

Review of Australia's Skilled Labour Migration and Temporary Entry Programs

**Submission by the Department of
Employment and Workplace Relations to the
Joint Standing Committee on Migration**

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Executive Summary

In relation to migration, DEWR's key interests are the labour market implications of migration arrangements, including the labour market experience of migrants and the implications of migration on economic, demographic and labour market outcomes over the short and long term.

DEWR recognises the contribution of temporary and permanent migration to the Australian economy and labour market. In the increasingly competitive international market for highly skilled migrants, analysis shows that Australia's migration criteria and processing arrangements compare favourably with those of other countries (such as Canada and New Zealand). For example, Australia's temporary entry arrangements provide work rights for accompanying spouses and dependents and include the potential for further periods of temporary entry and, subject to eligibility criteria being satisfied, permanent entry.

While there is a need for maintaining flexibility in migration arrangements to address the genuine skill needs of business, there is equally a need for sufficient safeguards and monitoring regimes to be in place to ensure these arrangements do not adversely impact on the employment and training opportunities available to Australians. Against this background, this Submission identifies areas where fine-tuning (for example, through enhanced training record assessment mechanisms and improvement in the enforcement of sanctions for non-compliance with sponsorship obligations) could lead to further improvement in the effectiveness of these arrangements.

In the context of training, the Submission notes that as skill shortages in the Australian labour market may reflect a lower than optimal level of training in the economy, all employer-sponsored migration arrangements should include a requirement that employers demonstrate a satisfactory commitment to the training of Australians.

The Submission also notes that to ensure the objectives of temporary migration arrangements are being met, there is a need for continued commitment to the monitoring regime which is supplemented by an enhanced employer-sponsored migration database capable of generating sufficient information to enable an evaluation of the labour market impact of these arrangements. In this regard, the Submission makes a number of suggestions for changes to the monitoring database. Comment is also made on the methodology used in determining the threshold skill and salary criteria for employer-sponsored temporary migration.

In discussing the management of the permanent entry arrangements, the Submission notes there is a need for the definition of regional for migration purposes to be more closely aligned to the definition of regional for other Government program and policy purposes. The Submission also refers to issues of better targeting of the Skill Stream to the needs of Australian industry and to this end has suggested a review of the Skilled Occupations List (SOL) and an increased focus on the Migration Occupations in Demand List (MODL) which identifies skills in shortage in the Australian labour market.

In summary, DEWR considers that overall Australia's skilled migration arrangements work well. The suggested improvements to the policies outlined briefly above and discussed in detail in this Submission should further enhance the capacity of our skilled migration arrangements to respond flexibly to changing labour market conditions and circumstances.

1. Introduction

The Department of Employment and Workplace Relations (DEWR) works toward the following outcomes:

- an effectively functioning labour market; and
- higher productivity, higher pay workplaces.

In relation to migration, DEWR's key interests are the labour market implications of migration arrangements, including the labour market experience of migrants and the implications of migration for economic, demographic and labour market outcomes over both the short and long term. DEWR is involved in providing policy advice on these issues to Government and undertaking policy-focussed research in this area. More directly, DEWR is involved in assessment of specific migration applications. In these activities, DEWR works closely with the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA).

In addition, DEWR is specifically involved, through the Office of Trades Recognition Australia (TRA) as the designated authority under the Migration Act, to assess trade skills of prospective migrants.

DEWR's principal focus within migration is skilled migration, under both permanent and temporary entry arrangements. A major aspect of this focus is the impact of migration arrangements on the employment and training opportunities of Australian residents.

Our most direct role, as reflected in migration regulations and procedures, is in relation to:

- employer-sponsored skilled migration under the Employer Nomination Scheme (ENS) and the temporary migration program (including educational, sport, medical practitioner, religious worker, occupational trainee and business (long stay) temporary visa subclasses):
 - DIMIA refers specific migration sponsorships and nominations to DEWR for assessment and advice in relation to the state of the occupational labour market, the training record of employers and (if appropriate to the visa class) labour market testing and the skill level of positions;
- the negotiation, implementation and monitoring of Labour Agreements (LAs):
 - DEWR negotiates the nomination ceiling, skill (qualification and experience), employment, training and monitoring clauses included in Labour Agreements – DEWR is also responsible for ensuring compliance with workplace relations legislative provisions (including awards, agreements and employment contracts); and
- provision of labour market and workplace relations advice in respect of Regional Headquarter (RHQ) migration proposals.

DEWR participates in Inter-Departmental Committee meetings on the annual Migration Program and contributes to a number of other working parties on migration related issues (including the Commonwealth/State Working Party on Skilled Migration).

DEWR also provides labour market and skills analysis information in relation to migration. For example, DEWR:

- produces a quarterly publication on the Australian labour market targeted at new and prospective migrants – the *Australian Jobs Review*;
- produces the Migration Occupations in Demand List (MODL) to provide occupational targeting in several migration categories and the Employer Sponsored Temporary Entry List (ESTEL) which is used to target business temporary entry to skilled occupations, and
- provides input to the composition of the Skilled Occupations List (SOL) which applies to the points-tested categories.

In this Submission, Section 2 provides some background and sets out some major themes and issues of particular interest to DEWR in the context of the Review. Section 3 provides comparative information on international employer-sponsored temporary and permanent migration arrangements (as noted in the terms of reference for the Review), while means of improving existing arrangements are discussed in Section 4. Section 5 highlights the main conclusions of the Submission.

2. Background and Issues

Australia administers separate Migration and Humanitarian Programs to regulate the inflow of persons seeking permanent residence in Australia. Within the Migration Program there are two main streams¹ - the Family Stream and the Skilled Stream – which have different objectives.

Australia also administers a Temporary Entry Program which allows people from overseas to enter Australia on a temporary basis for specific purposes which result in some benefit to Australia (including visitors, overseas students, working holiday makers and business visas).

DEWR believes that, with the exception of the Humanitarian Program and the Family Stream which respectively aim to address Australia's international humanitarian and family reunion obligations, migration arrangements should be consistent with the Government's employment and training policy objectives. More broadly, it is important to maintain the net economic benefit and integrity of migration arrangements. These aspects are particularly important in view of the strong linkage between temporary and permanent migration.

2.1 Temporary Migration and the Australian Labour Market

The importance of temporary migration to Australia's economy has increased significantly in recent years. Australian business is increasingly turning to temporary migration as a means of addressing skill shortages where recruitment and training initiatives are insufficient to meet demand:

- Australia's employer-sponsored temporary arrangements recognise that internationalisation of the labour market has resulted in flows of skilled workers who do not wish to remain in Australia permanently; and
- to this end, Australia regularly reviews its temporary arrangements to ensure they are effective in facilitating the entry of highly mobile skilled workers.

¹ There is also a small Special Eligibility Stream and migration (almost entirely trans-Tasman) outside the Program.

