

Review of Skilled Migration

Submission to the Joint Committee on Migration



**The
Institution of Engineers,
Australia**

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1. Introduction

The Institution of Engineers, Australia, (IEAust) is the peak body for engineering practitioners in Australia and represents all disciplines and branches of engineering. The IEAust has around 65,000 members Australia wide and is the largest and most diverse engineering association in Australia. All members of the IEAust are bound by a common commitment to promote engineering and facilitate its practice for the common good. The IEAust welcomes the invitation by the Joint Committee on Migration to comment on skilled migration.

Migrants contribute to the economic development of Australia in many ways including: job creation; filling skill shortages; creation of business opportunities and business expansion; direct investment in the Australian economy; and they often bring new ideas, technologies and skills with them, which all help Australia develop a competitive edge.

The IEAust recognises the significant contribution made by migrant engineers to Australia's early development and their continuing contribution to Australia's economic, physical and social well-being. Migrant engineers are a vital element in generating new ideas and approaches to engineering, and for providing skills where there are shortages.

A skilled engineering workforce is essential if Australia is to achieve the quality and standard of living to which we aspire in an increasingly competitive world. At present, Australia is importing a significant number of engineers every year to cover shortfalls in engineering skills, which is also happening in other sectors.

The skilled migration program is essential to Australia's future competitiveness. The Australian economy needs investment and skilled migration to grow. A healthy business climate and a high standard of living are essential to attract investment and skilled migration. The 2001-2002 migration program provided for 53 520 places for migrants who gained entry based on their employability. The benefits gained from the program include:

- the development of international markets;
- the transfer of capital and investment in Australia;
- the creation or maintenance of employment; and
- the introduction of new or improved technology.

While supporting skilled migration generally, the IEAust has one particular area of concern. This is that the value of educating and developing the skills of Australians may be overlooked by a preference to taking on large numbers of skilled migrants to overcome skill shortages. In a cost conscious commercial environment, there is a danger that employers will be tempted to make greater use of "off the shelf" skills available overseas. This is especially true where there may be delayed access to such skills through local training.

It is vital that skilled migration is used only where skills are not presently available to the required degree. It is essential that skilled migration does not become a replacement for a reliable and valued Australian skill base. Skilled migration cannot be seen as an alternative to educating and training a highly skilled Australian workforce.

An analysis of the new international focus on skilled migration and the employment characteristics of migrants are attached. Also outlined in section 6 are policy/procedural reforms that would act to improve the economic benefits of skilled migration to Australia.

These issues will be discussed within the terms of reference outlined below.

2. Context

The skilled stream of Australia's Migration Program is specifically designed to target migrants who have skills or outstanding abilities that will contribute to the Australian economy. There are a number of categories in the skilled migration stream to enable successful business people and highly skilled and qualified personnel to migrate to Australia. A range of services providing for the streamlined entry to Australia of business people applying for either short or long-term temporary stays also exists. Please see Appendix A for a full outline of Australia's temporary and permanent skilled migration categories.

Table 1 2001-2002 Skilled Migration Intake*

Stream	Total
Employer Nominated/ Regional Sponsored/ Labour Agreement/ State-Territory Nominated	9 560
Business Skills	7 590
Distinguished Talent	210
Independent Migrants	29 880
Skilled-Australian Sponsored	6 250
Total	53 490

Source: Ruddock, "Migration Program Highly Skilled and Largest in a Decade" (July 24) * Does not include New Zealand Citizens

3. International competition for skilled labour

3.1 New focus on skilled migration

Internationally, immigration programs are focused to contribute to the economic, social, environmental and humanitarian interests of the host country¹. Skilled migration, in contrast to humanitarian and family-based migration, is focused primarily on only one of these goals. This goal is to increase the host countries wealth and to achieve net economic growth for the entire population. The rise in international competition for skilled labour has developed as countries move away from family-based migration programs toward skilled migration. This move has been directed by a number of factors:

- Population decreases: skilled migration can offset decreases in national populations due to declining fertility and ageing of the population;²
- Multinational corporations: the growth of multinational corporations has put pressure on governments to facilitate the inter-country movements of personnel³; and
- Skill shortages: inefficiencies of the internal labour market, specific mismatches caused by growth in demand outstripping local training capabilities, and inadequacy of supply at the prevailing age rate can cause skill shortages that can be addressed by skilled migration.⁴

¹ Philip Ruddock, "Australian Immigration: grasping the new reality", presented to *National Skilling: Migration Labour and the Law: An International Symposium*, University of Sydney, November 23-24, 2000, p1.

² Graeme Hugo, "Migrants and Demography: Global and Australian Trends and Issues for Policy Makers, Business and Employers", presented to *National Skilling: Migration Labour and the Law: An International Symposium*, University of Sydney, November 23-24, 2000, p.13.

³ Susan Martin and B. Lindsay Lowell, "US Immigration Policy, Highly Skilled Workers and the New Global Economy, presented to *National Skilling: Migration Labour and the Law: An International Symposium*, University of Sydney, November 23-24, 2000, p.1.

⁴ J. Dobson, K. Koser, G. McLaughlan and J. Salt, *International Migration and the United Kingdom: recent patterns and trends*, Final Report to the Home Office, Occasional paper 75, December 2001, p.4.

Until recently only traditional immigrant countries (Australia, New Zealand, Canada and the United States) competed for immigrants. Now European nations and nations elsewhere (especially in Asia) are entering the competition for migrants with desired characteristics, especially skills in short supply.⁵ Countries experiencing labour shortages and population pressures are directing the focus toward skilled migration.

3.2 Skilled migration and the economy

Engineering, science and technology are major contributors to the Australian economy, particularly through the contribution they make to the innovation process. Engineering provides a bridge between science and technology and between technology and commerce. In advanced economies, engineering provides essential infrastructure, products and services including for example innovations in the communications, energy, transport, health and defence fields. These areas are also dependent on high quality engineering support to provide improved services to the Australian community.

The IEAust believes that strong manufacturing and secondary industry sectors are essential for Australia's future development. Unless Australia can produce wealth creating employment, it will not overcome existing problems, nor address Australia's future in the global economy. The importance of value added industries in our resource rich country is not a new concept. However, its application has been disappointing to date. One of the main reasons for this has been the poor conversion of ideas into marketable products. Australia needs the skills to convert ideas into reality and to create sustainable secondary industries. Skilled migration has a role to play in these developments.

A study undertaken by the Australian Business Foundation (1997)⁶ into the potential for companies operating in high growth and knowledge intensive industries to grow and produce high quality sustainable jobs found that highly successful companies share a set of common characteristics. These include a demonstrated capacity for innovation, and a reliance on technology and brainpower as a source of competitiveness.

