

Skilled – Designated Area Sponsored¹

The Australian Government is seeking skilled migrants to settle in certain designated areas of Australia.²

The scheme

- 6.1 The Skilled Designated Area Sponsored (SDAS) scheme is a variant of the Skilled Australian Sponsored (SAS) category.³ As its name indicates, SDAS focuses on sponsorship of skilled migrants by residents of designated areas of Australia. Because SDAS involves family connections, one of the factors seen by commentators as an important precondition for successful settlement, SDAS may be expected to increase in popularity.⁴

Federal – State/Territory Consultation

- 6.2 SDAS, (previously called Skilled Regional Sponsored - SRS) was the outcome of a 1997/98 DIMA review of the Independent and Skilled-Australian Linked visa categories.⁵ At the time these were the largest

1 The Skilled – Designated Area Sponsored (SDAS) arrangements were known as Skilled – Regionally Sponsored (SRS) at the time the Committee was receiving submissions and conducting public hearings.

2 DIMA, *Skilled Migration to Australia*,; www.imm.gov.au/allforms/skill.htm

3 Intending migrants under SAS are required to gain a certain number of points determined by their skill, age, occupational training, and English language ability. Under SAS the applicant must be sponsored by a relative who is an Australian citizen or a permanent resident. DIMA Fact Sheet 25 *Skilled Categories*, 2/7/01.

4 G. Hugo, *Regional Development Through Immigration? The Reality behind the Rhetoric*, Parliamentary Library Research Paper 9, 1999-2000, p.42. *1996 Working Party Report*, pp 20-21.

5 Initiated in November 1996. SA Government, Submissions, pp. 72-73

component of the skilled stream of Australia's migration program.⁶ The review identified a need for minimum threshold requirements for skills, age and English language ability. Subsequently, on a suggestion from South Australia, a concession was made under the English language requirement, allowing 'functional' rather than 'vocational' English skills under certain conditions.⁷

6.3 As foreshadowed in June 2000,⁸ the name SRS was changed to SDAS on 1 July 2001 because:

the Commonwealth/State Working Party on Skilled Migration was concerned over the gazettal of Melbourne as a designated area. It was perceived by some states and territories as contradictory to the original policy intent of regional migration.⁹

6.4 The States and Territories agreed that their concern would be resolved if references to 'regional' were removed from the Skilled Regional Sponsored category. This move recognised that Melbourne, Hobart, Canberra, Darwin and Adelaide are all included in designated areas in SDAS.¹⁰

Conclusion

6.5 The Committee concluded that there had been substantive consultation between the Commonwealth and States and Territories on SDAS and its immediate forerunner SRS.

Localities involved

6.6 Under SDAS the sponsors had to live in 'designated areas' of Australia. The actual definition of these areas was the responsibility of the States and Territories which identified the needs of their jurisdiction and refined the definition of 'designated area' to meet those needs.¹¹ These areas were then gazetted by the Minister for Immigration and Multicultural Affairs in the *Designated Areas List (DAL)*.¹² The DAL currently includes all of

6 DIMA, Fact Sheet 25 *Skilled Categories*, 2/7/01

7 SA Government, Submissions, p. 77; DIMA, Submissions, pp. 28-29; DIMA, Evidence, p. 464.

8 Government of Victoria, Submissions, p. 306.

9 DIMA, Evidence, p.464.

10 DIMA, Evidence, p. 465.

11 DIMA, Submissions, p. 527.

12 This list also applies to REBA.

Australia except Sydney, Newcastle, Wollongong, Perth, Brisbane, the Sunshine Coast and the Gold Coast, and is summarised in Table 6.1.¹³

Table 6.1: Designated areas

State/Territory	Designated Areas
Victoria	All
South Australia	All
Northern Territory	All
Tasmania	All
Australian Capital Territory	All
Queensland	All except urban Brisbane, Sunshine Coast and Gold Coast ¹⁴
Western Australia	All except Perth Metropolitan area ¹⁵
New South Wales	All except Sydney, Newcastle and Wollongong ¹⁶

Source www.immi.gov.au/allforms/bus-reg1

Operation

- 6.7 The forerunner of SDAS was, initially, the Regional Family category of the then Concessional Family Class Visa introduced on 1 November 1996. Subsequently it was re-named Skilled Regional Linked. As noted above, it was replaced by the Skilled Regionally Sponsored Visa from 1 July 1999.
- 6.8 The Committee recognised that these changes in name and approach made it difficult to provide meaningful time-series data.¹⁷
- 6.9 There was no points test for SDAS, but sponsors and applicants had to meet minimum criteria, including education, English language and age thresholds.¹⁸

13 DIMA Fact Sheet 26, *State/Territory Specific Migration*, 27/6/01.

14 Includes postcode areas 4350-4499 and 4600-4899.

15 Includes postcode areas 6200-6799.

16 Includes postcode areas 2311-2312, 2328-2333, 2336-2490, 2535-2551, 2575-2739 and 2787-2898.

17 SRS/SDAS effectively replaced *Skilled Australian Linked (SAL)* which provided bonus points in a points test if the migrant's sponsor lived in a designated area.