In response to business groups wanting more flexible arrangements for the temporary entry of skilled overseas workers, the Government introduced in 1996² streamlined short (up to 3 months) and long term (up to 4 years) temporary business arrangements:

- while the short-term visas are targeted at overseas persons exploring business and investment opportunities in Australia, they include a work right and as such have been used by overseas workers requiring access to the Australian labour market for short-term project work; and
- employers seeking to recruit overseas workers under the long-term temporary arrangements are required to show that there will be benefit to Australia from the employment of overseas workers.

On 1 July 2001, as a result of an internal DIMIA review of a wide range of temporary visas, further changes were introduced to the employer-sponsored long-term arrangements. Specifically, and to increase transparency and objectivity, the Government introduced two criteria – a gazetted list of eligible occupations and a minimum salary threshold for all nominations:

- the gazetted list of eligible occupations (or ESTEL) is largely based on occupations identified in the Australian Standard Classification of Occupations³ (ASCO) as managerial, professional, para-professional and trades and related occupations. That is, occupations for which the entry level requirement in the Australian labour market is the successful completion of a trade or higher level qualification;
- the salary threshold is intended to reflect the minimum salary for a skilled person in the Australian labour market and to ensure that employers do not over-classify a position in order to secure an appropriate skill classification; and
- combined these criteria aim to ensure that employer-sponsored long-term arrangements are limited to skilled occupations and skilled workers. The new criteria also address problems associated with the previous arrangements which did not include appropriate guidelines on the definition of key activity (for which labour market testing was waived).

The introduction of these new temporary arrangements, together with internationalisation of the labour market and the relative strength of the Australian economy and labour market in recent years, has contributed to the increase in temporary migration.

2.1(a) Economic and Labour Market Considerations

To have a net positive impact, temporary residence migration should generally have minimal displacement effects on the Australian labour market. That is, temporary migrants ideally should not take up positions that could be readily sourced from the Australian labour market or addressed in the short to medium term through training, particularly given the estimated 609 400 Australian residents who remain unemployed as at August 2002.

² As a result of the Government's endorsement of the recommendations of the Roach Committee Review of Temporary Entry of Business People and Highly Skilled Specialists.

³ Australian Bureau of Statistics (ABS), *Australian Standard Classification of Occupations – Second Edition*, Catalogue No 1220.0, 1997

- In this regard, the entry of workers from overseas has the potential to adversely affect the employment prospects of Australians. This may impose longer-term financial and social costs on these workers and on the community (such as through increased income support for the unemployed);
- with unemployment more concentrated among the lesser skilled, the entry of lesser-skilled workers from overseas has a greater potential impact on the employment prospects of the unemployed; and
- the domestic training effort is also relevant in the consideration of skilled migration. Skill shortages may reflect a lower than optimal level of training in the economy, stemming from a range of possible causes, such as market failure, a lack of information or inadequate employee or firm-specific returns to investment in training.

It is recognised, however, that skill shortages can and do occur, even while unemployment remains relatively high overall, and that restricting employers to the domestic labour market may worsen skill and production bottlenecks and constrain economic growth. Increasing international trade in goods and services, and improving communication and transportation channels, are also promoting increased flows across national borders, including labour flows. In such an environment, Australian businesses and other organisations can gain considerable benefit from employing overseas workers with their particular skills, perspectives and contacts in their home countries.

DEWR notes that long-term temporary movement now accounts for around half of Australia's net overseas migration gain. This share has risen markedly over the 1990s and is expected to continue to grow. In the same period, permanent movement has declined as a share of total net overseas migration. It is therefore important that temporary entry arrangements provide a strong framework for maximising the net benefits to Australia of temporary entry and minimising any negative aspects.

2.1(b) Training Considerations

The main principle underpinning the Government's policy on the entry of business people and highly skilled specialists is that their entry brings net economic benefit to Australia. To this end, sponsoring employers are required to demonstrate they:

- will introduce to, or utilise or create in, Australia new or improved technology or business skills; or
- have a satisfactory record of, or a demonstrated commitment towards, training Australian citizens and permanent residents in the business operations of the applicant in Australia.

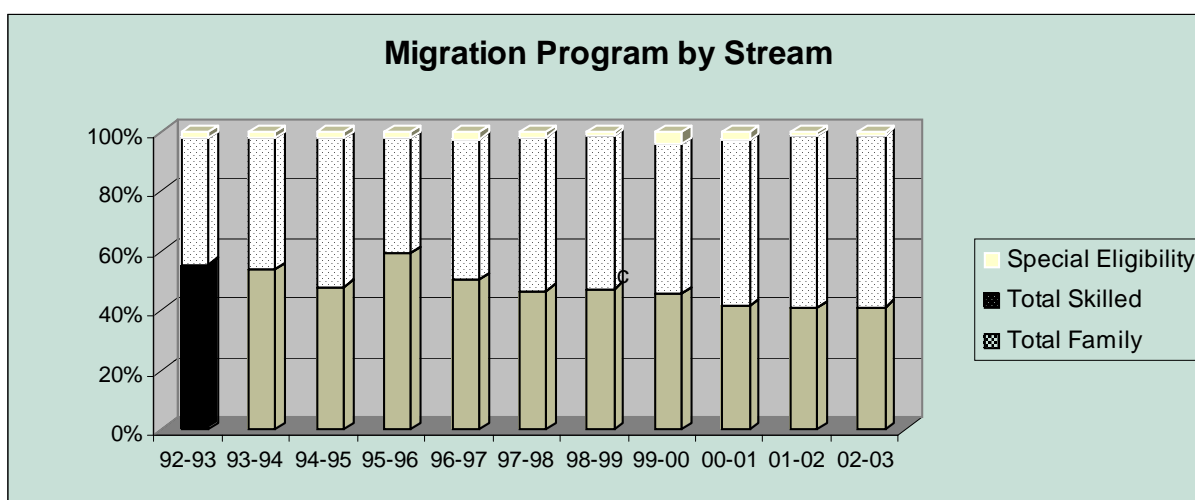
As skill shortages in the Australian labour market may reflect a lower than optimal level of training in the economy, all employer-sponsored migration arrangements should require employers to demonstrate a satisfactory training record in respect of Australians in both general terms and in respect of the occupations for which they are seeking to recruit skilled overseas workers:

- currently, a satisfactory training record is usually only required for business temporary entry, ENS and LAs – this criterion is not currently a requirement for Regional Sponsored Migration Scheme (RSMS) and RHQ applications.

2.2 Permanent Migration and the Australian Labour Market

The skill level of migrants is important in determining employment and settlement outcomes. Research⁴ indicates that young, skilled migrants have substantially lower unemployment rates, an ability to find employment more quickly and higher levels of income and expenditure. In recognition of this, and the greater capacity of skilled migrants to make a significant economic contribution, the Government has in recent years moved to increase the Skill Stream of Australia's Migration Program.

Visas granted under the Skill Stream have increased from 24 100 in 1995-96 to 53 500 in 2001-02, with a planning level for 2002-03 of 60 700. This has occurred within a Migration Program where Skill Stream visas have risen from 29.2 per cent in 1995-96 to a planned 57.8 per cent in 2002-03. Visas granted under the Family Stream which generally has a lower skill profile, declined from 56 700 in 1995-96 to 38 100 in 2001-02. The following chart shows the increasing proportion of the Program represented by the Skilled Stream in recent years.



