migrants is the result of three main factors.
- First, the populations of many developed nations are ageing, meaning that their workforces are also ageing, and their rate of growth is declining.
 - Secondly, the emergence of a global economy has been accompanied by “a complex pattern of exchange of professional, managerial and technical staff”, as Professor John Salt, an international migration expert based at London University, has put it.
 - Thirdly, specific shortages of highly skilled workers are occurring within vital economic sectors in many countries, leading to a rapid increase in temporary entry programs in particular to fill these short to medium term gaps in the labour market.
- 1.12 There is also the increasing recognition that skilled workers are critical to achieving productivity improvements.
- 1.13 Traditional immigration countries, including Australia, are increasingly having to

compete for skilled migrants with countries that, in the past, have not been significant players in the market. Countries not viewed as traditional or core migration countries that are stepping up their efforts, or contemplating entering into the market for skilled migrants, include the UK, Germany, Japan, Spain, Norway, Singapore, Iceland, Italy, Finland, Korea, and Ireland.

- Labour shortages in key areas of the UK economy (eg in the IT and health sectors) has resulted in the UK government adopting a more liberal approach to migration than in the past, including the commencement of a pilot scheme to attract more business innovators. This scheme will relax existing arrangements by no longer requiring migrants to use personal funds to start up their businesses. The UK has also begun to develop a migration program to meet its increasing need for highly skilled workers, driven by population and ageing factors.
- Germany is attempting to attract large numbers of foreign workers with IT skills, through the “IT Specialists Temporary Relief Program”, to address a severe labour shortage in that sector. The core elements of this program are to grant top foreign IT-specialists access to the job market in Germany, while at the same time launching a major vocational and continuing education initiative for German employees and young people. Germany has also recently introduced its first immigration bill that provides for a small permanent migration program of 50,000 places for the first year.
- Japan is facing a rapidly ageing and declining population with the current population of 127 million expected to go into decline from 2009. By 2025, one-third of the population will be 65 or older, which may have adverse flow-on implications for health and welfare expenditure. In this context, Japan is beginning to recognise the need to increase substantially the number of skilled foreign workers, particularly for the IT sector. Recently, the Japanese government unveiled plans to ease rules for business visas, increase funds for Japanese language training for Indian software engineers and boost ties between Japan and India on technology issues. The changes, however, are not yet in place and are being fine-tuned by the Japanese government.

1.14 Some of the traditional immigration countries are also revising their immigration policies to increase their ability to attract highly sought-after skilled migrants. For example:

- Canada is reforming its system to focus more on the flexible and transferable skills that are sought after in a globalised economy. The Canadian government has introduced a new points test that focuses on the ‘human capital’ of an applicant rather than an occupation based model. It places greater emphasis on university education and fluency in an official language and less weight is given to persons who have only graduated from high school. Additional points are also available to an applicant who has been granted an ‘informal job offer’;
- New Zealand continues to finetune its skilled migrants; and
- the USA last year doubled its quota of skilled temporary migrants in response to pressure for many more information technology workers.

- 1.15 There is increasing recognition in Australia (and overseas) that the highly sought after young, skilled people often only wish to be in the country temporarily, to do the job and move on. The globalisation of the labour market and the increasing movement of people for short-term business, work and personal purposes, has seen the number of temporary residents in Australia increase significantly in recent years. Temporary residents play an important role in Australia's economy and there is increasing attention on Australia's temporary entry programs as a means to overcome temporary skilled labour shortages. The Government has streamlined temporary entry arrangements to enhance our competitiveness for these people.
- 1.16 Many other countries are looking to address skills shortages in key sectors by allowing the entry and recruitment of skilled foreign workers on a temporary basis. Countries who are making active plays for skilled temporary foreign labour include Germany, Ireland, Canada and the USA.
- Ireland, with the fastest growing economy in Europe, is facing labour shortages across the board with severe shortages in areas such as the building industry and the IT industry. The Irish government, together with private companies, has organised recruitment fairs in Germany, Canada and Australia to lure foreign workers to the Emerald Isle. Job agencies are also trawling universities in Russia, India and China for technology workers, although it can take months after arrival for them to obtain a work permit.
 - The Canadian government is proposing increased flexibility in its processes for temporary skilled workers. Proposed new measures to attract and facilitate the entry of temporary skilled workers include the ability to apply to migrate while onshore, work-rights for spouses, and health waivers for spouses and dependent children in some cases.
- 1.17 As high calibre individuals comprise a limited international pool, and are quite obviously in far greater demand than ever before, Australia has to continue to improve and finetune its approach to obtaining them in the future.
- 1.18 Against this background, the Australian Government has been concerned to enhance Australia's competitive advantages to attract skilled permanent and temporary migrants. The Government has developed an increasingly strategic approach to the management of permanent and temporary entry. This has involved improving Australia's competitiveness in the field of migration by continuing to fine-tune entry policies and strengthening the links between permanent and temporary entry programs.
- 1.19 The Government's approach to managing permanent and temporary movements has also involved acquiring a greater understanding of the increasingly global context within which DIMIA programs operate. Australia's migration policies can have a significant impact on perceptions of Australia in our region and in the rest of the world. Successive governments' commitment to a non-discriminatory immigration policy, multiculturalism, and our resulting cultural diversity, have brought benefits to all Australians and have enhanced Australia's attractiveness as a destination for skilled temporary and permanent workers.

2. POPULATION CONTEXT

“Because of low fertility rates, many more countries will be seeking immigrants in the future...Australia remains a highly favoured destination...Nevertheless, similar countries like New Zealand and Canada are struggling to maintain their net migration levels”

Professor Peter McDonald

Australia’s population future

- 2.1 Population growth, size, composition, distribution, skill level and age structure are key factors contributing to the economic, social, and environmental well-being of a country. Skilled migration can impact on each of these population aspects and, therefore, has a crucial role to play in our population future.
- 2.2 Australia’s population and labour force growth will depend on future levels of fertility, mortality and net overseas migration (NOM). The key issues in respect of Australia’s future population are as follows:
 - **Population and labour force growth and size** - If our population starts to decline, so too will the size of our labour force unless increases in the labour force participation rates of women and older workers can offset the impact of such a decline. This may have implications for Australia’s future economic growth.
 - **Population and labour force age structure** - As our population continues to age, our labour force will also age. This may have implications for health and welfare expenditure, and possibly tax revenue, if labour force participation rates do not increase; and
 - **Population distribution** – If current trends continue with respect to population settlement patterns, particularly those of migrants, much of Australia’s future population growth is likely to be in the major metropolitan centres such as Sydney and Melbourne and along the Eastern seaboard. This may have environmental implications for the major metropolitan centres and will do little to assist the future development of some of our regional and rural areas.
- 2.3 The link between skilled migration and Australia’s economic and demographic future can be seen clearly in projections of the future size and age structure of Australia’s population and labour force.
- 2.4 Given past demographic trends and plausible assumptions about future levels of fertility, mortality and NOM, we have a reasonably good idea about where our population is heading. Appendix 11 provides an overview of past demographic trends in Australia and sets out a plausible baseline projection of Australia’s population future.

Population growth and size

- 2.5 Under the baseline scenario outlined in Appendix 11 (Total Fertility Rate (TFR) of 1.65 and 100,000 NOM) population growth would fall from 1.3% per annum currently to 0.3% by 2050, reaching zero by 2100. The population would reach about 26.4m around the middle of this century and continue to grow very slowly to about 27.1m by the end of this century. Deaths are likely to exceed births by around the mid to late 2030s. Beyond this point, only NOM will contribute to

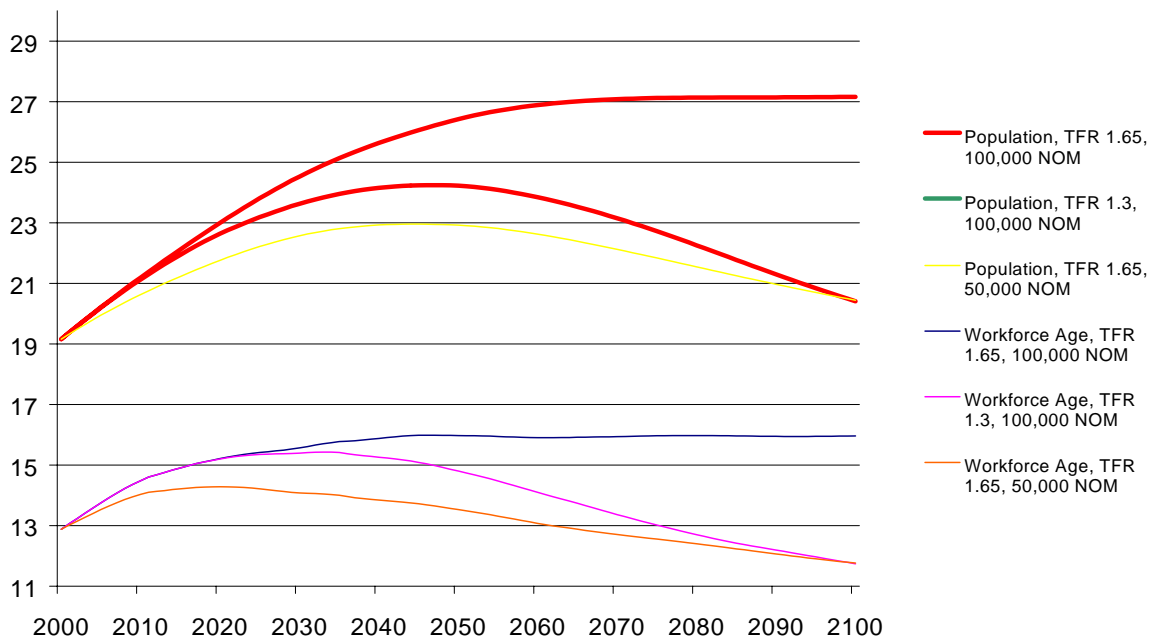
population growth. Australia's population would continue to grow provided NOM is around 100,000 per annum (around the current level) or more. NOM 10,000 lower than about 100,000 per annum, however, would result in a slowly declining population from about mid-century.

Workforce growth and size

2.6 Under the baseline scenario, the number of persons of workforce age (ie 15-64 years of age) would slowly rise from its current level of 12.9m (67% of the population), peaking at about 16m around 2046 (60% of the population) and then decline very slowly to around 15.9m (58% of the population) at the end of the century. Below NOM of about 100,000, the potential workforce grows for a while but then peaks and declines absolutely. Above that number, the potential workforce continues to grow until 2100 although the rate of growth continues to slow.

2.7 Figure 1 illustrates Australia's population and labour force projections given different NOM and TFR assumptions.

Figure 1: Population and Workforce Age Projection given different NOM and TFR, 2000-2100



Population age structure

- 2.8 Age structure largely determines the proportion of the population in the labour force and has a considerable impact on population growth in the future.

“...the rise in education levels is a crucial element in explaining both the decline in fertility (which underlies the ageing of the population) and the rise in productivity (which offsets much of the fiscal problem attributed to ageing).”

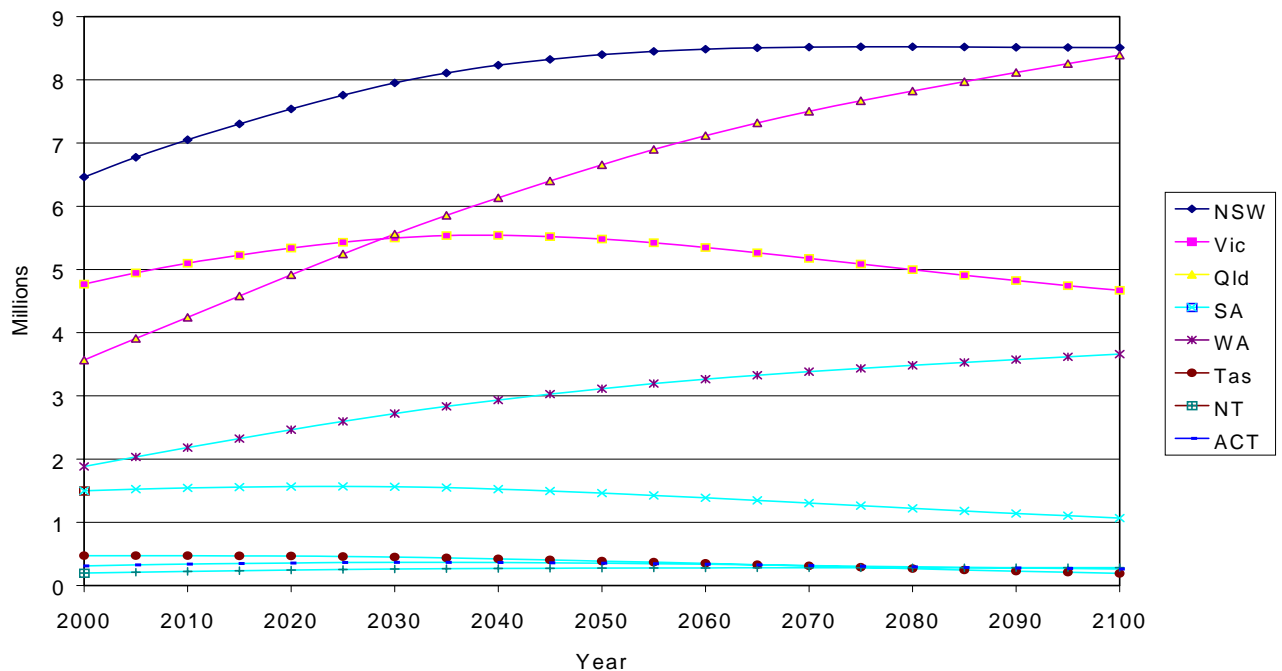
Professor Steve Dowrick

- 2.9 Many commentators, including Professor Steve Dowrick, have linked increased levels of education for women with a decline in the fertility rate, which underlies the ageing of Australia’s population. As living standards rise, he argues, so families choose to have fewer children and the rate of population growth tends to fall.
- 2.10 This pattern only serves to highlight the importance of skilled migration, which increases both the absolute size of the population and labour force and the proportion of skilled workers within them.
- 2.11 While migration can have some impact on retarding the ageing of the population, increases in fertility are far more effective. This is explained further in Appendix 12. Research shows that annual NOM of up to 80,000 to 100,000 makes a worthwhile and efficient contribution to the retardation of population ageing. Levels of NOM above this, however, become increasingly less effective in the retardation of ageing. It is worth noting that large increases in migration might also reduce the “younging” effect of migration if Australia was required to accept greater numbers of skilled migrants who were older than the population as a whole, particularly as global competition intensifies for young skilled migrants.
- 2.12 Irrespective of any feasible level of NOM or TFR, the percentage of Australia’s population aged 65 years and over will continue to rise over the next 50 years peaking higher and later the lower the TFR, and then largely stabilising.
- 2.13 Under the baseline scenario, Australia’s population will continue to age. By 2050, about 25% of the population (6.61m) would be over 65 years of age compared to 12% (2.4m) currently, and 15% (4.2m) would be under 15 years of age compared to 21% (3.9m) currently. Over the following 50 years to 2100, the proportion of the population over 65 years of age would slowly increase to about 27% (7.6m) while the proportion under 15 years would slowly decline to about 14% (4.4m). Australia will, however, fare better than many other developed nations. For example, the proportion of Italy’s population aged over 65 years may increase from 18% currently to 36.1% by 2050; Japan’s may increase from 17% currently to 34% by 2050 and Spain’s may increase from 17% currently to 37% by 2050.
- 2.14 All States and Territories would experience significant ageing of their populations. Tasmania would have by far the highest proportion of its population over the age of 65 years by 2100 (36%), while Queensland (24.8%) and the Northern Territory (20.4%) would have the lowest proportion by 2100.

Population distribution

- 2.15 Population is not just about numbers. Where people live is just as important to the economic, social and environmental future of Australia.
- 2.16 Over 75% of Australia's population currently lives in three States: New South Wales (33.8%); Victoria (24.9%); and Queensland (18.3%). The remaining 23% live in Western Australia (9.6%); South Australia (8.1%); Tasmania (2.6%); the ACT (1.7%); and the Northern Territory (1.0%).
- 2.17 Population projections for the States and Territories, based on plausible assumptions about fertility, mortality, NOM, and net interstate migration, show declining populations by 2100 for Tasmania, the ACT, South Australia and Victoria (see Figure 2). This is due to a combination of low fertility, with low or negative net interstate and overseas migration.

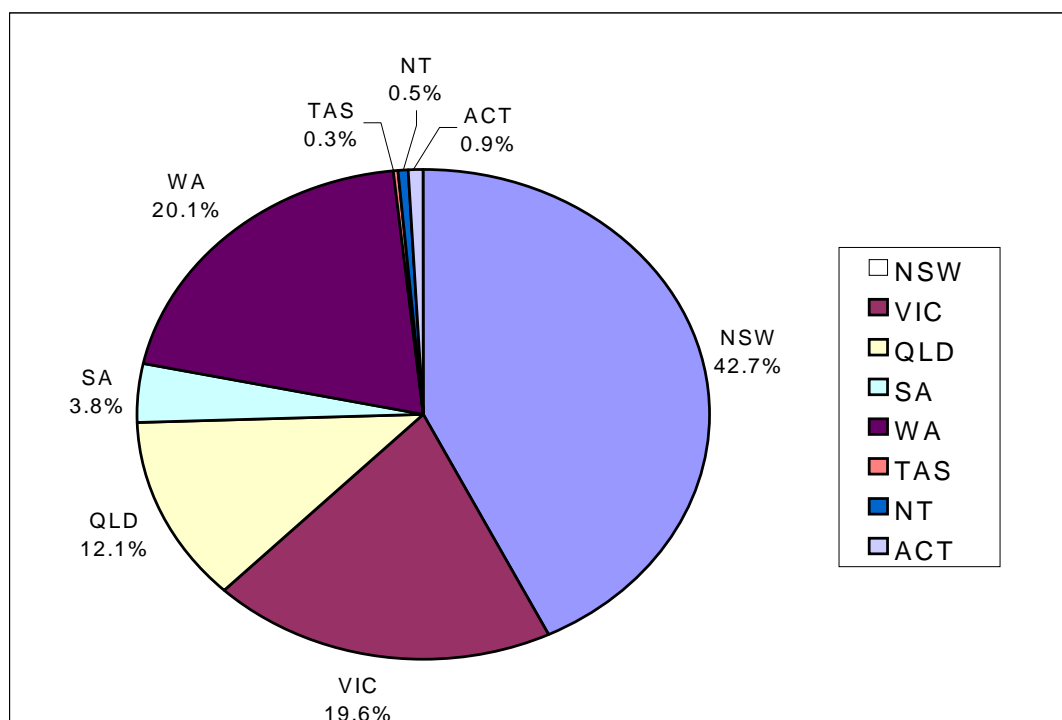
Figure 2: State and Territory population projections, 2000-2100



- 2.18 Australia is also highly urbanised with 64% of the population currently living in the capital cities. In recent years, about two thirds of all net overseas migration to Australia has been to the cities of Sydney and Melbourne. This means that, as overseas migration plays an increasing part in Australia's population growth, much of that growth is likely to be in Sydney and Melbourne. Projections by the Australian Bureau of Statistics (ABS) indicate that the populations of all capital cities are expected to increase, while many areas in rural and regional Australia are expected to experience continued population decline.
- 2.19 Declining populations in some regions of Australia have led to diminishing skill bases in many regions. There is a need for skills to be imported, from overseas or elsewhere in Australia, to underpin industry infrastructure and economic growth in these areas.

- 2.20 The composition of the settler arrival intake within each State and Territory can vary greatly in terms of migration stream. In terms of skilled migrants, New South Wales is the favoured destination, with 43% (13,796) of the 1999-00 settler arrival intake settling there. Relative to its proportion of the Australian population, Western Australia also receives a very high percentage of Skill Stream arrivals with 20% (6,506) of the 1999-00 settler arrival intake choosing to live there. In contrast, Victoria receives a much lower percentage of Skill Stream settler arrivals (see Figure 3 below).
- 2.21 Through the Commonwealth/State Working Party on Skilled Migration, a number of State and Territory Governments have expressed their desire for greater population growth in their jurisdictions through increased immigration. Victoria has been particularly vocal in this regard, arguing for a greater proportional share of skilled migrants in the context of an increased Migration Program. This may be a response to the relatively low proportion of Skill Stream migrants that settle in Victoria. The Governments of South Australia, Tasmania and the Northern Territory have all indicated a desire for increased overseas migration (particularly skilled migration) because of the role that it can play in advancing population growth and assisting States and Territories to achieve sustainable economic development. New South Wales on the other hand, has expressed some concerns about the environmental and infrastructure impact of the number of migrants settling in Sydney.

Figure 3: State/Territory of intended residence - Skilled Settler Arrivals 1999-00 (%)



Summary

- 2.22 The key points to note in respect of Australia's likely population future, based on what we know of past demographic trends, and reasonably plausible assumptions about future levels of fertility, mortality and NOM, are that:

Population and labour force size and growth

- Australia's population is projected to reach around 27 million by 2100.
- Australia's potential labour force is projected to reach around 16 million by 2050 remaining relatively stable thereafter to 2100.
- While Australia's current population growth rate is a relatively high 1.3% per annum, this is likely to decline steadily over the next 100 years, due mainly to our below replacement fertility rate.
- Australia's current labour force growth rate may decline even faster than the population growth rate, depending on what happens to labourforce participation rates. By mid-century, the size of the labour force could have peaked after a long period of modest growth.
- Risks to future population and labour force growth include:
 - NOM can be highly volatile, particularly the long-term temporary component of NOM. The long-term temporary component of NOM has increased from around 20% in 1996 to around 50% in 2000.
 - Permanent emigration has also been rising despite the improved economy. This is likely to continue and reflects the impact of globalisation.
 - The extent to which immigration remains around the current size, age and skill composition, fertility stabilises at around 1.6 births per woman and increases in labour force participation rates, particularly for women and older Australians occur.

Population and labour force ageing

- The ageing of Australia's population and a gradual slowing in the growth rate of the number of persons of workforce age is largely inevitable.
- A declining population growth rate and an ageing population is a characteristic common to all developed nations.
- The key driver of ageing is the fertility rate.
- While the first 80,000 to 100,000 migrants each year have a worthwhile impact on the age structure, further increases in immigration beyond those levels would have a diminishing impact.

Population distribution

- In terms of population distribution, it is projected that:
 - the populations of parts of regional Australia and the populations of Tasmania and South Australia could go into steady decline if current patterns of migration settlement and interstate migration are maintained; and
 - the populations of the major cities and the coastal strip between Adelaide and Cairns are likely to continue to rise.

3. IMPACT OF OUR SKILLED MIGRATION POLICIES AND PROGRAMS

3.1 There is a wealth of evidence to suggest that recent skilled temporary and permanent migrants are delivering major economic, budgetary and employment benefits and will continue to do so for many years.

More skilled labour force

3.2 There has been a paradigm shift in immigration policy over recent years with the focus of the Migration Program being significantly shifted towards the Skill Stream, ensuring it is more closely aligned to Australia's economic interests by delivering people with needed skills and expertise.

