

THE 1999-2000 IMMIGRATION PROGRAM

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Beginning in July 1999, major changes to the way skilled migrants are selected will be introduced. The new criteria will better target the skills needed by Australian employers. However, because overseas students trained in Australia are to be given the highest selection priority and because universities are rapidly expanding places for such students, there is a risk that opportunities for local aspirants in some professional areas will diminish.

In the past year there has been a sustained business and State Government campaign to expand the skilled migrant intake. However, when the Coalition Government announced its 1999-2001 program on 29 April 1999, it conceded little to this campaign. The planning target of 82,000 was similar to the previous year's 80,000 figure. There have, however, been some far-reaching changes to the way in which skilled migrants are to be selected. These changes are the main subject of the discussion below.

In announcing the 1999-2000 program the Minister, Philip Ruddock, dismissed the pleas of those advocating a much larger intake. He stated that current migration levels, if sustained, would lead to the eventual stabilisation of Australia's population at around 23 million over the next 50 years, and that this 'would not be viewed with alarm by most Australians'. Furthermore, he asserted that the link between population numbers and Australia's economic well-being had much more to do with the 'skill levels of the population, including those of immigrants', than it did with size. According to the Minister, 'economic growth rates appear to be largely independent of population growth rates'.¹

Nevertheless, the Government has made some concessions to business and the State Governments by liberalising some of the various migration categories

which are intended to promote overseas migration to specific states and regional areas. To this end the Government has created a 'contingency reserve' of 5,000 places for 1999-2000, which is additional to the 82,000 figure quoted above. This has been designed to accommodate additional migrants in these categories should State Governments and/or employers manage to recruit more than currently allowed for. The implications of these concessions are explored at the end of this paper.

A FRAMEWORK FOR ASSESSING CHANGES TO THE SKILL SELECTION SYSTEM

The skilled section of the program consists of a number of streams, the most important of which are the Independent and Skilled-Australian-Linked (SAL) categories, the Employer Nomination Scheme (ENS) and Business Skills programs (see Table 1). A detailed review of these programs can be found in the December issue of *People and Place*.² The latter two programs are largely unchanged. However, major changes to the Independent and SAL categories will be implemented in July 1999, following a Review of their operation in 1998.³ In these two categories, prospective migrants wishing to gain selection on account of their skills are assessed via a points system designed to choose those

Table 1: Australia's Migration Program, visas issued outcomes 1995-96 to 1997-98, projected outcome 1998-99 and planned outcome 1999-2000

	Outcome			Projected outcome 1998-99	Planning level 1999-2000
	1995-96	1996-97	1997-98		
Family					
Spouses/fiancé(e)s	33,550	25,130	25,790	24,330	27,000
Parents	8,890	7,580	1,080	3,070	500
Dependent children	2,830	2,200	2,190	2,000	2,350
Other preferential	3,450	2,300	2,250	2,000	2,150
Concessional family ^a	8,000	7,340	n.a.	n.a.	n.a.
Total	56,700	44,580	31,310	31,400	32,000
Skilled stream					
Employer nominations	4,640	5,560	5,950	5,000	5,200
Business skills	4,900	5,820	5,360	6,000	6,000
Independent	10,600	15,000	13,270	13,500	13,300
SAL	n.a.	n.a.	9,540	9,000	8,400
Other	4,000	1,170	550	1,500	2,100 ^b
Total	24,100	27,550	34,670	35,000	35,000
Special eligibility	1,700	1,730	1,110	1,600	3,000
Humanitarian	15,050	11,910	12,055	12,000	12,000
Total	97,610	85,810	79,155	80,000	82,000

^a Concessional family was replaced by SAL in 1997-98.

^b Includes 1,000 places for state-nominated migrants and 800 places for the Regional Sponsored Migration Scheme (see discussion below).

best equipped to add to Australia's skilled workforce. The SAL category incorporates points for applicants sponsored by relatives in Australia. The Government has now announced the operational detail of the changes resulting from the Review, thus allowing a more detailed assessment of their implications.

In assessing these measures I have in mind three concerns. One is the extent to which they enhance the skill level of the migrants selected. As Philip Ruddock has stated and as Stephen Joske argues elsewhere in this issue of *People and Place*, it is the skills that migrants bring to Australia which are the key to judging their economic contribution, not their overall numbers. Another is whether the

migrants' skills are relevant to Australian employers' needs. Finally, there is the question of whether skilled migration jeopardises the interests of the Australian residents who must compete with migrants either for training opportunities or jobs.