However, to keep these developments in perspective, it needs to be recognised that an average Skill Stream intake (over the period 1995-96 to 2001-02) of 36 400 persons (including accompanying spouses and dependents who are not subject to skills assessment or targeting) represents a small contribution to the skilled labour market compared to the number of Australian students completing tertiary studies on an annual basis (estimated at 129 695 in 2000). Moreover, this figure does not include the contribution of Australian graduates of the vocational education sector to the skilled labour market.

To be granted visas, Skill Stream applicants generally have to demonstrate a high level of skill, a strong employment history, good English language proficiency and be aged under 45 years. Recent initiatives in respect of overseas students studying at Australian tertiary institutions mean that an increasing proportion of applicants possess Australian qualifications (another determinant of successful labour market outcomes). In contrast, no skills assessment or occupational targeting applies to Family Stream applicants.

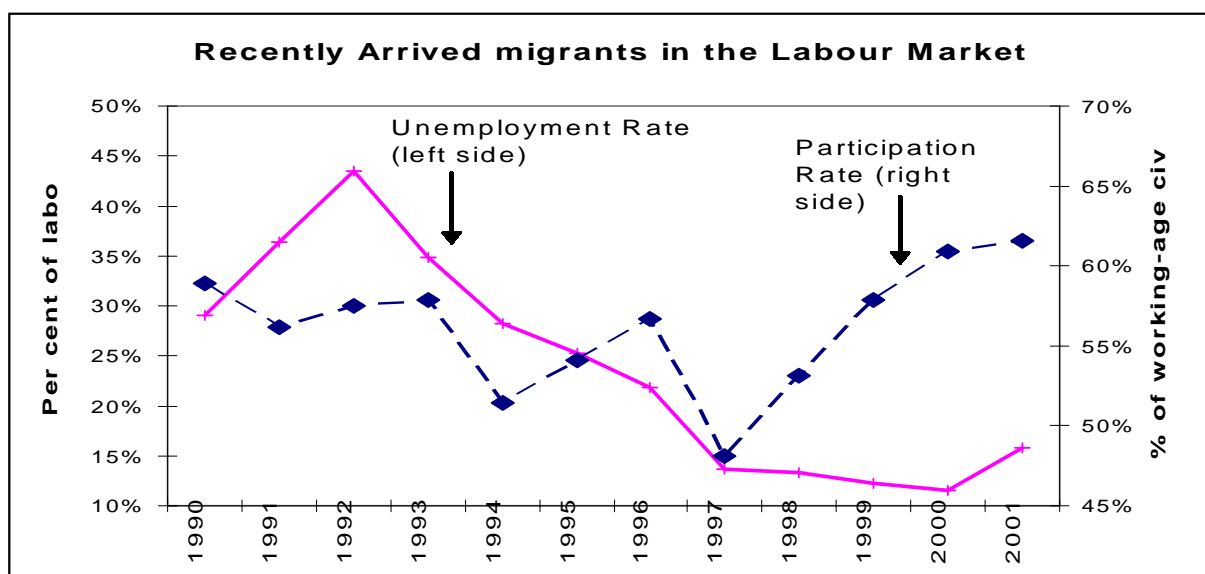
⁴ Including Richardson, S, Robertson F and Ilesley, D; *The Labour Force Experience of New Migrants*, National Institute of Labour Studies, Flinders University, Adelaide, August 2001 and Bridge, R, *Migrants in the Australian Labour Market – Some Trends and Developments in People and Place*, Centre for Population and Urban research, Monash University, Vol 9, No 1, 2001.

2.3 Labour Market Experience of Migrants

In August 2002, the unemployment rate for all people born overseas was 6.6 per cent, compared with 5.8 per cent for those born in Australia. However, overseas-born people from English speaking backgrounds had a lower rate (4.9 per cent) than the Australian-born and people from “other than main English speaking backgrounds” (7.7 per cent). DEWR research and analysis indicates:

- the unemployment rate for people from “other than main English speaking backgrounds” (previously known as non-English speaking backgrounds) is more strongly affected by changes in economic conditions; and
- several factors influence migrant unemployment rates, including period since arrival in Australia (generally recent arrivals have a higher unemployment rate than those who have lived in Australia for some years), skill levels, and English language proficiency.

DEWR analysis of ABS Labour Force Survey data⁵ (see chart below) shows that rates of unemployment and participation rates are improving over time for newly arrived migrants to Australia.



A similar picture emerges from DEWR analysis of Longitudinal Survey of Immigrants to Australia (LSIA) data:

- a comparison of LSIA 1 Wave 1 data to LSIA 2 Wave 1 data (Wave 1 surveys are conducted within 6 months of arrival in Australia) shows a reduction in the unemployment rate of family stream entrants from 38 to 19 per cent and for Skill Stream applicants from 25 to 12 per cent⁶.

⁵ Australian Bureau of Statistics, Labour Force Survey, Catalogue 6203.0 (various). The recently arrived cohort includes all overseas-born persons arriving in Australia during that year, as at December. The Cohort includes permanent migrants and temporary residents (of whom the proportion increased over the decade) who have a period of residence from 12 months to less than one month.

⁶ LSIA1 included a sample of migrants arriving in Australia between September 1993 to August 1995 and LSIA 2 included a sample of migrants arriving in Australia between September 1999 and August 2000. Wave 1 surveys for both samples were conducted about 6 months after arrival.

This improvement can in part be attributed to the improving economic and employment situation in Australia over this period and the introduction of the two year waiting period for access to Government benefits.⁷ However, in the Department's view, it also reflects the improved targeting of migrants to the needs of the Australian labour market (through revisions to the point-test and the introduction of MODL) which were introduced by the Government between LSIA 1 and LSIA 2.

In research commissioned by DIMIA,⁸ Richardson, Robertson and Ilesley found that the more recent cohort of new migrants to Australia are achieving greater levels of success in finding jobs and are contributing more to Australia's economy than migrants who entered Australia in the period prior to the Government's recent introduction of skills targeting for the Migration Program. In particular, skilled independent migrants have significantly better labour market outcomes (higher rates of employment and higher incomes) than those who were entering under the same category in the mid 1990s. Unemployment rates for skilled independent migrants six months after arrival in Australia are 10 per cent compared to 28 per cent for migrants in the same visa category entering Australia in the mid 1990s.

Connolly, Herd and Neo⁹ estimated that a higher rate of permanent skilled migration was followed by a lower incidence and rate of long-term unemployment (that is, relating to those unemployed for 12 months or longer), but a higher rate of permanent family and humanitarian migration was followed by a higher incidence and rate of long-term unemployment.

2.4 International Migration

In an increasingly open international economy and labour market, Australia has to be innovative in its approach to skilled migration. There is increasing competition for skilled migrants who can make a substantial economic contribution to their destination country. Traditional immigration countries (such as Australia, Canada, New Zealand and the United States of America) are increasingly having to compete for skilled migrants with countries who have historically not sought migrants.