Successful companies tend to increase the employment of highly skilled people at a considerably higher rate than employment of less skilled production workers. The study found that these companies tend to employ a relatively high proportion of people with tertiary qualifications compared to other firms in their industries. They also tend to devote more resources to training. It is this aspect that needs to be fostered in the Australian business environment for Australia to develop a sustainable competitive advantage.

Skilled migration is one means of gaining skills to overcome immediate shortfalls. The increasing level of international competition for skilled labour reflects this. What needs to be recognised is that simply "importing" skilled labour is not the best path to achieve sustained economic growth. Table 2 outlines the potential costs and benefits of highly skilled international migration. Overall, enhancing and expanding Australia's skills base through investment in education and training is a preferred course of action to overcome immediate skills shortfalls and will achieve longer-term benefits for Australia.

⁵ Graeme Hugo, "Migrants and Demography: Global and Australian Trends and Issues for Policy Makers, Business and Employers", p.5

⁶ Australian Business Foundation, *The High Road or the Low Road: Alternatives for Australia's Future?*, 1997.

Table 2: Possible Economic Effects of High-Skilled International Migration

	<i>Sending Countries</i>	<i>Receiving Countries</i>
Positive Effects	<p>Science and Technology</p> <ul style="list-style-type: none"> • Knowledge flows and collaboration, return of natives with foreign education and human capital, increased ties to foreign research institutions • Export opportunities for technology • Remittances and venture capital from diaspora networks • Successful overseas entrepreneurs bring valuable management experience and access to global networks <p>Human Capital Effects</p> <ul style="list-style-type: none"> • Increased incentives for natives to seek higher skills • Possibility of exporting skills reduces risk/raises expected return from personal education investments • May increase domestic economic return to skills. 	<p>Science and Technology</p> <ul style="list-style-type: none"> • Increased R&D and economic activity due to availability of additional highly skilled workers • Entrepreneurship in high growth areas • Knowledge flows and collaboration with sending countries • Immigrants can foster diversity and creativity • Export opportunities for technology <p>Higher Education Systems</p> <ul style="list-style-type: none"> • Increased enrolment in graduate programs • Offset ageing of university professors and researchers <p>Labour Market</p> <ul style="list-style-type: none"> • Wage moderation in high growth sectors with labour shortages • Immigrant entrepreneurs foster firms and job creation • Immigrants can act as magnets for accessing other immigrant labour (network hiring effects)
Negative Effects	<p>Human Capital Effects</p> <ul style="list-style-type: none"> • “Brain Drain” and lost productive capacity due to (at least temporarily) absence of higher skilled workers and students. • Lower returns from public investment in tertiary education 	<p>Higher Education Systems</p> <ul style="list-style-type: none"> • Decreased incentives of natives to seek higher education skills in certain fields, may crowd out native students from the best schools. <p>Science and Technology</p> <ul style="list-style-type: none"> • Technology Transfers to foreign competitors and possible hostile countries.
<p>Possible Global Effects</p> <ul style="list-style-type: none"> • Better international flows of knowledge, formation of international research/technology clusters • Better job matches, including: greater employment options for workers, researcher’s ability to seek work most interesting to them and greater ability of employers to find rare/unique skill sets • International competition for scarce human capital may have net positive effect on incentives for individual human capital investments. 		

Source: Guellec and Cervantes, “International Mobility of Highly Skilled Workers: from statistical analysis to policy formulation”, Organisation for Economic Cooperation and Development, *International Mobility of the Highly Skilled*, 2002, p.86.

4. The degree to which quality permanent skilled migrants are being attracted to Australia and settling well.

The Minister for Immigration and Multicultural Affairs, Phillip Ruddock outlined in 2000 that “the unfortunate reality is...that an endless queue of skilled migrants is not eagerly awaiting the opportunity to reside permanently in Australia.”⁷

Each year the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) conducts community consultations and subsequently sets the desired level of migration. The overall size of the planned program has fluctuated from year to year, while skilled migration has grown as a proportion of Australia’s entire planned migration program. What has also been relatively constant over the last decade is that actual migration numbers have not met the size of the planned migration program, although skilled migrants exceeded planning levels for 1999 and 2001. This fluctuation in actual migration levels in the skilled and family streams is outlined in Table 3:

⁷ Philip Ruddock, “Australian Immigration: grasping the new reality”, p.3.

Table 3: Planned and Actual Migration Levels (Family and Skilled Streams) 1994-2001

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
Planned family migration	44500	56700	44580	31310	32040	32000	34400
Actual family migration	37400	46458	36490	21142	21501	19896	33470
Planned skilled migration	30400	24100	27550	34670	35000	35333	40000
Actual skilled migration	20210	20008	19697	25985	37931	32350	44730

Source: Yale-Loehr and Erharat, "Immigration and Human Capital: a theoretical, comparative and practical perspective", p.15.

4.1 Factors influencing migrant destinations

A 1998 report by the Victorian Parliamentary Economic Development Committee outlined that migrants in the business and skilled categories generally considered the following destinations in priority order:

- United States
- Canada
- Australia
- New Zealand

Two factors were important in the settlement decisions of potential skilled migrants. Firstly, the country with the easiest and most stable entry requirements was chosen to maximise the chance of visa application approval. Secondly, lifestyle preferences such as climate, quality of education and the attraction of family and friends who had already migrated also played a role.

The report also outlined that many skilled migrants will use the assistance of a migration agent, usually in an overseas posting, to apply for the necessary visa. This is important as the agents are operating a business and are looking for a high turnover of clients. As a result, they will direct their clients to the country that has the easiest entry requirements and the greatest chance of approval.

These findings would suggest that Australia will need to ensure that its skilled migration program is as streamlined as possible. Providing incentives for migration agents to lodge applications in Australia may also prove an effective way to increase skilled migration applications.

4.2 Skill shortages: engineering

A skilled engineering workforce is essential if Australia is to achieve the quality and standard of living to which we aspire in an increasingly competitive world. Australia's infrastructure utilities, industry, government and education sectors have been subject to major structural changes over the last 5-10 years. International and domestic pressures have resulted in the adoption of policy responses that have included the introduction of competition policy, privatisation, differential HECS, and the reduction of R&D incentives. These changes have the potential to result in Australia facing a skills shortage in the medium term.

The IEAust is concerned that there is an emerging skills gap in some areas of engineering:

Civil Engineer: NSW - current shortages especially for Civil Engineers in design, general project management, water supply, drainage and sewerage. VIC - shortages restricted to traffic engineers and engineers with managerial/design experience in large scale infrastructure projects. WA - shortage restricted to highly skilled and experienced structural engineers, especially in offshore oil and gas

Electrical Engineer: VIC - shortage of Electrical Engineers experienced in working with high voltage. WA - shortage restricted to manufacturing and mineral processing maintenance.

Mechanical Engineer: WA - in the short term, a shortage of senior Mechanical Engineers with resource experience is expected.

Mining Engineer: WA - shortages restricted to experienced planning, scheduling and underground Mining Engineers.