Past experience shows that a skilled intake based primarily on applicants' university or trade qualifications is not satisfactory. This because it effectively allows the selection process (and thus the occupational mix of migrants) to be determined by emigration demand from source countries. For example, in the late 1980s thousands of engineers and doctors, particularly from Asian countries, were selected on the basis of their tertiary

qualifications. Their keenness to migrate reflected the oversupply of tertiary graduates in these countries. Many applicants were desperate to relocate in an advanced Western country and therefore were not much concerned about their immediate job prospects. Any link between the skills they had to offer and Australian employers' needs was fortuitous. In the case of the doctors, they arrived at a time when successive Australian governments were embarking on a deliberate policy of *reducing* the rate of growth in the number of doctors practising in Australia.

Second, a skilled migration program should be sensitive to preserving opportunities for Australian aspirants to skilled jobs. Since there are some areas of skilled shortage in Australia, including computing professionals, accountants, nurses and some tradespersons, there is a case for selecting appropriately qualified migrants in these fields. But large-scale recruitment in these areas may clash with the higher priority of providing opportunities for Australian graduates and apprentices. There has been a massive expansion in the supply of tertiary-educated persons in Australia since the late 1980s. During the years 1991-1996 alone, the number of Australian residents holding degree qualifications expanded by 46 per cent (22 per cent of the increase being attributable to migrants who arrived during the 1991-1996 period).⁴ This rate of expansion was several times faster than the rate of growth in employment in professional and managerial occupations during the same time. As a result many of these graduates have, at least initially, had to make do with sub-professional employment.

Not everyone will agree with these criteria. The business enthusiasts for higher migration and their academic spokespersons tend to ignore these constraints. Some, like Glen Withers,

acknowledge that any boost to migration must focus on skills, but simply do not explore the question of how a sharp increase in skilled migration can be accomplished without serious impacts on particular labour markets.⁵ There is no escape from this dilemma. A boost to the skilled migration intake will inevitably focus on professional fields. But these are the very areas that domestic aspirants are clamouring to enter. The only way out of this circle is to assume that migration will deliver a massive boost to Australia's economy and thus to produce a sharp increase in the demand for skilled workers. To believe this requires a judgement that Australia's internationally competitive industries are being held back by local skill shortages and/or by insufficient growth in the domestic market. Yet, to judge from the skill shortage assessments of the Commonwealth Department of Employment, Workplace Relations and Small Business, there are very few areas of national skill shortage.⁶ Currently there is also a boom in domestic demand, much of which is being satisfied by imports, in the process contributing to a serious balance of payments deficit. Unless advocates can show a direct link between extra people and the emergence of more internationally competitive industries, a major boost to immigration can be likened to throwing oil on the deficit fire.

Looked at in these terms of these three criteria — skill level, employers' needs and residents' prospects — the recent changes to immigration policy signal both good and bad news. The reforms to the Independent and SAL categories will better target the selection of skilled migrants. There will be no repeat of the late 1980s episode unless the overall intake of skilled migrants is sharply increased. However, there are grounds for

concern about their impact on domestic opportunity. In addition, as shown below, the program initiatives designed to accommodate the State Governments' pressures for a larger intake have resulted in a dilution of the skill criteria used to select the migrants in question.

THE NEW INDEPENDENT AND SKILLED-AUSTRALIAN LINKED CATEGORIES

For the program year 1999-2000, Table 1 shows that 13,300 Independents and 8,400 SAL applicants are expected to be visaed, of whom about 5,500 and 2,700 respectively will be principal applicants (PAs). The rest will be family members who accompany the PAs.

PAs are to be evaluated mainly on the criteria of skill (including work experience), age and English-speaking capacity, though additional points can be earned for work experience in a skilled occupation, for possessing an occupation designated as in demand in Australia, for Australian qualifications and for the skills of the principal applicant's spouse. There

are also bonus points for the investment of capital in Australia or knowledge of a community language or Australian work experience. The SAL applicants receive a bonus of 15 points on account of their sponsorship by an Australian relative. Table 2 outlines the points available. The pass mark for both categories has been set at 110. Minimum threshold levels are required for an applicant to be processed in either category. They must have post-secondary-school training, be able to speak, read, write and comprehend English at a 'functional' level (discussed below), be under 45 and, unless their qualifications were earned in Australia, have some work experience.