To an extent the increased demand from other countries reflects demographic considerations. That is, with low fertility rates and no history (or at least no recent history) of organised migration, many developed nations are experiencing declining and ageing workforces. A number of these countries (including the United Kingdom, Germany, Spain, Norway, Japan and Italy) are now canvassing migration as a means of supplementing their workforce while other countries (for example, Canada) are modifying their migration arrangements to meet labour market and population needs best:

- labour shortages in key areas (including nurses and allied health professionals, and until recently, information and communication technology (ICT) professionals) have resulted in the United Kingdom Government adopting a more liberal approach to migration;
- similarly Germany is attempting to attract, albeit on a temporary basis, ICT workers to address skill shortages in that sector. This migration initiative runs concurrently with a major vocational and continuing education initiative for German employees and young people; and

⁷ The two year Newly Arrived Resident's Waiting Period for most social security payments and related Government services and programs came into effect on 4 March 1997.

⁸ Richardson, S, Robertson F and Ilesley, D; *The Labour Force Experience of New Migrants*, National Institute of Labour Studies, Flinders University, Adelaide, August 2001.

⁹ Connolly, G, Herd, A and Neo, L, *The Effects of Labour Market Assistance Spending, Population Flows and Churning on Long-term Unemployment*, a contributed paper prepared for presentation to the 31st Annual Conference of Economists (Adelaide) – 30 September to 3 October 2002.

- the Canadian Government is proposing increased flexibility in its processing for skilled temporary workers through the introduction of work rights for spouses and health waivers for spouses and dependents and the potential for permanent residency. Such flexibility already exists within the Australian arrangements.

2.5 Population Context

Demographic variables (including population growth and size, composition, distribution, skill level and age structure) contribute to the economic, social and environmental well being of a country. Skilled migration can impact on each of these demographic variables and as such is an important determinant of the future population structure.

Age structure largely determines the proportion of the population in the labour force and has a considerable impact on future population growth. Research (including that undertaken by McDonald and Kippen¹⁰) indicates annual net migration to Australia of between 80 000 to 100 000 persons can make a contribution to addressing the ageing of the population. The impact on the ageing of the population of higher net migration levels depends on the composition of the migrant population (and regardless will only have marginal impacts). If increasing competition for young, skilled labour results in an older profile of migrants entering Australia (potentially with an average age older than the Australian population) this will exacerbate the ageing of the population structure.

Remaining competitive in attracting skilled migrants who are able to integrate quickly into the Australian labour market is important. While a recent study by Birrell and others¹¹ showed that Australia does not face a brain drain in net terms, it was also noted that it is the skill level and composition which is important not just the total numbers of people.

3. International Comparison of Migration Arrangements

Analysis shows that, taken as a whole, Australia's migration criteria and processing arrangements compare favourably with those of other countries.

3.1 Skilled Migration

In Australia, the points-tested migration categories represent some 78 per cent of the Skilled Stream. Only Canada and New Zealand have similar categories and these countries do not have as much rigour in their skill assessment processes. For example, Australia uses strict threshold criteria for skills, age and English language proficiency on the basis that research clearly shows that migrants who do not meet these criteria experience significant difficulties in the labour market:

- in recent years New Zealand has made changes to their general skills category to introduce greater flexibility to its qualifying criteria and to remove barriers to obtaining residence. These changes enable applicants with insufficient points to be granted in principle residence approval and issued with a work permit enabling them to job search in New Zealand with the aim of gaining a job offer and sufficient points for residence;

¹⁰ McDonald P and Kippen R, *Ageing: The Social and Demographic Dimensions in Policy Implications of the Ageing of Australia's Population*, Melbourne: The Productivity Commission, 1999.

¹¹ Birrell, B; Dobson, I; Rapson, V and Smith TF; *Skilled Labour: Gains and Losses*, Centre for Population and Urban Research, Monash University, Melbourne, July 2001.

- Canada is proposing to introduce a new points test which will closely resemble the revised points test introduced by Australia on 1 July 1999 – that is, with more weight being given to applicants with recognised qualifications and transferable skills;
- Australia’s points-test places a much higher weighting on skills which are in demand (for example, registered nurses) compared to the Canadian and New Zealand tests and recognises the value of previous local labour market experience, local qualifications and second language skills;
- in Australia, English language proficiency is assessed by an external, internationally accredited testing body and not immigration staff. Other countries rely on immigration officers to undertake such assessment, less reliable testing bodies, or less rigorously structured or administered tests; and
- skill testing is the responsibility of the relevant Australian assessment authority¹² rather than immigration staff (which provides an assurance of skills recognition in Australia) and is undertaken prior to the lodgement of migration applications. This objective method of assessments means that processing times are faster and that applicants are aware of their likelihood of satisfying the skill criteria.

A key advantage of Australia’s points test is that it is highly integrated with the recent student market – around 50 per cent of migrants entering under the points-tested categories are students with Australian qualifications. Bonus points are also available to recent students with Australian qualifications who possess skills in shortage in the Australian labour market.

3.2 Employer-Sponsored Temporary Migration

Australia’s business temporary entry arrangement also compares favourably with those of most other countries. In summary Australia’s arrangement provides unrestricted access and automatic work rights for accompanying spouses and dependents and does not have any quota, cap or ceiling on the number of visas granted. By way of comparison:

- the UK and Germany only allow work rights for spouses where the period of stay is more than 6 months and 2 years respectively. Canada did not introduce work rights for spouses until December 2001 and in the USA (with the exception of intra-company transferees) spouses do not have work rights and must meet the requirements for work visas in their own right:
 - the provision of work rights for accompanying spouses and dependents may make Australia a more attractive destination in the highly competitive market for skilled labour;
- while Canada does not have a quota on the number of temporary visas issued, the USA (for the H1-B visa category), Germany and Singapore limit the number of visas granted in any one year:
 - the absence of a quota means that Australian industry is not limited by, nor needs to make representations to government for, a higher quota in absolute or industry-specific terms.

¹² In the case of overseas trade qualifications, the assessment is undertaken by *Trades Recognition Australia* within the Department of Employment and Workplace Relations.

