



Productivity Commission Inquiry into Migrant Intake into Australia

Submission from the South Australian Government

June 2015

Introduction

The Australian Migration Program has evolved since the creation of the first federal immigration portfolio in 1945, when the government of the day was keen on boosting the Australian population to stimulate post-war economic development and to increase the number of people who would be able to defend the country should there be another war¹. The overall objectives of the current migration program are to contribute to Australia's economic, demographic and social wellbeing by facilitating the permanent and temporary entry or stay of people.² Australia wants to attract migrants who are skilled and talented, and who can fill skills gaps immediately, which in turn will stimulate and contribute to the growth of the Australian economy.

The South Australian Government fully supports the migration program and its rationale. Migration has underpinned the growth of South Australia's population, with almost a quarter of the State's population born overseas. Migrants have contributed significantly to South Australia's economy through their entrepreneurship and enhancing relationships between South Australia and the rest of the world.

The South Australian Government recognises the economic and social benefits associated with migration. The South Australian Government is committed to increasing skilled and business migration to South Australia, which will ensure the state maintains a high standard of living and has a reputation for being a peaceful, open, multicultural society. In particular, the South Australian Government is focussed on attracting and supporting skilled and high net worth migrants to live and invest in South Australia, including in regional areas. The South Australian Government agrees, however, that it is timely to review the objectives of the Australian migration program – preferably with a view to expressing them in a more precise and useful form than that quoted in the first paragraph above - to guarantee continuing relevance, and also to evaluate whether the structure of the current program is optimally delivering on them. There has been a series of reviews of the program in recent years, mostly at particular aspects of the overall program or individual visa products. This has meant the program has been in a constant state of flux and uncertainty.

¹ Spinks, H., Australia's Migration Program – Background Note, Parliamentary Library, Department of Parliamentary Services, Parliament of Australia, Canberra, 2010 pp, 1-2, accessed on 24 May 2015, <http://www.aph.gov.au/binaries/library/pubs/bn/sp/austmigration.pdf>

² Department of Immigration and Border Protection, Population Flows: Immigration Aspects, 2008-09 edition, p.29, accessed on 24 May 2015, <http://www.immi.gov.au/media/publications/statistics/popflows2008-09/pop-flows-chapter2.pdf>

The recommendations made by previous reviews have not often considered the broader objectives and context of the program.

There are limitations in the Issues Paper issued by the Commission. There is little discussion about the quality and attributes of the migration intake the Government is intending to attract. Problems with the current program are not detailed. The implementation and practice of the proposed entry charges are unexplained.

The maintenance of public confidence in an immigration program is critical. As shown elsewhere in the world, loss of public confidence in immigration policies can give rise to significant community tension and a loss of community harmony. Any change towards self-selection or entry charges would need to consider such issues.

In summary, the South Australian Government believes that the proposal of self-selection or entry charges warrants consideration, and would welcome further research into its impact on the economic, demographic and social wellbeing of Australians. South Australia also recommends that the Australian Government revisits the purpose of our migration program and ascertains if the intended objectives of the current program are being fully met. This would help shape an appropriate immigration planning framework that is integrated and coordinated with government activities that are linked to, and are influenced by, migration, such as education and training, industry development, and labour market reform.

The Australian Migration Program: Objectives

In the view of the South Australian Government the broad objective is that Australia has an effective migration program that facilitates the immigration and retention of highly qualified and well-educated migrants, by ensuring employment outcomes are concomitant with their skills, education and qualifications, while ensuring that the Australian labour force complemented, not displaced.

Continued confidence in the Australian Migration Program requires the internal integrity of the program, and also measures to demonstrate to the broad public that:

- the program is not taking jobs away from the domestic workforce;
- those who come to Australia will collectively make a positive contribution to the social, cultural and economic fabric of the nation; and

- effective workforce development (education and training) arrangements are in place to ensure domestic workers are realistically prepared to meet forecast, future medium and long-term workforce needs.

Entry Charges

Governments can and should regulate the movement of overseas persons into Australia. Currently, there are administrative processes to carry out this regulation. On the one hand, a self-selection regime or entry charges approach may force prospective immigrants to bear more of the risk from their decision to immigrate. On the other hand, it could reduce the extent to which the Australian Government is able to decide who will come into the country and, in turn, would increase the risk borne by Australia regarding whether the composition of those who collectively self-select to migrate to Australia would best contribute to the social, cultural and economic fabric of the nation.

The Issues Paper discusses the option of combining entry charges with some selection criteria, and the capping of places. What is not apparent from the Issues Paper is whether there is a substantial difference between the entry charges approach and the current program's visa application charges. If there is not a material difference, then the Department of Immigration and Border Protection (DIBP) could revise its application fees, rather than introducing entry charges.