3.3 In 1995-96 the Skill Stream made up 29 percent of the total Migration Program. In 2002-2003 the Skill Stream is planned to be 58 per cent of the program (ie 60,700 Skill Stream visas at the mid point). The planned 2002-03 Migration Program will be the largest and most highly skilled in over a decade, with a planning level set in the range of 100,000 to 110,000 places, maintained at this range for the next four financial years, barring exceptional circumstances. At the mid-point, the Program will be 12,000 places higher than the 2001-02 Program outcome of 93,000. The 2002-03 to 2005-06 Programs will be delivered at the upper or lower end of the range depending on, among other things:

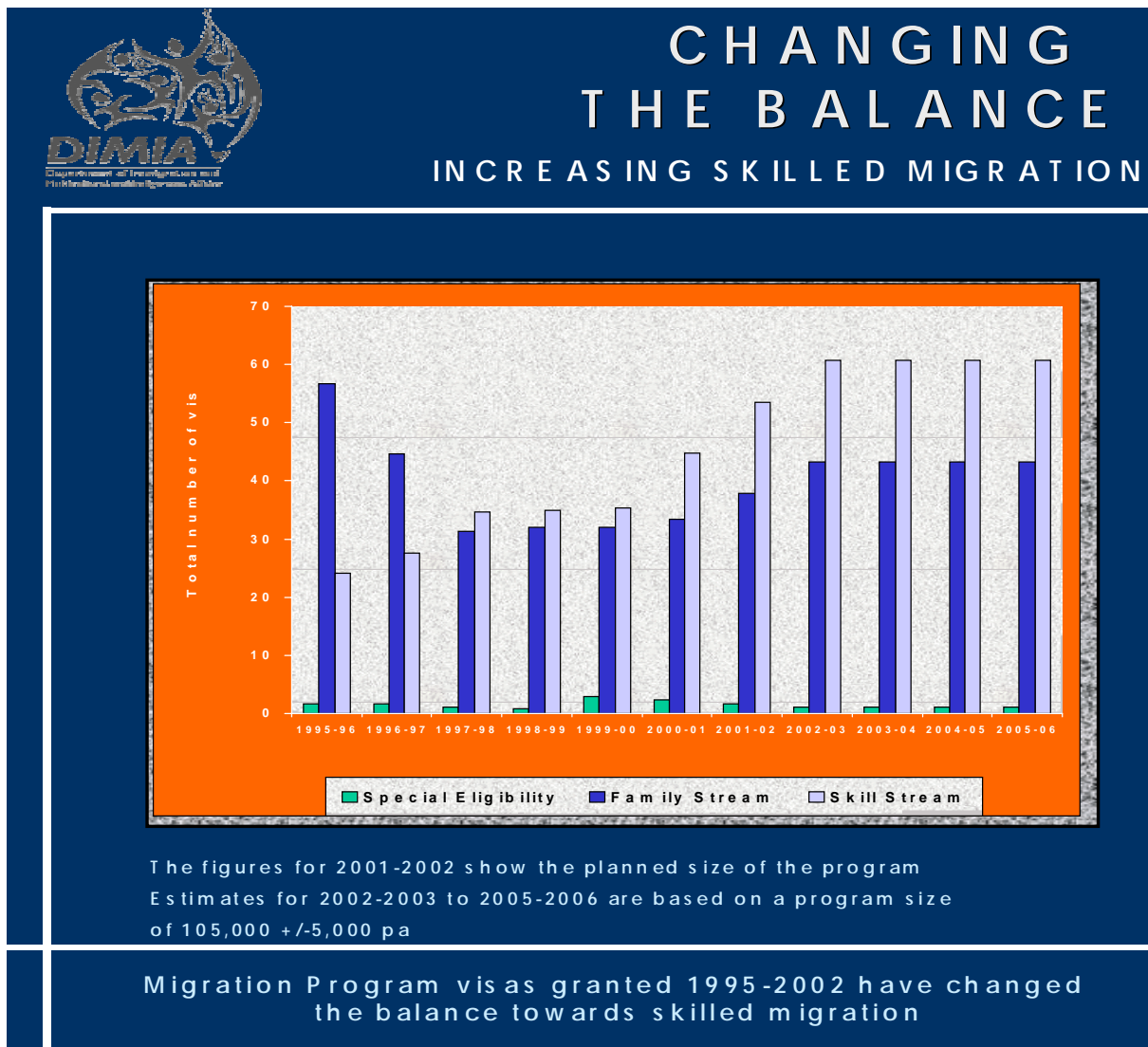
- application rates in demand-driven categories such as spouses, fiances, children and employer nominated and business categories;
- the take up of State-specific and regional migration categories to achieve a better dispersal of the intake;
- the extent of national skill shortages and the ability to attract migrants to these; and
- the availability of high standard applicants in the skilled categories.

3.4 In recent years, Australia has improved its selection criteria and processing regimes and has attracted increasing numbers of skilled permanent migrants.

3.5 The success of Australia's initiatives to attract increased numbers of skilled migrants can be seen in Figure 4.

3.6 Skilled temporary residents have also increased in recent years. Unlike many countries, Australia does not put a limit on numbers of these visas. Depending on the relative strength of the Australian and global economies, numbers of skilled temporary residents are likely to continue to rise over the medium to longer-term.

Figure 4: Changing the Balance – Increasing Skilled Migration

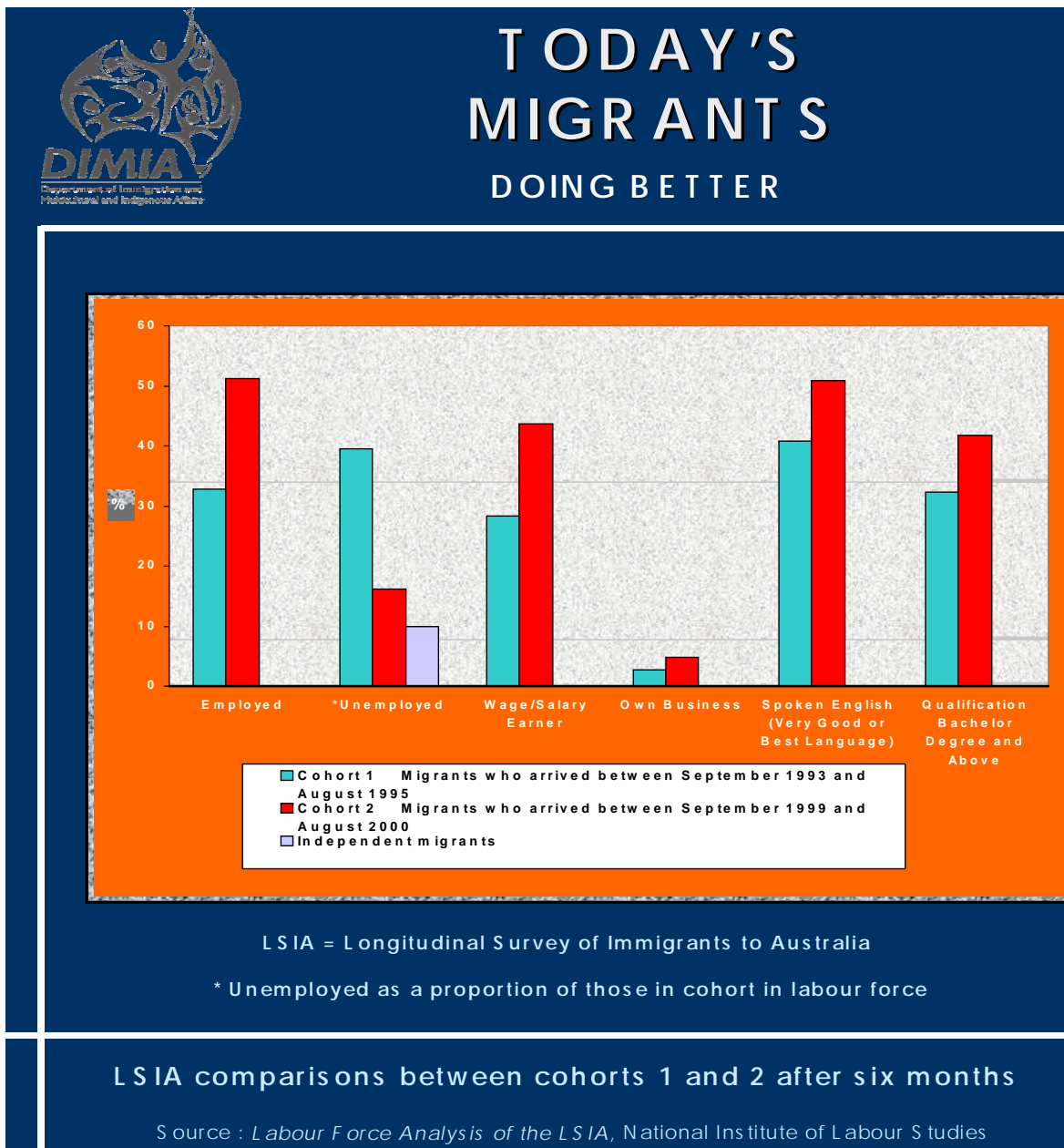


Improved employment outcomes for migrants

- 3.7 Research by Professor Sue Richardson at the National Institute of Labour Studies, Flinders University, (based on data from DIMIA's LSIA) found that new permanent migrants to Australia are achieving greater levels of success in finding jobs and contributing to Australia's economy (see Figure 5). A copy of the research is on DIMIA's website.
- 3.8 The LSIA is unique in that it is the most comprehensive survey of immigrants ever to be undertaken in Australia and is acknowledged as a leader in the field internationally. The LSIA provides valuable and reliable data to enable Government to monitor and improve immigration and settlement policies, programs and services.
- The first LSIA cohort of over 5000 migrants, who arrived in Australia between September 1993 and August 1995, were asked about their experiences during their first three-and-a-half years in Australia.
 - The second cohort (LSIA2) of over 3000 migrants, who arrived between September 1999 and August 2000, were asked about their experiences during their first 18 months in Australia.

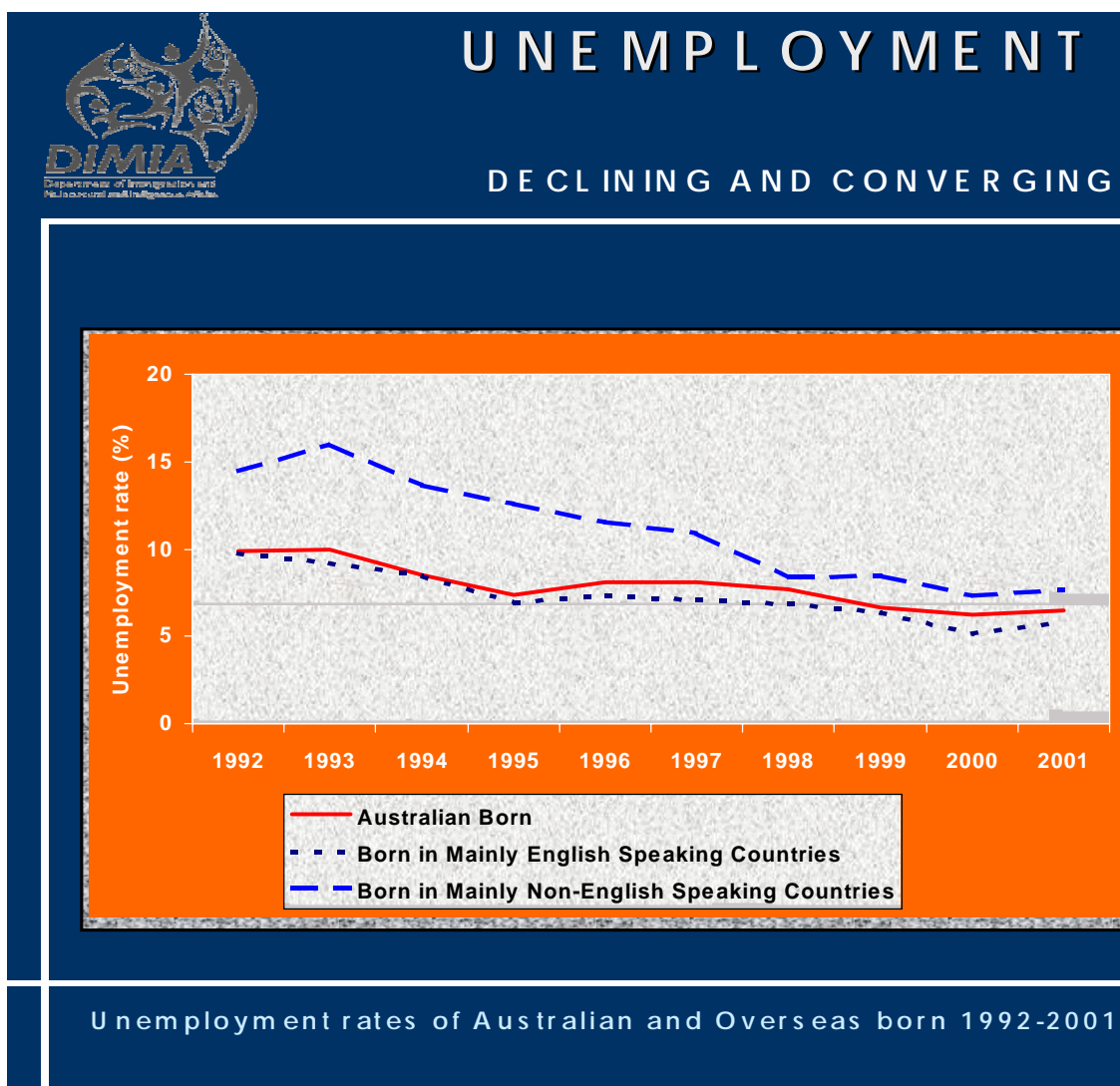
- 3.9 The LSIA questionnaires were extremely detailed with more than 300 questions asked at each interview. Questions covered many aspects of life in Australia, such as employment experience, English language skills, qualifications and their assessment, income and finances, support services (government and non-government), housing arrangements, health and satisfaction with life in Australia.
- 3.10 A comparison of the two cohorts showed that in the LSIA2 cohort, Skilled Independent migrants in particular are performing many times better in the labour market, with higher rates of employment and higher incomes, than those who were entering under the same category in the mid-1990s.
- 3.11 Unemployment rates for LSIA2 Skilled Independent migrants six months after arrival in Australia are 10% compared to 28% for migrants in the same visa category entering Australia in the mid-1990's.

Figure 5: Today's Migrants – Doing Better



- 3.12 Consistent with the LSIA data, ABS data shows that the rates of unemployment and participation are improving over time for all newly arrived migrants to Australia, as shown in Figure 6.
- 3.13 While the improvement in the economic and employment situation in Australia since the mid 1990s contributed to the enhanced performance of migrants in the labour market, Professor Richardson concluded that this enhanced performance can be substantially attributed to the introduction of the two year waiting period for social security (introduced in March 1997) and the significantly more rigorous skill, age and English language requirements now in place for people wishing to migrate to Australia under the Skill Stream of the Migration Program.

Figure 6: Unemployment – Declining and Converging



- 3.14 A comparative overview of social and labour market outcomes for LSIA 1 and LSIA 2 is provided in Table 1 below.
- 3.15 Further information on the labour market outcomes for migrants is contained in Fact Sheet 14 '*Migrant Labour Market Outcomes*' on DIMIA's website.

Table 1: Major Characteristics of Primary Applicants and Migrating Unit Spouses approximately Six Months after Arrival (per cent in each category)

	Cohort 1	Cohort 2	
<i>Primary applicant or spouse, males, females</i>	%	%	
Male, Primary Applicant	41	39	
Female, Primary Applicant	38	38	
Male, spouse	4	7	
Female, spouse	17	17	
<i>Visa Category</i>			
Concessional family/skilled Australian-linked	10	12	
Independent	20	30	
Preferential family/family stream	49	41	
Business skills/ENS	5	8	
Humanitarian	16	9	
<i>Age</i>			
Average years	35	35	
<i>Labour Force Status</i>			
Employed	33	50	
Unemployed	21	10	
Not in labour force	46	41	
<i>Region of Birth</i>			
Oceania	2	3	
UK, Ireland	16	15	
Other Europe	18	14	
Middle East, Nth Africa	10	10	
SE Asia	20	16	
NE Asia	14	16	
South Central Asia	11	13	
Nth America	3	3	
Central South America	2	1	
Other Africa	5	10	
<i>Current Main Activity</i>			
Wage, salary earner	28	43	
Own business	3	5	
Other employed	2	2	
Unemployed	21	10	
Student	15	14	
Home duties	23	21	
Retired, pensioner	6	4	
Other	2	3	
<i>Duration of Stay</i>			
Up to 3 months	14	3	
>3 months < 6 months	75	55	
> 6 months	12	42	
<i>How well speak English</i>			
English only language or best language	31	38	
Other language -	Speak English very well	10	13
	Speak English well	21	20
	Speak English, not well	26	22
	Not speak English	12	8
<i>Major source of income</i>			
Government payment	36	11	
Wage, salary	31	50	
Business	2	4	
Investment	8	10	
No income	23	26	
<i>Level of highest qualification</i>			
Higher degree, post-graduate diploma	12	19	
Bachelor degree	20	24	
Diploma, certificate, trade	27	27	
Year 12	17	16	
Less than Year 12	23	14	
(Total number)	6961	4181	

Notes: (1) Cohort 1 arrived in Australia between September 1993 and August 1995
(2) Cohort 2 arrived in Australia between September 1999 and August 2000.

- 3.16 Employment outcomes for temporary business entrants are typically better still because of the basis on which they arrive. As a recent Access Economics report on temporary business entrants stated, ‘temporary business entrants are typically paid well because of their unique skills or familiarity with a particular corporate culture’ and ‘one of the important characteristics of temporary entrants is that principal applicants enter on the basis of a firm job offer’. The report also found that temporary business entrants are generally employed in the professions and in managerial roles, with many in highly specialised positions.

Meeting skill shortages

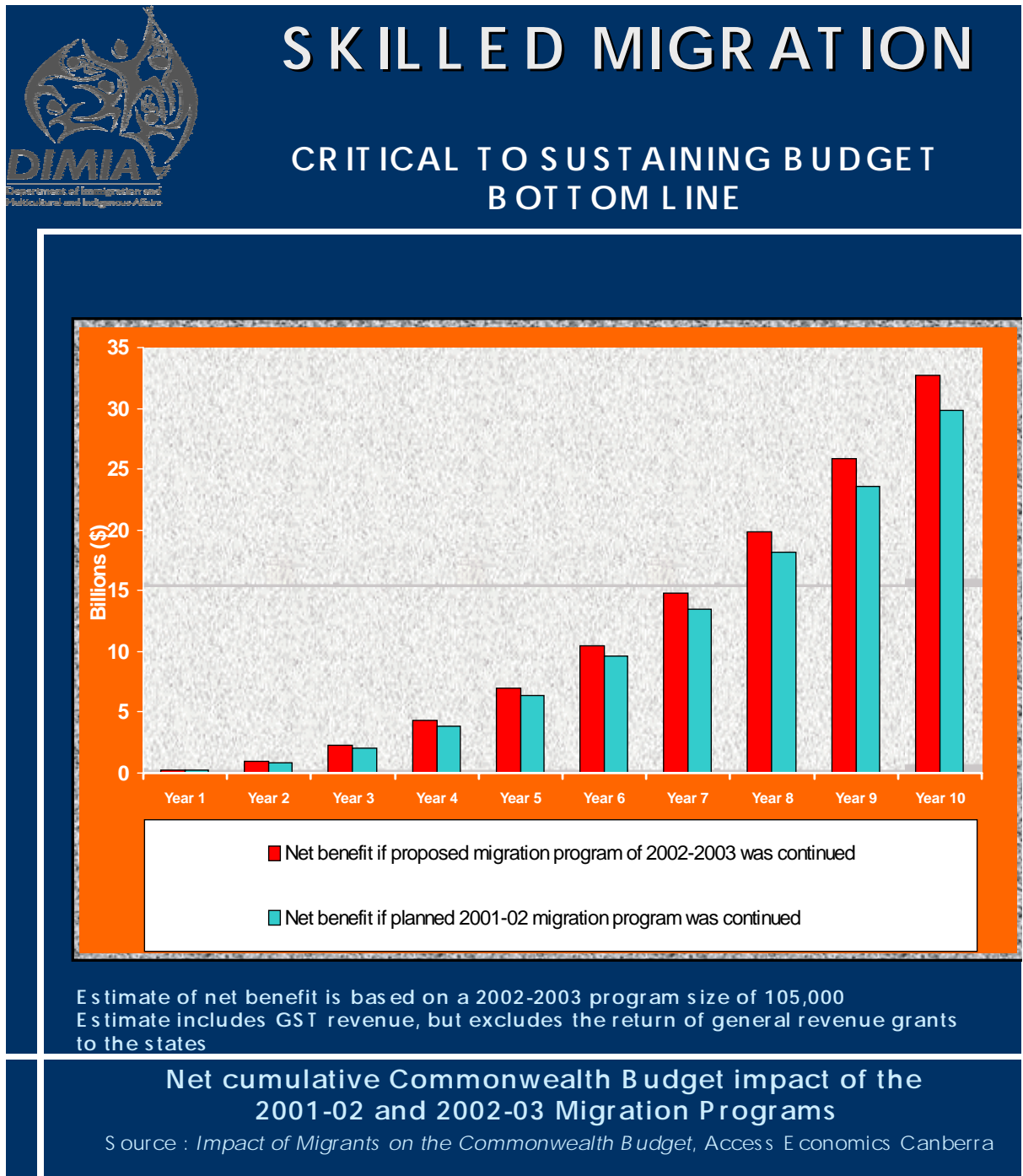
- 3.17 Research shows that the major upgrading of selection standards over the past six years has led to around 44% of today’s general skilled migrants being in an occupation on the Migration Occupations in Demand List (MODL). This reflects the highly targeted nature of the Migration Program which is designed to provide migrants with skills in demand.
- Contingency reserves of up to 8,000 places in the Skill Stream were used from 1999-00 to 2001-02 to accommodate rising demand for skilled workers through facilitating permanent migration, particularly by overseas students with Australian qualifications in demand.
 - In response to a growing shortage of nurses (an occupation on the MODL), the processing of visa applications from nurses is being streamlined. Measures to attract nurses include priority processing for permanent and temporary visa applications from nurses, and allowing students and their dependants to apply onshore for long stay temporary residence if they have recognised nursing qualifications.
- 3.18 Temporary business entry arrangements also benefit Australia by filling short and medium term skill shortages and introducing new skills, knowledge and technology. In recent times, growth industry sectors such as the health care and education industries have taken particular advantage of temporary business entry provisions to help meet their recruitment needs.
- 3.19 An Access Economics report on the fiscal impact of temporary business entrants stated that ‘one of the objectives of the temporary migrant program is to allow business to fill strategic positions expeditiously, by bringing in skilled or experienced people from overseas, rather than suffering a skills shortage. Thus the program is designed to fill new employment positions (which could not otherwise be readily filled) rather than ‘displace’ existing positions.’
- 3.20 The study also stated that ‘compared to the Australian average, temporary business migrants tend to be employed in occupations requiring higher qualifications and higher skills not readily otherwise available in the Australian labour market. The proportion of temporary business migrants employed as professionals, managers and administrators is significantly higher than the proportion for the population as a whole’.

Enhanced fiscal and economic impact

- 3.21 The fiscal and economic impact of migration categories has been improved as a result of more rigorous selection procedures for skilled migrants that are designed to target high standard migrants with skills in demand.

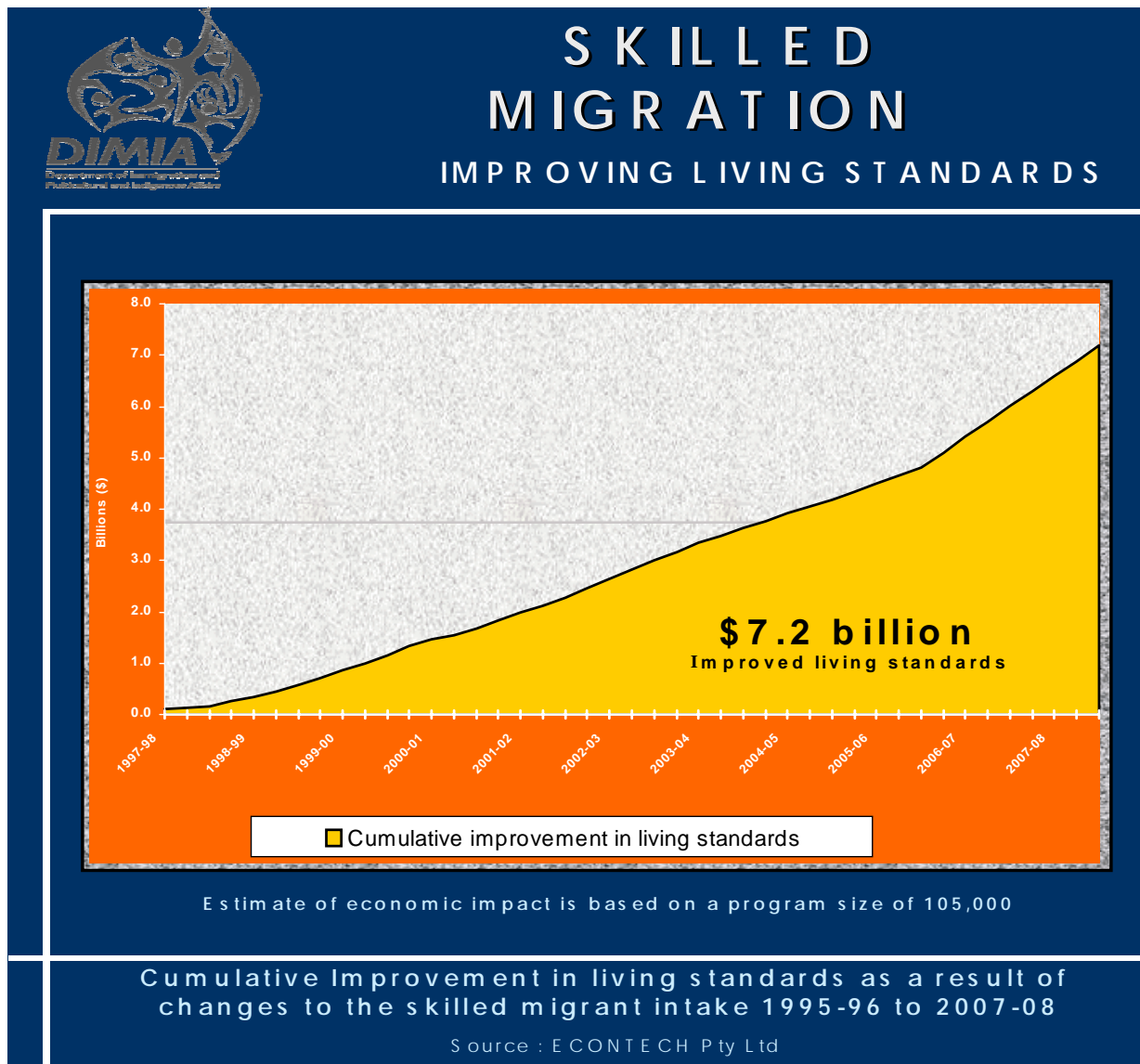
3.22 Research commissioned by DIMIA in 2001-02 has demonstrated that Commonwealth and State budgets are net beneficiaries of a Migration Program that has a central focus on skilled migration. The Commonwealth Budget, according to Access Economics modelling, would benefit to the tune of \$4.3 billion over 4 years, and \$32.7 billion over 10 years if the 2002-03 Migration Program level continued. Skilled migrants contribute most of this benefit. The benefits of skilled migration to the Commonwealth Budget can be seen at Figure 7. A copy of the Access Economics research on “The Impact of Permanent Migrants on the Commonwealth Budget” is on DIMIA’s website. Access Economics research on “The Impact of Permanent Migrants on State and Territory Budgets” is on DIMIA’s website.

