

## THE COALITION GOVERNMENT'S POSITION ON IMMIGRATION AND POPULATION POLICY

### ■ Philip Ruddock

*This is an edited version of a speech by Philip Ruddock, Minister for Immigration and Multicultural Affairs, to the Business Council of Australia's Population Growth and Society Conference on 15 November 1999 in Melbourne.*

The Business Council of Australia has a well recognised and enduring interest in this policy area — in fact a perusal of our daily newspapers in any given week will attest to this. Your willingness to engage in discussions on issues including migration program numbers and population policy are a credit to your enthusiasm for participating in important public debate.

But I believe it is important we now progress the debate on these issues and broaden their current narrow focus. We need to move beyond the current focus on permanent resettlement numbers and population targets. This focus is outmoded and unproductive and ignores the reality of today's globalised economic environment and labour market.

In this environment there is often little or no difference between a skilled entrant with a permanent visa or a long-term temporary visa. The fact is highly skilled people are extremely valuable and highly mobile — they will go to whatever job and whatever country offers them the best overall returns on their skills.

Today I will outline how long-term skilled temporary migration has become

a core element of Australia's immigration program and how we are taking advantage of the opportunities it provides to secure and enhance our national future.

### THE IMPORTANCE OF IMMIGRATION

But first let me reaffirm my government's support for immigration and recognition of its key role in the building of modern Australia.

Over the last fifty-five years Australia's immigration program has delivered almost six million migrants to Australia. This accounted for almost half of Australia's total population growth during this time — from around seven million after World War A to our recently reached mark of 19 million.

I'm sure you would all agree that immigration has provided more to Australia than simply heads to be counted at census time, or a stimulus to consumer demand. It has had a profound influence on all aspects of our society.

Aside from our indigenous people, all other Australians are immigrants, or the not too distant descendants of immi-

grants.

It logically follows that immigration is part of our national culture. Our open and welcoming society has been built and reinforced by our rich migration experience.

From a country of largely Anglo-Celtic origin with a rural economy, poor infrastructure and few international links, we have been transformed into an open and vibrant nation with a strong economy, and cultural diversity and cohesiveness the envy of the world.

We can safeguard and extend migration's legacy — I believe we have a duty to do so. But this can only be done if our migration program is appropriately managed and structured.

### **COALITION IMMIGRATION REFORMS**

In 1996 the coalition inherited a migration program completely out of touch with the new realities and needs of contemporary Australia.

Under the previous government our migration program had become little more than a family-reunion program, with certain categories — such as spouse reunion — subjected to outrageous levels of abuse. There can be no question immigration's purpose was lost and its rationale inadequately explained.

From a broad acceptance of the benefits of immigration, the Australian people's goodwill towards it was rapidly eroding. Sadly, in a small minority, prejudices unworthy of Australians were also fostered. This had to be addressed.

Extensive reforms have been implemented that not only restore the program's integrity, transparency and relevance, but also ensure it is unequivocally in the national interest.

These reforms include:

- the promotion of more open discus-

sion about our population trends and prospects

- extending our commitment to genuine refugees and others in humanitarian need.
- markedly strengthening provisions to combat unlawful arrivals.
- launching the successful 'living in harmony' campaign.
- redefining the pivotal concepts of multiculturalism and citizenship.

But it is our work in rebalancing the migration program between the family and skill streams, and more effectively targeting skilled migrants which has had the greatest impact. This is a reform of particular relevance to the business community.

### **SKILLED MIGRATION**

In 1995-96 the family stream comprised around 70 per cent of the migration program, with skilled migration barely an afterthought.

This imbalance has been addressed, with skill stream visas increasing from 29 per cent in 1995-96 to over 50 per cent in 1998-99.

Australia is now attracting better-educated, younger, more job-ready migrants with the language skills to operate successfully in the Australian workplace.

There is mounting evidence of the economic, budgetary and employment benefits of this reform. Economic modelling I commissioned last year, performed by Econtech, shows that by 2007-2008 all Australians will be some \$134 per person per year better off as a result of this government's increased focus on skilled migration.

The Government's approach is further vindicated in an ACIL Consulting report which shows the strengthening impact on the nation's budget of the reformed migration program.

Research recently conducted by Access Economics into the performance of business migrants compared their businesses with other Australian businesses of comparable age, size and industry sector. The business migrants' enterprises were found to be generally more productive in terms of net worth, turnover and export levels.

A recent report by my business advisory panel, chaired by Neville Roach, has proposed some changes to further increase the drawing power of the business migration category without compromising its objectives. These changes may see an increase over time of 15 per cent in the number of business owners who come to Australia.