18 DIMA, Submissions, p. 28.

6.10 The sponsors had to:

- be Australian citizens or permanent residents;
- have lived in a designated area of Australia for at least 12 months;
- not have received defined social security benefits for more than two weeks in the 12 months before the sponsorship was made;¹⁹ and
- be a parent, non-dependent child, brother, sister, aunt uncle, or grandparent of the applicant.²⁰

6.11 The applicants had to:

- be a non-dependent child, working age parent, brother, sister, niece, nephew, first cousin, or grandchild of the sponsor;²¹
- have degree, diploma or trade certificate qualifications which were recognised in Australia;
- have skills on the Skilled Occupation List and have had them assessed by the relevant authority;²²
- be less than 45 years of age at the time of application; and
- have vocational level English; **or**
- have functional level English and have paid an English language up-grade fee to a State or Territory Government that has established arrangements for up-grade courses.²³

6.12 In addition, the applicants and sponsors were tied together by the requirements of an Assurance of Support. This was a legal commitment by the sponsor to repay the Commonwealth any benefits paid to the applicant in the first two years after their migration or grant of permanent residence.²⁴ This requirement meant that, in addition to the other requirements, sponsors had to meet an income threshold to be eligible to lodge an *Assurance of Support*.²⁵

19 DIMA, Fact Sheet 26, *State/Territory Specific Migration*, 27/6/01.

20 DIMA, Fact Sheet 25, *Skilled Categories*, 2/7/01.

21 DIMA, Fact Sheet 26, *State/Territory Specific Migration*, 27/6/01.

22 DIMA, *General Skilled Migration* booklet, 7/01, pp. 21, 29.

23 DIMA, Submissions, p. 28, Evidence, p. 464. Currently South Australia, Tasmania and Victoria have these arrangements. DIMA Fact Sheet 26, *State/Territory Specific Migration*. 27/6/01.

24 DIMA Fact Sheet 27: *Family Stream Migration – an Overview*, 13/12/00, indicates that a bond of \$3,500 for the main applicant and \$1,500 for each additional adult is required.

25 DIMA, Submissions, p. 28.

Concessions to attract migrants

6.13 Applicants under SDAS:

- were not points tested;
- needed fewer months of work experience than required under the ‘parent’ SAS arrangements;²⁶ and
- did not have to have functional level English (provided that they have paid to improve their proficiency through formal training).

Safeguards

6.14 The applicants had to demonstrate that they had skills listed on the Skilled Occupations List,²⁷ thus ensuring that they would have employment prospects in Australia.

6.15 The applicants were not, however, guaranteed a job in the area. English language skills were therefore important because, as DEWRSB noted in its evidence:

English language is a very strong indicator of how people go in the labour market... a significant difference in incidence of unemployment, incidence of long-term unemployment and even incidence of employment, on the other side of the score... On any sort of mathematical analysis, facility with English is so far ahead of anything else it does not matter.²⁸

6.16 SDAS required that migrants either have vocational level English, or have functional level English and have signalled their intention to upgrade by paying for a course. The availability of the necessary English language training was ensured through the requirement that the States and Territories arrange to provide the requisite upgrade courses.

6.17 In addition to these arrangements to improve migrants’ employability, the requirement that they have an Assurance of Support ensured that they do not become an immediate charge on the public purse should they not gain employment.

26 DIMA, Fact Sheet 25 *Skilled Categories*, 2/7/01.

27 The Skilled Occupations List shows occupations in demand in Australia and the points allocated under the points test for each. DIMA, *General Skilled Migration* booklet, 7/01, pp. 50-60.

28 DEWRSB, Evidence, p. 429. See DIMA, Exhibit 13, p. 34, which shows unemployment rates 18 months after arrival as 16% for those speaking English ‘very well’ and 35% for ‘not well’.

Attractions of the scheme

For Australia

- 6.18 SDAS did not involve the Commonwealth, States or Territories in locating employment opportunities nor, because of the requirement for an Assurance of Support, did it immediately commit them to providing social services for the new immigrants.

For the sponsors

- 6.19 SDAS offered some Australian permanent residents and citizens another opportunity to sponsor relatives to come to Australia in addition to other family migration arrangements.

For the locality

- 6.20 The initial benefit to the local area was the effect of the increase in population on the local economy. There was also the potential benefit of the addition of skilled people to the local workforce. A less direct, but important benefit was that, because the migrants have been sponsored by a local family member, they may have settled into the new community more rapidly than if they had arrived independently.

