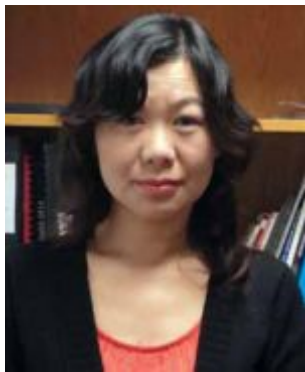


ATTACHMENT 1

The Aspirations of Chinese Business Migrants in Australia

Barriers, Opportunities and Implications for Government Policy Development



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It can be argued that Australia's economic growth is significantly enhanced through immigrants' contribution, and in particular, the massive inflow of the migrants was one of the biggest contributors to Australia's superior economic performance during the global recession in 2008-2009. Introduced in 2003, the Business Skills Program especially encourages successful business people to settle in Australia and use their proven business attributes to develop business or investment activities in Australia.¹ It is expected the implementation of the program promotes business innovation and diversity to advance the growth of Australian economy and its sustainable competitiveness in the global economy, but this area has been under researched. This paper addresses part of this research gap by exploring Chinese business migrants' immigration experiences in Australia. The findings have significant implications for Australian business immigration policy development. It is also revealed that Australian business communities and Australian federal and state governments should pay greater attention to coping with Chinese business migrants' business investment in order to achieve a long term, sustainable win-win outcome, both socially and economically.

Introduction

According to a report published by the Chinese Academy of Sciences entitled "Global Politics and Security", China is fast becoming the largest supplier of immigrants to many other countries, with a third big wave of emigration since the implementation of the Chinese Open Door Policy in 1978. This wave of Chinese migrants seeks more "liveable" societies, which have more mature legal systems, a better education

system, social benefits, cleaner air, safer foods, and the convenience when travelling to other countries. In particular, differently from the situation of the late 1970s, most new Chinese immigrants are financially successful and socially established.² For example, it was reported that 60 percent of Chinese “high net worth individuals” (HNWIs) – meaning they have investable assets greater than USD 1.5 million – have considered or completed investment immigration.³ Australia is one of the most popular destinations for Chinese migrants, with Australian Government figures showing that since the end of the last century, 40 to 60 percent of migrants to Australia each year originate from China.⁴

Since the late 1990s, Australia’s immigration policy has placed greater emphasis on the economic dimension.⁵ Introduced in 2003, the Business Skills Program encourages successful business people to settle in Australia and use their proven business attributes to develop business or investment activities in Australia. Unlike Australia’s General Skilled Migration (GSM) Program, the Business Skills Program involves a two stage process: migrants enter Australia initially on a Provisional (temporary) visa, and are allowed Temporary Residency (TR) valid for a period of four years. Once a provisional visa holder has owned and operated a business in Australia for no less than two years and is able to demonstrate satisfactory evidence of a specified level of business activity, he or she can apply for Permanent residency (Pr).⁶

Interestingly but unsurprisingly, more than 70 percent of these business migrants are from China, and more than half are investing and settling in Victoria.⁷ Business migrants from China now constitute no less than 80 percent of Victoria’s sponsored business migrants⁸, and each business migrant sponsored by the Victorian Government brought \$1.16 million investment on average in the 2009-2010 program year.⁹

It can be argued that Australia’s economic growth is significantly enhanced through immigrants’ contribution to supply and demand, as well as their other indirect contributions to government funds.¹⁰ Journalist David Uren stated that the massive inflow of migrants was one of the biggest contributors to Australia’s superior economic performance during the global recession in 2008-2009.

For example, to the extent that migrants created fresh demand for houses, cars, health services and finance, they gave employers greater incentive for retaining workers and preventing a prospective downward spiral from gathering momentum.¹¹

Given the new wave of Chinese migrants into Australia and the significant economic and social impact they have brought and continue to bring to the country, it is crucial to evaluate the business migration stream in Australia. It is also necessary for Australian businesses and Australian federal and state governments to pay greater attention to coping with Chinese business migrants’ business investment in order to achieve a positive and sustainable social and economic outcome.