Demand for places is likely to be high. This assumption is reflected in the initial pass mark of 110. The possession of the bare minimum threshold requirements would yield only 70 points for Independent applicants and 85 for SAL applicants. The Government's selection priorities are manifested in the way it has shaped the points allocations. These priorities are different from those implicit

Table 2: Assessment System for Independent and SAL applicants

Selection characteristics	Broad criteria	Points
Skill	Tier One occupations	60
	Tier Two occupations	50
	Tier Three occupations	40
Age	18-29	30
	30-34	25
	35-39	20
	40-44	15
English language ability	'Competent' English	20
	'Vocational' English	15
Specific work experience	Experience in nominated Tier One Occupation	10
	Other experience	5
Occupation in demand	Occupation in demand but no job offer	5
	Occupation in demand with job offer	10
Australian qualifications	Australian diploma, trade or higher qualification	5
Spouse skills	Spouse meets threshold requirements	5
Bonus Points	Speaks community language or invest capital in Australia or have work experience in Australia	5
Sponsor	For SAL applicants only	15

Pass Mark: 110 for Independent and SAL applicants
Source: DIMA

in the previous selection system.

First, as is explained below, priority has been given to full-fee overseas students who have recently completed their training in Australia and whose qualifications are classified within the top tier of a new three-tiered classification of occupations. This classification categorises occupations according to whether the qualifications involve a body of knowledge which is the main basis for entry to the occupation. The top tier, which receives 60 points, includes most trades along with several fields for which degree-level qualifications are required. The most important of these are law, nursing, teaching, engineering, accounting and computing. However, in designating tier one occupations there is no reference to whether the occupation is in demand in Australia. The second tier involves occupations usually requiring a degree, such as for journalism and personnel or public relations work at the professional or managerial level, but where the degree is only one of a number of criteria likely to be taken into account in making appointments. This tier receives 50 points. Finally occupations requiring a diploma receive 40 points.

Overseas students are advantaged in the following ways. First and most important, they can now apply for immigration immediately on graduation. Indeed they

are encouraged to do so now that the Government has exempted them from the minimum 12 months occupational experience requirement for all other tier one occupations. Under the pre-July 1999 system, recently graduated overseas students were generally ineligible for a visa because they did not have a usual occupation for at least six of the 24 months prior to application. They therefore gained no points under the skill factor. Second, Australian-trained applicants are given an additional five points for having been trained in Australia. Third, a high proportion of overseas-students trained at Australian universities have qualifications which are classified in the first tier of 60 point occupations. These include, accounting, computing, nursing and engineering. Finally, Australian-trained graduates are assumed to be 'competent' in English (see the criteria below) and thus receive top points for English (20 points) without any testing. Most, being students, will fit into the top scoring 18-34 year old categories (at least 25 points). They will therefore attain the 110 pass mark without having to draw on the additional points available, as for spouse skills or bonus points.

How many overseas students will apply? In 1997, 21,042 overseas students completed university degree courses in Australia and further increases are in the

Table 3: University completions^a in computing^b and accounting, overseas and local students, 1992 and 1997

	Accounting				Computing			
	Overseas	Local	Total	% overseas	Overseas	Local	Total	% overseas
1992	1,393	6,142	7,535	18.5	635	3,319	3,951	16.1
1997	2,787	6,858	9,645	28.9	1,848	4,360	6,205	24.8
Increase 1992-97	1,394	916	2,110		1,213	1,041	2,257	

^a Includes undergraduate and postgraduate completions.

^b Computing numbers are for science faculty completions. In 1997 there were another 1,287 completions in computing in business faculties, of whom 563 were overseas students.

Source: Department of Education, Training and Youth Affairs (DETYA), unpublished files

pipeline. As can be seen from Table 3, more than 5,000 graduated in 1997 in just two of the tier one occupations, that is accounting and computing. Past experience in Australia, Canada and the USA indicates that most graduates from Asia and other third world countries will take up opportunities for permanent residence if they arise. It is therefore likely that many, if not a majority, of the eligible graduates in Australia will apply under the new rules. Given the rapid expansion in overseas student completions, in a few years they will probably dominate the Independent category if the selection system remains unchanged. Some will also be eligible for the SAL category through sponsorship by relatives already in Australia.