The overwhelming success of such restructuring has many people demanding phenomenal increases in our permanent skilled migrant intake.

While I appreciate the enthusiasm, it simply must be understood that there is not a bottomless pit of skilled migrants waiting for the call to migrate to Australia.

Any attempt to achieve a sudden or significant increase in the numbers of skilled migrants would unquestionably require a significant dilution of selection standards.

Additional migrants would be older, less skilled or less fluent in English — and less employable.

In fact the ACIL report I mentioned earlier shows that unskilled migrants are generally a major cost to the Commonwealth budget.

To put not too fine a point on it, significantly increasing our intake in an untargeted manner would signal a return to the bad old days of bringing in large numbers of poorly qualified migrants merely to swell the ranks of the unemployed.

Any attempt to further increase the skilled intake must proceed in a targeted and carefully considered manner that does not require a major dilution in selection standards.

We must also achieve a better dispersal of the intake to those states that most need more skilled migrants. We are actively seeking a partnership with business and the states on this important issue.

In July of this year a new points test used to select the majority of skilled migrants was introduced following a comprehensive review.

This will enable selection of migrants who will better meet the needs of the Australian labour market.

In order to achieve a better dispersal of the skilled intake, I introduced a range of programs that state governments can use. Sadly, these mechanisms are underutilised at present — even by those states professing a desire for higher immigration levels.

Since 1 July 1999 new measures have been introduced to streamline the employer nomination provisions to enable employers to meet critical skill needs while ensuring that employers are still committed to training.

As a result, the government has been able to conclude a number of labour agreements with large Australian employers that provide over 1,000 temporary visas and 500 permanent visas in the IT&T sector over a three-year period.

Sadly, however, these examples are more the exception than the rule. Labour agreements continue to be underutilised given the reports of skill shortages.

The government has also effected a critical shift in the way in which greater numbers of successful overseas students are able to migrate to Australia after completing their studies.

This gives Australia a significant competitive advantage in terms of both attracting more overseas students and more skilled migrants.

However, the contingency reserve of 5,000 places which I established in this year's migration program offers perhaps the greatest example of the Government's preparedness to increase the skilled intake without diluting selection criteria.

This mechanism creates the scope to increase the size of the migration program as long as business, industry and state and territory governments target additional migrants where a demonstrable shortage exists in a specific skill.

To date however there is little evidence that a significant portion of the contingency reserve will be used in 1999-2000. This is despite the efforts made by my department and I to encourage states and businesses to take up the mechanisms designed for their use.

Clearly the key to these initiatives is partnerships. For them to succeed, businesses that profess a desire for more skilled migrants need to actively seek them out and find a place for them within their industry and within their organisations.

Governments play an important partnership role by developing appropriate mechanisms to assist business to get the skilled migrants they need.

But it is unrealistic to expect the government to simply flood the marketplace with new arrivals with no occupational or other targeting.

The challenge lies before you, the business community, to work with government to use the mechanisms that have been put in place.

#### **TEMPORARY ENTRY PROVISIONS**

The prospect of markedly diluted selection standards is not the only constraining

factor on the numbers of skilled migrants Australia is able to attract.

The fact is that while the international pool of skilled migrants is limited, the competition to attract them is intensifying. Nations not traditionally seen as countries of migration will increasingly join the race with usual destinations such as ourselves, the United States, Canada and New Zealand.

As such we have to be more innovative and apply new techniques to remain competitive in the race for this highly attractive labour.

The scale of this challenge means that we can't continue to be blinkered by policy that encompasses only permanent resettlement.

If we were to continue in this fashion we would be doing this nation a great disservice.

It is for this reason that we are so firmly embracing the enormous opportunities provided by long-term temporary migration.

Increased international trade and investment, and the generation of new and growing markets for young skilled workers in sectors such as information technology, have led to increasing numbers of people moving temporarily around the world.

Not wanting their opportunities or abilities to be confined, more and more people are seeking long-term entry to countries such as Australia.

Allow me to put this phenomenon into perspective. Some 33,000 long-term temporary-resident business visas were granted in Australia in 1998-99 — almost the same amount as the total number of skilled permanent migration visas issued for the same period.

The number of these skilled temporary entrants has been rising steadily over recent years.

Long-term temporary movements now make-up around 50 per cent of net overseas migration, the key measure of the contribution of immigration to population growth.

The 33,000 highly skilled temporary entrants that came to Australia in 1998-1999, sponsored by companies in Australia, represent about six times the number sponsored by business for permanent entry (5,600).

These individuals make a major contribution to Australia's international competitiveness. They bring with them new ideas, skills, technology, understanding and contacts. To take advantage of these opportunities this government has developed streamlined long-term temporary-entry arrangements. These are rated amongst the most effective arrangements in the world for attracting what is a highly mobile and lucrative workforce.