Chemical Engineer: WA - shortages restricted to experienced Chemical Engineers in the mineral processing sector.⁸

At present, the country is importing a significant number of engineers every year to cover the shortfall in engineering skills. Between 1988 and 1996, 22 000 engineers migrated to Australia.⁹ The doubling in the cost of an engineering degree from around \$9 000 to \$20 000 through the introduction of differential HECS has had an effect on the number of students applying for places at tertiary institutions to study engineering. This will increase future skills shortages.

4.3 Employment characteristics of migrants

Skilled migrants who enter under the Employer-Nominated migration stream (1212 in 1999-2000) are the most successful in the Australian labour market. Six months after arrival, labour market participants in all visa categories were much less likely to be employed than individuals in the Employer-Nominated scheme. After 18 months, 90 percent of Employee-Nominated migrants were employed in comparison with approximately 24 percent of those in the humanitarian category. This success does not diminish over time.¹⁰

A study undertaken by *Cobb-Clark and Chapman (1999)* found a close relationship between the ability to speak, read and write English and successful assimilation into the Australian labour market. Higher levels of English ability are strongly associated with higher employment and participation rates, and lower unemployment rates. Six months after immigration 55 and 40 percent of migrants that spoke English “only” or “very well” were employed. Only 5 percent of those who spoke English “not at all” were employed as wage/salary earners. Eighteen months after arrival, the unemployment rate of individuals speaking English “very well” was two and a half times the rate for native English speakers.¹¹ *Yale-Loehr and Erhardt (2001)* have also documented a strong correlation between language

⁸ Department of Employment and Workplace Relations, *National and State Skill Shortage Lists*, February 2002.

⁹ Dominique Guellec and Mario Cervantes, “International Mobility of Highly Skilled Workers: from statistical analysis to policy formulation”, *International Mobility of the Highly Skilled*, Organisation for Economic Cooperation and Development, 2002, p. 76.

¹⁰ Dr Deborah Cobb-Clark and Professor Bruce Chapman, *The Changing Pattern of Immigrants Labour Market Experiences*, Discussion Paper, Centre for Economic Policy Research, Australian National University, February 1999, p.7.

¹¹ *Ibid*, p. 22.

ability and economic success, which remains strong over the long-term.¹² These findings suggest that relatively small improvements in English speaking capacity would result in relatively large improvements in labour market status.

Hawthorne (1994) also documented similar experiences for migrant engineers, identifying five major barriers to professional employment for non-English speaking background engineers:

- Lack of Australian experience;
- Inadequate English language ability;
- Inappropriate job-seeking strategies;
- Differences in technology requirements; and
- Cross-cultural issues.

Overall, the recognition of qualifications while being closely related to how quickly and how well migrants are able to settle into Australia, is not a significant determining factor in a migrants ability to find employment. Table 4 represents the limited number of migrants across all visa categories who are employed in jobs relevant to their qualifications.

Table 4: Use of Qualification on Job 18 Months after Arrival by Visa Category (percentage)

	<i>Preferential Family</i>	<i>Concessional Family</i>	<i>Business Skills/ Employer Nominated</i>	<i>Independent</i>	<i>Humanitarian</i>
<i>Very Often</i>	23	29	60	46	12
<i>Often</i>	11	18	15	21	7
<i>Sometimes</i>	15	14	11	15	*
<i>Rarely</i>	8	9	5	5	*
<i>Never</i>	43	29	9	13	74
Main reason qualifications are not used more often on the job:					
<i>Not relevant to job</i>	89	87	85	85	95

Source: Cobb-Clark and Chapman, *The Changing Pattern of immigrants Labour market Experiences*, 1999 p4 and DIMA Longitudinal Survey of Immigrants to Australia, 1997. *Indicates sample size too small to be reliable

4.4 Standards: engineering

When processing applicants as skilled migrants, in highly technical areas such as engineering, it is vital that any worker who is brought to Australia has not been unemployed for more than 12 months. It is widely agreed that any member of the professions who has not worked for 24 months is no longer immediately employable in their profession and would need to do a substantial amount of re-training.

Competency standards, such as those developed by the IEAust for professional engineers and engineering technologists, should be used as the benchmark when determining the level of competency required for engineering categories of workers. This assessment should be used in conjunction with enabling competencies as demonstrated by academic qualifications as appropriate.

¹² Stephen Yale-Loehr and Christoph Erhardt, "Immigration and Human Capital: a theoretical, comparative and practical perspective", presented to *National Skilling: Migration Labour and the Law: An International Symposium*, University of Sydney, November 23-24, 2000, p. 2.

Migration should only be offered to entrants in engineering under the following conditions:

- industry can prove that no-one in Australia is skilled and reasonably available to fill the position;
- the entrant has the pre-requisite skills, including up to date continuing professional development;
- the entrant has not been unemployed for more than twelve months;
- the entrant has met the requirements of the competency standards; and
- the entrant is competent in English.

5. Whether there are lessons to be learnt from the entry and program management policies of competing nations, including Canada, New Zealand, USA, Ireland, UK, Germany and Japan.

Many OECD countries have begun to review their migration programs in order to be more competitive in the global market for skilled migrants and migrants who create positive social and economic benefits for their country of residence. Recent policy initiatives in OECD countries to attract skilled migrants include:

Canada: In contrast to other immigrant receiving countries (excluding Australia) the majority of those immigrating to Canada enter as skilled migrants, accounting for more than half of total immigration. Skilled migrants qualify to enter Canada by passing a points test. Recent policy initiatives to attract skilled migrants includes the provincial government of Quebec offering five-year income tax holidays (credits) to attract foreign academics in IT, engineering, health sciences and finance to take employment in the provinces' universities. From July, a new points test system for general skilled migrants without family in Canada began. The test now puts more emphasis on education, language skills, work experience and having a job offer, and less emphasis on having a specific occupation. The most controversial clause is that the new rules will be applied and used to assess applications already in the system.

New Zealand: New Zealand has the largest per capita permanent migration program in the world and has had for a number of years. Despite this large per capita gross intake of migrants, far more people are leaving New Zealand than arriving, with many of New Zealand's emigrants are migrating to Australia. New Zealand recently relaxed its standards required in English in a bid to encourage migration from selected countries for example, Hong Kong. Migrants were required to have a 'modest' command of English, which meant they had to be capable of conducting everyday conversations. Now only 'limited' English skills are needed.

The United States: The United States immigration program is heavily skewed toward family migration, as a result their skilled migration intake is small. The US admissions system is also unbalanced. The certification process for admitting highly skilled workers as permanent migrants to fill vacant jobs is slow and costly, while the process for admitting highly skilled temporary workers is fast and relatively cheap. As a result, the number of highly skilled migrants admitted is declining while the number of temporary visas granted for highly skilled workers is increasing. The US Congress has also temporarily increased the annual cap on the number of temporary visas granted to professional immigrants under the H-1B visa program, which statutory limit is presently set at 195 000 visas per year until 2003.