Research Methods

There have been few studies on contemporary Chinese migrants and in particular, no significant studies on Chinese business migrants. Therefore this research is exploratory, conducted through consultation with significant stakeholders. It is also noted that the scope of the research was limited to Victoria because a substantial

portion of Chinese business migrants are resided in Victoria. The research was conducted in two phases:

Phase One: Key Stakeholders Consultation

In mid-2010, the researcher approached some key stakeholders involved in the Australian Business Skills Migration Program at different levels: including two main business skills migration agents in Melbourne; the Department of Innovation, Industry and Regional Development (DIIRD),¹² which provides state sponsorship for business migrants; the Victorian Chamber of Commerce and Industry (VECCI), and Australian Trade Commission (Austrade), which both offer support for business migrants' business and trading operations in Australia; a Chinese community newspaper; and an online Chinese business migrants forum. a series of formal and informal meetings with the key contacts of these stakeholders were conducted. The purpose of these meetings was to form a holistic view from different perspectives of the government, the commercial organisations and the local community about the Australian business skills Migration Program.

Phase Two: Interviews with Chinese Business Migrants

Following the key stakeholders consultation, the researcher interviewed 25 Chinese business migrants residing in Victoria in late 2010 and 2011. Among these 25 interviewees, 11 have subsequently been granted a PR visa – State / Territory Sponsored Business Owner (Residence) (Subclass 892) – and others remain on their first stage TR visa – State/Territory Sponsored Business Owner (Provisional) (Subclass 163). The interviews were conducted in Mandarin Chinese and each interview lasted approximately 40-60 minutes. The main purpose of these semi-structured, open ended interviews was to gain personal descriptions of the participants' business immigration experiences in Australia, and thus help the researcher to discover the opportunities and challenges that the business migrants face during the immigration process. Perceptions and advice were discussed in particular; therefore participants based their responses not only on their own experiences but also on their observations and reflections. In general, the above described two phase study has helped the researcher to explore the strengths and potential problems of the current Australian Business Migration Program.

Findings

The motives of migration to Australia

The opportunity to access a better education system and life style in Australia were noted by Chinese business migrants as the main reasons behind their decision to immigrate to Australia:

Our decision on migration had two major reasons: one was our son's education and the other one was not to limit our residence to only one place and thus to improve the quality of family life.

Our decision of migration is also for our child's education.

It is noted that the idea to immigrate was for most people triggered by migration agents operating in various cities in China:

My husband was invited by his friend to attend a business migration session, and he found out that we actually met all requirements and could have a try.

We planned to send our child to study overseas and we went to consult an agent, and the agent introduced the business migration policy to us. We felt that we met all requirements, so we decided to apply for it.

My friend's child was studying in Australia, and he introduced [to us the idea] that both the business environment and the natural environment in Australia are quite good. Then we contacted an agent in Australia to organise our application for business migration.

Approximately two thirds of the interviewees had never been to Australia before applying for immigration, and the rest would have only visited the country briefly before making an application. Migration agents play a very important role in introducing the Australian immigration policy, as well as Australia's living environment and social system. To attract as many potential clients as possible, however, some agents tend to ignore the potential challenges or problems that migrants may face when doing business in Australia during their TR stage, such as the requirement that business migrants conduct the day to day management and have a high level of the commitment to their businesses:

The agent gave us some misleading information, such as setting up a company and investing \$200,000, and did not mention that we needed to get involved in the daily operation of the business...once we arrived [in Melbourne], the agent here gave us more realistic advice.

If we knew it was like this, we might not [have migrated] to Australia, because it is not easy for us to settle here. We had no idea about local businesses.