Long-term temporary migration will become the touchstone for migration's international future. As Australia does not impose numeric controls on these temporary-entry categories their volume is likely to continue to rise.

Allow me to put a crude scenario to you to demonstrate the effectiveness of Australia's temporary business entry arrangements. If Bill Gates were to arrive in Australia tomorrow to establish a new enterprise he would be able to get as many I.T. staff as he wanted on long-term temporary visas. He would only need to pay them the appropriate salary and have appropriate arrangements in place to train Australians. In the United States however, he is confronted by what is known as the 'H-1B visa cap' which limits the number of I.T. people he can obtain from overseas.

While many of you present today may publicly champion increasing permanent

resettlement numbers, and pay little or no attention to long-term temporary migrants, may I suggest you take a 'straw poll' of your human resource managers to gain their perspective.

I could almost guarantee you that your H.R. chiefs would tell you that they much prefer to take advantage of our long-term temporary arrangements than to use permanent entry.

The reason for this is simple.

Long-term temporary-entry arrangements enable companies to more effectively retain the skilled migrants they attract. Almost paradoxically, permanent entry arrangements mean that these people are more free to go to another employer in Australia.

#### **POPULATION POLICY**

Allow me to now move to an area that I know is particularly dear to your heart — population policy. A range of different organisations, the business council included, have proposed the adoption of a formal population policy.

As Minister I am the first to recognise the importance of a clear understanding of this issue. I have strongly encouraged more open discussion of immigration within the context of population. In fact I have made a number of speeches on Australia's population trends and prospects in order to expedite this improved understanding.

I also made population issues a major focus of my presentations at public meetings to consult on the 1999-2000 immigration program, and sponsored a major conference on the topic earlier this year.

In these speeches and seminars I have indicated that the broad direction of our population is clear. Based on our below replacement fertility rate, coupled with net overseas migration around 60,000 to 70,000 people per annum, our population

is likely to reach around 23 million — perhaps a little more — by the middle of next century. At this point it would stabilise in both its size and age profile.

I have made the point before and I make it again — this is not a figure that I believe would be alarming to most Australians.

I am aware that some have suggested we should be aiming for a lower level of population on environmental grounds. While we must take environmental aspects into account, I am not convinced that the social and economic costs involved would outweigh any environmental benefits from a marginally lower population. I have, nevertheless, commissioned the CSIRO to examine the relationships between population and environment.

I am also aware that the business community in particular has advocated that we should be aiming for a much higher level of population through both immigration and by encouraging higher levels of fertility.

The government of course has a strong commitment to family friendly policies and will continue to enhance these. I look forward to the business community joining with the government to enable all Australians to better balance work and family life. I must caution, however, on any speculation that family friendly policies will have a dramatic effect on fertility rates. The research seems to suggest a marginal and short-term impact is the best we can expect.

I would also caution against the view that a significantly larger population will deliver us some kind of 'economic nirvana'. Professor Bob Gregory has demonstrated that there is no clear linkage between population growth and per capita economic growth. Increasing immigration simply for the purposes of

achieving a large population is a far too simplistic approach. We need to be far more clever about this issue. As Chris Murphy of Econtech has shown, the key is quality far more than quantity.

The short sightedness of a drive to simply increase the gross permanent migration intake is highlighted by the situation in New Zealand. Consider this. New Zealand has by far the largest per capita permanent migration program in the world and has had for many years. Yet it has failed to deliver strong economic performance for New Zealand. It has also failed to deliver a net increase in population from migration. The relatively poor performance of the New Zealand economy has resulted in their rate of net overseas migration falling to negative 10,000. Put another way, despite their huge per capita intake, far more people are leaving the country than arriving.

Clearly, a large permanent intake does not guarantee an improvement in the economy, a high rate of population growth, or even positive levels of net overseas migration.

#### **CONCLUSION**

Ladies and gentlemen, allow me to conclude by pointing out that in terms of immigration policy the underlying aims and aspirations of business and the government are not very different.

We both want an economically and socially vibrant Australia that is sustainable into the future.

This government has worked tirelessly over the last four years to rebuild public confidence in an immigration program that has palpable benefits for all Australians. Our nation cannot afford to return to a program characterised by big numbers and little thought.

If you genuinely want to see immigration play a vital role in shaping the future

of this country, you will not want to return to the days when skilled migration, economic development and public support were treated disdainfully. We live in a far more sophisticated and discerning world — we need to match these new

realities with new thinking and new partnerships.

I trust that today will mark one step in the building of such a partnership between business and government.

THE END

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