Ireland: Until the 1960's net outflow migration exceeded natural population increase so that population decreased in Ireland from 6.5 million in 1841, to 3.2 million in 1900 and 2.8 million in 1961. It was not until the 1970's that net inflow occurred for the first time. Recently, a shortage of skilled workers, especially in IT, has led to government campaigns in 2000 and 2001 to attract foreign workers as well as former Irish emigrants. Government sponsored job fairs have been held in Canada, the Czech Republic, India, South Africa and the United States. In addition, work visas were introduced in 2000 aimed at allowing the entry of highly skilled workers in areas where shortages exist in Ireland.

United Kingdom: In 1999, the government launched a major campaign to increase the number of international students in higher education from 198 000 to 248 000. The strategy is based on a marketing campaign, streamlining of visa procedures and rules on employment for foreign students and special scholarships for top achievers.

Germany: The government is seeking to increase foreign student inflows through grants and fellowships schemes. In addition, a program has been launched to issue 20 000 immigration visas to fill IT job vacancies. To date, visas have been granted to people mainly from India and Europe who were hired by small firms.

Japan: International mobility of human resources remains at a low level in Japan and there are not many permanent or long-stay residents. The trend of accepting more foreign personnel is increasing and the "Science and Technology Basic Plan 2001" is aimed at providing opportunities for foreign scientific and technological personnel to engage in research and development and to internationalise the R&D system in Japan. The government is also seeking to double the number of foreign students through the use of scholarships.

European Union: Recent policy initiatives to attract foreign talent include efforts to harmonise educational certification and qualifications systems among member states in order to encourage greater student mobility within the EU.

France: Recent policy measures seek to facilitate the temporary migration of foreign students and researchers. In 1998, the government established the agency EduFrance, with a budget of FRF100 million to attract a greater number of students to France, particularly from Asia and Latin America.¹³

The IEAust would suggest that the points test system used by Australia, Canada and New Zealand was a successful way to determine a potential migrants eligibility for migration. The Department of Immigration and Multicultural and Indigenous Affairs should assess recent changes to the Canadian points test program to determine if similar reforms would improve the outcomes of the skills test program in Australia.

Relaxing English language standards within the points test system (as in New Zealand) to encourage larger migration numbers should not be considered in Australia given that there are strong correlations between English language ability and labour market success. The Australian points test system should aim to be as transparent and streamlined as possible, while maintaining a strong focus on English language ability.

¹³ Dominique Guellec and Mario Cervantes, "International Mobility of Highly Skilled Workers: from statistical analysis to policy formulation", *International Mobility of the Highly Skilled*, Organisation for Economic Cooperation and Development, 2002, p.84.

6. The degree to which Australia's migration and temporary entry programs are competitive and whether there are policies and/or procedural mechanisms that might be developed to improve competitiveness

International migration has been transformed in the last decade. The two main impacts on Australia being firstly, that the number of nations seeking to attract migrants formally through government programs and policies has increased substantially. Secondly, there has been a massive increase in the number of people for whom international migration has become a viable option. The significance of the non-permanent movement of labour has also increased. Temporary entry programs have grown to the point that at any one time 200 000 persons temporarily present in Australia have the right to work. The Department of Immigration and Multicultural and Indigenous Affairs estimates that at June 30, 1999 there were 465 300 persons in Australia on temporary visas. 16 4360 had been in Australia for less than three months, 167 910 between three and twelve months and 133 070 longer.¹⁴ The largest group of the 465 300 were from the UK (66 100), followed by the USA (36 200), Indonesia (33 600), Japan (30 300) and China (29 600).¹⁵ Education continues to be the main reason for temporary long-term travel to Australia, accounting for almost 50% of arrivals in 1999-2000. Most students came from either South-East Asia or North-East Asia.

6.1 Emigration from Australia

Out-movement of Australian born citizens from Australia on a long-term or permanent basis has reached record levels. In 1999-2000 there were 41 078 permanent departures from Australia, half of which were Australian-born. This represents an increase of 17.3 percent over the previous year. In the same period 92 272 settlers arrived in Australia. Concerns exist around the issue of stemming the "brain drain" of highly qualified and skilled young people who are leaving Australia. In the last two decades there has been a major shift in the international movement of professionals. This change can be seen as a "skill exchange" in that high level manpower is being circulated between countries. Foreign assignments are for short periods and migrants are neither seeking or being encouraged to remain in any particular place for a long period of time. This "hyper mobility" of remigration has been encouraged by a number of trends:

- Many formerly regional and national labour markets for highly qualified people now overlap national boundaries;
- The internationalisation of capital;
- Reduction in real time and money costs of international travel;
- Development of multi-national corporations;
- Increase in flows of goods between countries; and
- The global information revolution.¹⁶

While the movement of highly skilled and qualified Australians overseas is an immediate loss to the Australian economy, it can also be argued that international movements of Australians may have a number of positive effects:

¹⁴ These figures do not include New Zealand citizens.

¹⁵ Graeme Hugo, "Migrants and Demography: Global and Australian Trends and Issues for Policy Makers, Business and Employers", p. 5, 10.

¹⁶ Graeme Hugo, "Migrants and Demography: Global and Australian Trends and Issues for Policy Makers, Business and Employers", p.18.

- Although the movement is classified as long-term or permanent many of these expatriates plan to, and do in fact return;
- Most of these emigrants have the capacity to remit significant amounts of hard foreign currency to Australia;
- The movement of Australians overseas results in an extension of their skills and experience so that if they return they will be of great benefit to Australia;
- The linkages which this movement establishes between Australian and Australia-based companies and overseas counterparts and markets may create opportunities for Australian based companies;
- Australians based overseas can give preferential treatment to Australian based suppliers and companies; and
- In the case of the movement to Asia it may be helping to embed the Australian economy in Asia.¹⁷

What is not known is extent to which any of these things are occurring. There may be a role for government to facilitate positive outcomes from emigration and to ensure that “brain re-gain” actually occurs. The IEAust would propose that initiatives should be introduced to encourage young, well qualified people to remain in Australia in the first instance, or helping to facilitate shorter absences from Australia.

6.2 Emigration and engineering

While Australia has been experiencing falling graduation numbers in engineering, increasing numbers of graduates are also migrating to overseas markets. Many graduates go overseas for the greater research opportunities offered in specialised areas of Research and Development. If this trend were temporary there would be long-term benefits for Australia through improved international research linkages. However, the loss is increasingly of a more permanent nature and is being exacerbated by the growing disparity between salary opportunities for new graduates overseas compared with Australia. For example, nearly 60% of US graduates in 2001 reported starting salaries of more than \$95 000 (US\$52 500) compared with \$35 000 for Australian graduates. Australia cannot hope to retain its best graduates if these disparities continue. As suggests, Australia must develop strategies to ensure "brain re-gain" occurs.