Figure 7: Skilled Migration – Critical to Sustaining Budget Bottom Line



- 3.23 The fiscal and economic benefits of Australia's temporary skilled entry programs have also been shown to be substantial. Two recent studies, carried out by Access Economics on "The Impact of Temporary Business Residents on the Commonwealth Budget", May 2002 (on DIMIA's website) and "The Impact of Sponsored Temporary Business Residents on Australia's Living Standards", May 2002 (on DIMIA's website), highlight the positive impact that the temporary business residence program has for Australia. Access Economics research on "The Impact of Sponsored Temporary Business Residents on State and Territory Budgets" is also on DIMIA's website.
- 3.24 Access Economics found that sponsored temporary business entrants have a more beneficial impact on both Commonwealth and State budgets than any permanent migrant. This is because they generally have higher incomes and lower eligibility for publicly provided services.
- 3.25 Modelling by Access Economics shows that, for every 1,000 long-term temporary business entrants, the Commonwealth budget nets about \$17.6 million in the first year, falling to about \$11.8 million by year four. With the number of visas issued in 2000-01, the net benefit to the Budget would be around \$2.1 billion by 2003-04. If a similar number entered Australia each year, the cumulative benefit to the Budget would be over \$5 billion over 4 years
- 3.26 Increasing skilled migration has also been a factor in Australia's high rate of productivity growth in recent years, as it has contributed to a highly educated workforce that has been able to embrace and exploit technological change. Modelling by Econtech suggests that the 2002-03 Migration Program, if maintained until 2007-08, together with the increasingly strong focus on skilled migration and the many improvements made to migration policy since 1995-96, will deliver an increase of \$344 per head per year in living standards for all Australians compared with continuation of the 1995-96 Migration Program. Total consumption would be higher by \$7.2 billion. Employment as a proportion of the population is also estimated to be 0.86 percent higher. The impact of skilled migration on the living standards of all Australians is illustrated by Figure 8.
- 3.27 A copy of the original Econtech research, conducted in 2001, on the impact of migrants on living standards in Australia is on DIMIA's website. This research has subsequently been updated for the 2002-03 Migration Program as noted in the above paragraph.

Figure 8: Skilled Migration – Improving Living Standards



3.28 Temporary business entrants also have a positive impact on the living standards of Australians. Access Economics' report on the impact of temporary residents on living standards stated that:

- *The direct impact of the 'new' employment is an improvement in Australia's productive capacity. The availability of migrants has created new jobs and their wages are a direct contribution to GDP ... ; and*
- *...benefits accrue to Australia's foreign debt from the heightened economic activity generated by temporary migrants, as well as their contribution to productivity. This allows more to be produced and in a more productive manner, including for export, which helps to improve Australia's balance of trade and reduces the need to take on additional debt.*

Income equality

3.29 Skilled migrants not only have a positive impact on the Australian economy, they also help to dampen income inequality.

3.30 Research by Ross Garnaut indicates that immigrants with levels of economically valuable skills higher than the Australian average tend to raise average incomes. He also found that an increase in the number of people with substantial skills and education raises the relative incomes of Australian workers with fewer skills. Conversely, a disproportionately high component of unskilled labour in the Migration Program would raise the relative incomes of Australians with high levels of skill and reduce the incomes of unskilled Australians. It could also increase unemployment because of Australia's system of minimum wages for lower-skilled workers. A copy of Professor Garnaut's preliminary research is on DIMIA's website.

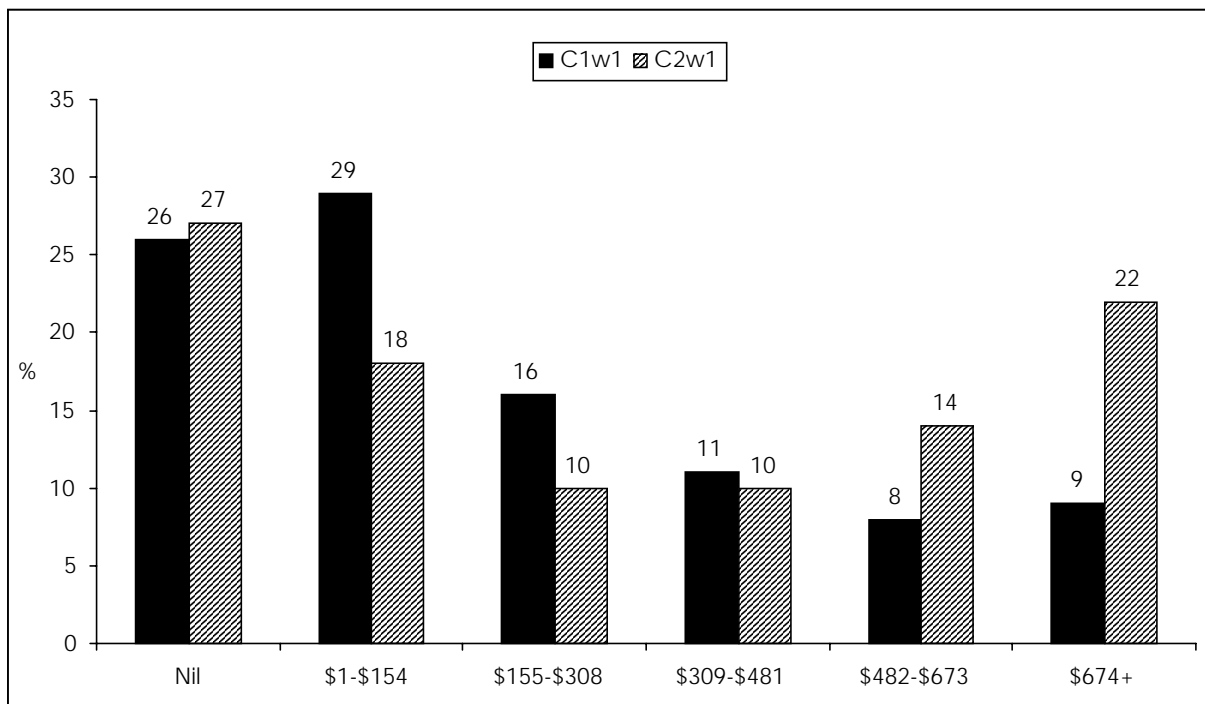
3.31 In addition to improved employment outcomes, recent migrants are faring better in the income stakes in the last couple of years compared with four to five years ago, as shown in Table 2 and Figure 9 below. From the LSIA, on average, the income for Cohort 2 skilled and business migrants is significantly higher than for Cohort 1 migrants.

Table 2: Median Personal Weekly Income of Primary Applicants and Spouses by Visa Category and Cohort (2000 dollars)

Visa Category	Cohort 1 ⁽¹⁾	Cohort 2
Concessional family/skilled Australian-linked	193	383
Independent	309	544
Business skills/ENS	375	483

Note: (1) 1994 values updated to 2000 values, using change in CPI, weighted average 8 capital cities, March 2000.

Figure 9: Total Personal Income of Primary Applicants and Spouses, Cohort 1 and 2 (%)



U.S. and Canadian research on the economic impact of migration

- 3.32 The positive economic and fiscal impact of recent skilled migrants to Australia is in stark contrast to concerns being expressed in the U.S. and Canada about the impact of unskilled and lower skilled migrants on the economy and poverty.
- 3.33 Leading American researchers believe that the U.S. experience since 1965, when immigration criteria began strongly favouring unskilled, family reunion migrants, has been that a large unskilled migration program has:
- dramatically increased inequality by increasing the gap between the wages of unskilled and skilled workers;
 - been of very little economic benefit;
 - had a negative fiscal impact; and
 - greatly increased the number of people living in poverty in the U.S.
- 3.34 The Canadian experience is also instructive. Like Australia, Canada is well aware of the contribution immigration can make to a sustainable future population. However, the labour market performance of migrants to that country has raised concerns over the Canadian program. Recent research indicates that in 1996, new immigrants were making just 60 per cent of what the average Canadian earned, compared to 80 per cent in 1981.
- 3.35 It has been suggested that the chief reason for this decline in the labour market performance of migrants to Canada is a growing gap between the educational qualifications of migrants and those of the native population. This situation has been exacerbated by the emergence of a “knowledge economy” with a greater emphasis on education and changing labour market structure, leading some Canadian researchers to propose a sharper focus on skills and qualifications and greater targeting of key areas such as ICT.

4. ATTRACTING SKILLED MIGRANTS AND FACILITATING SETTLEMENT – AUSTRALIA’S REPORT CARD

Term of reference 2 – The degree to which quality permanent skilled migrants are being attracted to Australia and settling well.

“One thing we are doing well as a nation is starting to get into the skilled migration market...This is of great importance, because if we want to be a high-wage, high-income economy down the track, it will come down to our skills in the end”

Chris Richardson, Access Economics.

- 4.1 This chapter describes the immigration programs in place in Australia that attract and settle skilled permanent migrants and skilled temporary entrants, with a focus on recent initiatives to increase Australia’s international competitiveness for skilled foreign labour. It also provides a summary of recent outcomes for each visa category including research findings on the effectiveness of Australia’s migration and temporary entry programs in contributing to Australia’s economic and social well-being.
- 4.2 Wherever possible, DIMIA Fact Sheets and other relevant material have been attached as appendices to this submission to provide further detail on the eligibility criteria and processes for each visa category, recent initiatives and research findings.
- 4.3 Given the importance of rural and regional issues, including the need to continue to address declining and ageing populations and limited employment opportunities in some rural areas, a separate chapter (Chapter 5 – State-specific and Regional Skilled Migration) has been devoted to outlining a range of measures introduced to encourage increased settlement of skilled and business migrants in Australia’s regional areas as well as to States and Territories that are seeking a higher number of these migrants.

Managing skilled permanent and temporary entry into Australia

“Australia of course has long been ahead of the game in its research into migration policy. It’s almost certainly the most informed migration policy in the world – perhaps the world has ever seen.”

Professor John Salt, London University

- 4.4 Australia has a highly flexible approach to setting the annual Migration Program size and structure to respond to changing needs and opportunities. A range of tools are available to assist in the management of numbers of migrants entering Australia under certain visa categories. These include:
 - the imposition of a cap on certain visa categories if needed;
 - suspension of processing of visa applications in specified visa classes for a period of time;
 - passmark variation; and
 - priority processing of visa applications in identified visa categories for applicants who have the most compelling claims for entry to Australia in terms of the Government’s policy.

- 4.5 Flexibility within program years has also been provided through the use of contingency reserves and for 2002-03 and the next three years through the introduction of a range for the number of planned places.
- 4.6 Australia also has very flexible arrangements for people to be able to apply for permanent migration after entry on a temporary basis. This is designed particularly for people involved in business entry.
- 4.7 Australia is a world leader in terms of immigration data collection, including the LSIA, on permanent and temporary migrants, including skilled entrants. In addition, DIMIA manages a variety of research projects on immigration, population and settlement issues.
- Monthly Overseas Arrivals and Departures statistics are the most comprehensive data collected anywhere. They are compiled by linking visa issue data with information obtained from International Passenger Cards.
 - Population Census data (collected every 5 years) are the most comprehensive data on overseas-born collected in a full census in the world. Data items include age, sex, birthplace, birthplace of parents, ancestry, language spoken, English proficiency, religion, citizenship, qualifications and occupation.
 - Australia is the only country in the world that produces statistics (quarterly) on the stock of all temporary entrants at a particular date. Detailed statistics on visa applications and grants are also compiled, as well as performance information relating to service standards and application processing times for various permanent migration and temporary entry visa categories. 2001-02 performance information on processing times against service standards for skilled entry visa categories is at Appendix 14.

Australia's competitive edge in immigration data collection

The high quality and comprehensive nature of Australia's statistical information and our research program informs immigration policy and gives Australia advantages over other countries in program monitoring and policy fine-tuning.

In particular, the LSIA has been recognised internationally as a fore-runner in the field of migration and population research.

In recent years, Canada, New Zealand, and the UK have been examining the feasibility of undertaking a major survey of immigrants' settlement experiences. Australia has assisted these countries by providing them with details about the methodology used in our LSIA and by sharing the experience we have gained during the course of the survey.

DIMIA continues to work with these countries.

Overview of Skilled Permanent and Temporary Entry Visa Categories

- 4.8 Australia has developed a wide range of skilled visa categories to maximise our competitiveness and to cater for a range of needs and objectives. We provide both skilled permanent residence visas (which form the Skill Stream of the permanent Migration Program) as well as skilled temporary entry visas. Many of these visas

also have a State and/or regional authority dimension to them. These are discussed in Chapter 5.

4.9 In the permanent residence area, there are four broad groups of skilled migrants. These are:

- (i) ***Independent and Skilled-Australian Sponsored [General Skilled Migration]***
 - Independent migrants are accepted on the basis of their English language ability, age, skills and work experience, to maximise their potential to contribute quickly to the Australian economy. They are not sponsored by an employer or relative in Australia.
 - Skilled-Australian Sponsored category migrants are selected on the basis of their skills, age, English-language ability and family relationship. They must be sponsored by a relative already living in Australia.
- (ii) ***Business Skills migration.*** The Business Skills program encourages successful business people to settle permanently in Australia and develop new business opportunities. Business Skills migration visa categories include:
 - The Business owner category;
 - The Senior executive category;
 - The Investment-linked category; and
 - The Established Business in Australia category
- (iii) ***Employer nomination.*** Employers may nominate personnel from overseas through the following visa categories:
 - The Employer Nomination Scheme;
 - The Regional Sponsored Migration Scheme [discussed in Chapter 5];
 - Labour Agreements; and
 - Regional Headquarter Agreements.
- (iv) ***Distinguished Talent.*** This is a small category for distinguished individuals with special or unique international class talents of benefit to Australia.

4.10 An overview of Skilled Migration categories is in Fact Sheet 24 '*Overview of Skilled Migration*' on DIMIA's website.

4.11 In addition, Australia has also developed a range of temporary entry visas that provide a contribution to the labour force. Avenues for skilled people to enter Australia on a temporary basis include the following:

- (i) ***Business Visitor Visas*** – for business people who come to Australia for short stays;
- (ii) ***Skilled Temporary Residence Visas*** – These visas allow employers to recruit skilled and key personnel from overseas to meet skills shortages and for the entry of persons to undertake certain business activities. Visas include:
 - *business entry visas* - these allow employers to recruit key personnel from overseas to overcome temporary skilled labour shortages;
 - *educational visas* - these allow educational and research institutions

or organisations to fill academic, teaching and research positions, unable to be filled from the Australian labour market; and

- *medical practitioner visas* – for suitably qualified medical practitioners from overseas who satisfy labour market requirements.

(iii) ***Other Temporary Entry Visas*** – These broadly fall into two streams:

- the *Cultural and Social Stream*, which allows the entry of people to take part in a range of sporting, entertainment, academic and cultural activities; and
- the *International Relations stream*, which fosters international relations and goodwill by allowing for the entry of persons working for foreign governments and international organisations and persons entering under exchange agreements. It also currently includes visas for persons participating in programs designed to provide cultural opportunities in Australia for young people from overseas such as the Working Holiday Maker Program; and

(iv) ***The Overseas Students Program***.

Skilled Migration

(i) General Skilled Migration [Independent and Skilled-Australian Sponsored]

4.12 Australia is one of only three countries with General Skilled Migration categories. The others are Canada and New Zealand.

4.13 An overview of these categories is in Fact Sheet 25 '*Skilled categories*' on DIMIA's website. The General Skilled Migration visa categories are comprised of the two largest categories in the Skill Stream of Australia's Migration Program. These are the Skilled-Independent and Skilled-Australian-Sponsored (SAS) visa categories. Entry under both visa categories is dependent on a points test.

Objectives

4.14 The points test for these visa categories is designed to select young, skilled, English proficient migrants with skills in demand who are able to gain employment quickly and who are able to make a positive contribution to Australia's economy.

History of the General Skilled Migration categories

4.15 Australia has had General Skilled Migration visa categories in place in one form or another for over twenty years. Table 3 shows the number of visas granted in the General Skilled Migration categories over the past 10 years or so.

Table 3: General Skilled Migration Visa Grants, 1992-93 to 2002-03 planned

	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03 (planned)
Ind.(a)	13,000	11,800	15,000	10,600	15,000	13,270	13,640	15,610	22,380	29,600	32,200
SAS (b)	7,700	9,400	7,700	8,000	7,340	9,540	9,240	7,900	7,200	6,800	10,500
Total	20,700	20,400	22,700	18,600	22,340	22,810	22,880	23,510	29,580	36,400	42,700

(a) Independent – Named Independent prior to 1 July 1999. It is now called Skilled-Independent

(b) From 1 July 1997 the Concessional Family Category was replaced by the Skilled-Australian Linked category and transferred from the Family to the Skill Stream. On 1 July 1999, it was renamed the Skilled-Australian Sponsored (SAS) category.

- 4.16 The precursors to today's General Skilled Migration categories were introduced in the late 1970s to provide greater focus on the skills of migrants to Australia.
- 4.17 The skilled migration categories were examined by the Committee to Advise on Australia's Immigration Policies (CAAIP) in the late 1980s. The CAAIP report recommended that the Migration Program have a stronger economic focus and proposed the introduction of an open category which was to be based on a numerical rating system, with the size of the program to be managed by the use of an adjustable 'pass mark'. Factors to be assessed under the rating system could include labour market skills, entrepreneurship and special talents, age, language, settlement capacity, kinship to Australia, links with Australia and the attributes of the spouse. The Government did not adopt CAAIP's recommendation that a single 'open category' be introduced. Instead, the objectives of the open category were to be met through a range of different categories, including the Employer Nomination Scheme, the Business Migration categories and the Independent and Concessional Family categories.
- 4.18 A major review of the general points test was concluded in 1996-97. The report of that review recommended a number of reforms that have progressively been implemented. These include:
- *Pre-Application Skills Assessment (PASA)*. The introduction of PASA effectively streamlined the processing of applications by having applicants' skills assessed by the relevant expert professional body rather than by DIMIA decision-makers prior to the lodging of their applications.
 - *The introduction of threshold criteria*. The introduction of minimum requirements for the core criteria of skill, age and English language ability reflected the importance of these and other attributes when it comes to finding appropriate employment.
 - *The abolition of the concept of 'usual occupation'*. In view of difficulties experienced with the concept of usual occupation, this concept was replaced by a requirement that prospective applicants nominate the occupation against which they wish to have their skills assessed from the gazetted list of skilled occupations.
 - *Reduced points for a number of non-employment-related factors* in the sponsored categories.
 - *More points for employment and economic factors* including Australian work experience and Australian qualifications, spouse skills and settlement capital.
- 4.19 Two other significant changes since the 1996-97 review have been:
- allowing successful overseas students to apply for general skilled migration without leaving Australia:
 - the benefit is increased numbers of young, skilled, English proficient people, who have been trained in Australian institutions to Australian standards, as permanent migrants; and
 - requiring all general skilled migration applicants to send their applications to DIMIA's Adelaide Office (Adelaide Skilled Processing Centre (ASPC)).
 - The benefit of this initiative is that processing expertise is concentrated in this centre of excellence, leading to more efficient and speedier

processing of these applications. At 30 June 2002, there were 2,800 old points test (pre-July 1999) applications in the pipeline. This is significantly lower than the pipeline of around 10,600 at the end of June 2001.

Visa categories overview

- 4.20 In summary, there are two broad types of visa categories under General Skilled Migration. These are visa categories for skilled people wishing to apply to migrate to Australia:
- independently; or
 - with family sponsorship.
- 4.21 People applying under either the Skilled-Independent or Skilled-Australian Sponsored visa categories must meet minimum requirements for the core criteria of skill, age and English language ability, as follows:
- *Skills* – All applicants must meet Australian standards for an occupation nominated from a Skilled Occupations List (SOL). A copy of the latest SOL (as at 17 April 2002) is at Appendix 15. Applicants must also have at least 12 or 24 months recent work experience in a skilled occupation (depending on their nominated occupation). The work experience requirement is waived for applicants who have completed an Australian qualification in the six months before they lodge their migration application.
 - *Age* – All applicants must be younger than 45 years of age at the time of lodging their migration application.
 - *English language ability* – All applicants must be proficient in English at the vocational level. This would be demonstrated by achieving an overall score of at least five out of a possible nine on the International English Language Testing System (IELTS); with a minimum score of at least five for all four components – writing, reading, listening and speaking. There is an English language concession for some applicants in the Skilled-Designated Area category (see Chapter 5) which allows them to come to Australia with only functional level English provided they pay an English-language up-grade fee where appropriate.
- 4.22 In addition to the requirement to meet the core skill criteria outlined above, applicants must also pass a points test where they receive points for how well they meet the core criteria. Extra points are awarded where their skills are in short supply in Australia as evidenced by their occupation being on the Migration Occupations in Demand List (MODL) at the time that their application is assessed, and they have a job offer in their nominated occupation from an organisation that has employed at least 10 people on a full-time basis for the previous two financial years. A copy of the latest MODL is at Appendix 16.

Skilled – Independent

- 4.23 Skilled-Independent applicants must be highly skilled and have education, skills and other employability characteristics that will enable them to contribute to the Australian economy. Applicants must pass the points test, receiving points in relation to a range of factors, as well as satisfy the core criteria relating to skill,

age, and English language ability. Other factors for which points are awarded include Australian qualifications, fluency in languages other than English, specific work experience, and spouse skills. Under current legislation, applicants are awarded points for each basic requirement. They must gain sufficient points to reach the pass mark in effect at the time their application was lodged.

Applications which receive a score below the pass mark but above another mark, known as the 'pool mark', are held in reserve for 24 months after assessment. If the pass mark is lowered at any time in that period, and the applicant's score is equal to, or higher than, the new pass mark, the application will be processed further.

- 4.24 A Skilled-Independent applicant can be nominated directly by a State/Territory government or have their details placed on the skill matching database for possible nomination by a State or Territory government under *the Skilled – State Territory Nominated Independent* category. They can also be nominated by an employer under the *Regional Sponsored Migration Scheme*. The applicant's details will remain on the skill matching database for 2 years from the date of assessment. These State-specific and regional migration visa categories are discussed in detail in Chapter 5 'State-specific and Regional Skilled Migration'.