For the potential migrants

- 6.21 Applicants found it easier to qualify as migrants under SDAS than under SAS arrangement because they needed less work experience and they did not have to have functional level English.
- 6.22 In addition, the migrants could have benefited from immediate local support from their family, something which an unsponsored migrant was unlikely to have.²⁹

Utilisation

- 6.23 Precise data on SDAS trends were not available because visa applications made under the Regional Linked component of SAL arrangements prior to its cessation on 30 June 1999 continued to be finalised at the same time as visas under the new SDAS visas were being issued.

- 6.24 The Committee did not consider SsMM Migration under the SAL arrangements because it was discontinued prior to the Committee undertaking its review.³⁰
- 6.25 From the data for 2000/01, however, it seemed that the SDAS visa numbers exceeded those of the former Regional Linked visas and were increasing, particularly in Victoria, as indicated in Table 6.2.

Table 6.2: Regional Linked, SRS and SDAS: Annual visa grants by State/Territory 1996/7 – 2000/1

	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Total
1996/97	nd*	nd	nd	nd	nd	nd	nd	nd	40
1997/98	1	34	28	29	13	2	0	4	111
1998/99	2	9	8	29	8	0	4	7	67
Note: prior to 1 July 1999 all data refer to the <i>Regional Family/Regional Linked</i> visas The subsequent scheme was known as <i>Skilled – Regional Sponsored</i> until 30 June 2001									
1999/00	9	131	15	16	5	0	9	10	195
2000/01	61	712	42	67	48	24	2	46	1002

Source ACT Government, *Submissions*, p.99; DIMA, *Submissions*, pp. 415-16; Minister for Immigration and Multicultural Affairs, *Media Release 98/01*. * no data available.

Conclusion

- 6.26 As with other SsMM schemes, the utilisation of SDAS was patchy. The Committee considered that this was to be expected because the purpose of the schemes was to allow the individual States and Territories to use them to suit their individual needs.

SDAS in practice

- 6.27 For most of the period during which the Committee was conducting its review there was apparently limited take-up of SDAS. Consequently there was little information available to the Committee concerning the actual implementation of the SDAS arrangements.
- 6.28 The Committee observed that Victoria had proved to be such a popular destination under SDAS that it accounted for more than two-thirds of SDAS visas issued since the inception of the scheme in 1999. It appeared

30 SAL visa application made prior to that continue to be processed and approved: 1996/97 = 850; 1997/98 = 984; 1998/99 = 1744; 1999/2000 = 2384; 2000/01 = 157. DIMA, *Submissions*, pp. 415-16; Minister for Immigration and Multicultural Affairs, *Media Release 98/01*.

to the Committee that, by including Melbourne in its designated area, Victoria had benefited from the:

strong tendency for immigrants to settle in the major metropolitan areas.³¹

6.29 Indeed, the Committee was told by the Government of Victoria that more than three-quarters of skilled migrants to Victoria settled in Melbourne.³²

Issues raised

6.30 During its review, the Committee became aware of two of issues which required consideration:

- differing interpretations of the regional focus; and
- uncertain linkage of migrants to designated areas.

Differing interpretations

6.31 As indicated in Chapter 3, *The Regional Conundrum*, the Committee found during its review that SsMM were predominantly seen as arrangements intended to encourage overseas migration to regional Australia. In the case of SRS, the predecessor of SDAS, the use of clearly identified designated areas in the scheme highlighted the differing views of what constituted 'regional'. Specifically, as discussed in *But what is a region?* in Chapter 3, the inclusion of Melbourne was queried, and the question resolved by substituting 'designated area' for 'region' in the title of the scheme to create SDAS.

Conclusion

6.32 The Committee considered that the decision to change the name of SRS to SDAS helped to remove some of the confusion inherent in using the term 'regional', and would also assist in highlighting the role of the program in meeting the specific and unique needs of States and Territories.

Uncertain linkage

6.33 Under SDAS, the concessions for the skilled migrants were available because their sponsoring relatives lived in a designated area. The

31 DIMA, Exhibit 12, p. 17. The attraction of metropolitan areas is such that in SA for example, 88% of RSMS migrants settled in Adelaide. SA Government, Submissions, p. 197.