Over the 1990s Australia has supplemented a low turnout of engineers from Australian universities with migrants. Currently, 36 percent of Australia’s engineers are migrants as depicted in Table 5. There are already periodic shortages of engineers in particular industries and disciplines throughout Australia (as outlined in section 4.2) and arguments exist that Australia will need greater levels of engineers in the future. As Table 5 represents, if current migration levels in engineering fields are not maintained, or the number of engineers graduating from Australian universities is not increased, then more widespread shortages of engineering professionals could develop.

Table 5: Average annual flows of engineers 1990-1998

Australian graduates	4 621
Plus permanent settlers	<u>2 371</u>
Total supply	6 992
Less permanent departures	<u>555</u>
	6 437

Yates, Agnew, Kryger & Palmer, *The Engineering Profession: a statistical overview*, Institution of Engineers, Australia and Australian Council of Engineering Deans, 2001.

¹⁷ *Ibid*

The IEAust would argue that the current annual flow of engineers was unsustainable in the long term. As outlined above, Australia should be looking to not only to attract migrants to fill skill shortages, but to also encourage Australian university graduates who are highly trained and skilled to remain in Australia in the first instance. Long term strategies will need to be implemented if Australia is not to face serious shortages of engineers which will, in turn, impact on Australia's economy.

6.3 Skills Testing

The system that many immigrant-receiving countries use for selecting skilled migrants is designed to meet the immediate short-term needs of the labour market. Australia, Canada and New Zealand, recognising that immigrants are permanent additions to the labour force, use a points tests system as one way to select migrants on the basis of skills and attributes. Using a points test maximises the probability of migrants achieving long-term success in the labour market. The test awards points to applicants in areas such as work experience, education and language ability and properly designed can be a transparent and efficient means of selecting applicants from which the host country will benefit over the long-term.

While ensuring that skilled-migrants bring with them a desired set of skills, the IEAust suggests that that a points system should also require all participants for permanent migration under skilled streams to satisfy the following prerequisites:

- They should have a verified job offer from an employer in Australia.
- They should not have been unemployed in the 12 months previous to migration in the field for which they are being sponsored.
- The sponsoring employer should make a commitment to pay the applicant the higher of (a) the actual wage the employer pays to other similarly qualified and employed individuals, or (b) the prevailing wage rate for the occupation in the area of employment.
- The sponsoring employer must also pay a significant fee (for example \$A8000 – 10000) to sponsor an immigrant to fill a vacant job. This fee will be collected to support the following 3 programs:
 - (a) To train Australian citizens for the jobs for which migrants are being sponsored.
 - (b) To provide English language training to migrants entering Australia under all permanent migration streams.
 - (c) To provide scholarships to encourage Australians to study in fields with known long-term labour shortages.

Migrants entering under the long-term temporary entry program for skilled labour would also need to satisfy the above requirements, although a reduced fee of A\$1000 per request would be added to the current cost of sponsoring a temporary worker.

The introduction of these measures would have the following positive outcomes:

- Employers would be encouraged to look extensively at the local labour market, as hiring locally would enable the employer to avoid the fee. Employers would begin to reconsider re-training Australian workers rather than utilising “off-the-shelf” foreign talent.
- If an employer is willing to pay a significant fee to sponsor a skilled migrant it can be assumed that the employer has searched and failed to find Australian workers and thus

needs to fill a legitimate vacancy. As a result, skilled migrants will only fill job vacancies that cannot be filled by Australian workers.

- Cases where Australian businesses have laid off skilled Australian workers, simply because they can employ foreign workers more cheaply would diminish. The fee would act as a deterrent to these practices.
- The reduced fee attached to temporary entry skilled migrant applications would not be set at a level that would hinder application numbers, nor effect international flows of skilled temporary migrants. It would simply produce increased funds for training of Australian students, workers and permanent migrants.
- As the fee will be used to provide English language training to migrants entering Australia under other migration streams (humanitarian and family) the positive effects of these migrants on the Australian labour market will be increased. (see Section 4.3 for an analysis of the value of English ability to migrant success in the labour market)
- Migrants who have employer sponsorship yield immediate benefits to the Australian economy and do not pose any short-term economic costs to Australia. In contrast, skilled migrants who enter Australia without a job offer are often forced to accept employment below their capabilities and participate in the job market at much lower rates. Migrants who have been sponsored by Australian employers have consistently lower unemployment rates than all other categories of migrants and this disparity in unemployment rates exists, though to a lesser degree, over time.¹⁸

The following procedural mechanisms/issues will need consideration if the above reforms are adopted:

- Mechanisms must be put in place to prevent the employer from requiring the foreign worker to pay the increased fees.
- The skilled migration employer-nominated stream should remain uncapped. Numbers should be determined by demand.
- The ability of small and medium enterprises to pay the increased fees to sponsor skilled migrants would need to be addressed. Inability to pay the fees should not constrain an employers ability to fill a legitimate vacancy. Measures to determine a legitimate vacancy and inability to pay the fees will need to be put in place to address this potential problem. A reduced fee structure for these situations will need to be considered.
- Should universities, research institutions, government agencies and States and Territories sponsoring migrants under the State/Territory Nominated Independent Scheme be obliged to pay the increased fees, or should they be exempt?
- Many skilled migrants applying for permanent residence in Australia enter under the Independent Skills Category (16 419 in 1999-2000) in contrast to the Employer-nominated category (1212 in 1999-2000). Employer-nominated migrants consistently

¹⁸ Stephen Yale-Loehr and Christoph Erhardt, "Immigration and Human Capital: a theoretical, comparative and practical perspective", p. 21.

have lower unemployment rates both in the short-term and long term than do migrants from the Independent category. Skilled migration should be on the basis of a job offer and the Independent, Skilled-Australian Sponsored and the Skilled-Regional Sponsored categories should be abolished. Applicants who would traditionally enter under these streams should seek admission under the Employer-nominated stream or the State/Territory Nominated Independent Scheme. The Employer Nominated stream, Business Skills stream and the State/Territory Nominated Independent Scheme should remain unchanged.

- The Skill Matching Database should provide a streamlined and cost free registration process for potential migrants seeking sponsorship for permanent migration under the Employer-nominated stream. The service should be promoted further to potential migrant groups overseas.

6.4 Migrants trained in Australia

The Organisation for Economic Cooperation and Development (OECD) report, *International Mobility of the Highly Skilled* outlined that countries whose higher education and research systems are internationalised and which have an environment conducive to entrepreneurship and innovation are generally more successful in attracting foreign students, scholars and other skilled workers.¹⁹ Australia is already capturing a broad section of the overseas student market. These students have the potential to become a large and increasing group of skilled migrants once they have obtained Australian qualifications.