Other advantages of Australia's business temporary entry arrangement include:

- it does not require sponsors to lodge applications with both the relevant Government employment agency as well as immigration authorities. In contrast, the UK requires the employer to lodge a work permit application with the Overseas Labour Service, with separate visa applications being assessed by immigration authorities;
- with the exception of occupations for which mandatory registration and licensing requirements apply, skills assessment is discretionary in Australia. In comparison, the USA, UK, Germany, Singapore and Malaysia all require evidence of at least bachelor degree level qualifications. Canada also requires evidence of acceptable qualifications:
 - while discretionary skills assessment reduces the assessment period for temporary applications, the disadvantage is that there are no means of ensuring applicants have appropriate skills or qualifications for the position for which they have been recruited.
- in most instances, visas are granted for periods of up to four years with the option of renewal. In comparison, the USA provides (under the H1-B visa) a maximum period of six years, Singapore and Germany provide for a maximum period of five years and in Canada the maximum period is three years with the option of renewal depending on the period of an (employment) contract:
 - that is, unlike Australia where the option exists for the on-going renewal of temporary visas with no maximum period of temporary residency imposed, other countries are less liberal and impose a maximum period of temporary visa grant.
- there is the option (subject to eligibility criteria being satisfied) for employer sponsored permanent entry applications to be lodged without any minimum period of temporary residence. In comparison, the UK and Singapore require four and two years temporary residence respectively and, in most instances, the USA and Canada do not allow permanent residence to on-shore applicants. Germany does not have a permanent skilled migration program:
 - the potential for further temporary and permanent visa grant may make Australia a more attractive destination than countries where temporary entrants are effectively 'guest workers'.
- with the exception of Germany (which requires for temporary entry ICT workers a salary of approximately AUD\$83 000), Australia is the only country which stipulates a minimum salary:
 - the gazettal of a minimum salary and the requirement that all expatriates be employed in accordance with Australian standards and conditions of employment may make it a more favourable destination relative to other countries where no such surety is provided;
 - that said, the gazetted minimum salary is primarily an indicator of the skill level of a position for which an overseas worker is being sought and the only salary level that is enforceable under workplace relations legislative provisions is that provided for in relevant awards, certified agreements or similar arrangements.

4. Assessment of Australia's Skilled Migration Arrangements and Suggestions for Further Improvement

As discussed in section 2.3 above, the Department considers that, overall, Australia's skilled migration arrangements work well. In particular, the increased focus on skilled migrants in Australia's migration intake and associated policy changes, has contributed to a significantly improved labour market performance by migrants in recent years. Nevertheless, there remain some areas where fine-tuning could lead to further improvements in the effectiveness of current arrangements.

4.1 Employer-Sponsored Temporary Entry Arrangements

Overall the 1 July 2001 changes to Australia's temporary business arrangements have resulted in a system which is more flexible, transparent and easily understood by employers. In particular, the Department supported the replacement of the "key/non-key" framework with a framework based on skill level in combination with a minimum salary level. Under the old system, employers would often claim positions (including those associated with lesser skilled occupations) were key when they could, with the provision of appropriate training, be readily filled from the Australian labour market. We have also supported the removal of the previous requirement for labour market testing which was all too easily circumvented by less scrupulous employers.

However, with a more streamlined system there is an increased need for an enhanced and better targeted monitoring regime. In the Department's view, there is also scope for some refinement of existing arrangements relating to the identification of the skill threshold and the training record criterion. These are discussed below.

4.1(a) Monitoring

On 1 November 2001, DIMIA introduced arrangements which significantly expanded the scope of its monitoring activity. All employers with approved temporary entry sponsorship status are sent a monitoring form at least once while their sponsorship status is valid which asks them to report on a range of migration and labour market issues. This expanded monitoring regime is supplemented by targeted on-site visits which aim to assess whether employers are complying with migration requirements (for example, in respect of providing full-time employment to expatriates, making arrangements for adequate medical coverage and employing expatriates in accordance with the conditions of visa grant). The prospect of on-site visits has the added benefit of acting as a deterrent to other employers which might be tempted to exploit the current migration arrangements. DEWR strongly supports these expanded monitoring arrangements.

An important component of an effective monitoring regime is a comprehensive electronic database capable of generating quantitative information on labour market variables to enable the success or otherwise of the current migration arrangements to be assessed from an employment and training perspective. DIMIA has introduced an electronic database (known as LIZARD) for recording information on temporary business sponsors which is generated as a result of the monitoring process. The current database could be enhanced in a number of ways:

- it could be expanded to provide detailed information on a broader range of labour market variables (including the number of sponsorships approved by industry, occupation, State/Territory, salary, length of visa grant; the basis for approval/non-approval of an application; benchmark information on employment levels and training record of an employer; rationale for approval against the new technology criterion etc). This would facilitate a fuller

evaluation of whether the objectives of the business temporary entry arrangements are being met through the existing procedures;

- inclusion on the database of reference information, collected as part of the approval process, would provide a more accessible benchmark against which to assess whether or not sponsoring employers have continued to demonstrate a satisfactory training record or, in the case of employers granted access to temporary arrangements on the basis of a commitment or intention to training Australians, whether this has been realised. At the moment, this reference information is held separately on files; and
- the monitoring database already contains some information on remuneration. A linkage could be made between this information and the skill level of positions. This would help in making assessments of whether a sponsoring employer complies with awards, certified agreements or other workplace relations legislative provisions and remunerates expatriates consistent with information provided to DIMIA on nomination forms.

Together with enhanced monitoring processes, more streamlined temporary entry arrangements for skilled migration also need to be backed up by sanctions, and a preparedness to use these sanctions if warranted. While the monitoring arrangements outlined above have resulted in the cancellation of sponsorship status for a small number of employers, this is a very small number relative to the number of employers who have (historically) been assessed by DEWR as having a less-than-satisfactory training record:

- in the Department's view, DIMIA could in consultation with relevant Government departments explore options for the enhanced use of sanctions in respect of employers who do not satisfy the criteria underpinning temporary entry sponsorship status. This may require improved arrangements for the exchange of information on employers who may have been assessed as not satisfying various Government requirements (includes compliance with taxation and workplace relations requirements);
- visas issued to overseas workers recruited by employers who are assessed as not satisfying their sponsorship obligations (particularly in respect of the training of Australians or compliance with award and related provisions) should be cancelled at the same time sponsorship status is cancelled; and
- options should also be explored for preventing the access to employer-sponsored temporary arrangements by companies (and their directors) who have previously had their sponsorship status cancelled but subsequently seek access through a change in company name.

4.1(b) Employer Sponsored Temporary Entry List (ESTEL)

In implementing the recommendations of the 2001 *Review of the Temporary Residence Program*, DIMIA asked DEWR to prepare a list of skilled occupations for which business temporary nominations should be lodged based on ASCO major groups 1 to 4; that is, occupations for which ASCO (as distinct from industry training packages) identified as an entry level requirement the completion of a trade certificate (certificate III) or higher level qualification (usually requiring at least three years full-time study) issued under the Australian Qualifications Framework (AQF).

The preparation of this list (ESTEL) does not take into consideration any labour market factors and is solely ASCO based. The only occupations excluded from the list are those for which Australian citizenship is a pre-requisite to appointment (for example, politicians, judges, defence force personnel), apprentice/traineeship positions, and those for which other temporary migration

arrangements (for example religious workers and elite sportspeople) exist. Scope exists to develop an ESTEL which takes into consideration relevant labour market factors (for example higher than average unemployment rates, occupational size, and evidence of over-supply in the labour market). While we see no reason to make changes at the moment to specifically reflect labour market conditions in the compilation of ESTEL, were Australia to experience a significant economic and labour market downturn at some point in the future, it may be necessary to revisit this issue.

One area of ESTEL where there has recently been some comment that temporary entry arrangements are too liberal is ICT professionals.