Skilled – Australian Sponsored

- 4.25 The Skilled-Australian Sponsored visa category is designed for potential skilled migrants who have a sponsor living in Australia. It replaced the Skilled-Australian Linked category which was, in an earlier incarnation, the Concessional Family category. The applicant must have a sponsor and an assurer. (A sponsor is a relative who is living in Australia, is an Australian citizen or permanent resident and is prepared to sponsor the applicant. An assurer is a person living in Australia who is an Australian citizen or permanent resident and who agrees to provide financial support (an Assurance of Support) for a certain period so that the applicant will not have to rely on Government forms of support during that time. A sponsor and assurer may be the same person. The applicant or their spouse must be related to the sponsor as either: a non-dependent child; a parent; a brother or sister; or a niece or nephew.
- 4.26 Like Skilled-Independent applicants, applicants in the Skilled-Australian Sponsored visa category must be highly skilled and have education, skills and employability which will enable them to contribute to the Australian economy. Applicants must pass the points test as well as satisfy the core criteria relating to skill, age, and English language ability. Similar to Skilled-Independent applicants, other factors for which points are awarded include specific work experience, occupation in demand (and job offer), Australian qualifications, spouse skills, and fluency in languages other than English. However, Skilled-Australian Sponsored applicants are also awarded points for the family ties set out in paragraph 4.25 and for status of sponsors. As for the Skilled – Independent category, applicants are awarded points for each core criteria. Pool and pass mark arrangements are the same as for Skilled-Independent applicants set out in paragraph 4.23 above.
- 4.27 If the sponsor lives in a designated area (set out under the relevant Gazette Notice), applicants can apply under the Skilled – Designated Area sponsored visa category which is part of the State-specific and regional migration mechanisms discussed in Chapter 5. This visa category is not points tested (although there are

threshold criteria) and sponsorship extends to a grandchild and first cousin.

Recent initiatives and outcomes

4.28 Key initiatives introduced to facilitate the recruitment of skilled workers under General Skilled Migration and to maintain Australia's position in the global competition for skilled migrants include the following:

- *New points test.* The new points test discussed in paragraphs 4.21 to 4.22 was introduced on 1 July 1999. The pass mark was set at 115 in May 2002 (an increase of 5 points).
 - As a result of the refined points test, we are attracting better educated, younger, more job-ready General Skilled migrants with the language skills to operate successfully in the Australian workforce. Research shows that the major upgrading in selection standards over recent years have led to today's Skilled Independent principal migrants:
 - : Being younger – around 63 percent of principal applicants are aged 18 to 29 years compared to 51 percent in 1994-95;
 - : Having better English language skills – about 90 percent of principal applicants achieved maximum points for English compared to 83 percent in 1994-95; and
 - : Almost half have obtained their qualifications from an Australian educational institution.
 - Research shows that recent Skilled Independent migrants are performing many times better in the labour market, with higher rates of employment and higher incomes, than those who were entering under the same category in the mid-1990s. Unemployment rates for Skilled Independent migrants six months after arrival in Australia are 10% compared to 28% for migrants in the same visa category entering Australia in the mid-1990's.
- *Migration Occupations in Demand List (MODL).* The new points test introduced in 1999 also introduced the MODL described in paragraph 4.22. As a result of the introduction of the MODL and initiatives to attract successful Australian-educated students with qualifications in national shortage, we now have unprecedented demand for migration places from Australian-educated overseas students and a high percentage of Skilled-Independent migrants have an occupation on MODL.
 - Research shows that some 44 percent of general skilled migrants have qualifications that are in national shortage.
- *Pre-Application Skills Assessment (PASA).* The introduction in 1999 of the pre-application skills assessment (PASA) described in paragraph 4.18 for general points-tested applicants has also resulted in better targeting of skilled migrants to labour shortages and more efficient and speedier processing. PASA has been a win/win situation:
 - General Skilled Migration applicants are now better informed about their likely chances of success.

- : Application refusal rates have dropped from around 50 percent pre-PASA to about 6 percent in 2001-02;
 - : Applications for appeal to the Migration Review Tribunal have decreased dramatically from over 1,000 in 1999-00 to 171 in 2001-02;
 - there are cost savings to potential General Skilled Migration applicants by deterring those likely to be unsuccessful from incurring the expense of a migration application; and
 - there are cost savings to Australian tax payers in terms of the resources previously devoted to skills assessment within DIMIA and other relevant agencies.
- *ICT initiatives.* A range of specific initiatives were implemented to attract highly skilled ICT workers to Australia under the general skilled migration categories. These were very successful with a net gain of 8,000 ICT people in 2000-01 compared to 1999-00. Many of these initiatives, however, have now ceased given the slow-down in the ICT sector.
 - *Nurses initiatives.* From 1 July 2002, nurses receive priority processing.
 - *Migration booklets.* A significant step that has been taken to increase awareness of immigration opportunities is the production of eight new booklets on permanent migration to Australia. While the primary purpose of these booklets is to inform potential applicants of Australia's immigration criteria and requirements, the simple, comprehensive and clear presentation of these booklets helps promote Australia as a destination for skilled and business migrants. The eight booklets, including booklets on General Skilled Migration, the employer sponsored categories, and the business skills categories, are available in hard copy and over the Internet. They have been very well received by clients and migration agents, attracting many favourable comments.

(ii) Business Skills migration

- 4.29 Australia has a number of avenues through which overseas business people can apply to settle in Australia. These include:
- Business Owners;
 - Senior executives;
 - Investment Linked; and
 - Established Business in Australia (EBA) and Regional Established Business in Australia category (REBA). The latter is discussed in Chapter 5.
- 4.30 An overview of the business skills migration categories is in Fact Sheet 27 '*Business Skills Migration*' on DIMIA's website.

Objectives

- 4.31 The objective of Australia's Business Skills visa classes is to develop links with international markets; create or maintain employment in Australia; export Australian goods or services; produce goods or provide services that would otherwise be imported into Australia; introduce new or improved technology;

and/or increase commercial activity and competitiveness within sectors of the Australian economy.

- 4.32 Australia's Business Skills migration category seeks to attract migrants who will use their skills and experience to set up business ventures, and thus benefit Australia. It aims to attract people who have a successful business record as business owners, senior executives or investors either in Australia or overseas.

Visa category overview

- 4.33 There are several visa subclasses within Business Skills Migration which can be applied for both in Australia and overseas:

Business owners

- 4.34 Business owners are required to demonstrate that they have had a successful business career overall and that for two of the four fiscal years preceding their application they have had net assets in business of not less than AU\$200 000 and been involved in and responsible for the overall management of a business in which they have at least ten per cent ownership. As well as meeting these requirements, business owners must pass a points test which assesses factors such as turnover, annual labour costs, total business assets, age, language ability and net personal assets.

Senior executives

- 4.35 Senior executives must demonstrate that they have had a successful business career and for two of the four years preceding their application that they have been employed in the top three levels of management of a business which has an annual turnover of not less than AU\$50 million and pass a points test which assesses factors such as age, English language ability and net personal assets.

**NOTE: Once in Australia, business migrants under the business owner and senior executive subclasses are expected to establish new businesses or buy into and manage existing businesses. Benefits can include developing business links in international markets, creating employment, introducing new technology, increasing exports and replacing imports, and stimulating commercial activity within the Australian economy.*

Investment-linked

- 4.36 Investment-linked applicants must demonstrate a history of successful ownership and management in business and/or investment activities. In addition, applicants must make an investment into a State or Territory government security of between AU\$750 000 and AU\$2 million, for a period of three years, demonstrate that they have assets worth at least 50 per cent more than their proposed investment and pass a points test which assesses age and English language ability.

Established Business in Australia (EBA)

- 4.37 The EBA visa can only be applied for while in Australia. Applicants must demonstrate that they meet certain criteria relating to their ownership of a business in Australia. There is also a Regional Established Business in Australia (REBA) visa category which is discussed in Chapter 5.

4.38 Although there is no requirement for successful applicants to transfer their capital as a condition of visa issue, there is an expectation that business skills migrants will have the capacity and commitment to go into business within a fairly short time after arrival. Table 4 shows the rising number of visas granted in recent years under EBA and the REBA visa categories.

Table 4: EBA and REBA Visa Grants, 1999-00 to 2001-02

	1999-00	2000-01	2001-02
EBA	382	1241	1332
REBA	13	41	40
Total	395	1282	1372

Business Skills Processing Times

4.39 The service standard for processing Business Skills Class applications lodged offshore is 6 months for low risk caseloads and 13.8 months for high risk caseloads. In 2001-02, 34% of low risk cases and 50% of high risk Business Class applications lodged offshore were finalised within the service standard. Further information on processing times against the service standard for Business Skills Class applications is contained in Appendix 14 'Non-Humanitarian Entry and Stay Performance Information'.

4.40 Processing times can vary due to:

- the number of incomplete applications requiring additional documentation before a decision can be made;
- the high degree of complexity in assessments due to detailed regulatory criteria;
- many applicants in the Investment-Linked category delaying liquidating assets in order to fund designated investments;
- in many environments medical deferrals contribute to longer processing times; and
- the need for additional integrity checks to be done in some environments (eg. site visits).

4.41 A number of strategies are being put in place to improve processing times, for example, through:

- the repatriation of caseloads to onshore processing centres;
- the establishment on 1 July 2002 of three Business Skills processing centres of excellence in Hong Kong, Taipei and Perth; and
- the development of an incomplete application strategy in consultation with overseas posts, regional offices and the Migration Institute of Australia.

Outcomes and proposed initiatives

4.42 Since 1981, more than 16 000 business people plus members of their families (a total of about 69000 people from about 100 countries) have settled in Australia under programs designed to attract business people. The number of business skills visas granted has been rising in recent years – 1 900 in 1993-94, 2 400 in

1994-95, 4 900 in 1995-96, 5 820 in 1996-97, 5 360 in 1997-98, 6 080 in 1998-99, 6 260 in 1999-00, 7 360 in 2000-01, and 7 590 in 2001-02.

4.43 In 2001-02:

- 5,081 visas were granted in the Business Owner category;
- 543 visas were granted in the Senior Executive visa category;
- 1,004 visas were granted in the Investment-Linked visa category; and
- 1,332 visas granted in the EBA visa category.

4.44 Business Skills migration continues to provide economic benefits to Australia in terms of job creation, capital transfers and exports. However, some concerns about the overall performance of the category are emerging. There are cancellation provisions under the *Migration Act* if a business migrant does not make a genuine effort to obtain a substantial ownership interest in a business. The business engagement rate has been declining over the last three years and the number of business migrants whose visas are cancelled for failing to make a genuine effort to engage in business has increased significantly (591 visas were cancelled in 2001-2002 compared with 439 the previous year). This has been identified through increased emphasis on targeted site visits of business skills visa holders. Changes have been foreshadowed and consultations are proceeding.

4.45 The Minister is currently considering changes to the processing of Business Skills visas. These changes would focus on providing permanent residence for high calibre business migrants and a two stage process for others. Under the two stage arrangements, business migrants would be granted a provisional visa for four years and, after establishing the requisite level of business activity, be eligible for permanent residence. An additional key element of this proposal is to enable State and Territory governments to sponsor business migrants, the primary objective of which is better dispersal of the business migration intake around Australia. Such a proposal would empower State and Territory governments to sponsor business migrants in accordance with their economic development objectives. As well, the proportion of business migrants successfully engaging in business would increase, as State and Territory governments provide a range of post arrival business related services that greatly assist business migrants in their jurisdiction. This proposal is being developed in consultation with a wide range of stakeholders, in particular, State and Territory governments, the migration industry, an External Reference Group established by the Minister and the business community. This proposal is discussed further in Chapter 5 'State-specific and Regional Skilled Migration'.

(iii) Employer Nomination

4.46 An overview of the employer nomination migration mechanisms is contained in Fact Sheet 24 '*Overview of Skilled Migration*' on DIMIA's website.

4.47 Employers may nominate (or 'sponsor') people from overseas through:

- *the Employer Nomination Scheme (ENS)*;
- *the Regional Sponsored Migration Scheme (RSMS)*;
- *Labour Agreements (LAs)*; and

- *Regional Headquarters (RHQ) Agreements.*

Objectives

- 4.48 The objective of these visas is to enable Australian employers to fill skilled permanent vacancies with overseas personnel if they cannot find qualified workers in Australia.
- 4.49 Table 5 shows the number of visas granted in the employer nominated visa categories from 1992-93 to 2001-02.

92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02
4,800	4,000	3,300	4,640	5,560	5,950	5,650	5,390	7,425	9,307

Note:* Includes Employer Nomination Scheme, Labour Agreements, and Regional Sponsored Migration Scheme

Visa categories overview

The Employer Nomination Scheme (ENS)

- 4.52 The ENS provides for Australian employers to fill ‘highly skilled’ positions with overseas employees when they are unable to fill a vacancy from within the Australian labour market or through their own training programs. A ‘highly skilled’ position requires 3 years of formal training (or equivalent experience) followed by 3 years relevant work experience. The position must be full time and be at least for 3 years.

The Regional Sponsored Migration Scheme (RSMS)

- 4.53 The RSMS is designed to address skill shortages in regional and low population growth areas of Australia and is discussed in more detail in Chapter 5 ‘State-Specific and Regional Skilled Migration’.

Labour Agreements

- 4.54 A Labour Agreement is a formal arrangement negotiated between an 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. A trade union may also be a signatory to a Labour Agreement at the employer’s discretion. Labour market testing and evaluation of the skilled nature of the position are dealt with during the negotiation phase. The skills of individual applicants are checked to ensure they satisfy the requirements of the Agreement. Labour Agreements ensure that the recruitment of skilled persons from overseas occurs in the context of improving employment and training opportunities for Australians.
- 4.55 They usually run for 3 years, with most negotiated for temporary entry only. Entrants under Labour Agreements receive priority processing.
- 4.56 There are 58 current Labour Agreements with the major areas covered being in the ICT and hospitality sectors.

Regional Headquarters (RHQ) Agreements

4.57 RHQ Agreements are for overseas companies choosing Australia as their company headquarters for operations throughout the region. They provide streamlined immigration arrangements to enable the transfer on both a permanent and temporary basis of key executive and specialist personnel of an organisation that Australia has accepted as managing functions that support an international operation.

Recent initiatives and outcomes

4.58 Since 1 July 1999, new measures have been introduced to streamline the employer nomination provisions to enable employers to meet critical skill needs.

- Labour market testing in the ENS category has been waived for positions that involve skills in demand such as nursing and other health professionals. All occupations on the MODL are skills in demand.
- Changes have also been made to enable successful overseas students in Australia with these skills to apply for employer nominated migration without meeting the normal experience requirements.

4.59 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. In 2001-02, around 81% of visas in the employer nominated category were granted onshore, with 67% previously holding a Business Long Stay (subclass 457) visa prior to gaining permanent residency.

4.60 Demand for the employer nominated categories over 2001-02 resulted in an almost 60% increase over the initial planning figure period. This was expected and catered for through the use of the contingency reserve for 2001-02.

4.61 Approximately 98% of visa holders in these categories were in the top four levels of ASCO (1 – Managers and Administrators, 2 – Professionals, 3 – Associate Professionals, and 4 – Tradespersons and Related Workers).

(iv) Distinguished Talent

4.62 The Distinguished Talent visa category is a small category for distinguished individuals with special or unique talents of benefit to Australia. Over 1800 visas have been granted to people in this visa category since 1992-93. The profile of people who have been successful under this category generally include sports people, musicians, artists and designers, all of whom were internationally recognised as outstanding in their field. In 2001-02, 208 visas (including family members) were granted under this category.

4.63 Table 6 shows the annual number of visas granted under the Distinguished Talent visa category from 1992-93 to 2001-02.

Table 6: Distinguished Talent Visa Grants, 1992-93 to 2001-02

92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02
200	200	100	200	190	180	210	110	230	208

Skilled Temporary Entry

“Sponsored temporary business residents generally have higher incomes than permanent business migrants because employers use the temporary visa facility to bring personnel with specialist managerial or technical expertise to Australia at short notice.”

Chris Richardson, Access Economics

Objectives

- 4.64 The objective of Australia’s skilled temporary entry visa categories is to enable Australian business to supplement critical skill shortages in industries where local recruitment and training efforts are insufficient to meet demand and permanent filling from overseas is not necessary.
- 4.65 Skilled temporary entry programs give employers greater flexibility in targeting skilled workers, some of whom are, in any case, not interested in permanent residence in any one country.
- 4.66 Australia has developed a range of temporary entry visas that provide a contribution to the labour force: An overview of Australia’s temporary entry program is in Fact Sheet 46 ‘*Temporary Entry: An Overview*’ on DIMIA’s website. Further information on Australia’s short and long stay temporary entry programs is contained in Fact Sheet 48 ‘*Assisting Skilled and Business People*’ and Fact Sheet 47 ‘*Temporary Residence in Australia*’ (both on DIMIA’s website).
- 4.67 Skilled short and long-term temporary entrants to Australia fall broadly into four categories:
- (i) *Business Visitors* – these are business people who come for short stays. These people enter on Business Visitor visas;
 - (ii) *Skilled Temporary Residents* – these are employer-sponsored temporary business entrants who enter on a variety of visas such as the Temporary Business (Long Stay) 457 visa, the Independent Executive visa, the Medical Practitioner visa, and the Educational visa;
 - (iii) *Other Temporary entrants* - those who come to Australia for a variety of social and cultural and international relations purposes. This group includes those entering under the Working Holiday Maker Program, the Visiting Academic visa, the Public Lecturer visa, and the Occupational Trainee visa; and
 - (iv) *Overseas students* – those who wish to undertake full-time study in registered courses in Australia under the Overseas Students Program.

(i) Business Visitor Visas

- 4.68 Business Visitors are people who come for short periods for business purposes, including conferences. These people enter on a Business Visitor visa (short stay). In 2001-02, a total of 258,038 Business Visitor visas were granted. This was 1 per cent lower than the 260,383 visas issued in 2000-01. The top ten source countries in 2001-02 were China (50,753), USA (43,297), UK (20,770), Japan (16,807), India (12,708), Indonesia (10,262), Thailand (8,013), Canada (7179), South Africa (6,719), and Singapore (6,361).

(ii) Skilled Temporary Resident Visas

Temporary Business (Long Stay) subclass 457 visa

- 4.69 This visa category caters for people who are recruited by Australian companies as skilled personnel or who wish to establish, or purchase an interest in, and manage a business in Australia. They enter for periods of stay from 3 months up to 4 years.
- 4.70 All employers wishing to recruit staff from overseas under the Temporary Business Entry (Long Stay) subclass 457 visa must demonstrate that the entry of overseas personnel will provide benefit to Australia by contributing to the creation of employment for Australians, expanding trade, improving business links with international markets or enhancing competitiveness within the Australian economy. Employers must also be of good standing and demonstrate that they have a satisfactory commitment to training Australian residents or that they will introduce or utilise new or improved technology or business skills. Employers may also be required to demonstrate that suitably qualified Australians could not be found to fill the positions.
- 4.71 In assessing the "benefit to Australia" criteria, immigration officers consider the economic benefits that will accrue as a result of the sponsorship approval and employment of a temporary resident. They also consider the nature of the proposed business activity against the purpose of our temporary business entry programs, and consider the consequences for the Australian community that may arise from approving the entry of overseas workers.
- 4.72 Whilst labour market testing is not a requirement under the 457 visa category, positions that a sponsor nominates to be filled must meet minimum skill and salary levels to be approved. The minimum skill level is broadly commensurate with occupational groups 1-4 of the Australian Standard Classification of Occupations (ASCO 2nd edition) publication produced by the Australian Bureau of Statistics (1 - Managers and Administrators, 2 – Professionals, 3 - Associate Professionals, and 4 - Tradespersons and Related Workers).
- 4.73 The minimum salary level is based on the annual average salary for all Australians. At 1 July 2001, this figure was AUD\$34,075. The minimum salary level represents gross salary and cannot include salary packaged items, such as superannuation, vehicles, bonuses or other allowances.
- 4.74 All employers seeking to sponsor overseas temporary residents must meet a range of undertakings in relation to sponsored workers, including paying at least award-level wages, meeting obligations to the Commonwealth in relation to taxation and social security, and assuming responsibility for medical costs incurred by sponsored persons and their dependants.
- 4.75 Where the sponsor is operating a business in Australia, they must accept as good practice, the desirability of appropriate career opportunities for Australians. Sponsors must also comply with Australian industrial relations laws, Australian levels of remuneration, and conditions of employment.
- 4.76 Regular monitoring is undertaken by DIMIA to ensure that sponsors are meeting their undertakings. Where sponsors are found to be in breach of their undertakings, the sponsorship may be cancelled and subsequent sponsorship applications refused.

4.77 During 2001-02, 37 597 long stay 457 business visas were granted to fill skill shortages in Australian businesses. Most Temporary Business (Long Stay) visa holders are employed in professional or management positions. At 30 June 2002, there were 55 001 Temporary Business (Long Stay) visa holders in Australia.

Independent Executives

4.78 The Independent Executive category of the Business (Long Stay) visa is a non-sponsored temporary visa that enables a person to enter Australia for the purpose of establishing, or buying into, a business and managing that business. At 30 June 2002, there were an estimated 7,408 Independent Executive visa holders in Australia, up by 11.9 per cent on the 6,619 present in June 2001.

Educational Visa

4.79 This category allows educational and research institutions or organisations to fill academic, teaching and research positions that cannot be filled from within the Australian labour market. Educational visa grants increased slightly from 1,727 in 2000-01 to 1,818 in 2001-02. At 30 June 2002, there were 1,711 Educational visa holders in Australia (3.3 per cent higher than the 30 June 2001 figure of 1,656).

Medical Practitioner Visa

4.80 This category facilitates employment of qualified general and specialist medical practitioners where there is a demonstrated need for employing practitioners from overseas. Temporary resident doctors are recruited to fill identified “area of need” positions with the focus being on providing services to regional and remote areas of Australia. Medical Practitioner visa grants increased from 3,432 visa grants in 2000-01 to 3,888 in 2001-02. At 30 June 2002, there were 2,899 Medical Practitioner visa holders in Australia (17 per cent above the 30 June 2001 figure of 2,477).

Recent initiatives and outcomes

4.81 Recent initiatives that aim to assist employers seeking skilled temporary staff from both established and emerging markets include:

- streamlined health and character assessments that facilitate the quick entry of temporary business visa applicants. The requirement for routine medical examinations for temporary applicants from low health risk environments has also been removed; and
- the creation of specialised Business Centres in DIMIA offices around Australia.

4.82 The fiscal and economic effects of long-term temporary business entrants were discussed in Chapter 3.

4.83 Australia’s temporary business entry arrangements also benefit Australia by filling skill shortages and introducing new skills, knowledge and technology. In recent times, growth industry sectors such as the health and education sectors have taken particular advantage of temporary business entry provisions to help meet their recruitment needs.

- 4.84 DIMIA has recently undertaken a review of the Temporary Residence Program, with the aim of achieving greater simplification, efficiency and client service in the operation of 20 temporary residence visas. The terms of reference for the review are at Appendix 17.
- 4.85 Of the visas included in the Review of the Temporary Residence Program, those for skilled workers account for the majority of the temporary residence visas granted each year.
- 4.86 The Review noted that, while the temporary residence program provides substantial benefits, its benefits will only be derived if there are effective arrangements in place to minimise the potential costs. The arrangements put in place to minimise the potentially negative impacts must be delivered with a view to maximising client service and administrative efficiency. These arrangements must aim to:
- ensure there are no adverse impacts on job opportunities for Australians;
 - protect pay and conditions for Australian workers;
 - provide training opportunities for Australians;
 - ensure the program does not result in net costs to Commonwealth and State Budgets; and
 - maintain the integrity of entry to and stay in Australia.
- 4.87 Each visa under review was examined against the above five policy parameters and their delivery mechanisms.
- 4.88 The key points of note from the Review and recommendations that are relevant to the JSCM Inquiry into Skilled Migration are set out below.

Protecting Employment Opportunities for Australians

- 4.89 Protecting the employment opportunities of Australians is a key objective of temporary residence programs. The Review found that there have been two major developments in this regard that must be factored into the design of temporary residence programs:
- a) the changing nature of Australia's economy has meant that the demand for skilled workers has increased significantly more rapidly than for unskilled workers. This is reflected in the fact that unemployment rates of skilled workers are generally very low while those for unskilled workers are high (usually well above the national average); and
 - b) traditional approaches to labour market testing have become anachronistic. Requirements that involve employers having to show a minimum number of "unsuccessful" advertisements for a position can be readily manipulated by those seeking to do so.
- 4.90 It is against this background that the Review recommended (as has already been adopted for the subclass 457 visa) that the objective of protecting the employment opportunities of Australians be pursued, where possible, through the use of appropriate salary thresholds and identification by DEWR of highly skilled occupations in which there is some degree of shortage such that filling by an overseas temporary resident would be appropriate.