Business investment opportunities and challenges

Business investment from the 25 interviewees ranged from \$100,000 to \$1.6 million. For each business migrant, the total investment including purchasing residential and investment properties was more than \$1 million. The highest annual turnover a business has reached is between \$2 and \$3 million. The highest number of employees of a business was 160 employees.

Different factors have been taken into consideration when a business migrant finally made a decision to start a business in Australia. While some considered an investment amount, most interviewees realised the benefits and advantages of utilising their business skills, experiences and resources obtained in China to help them run businesses in Australia. However, only a few (seven of 25) were able to make such beneficial connections when starting businesses in Australia.

One interviewee completed some research before moving to Australia and found a business opportunity from the supply chain of her business in China, leading to a good start of her business in Australia:

Before we came to Australia, we had a clear idea of what kind of business we would do in Australia. For our business in China, some materials are imported from

overseas. We understood that Australia has good resources of the materials we use and the quality is very good.

In many cases, due to the different business environments and the language barrier between Australia and China, the business experience and skills obtained in China could not be immediately transferred to Australia:

I have over 15 years' experience in China for setting up manufacturing factories, but it took me one year to start up my first factory here in Australia, because I needed to learn everything from the beginning. However, I'm now setting up my third factory, and it only took me one week! Obviously my experience in China and the experience gained here are both important.

My experiences gained from operating the business in China could be of help on my business here ... however, I do not believe that I could utilise the management skills here, because of language limitation.

It is also because of the time restraint and turnover criteria of the PR visa that most migrants were convinced by migration agents or business brokers to buy an established small business to secure a smooth transition from TR to PR. Most of these businesses were limited to the food and retail industry that could most easily meet the visa criteria.

Just 10 of 25 interviewees were principal applicants for both TR and PR visa applications, and the remaining 15 were secondary applicants for TR visas (normally the spouses) who were able to physically run their businesses in Australia. This is a common arrangement that means that many of the principal applicants for PR visas who are operating their businesses in Australia have not in fact proven business skills and records.

I was a housewife for many years when I was in China. I never involved in my husband's business. It's a big challenge for me to manage a business here in Australia.

I was an accountant when I was in China, and now I run a cafe in Australia. I have to learn many things ... my accounting skills helped but very limited.

Language is another big challenge for business migrants. Although English language proficiency is not required for business migrants, most interviewees have found English language abilities to be very important in running their business smoothly. Those with limited English skills are also limited in the scope of businesses they feel able to choose. Takeaway restaurants and convenience stores that require limited English skills have thus become popular among these migrants.

The biggest difficulty I faced with at the beginning of running my business was language.

There were no many choices on what industry to enter, only takeaways or convenience stores.

I spent half a year looking for a suitable business and inspected quite a few. We felt some of them were not suitable for me, because my English skills were limited, and if the business required good communication skills, I would not be able to operate it.

The biggest barrier for us was the language. I have finished the 510 hours of English study before I started the business, but I don't think [it] was able to help me a lot.

Perception of business migration experience

Despite those complaints, most business migrants who have gone through both stages of the process found the experience was a difficult journey, but a worthwhile one:

All in all, I have no regrets about the whole experience...if given another chance; I would make the same decision ... I came to this country and have now become a part of the community through running this business and dealing with my staff, head office and local customers ... the last two years was very meaningful for me, but also hard work.

I feel that Australia is the right place for me, and it is a place of fair play.

I have improved my management skills from setting up and operating the business ... my English skills have also improved through dealing with raw material suppliers, logistics partners, Customs and airports ... Migrating to Australia also gives my son a future and improves the quality of my family life.

Sometimes we questioned ourselves, "Is it worth coming to Australia?" The answer is "Yes".

We enjoy our life in Australia. It is easy to live in this country, and the business environment is good; for example, there are no hidden rules when we deal with Customs and the Tax Office.

Our business in China was at a stable stage, and I earned quite good money from it ... however, overall, I feel it was worthwhile to make the choice of migration. Money is not the only aim in one's life.