The impact on the Independent category is likely to be positive in relation to the criteria listed earlier. The applicants selected will be better targeted to meet Australia's skill needs than those selected under the old system. Several of the tier one occupations, including accounting and computing, are under supplied in Australia at present. In addition, the evidence on employment outcomes shows that overseas students trained in Australia are more likely to find professional or managerial level employment than migrants trained in the same field overseas.⁷ For those coming from Non-English-Speaking-Background (NESB) countries this is probably because local graduates have better English, more knowledge of locally required skills and a more sensitive awareness of the cultural skills needed in an Australian workplace.

The new system also incorporates an element of demand targeting, in that additional points are available for those with occupations judged by the Department of Employment, Workplace Relations and Small Business to be in national

shortage. However, since there are only a small number of occupations listed (notably accountants, computing professionals, nurses and metal tradespersons), this component of the system will not prevent the selection of professionals holding tier one occupations in fields like architecture, civil engineering and primary teaching where demand is flat and easily met from local graduates.

A more important and welcome element of targeting flows from the fact that the new system effectively debars many occupations for which there has long seemed little justification for selection. Applicants must nominate an occupation listed by the Department of Immigration and Multicultural Affairs (DIMA) in the application form to be eligible for selection. A few occupations prominent in the past experience have been removed altogether, including university lecturers and doctors. University lecturers can still be sponsored by universities under the ENS, but they will no longer be able to enter under the Independent or SAL categories. This makes sense given the vast excess in supply of Australian-qualified aspirants for the few university positions on offer.

More significantly, the possession of an occupation classified in tier two implies that the applicant is unlikely to gain selection. Tier two occupations include many which delivered numerous successful PAs in the past, including journalists, economists, sales and marketing managers, public relations officers, marketing and advertising professionals and life scientists. Such applicants will have to score top points under the English and experience criteria and be under thirty to reach the 110 pass mark. This is a welcome change, which will reduce the flow of migrants in many occupations where there are many local

aspirants and the prospects of the migrants gaining professional or managerial work are poor.

The SAL category remains the poor cousin in terms of selection quality. The new system is only marginally better than its predecessor in targeting highly skilled migrants likely to meet skill shortages in Australia. The extra 15 points for sponsorship together with the pass mark of 110 will permit applicants with second and third tier occupations to gain selection, including those with diploma-level qualifications. The main improvement is that all SAL applicants must now possess 'vocational' English even to be considered for selection. Also, the Senate appears likely to allow new migration regulations to be implemented which require an Assurance of Support and a prepaid bond (as with other family applicants) for each successful SAL applicant.

ISSUES ARISING FROM THE NEW SELECTION SYSTEM

a) English assessment.

Under the new selection system, all PAs must achieve 'vocational' standards in English across the four dimensions of speaking, reading, writing and listening. Previously, they only had to achieve the required level across three of these capacities. This is a welcome change, since it was sometimes possible for applicants to achieve the required standard yet possess poor speaking or perhaps poor writing skills. Without such skills they often could not meet employers' expectations. But there has also been a dilution of the English standard under the new system. Now, all that is required to achieve the 'vocational' standard (and score 15 points for English) is level 5 on the International English Language Testing

System (IELTS) test. Previously the minimum standard was level 6 (though it only had to be achieved on three of the four components). Under the new system applicants scoring level 6 across all four dimensions are classified as possessing 'Competent English' and will receive 20 points.

This is an important change given that persons with 'vocational' level English receive 15 points and will often make the 110 pass mark. Level 5 on the IELTS test is well below the standard of English required for entry to University courses. For such purposes level 6 or 6.5 is required. Persons with level 5 skills in English would normally require additional English language training before they would meet employers' standards for professional or managerial appointments.⁸

In practice, this dilution is unlikely to affect the standard of those selected under the Independent category because there will be a sufficient number of higher scoring candidates (especially those trained in Australia) to fill the program. But when we consider the strength of the threshold requirements for the Independent, SAL and the various regional programs discussed below, all of which involve 'vocational English', these standards must be kept in mind.

b) The relationship between immigration opportunities for overseas students and training opportunities for Australian residents

Some brief background may help set the scene for this analysis. Until the 1980s, the Australian Government either paid for or subsidised the costs of education for overseas students, because the program was regarded as a foreign aid measure to the less developed countries in our region. Students were expected to

return home. In 1979 legislation was passed requiring them to do so after it was found that a high proportion were contriving to stay on in Australia.⁹ However, this altruistic perspective fell out of favour during the 1980s with the panic over Australia's need to develop new export industries. By 1986 universities and other educational providers were permitted to offer full-fee courses to overseas students and, in the 1989 Commonwealth Budget, it was announced that the subsidised program was to end. However, some students are still supported under 'Ausaid' programs.