Pay and Conditions for Australian Workers

- 4.91 The Review noted that it is essential that employers who sponsor temporary residents pay them at least minimum award wages and conditions for three main reasons (apart from the fact that it is illegal to do otherwise):
- a) employers who bring in skilled workers from overseas should not obtain an unfair advantage over employers who do not;
 - b) the job opportunities of Australians must not be undermined; and
 - c) the overseas workers must not be exploited.
- 4.92 The Review found that, while there is a good level of compliance with the payment of Australian awards and conditions, this is a matter that requires close ongoing monitoring, including via site visits. It is also important that there are appropriate immigration sanctions against employers who breach these requirements in addition to these employers being referred to other relevant agencies (eg the Australian Taxation Office and State and Commonwealth Industrial Relations agencies).

Training Opportunities for Australians

- 4.93 Australia's Temporary Residence Program is designed to provide opportunities for Australian employers to bring in overseas workers to meet specific skill shortages, provided that:
- the fundamental principle of Australia's temporary residence arrangements that Australian employers are expected to participate in training Australians is observed;
 - Australian employers do not abrogate their responsibilities or minimise their involvement in providing training opportunities for Australian workers, on the basis that they can obtain a worker from overseas; and
 - employer sponsorship undertakings ensure that this commitment is maintained.
- 4.94 Because of the increasing mobility of skilled people, it is possible for an employer to have an excellent training record, but to lose staff to other employers who, because they do not invest in any training themselves, can pay higher salaries to already trained workers. This may be an increasing problem in the context of the persistent shortages of highly skilled workers. There are a number of mechanisms currently used to assess whether an employer has an appropriate level of commitment to training Australian workers. The Review recommended extension and enhancement of these arrangements, mainly with a view to:
- a) introducing more objective benchmarks to enable assessment of training records/commitment based on advice and training from DEWR;
 - b) greater streamlining of processes to assess training records/commitment; and
 - c) increased emphasis on monitoring and site visits to ensure compliance with training commitments.

No Net Cost to the Australian Community

- 4.95 Temporary entrants do not have access to Medicare or social security benefits. Policy expects that their Australian employers/sponsors accept responsibility for

any costs associated with them. Sponsorship means a sponsor accepts responsibility for all financial obligations to the Commonwealth incurred by the applicant arising out of their stay in Australia.

- 4.96 The Review recommended standardisation of the sponsorship requirement where it does not currently exist and clarification of sponsor undertakings. Increased monitoring and site visits are also important to ensure compliance.

Immigration Integrity

- 4.97 The lawful and orderly entry and stay of people is DIMIA's responsibility. The integrity of its arrangements in this regard is fundamental. The Review identifies a range of measures to protect Australia in relation to public health and safety, bona fides of visa applicants and periods of stay, as well as providing statistics on visa-specific issues such as compliance, visa cancellation and overstay.

- 4.98 The Review found that the temporary residence regime works well, especially for those people who are regular users of the visa arrangements. As with all areas of Government administration, there is scope for improvement. In this regard the Review makes a number of recommendations are directed at:

- policy clarification;
- structural changes;
- standardising requirements;
- improving sponsorship arrangements;
- streamlining processing; and
- other matters for further consideration.

- 4.99 The Review recommended that *policy clarification* in terms of guidelines and interpretations would provide more certainty for clients and result in faster processing of applications, for example, sponsorship guidelines for all visas; and 456 Business (Short Stay) to clarify types of work, and amount of time in work, allowed by the visa and use of this visa by persons with longer term intentions.

- 4.100 In terms of *structural changes* to the Temporary Residence Program, the Review recommended that some of the activity-specific or occupation-specific visas could be abolished and more generic visas used, for example, that some visas that provide for sponsored employees be amalgamated into the existing provisions for sponsored employees in the temporary business visa (subclass 457). This should result in simpler arrangements for clients and faster visa processing which submissions to the Review called for. It should also contribute to greater administrative efficiency by reducing the number of different visas that need to be managed.

- 4.101 The Review also suggested that clients would benefit *from standardised requirements and processes*, including a more standardised approach to bona fides issues and visa conditions and a standard time period of 28 days within which to apply for a subsequent visa onshore after the previous temporary residence visa expires.

- 4.102 The Review suggested that there is a need for *improvements to sponsorship arrangements*, including increasing sponsor awareness of the sponsor undertakings and sanctions, including introduction of a 5-year ban for sponsors

involved in a serious breach of their undertakings and further measures to improve monitoring of sponsor undertakings and their enforceability; ensuring that there are sponsorship guidelines for all temporary residence visas; and providing visa applicants with information about the sponsor responsibilities and undertakings, remedies available for breaches of sponsor undertakings, and details of the proposed pay and working conditions conveyed to DIMIA in the sponsorship application.

4.103 Finally, the Review recommended *streamlining of processing arrangements* for the different visas and suggested that some simplification and standardisation of visa requirements would lead to faster processing. Among other things, it recommended:

- greater use of objective (rather than subjective) criteria;
- use of expert third parties to make assessments that are not part of DIMIA's core responsibilities and areas of expertise;
- consideration be given to which requirements for each visa could be met as part of lodging an application;
- measures to increase the number of complete applications, including the introduction of checklists for all applications, client information that encourages complete applications and explains the consequences of incomplete applications, and streaming of applications so that complete applications receive faster processing;
- provision of clear information about service standards, processing times and processing steps; and
- Exploring further opportunities for electronic communications in relation to client information, client communication, application lodgement, processing and visa grant

4.104 The Review also noted a number of areas that require further consideration in their own right. These include the following matters:

- extending the streamlined health and character processing arrangements for 457 to other temporary resident visas;
- provision for interdependent partners to be granted temporary resident visas so as to be able to accompany their partners to Australia;
- the ongoing need for a specific visa for Supported Dependents (subclass 430); and
- the feasibility of removing the restriction that the applicant must be in the same location (ie onshore or offshore) as at the time of application in order to have the visa granted.

(iii) Other Temporary Entry Visas

4.105 Other skilled temporary entry visas fall broadly into two categories:

- the Social/Cultural Stream; and
- the International Relations Stream.

Social and Cultural Stream

4.106 The Social and Cultural Stream recognises the internationalism of the entertainment, sport and media industries and of cultural and academic activities. It also recognises the multicultural nature of the Australian community by facilitating the entry of religious workers from diverse ethnic and religious backgrounds. This stream consists of people entering on the following visas:

Sport Visa

4.107 The *Sport* visa allows amateur and professional sports people from other countries to engage in competition with Australian residents and to improve sporting standards in Australia through high-calibre competition and training. In 2001-02, 3,986 visas were granted in this subclass compared to 6,407 visas granted in 2000-01. At 30 June 2002, there were 489 Sport visa holders in Australia.

Entertainment Visa

4.108 The *Entertainment* visa allows the entry of people in a wide range of social and cultural events and activities, taking into account the need to protect the employment of Australians in the entertainment industry. In 2001-02, 8,336 visas were granted in this subclass compared to 8,850 visas granted in 2000-01. At 30 June 2002, there were 654 Entertainment visa holders in Australia.

Media and Film Staff Visa

4.109 The *Media and Film Staff* visa allows the entry of correspondents and professional media staff assigned to Australia by overseas news organisations, and photographers and television or film crew, involved in the production of documentaries and commercials for overseas consumption. In 2001-02, 466 visas were granted in this subclass compared to 506 visas granted in 2000-01. At 30 June 2002, there were 52 Media and Film Staff visa holders in Australia.

Religious Worker Visa

4.110 The *Religious Worker* visa allows religious workers including ministers, priests and spiritual leaders to serve the spiritual needs of people of their faith in Australia. In 2001-02, 1,507 visas were granted in this subclass, compared to 1,039 in 2000-01. At 30 June 2002, there were 2,126 Religious Worker visa holders in Australia.

Visiting Academic Visa

4.111 The *Visiting Academic* visa allows the entry of academics to observe or participate in research projects at the invitation of an Australian tertiary institution or research organisation. In 2001-02, 3,779 visas were granted in this subclass compared to 3,546 visas granted in 2000-01. At 30 June 2002, there were 1,735 Visiting Academic visa holders in Australia.

Public Lecturer Visa

4.112 The *Public Lecturer* visa allows for entry of professional lecturers or subject experts who have been invited to make public presentations. In 2001-02, 30

visas were granted in this subclass compared to 27 granted in 2000-01. At 30 June 2002, there were 11 Public Lecturer visa holders in Australia.

International Relations Stream

4.113 The International Relations Stream includes occupational trainees and working holiday makers and other special program entrants.

Occupational Trainee Visa

4.114 The *Occupational Trainee* visa allows for the entry of people for workplace-based occupational training related to their employment background. The training should provide additional or enhanced skills which they will be able to use after leaving Australia. In 2001-02, 6,205 visas were granted in this subclass compared to 6,660 visas granted in 2000-01. At 30 June 2002, there were 3,858 Occupational Trainee visa holders in Australia.

Exchange Visa

4.115 The *Exchange* visa allows entry of skilled people from overseas wanting to come to Australia to broaden their work experience and skills, while guaranteeing Australian residents similar opportunities overseas; or for people under certain bilateral exchange agreements. In 2001-02, 1,735 visas were granted in this subclass compared to 3,028 visas granted in 2000-01. At 30 June 2002, there were 1,523 Exchange visa holders in Australia.

Working Holiday Maker Program

4.116 The *Working Holiday* visa is designed to promote international understanding and goodwill by providing opportunities for young people aged between 18 and 30 years of age from other countries to experience life in Australia. The Working Holiday Maker (WHM) program allows young people to supplement their funds through incidental employment while holidaying and travelling in Australia. WHM visa holders are permitted a stay of 12 months from the date of initial entry to Australia regardless of whether or not they spend the whole period in Australia. Since 1 July 2000 they have not been able to apply to recover time spent outside Australia during the 12 months.

4.117 A proportion of WHM entrants are skilled and some work in skilled occupations, although the majority tend to work in hospitality and seasonal fruit-picking jobs. The WHM program benefits industries which rely heavily on casual labour at peak times, particularly the hospitality, horticultural and rural industries.

4.118 Australia has reciprocal WHM arrangements with Canada, the Republic of Ireland, Japan, the Republic of Korea, the Netherlands, Malta, the United Kingdom, Finland, Germany, Sweden, Denmark, Cyprus, Norway and the Hong Kong Special Administrative Region of the People's Republic of China. The reciprocal arrangements ensure that young Australians are afforded similar opportunities for cultural understanding through working holidays overseas.

4.119 The Government is also negotiating WHM arrangements with a range of other countries. It is currently holding discussions with Italy, Spain, France, Greece, Singapore, Malaysia, Taiwan, Iceland, Portugal, Belgium, Austria, Switzerland, and the USA. Fact Sheet 49 '*Working Holiday Maker Scheme*' on DIMIA's website provides further information on the scheme. A comparison of WHM

arrangements in Australia and countries with reciprocal arrangements is at Appendix 6.

4.120 Persons who enter Australia with a working holiday visa can change status by applying from within Australia for another class of visa. However, applicants must meet the relevant criteria for that visa class before a visa can be granted. Persons who have entered Australia on another visa, such as a visitor visa, cannot apply from within Australia for a working holiday visa. Table 7 provides data on the number of working holiday makers (WHM -visa Subclass 417) who changed status from July 1999 to June 2002.

Table 7: WHM visa holders who changed immigration status, 1999-2002

	1999-2000	2000-01	2001-02
Permanent visa	1535	1982	2,264
Temporary visas	4999	4190	10,083
Total	6534	6172	12,347

4.121 For those who changed status in 2001-02:

- In the permanent visa subclasses
 - more than 90% of visas (2093 visas) were spouse visa grants; and
 - 4% of visas (100 visas) were skilled visa classes.
- In the temporary visa subclasses
 - 80% of visas (8,147 visas) were Business (Long Stay); and
 - 8% of visas (785 visas) were Tourist visas

4.121 Recent research shows that WHM visa holders (the third largest group of temporary entrants to Australia) are an important source of temporary labour for some Australian industries including fruit growers, temporary clerical and labour agencies, hotels, shops and restaurants. Research has found that, because the work offered was temporary or seasonal, many Australian employers had difficulty attracting Australians to fill these positions.

4.122 The only data available on the skilled component of WHMs in Australia is in findings of a survey report which has not yet been released, *The Working Holiday Maker Scheme and the Australian Labour Market*. This report was commissioned by the Department of Employment and Workplace Relations (DEWR) and completed some twelve months ago. The Report was based on a survey conducted in 1999 and 2000 of 1001 WHMs, and a survey of employers and employment agencies. The research was carried out by the Melbourne Institute of Applied Economics and Social Research at the University of Melbourne.

4.123 The survey indicates that WHMs arriving in Australia have a higher level of educational attainment than the average for the Australian workforce, but most are prepared to undertake jobs that are disproportionately low skilled. More than 60% have a tertiary qualification. A further 25 per cent of those who had finished secondary school were part-way through a post-school qualification. One third of WHMs had been studying prior to coming to Australia and two thirds had been working for 2 years.

4.124 Surveys indicate that about 15 per cent of the jobs taken up by WHMs in Australia are at professional or trade level. The main occupations were nurses, computer professionals, tradespersons, chefs, teachers, physiotherapists and

technicians. The majority took up lower skill jobs in occupations such as clerical, sales and service areas and labouring jobs. The main occupations were fruit picker, waiter, elementary service worker, office secretary, labourer and related workers.

4.125 At 30 June 2002, there were 48,203 WHM visa holders in Australia.

(iv) Overseas Students Program

Objectives

4.126 Australia's Overseas Students Program aims to enable people who are not Australian citizens or permanent residents to study in Australia (generally as full-fee paying students) in full-time accredited and registered courses.

4.127 The Overseas Students program is becoming increasingly important as a potential source of highly skilled migrants, particularly since the introduction of the initiative to allow successful overseas students with an Australian qualification in demand to apply for, and be granted, permanent residence without leaving Australia.

- The U.K. is currently making provision in its Immigration Rules to introduce as similar initiative for graduating degree-level students, student nurses and post-graduate doctors and dentists from U.K. institutions to transfer into the work permit employment category (ie temporary residence), where certain conditions are met, including permission of any international financial sponsor. An employer is still required to obtain a work permit prior to the student being permitted to switch.

4.128 Fact Sheet 50 '*Overseas Students in Australia*' on DIMIA's website provides an overview of the student visa program. More detailed information is available in a series of booklets: *Temporary Entry: Overseas Students* produced by DIMIA. A comparison of Australia's Overseas Student Program and similar programs in other countries is at Appendix 5 (particularly as it relates to students' ability to change status onshore).

Visa category overview

4.129 Before applying for a student visa, students must have been accepted for full-time study in a registered course in Australia or part of a registered course. A 'registered course' is an education or training course offered by an Australian education provider registered to offer courses to overseas students on the Commonwealth Register of Institutions and Courses for Overseas Students.

4.130 All students must be of good character and sound health and have acceptable health insurance through the Overseas Student Health Cover, (OSHC) including for their accompanying family members.

4.131 Students and their dependants applying for student visas for the first time are not automatically granted permission to work in Australia. They can only apply for permission to work after they arrive in Australia and the student has begun his or her course of study. Students granted a student visa with work rights on or after 1 November 2000 are limited to 20 hours work per week while their course is in session; they may work full-time during holiday periods. Work rights are intended only to supplement a student's income rather than be the sole source of

funds. Student visa holders found to be working in excess of their limited work rights are subject to mandatory visa cancellation.

Outcomes

4.132 2001-02 was a record year for student visas with a 3.6 per cent increase in student visa grants (151,894 visa grants compared to 146,577 in 2000-01). The main countries of citizenship for overseas student visa grants in 2001-02 were the People’s Republic of China (21,126), Republic of Korea (11,079), Japan (11,073), Indonesia (10,943) and Hong Kong (10,396). Table 8 shows offshore and onshore student visa grants for the program years 1996-97 to 2001-02.

Program Year	Offshore visa grants	Onshore visa grants	Total visa grants
1996-97	66,271	47,261	113,532
1997-98	63,574	45,256	108,830
1998-99*	67,166	49,861	117,027
1999-00	74,428	44,675	119,103
2000-01	86,277	60,300	146,577
2001-02**	97,650	54,244	151,894

NOTES:
 * The 1998-99 onshore grants figure includes an estimated 6,000 Change of Provider and Permission to Work visa grants from December 1998.
 ** The 2001-02 offshore grants figures includes e-visa grants for the USA, Norway and Sweden.

New Zealanders – Skilled temporary and permanent entrants

Objectives

4.133 The Trans–Tasman Travel Arrangement (TTTA), introduced in 1973, allows Australian and New Zealand citizens to enter each others’ country freely to visit, live, work and remain indefinitely. Upon arrival in Australia, most New Zealanders are granted automatically granted a Special Category Visa.

Visa category overview

4.134 This long-standing arrangement means that New Zealanders are not required to meet the visa eligibility criteria, including skill, which temporary and permanent entrants to Australia from other countries must meet. Further information is contained in Fact Sheet 17 ‘*New Zealanders in Australia*’ on DIMIA’s website.

4.135 The size of the movement of New Zealanders to and from Australia responds to relative economic conditions in Australia and New Zealand such as differences in relative real incomes and employment opportunities. The net permanent and long-term movements of New Zealanders has risen steadily throughout the last decade, from less than 3,000 in 1991-92 to almost 30,000 in 1999-2000. However, between 1999-00 to 2001-02, there has been a significant fall (44%) in overall net movement from New Zealand to Australia (from 30,070 to 16,817). This is likely to have been the combined result of changes to social security, Australian citizenship and permanent residence arrangements for New Zealand citizens that were introduced on 26 February 2001, and the improved New Zealand economy with its stronger job market.

4.136 Under the new social security, Australian citizenship and permanent residence arrangements introduced on 26 February 2001, most New Zealand citizens who move to Australia after that date must meet permanent residence visa requirements before they can access social security payments, apply for

Australian citizenship or sponsor their non-New Zealand family members for permanent residence.

Outcomes

4.137 For people of working age (ie 15 to 64 years) who were in the labour force, in 1999/00, the proportion of skilled to total was 56% for NZ citizens compared to 73% for other immigrants. NZ citizens were more skilled than other immigrants in the early to mid 1980s, but not so since (see Figure 10).

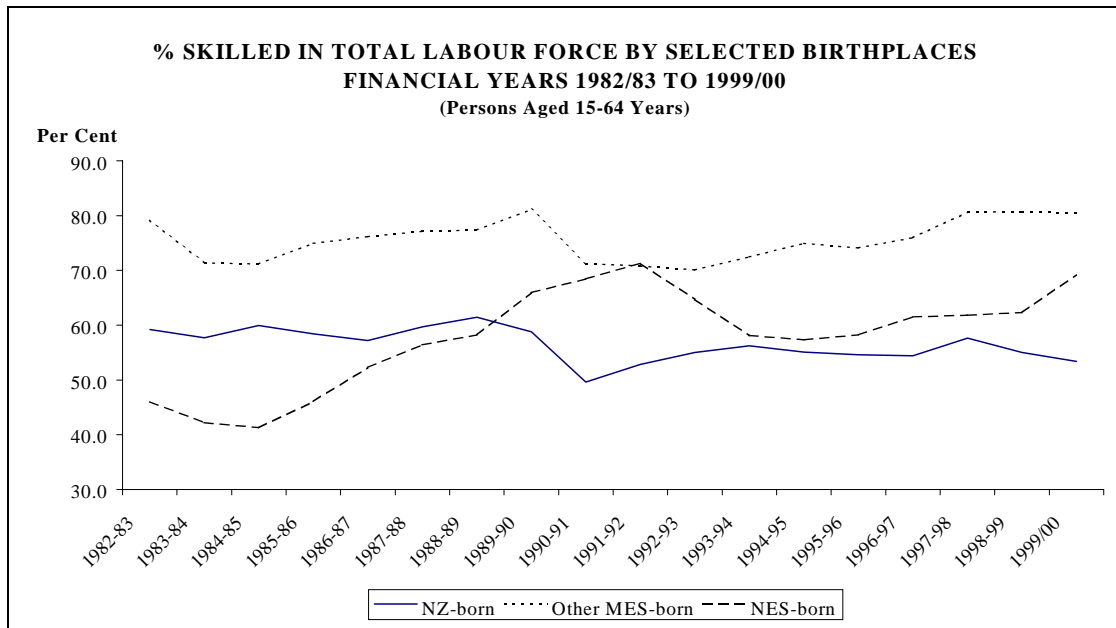
4.138 The corresponding figure for NZ citizens born in NZ was 53% and for NZ citizens not born in NZ was 62%. In fact the foreign-born NZ citizen immigrants have been more skilled than the NZ-born in every year since at least the early 1980s.

Figure 10: Skilled New Zealanders as a Percentage of Australia’s Labour Force, 1982-83 to 1999-00



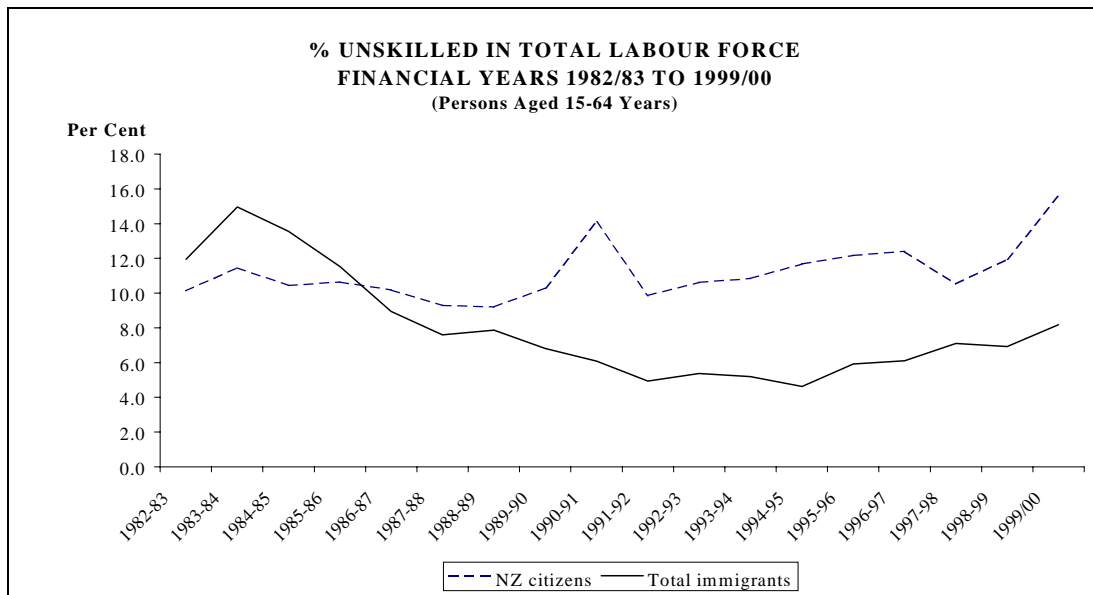
4.139 Looking at the same percentages by country of birth, in 1999/00, the proportion of skilled to total for the NZ-born was 53% compared with 80% for Other MES-born (ie Main English Speaking countries) and 69% for NES-born (ie Non-English Speaking countries). The skill level of NZ-born immigrants has been well below that of Other MES-born countries since at least the early 1980s, but had been well above that for NES-born for most of the 1980s, but below the NES-born skill level for all of the 1990s. (See Figure 11).

Figure 11: Skilled New Zealanders by Selected Birthplaces as a Percentage of Australia's Labour Force, 1982-83 to 1999-00



4.140 Although the proportion of unskilled immigrants has generally dropped since the early 1980s (12% in 1982/83 compared to 8% in 1999/00), the NZ citizen component has actually risen. (See Figure 12).

Figure 12: Unskilled New Zealanders as a Percentage of Australia's Labour Force, 1982-83 to 1999-00



4.141 The higher skill level of migrants in the Australian workforce from countries other than New Zealand, compared with the skill level of NZ citizens in the Australian workforce, is most likely to be attributable, in recent years, to the increased focus on skills in Australia's permanent and temporary migration programs and the application of more rigorous selection criteria for skill.

Multiculturalism, citizenship and settlement

“Migrants come to Australia for positive reasons that are related mainly to the desire to join family already here, or to enjoy the greater opportunities, the uncrowded, unpolluted, attractive environment and the delightful climate. They appreciate also the peaceful, friendly and democratic civil life...”