The Issues Paper explores matters associated with a self-selection or entry charges immigration regime. It is critical that in developing its recommendations, the Commission should consider the broader economic and social costs and benefits associated with an entry charge regime, not just the potential financial gains. The South Australian Government is of the view that in particular, the following issues need to be addressed in regard to how the introduction of entry charges will:

1. Provide a realistic mechanism to attract people with no financial wealth but with skills, qualifications, experience and expertise in demand.
2. Deny visas to individuals who would be seen as displacing the domestic workforce where there is high unemployment.
3. Be managed by the Australian Government such that the revenue received through charging of fees will be distributed to the States and Territories which bear the cost of providing services to help migrants integrate and settle – services which include health,

education, infrastructure, employment programs, and interpretation and provision of English Language services. Would there be a guarantee by the Australian Government that only money for administration of the application process received through entry charges will be allocated to DIBP, and the rest of the revenue goes to the State or Territory receiving the potential migrants?

4. Take into account the current State and Territory Nominations (STN) Program (which includes the General Skilled Migration (GSM) and Business Innovation and Investment Program (BIIP) where nomination places for both programs are allocated to each jurisdiction by the Australian Government. The STN helps the States and Territories respond to varying regional and economic needs through supplementing the labour force in key industries and regions. Thought needs to be given as to how a self-selection regime will manage regional industry and workforce issues across jurisdictions.
5. Consider the problems that low population growth areas and regional Australia face in trying to encourage migration to these areas. At present, we have the State-Specific and Regional Migration Scheme (SSRMS), which has benefited these areas but may after the current review of the skilled migration and temporary activity visas program be removed or revised. Should this scheme be removed, and entry charges introduced, there will be no policy incentive for migrants to move to low population growth areas or regional Australia. All of South Australia, Adelaide included, is considered regional and therefore participates actively in the SSRMS, which provides regional concessions. Introduction of entry charges will see a reduction in the number of migrants opting to move to South Australia, or any other regional area, despite a greater demand for skilled or business migrants.
6. Acknowledge the nexus between international education and migration. While the government has decoupled the link between international education and migration, there are still pathways available for international students to temporarily and then permanently migrate to Australia.
 - Introduction of entry charges to this sector would reduce the flow of potential permanent migrants who have gained qualifications and skills in Australia and would be able to have positive employment outcomes. In the 2012-13 program year, 30,170 international students transitioned from holding a temporary student

visa to permanent migration³. Introduction of entry charges will adversely affect this positive outcome. Government policy should seek to capitalise upon the high quality migration outcomes that can be achieved through our international education sector.

- One issue is that international students pay for the temporary entry student visa. If they have dependents, they also have to pay for every dependent. The Commission needs to ascertain how it will treat international students who have already effectively 'paid their way' to a temporary visa, when they apply for permanency. More importantly though, the decision to introduce entry charges would negatively impact a multi-billion dollar international education sector. The closure or narrowing of what is de facto a significant pathway to permanent residence through a student visa would be a major disincentive to potential international students and a loss of competitor advantage for Australia in the international student market.

Any change to the migration system which had the effect of reducing numbers of international students choosing to study in South Australia would be of real concern. Education-related travel is South Australia's largest service export, totalling \$972 million in 2013-14

7. Recognise the potential impact on family reunion options. The Refugee Council of Australia reported that the ability to reunite families through the family reunion streams is important to the health and well-being of migrant families. Introducing entry charges would affect the ability of less affluent families to pay these charges and be reunited.
8. Recognise the possibility that someone beyond the current age-limit cut off (49 years for the points tested visas) with the money to pay the entry charges would be able to migrate and thereby add to an already ageing population. The current migration program aims to mitigate against the economic and social challenges associated with an ageing population through the points-tested skilled visa mechanism.

³ Department of Immigration and Border Protection, Australia's Migration Trends 2012-13, released 2014, p.56, accessed on 29 May 2015, <http://www.immi.gov.au/pub-res/Documents/statistics/migration-trends-2012-13.pdf>. The transition to permanent migration includes points-tested skilled migration (Skilled Independent, Skilled Regional, State/Territory nominated); Employer Sponsored (Regional Sponsored Migration Scheme, Employer Nomination Scheme, Labour Agreement); Family visas.

Summary

In summary, the risk of a self-selection or entry charges regime is that it:

- could undermine public confidence in the immigration program
- could result in increasing numbers of migrants who are seen to displace sections of the domestic workforce where there is already high unemployment
- could diminish access for those who have attributes which would otherwise significantly contribute to Australia's social, cultural and economic development but would not have the means to purchase a visa
- could diminish the Government's control over the composition of the migration intake
- could impact negatively on regional dispersal of migrants; and
- has the potential to adversely affect the Australian international education sector.

The Government of South Australia would recommend caution in adopting a self-selecting entry charges regime for the Australian Migration Program at this stage. The South Australian Government would encourage the Productivity Commission to consider the aforementioned issues in formulating its final report.

The Productivity Commission may consider the implementation of any recommendations on a trial basis for certain visa products. For example, since entry charges have in effect already been introduced in SIV, this could be piloted further across the Business Innovation and Investment Program. The evaluation of the approach could then inform the strategy for other parts of the migration program.

More importantly, the South Australian Government believes this Inquiry provides an opportunity to review the current objectives of the Australian Migration Program and determine their relevance. This approach should review:

- the purpose of the migration program
- whom the program aims to attract and retain; and
- whether the program can be simplified and reformed to meet those objectives.

Conclusion

The introduction of entry charges is not supported until further research and appropriate economic modelling is completed and evaluated.