Overseas students were now seen as a market to be exploited, though not yet as a potential source of skilled workers for Australia itself. The first breakthrough in this latter regard occurred in 1989 when new regulations were introduced which permitted full-fee overseas students to apply for permanent residence if they were sponsored by an Australian employer and the sponsor could demonstrate that no Australian resident could be found to do the work. Successive Governments have nibbled at the temptation to make further concessions since 1989. Why let graduates go who have been trained in Australia to our specifications but at their expense? However the temptation was largely resisted. Overseas students had to go home on completion of their course because they could not meet the work experience requirements described earlier.

Now, from 1 July 1999, anyone who can afford the overseas-student fee and who earns the required credentials for a tier one occupation will be able to compete immediately in Australia's most lucrative and highly skilled job markets. Two consequences will follow. One is that many more applicants will be selected who hold tier one occupations

like accounting and computing and a substantial proportion of these will be former overseas students. The second is that the new immigration opportunities will encourage greater interest in studying in Australia and that universities will respond by providing the necessary training places.

What will this mean for resident opportunities in the fields in question? There is evidence that local opportunity has already been curtailed by recent expansion in the training of overseas students. One reason for the priority given to overseas students in the new selection system is that there are genuine shortages of accountants, computing professionals and some other tier one skills. This is not due to a lack of Australian student interest in taking computing or accounting courses. All through the 1990s there have been many more applicants for such courses than university places available, particularly in courses leading to professional qualifications in accounting. There have been additional university places allocated for local students in these fields, but fewer than for overseas students. Table 3 compares the number of completions (at the undergraduate and post-graduate level) in accounting and computing in 1992 and 1997. It shows that most of the growth in 'output' in these fields is attributable to overseas-students and that their share of all completions has risen rapidly to nearly 30 per cent by 1997.

Universities could have provided more places for local students (instead of overseas students). They did not, partly because successive Governments have put a lid on the further expansion of fully funded places for resident students, partly because the universities have been reluctant to reallocate places to areas in demand like accounting and computing

because of the trauma often caused by closing existing courses, and partly because of the financial benefits of devoting available teaching resources to additional full-fee overseas students.

In the future these linkages are likely to be even more clear cut. In order to increase their income at a time of strict limits on funding for local students, universities will have a strong incentive to attract more full-fee overseas (or more domestic students prepared to pay full fees). The new immigration selection rules offer a heaven-sent marketing opportunity, and prospective students from regions where interest in migration is strong are likely to be receptive to it. Thus more candidates for tier one occupations will be forthcoming in future. One particular growth point is likely to be nursing, where there is already a rapidly growing demand for courses which upgrade overseas-trained nurses' skills. The opportunity for subsequent immigration will add to the attraction of these course.

Needless to say, these predictions may turn out to be incorrect. In the interests of protecting resident interests a future Australian Government may press universities to offer more places in tier one occupations such as computing or, better still, more funding could be provided for expansion in the number of places for local students in these particular fields. Or quotas could be placed on the number of places in the Independent category which are offered to overseas students. Successive Australian Governments have been at pains to assert that the opening up of overseas student places will not be at the expense of local student opportunity. When it is realised that this at best a half-truth, there will be protests from interests concerned about local opportunity. The outcome is uncertain. My concern here is

not to predict the future, but to point up some of the unrecognised ramifications of Government policies in the training of overseas students and the selection of skilled migrants.

IMPLICATION OF THE STATE-SPECIFIC MIGRATION INITIATIVES

The Government has been under pressure from State Governments to increase the migration program and particularly to promote settlement in regional Australia. Various new programs have been put in place since 1996 in order to accommodate this pressure. Further initiatives were announced as part of the 1999-2000 program. These are detailed below along with a description of each of the regional schemes put in place since 1996. The numbers of migrants involved at present are small, but some of selection concessions granted as part of these initiatives raise questions about the skill level of the resulting intake. In this context the Government's decision to create a 'Contingency Reserve' of 5,000, designed to provide extra places should recruitment under these regional initiatives grow substantially warrants close attention.