Professor Sue Richardson, National Institute of Labour Studies

Multiculturalism

- 4.142 The evolution over the past fifty years in migrant selection and settlement strategies has had a profound impact on Australian society. The receiving community has progressively become more and more diverse and the need for strategies to address the issues raised by this diversity has become more and more apparent. Information on Australia’s multicultural policies is provided in Fact Sheet 6 ‘*The Evolution of Australia’s Multicultural Policies*’ on DIMIA’s website.
- 4.143 Australia’s approach to multicultural policy is uniquely Australian. Australian Multiculturalism aims to ensure that we make the most of our language and cultural diversity. It emphasises four main principles:
- **Civic Duty**, which obliges all Australians to support those basic structures and principles of Australian society which guarantee us our freedom and equality and enable diversity in our society to flourish;
 - **Cultural Respect**, which, subject to the law, gives all Australians the right to express their own culture and beliefs and obliges them to accept the right of others to do the same;
 - **Social Equity**, which entitles all Australians to equality of treatment and opportunity so that they are able to contribute to the social, political and economic life of Australia, free from discrimination, including on the grounds of race, culture, religion, language, location, gender or place of birth; and
 - **Productive Diversity**, which maximises for all Australians the significant cultural, social and economic dividends arising from the diversity of our population.
- 4.144 The overall aim of the Government’s multicultural policy, as set out in the 1999 *New Agenda for Multicultural Australia*, is the achievement of enhanced community harmony and maximum benefits from our diversity, in the national interest. The Living in Harmony initiative and the Access and Equity strategy are key programs for achieving this aim.
- 4.145 The Living in Harmony initiative is designed to challenge all Australians to take a stand against racism, prejudice and intolerance and help build a peaceful and productive future for our children by setting an example of how to live in harmony, making the most of our racial, cultural, social and religious diversity. It puts into practice the best of traditional Australian values - justice, equality, fairness and friendship.
- 4.146 The *Charter of Public Service in a Culturally Diverse Society* is the primary instrument for implementing the Government’s access and equity strategies. *The Charter* is based on seven core principles to integrate the management of cultural

diversity into the strategic planning, policy development, budget and reporting processes of government services. These principles are: *Access, Equity, Communication, Responsiveness, Effectiveness, Efficiency and Accountability*. A Performance Management Framework has been developed to help Commonwealth agencies evaluate and monitor their progress in implementing *Charter* principles. The framework is a tool that sets performance indicators for the five core roles of policy adviser, regulator, purchaser, provider and employer. It underscores a strong business imperative for the public sector to address the access and equity needs of our culturally and linguistically diverse society, ensuring government services are inclusive, responsive and equitable for all customers and clients.

- 4.147 The economic benefits of multiculturalism, and its contribution to building a sustainable economy, are well documented. In Australia, we are addressing the creation of a sustainable economy by both acknowledging the need for responsible corporate citizenship and promoting innovation and diversity in business management – particularly in employment and human resources management.
- 4.148 Having attracted skilled migrants we certainly cannot afford to not use their skills and Australian multiculturalism can play an important part in creating an awareness of the value these skilled migrants bring.
- 4.149 Through being encouraged to make greater use of the diversity of skills available through the migration program, Australian businesses will be able to:
- Fill skilled positions that are high in demand, but low in supply, within the local labour markets;
 - Improve customer sales, by being more responsive to their customer needs or being able to serve a more diverse customer base;
 - Create higher performing workplaces that can open up new skills, and bring in new knowledge and ideas, to support business growth; and
 - Expand into new markets, particularly overseas, and better serve the needs of their existing business clients.
- 4.150 Australia's competitive advantage lies in its ability to manage diversity very well. Through show-casing Australia's diversity credentials overseas more companies will be encouraged to do business with us, thus delivering a better economic result for Australia.
- 4.151 Information on the economic value of Australia's culturally diverse society is contained in Fact Sheet 7 '*Productive Diversity: Australia's Competitive Advantage*' on DIMIA's website.
- 4.152 The Government's Productive Diversity Partnerships program is currently considering a number of new project initiatives that could help regional employers to make better use of the Skill Stream of the Migration Program. These include:
- developing tools and practical checklists to help businesses undertake skill audits of their workforce, identify potential skill gaps and determine the best options for filling such gaps (including drawing from the migration program);
 - developing training materials to enable employers to value add the skills of

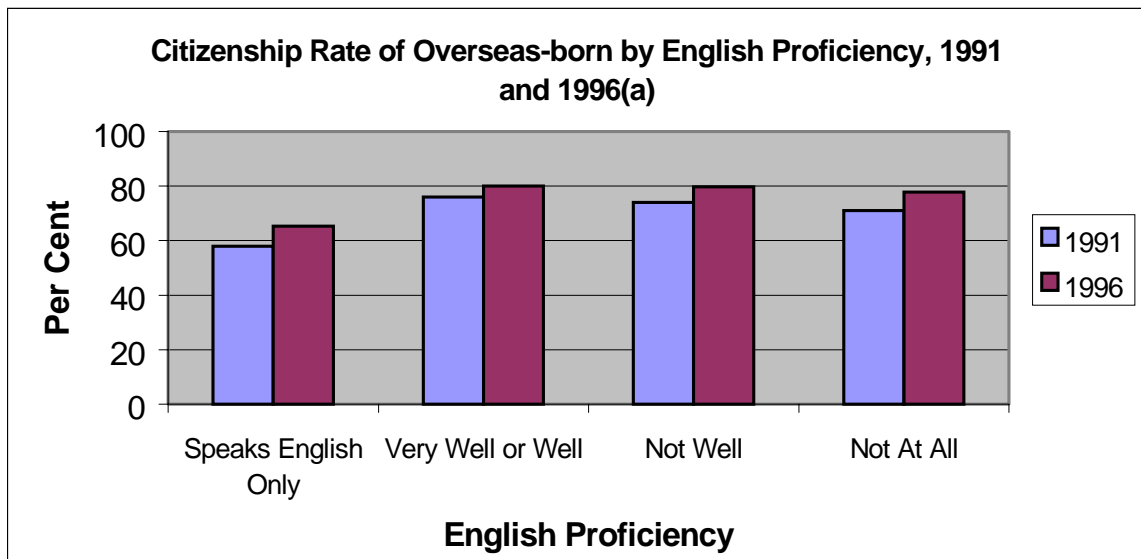
people drawn from the migration program, to make them more relevant and applicable to the Australian work setting; and

- establishing partnership with key business organisations, Chambers of Commerce and Industry and relevant peak employer bodies to identify ways of enhancing the settlement experiences of migrants to Australia, making it easier and more attractive for them to move to rural and regional areas.
- 4.153 The Government prides itself on our non-discriminatory migration program and recognises the importance of policies and programs for managing the arrival and settlement of migrants, and ensuring their inclusion in the life of the Australian community.
- 4.154 Immigration, as an essential part of our nation-building, is most effective when migrants feel valued by, and become a part of, their new community.
- 4.155 Australia's migration and multicultural policies have had a significant impact on perceptions of Australia in our region and in the rest of the world. Our strong commitment to multiculturalism and to a non-discriminatory Migration Program has helped Australia to enhance its international reputation as a young, diverse, energetic and welcoming nation. As a result, multiculturalism has enhanced Australia's attractiveness as a migrant, business and tourist destination and our international competitiveness in the race for skilled labour from overseas.

Citizenship

- 4.156 The ability of Australian permanent residents to apply for Australian citizenship within a relatively short period of time of residence in Australia and to retain their previous citizenship under Australian law are no doubt draw cards for many skilled people from overseas choosing to settle in Australia.
- 4.157 To acquire Australian citizenship, a person must, among other things, be of good character, satisfy certain residence requirements (two years in the five years prior to application including twelve months in two years prior to application), and intend to reside in Australia or maintain a close and continuing association with Australia.
- 4.158 Australia has welcomed some 3.4 million people as Australian citizens since the introduction of the *Australian Citizenship Act 1948* in 1949.
- 4.159 In addition to meeting residential and other requirements, applicants for Australian citizenship must also have a basic knowledge of the English language and understand the nature of their citizenship rights and obligations. The 1996 Census data generally reflects these requirements, with the rate of citizenship increasing with improved proficiency in English among those who spoke a language other than English. For persons who spoke another language and spoke English 'very well', 80.3% had Australian citizenship. However, overseas-born persons who spoke 'English only' had a substantially lower rate of Australian citizenship than those who spoke another language at home (65.3% compared with 79.9%). Nearly three-quarters (73.1%) of those who spoke 'English only' were from the English Proficiency 1 group countries (comprised of New Zealand, United Kingdom, Ireland, Canada, USA and South Africa). Figure 13 shows the citizenship take-up of overseas-born by English proficiency in 1991 and 1996.

Figure 13: Citizenship Rate of Overseas-born by English Proficiency, 1991 and 1996



(a) Excludes all persons who arrived within two years of the Census date, as they were unlikely to have satisfied the two year residential requirement for citizenship. Not Stated responses of the Citizenship and Year of Arrival in Australia questions were excluded.

Sources: 1991 Census Matrix Table CSC6171, 1996 Census Matrix Table CS071

- 4.160 Australia's Citizenship Program does not have annual targets in terms of size and composition but is demand driven. In absolute terms, the size of the Citizenship Program fluctuates from year to year and is related to the size of the Migration Program (lagged two years to account for the residence requirement) and the size of the pool of eligible non-citizens in the Australian community.
- 4.161 Currently 75 per cent of the overseas-born who are eligible have become Australian citizens. This compares with 65 per cent in 1986.
- 4.162 The Australian Citizenship Amendment Act came into force on 4 April 2002. The Act implements legislative aspects of the Government response to the report of the Australian Citizenship Council, including repeal of s17 of the *Australian Citizenship Act 1948*, so that Australian citizens who acquire another citizenship from 4 April 2002 no longer lose their Australian citizenship.
- 4.163 Repeal of s17 means that a growing number of internationally mobile Australians are now able to take advantage of business opportunities overseas, while still maintaining their links to Australia. It also makes it easier for Australians who live and work overseas to come back to Australia and use their skills and contacts developed overseas.
- 4.164 These amendments to our citizenship law recognise the reality of the global labour market, and will allow Australia to be more competitive on an international scale.

Settlement

“...the efforts of the migrants and of their host country are combining to produce very commendable outcomes for the migrants. This is no doubt assisted by the generally high levels of information about Australia that migrants have before arrival.”

Professor Sue Richardson, National Institute of Labour Studies

- 4.165 Australia’s settlement services are unique. They are designed to integrate with and complement the wide range of other services available to migrants on arrival in Australia and are aimed at facilitating their equitable participation in Australian society. They make Australia an attractive place to which to migrate.
- 4.166 Unlike many other countries and consistent with the concept of inclusiveness inherent in Australia’s multicultural and citizenship policies, migrants to Australia generally have access to the same range of services as the Australian born.
- 4.167 In general, access to most government services and benefits are almost immediate. The exceptions are income support and related benefits, for which there is a two year qualifying period, and Age or Disability Support pensions which have a ten year qualifying period. Immediate benefits available to permanent residents include Family Allowance and access to the First Home Owner Grant where usual eligibility requirements apply. Medicare benefits are available ten days after arrival.
- 4.168 Business or other skilled temporary residents, however, are unable to access most services and benefits and are expected to be self-supporting, through mechanisms such as private health insurance for overseas visitors.
- 4.169 In the case of skilled migrants who are permanent entrants, English language tuition through the Adult Migrant English Program (AMEP) is usually not applicable, as principal applicants are generally required to have vocational English, and spouses and other dependents are also often required to have English proficiency. The Program, however, could be used by the non-school aged dependants of the principal migrant without a functional level of English. A volunteer home tutor service is also available. Statistics collected on the uptake of AMEP show that in the year 2001-02, 1101 dependants of skilled migrants were registered for the AMEP, compared to 1403 for the same period over the previous year.
- 4.170 Assistance with interpreting is provided through the Translating and Interpreting Service (TIS) to facilitate communication between the non-English speaker and English speakers. TIS is available 24 hours a day, 7 days a week through a national toll free number and provides assistance in over 100 languages. A free service is provided for some individuals and organisations for settlement purposes where the service is not the responsibility of another government agency or organisation. Free extract translations of some personal documents are also provided to migrants and refugees during the first two years after grant of permanent residency.
- 4.171 Settlement information and referral assistance is available to newly arrived migrants from Migrant Resource Centres (MRCs) or Migrant Service Agencies (MSAs) and community organisations funded under Community Settlement

Services Scheme (CSSS) located in metropolitan and regional centres all around Australia. These specialised settlement assistance services tend to be targeted to migrant with low functional English language ability. This is measured by the English Proficiency (EP) index based on the percentage of a nationality with functional English skills. Consequently, most specialised settlement services do not serve skilled migrant categories.

- 4.172 A wide range of settlement orientation information is also accessible through the DIMIA website at www.immi.gov.au/settle to anybody with Internet access. The website contains comprehensive information about living conditions in Australia and the services that migrants need to access when they settle. This information is available in English and 19 community languages. These include Albanian, Amharic, Bosnian, Burmese, Chinese (both simplified and traditional versions), Croatian, Dari, Indonesian, Khmer, Korean, Persian, Russian, Serbian, Somali, Spanish, Tagalog, Thai, Turkish and Vietnamese.
- 4.173 The community languages selected for translation of settlement information are based on the numbers of new arrivals to Australia over the last five years, with low English proficiency. These languages are reviewed regularly. Information is not provided for existing large populations of Italian or Greek speakers in Australia, as the majority have already settled and are not recent arrivals.
- 4.174 The economic benefits of migration to Australia are an important measure of the success of the Migration Program, but so too is the level of satisfaction of the migrants themselves once they have arrived here.
- 4.175 In 2001-02 Professor Sue Richardson sought to discover more about the levels of satisfaction of new migrants by analysing data from the Longitudinal Study of Immigrants to Australia (LSIA), the first study of its kind anywhere in the world. The LSIA asked two groups of migrants about 5 years apart a series of questions about their financial and settlement experiences at various intervals after their arrival in Australia. This means that for the first time, we are able to trace in detail the early settlement experiences of new migrants and compare these experiences over time.
- 4.176 Professor Richardson has found that the great majority of migrants demonstrate high levels of satisfaction with their lives in Australia. This is partly because of what they find in Australia once they arrive and partly because of the qualities of the migrants themselves. For most visa groups, 90 per cent or more said they were either satisfied or very satisfied with their new life in Australia. The most satisfied of all were from two very different groups – Humanitarian and Business migrants. Professor Richardson also found that recent migrants have done extremely well in obtaining jobs and earning an adequate income, which is reflected in the achievement of generally satisfactory standards of living within the migrants' first six months in Australia. A copy of Professor Richardson's research entitled 'The Settlement Experiences of New Migrants' is on DIMIA's website.
- 4.177 Another report '*Settlement Indicators and Benchmarks*' by Siew-Ean Khoo and Peter McDonald, Australian Centre for Population Research, ANU provides further information on the settlement success of immigrants to Australia, including skilled migrants. A copy of the report on CDROM is at Appendix 20.

5. STATE-SPECIFIC AND REGIONAL SKILLED MIGRATION

Term of reference 6 – Settlement patterns for new arrivals including the role played by State and local authorities.

- 5.1 The increased size of Australia's 2002-03 Migration Program provides an increased capacity for State-specific and regional migration to support regional economic development. The Migration Program will continue to be a central contributor to economic and social development in all regions of Australia.
- 5.2 State-specific and regional migration initiatives provide direct economic benefits to regional Australia by addressing skill shortages and through business development and expansion. These initiatives can be a powerful tool when seen as part of a broader strategic focus on the role of regions building the nation.
- 5.3 State-specific and regional migration is a priority for the Government and is part of its broader agenda for regional Australia. This is underpinned by partnership arrangements, which foster the development of self-reliant regions.
- 5.4 The Commonwealth has worked closely with State and Territory governments and regional authorities over recent years to develop a broad range of State Specific and regional migration initiatives.

Visa categories overview

- 5.5 State-specific and regional migration initiatives enable employers, State/Territory Governments or relatives to sponsor prospective skilled migrants. They include:
 - the Regional Sponsored Migration Scheme (RSMS);
 - the State/Territory Nominated Independent (STNI) scheme;
 - the Skilled Designated Area Sponsored Visa Categories;
 - the Skill Matching Database (SMD);
 - the Skill Matching Visa (SMV);
 - the Regional Established Business in Australia (REBA); and
 - the State/Territory Sponsored Business Owner and Senior Executive visa categories.
- 5.6 The design of State-specific and regional migration initiatives is based on research that shows factors critical in determining the settlement patterns of migrants include:
 - the location of family members;
 - the availability of employment; and
 - business opportunities.
- 5.7 A comprehensive explanation of the range of SSMMs is in Fact Sheet 26 'State/Territory Specific Migration' on DIMIA's website. However, a brief overview of each visa category is set out below.

Regional Sponsored Migration Scheme (RSMS)

- 5.8 This visa category 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 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. A 'skilled' position requires qualifications equivalent to at least Australian diploma level. The position must be full time and be for at least 2 years.
- 5.9 Regional Certifying Bodies play an important role in the RSMS. These State/Territory gazetted bodies based in local regions use their knowledge of the local area to certify that the position has been unable to be filled locally, enabling employers to take the next step in sponsoring suitably qualified staff from overseas. Grants under the RSMS have increased by 7% in the last year (from 1,021 in 2000-01 to 1,092 in 2001-02), demonstrating the usefulness to employers of the scheme in supplementing skill shortages in regional Australia. Since 1997-98, 4,123 RSMS visas have been granted in Australia, the majority of which went to South Australia (1,847 visa grants).

State/Territory Nominated Independent (STNI) Scheme

- 5.10 The STNI scheme enables States and Territories to sponsor Skilled-Independent and Skill Matching Visa category applicants who are willing to settle in States and Territories where their skills are in demand. They can be identified through the Skill Matching Database (see below).

Skilled Designated Area Sponsored Visa Categories

- 5.11 Under these categories, the State and Territory Governments are seeking skilled migrants to settle in certain regions of Australia. The applicant must have a sponsor and assurer. The applicant or their spouse must be related to the sponsor as either: a non-dependent child; a parent; a brother or sister; a niece or nephew; a first cousin; or grandchild. The sponsor must have lived for at least one year and still live in a designated area within Australia. Applicants under these categories do not have to pass a points test but, in most cases, they or their spouse must satisfy the basic requirements of age, English language, qualifications, nominated occupation and recent work experience. The categories covered are Skilled Designated Area Sponsored, Skilled Designated Area Overseas Student and Skilled-onshore Designated Area Sponsored New Zealand Citizen.

The Skill Matching Database (SMD)

- 5.12 The SMD is designed to link those people whose qualifications are assessed as meeting Australian standards and who are interested in going to regional Australia, with either specific vacancies or a State or Territory where the applicant's skills are in demand. The SMD contains the educational, occupational and personal details of skilled independent and skill matching visa applicants and is circulated to State and Territory Governments and a network of regional development authorities.

The Skill Matching Visa (SMV)

- 5.13 The SMV, introduced in 1999, provides opportunities for skilled people who do not meet the current pass mark under the Skilled-Independent category to be included on the SMD without having to pay the initial visa application charges.

Regional Established Business in Australia (REBA)

- 5.14 This visa can only be applied for while in Australia. Applicants must demonstrate that they meet certain criteria relating to their ownership of a business in Australia. The REBA category, established in 1997, allows people temporarily in Australia on Business (Long Stay) visas to apply for permanent residence if they have successfully established a business venture in a designated area of Australia.

State/Territory Sponsored Business Owner and Senior Executive visa categories

- 5.15 There are also options for State/Territory governments to sponsor a migrant who is a business owner, a senior executive or a regional established business owner. The requirements for applicants sponsored under these arrangements are lower than for applicants under the normal Business Owner and Senior Executive visa categories (outlined in Chapter 4). Bonus points are also available for State/Territory sponsorship.

Recent initiatives

- 5.16 All applications for the State-specific and regional migration visa categories receive priority processing, which results in significantly shorter visa processing times and the opportunity for successful applicants to take up residence in Australia more quickly.
- 5.17 The Commonwealth is currently implementing a number of enhancements to State specific and regional migration initiatives intended to attract a higher number of skilled and business migrants to settle in regional Australia. For the first time, some initiatives are directed at temporary entry as well as permanent entry of skilled people. Wide consultation on additional possible enhancements is being undertaken with key stakeholders.
- 5.18 Enhancements currently being implemented are as follows:
- ***Skill Matching Database (SMD)***. In order to increase the number of potential skilled migrants on the SMD and enhance the attractiveness and effectiveness of the skill matching scheme, the following measures are being implemented:
 - from May 2002 interested independent applicants are registered on the SMD shortly after lodgement of their application, rather than after the assessment stage;
 - the emphasis in the application form for independent applicants has been changed to encourage more applicants to use the skill matching option in the form released in June 2002;
 - the initial administration fee for the Skill Matching visa was removed for a trial period of 12 months from 1 July 2002;
 - the threshold English Language requirement for the Skill Matching visa will be varied to functional English where applicants agree to pay an English Language upgrade fee (for likely implementation 1 November 2002); and

- applicants on the SMD will be eligible to be nominated under labour agreements without lodging a new application.
- **Labour Agreements.** The increased use of labour agreements will be encouraged to enable peak industries to fill regional labour shortages.
- **Temporary residence visas for doctors.** The potential length of temporary residence visas for doctors in ‘areas of need’ has been extended for up to 4 years.
 - the temporary Medical Practitioner visa allows Australian employers to sponsor overseas-trained doctors to fill positions, which cannot be filled by suitably qualified Australian citizens or permanent residents. Under policy, where a position is in an “area of need”, as identified by the relevant state and territory health authorities, labour market requirements are considered met and no labour market testing is required. Area of need is a term that applies to a medical position with a specific category of medical registration. It is determined by examining a range of factors, including relevant measures of workforce, socio-demographic characteristics and evidence of unsuccessful attempts to recruit an Australian doctor to a position.
 - a recent policy change made to the Medical Practitioner visa allows the visa to be granted for a period which reflects the period of the job offer, up to a maximum of two years for doctors with restricted registration and four years for those with fellowship status with the relevant Royal College and unrestricted registration. This will facilitate the longer stay of doctors in regional locations.
- **Temporary residence concessions for regional Australia.** Changes to temporary residence will allow regional certifying bodies a greater role to support sponsorships in regional Australia (for likely implementation 1 November 2002).
 - Exceptions will be able to be provided from the gazetted minimum skill and salary requirements for positions nominated under the 457 visa which are located in regional and low population growth areas and have been certified by a Regional Certifying Body.
- **Awareness raising and assistance.** DIMIA has developed a major promotional strategy for business and skilled migration, which includes as a priority area State-specific and regional migration initiatives. A range of activities have also been undertaken in conjunction with State and Territory Government officials and regional development authorities in regional Australia. In order to increase awareness raising and assistance in using regional migration categories, DIMIA is, in partnership with State/Territory agencies and regional development agencies, building on existing promotion work. A list of current and future aware-raising activities is at Appendix 13.

5.19 Other measures that have been taken to improve the ability of Australia’s skilled and business migration categories in matching the location of skill shortages with the settlement location of migrants include the following.

- **Commonwealth/NSW Working Party on Migration for Sydney and regional NSW.** A Commonwealth/NSW Working Party on Migration for

Sydney and regional NSW was established on 8 July 2002. The terms of reference for the Working Party is at Appendix 19.

- **Use of contingency reserves.** In 2001-02, the Skill Stream contingency reserve was increased from 5,000 to 8,000 places. This reserve enabled places to be allocated subject to business and or State/Territory demand through migration mechanisms such as the employer nominated schemes (ie ENS/LA/RSMS/STNI/SMV) providing greater flexibility to the migration program. Last year, in addition to the program allocation of 6,000 places, 3,620 places were allocated from the contingency reserve to meet demand for the ENS/LA/RSMS/STNI programs. For 2002-03 and the next three years, the Migration Program will operate in a range of 100,000 to 110,000 to give a similar flexibility to that available through the previous skill contingency reserve.