In February 2001, following consultations with industry and interested parties on labour market and related issues, the Government introduced a range of initiatives to address the skill shortages that at that time existed in the ICT industry.

More recently, and in response to DEWR research which confirmed the labour market for ICT skills had softened, these initiatives have been reviewed. To this end, there has been a significant reduction in the number of ICT skill sets or specialisations included on the MODL and a suspension of the priority processing afforded ICT migration applications. DIMIA advises that it has stepped up its monitoring of temporary entry applications in the ICT industry.

As a result of these changes, and reflecting the downturn in the international ICT industry, there has been a 26 per cent decline in the number of temporary business visas granted off-shore to ICT professionals in 2001-02. DIMIA estimates the removal of priority processing will lead to a further 10 per cent fall in the number of visas granted in 2002-03. In the case of off-shore permanent entry, the suspension of priority processing will defer from 3 to up to 18 months the processing time for applications.

In the Department's view, the Government has responded quickly and sensitively to the downturn in the ICT industry by taking steps to cushion the impact of overseas migration in the ICT sector while balancing the legitimate needs of business for ongoing access to specialist skills. It also needs to be recognised that while the number of job vacancies in the ICT industry has fallen sharply, employment in the industry continues to grow, albeit slowly, and the unemployment rate remains around the average for all occupations, although again considerably higher than what it was in the recent past. Nevertheless, it remains an issue which the Government needs to keep under close scrutiny, particularly given many constituent concerns over deteriorating employment opportunities and remuneration levels for ICT workers.

One final area in relation to the operation of ESTEL where some further fine tuning of current arrangements may be warranted is skills assessment. With the exception of occupations for which mandatory registration/licensing and, therefore, qualifications recognition requirements apply (for example registered nurses and allied health professionals), skills assessment is at the discretion of DIMIA officers:

For those occupations for which general qualifications apply, DIMIA officers are reasonably placed to make an assessment on the extent to which the qualifications and experience of an applicant are appropriate to an occupation. However, this may not be the case for occupations for which endorsed industry training packages exist (includes chefs/cooks, automotive repair personnel, tour-guides and sales assistants). It may be more appropriate for applicants in these occupations to have their qualifications and experience assessed by a registered training organisation.

4.1(c) *Threshold salary of \$34 075 per annum*

The 2001 DIMIA *Review of the Temporary Residence Program* also introduced, as an indicator of the skill level of an occupation, a minimum salary threshold based on the ABS Survey of Average Weekly Earnings:¹³

- the introduction of a threshold salary is an administratively simple means of minimising the potential for the entry of lesser skilled workers. Compared to the previous arrangements, this approach should, in combination with the requirement that expatriates be employed in accordance with Australian standards and conditions of employment, also help minimise the potential for expatriate workers to be exploited;
- that said, the salary threshold used (trend average weekly earnings for all employees of \$655.30 per week or \$34 075 per annum at February 2001) is not particularly well based. This measure includes all employees regardless of skill level and part-time workers and can be affected by compositional change (for example, an increase in the proportion of part-time workers would, *ceteris paribus*, reduce measured average weekly earnings);
- the measure has no link to the concept of skilled which is meant to apply to the business long stay visa; and
- the gazetted salary has not been updated to reflect the most recent Average Weekly Earnings data. Using the methodology adopted by DIMIA, the gazetted salary (based on the May 2002 survey data) should be increased to \$689.00 per week or \$35 828 per annum.

While DEWR supported the introduction of a salary threshold for business temporary entry arrangements, the Department indicated a strong preference for the salary threshold to be based on average weekly ordinary time earnings for full-time adults (which using February 2001 data would have resulted in a base salary of \$42 104 per annum and using May 2002 data would result in a base salary of \$45 162 per annum):

- an alternative approach would be to gazette separate threshold salaries for each of the four ASCO major groups represented on the ESTEL. While this approach would significantly increase the base salary for some occupation groups it would minimise the potential for less scrupulous employers to up-skill the occupational title of a position as a means of securing temporary entry for lesser skilled workers; and
- another option would be to introduce a threshold salary based on average weekly ordinary time earnings for full-time employees for ASCO major group 4 (tradespersons and related workers). While this would result in a marginally higher salary threshold than currently applies, it is a better indicator of the base salary for skilled workers than the methodology adopted by DIMIA.

The Government has also canvassed with key stakeholders, as part of its consultations on regional migration initiatives,¹⁴ the option of varying the salary threshold to take into consideration regional salary differences. However, the following should be noted:

¹³ Australian Bureau of Statistics, *Average Weekly Earnings*, Catalogue No 6302.0, various editions.

¹⁴ Consultations have occurred with the Commonwealth/State Working Party on Skilled Migration.

- while the ABS¹⁵ has (with input from the Australian Taxation Office) undertaken some analysis on regional salary differences, this does not provide information on salary from the primary job (as distinct from taxable income¹⁶ which may include income from secondary job and non-salary sources) at a sufficiently disaggregated level to produce reliable regional salary estimates for migration purposes (noting temporary entrants can only be employed in the position for which they have been nominated).

On the basis of its own analysis, DEWR suggests that should regional variation be allowed the most appropriate salary basis for temporary business nominations would be data extracted from the annual ABS Survey of Employee Earnings, Benefits and Trade Union Membership (EEBTUM). Unpublished EEBTUM¹⁷ data for August 2001 show:

- mean annual earnings in main job for full-time employees in metropolitan areas (defined as State capital cities) at \$45 916 per annum;¹⁸ and
- mean annual earnings in main job for full-time employees in non-metropolitan areas (defined as balance of State) at \$40 300 per annum.

4.1(d) *Training Record Criterion*

Employers seeking to access business temporary arrangements are required to demonstrate they satisfy either the new technology or satisfactory training record or commitment to the training of Australians. DEWR supports the overall approach and considers the current arrangements could be enhanced in several ways:

- the guidelines on new technology could include a requirement that supporting evidence be sought from an appropriate nationally focussed professional association, industry body or Government authority. There could also be a maximum length of time for which sponsorship status should be granted on this basis; and
- while a satisfactory commitment to the training of Australians may be appropriate for recently established businesses, employers of substantive size and/or who have been in operation for some time (for example, four years) could as a pre-requisite for sponsorship status be required to demonstrate a satisfactory training record in respect of Australians. DEWR is in the process of working with DIMIA to prepare better guidelines to assist in the assessment of whether an employer satisfies this criterion.

¹⁵ Australian Bureau of Statistics, *Information Paper: Use of Individual Income Tax Data for Regional Statistics*, Catalogue No 5673.0, July 2002.

¹⁶ The Australian Bureau of Statistics defines wage and salary income, as reported on the income tax return, to include all group certificate income and allowances, benefits, earnings and tips, including car, travel and other allowances, gratuities, consultation fees, honoraria and commissions and other payments for services. This definition differs from the definition of salary gazetted for the purposes of the business long stay temporary visa.

¹⁷ Australian Bureau of Statistics, *Survey of Employee Earnings, Benefits and Trade Union Membership*, Catalogue No 6310.0, August 2001.