For all the schemes the selection criteria have been diluted in order to encourage migrants who would not otherwise have qualified for immigration through the existing skilled categories to locate in 'regional' areas. This means that the least qualified migrants selected through the skilled programs will begin their stay in Australia in areas where the job markets are toughest. With all these schemes, however, there is nothing to stop the migrants in question subsequently moving from 'region' to metropolis.

a) Regional-linked-skilled-migration

Under this scheme (introduced in November 1996) a prospective migrant may be

sponsored by a relative in Australia (extended in July 1998 to include sponsors who are cousins or grandparents). To qualify, the sponsor must live in a 'region', which includes all of Australia except south-east Queensland, Sydney, Newcastle, Wollongong and Perth. Melbourne was added to the eligible 'regions' in September 1998. As for the applicant, he or she does not need to achieve the levels required of Independent or SAL applicants to pass the points test. All that is required is the minimum threshold requirements for English, age, skills and work experience described above.

On the face of it, this represents a major dilution of the selection system relative to the criteria for the SAL and Independent categories. But so far there have been few applicants, with barely 100 visas issued in 1998-99. This may change with the admission of Melbourne into the ranks of eligible sponsor locations and the extension of the range of relatives who can act as sponsors. If so, the doorway for lower skilled migrants will have widened significantly. There is no quota or limit on the number of successful applicants. They must, however, be accommodated within the overall Independent and SAL program numbers. This is because they are not included in the categories eligible for the Contingency Reserve.

Why so few persons have applied is a mystery. Perhaps few prospective sponsors know about the new opportunities. The English requirement may be a contributing factor. For the future, another inhibitor to sponsorship will be that, as with applicants under the SAL category, an Assurance of Support and compulsory bond of \$3,500 for the PA and \$1,500 for each family member must be posted after 1 July 1999.

b) Regional Sponsored Migration Scheme

This category (introduced in 1997) offers a variation on the existing ENS, whereby employers located in 'regional or low population growth areas' are given certain concessions if they nominate non-residents for particular jobs. In practice, however, if a State 'certifies' the nomination, it could be in a metropolitan area. The key concession is that employers do not have to complete the labour market-testing procedures normally required of those sponsoring under the ENS. These procedures require the sponsor to advertise the availability of the job in question in order to establish that there is no suitably qualified resident available to do the work. Instead, a relevant State Government body is required to 'certify' that the skills in question are in short supply.

A significant innovation with this category is that employers are given access to a 'skill-matching' data base made up of applicants who did not reach the required points under the Independent and SAL categories from which they can draw potential nominees. It is up to the employer whether any of those on the data base are approached. This procedure offers another door through which applicants lacking the skills to meet the requirements of the Independent or SAL categories can gain permanent residence. As with the previous category, all that is needed is to meet the minimum threshold skill, age and English requirements.

Again, the numbers involved have so far been low, with just 581 persons visaed in 1997-98. The requirement of a minimum two year employment contract has probably constrained the number of nominations.

c) State and Territory Nominated Independent (STNI) Scheme

This is a striking innovation, which

began in November 1997. It creates the alarming precedent of allowing State and Territory Governments to directly select immigrants. For the 1999-2000 program year each Government can notionally select some 200 principal applicants from a 'skills matching' data base consisting of applicants who did not reach the pass mark under the Independent and SAL programs. If all States and Territories took up their entitlement, several thousand migrants would be involved (including accompanying family). Under the rules to apply from July 1999, all that is required of the migrants selected is that they meet the minimum threshold requirements discussed. To facilitate expansion of the 'skills matching' data base, prospective migrants who know they cannot meet the selection standards for the Independent category can now apply to be placed on the data base without the normal fees associated with an Independent application. One constraint is that the State Governments are required to ensure that there is a genuine need for the skills of the migrants nominated within their territory.

So far the only State Government to take up this scheme has been the South Australian, with just a couple of hundred migrants nominated to date. This may be about to change given the loosening up of the conditions described above and the widening of the skills matching data

base. The Minister has thrown down the gauntlet to the states agitating for more migrants by virtually challenging them to promote this scheme and the Regional Sponsored Migration Scheme. If they do not, the implication is that they should stop complaining about low migration to their areas. It remains to be seen which states will take up the challenge. However, the Victorian Government has indicated an interest in participating and its 1999-2000 budget announced the allocation of \$6 million over three years for a new office of migration to 'attract migrants with business skills and skills in demand to settle in Victoria.'