5.20 Enhancements still under consideration are as follows:

- **Special sponsorship and nomination arrangements.** This enhancement involves the provision of special sponsorship arrangements for employees in the health industry to be engaged in rural Australia, recognising that they may not be able to meet the specific employer employee relationship prescribed in the Migration Regulations
 - DIMIA is preparing amendments to enable sponsors who are not direct employers to sponsor necessary health workers to provide for regional Australia. These organisations may be local authorities or state/territory authorities in a position to verify that there is a need for the services locally, that the position can not be readily filled by a suitably qualified Australian resident or citizen, the position is a full time position. Following the consultation process this proposal is awaiting consideration by the Minister.
- **Changes to the general skilled migration category.** Some minor adjustments to the bonus points regime for overseas students applying to migrate are being considered. Consultation on this proposal with key stakeholders is still occurring. The objective is to encourage a greater proportion of students to consider studying at and eventually settling in regional Australia. Key aspects of this proposal are:
 - providing additional bonus points for overseas students who have recently completed their qualifications by studying and living nearby for a period of at least 2 years at the campus of an education institution in regional Australia, and
 - increasing the period of time students are required to attend a tertiary institution in Australia to be exempt from the work experience requirement from 12 months to 2 years.
- **Business Skills.** This enhancement involves the introduction of a two-stage process (ie a provisional visa and then the granting of permanent residence once a business is fully established) for the Business Skills categories with a much greater emphasis on State and Territory government and/or regional authority sponsorship and support at both stages (with immediate permanent residence only available for high calibre business migrants who have State/Territory government support).

- Consultation on the details of this two-stage business skills reform package is still occurring with key stakeholders.
- **Improving the effectiveness of the State and Territory Nominated Independent Scheme.** The proposal is to introduce a two stage process where the State or Territory initially nominate a person for two years temporary residence under the same provisions as currently exist for STNI to address concerns over its effectiveness. A condition of the visa would be that the applicant does not move to another State or Territory. At the end of the two year period, the relevant State or Territory could then nominate the person for permanent residence.
- This proposal will be further considered in 2003. Consultations undertaken in respect of this proposal indicated that further evaluation of the current one-stage STNI process was required. Further consideration of a two-stage STNI process has been deferred until July 2003, provided effective monitoring procedures are in place. Monitoring guidelines have been developed in consultation with the Commonwealth/State Working Party on Skilled Migration to provide effective monitoring of migrants arriving under STNI.

Outcomes

- 5.21 A total of over 17,000 visas have been issued under the State-specific and regional migration mechanisms since 1996-97, with more than half of these going to two States, Victoria and South Australia. The number of visas granted under the initiatives has increased in recent years. In 2001-02, the total of 4,136 visa grants was 7.5 per cent higher than in 2000-01 (3,846 visa grants) and almost four times higher than the level in 1996-97 (1,126 visa grants).
- 5.22 Table 9 shows how the total number of visa grants in the SSMM categories has increased each year since 1996-97. Table 10 shows the distribution of visa grants by State and Territory in the SSMM categories over the past five years.

Category	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
RSMS	170	581	765	664	1021	1092
STNI , Skilled – STNI, Skill Matching Visa	not established	16	169	9	85	257
Regional Linked & Skilled - Designated Area Sponsored	40	111	67	195	1,002	1,597
Skilled - Australian Linked*	850	984	1,744	2,384	1,575	974
State Sponsored Business Skills**	66	61	59	44	122	176
REBA	not established	0	0	13	41	40
TOTAL	1,126	1,753	2,804	3,309	3,846	4,136

Source: DIMIA MPMS, RESI 2 data, settlement database and DIMIA Regional Centres

*refers to applicants under this category who obtained bonus points because their sponsor lived in a designated area.

** Includes applications processed under offshore subclass 129 (State/Territory Sponsored Business Owner), offshore subclass 130 (State/Territory Sponsored Senior Executive), onshore subclass 842 (State Territory Sponsored Business Owner) and onshore subclass 843 (State Territory Sponsored Senior Executive).

Category	NSW	SA	VIC	WA	NT	QLD	TAS	ACT	TOTAL
RSMS	303	1,847	250	492	215	504	315	197	4,123
STNI/Skilled STNI/Skill Matching	3*	281	250	0	0	0	0	2	536
Regional – Linked, SRS, SDAS	152	278	2,008	144	28	161	58	143	2,972
SAL**	411	1,306	4,030	634	83	658	126	413	7,661
SSBS***	74	58	97	56	8	41	94	34	462
REBA	1	25	10	9	4	2	43	0	94
TOTAL	944	3,795	6,645	1,335	338	1,366	636	789	15,848

Source: DIMIA MPMS and RESI 2 data – April 2002

* refers to a Skill Matching visa granted through sponsorship under RSMS

** Refers to applicants under this category who obtained bonus points because their sponsor lived in a designated area.

*** Includes applications processed under Includes applications processed under offshore subclass 129 (State/Territory Sponsored Business Owner), offshore subclass 130 (State/Territory Sponsored Senior Executive), onshore subclass 842 (State Territory Sponsored Business Owner); and onshore subclass 843 (State Territory Sponsored Senior Executive).

Regional migration in Canada

- 5.23 For the purposes of this Inquiry, it is interesting to compare Australia's State-specific and regional skilled migration mechanisms with regional migration initiatives in Canada.
- 5.24 At present about 75 per cent of all migrants to Canada - and some 80 per cent of those admitted in the skilled worker class, settle in the greater Toronto, Montreal and Vancouver areas.
- 5.25 Canada has a range of regional orientated programs which are similar to Australia's STNI class. In Canada, the Constitution shares the responsibility for immigration matters between the Federal and Provincial governments.
- 5.26 Nine provinces in Canada have agreements with the Government of Canada that allow them to play a more direct role in selecting immigrants who wish to settle in a particular province. The Canada-Quebec Accord is the most comprehensive of these agreements. Under this Accord, Quebec has the responsibility for selecting all independent applicants and off-shore refugees coming to Quebec.
- 5.27 The Canadian immigration system only recognises the different regions on a provincial/territorial basis. If an applicant wishes to immigrate to one of Canada's provinces as a Provincial Nominee, they must first apply to the province where they intend to settle. The province will consider the application based on their immigration needs and the applicant's genuine intention to settle there.
- 5.28 Prince Edward Island, New Brunswick, Manitoba, Saskatchewan, British Columbia, Yukon, Alberta, Newfoundland, and Nova Scotia have Provincial Nominee Agreements.
- 5.29 Before applying to immigrate to Canada, Provincial Nominees must complete the provincial nomination process. After an applicant has been nominated by a province, they have to make a separate application to Citizenship and Immigration Canada (CIC) for permanent residence. A CIC officer will assess

their application based on Canadian immigration regulations. Provincial Nominees are not assessed on the six selection factors of the Federal Skilled Workers Program.

- 5.30 Canadian Minister of Citizenship and Immigration, Denis Coderre has been quoted in the press for much of this year as wanting to implement a regional migration strategy, potentially involving immigrants and refugees arriving in Canada signing contracts and agreeing to live in 'designated areas'.
- 5.31 In the case of skilled workers, one option being explored is that they will be given temporary visas for three to five year terms to take up job offers, providing they agree to settle in specific areas. At the end of the term they would be granted permanent residence. The issue of what will be in the contracts, how they will be used and the legislative basis for them is unclear. Minister Coderre has also discussed the possibility of immigrants arriving under the point system receiving extra points if they signed contracts to live in rural areas.
- 5.32 Critics of the plan say that it violates the mobility rights guaranteed to all Canadian residents under the Charter of Rights and Freedoms.
- 5.33 Regional migration will be high on the agenda at the upcoming inaugural Canadian conference of Federal/Provincial/Territory immigration Ministers in October 2002 in Winnipeg, Manitoba. A key outcome expected from the meeting is agreement on the terms of a regional migration strategy.

6. INTERNATIONAL COMPARISON OF IMMIGRATION POLICIES AND PROCEDURES

Term of reference 4 – the degree to which Australia’s migration and temporary entry programs are competitive.

- 6.1 This chapter provides DIMIA’s comparative analysis of Australia’s temporary and permanent skilled migration programs, policies and procedures and those of other developed countries.
- 6.2 The research paper ‘*Global Competition for Skills: An Evaluation of Policies*’ (on DIMIA’s website) by John Salt and Gail McLaughlan, Migration Research Unit, Department of Geography, UCL also provides an insight and analysis of recent immigration policies in developed nations designed to attract skilled workers from overseas.
- 6.3 It should be noted that:
- every effort has been made in this chapter to compare like with like ie visa categories and immigration procedures that, prima facie, appear similar to those in Australia. However, we recognise that immigration policy and procedures in various countries may have very different objectives to apparently similar Australian policies and procedures; and
 - immigration arrangements around the world are undergoing substantial and rapid change as a result of which the comparative information in this chapter may not be strictly up to date.

Skilled migration

- 6.4 As noted in Chapter 4, Australia has four broad categories of skilled migration visas. These are:
- (i) General Skilled Migration;
 - (ii) Business Migration;
 - (iii) Employer Nomination; and
 - (iv) Distinguished Talent.
- 6.5 These broad categories have been used for the purpose of comparing Australia’s visas with those of other countries in this Chapter.
- (i) General Skilled Migration
- 6.6 In Australia, the general skilled migration categories represent some 68 per cent of the 2001-02 Skill Stream outcome. Australia, Canada, New Zealand and Germany all have points based general skilled migration programs. There is a “pass mark” in each case. If that is not met, then the application may be refused. A detailed comparison of Australia’s points-tested categories and those of Canada, New Zealand and Germany is at Appendix 1.
- 6.7 The U.K. has recently introduced the *Highly Skilled Migrant Programme* which is aimed at scientists, business and financial experts, and doctors but provides for initial temporary entry before permanent residence can be applied for. This scheme uses a points-based system and allows individuals to apply from overseas

to work in the U.K. for an initial period of 1 year. This period is renewable where the permit holder can demonstrate that they are employed at a level warranted by their skills base. Migrants can apply for permanent residence after 4 years and principal applicants can seek entry for their spouse and dependent children.

6.8 The U.S., which has a very small per capita Skill Stream, has no equivalent points tested categories. The closest the U.S. has to a general skilled to semi-skilled migration category is the Diversity Visa Lottery. Each year, the Diversity Lottery (DV) Program makes 55,000 immigrant visas available through a lottery to people who come from countries with low rates of immigration to the U.S. The State Department (DOS) holds the lottery every year, and randomly selects approximately 110,000 applicants from all qualified entries. The DOS selects approximately 110,000 applications since many will not complete the visa process. However once 55,000 are issued or the fiscal year ends, the DV program is closed.

- A successful visa applicant in the Diversity Visa Lottery Program is authorised to live and work permanently in the U.S. S/he is also allowed to bring his/her spouse and any unmarried children under the age of 21 to the U.S.
- The applicant must be a native of a qualifying country. However, if a person was born in an ineligible country but his or her spouse was born in an eligible country, such a person can claim the spouse's country of birth, provided both the applicant and spouse are issued visas and enter the U.S. simultaneously. Also, if a person was born in an ineligible country, but neither of his or her parents was born or resided there at the time of the birth, such a person may be able to claim one of the parent's countries of birth.
- Applicants must have either a high school education or its equivalent, or two years of work experience within the past five years in an occupation that requires at least two years of training or experience.

6.9 Key comparisons between the general skilled migration programs of Australia, Canada, New Zealand and Germany include the following:

Points test structure

6.10 In Australia, all general skilled migrants are selected via a points test based on strict threshold criteria for skills, age, English language standards and skill shortages. This means that applicants must be less than 45 years of age, have vocational level English and have a recognised post-secondary skill in order to be granted a visa. Persons who do not meet these threshold criteria can consider entry via other visa classes (eg the Employer Nomination Scheme where a job is guaranteed). The research evidence shows very clearly that migrants who do not meet these threshold criteria experience significant difficulties in the labour market. Currently, Australia's pass mark is set at 115 points out of a possible 145 (Skilled-Independent).

6.11 We also take account of other attributes such as Australian qualifications, fluency in languages other than English and spouse's skills and regional and employer needs.

- In Canada, under *Skilled Worker Class* Immigration, points are awarded for education, language, work experience, age, arranged employment and adaptability. Canada has recently introduced a new points system which more closely resembles the points test introduced in Australia on 1 July 1999, ie

with less concern about “occupations”, and more weighting given to skilled applicants with sound education qualifications and transferable skill sets by emphasising education and experience, as well as flexibility and adaptability. There are now threshold criteria for work experience (at least one year in the last 10 years in a skilled occupation which is much weaker than Australia’s test), as well as evidence that applicants have sufficient settlement funds. Language skills will be retained as an important attribute. Canada’s changes now mean that regime more closely matches that of Australia's. However, Australia’s points test: places a much higher weighting on skills that are in demand (eg nursing); recognises the value of a wide range of second languages (Canada’s test only recognises French); and recognises the value of prior local labour market experience (Canada’s does not). Canada’s pass mark is set at 70 out of 100.

- In New Zealand, under the *General Skills Category*, points are awarded for qualifications, exceptions to qualifications (professional sports coaches, ministers of religion and IT without formal qualifications), New Zealand qualifications, work experience, offer of employment, age, settlement funds, New Zealand work experience, spouse/partner's qualifications and family sponsorship. Unlike Australia’s point test, New Zealand’s test recognises no other languages. There are also no threshold criteria to be met. In recent years, New Zealand has made changes to their general skills category to introduce more flexibility into its qualifying criteria and to remove barriers to obtaining residence. These changes include enabling applicants with insufficient points to 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. New Zealand’s pass mark is set at 28 out of 44.
- Germany has recently introduced a small skilled permanent entry program of up to 50,000 places. Young, highly skilled overseas workers, and those that are already living in Germany that apply, are assessed against a points system and, if successful, are able to form an integral part of the permanent workforce. The German points system is similar to Australia’s points test for skilled migrants in that successful migrants are assessed against a number of criteria including age, language skills and qualifications (with emphasis on those with the highest level qualifications), and with successful migrants needing to score a specified number of points. Extra points (up to 15 points) are awarded for migrants with an offer of employment; spouse’s qualification; each child (two points up to a maximum of five points); and for a previous or current stay in Germany. Extra points may also be allocated for citizens of EU candidate countries. Germany’s pass mark is set at 100.

English language testing

6.12 In Australia, English language testing for these categories is done by an external, internationally recognised testing body rather than by immigration officers.

- Both Canada and New Zealand have points for English language. Like Australia, New Zealand also uses the IELTS testing system. The principal applicant must achieve an overall band minimum of 5 points, rather than 5 points for each component in Australia. New Zealand also has the discretion to waive English testing if "not necessary".

Skills assessment process

6.13 In Australia, the National Office of Overseas Skills Recognition (NOOSR) is the national expert and coordinating body on overseas skills assessment and recognition. Its principal functions include provision of assessment services, information, advice and promotion of fair, equitable and transparent assessment of qualifications. Since the creation of the Skilled Occupation List (SOL) on 1 July 1999 along with the new general skilled migration categories, NOOSR is no longer responsible for assessing skilled occupations (except teaching occupations). Skill testing is now done by the relevant delegated assessing body in Australia rather than by immigration officers. This provides applicants with much greater assurance that their skills will be recognised in Australia.

- In Canada, there appears to be no national level overseas skills assessment system.
- From 1 July 2001, New Zealand required the provision of a NZQA Assessment report or certificate of occupational registration.

Sponsorship of non-dependent skilled relatives

6.14 Australia, Canada and New Zealand all use a points test as the major basis for entry of non-dependent relatives. For this purpose, Australia recognises a wider range of family relationships (eg nephews and nieces are recognised). Bonus points for a relative sponsor in Australia represent around 13.6% of the points needed to meet the passmark.

- In Canada, the equivalent bonus points represent 5% of the points needed to meet the passmark.
- In New Zealand they represent around 12%.

6.15 In Australia, if the family sponsor lives in an area designated by the relevant State or Territory Government as seeking more skilled migrants, an even wider range of relationships are recognised (eg first cousins, grandchildren). Moreover, in these circumstances, the applicant does not need to meet a passmark but only minimum threshold criteria for age, skills and English language. In participating States/Territories, there is a further concession to allow entry of applicants who have only functional level English.

- In contrast, the U.S. provides for entry of non-dependent relatives on a queuing basis (“preference” category) only where sufficient places are left over after allowing for entry of immediate relatives and subject to country quotas. As a result, it is very difficult for non-dependent relatives to obtain concessional entry to the U.S. irrespective of their skills (eg the queue for entry of brothers and sisters to the U.S. from the Philippines is over 20 years).

Assurance of Support (AoS)

6.16 In Australia, the family sponsored skilled migration categories have a mandatory AoS. The skilled independent categories have a discretionary AoS. The mandatory AoS requires the assurer (who does not have to be the sponsor) to submit evidence of income via the two previous tax assessments. Once the AoS is approved, the assurer will be asked to pay a bond that is refunded after two years residence.

- In Canada, the family sponsors of sponsored skilled migration applicants are required to sign a Sponsorship Agreement with the person being sponsored, which commits the sponsor to provide financial support for three years. Points are awarded for the relationship of the applicant or spouse/partner.
- In New Zealand, points can be awarded if there is a sponsor in New Zealand. The sponsorship agreement requires the sponsor to provide accommodation and financial support, if necessary, during the first 24 months of residence in New Zealand. There is no AoS equivalent.
- In the U.S., sponsored family members must submit an Affidavit of Support and accompanying evidence that their income is 125% above the mandated poverty line. There does not, however, appear to be any Affidavit of Support for the employment skills based permanent visa categories.

(ii) Business Migration

- 6.17 Australia's approach to business skills migration places a higher emphasis than Canada and New Zealand on the actual business skills of the applicant and the extent to which they have risked their own assets in achieving a successful business career than on the actual quantum of wealth they hold. This emphasis followed concerns expressed in the early 1990s regarding 'buy a visa' schemes. Canada is introducing new legislation to enhance the integrity of its business immigration program by, among other things, introducing a more objective assessment of business experience.
- 6.18 Australia's approach also places a high emphasis on post-arrival monitoring to ensure that these persons do indeed go into business in Australia rather than to use the visa as simply 'insurance' or as a cheaper means of obtaining an education for their children.
- This approach is designed to achieve greater integrity in the program;
 - However, it may mean that we will cancel a higher proportion of business skills visas compared to Canada where monitoring to ensure that visa conditions are met appears less intense/stringent. It should be noted, however, that the Canadian program is encountering similar criticisms to those that Australia's business migration program faced in the early 1990s;
 - Australia does not cap the business skills category and allows it to operate on a demand driven basis, as do Canada and New Zealand.
- 6.19 Canada has three business migration categories:
- Investor category* - The Immigrant Investor Program seeks to attract experienced persons and capital to Canada. Investors must demonstrate business experience, a minimum net worth of CDN \$800,000 and make an investment of CDN \$400,000.
 - Entrepreneur category* - The Entrepreneur Program seeks to attract experienced persons that will own and actively manage businesses in Canada that will contribute to the economy and create jobs. Entrepreneurs must demonstrate business experience, a minimum net worth of CDN \$300,000 and are subject to conditions upon arrival in Canada.
 - Self-employed category* - Self-employed persons must have the intention and ability to create their own employment. They are expected to

contribute to the cultural or athletic life of Canada. They may create their own employment by purchasing and managing a farm in Canada.

6.20 In examining the Canadian business migration experience, of note is the May 2000 report prepared by David Ley of the University of British Columbia which drew on Census data, tax file returns and interviews with 13,000 business migrants who had arrived between 1980 and 1995. The report found that average earnings from self employment were extremely low, ranging from a peak of C\$14,700 for the 1981 arrivals to less than C\$1,900 for those arriving in 1993. The proportion who reported that they were self employed - consistent with their immigration status as entrepreneurs - ranged from 37% among 1981 arrivals to only 15 % for 1994 arrivals, with a median level of 27%. Furthermore, in 1995, business migrants to Canada declared average earnings 25% lower than the average for all major migration categories, and the lowest for all groups, including refugees.

6.21 Australia may have a competitive advantage in terms of its Established Business in Australia (EBA) category. This provides an opportunity for persons without the same level of proven business skills to obtain permanent residency by first entering on a temporary basis and setting up a successful business. Since 1 July 1996, some 2,800 persons have been granted permanent residency in this category. Australia also has a regional version of the EBA visa with lower requirements to encourage more businesses to set up in regional Australia. We are not aware of any other countries with such a regional/non-regional distinction.

- Canada does not have an equivalent EBA visa category.
- The UK has recently introduced an *Innovator* category which, while allowing only temporary entry initially for 18 months to establish a business in the U.K., provides for an applicant to apply for permanent status after 4 years. This category is similar to Australia's Temporary 457 Independent Executive category which feeds into the EBA. Assessment of these cases in the U.K. is based on a points test – applicants must provide a business proposal that will lead directly to the creation of 2 full-time jobs within the business, within 12 months, for persons already in the U.K. A further 2 years stay can be obtained on this visa and settlement can be applied for after 4 years. The 2 year *Innovator* pilot scheme has recently been extended indefinitely. In extending the scheme, the U.K. Home Office Minister has stated that '112 of the most talented people in the world have come to Britain to set up high tech businesses in areas such as e-commerce, electronic share dealing, and music industry technology'.
- In the U.S., the only permanent residence business migration category is for investors of at least \$1 million under the *EB-5* visa (*Employment Creation (investor) visa*). 10,000 visas per annum are provided for in this category. However, a minimum of 3,000 visas are reserved for investors of \$500,000 in rural or high unemployment areas. Investment must create employment for at least 10 U.S. workers. This visa is presently under review.
- New Zealand has two business visa categories: the *Investor*, and the *Entrepreneur* visa categories.
 - (i) Applicants applying under New Zealand's *Investor Category* are assessed by a points system based upon a structure that awards points for age,

business experience and investment funds. Points are allocated as follows:

- Age (-4 points for 75-84 years of age to a maximum of 10 points for 25-29 year olds);
- Business experience (1 point for 2 years experience through to a maximum of 5 points for 10 years experience); and
- Investment funds (1 point for \$NZ1,000,000 to a maximum of 11 points for \$NZ6,000,000).

If you score less than the passmark your application will be declined. A pass mark is set by the Minister. The pass mark is 12 points.

(ii) New Zealand's *Entrepreneur* category exists to grant permanent residence to those people who have established a business in New Zealand successfully for a period of two years. The criteria for permanent residence is set significantly lower than for the Australian EBA visa. To qualify under the *Entrepreneur* Category, you must have successfully established a business in New Zealand for a period of at least two years. The business that you have established must benefit New Zealand in some way. In addition, you and any family included in your application must meet health, character, and English language requirements. An applicant is considered to have successfully established a business in New Zealand if s/he:

- has established or purchased, or made a substantial investment in a business operating in New Zealand. A substantial investment in a business is defined as ownership of at least 25% of a business; and
- has been self-employed in New Zealand in that business for at least two years. A person is considered to be self-employed if s/he has a lawful active involvement in the management and operating of a business in New Zealand which you have established or purchased, or in which you have made a substantial investment.

6.22 Australia also has a visa category for Senior Executives, which provides permanent residence for those employed in the top three levels of management of major business and who intend to engage in business in Australia. Since 1996, some 4,700 persons have been granted permanent residency through investment linked visas (1237 cases).

- The Canada and New Zealand models do not have a permanent visa pathway for Senior Executives who want to start a business in these countries.

Business Skills Age Limits

6.23 In Australia, Business Skills applicants are awarded a maximum of 30 points for age towards the passmark of 105 points if they are between 30 and 44 years at time of application. Other applicants are awarded between 10 and 25 points for age unless they are 55 years or older in which case 0 points are awarded. It is still possible for applicants over 55 to pass the points test provided they score well on other points test factors.

6.24 The age criterion for Business Skills applicants varies among Australia's major competitors, including the United Kingdom, Canada and New Zealand. Age is a component of points testing in two of Australia's three major competitors. In the (few) business skills categories that are not points tested in the United Kingdom, Canada and New Zealand, there are no specified age requirements.

- In the U.K., the 2000 *Innovator's Scheme* and the 2001 *Highly Skilled Migrant Program (HSMP)* both use a points test, however, age is not a component of either. In the context of the *Innovator's Scheme*, age was expressly not deemed relevant because the principal focus is on the applicant's business potential.
- Applications under Canada's *Investor, Entrepreneur* and *Self-Employed* categories are each assessed using a points test, of which age is a component. Of an overall 100 point maximum, the maximum 10 points for age is awarded to applicants aged 21 to 44 years. This is reduced by 2 points for each year of age over 44 and under 21 years.
- In the New Zealand *Investor* and *Entrepreneur* categories, points testing is only used in the former. A maximum of 10 points is awarded for those applicants aged 25 to 29 years. This is reduced by 1 point for every five years of age until 64. Applicants of 65 and over earn negative points against this criteria and those aged 85 and over are ineligible to apply.