Suggestions for new business migrants

Based on their experience, interviewees made some useful suggestions to new business migrants about living and doing business in Australia:

New migrants should not plan for too many things without gaining an understanding of local businesses. There is a gap between the actual situation and what you imagined before you come to Australia.

I think [Subclass 163 visa migrants] should check through government policies, not only base [their expectations] on "I heard that ..."

I would like to tell new migrants, "Look for things here that make you happy ... do not be tied up in the business and family issues, instead, go out to make friends and join community activities, which will enrich your life here".

My suggestion for new [Subclass 163 visa] migrants is, “do not merely follow what the business agent tells you when you look for businesses”...the decision on buying which business is so important, but the agent might bring some misleading information.

Comments on the Business Skills program

Many interviewees realised the importance of language skills, and have advised that the government should take into account business migration applicants’ English skills or their qualifications for business operations when assessing their eligibility for the visa application:

I think there should be language requirements; at least the applicants should attain a certain level of language skills before they come to Australia.

The government should assess academic qualifications and experiences of the [Subclass 163 visa] applicants, not only the assets they own.

[Subclass 163 visa migrants should] complete 510 hours English study before they apply for a [Subclass] 892 visa. This will push the 163 migrants to receive basic English training. One without language skills would be isolated from the mainstream community.

Maybe the immigration department shall make assessments on the second applicant and request the second applicant to participate in the interview as well [when assessing Subclass 163 visa applicants]. This will enable the visa officer to make reasonable judgment on the family about their intention of settling and making development in this country.

I recommend that the Australian Government should shorten the approval processes for those with academic qualifications and English skills.

They also advised that the Government should take necessary actions or processes on monitoring professional services provided to the business migrants:

Maybe the Government could organise some training programs regarding tax issues in Chinese.

The Government should take actions to review the qualifications and monitor the practices of the agents and solicitors.

Discussion and Recommendations

Two stage process

The main purpose of the Business Skills Program is to encourage the transfer of business skills and innovation to Australia. Indeed, the two stage process requirement of the Program can attract genuine business investors, and has a unique advantage to produce business innovations in a long run.¹³

However, the nature of the two stage process makes it difficult for provisional visa holders to make a long term business commitment before securing their permanent residence statuses. Worrying about possible business failure and not gaining a permanent visa after up to four years' trial and efforts including a significant cash investment, the provisional visa holders tend to act expressly to secure a smooth transition from provisional visa to permanent visa. For example, many provisional visa holders choose to buy an established business at a minimum capital investment to meet the permanent visa criteria. In the other words, the business provisional visa holders naturally prioritise their needs for permanent visas when considering business size and type. The language and cultural barriers have also restrained the choice of businesses.

In fact, many business migrants have expanded or plan to expand their business (not necessarily by continuing the first chosen business) after obtaining the permanent visa. The business activity for permanent visa purposes in the first two to four years therefore can be seen as a nursery stage for their long term business development path in Australia. By thoroughly experiencing every aspects of a business on a day to day management basis in the first few years residing in Australia, business migrants can learn local business knowledge and become familiar with local business culture, which is very important for their long term business development in Australia.

The two stage process actually offers good opportunities for them to transfer and localise their business skills in order to better use their experience, business skills and resources. The newly gained local experience, together with previous experiences, skills and resources, can also stimulate positive business development and innovations. It can be argued that the franchise business should not be discouraged because migrant franchisees can learn much practical business knowledge in Australia by working with a matured business system within a relatively short period.