There is another minor variant of this scheme, called the Regional Established Business Scheme which allows State and Territory Governments to sponsor migrants for permanent residence who have already established businesses in their jurisdictions while in Australia on a temporary visa. These persons must meet the existing standards for business migration applicants, though, once again, the requirements for selection have been diluted in order to facilitate nominations.

DISCUSSION

The Government has created a 5,000 'Contingency Reserve' to accommodate extra migrants over and above the existing skilled program of 35,000 should the States or employers manage to sponsor

Table 4: Share of settler arrivals by state and immigration category, 1997-98, percentages

State of intended residence	Family	Skilled – Australia – Linked	Employer Nomination Scheme	Business	Independent	Total	State's share of Aust's pop'n mid-1998
NSW	46.7	41.5	35.5	40.1	47.8	41.0	33.8
Victoria	26.4	21.9	16.9	16.4	15.2	21.0	24.8
Queensland	11.4	12.4	14.5	17.5	12.8	19.5	18.4
South Australia	4.3	4.3	8.1	1.2	5.3	4.0	7.9
Western Aust.	8.8	17.8	19.6	24.4	17.5	12.6	9.8
Tasmania	0.5	0.2	1.4	0.2	0.1	0.5	2.5
Australia	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* Total includes humanitarian, New Zealand citizens and others

Source: *Immigration Update*, June Quarter 1998, DIMA, September 1998

large numbers of migrants in the regional categories or should employers sponsor more migrants than hitherto under the existing ENS. As the discussion above suggests, it does not appear that there will be much call on this 'reserve'. This is just as well, given the relatively low skill level of the migrants likely to be recruited.

A more fundamental issue concerns the sense of allowing States and employers from areas where population growth is low to try to arrest the trend through encouraging overseas migration. Table 4 shows that the States pressing for more migrants (notably South Australia, Victoria and Tasmania) are receiving less than their share of the existing skilled migration categories. One reason for this is limited employment opportunities. In the case of South Australia and Tasmania, this problem has led to significant recent net losses of people through interstate migration. It is hard to see how moderately skilled migrants can arrest this process, or indeed how bringing more job competitors into areas of relatively high unemployment will do much for the well-being of existing residents.

The wisdom of allowing State governments which are committed to higher migration, despite absence of strong employment demand, to have a hand in the selection process of migrants, as with the STNI scheme, must also be questioned. Migrants cannot be quarantined within particular states. Migration policy is quite properly a Commonwealth function directed at the national interest.

The Australian Government has shown through the selection reforms beginning in July 1999 that it is serious about better targeting the migrants recruited for their skills. As long as the total number of these migrants is kept near the current level, the quality of the

migrants selected will be high and the effect on local aspirants access to the occupations in question will be modest. But the analysis has shown that if those lobbying for a major expansion in the intake have their way the consequences could be severe. The greatest concern is that local aspirants for tier one occupations could be crowded out by overseas students attracted by the new migration opportunities. A subsidiary (though less likely prospect) is that some State Governments will become seriously involved in population building activities regardless of labour market realities within their jurisdictions.

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- ⁴ B. Birrell and V. Rapson, 'Implications of widened access to higher education', *People and Place*, vol. 6, no.1, 1998, p. 54
- ⁵ For an example of this advocacy, see, G. Withers, 'Australia's need for a population policy', in *BCA Papers*, vol. 1, no.1, May 1999.
- ⁶ Job Futures, Department of Employment, Workplace Relations and Small Business, April 1999
- ⁷ B. Birrell and L. Hawthorne, 'Skilled migration outcomes as of 1996', in *Review of the Independent and Skilled-Australian Linked Categories*, op. cit., pp. 11-12.
- ⁸ For background, see L. Hawthorne, 'English language testing and immigration policy', in G. Brindley and G. Wigglesworth (Eds), *Access: Issues in Language Test Design and Delivery*, National Centre for English Language Teaching and Research, Macquarie University, Sydney, 1997
- ⁹ Committee of Review, Private Overseas Student Policy, *Issues Paper*, Canberra, 1983, p. 8