In 1999, DIMIA undertook a review of the Australian skilled migration system, which found that migrants who have been trained in Australia are more successful in the labour market than those who had obtained their qualifications overseas. Education is also one of the few stable indicators of a persons “human capital” and potential “economic success”.²⁰ The IEAust proposes that skilled migrants with an Australian post-secondary degree continue to be allowed to enter Australia as permanent or temporary migrants (subject to a skills test) without being employer-nominated.

6.5 Recognition of qualifications

Under the general skilled migration program, which requires the assessment of skills and qualifications during the application process, the IEAust is the designated assessing authority for most engineering occupations. The IEAust recognises three occupation categories within the engineering team in Australia:

Professional Engineer: Academic qualification of an Australian four year engineering degree following twelve years of schooling or equivalent.

Engineering Technologist: Academic qualification of an Australian three year engineering technology degree following twelve years of schooling, or equivalent.

Engineering Associate: Academic qualification is an Australian two year engineering technology degree following twelve years of schooling, or equivalent.

¹⁹ Dominique Guellec and Mario Cervantes, “International Mobility of Highly Skilled Workers: from statistical analysis to policy formulation”, p. 93.

²⁰ Stephen Yale-Loehr and Christoph Erhardt, “Immigration and Human Capital: a theoretical, comparative and practical perspective”, p.11.

Accredited Australian qualifications and overseas engineering qualifications are recognised through formal agreements with engineering accreditation bodies in other countries. To gain recognition for overseas qualifications (undergraduate engineering qualifications only) there are three pathways:

Washington Accord: An agreement between engineering accreditation bodies in Australia, Canada, Hong Kong SAR, Ireland, New Zealand, South Africa, United Kingdom, United States of America and Japan. These bodies recognise as equivalent the undergraduate professional engineering courses of study which are accredited and delivered in those countries. The Accord applies only to accreditations conducted by the signatories within their respective national or territorial boundaries.

Sydney Accord: This agreement was signed on 23 June 2001 by Australia, Hong Kong, China, Ireland, New Zealand, South Africa and the United Kingdom, and is in its early stages of implementation. The Accord recognises as substantially equivalent the Engineering Technologist/Incorporated Engineer course of study, which are accredited and delivered in those countries. The Accord applied only to accreditation conducted by the signatories within their respective national or territorial boundaries.

Competency Demonstration Report (CDR): If potential skilled migrants overseas qualifications are not recognised through the above agreements recognition can be gained through a competency assessment process. The process provides applicants with the opportunity to establish that their engineering knowledge and competencies are equivalent to those of the appropriate occupational category within the engineering team in Australia.

All applicants applying to have their skills assessed by the IEAust are also required to provide evidence of their English language competency in speaking, listening, reading and writing under the International English Language Testing System. Applicants who are native English speakers, or who have successfully completed a Master of Engineering, or equivalent level course from an Australian University are exempt from these requirements.

A large number of other organisations act for the Department of Immigration and Multicultural and Indigenous Affairs as assessing bodies for professional qualifications, for example:

- Architects Accreditation Council of Australia Inc;
- Australian Dental Council;
- Australian Institute of Medical Scientists;
- Dietitians Association of Australia;
- The National Institute of Accountants; and
- Optometry Council of Australia and New Zealand.

Like the IEAust, these bodies charge fees to process applications. Each body undertakes assessment of qualifications according to varying requirements established by the profession concerned. This process provides an independent check that skilled migrants entering Australia are qualified and have equivalent qualifications to Australian engineers and other professionals. This aspect of the process is critical as the Department of Immigration and Multicultural and Indigenous Affairs does not have the available expertise to determine if a skilled migrant applicant is qualified as for example, an engineering professional by Australian standards.

6.6 Under-utilisation of migrant skills

To be a leader in the global knowledge-based economy it will be necessary for Australia to utilise the pool of its labour force to its maximum ability. The skill-sets of some permanent migrants are being under-utilised in the Australian labour market, and it is clear that in some cases they are not valued as equivalent to Australian qualifications. A study by *Yale-Loehr and Erhardt* also found that “migrants who have prearranged employment are most likely to find work in occupations that will more fully use and develop their human capital. Migrants who do not have a job offer [before migration] are more likely to be forced to accept employment below their capabilities.”²¹

Migrant skill under-utilisation also has implications for the current debate over the ‘brain drain.’ The emigration of skilled Australians overseas can be seen to be offset by skilled migrants from elsewhere resulting in a “brain gain” or “brain exchange”. The benefits of this interchange of skilled labour would however, be diminished if the skills of migrants were under-utilised. The Federation of Australian Scientific and Technological Sciences (FASTS) published a report entitled, *Mathematical Sciences in Australia: Looking for a Future* that among other things documented the movement of mathematician’s post 1995. The total outflow of Australian mathematicians (107 - over half of which were experienced researchers) was not offset by the influx of migrant mathematicians (23 - all of which were relatively inexperienced researchers).²² These results are supported further by data outlining that only 38% of migrants arriving in Australia between 1986 and 1991 who held degree level qualifications had been able to find employment at the professional or managerial level.²³ The IEAust believes that if the previously suggested policy and procedural methods are introduced the under-utilisation of migrant skills would be reduced. It may also be necessary to introduce methods to help skilled migrants who have already migrated to find employment in their areas of competence for example, expanding the NSW public sector Migrant Work Experience Program.

7. Settlement patterns for new arrivals including the role played by State and local authorities.

7.1 Settlement patterns

The State and Territory Governments of Victoria, South Australia, Tasmania and the Northern Territory are strong supporters of increased skilled migration, having recognised the role that it can play in advancing population growth and sustainable economic development. New South Wales in contrast is concerned about the environmental and infrastructure impact of the number of migrants settling in Sydney. In 1999-2000, 42.6 percent of skilled migrants arriving in Australia were intending to live in New South Wales (up from 41.8% in the previous year). The next most popular States were Western Australia (20.1%), Victoria (19.6%) and Queensland (12.11%). Table 6 reflects these trends.

²¹ *Ibid*, p. 13.

²² Jan Thomas, *Mathematical Sciences in Australia: Looking For A Future*, FastS Occasional Paper Series, Number 3, October 2000.

²³ Bob Birrell, Ian R Dobson, Virginia Rapson, and T. Fred Smith, *Skilled Labour: gains and losses*, p.1

Table 6: Percentage of Settler Arrivals by Migration Stream and State 1999-00*

State / Territory	NZ & Special	Humanitarian	Family Stream	Skill stream	Australia's Population
NSW	39.7	42.6	47.4	42.6	33.8
VIC	18	29.2	24.7	19.6	24.8
QLD	32	7.6	11.7	12.1	18.5
WA	7	11.8	9.4	20.1	9.8
SA	1.7	6.8	4.1	3.9	7.9
TAS	0.5	0.5	0.8	0.3	2.5
ACT	0.7	0.9	1.2	0.9	1.6
NT	0.4	0.6	0.7	0.5	1.1
TOTAL	100 (32 759)	100 (7 267)	100 (19 896)	100 (32 350)	100

*Settler arrivals are expressed as a percentage of the total settler arrivals for the period 99-00. These figures are contrasted against the percentage of Australia's populations (as estimated on 30 June 1999) that resides in each jurisdiction.