32 Government of Victoria, Submissions, p. 307.

concessions available to the migrant were not, however, dependent on the migrant settling in a designated area. In its evidence, DIMA pointed out that:

even if a person who lives in Kalgoorlie sponsors a relative to come to Australia, there is absolutely nothing that prevents that relative from moving into Melbourne and residing in Melbourne.³³

- 6.34 The Committee identified a number of concerns with this aspect of SDAS. The fundamental issue was that it permitted migration outcomes which were contrary to the intention of SDAS, which was to focus settlement on designated areas of Australia. SDAS, unlike other SsMM, did not make the concessions offered to migrants conditional on them settling in a specified area.
- 6.35 A second potential outcome of the lack of linkage between the concessions and actual location of settlement by the migrants related to language skills. Migrants with only functional level English language skills may be admitted if they undertake to upgrade their skill. However, there is no requirement that they settle in the only States or Territories which provide language upgrading.³⁴ Such migrants could choose to write-off the fees paid if settling elsewhere appeared sufficiently attractive. Again, the Committee's concern was that there was no mechanism to ensure the realisation of the intended migration outcome - settlement in a designated area with assistance provided to improve the migrants' language skills and hence their employability.
- 6.36 A further, related, concern was that such migrants would have difficulties in gaining employment because of their lack of language skills and the means to improve them, and their limited work experience. In the longer term this could have an impact on the public purse when they became eligible for social security after two year's residence.
- 6.37 The Committee considered that the main counter to the lack of formal links between concessions and location of settlement was the reliance of SDAS on family sponsorship. Many migrants are strongly influenced in deciding where to settle by the presence of their families. Indeed, on arrival, nine out of ten immigrants lived in shared accommodation with friends or relatives.³⁵

33 DIMA, Evidence, p. 469.

34 South Australia, Tasmania and Victoria; DIMA, Evidence, p. 464.

35 A. Vanden Heuvel, M. Wooden, *New Settlers Have Their Say – how immigrants fare over the early years of settlement*. DIMA website, http://www.immi.gov.au/general/pubs.htm#index_n

- 6.38 The Committee did not obtain information about the actual destination of SDAS settlers which would have illuminated whether the family ties had proved sufficient to ensure that the sponsored migrants settle in designated areas or not.

Conclusion

- 6.39 The Committee concluded that the lack of connection between concessions and location of settlement under SDAS had the potential to reduce its effectiveness.

Measuring success

- 6.40 The Committee considered that criteria which could indicate the success of SDAS were the numbers involved, the participants' satisfaction with the scheme, and whether there had been a positive effect on the local labour market, economy, and population.

Numbers

- 6.41 SDAS had been operating for fewer than 18 months at the time of the Committee's review and had generated 704 visas. The rate at which visas were being granted indicated that the scheme was popular, and probably becoming more so. However, because of the short time frame there was little practical experience of the operation of the scheme and its outcomes.

Participants' satisfaction

- 6.42 Unlike RSMS, there was no guarantee of employment under SDAS. Therefore employment-based criteria of success, such as the effect on local skill needs and employers' satisfaction are not relevant criteria against which to assess the scheme's success from the migrants' perspective. In addition, unlike RSMS, there was no detailed assessment of SDAS outcomes available to the Committee.
- 6.43 These factors meant that the Committee had only limited information on which to assess of SDAS.
- 6.44 The Committee's only guide to whether the SDAS was meeting the needs of sponsors and their offshore family members was its apparent popularity. The Committee particularly noted that 1002 visas had been

issued under SDAS in 2000/01, compared with 1021 RSMS visas in the same period.³⁶

Conclusion

- 6.45 The quick adoption of the scheme indicated to the Committee that it was meeting family needs. However, at the time of the review, it was not clear that SDAS would have a widespread impact across Australia because more than two thirds of SDAS Visas issued since the revision of the scheme on 1 July 1999 had been for settlement in Victoria.³⁷

Effect on the local labour market, economy, and population.

- 6.46 As with RSMS, the Committee noted that it was not possible to isolate any local effects of SDAS from other factors which were at work at the same time. However, the Committee observed that the lower qualifying thresholds for English competence and work experience and the absence of a points test meant that there was the potential for SDAS to have negative local economic impact.

Conclusion

- 6.47 Because more than two thirds of the SDAS visas issued had been for Victoria, the Committee concluded that the potential concentration of settlers in Metropolitan Melbourne meant that any local negative effects of SDAS could be significant.

Summary

- 6.48 The Committee had observed difficulties with the conceptualisation of 'regional' in relation to the scheme. Its renaming as SDAS rendered this issue less relevant than it had been to witnesses when the scheme used the term 'regional'.
- 6.49 The Committee noted that the family sponsorship basis of SDAS meant that it was linked directly to one of the important determinants of migrants' settlement location decisions. However SDAS lacked any formal mechanism to ensure that settlement in fact occurred in designated areas.
- 6.50 Because the recent introduction of SDAS, the small numbers involved and the apparent uneven utilisation to date, the Committee considered that the

36 Table 6.2 and Table 4.1.

37 Table 6.2, SRS 1999/2000 = 131/195; SDAS 2000/01 = 712/1002

scheme should be re-examined when it has been operating for a longer time.

Recommendation 12

6.51 The Committee recommends that a study of SDAS be undertaken in 2003 to determine how well it is meeting its stated objectives.