¹⁸ As *Survey of Employee Earnings, Benefits and Trade Union Membership* data is available at the capital city statistical division level, the capacity exists to produce separate estimates for each capital city.

4.2 Permanent Entry Arrangements

Australia's ENS, RSMS, Labour Agreements and RHQ agreements enable Australian employers to recruit skilled workers in response to identified shortages in the Australian labour market. With the exception of the RSMS and RHQ agreements, employers accessing these arrangements are required to demonstrate a satisfactory record in respect of training Australians.

On 1 July 1999, new measures were introduced to streamline employer sponsored permanent migration arrangements. Streamlining measures included:

- a waiver of labour market testing for ENS nominations lodged in respect of occupations included on the MODL which is revised by DEWR on an annual basis (biannually for occupations in the ICT industry); and
- a waiver of the post-qualification experience requirement for recent overseas students in Australia with skills appropriate to employment in MODL occupations.

Australian industry associations and employers can also utilise Labour Agreements to recruit on temporary or permanent visas, overseas workers in response to identified skill shortages. Labour Agreements, which specify the number of workers who can be recruited, are underpinned by skill (qualification and experience) criteria, employment and training commitments, and are subject to regular monitoring:

- as of October 2002, there were 88 operational Labour Agreements with a further 12 under negotiation – while these Agreements cross a range of occupations and industries, they are concentrated in the tourism and hospitality, information technology and health industries.

As discussed earlier in this Submission, Australia also operates a point-tested independent skilled migration arrangement within its permanent entry Migration Program.

Overall, the Department considers that these arrangements operate well. However, as with the temporary entry provisions, there are in our view a number of areas where some fine-tuning could improve the operation of the system. These include aspects of regional migration arrangements, the SOL which is a key element of the operation of the points-tested skilled independent category, and the weighting given to occupations on the MODL. These are discussed below.

4.2(a) *Regional Migration*

In recent years the Commonwealth Government has, in consultation with State and Territory governments, introduced a range of mechanisms that are aimed at influencing the distribution of migrants (specifically to promote migration to regional Australia and the less populated States and Territories). These initiatives include the RSMS and the State Territory Nominated Independent (STNI) Scheme:

- these mechanisms provide an avenue to people from overseas seeking to migrate to Australia who may not otherwise meet the strict (skill) criteria for permanent entry to Australia.

The RSMS enables employers in regional Australia (see later comment on the definition of regional) to recruit expatriates for skilled positions which cannot be filled from the regional labour market:

- while there is no labour market testing or training record criteria, employers are required to demonstrate to appointed Certifying Bodies that there are shortages in specific skills in the region. There is no defined methodology underpinning the means by which these Certifying Bodies determine the existence of skill shortages; and
- lower qualification and English language proficiency criteria apply to RSMS nominations.

ABS population projections for the States and Territories (based on reasonable assumptions about fertility, mortality, net overseas migration and net interstate migration) show declining populations by 2100 for Tasmania, the Australian Capital Territory (ACT), South Australia and Victoria. ABS statistics also show that:

- while the populations of all capital cities are expected to increase, many areas in non-metropolitan Australia are expected to experience continued population decline; and
- population loss in non-metropolitan Australia has been occurring for some time, largely as a result of internal migration (as people seek educational and employment opportunities in metropolitan areas).

While DEWR generally supports regional migration initiatives, the full range of regional migration initiatives has not been formally evaluated to determine the extent to which they satisfied their objectives (to achieve a more even distribution of migrants). A report prepared by the *National Institute of Labour Studies*¹⁹ on the RSMS noted that:

- there was extremely positive endorsement for the scheme in general with the highest level of satisfaction found among those who had made multiple use of the scheme;
- one important indicator that raises questions as to whether the scheme is fully realising its objectives is the very high level of separations within the initial two year contract of employment; and
- a more complete evaluation of the scheme may be warranted to take into account the views of other stakeholders, especially the impact on local communities. Such a review would also need to assess the costs of the scheme and the labour market success of RSMS migrants relative to other skilled migrants.

Issues relating to the implementation of the various regional migration arrangements which need to be addressed to ensure the on-going integrity of these arrangements include:

- the extent to which the arrangements address genuine regional skill shortages. Although skill shortages currently exist across Australia, they are more pronounced in States/Territories that have experienced higher than average economic and employment growth. As these States/Territories are not the dominant users of employer-sponsored regional migration initiatives, there may be a case for better marketing of the regional initiatives;

¹⁹ Cully, M and Goodes R, *Evaluation of the Regional Sponsored Migration Scheme – A Final Report Prepared for the Department of Immigration and Multicultural Affairs and the Department of Employment, Workplace Relations and Small Business*, National Institute of Labour Studies, Flinders University, August 2000.

- the absence of prescribed labour market test criteria (and the reliance on DEWR Skill Shortages Lists which do not include detailed regional analysis of skill shortages) for the RSMS means there is no guarantee of the existence of skill shortages as distinct from difficult-to-fill vacancies which may reflect other variables (including below-average remuneration or employer reputation);
- the definition of regional for migration purposes does not align well with the definition of regional for other Government programs and policy purposes (including ABS definitions). For most migration purposes, all of Australia is considered to be regional except for Sydney, Newcastle and Wollongong in New South Wales; Brisbane, the Gold Coast and the Sunshine Coast in Queensland and Perth in Western Australia. At present Melbourne, Adelaide and the ACT are considered regional for the purposes of some, if not all, State-specific migration mechanisms:
 - a more transparent approach to defining regional for migration purposes is obviously better than leaving it at the discretion of States and Territories (as evidenced by the inclusion of all of Victoria for some regional migration arrangements);
- while the ABS does not have a definition of regional for statistical purposes, there are related definitions which may form a better basis for the implementation of migration arrangements. These include:
 - the adoption of a metropolitan/non-metropolitan approach to defining regional (with regional being considered to be all non-metropolitan areas) would have the advantage of being transparent and relatively easy to administer. If adopted, the only change to the RSMS definition would be the exclusion of Adelaide and Hobart; or
 - the introduction of a minimum threshold population size.
- DEWR's preference is that, for temporary and permanent migration arrangements, the definition of regional be based on a threshold population size of 250 000 persons (revised upward on a regular basis to reflect changes to Australia's population). This would currently provide for the inclusion in the definition of regional for migration purposes of Darwin and Hobart but not the Gold Coast, Newcastle, Wollongong, Adelaide or the ACT.
- skill dilution – by design regional migration initiatives have lower entry criteria than those that apply to mainstream migration arrangements. This allows the migration of people who might not otherwise have qualified for immigration through mainstream migration categories. Research, such as that done on the LSIA, shows that even small differences in entry criteria impact on labour market performance. Clearly, with the exception of RSMS where there is an employment contract, the lower criteria for regional migration initiatives enables the entry of migrants who are less likely to perform well in the labour market and are less likely to provide strong economic benefits to Australia;
- migrants settling in areas with less buoyant economic and labour market conditions are likely to face greater difficulty in obtaining employment. They may also add to the competition for vacant positions among existing residents;
- DEWR has had contact with a number of RSMS Certifying Bodies and has provided them with advice to help them perform their tasks. However, there are some concerns that not all the Certifying Bodies have the appropriate skills to undertake RSMS assessments. This leads to

concerns that the Scheme may not be being implemented in a sound and consistent manner across Australia. The introduction of better defined labour market test criteria and a formalised training regime for Certifying Bodies may address these concerns;

- as previously noted, the RSMS does not currently include an assessment of an employers' training record. In some instances, employer requirements for skills may be more appropriately met from training Australians rather than importing overseas workers; and
- mechanisms that influence the distribution of Australia's existing population, notably policies which promote sustainable economic and employment growth, may be more effective than State and Territory specific migration mechanisms in influencing population growth in regional Australia and the less populated States and Territories.