Source: Department of Immigration and Multicultural Affairs, "Skilled Migration to Australia – the regional dimension", presented to the *National Skilling: Migration Labour and the Law: An International Symposium*, University of Sydney, November 23-24, 2000, p.2.

The key features are that relative to the proportion of the Australian population:

- South Australia, Tasmania, the ACT and the NT receive a smaller percentage of settler arrivals;
- NSW receives a higher percentage of all settler arrivals;
- Victoria receives a higher proportion of Family Stream and Humanitarian settler arrivals, but a lower percentage of Skill Stream and New Zealand settler arrivals;
- Queensland receives a higher percentage of New Zealand settler arrivals and a lower percentage of all other streams; and
- Western Australia receives a high percentage of Skill Stream arrivals.²⁴

7.2 Skilled Migration Promotion and Support

New South Wales: The New South Wales State Government does not actively encourage skilled migrants to settle in the State. As outlined above, a natural flow of migrants settle in Sydney and as a result, the State government believes that it is not necessary to encourage settlement further. Between 1986 and 1996 Sydney captured 16.46% of national population growth over the period, but 35.25% of overseas born.²⁵ Recently, Premier Bob Carr called on the Federal Government to offer incentives, including tax breaks, to encourage migrants to settle in rural and regional NSW to reduce the burden on Sydney.²⁶ The NSW Government has long expressed concerns over the disproportionate number of migrants settling in Sydney compared to other cities and regions in Australia. The NSW Department of State and Regional Development provides assistance to skilled migrants once they have arrived in the State, providing an introductory letter outlining its services while also providing seminars giving details on taxation, banking, industrial relations and other work related issues.

Queensland: The Queensland Government actively markets and promotes the State to potential skilled migrants. Some successful past and present initiatives include forming close

²⁴ Department of Immigration and Multicultural Affairs, "Skilled Migration to Australia – the regional dimension", presented to the *National Skilling: Migration Labour and the Law: An International Symposium*, University of Sydney, November 23-24, 2000, p.2.

²⁵ Peter Murphy, "Immigration, Social Coherence and Geographical Space: an Australian perspective", paper presented at the Third National Metropolis Conference, Vancouver 1999, p. 4.

²⁶ Stephen Gibbs, *Give tax breaks to live outside Sydney: Carr*, The Sydney Morning Herald, July 9 2002.

associations between migration agents and the Queensland Department of Economic Development and Trade / Department of State Development and its overseas posts as well as, marketing the State to agents and potential migrants. The State also actively promotes the Regionally Sponsored Migration Scheme throughout regional QLD.

The Department of State Development also provides a range of customised services to facilitate business migration and settlement including:

- business migration eligibility advice;
- information on living and investing in Queensland;
- information on Queensland's economy and key industry sectors;
- referrals to other government agencies and private sector organisations;
- assistance in identifying investment opportunities and a support service;
- advice about business regulations and licence requirements;
- assistance with product procurement;
- access to regional advice through a network of 16 State Development Centres throughout Queensland;
- information about Australia's foreign investment policy; and
- advice about suitable industrial sites for projects.

Western Australia: The Western Australia Government, while being very successful in attracting skilled migrants from Indonesia by promoting the States "natural advantages" (lifestyle, climate and proximity to Asia), has invested in limited promotional activities.

The Small Business Development Corporation supports skilled migration to Western Australia through the Business Skills Migration Program. The Western Australian Government has also begun to develop a network of overseas offices to promote Western Australia to potential migrants. The South West Development Commission also acts for the Department of Immigration and Multicultural and Indigenous Affairs as Certifying Body for the Regional Sponsored Migration Stream in the South West and Peel Regions of Western Australia.

South Australia: In 1998, the South Australia Government launched a \$1.6 million, 3 year migration campaign entitled "Immigration S.A". As a result, the State has launched a number of initiatives to attract potential skilled migrants including developing stronger ties with migration agents and promoting the Regional Sponsored Migration Scheme and other State sponsored schemes. On arrival in Australia "Immigration S.A" provides the following services to skilled migrants:

- Accommodation on arrival;
- Meet and Greet Service;
- Migrant loan referral;
- Recognition of overseas qualifications;
- Settlement orientation program;
- Migrant employment consultancy service;
- State Government Concession Card; and
- Home ownership information.

"Immigration S.A" also provides a range of services tailored to skilled migrants entering under the business stream including exploratory visit support, a networking and referral service, relocation service, business orientation service, industry consultancy service, business mentor program and job creation incentives.

Victoria: The Victorian Government has established a Skilled Migration Unit (SMU) to encourage skilled migrants to settle in Victoria and to help them settle successfully and join the States' workforce. Services are also offered to Victorian employers to help them find skilled overseas professionals and tradespeople where suitable staff cannot be recruited or trained locally. The SMU is also involved in organising for skilled migration applicants to be sponsored by the Victorian government for migration to Australia. The SMU website provides information on living in Victoria, the services available to help recent migrants settle successfully and information on the Victorian economy and its growth industries, as well as tips on how to search for jobs in Victoria and where to gain information on specific occupations.

Northern Territory: The Department of Business Industry and Resource Development assists Northern Territory employers to access overseas skilled employees where skills cannot be recruited locally; and provides information and advice to overseas business people wishing to migrate and establish businesses in the Northern Territory. Information and assistance related to skilled migration can also be obtained from Territory Business Centres.

Tasmania: The Department of State Development tailors its assistance to meet the different needs of Business stream migrants and their families and provides help in the following areas:

- locating suitable land and infrastructure;
- fast-tracking investment project approvals;
- introduction to key members of the finance and business sector;
- assistance recruiting and training staff;
- information and assistance accessing the Federal Government business facilitation programs;
- assistance accessing export markets;
- meet and greet service; and
- accommodation and rental car booking at Government rates.

Services provided to migrants from all migration streams is coordinated by "Multicultural Tasmania" which provides policy advice to Government on issues relating to Tasmania's migrant community, in order to enhance interaction between the migrant community and government agencies. It is also the State Certifying Authority for the Regional Sponsored Migration Scheme enabling employers in areas of low growth to sponsor migrants with skills identified to be in short supply in the State.

Australian National Capital/Canberra: The ACT Government Business Gateway employs a dedicated business migration team to promote Canberra's business opportunities and assist skilled migrants who enter under the business migration stream to settle in Canberra. This assistance includes:

- pre migration market research and business planning;
- relocation advice including information and assistance related to education, housing, buying cars, medical services, child care etc.;
- support for visa applications;
- Meeting skilled migrants and their family on arrival in Canberra; and
- Advising on ACT Government business incentive programs.