The permanent visa criteria

The existing permanent Subclass 892 visa criteria have a clear threshold on the migrants' net personal and business assets, business turnover and employment, but lacks clear measurement to assess business innovations or business resources, which contribute to important elements of the business migrants' human and knowledge capital.¹⁴ The introduction of the Points test system that applies to other visa types may help to balance the needs for measuring both business performance and the applicants' business skills. As discussed previously, due to the significant differences of culture, business environment and other business attributes between Australia and China, the Chinese applicants' business skills gained from their previous business operations in China do not necessarily lead to business success in Australia. In order to transfer their business skills, it is important for them to learn some local business knowledge such as Australian tax rules, Fair work regulations, Occupational Health and Safety regulations and other relevant business knowledge. For example, Technical and Further Education (TAFE) level business certificates could be specially designed and introduced for business migrants as one important element of the Points test.

It is true that the requirement for English proficiency for a provisional visa applicant may reduce significant portions of the migrant pool, but it is worth considering English proficiency as a "bonus point", especially for the PR visa application, as English training can be done more effectively in Australia during their provisional

stage. The current ESL (English as a Second Language) 510 hour program could be more customised to effectively assist business migrants to improve their practical English skills.

The role of migration agents

Migration agents play a critical role in implementing the business skills visa program. Due to the language barrier and the lack of awareness of Australian culture and the business environment, business provisional visa holders rely heavily on the guidance and advice of their migration agents, who may sometimes misinterpret the intention of the program. For example, take away restaurants and convenience store businesses have been highly recommended and promoted by migration agents in the last few years, because this type of business easily meets the permanent visa criteria and requires minimum English proficiency. In contrast, wine exporting is attributed to a high risk business type, as the nature of international trading business activity means these enterprises may not meet the day to day management criteria. Apparently this stream is not consistent with one of the objectives of the program.

It is understandable that migration agents' intentions are to assist the business provisional visa holders to obtain a permanent visa in the smoothest and most efficient way. Hence, DIAC should pay more attention to regulating immigration professional services to ensure accurate interpretation and implementation of the program. For example, DIAC could open an effective communication channel between the immigration officers and migration agents to encourage regular dialogs in implementing the program. A more effective audit system for immigration services could also help to avoid fraud or deception in the program.

Building a bridge between Chinese business migrants and the Australian local business community

Most Chinese business migrants rely on the local Chinese community to hunt for business opportunities. The business resources are introduced by migration agents, business brokers, friends, or friends of friends. Hundreds of small businesses are advised for sale weekly in Chinese local community newspapers. Nevertheless, most of these businesses on the market are limited to milk bars, convenience stores, takeaway foods, and other small retail outlets previously owned by older generation Asian and European migrants. A small portion of businesses are also recycled among previous business migrants.

On the one hand, the new migrants can be overwhelmed by biased business information and sometimes end up with unpleasant experiences. On the other hand, there is a lack of investment access for Chinese business migrants to genuine Australian local businesses in advanced technology, innovative manufacturing or other industries that may have more potential to bring a long term business investment return.

Hence, there is an urgent need to build such business investment and cooperative bridges between Australian local business communities and Chinese business migrants. It is important for Chinese business people to learn business knowledge by working with local Australian business people in order to better apply their skills and experiences in Australia. It is also essential for Australian businesses to access the China market through Chinese business migrants. In order to promote business

innovation and diversity to advance the growth of the Australian economy and its sustainable competitiveness in the global economy, the Australian Government should look to open more business investment facets.

Conclusion

There is no doubt that the current business skills migration program has brought entrepreneurship improvement in Australia and a higher employment rate among these businesses.¹⁵ However, the previous Business Skills Program's short period of operation and two stage process means that very few permanent visas have been granted, and the first Business Skills Program visa grantees are still within their first five years of PR status. Consequently, it is difficult to assess either the direct or indirect economic value of the Program, although the social and economic value will gradually emerge over time.

By reflecting on the business migrants' experience and perspectives from the key stakeholders involved in business migration, this study highlights the potentials and problems existing in the current Program. More importantly, it is revealed that Australian businesses and Australian federal and state governments need to pay greater attention to coping with Chinese business migrants' business investment in order to achieve a positive and sustainable social and economic outcome.

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15 *ibid.*

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