In announcing the 2002-03 Migration Program, the Minister for Immigration and Multicultural and Indigenous Affairs, the Hon Philip Ruddock MP, noted that DIMIA was continuing to canvass with relevant parties (including DEWR) a range of temporary and permanent regional migration initiatives.

- while generally supportive of these initiatives, DEWR notes that to maintain the integrity of the temporary and permanent migration programs, these initiatives should not dilute the overall skill level of migrants;
- to this end, temporary initiatives should generally exclude lesser skilled occupations (those which ASCO identifies as having an entry-level requirement of less than a certificate III issued under the AQF) and occupations and employer types for which other Joint Standing Committee on Migration (JSCM) and/or Business Advisory Panel (BAP) Reviews have recommended Labour Agreements be pursued (for example tour-guides and related occupations, recruitment agencies etc).

4.2(b) Skilled Occupations List

The SOL is an integral part of the points test under the Skilled-Independent category within the Skill Stream. Under the current points test applicants whose usual occupation is not on the SOL receive zero points and would not satisfy the threshold criteria for the category. Applicants whose occupation is on the SOL receive 40, 50 or 60 points depending on the skill level (see later comment) of their occupation and an additional 5 or 10 points if their occupation is on the MODL and the applicant has a firm job offer. Some skilled occupations are not included on the SOL on policy grounds (for example, medical practitioners and specialists).

The grounds on which some skilled occupations are excluded from SOL are not clearly stated and some inclusions/exclusions are hard to justify on skill or labour market grounds. Further:

- the criteria for the allocation of points for occupations on the SOL are not clearly articulated and as a result there are considerable inconsistencies or anomalies. Examples include:
 - personnel managers, sales and marketing managers and distribution managers are allocated 60 points, while research and development managers get only 50 points; and
 - speech pathologists get 60 points, while audiologists get only 50 points; and

- currently most ASCO major group 4 (trades and related workers) occupations get 60 points despite a significant number of these occupations requiring only an AQF certificate III (which may require less than three years full-time study). In comparison, occupations for which the entry-level requirement is an AQF bachelor degree but who are not subject to registration or licensing requirements (for example economists) receive only 50 points;
- if the intention is to allocate points on the basis of skill then more transparent criteria need to be used (with less importance being placed on issues such as registration or licensing requirements or the existence of a professional association or other body to undertake skills assessment).

DEWR would support a review of the SOL particularly as it relates to inconsistencies in skill level and points allocation issues. This may result in an increase in the skill level of entrants and as a result better labour market (employment) outcomes for migrants in the Skill Stream.

While acknowledging the nexus between temporary and permanent entry, the threshold skill (a minimum of a qualification equivalent to an AQF diploma is required) for the Skilled Independent category is significantly higher (appropriately so in our view) than that applicable to the business long stay temporary entry arrangement:

- any proposal to combine the SOL (which takes into consideration skill and labour market factors) with the gazetted list of occupations (ESTEL) for business long stay temporary entry (which is ASCO-classification based and for which no formal skill assessment or labour market considerations apply) would therefore needed to be treated with caution.

4.2(c) Greater Weighting in the Points-Test to MODL

On 1 July 1999 a new points test was introduced for the Skilled-Independent and Skilled-Australian Sponsored categories of the Skill Stream which included revised skill criteria (an applicant must have a skilled occupation with qualifications recognised in Australia), age criteria (an applicant must be less than 45 years of age) and a minimum English language proficiency criteria (vocational English). The new points test also provided for the allocation of 5 bonus points to applicants with qualifications appropriate to employment in MODL occupations with a further 5 bonus points allocated if the applicant has a job offer in that occupation.

To better target the Skill Stream to the needs of Australian industry, any review of the points-test should consider allocating a greater number of points to applicants with qualifications and relevant post-qualification experience appropriate to employment in MODL occupations:

- a migrant intake with a greater proportion of applicants with qualifications and experience appropriate to employment in MODL occupations may, in addition to better meeting the skill needs of Australian industry, also reduce the potential for occupational downgrading among migrants (that is, migrants being employed in lesser skilled occupations than suggested by their qualifications or previous work experience); and
- while the recent increase in the pass mark for the points-tested categories may increase the importance of MODL bonus points, preliminary information provided by DIMIA indicates that few applicants require MODL bonus points to satisfy migration requirements (particularly given the increasing number of applicants who are recent overseas graduates of Australian universities and for whom the experience criteria is waived).

5. Conclusion

The main points made in this submission are set out below:

- temporary and permanent migration arrangements should be consistent with the Government's employment, workplace relations and training objectives;
- to have a net positive impact, temporary residence migration should generally have minimal displacement effects on the Australian labour market;
- the skill level of migrants is important to determining employment and settlement outcomes – young, skilled migrants have a substantially lower unemployment rate, an ability to find employment more quickly and higher levels of income and expenditure;
- increased international competition for skilled migrants reflects demographic considerations – that is, low fertility rates and no history of organised migration has resulted in many developed nations experiencing declining and ageing workforces;
- analysis shows that, taken as a whole, Australia's migration criteria and processing arrangements compare favourably with those of other countries;
- Australia's employer-sponsored temporary entry arrangements could be further enhanced through a more rigorous assessment (undertaken as part of the monitoring process) of employers' commitment to the recruitment and training of Australians and the introduction of a better basis for the salary threshold;
- further refinement of the monitoring database will help ensure it is capable of generating reliable information on the training record of employers (and other labour market variables which would enable a better evaluation of the labour market impact of temporary entry arrangements);
- as skill shortages may reflect a lower than optimal level of training in the economy, all employer-sponsored migration arrangements (including business temporary entry, ENS, RSMS, LAs and RHQ agreements) should require employers to demonstrate a satisfactory training record for Australians;
- there is a need for the definition of regional for migration purposes to be better aligned with the definition of regional for other Government program and policy purposes;
- there is a need for SOL to be reviewed to ensure a more transparent allocation of points on the basis of the skill level of an occupation with less emphasis being placed on registration or licensing requirements or the existence of a professional association or other body to undertake skill assessments; and
- to better target the Skill Stream to the needs of Australian industry, any review of the points-test should consider allocating a greater number of points to applicants with qualifications and relevant post-qualification experience appropriate to employment in MODL occupations.