8. Conclusion

As outlined above, migrants contribute to the economic development of Australia in many ways including: job creation; filling skill shortages; creation of business opportunities and business expansion; direct investment in the Australian economy; and they often bring new ideas, technologies and skills with them, which all help Australia develop a competitive edge.

The IEAust recognises that the skilled migration program is essential to Australia's future competitiveness but believes that the economic benefits of the program could be dramatically enhanced if the policy/procedural reforms outlined in Section 7 are put in place. It is also vital that skilled migration is used only where skills are not presently available to the required degree in the Australian labour market. Skilled migration should not become a replacement for a reliable and valued Australian skill base, and cannot be seen as an alternative to educating and training a highly skilled Australian workforce.

Appendix A: Temporary and permanent skilled migration categories

1. Permanent residence

There are a number of categories in the skilled migration stream to enable successful business people and highly skilled and qualified personnel to migrate to Australia. These include:

Independent migrants: This stream provides entry for people selected on the basis of their skills, age, and English-language ability under a points test system.

State/Territory Nominated Independent Scheme: This scheme enables State/Territory Governments to nominate skilled migrants for entry on the basis of identified skill needs. State/Territory Governments that choose to participate in the scheme conduct an audit to establish what skills are in short supply and in what locations. Based on this audit, States/Territories aim to select applicants who have a sound chance of gaining employment in that State/Territory or region within a short time of their arrival.

Skilled-Australian Sponsored: Applicants are selected on the basis of their skills, age, English-language ability and family relationship and are subject to a points test. They must also be sponsored by a relative already living in Australia.

Skilled-Regional Sponsored category: The Skilled-Regional Sponsored category allows applicants who meet minimum skill, age and English language requirements to be eligible for migration if they are sponsored by relatives living in an area designated by State or Territory Governments. Currently Sydney, Newcastle, Wollongong, Perth and Brisbane are not designated areas. All other parts of Australia are designated. There is no points test.

Business Skills: This stream encourages successful business people to settle permanently in Australia and develop new business opportunities.

Employer Nomination: People nominated or 'sponsored' by employers through schemes such as the Employer Nomination Scheme, Regional Sponsored Migration Scheme and negotiated Labour or Regional Headquarters Agreements.

Distinguished Talent: The applicant must have an exceptional or outstanding record of achievement in a chosen field or profession, the arts or sport. An Australian citizen, an Australian permanent resident, an eligible New Zealand citizen or an Australian organisation of national reputation in the occupation, profession, or activity in which the applicant has an outstanding talent must act as a sponsor.

2. Other initiatives

Skill Matching Database: The Skill Matching Database was introduced in 1997. The database contains information about skilled workers who have lodged migration applications outside Australia in the Skilled-Independent and Skill-Matching visa classes. It is designed to:

- assist State and Territory governments and employers to attract skilled migrants to areas of Australia that wish to increase their skilled migration intake;
- assist independent skilled migrants by creating potential links with employers and employment opportunities in Australia; and
- help regional employers to meet skill shortages where they cannot fill skilled positions from the local labour market.

3. Temporary Migration - short stay

The Department of Immigration and Multicultural and Indigenous Affairs has established a range of services providing for streamlined entry to Australia of business people applying short-term temporary stays. Australia receives many thousands of short-term international business visitors each year. On average, business visitors spend between one and two weeks in Australia to attend meetings and conferences, to negotiate contracts or to explore investment opportunities:

Business (short stay) visa: This visa may be issued for either single entry or for multiple entry. Holders of a multiple entry visa may make any number of journeys to Australia for up to three months on each occasion. Multiple entry visas may be valid for either up to five years, or the life of the passport (to a maximum of 10 years). Applicants must apply for this visa outside Australia.

Electronic Travel Authority (ETA): The ETA allows tourists and business visitors to obtain visas for Australia at the time they make their travel arrangements. The ETA system is accessible by travel agencies and airlines in the United States, Japan, Singapore, Malaysia, Korea, United Kingdom and many Asian and European countries.

APEC Business Travel Card: This provides business people with simplified entry to a number of countries of the Asia-Pacific Economic Co-operation (APEC) forum. Holders must be citizens of one of the participating countries (currently Australia, Chile, Hong Kong China, Korea, Malaysia, New Zealand, the Philippines, and Thailand).

4 Temporary Migration – long stay

A small number of highly skilled people are sponsored by employers to work in specialist positions on a temporary basis for up to four years:

Labour Agreements: These agreements set in place special arrangements for the overseas recruitment of a specified number of workers, to a defined set of vacancies and criteria. Agreements are negotiated between the Government, employers (and other interested parties, including unions and professional associations). They usually run for three years, with most negotiated for temporary entry only. Entrants under labour agreements receive priority processing.

Regional Headquarters (RHQ) Agreements: RHQ agreements are for overseas companies choosing Australia as their company headquarters for operations throughout the region.

Business Temporary Entry arrangements cater for employers wishing to sponsor the temporary entry of highly skilled personnel to apply as either:

Pre-Qualified Business Sponsor (PQBS): seeking approval to fill an unspecified number of vacancies over an initial period of two years; or

Standard Business Sponsor (SBS): seeking approval to fill a set number of known or anticipated vacancies. Sponsors must satisfy DIMIA about their business standing, ability to comply with sponsorship undertakings and the benefit to Australia that will result from the sponsorships.

5 Student Migration

Overseas students are Australia's second largest group of temporary entrants, constituting a \$3.2 billion dollar industry for Australia. On 1 July 2001, changes to the points test migration categories came into effect. The Migration Regulations 1994 were amended to create two new onshore points tested visa classes to enable successful tertiary qualified overseas students in Australia who meet certain requirements, to apply for general skilled migration visas onshore. Prior to 1 July 2001, successful tertiary qualified overseas students in Australia who wished to remain permanently at the end of their studies were required to apply offshore if seeking a visa on the basis of their qualifications and skills. Students were able to send their applications offshore while they remained in Australia, however they were required to be offshore at the time their application is approved. The two new visa classes are:

- Skilled - Independent Overseas Student (Residence) Visa; and
- Skilled - Australian-sponsored Overseas Student (Residence) Visa.

Other reforms to the student visa program include the introduction of seven visa subclasses with students applying for a visa in the visa subclass that relates to the principal course of study that they wish to undertake. A record number of visas, 146 577, were granted to overseas students in 2000-01. This was a 23% increase over the 1999-2000 figure of 119 103. Major source countries for students applying offshore were the People's Republic of China (8886-up 46%), the United States (7426-up 16%), Malaysia (6236-up 6%), Indonesia (6070-up 12%) and Hong Kong SAR (5740-up 26%).

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