6.25 With the exception of the United Kingdom, age is an important consideration in assessing business skills visa applications. In this context, both Canada and New Zealand have a similar policy setting to Australia. In Canada, New Zealand and Australia older business skills applicants are disadvantaged but not precluded from success in this category of migration.

(iii) Employer Nomination

6.26 Australia's Employer Nominated Scheme (ENS), Regional Sponsored Migration Scheme (RSMS) and Labour Agreements aim 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.

- New Zealand has two employer nomination visa categories: the *Talent Visa* and the *Employees of Relocating Business* category.
 - (i) The *Talent Visa*, like Australia's ENS, has a focus on skilled and business migrants. The Talent Visa is designed to enable accredited employers, particularly those in the innovative and enterprise sectors to quickly recruit skilled workers. Unlike Australia's ENS where successful nominees immediately receive permanent residency, under the Talent Visa, permanency is not received until after two years temporary residency.
 - (ii) The *Employees of Relocating Business* category also has a focus on skilled and business migrants. If a person is an employee of a relocating business and does not qualify under any other residence categories, s/he may be granted residence under the Employees of Relocating Businesses category on a case by case basis. To qualify for consideration under this category, an applicant must be a key employee of the relocating business and must meet health, character,

and English language requirements. A relocating business is a business that proposes to operate in New Zealand. A key employee is an employee of the business whom the chief executive officer (CEO) of the relocating business reasonably considers will be essential to the operation of the relocated business in New Zealand.

- In the U.S., there are four visa classes for granting permanent residence based on employer nomination.
 - i) **EB-1:** Priority workers (40,000 visas per annum). One sub-category of this group is ‘outstanding’ professors and researchers seeking to enter in senior positions. They must be internationally recognised and have at least 3 years of experience. Another sub-category of this group is for executives and managers of multinationals. They must have 1 year of prior service with the firm during the preceding 3 years. A U.S. employer is required for both sub-categories.
 - ii) **EB-2:** (40,000 visas per annum). This category includes professionals with advanced degrees or persons with exceptional ability in the sciences, arts or business. A U.S. employer and labour certification is required.
 - iii) **EB-3:** (40,000 visas per annum). The two main sub-categories in this group provide for the permanent migration of skilled workers with at least 2 years vocational training or experience, and professionals with a Bachelors degree. A U.S. employer and labour certification is required.
 - iv) **EB-4** Special Immigrants (10,000 visas per annum). This category includes ministers of religion and persons working for religious organisations (the applicant must have been performing this religious work for the past 2 years), foreign medical graduates, alien employees of the U.S. government abroad, alien retired employees of international organisations, etc. A U.S. employer is required.

Note: A Labour certification is granted by the U.S. Department of Labor upon a finding that there are not sufficient U.S. workers who are able, willing, qualified, and available for the employment offered to the alien and that the wages and working conditions of similarly employed U.S. workers will not be adversely affected. The labour certification process is initiated by the employer and requires recruitment of U.S. workers at prevailing wages and working conditions at the location where the employment will take place.

(iv) Distinguished Talent

6.27 Australia has the Distinguished Talent visa category for distinguished individuals with special or unique talents of benefit to Australia.

- The U.S. has a similar visa to the Distinguished Talent visa under its EB-1 Priority Worker category. This sub-category provides for the migration of people with extraordinary ability (proven by sustained national or international acclaim) in the sciences, arts, education, business, and athletics. No U.S. employer is required.

- New Zealand's Talent visa (mentioned above under 'Employer Nomination') seeks to attract talented individuals but is more akin to Australia's employer nomination categories as it requires employer sponsorship.
- Canada does not have a similar category.

Skilled Temporary Entry

6.28 As mentioned in Chapter 4 of this submission, Australia has four broad types of skilled temporary entrant:

- (i) Business visitors who come for short periods for business purposes;
- (ii) Skilled temporary residents who come for longer periods of residence;
- (iii) Other temporary entrants who come for social and cultural or international relations purposes; and
- (iv) Overseas students.

6.29 These broad categories have been used for the purpose of comparing Australia's skilled temporary visas with those of other countries in this Chapter. Overseas students have not been included in this Chapter as they are not considered to be skilled migrants until they have successfully completed their Australian education and migrated.

(i) Business Visitors

6.30 Australia's business visitor visa program has placed emphasis on efficient, lawful and orderly entry to Australia. Each year, the entry of increasing numbers of visitors is facilitated through a range of initiatives that are designed to expedite the visa holder's entry.

6.31 A comparative analysis of business visitor visas is at Appendix 7. This analysis demonstrates that Australia is very accessible with features in place to allow flexibility to clients while continuing to maintain border integrity.

6.32 Australia has an Electronic Travel Authority (ETA), which has been successful in allowing passport holders of 31 nationalities to visit Australia without needing to approach an Australian overseas mission to obtain a visa. The ETA is available from travel agents and airlines. In this way, the ETA holder has permission to enter Australia before boarding their flight.

- Visitors travelling to other competing business and tourism destinations such as the USA and Canada are unaware of their entry status until after arrival in the country as they are issued their visa in immigration clearance on arrival.
 - In Canada, applicants who are required to apply for Visitor Visas offshore are processed quickly on arrival as they have already been assessed and are pretty much assured of entry. Persons from countries who qualify for visa free arrangements have their entry assessed on the Primary Line. In most of these cases, this involves a few quick questions and the applicant is allowed to enter. However, if the applicant has any criminal convictions or comes from one of the higher risk countries that are visa free ie Mexico or South Korea, then the process can be longer and entry is not assured.
- Until recently, visitors to the U.K. were allowed only single entry into the country. On 1 November 2001, the Multiple Entry Work Permit (MEWP)

category was introduced. It is part of the existing work permit arrangements. It will allow employers to apply for a permit to allow their current or future employees from abroad to enter Britain regularly, for short periods, without having to apply for a separate permit each time. The scheme will increase the flexibility of the work permit arrangements whilst shortening and simplifying the process for these employers. MEWPs for individuals under the Business and Commercial and Sportspeople and Entertainers arrangements will be issued for a minimum of 6 months and a maximum of 24 months.

6.33 It is the efficiency and flexibility of Australia's ETA that has led to 87% of all visitors to Australia utilising this service.

6.34 For business visitors who are not eligible for an ETA and so must apply for a "label" visa, DIMIA continues to examine ways to streamline processes for their visas. The visa is granted before arrival so the applicant still knows before they arrive that they can enter the country.

(ii) Skilled Temporary Residence

6.35 Australia's long-stay skilled temporary entry arrangements (Temporary Business Entry (TBE) (Long Stay) 457 program) compares favourably to the TBE arrangements of most other countries.

- In New Zealand, a person may apply for a Long Term Business Visa/Permit if s/he is interested in applying for permanent residence under the Entrepreneur Category. An applicant may also apply under this category if s/he is interested in establishing a business in New Zealand but does not wish to live permanently in New Zealand. This is not a residence policy. An applicant will be granted a work visa or permit for up to three years if their application is successful. To apply under the Long Term Business Visa/Permit category, a person and their family must meet health and character requirements. The applicant must also:
 - have a satisfactory business plan; and
 - have, in addition to investment capital, sufficient funds for your maintenance and accommodation and that of any non-principal applicants; and
 - satisfy the business immigration specialist that s/he is genuinely interested in establishing a business in New Zealand.
- In Canada, every year over 90,000 foreign workers enter the country working temporarily to help Canadian employers address skill shortages in Canada. Citizenship and Immigration Canada (CIC) and Human Resources Development Canada (HRDC) ensure that these workers will support economic growth in Canada and create more opportunities for all Canadian job seekers. In almost all cases the person must have a valid work permit to work in Canada. This means that a Canadian employer must first offer the person a job. HRDC must normally provide a labour market opinion or 'confirmation' of the job offer (although some types of work are exempt from this process). After HRDC confirms that a foreign national may fill the job, the person can apply to CIC for the work permit. Canada also has a live-in caregiver program. A live-in caregiver is someone who provides care to children, the elderly or the disabled in a private household. After working two years as a live-in caregiver a person can apply to be a permanent resident in Canada.

- The U.K's *Work Permit Scheme* is analogous to Australia's Temporary Business (Long Stay) 457 visa program. It allows foreign workers to work in the U.K on a temporary basis (for up to 5 years) where they have been nominated by a U.K. employer to fill a genuine position that is in shortage. About 67,100 permits were granted in 2000. In addition, students at the end of their study, who have degree qualifications, in particular student nurses, postgraduate doctors and dentists, can transfer into this scheme, with certain conditions, including permission of any international sponsor.
- In the U.S., there is a range of temporary entry visas for workers from overseas. However, the application process is cumbersome. Employers who wish to hire foreign workers to temporarily perform services or labour or to receive training must file an I-129 petition. In some cases, the employer must get a certificate from the Department of Labor prior to filing the I-129. Once the petition is approved, the employer is sent a Notice of Approval. However, approval of a petition does not guarantee the issue of a visa to an applicant. Applicants must also establish that they are admissible to the U.S. under provisions of the Immigration and Nationality Act (INA). Neither does a visa guarantee entry into the U.S. Temporary entry visa categories and duration are set out in Table 11 below.

Table 11: Maximum Stay Information for U.S. Temporary Employment Visas

Class	Initial Stay	Extension of Stay
E-1 – Treaty Trader, spouse & children	Two (2) years	Up to 2 years per extension. No maximum number of extensions, with some exceptions.
E-2 - Treaty Investor, spouse & children	Two (2) years	Up to 2 years per extension. No maximum number of extensions, with some exceptions.
H-1B1 - Specialty Occupations, DOD workers, fashion models	Up to 3 years	Increment of up to 3 years. Total stay limited to 6 years.
H-1B2 - Specialty Occupations, DOD workers, fashion models	Up to 3 years	Increment of up to 3 years. Total stay limited to 6 years, with some exceptions.
H-1C – Nurses going to work for up to three years in health professional shortage areas	Up to 3 years	Total stay limited to 3 years.
H-2A and H-2B – Temporary Agricultural Worker & Temporary worker: skilled and unskilled	Same as validity of labor certification, with maximum of 1 year.	Same as validity of labor certification (increments of up to 1 year). Total stay limited to 3 years.
H-3 – Trainee	Special Education Training-up to 18 months. Other Trainee-up to 2 years	Special Education Trainee-total stay limited to 18 months. Other Trainee-total stay limited to 2 years.
L-1A – Executive, Managerial	Coming to existing office-up to 3 years. Coming to new office-up to 1 year.	Increments of up to 2 years. Total stay limited to 7 years.
L-1B – Specialised knowledge	Coming to existing office-up to 3 years. Coming to new office-up to 1 year	One increment of up to 2 years. Total stay limited to 5 years.
O-1 and O-2 – Extraordinary ability in Sciences, Arts, Education, Business, or Athletics and their support staff	Up to 3 years	Increments of up to 1 year
P-1, P-2, P-3 and their support personnel – Individual or team athletes, entertainment groups, artists & entertainers in reciprocal Exchange programs, & artists & entertainers in culturally unique programs.	Individual athlete-up to 5 years. Athletic groups and Entertainment groups-up to 1 year.	Individual athlete-Increments of up to 5 years. Total stay limited to 10 years. Athletic groups and entertainment groups-Increments of 1 year.
Q-1 – International cultural exchange visitors	Up to 15 months.	Total stay limited to 15 months
R-1 and R-2 – Religious workers and their spouse and children	Up to 3 years	Increments of up to 2 years. Total stay limited to 5 years.
All other	Up to 1 year	Increments of up to 1 year

- 6.36 Australia also has a specific initiative to facilitate the temporary residence of overseas doctors where they work in 'areas of need'. The potential length of temporary residence visas for doctors in 'areas of need' has been extended for up to 4 years. This is discussed in more detail under 'Recent initiatives' in Chapter 5.
- The U.K. has recently launched a pilot initiative for issuing work permits to agencies in the teaching sector (with effect from 5 November 2001). The pilot is part of a review into issuing work permits to agencies across a number of sectors where shortages exist. In addition, the U.K.'s recently introduced *Highly Skilled Migrant Programme* is aimed at facilitating the entry of highly skilled people such as doctors, scientists, business and financial experts, who wish to work in the U.K. with a view to permanent settlement following 4 years temporary residence.
- 6.37 A comparative table of the TBE policies of Australia, USA, Canada, Malaysia, Singapore, UK and Germany is at Appendix 2. A comprehensive comparison of Australian and UK TBE arrangements is at Appendix 3. Detailed analysis of the advantages of Australia's TBE policies is set out at Appendix 4. The OECD has also undertaken research and seminars into this area as it relates to the international movement of skilled workers. A recent OECD report on this topic is *International Mobility of the Highly Skilled*.

Australia's competitive advantages in competing for temporary skilled workers

Australia's main advantages in the competition for temporary skilled workers spring from our history as a country of migration and the strong public support that has been created by a well managed and demonstrably beneficial Migration Program. This background allows Australia to offer temporary entrants several benefits that many other nations do not. For example:

- *The capacity to switch status easily between temporary and permanent programs;*
- *Work rights for dependents and spouses;*
- *Flexible conditions for visa renewal; and*
- *No numerical limits on visa grants.*

Work rights for dependents and spouses

- 6.38 Australia's Temporary Business (Long Stay) subclass 457 visa category provides unrestricted and automatic work rights for spouses and dependants of visa holders in this class. In other countries, the route from temporary schemes to permanent residence is indirect, unplanned and uncertain.
- The UK and Germany only allow work rights for spouses where the period of stay is more than 6 months and 2 years, respectively.
 - In December 2001, Canada introduced work rights for spouses of temporary skilled workers.

- In the U.S., spouses (excluding those of intra-company transferees) have no work rights and must meet the requirements for work permits in their own right.

Numerical limits

- 6.39 Australia and Canada do not have a program cap limiting the numbers of temporary business entrants whereas the US (for the H1-B visa category), Germany and Singapore limit the number of visas able to be granted each year.

Visa requirements

- 6.40 Australia is the only country that does not require sponsors to lodge applications with both the relevant government employment agency as well as immigration authorities. DIMIA manages both aspects.
- 6.41 No formal qualifications are required under the TBE (Long Stay) category. An applicant's work experience, education and personal attributes are considered, as are formal qualifications where they are held.
- The U.S., UK, Germany, Singapore and Malaysia all require evidence of at least degree-level qualifications held by all applicants. Canada also requires evidence of acceptable qualifications.

Period of visa validity

- 6.42 Visa holders may stay in Australia for up to four years and may apply for a new four year visa whilst in Australia.
- The U.S. provides for a maximum period of stay of six years for the H1-B category.
 - In Singapore and Germany, stays are restricted to a maximum of five years.
 - In Canada, stays are restricted to three years, but are renewable for an unspecified number of years depending on the period of the contract.

Change of status

- 6.43 Compared with many other countries, Australia has flexible permanent entry arrangements which allow employers of temporary entrants to sponsor them on a permanent basis without any minimum period of temporary stay requirement.
- In the UK and Singapore, permanent migration is only available to work permit holders who have worked in the country for more than four years and two years respectively.
 - Generally, the U.S. and Canada do not allow foreign workers to be granted permanent residence whilst onshore (although H1-B visa holders in the USA can change status in some circumstances). Canada is proposing to create an in-Canada landing class for certain temporary workers, so that they do not have to leave the country to apply to become permanent residents.
- 6.44 To ensure that fast and efficient processing arrangements are in place, Business Centres in each State and Territory of Australia have been established. These Business Centres provide a range of client services and advice to business concerning business entry matters. Business Centres and overseas posts are required to meet set client service standards relating to visa processing times.

6.45 Processing times for the majority of temporary business applications (457s) has improved over the past two years. Table 12 below illustrates the improvement in processing times for 75% of applications from 2000-01 to 2001-02.

Table 12: Application Processing Times for 75% of 457s - 2000-01 to 2001-02

	Onshore		Offshore	
	High Risk	Low Risk	High Risk	Low Risk
2000-01	28 weeks	13.1 weeks	14.1 weeks	3.7 weeks
2001-02	9.9 weeks	6.1 weeks	13.4 weeks	6 weeks

6.46 Australia's 'Pre-Qualified Business Sponsor' (PQBS) arrangements have been identified as a 'best practice' model within the APEC Business Mobility Forum. PQBS arrangements provide large businesses with an economic, streamlined and renewable facility for the sponsorship of an unlimited number of temporary business entrants.

6.47 Streamlined TBE arrangements are balanced by safeguards which protect employment and training opportunities for Australian citizens and permanent residents, and are supported by formal undertakings for the sponsorship of temporary workers. A comprehensive monitoring regime is in place to ensure that sponsors are complying with their undertakings.

Multiculturalism, citizenship and settlement

Multiculturalism

6.48 Australian Multiculturalism, because it promotes commitment to Australia while valuing migrants' cultural heritage, provides a fast track for people to participate in, and contribute to, the Australian community.

6.49 Australia has a well-established immigrant population and resulting cultural diversity which has arisen from a long tradition and history of planned migration. Since World War II, Australia has welcomed more than 6 million migrants. On a per capita basis, Australia has taken many more migrants than Canada or the U.S. in the post WWII years. Nearly one in four of Australia's current population of 19.6 million people was overseas-born. Our overseas-born population originates from over 170 countries around the world.

6.50 The fact that Australia has welcomed such a high number of migrants in the post-war years without creating major social or economic difficulty is partly a function of the planned approach to migration that we have taken.

6.51 In contrast, countries such as Germany and Japan, which are facing much more serious demographic challenges, face significantly greater difficulties in obtaining public support for the higher levels of immigration they need.

Citizenship

6.52 As mentioned in Chapter 4, the ability of Australian permanent residents to apply for Australian citizenship within a relatively short period of time of residence in Australia and to retain their previous citizenship under Australian law are no doubt draw cards for many skilled people from overseas choosing to settle in Australia.

- 6.53 Eligibility for Australian citizenship is probably the most generous and welcoming in the world:
- Previous barriers to Australian citizenship have been progressively eased, which has facilitated full participation by all citizens in Australian society.
 - While in general Australian citizenship policy and law have much in common with other migrant receiving countries including Canada, the United States and New Zealand, both the Australian eligibility criteria and procedures compare very favourably. In contrast, it is very difficult to obtain citizenship in many European countries.
 - In 1997 the European Convention on Nationality set out key principles and rules that focus on prevention of statelessness, non-discrimination and respect for the rights of persons habitually resident in the territories concerned. These principles are reflected in Australian citizenship law.
- 6.54 To acquire Australian citizenship, a person must among other things, be of good character, have basic English language skills and understand the responsibilities and privileges of Australian citizenship. The applicant must also satisfy certain residence requirements (two years in the five years prior to application including twelve months in two years prior to application) and intend to reside in Australia or maintain a close and continuing association with Australia:
- This compares favourably to Canada, the United States and New Zealand where the required periods of residence are generally longer. A more detailed comparison is at Appendix 9.
- 6.55 Currently 75 per cent of the overseas-born who are eligible have become Australian citizens. This compares with 65 per cent in 1986:
- Whilst it is difficult to obtain comparable figures, the Australian citizenship rate of overseas-born in Australia appears to compare favourably with that of other migrant receiving countries. For example the citizenship rate in the USA is estimated at around 50 to 60 percent of overseas-born.
- 6.56 The procedures for applying for Australian citizenship are extremely facilitative. Australia has an advantage over many other migrant receiving countries in terms of application processing due to:
- being based on a largely automated processing system, including on-line character checks and automated period of residence calculation;
 - wherever possible, utilisation of fast track processing arrangements that aim to process straight forward applications for the grant of citizenship well within a 30 day period; and
 - some applications may be processed on the spot and a decision may be made while the applicant is present, if all requirements are met.
- 6.57 In 2000-01, 73.9 per cent of applications for grant of Australian citizenship were finalised within one month of lodgement; 93.8 per cent were finalised within three months:
- As at July 2002, it takes an average of between 6-10 months to become naturalised in the United States. New Zealand information indicates it will usually take between five to eight months from the time an application is

lodged until the applicant becomes a citizen and Canadian information indicates applications take several months to process. .

- 6.58 Conferral of Australian citizenship is the final step in the acquisition process and involves the applicant making a Pledge of Commitment to Australia and its people at a citizenship ceremony, generally conducted by Local Government Councils around Australia:
- Applicants for citizenship in the USA are required to take an Oath of Allegiance at an Oath Ceremony. Applicants for New Zealand citizenship are required to attend a citizenship ceremony where they swear or affirm allegiance to Queen Elizabeth II and to obey the laws of New Zealand. Applicants for Canadian citizenship are required to swear an Oath during an official ceremony at which the new citizens are presented with their certificate of citizenship.
 - Proposed changes to Canadian citizenship legislation include changes to the Canadian citizenship Oath. The Australian Citizenship Pledge was used as a model and the proposed changes will result in the wording of the Canadian citizenship Oath being very similar to that of the Australian Citizenship Pledge of Commitment made by new Australian citizens.
- 6.59 A comparative analysis of Australia's citizenship policies and processes with those of the USA, Canada and New Zealand is at Appendix 9.

Settlement

- 6.60 Australia's settlement services are unique. They are designed to integrate with and complement the wide range of other services available to migrants on arrival in Australia and are aimed at facilitating their equitable participation in Australian society. Our settlement programs are the best in the world and many countries are looking to Australia for assistance in developing similar programs. A comparative analysis of Australia's settlement/integration services with those of the USA, Canada and New Zealand is at Appendix 8.
- 6.61 Unlike many other countries and consistent with the concept of inclusiveness inherent in Australia's multicultural and citizenship policies, migrants to Australia generally have access to the same range of services as the Australian born. Although Australia's specialised settlement services are unique, in assisting newly arrived migrants to access mainstream services, it may be the benefits and services which are universally available which make Australia a favoured destination for skilled migrants.
- 6.62 The Organisation for Economic Cooperation and Development (OECD) has conducted comparative analyses of social indicators measuring labour force participation, mortality, etc between member countries as part of its social policy program. Further information, and the indicators themselves are available from the OECD website at: <http://www.oecd.org/EN/document/0,,EN-document-687-nodirectorate-no-1-22006-19,00.html>.
- 6.63 The OECD's Working Party on Migration has proposed a review of integration (settlement) policies. Subject to resource constraints, DIMIA has offered to be a country for review, but arrangements have yet to be finalised.

7. LESSONS TO BE LEARNT – POSSIBLE POLICY AND PROCEDURAL MECHANISMS TO IMPROVE COMPETITIVENESS

Term of reference 3 – 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.

Term of reference 5 – where there are policy and/or procedural mechanisms that might be developed to improve competitiveness.

- 7.1 Australia undertakes regular monitoring of, and data collection on, immigration developments overseas, particularly in the other traditional immigration countries of Canada, New Zealand and the U.S. A range of information channels are used to obtain the information including: DIMIA's overseas posts, other countries' immigration websites, diplomatic contacts in overseas posts in Australia, the OECD and other international fora, and international articles and publications on immigration issues. A selection of recent articles collected on immigration developments in other countries is at Appendix 10.
- 7.2 Australia also has a comprehensive and sophisticated data collection system on visa processing, in Australia and overseas, and a high quality immigration and population research program. A key component of our immigration data collection is the LSIA which has been recognised internationally as a fore-runner in the field of migration and population research.
- 7.3 Our high quality immigration statistics and our research program inform immigration policy development. We use the information obtained from these sources to continually review and fine-tune our immigration policies and practices. This will enable us to maintain our position in the global competition for skilled workers from overseas.
- 7.4 A wide range of reviews have been undertaken in the past decade or so on Australia's skilled temporary and permanent entry policies and procedures. These are:
 - 1988 Committee to Advise on Australia's Immigration Policies (CAAIP)
 - 1997 Review of the Independent and Skilled-Australian Linked categories
 - 2001 JSCM review of State-specific and regional migration mechanisms.
 - 2001 JSCDFT inquiry into Enterprising Australia – Planning, Preparing and Profiting from Trade and Investment.
 - 2002 Review of Temporary Residence Program. The terms of reference for the review are at Appendix 17.
 - 2002 Review of Business Skills.
 - 2002 Review of settlement services. A copy of the objectives and Terms of Reference for the Review is at Appendix 18.
- 7.5 The combination of our monitoring of overseas developments in immigration policy and practice as well as our own program of immigration research and evaluation enables Australia to maintain a highly responsive set of immigration policies. We continue to finetune these to meet the emerging and changing needs of Australian industry.

