

# Minister's Response

## BACKGROUND

1. On 23 September 1997, I presented the terms of reference for the Inquiry to the Joint Parliamentary Economic Development Committee. The Committee tabled its report on 14 May 1998.
2. Victoria's population as at June, 1997 was 4,605,100 which represents 24.8% of the Australian population. In 1997, 24% of all overseas migrants (22,990) chose Victoria as their State of residence. In comparison, NSW and Queensland attracted 42.7% and 14.6% of migrants respectively.
3. The composition of migrants that settle in Victoria differs markedly from other States in that Victoria attracts a disproportionately large share of humanitarian and family categories and a disproportionately small share of skilled migrants.
4. While Victoria is the second most favoured State for all migrants, its share of skilled migrants is fourth behind NSW, WA and Queensland. The number of skilled migrants settling in Victoria in 1997 declined a further 4% from 1996.
5. Given the positive economic impact of skilled migrants on the Victorian economy, the Economic Development Committee's research and recommendations which aim to improve our market share in this area have been most timely.
6. The Victorian Government believes that an increase in Victoria's share of skilled migrants would not benefit just Victoria but Australia more generally as it would help distribute more widely the economic benefits of such migrants and the associated physical and social infrastructure costs. NSW, and Sydney in particular, faces resource and infrastructure costs in absorbing increasing numbers of settlers.
7. The Committee found that without specific intervention by State Governments, the main impact of an increase in total migration is that NSW will become relatively more populous than Victoria and Queensland.

## **COMMENTS**

8. The Committee's findings and recommendations are substantially supportive of the Government's own views. A number of the strategies recommended are already being pursued by the Government and other will be shortly, as outlined below.

### **Interstate Migration**

9. The Committee noted the historical trend of net migration of Victoria's population to other States since the early 1970s. The net losses hit a peak in the early 1990s when Victoria's migration loss to other States was around 30,000 per annum. This reflected Victoria's poor reputation and economic performance at the time.
10. The Committee recommended attracting 'migrants' from other States to reverse this trend. The Committee also noted that the majority of the historical net population flow from Victoria to other States has comprised persons over 65.
11. The Government's clear and consistent policy direction since coming to office has been to restore Victoria's economic fundamentals and therefore restore investors' confidence in the State and people's general confidence in pursuing rewarding and long term employment opportunities in Victoria.
12. Such a resolute policy direction paid dividends in 1998 with the restoration of Victoria's AAA credit rating. Also, for the first time since 1971, when population figures were compiled in the current basis, Victoria has experienced positive net migration from the rest of Australia to Victoria (in the first half of 1997-98).
13. The Government believes that skilled workers (whether they be Victorians or migrants) will be attracted to stay or come to Victoria if there is fundamental economic and employment growth.

### **Skilled Migration**

14. The Committee has made a number of recommendations aimed at increasing Victoria's share of skilled migrants. With its highly skilled workforce and world class education and

training facilities, Victoria does not confront general skill shortages and therefore the State Government will focus on business skilled migrants specifically rather than broadly on the attraction of skilled migrants.

15. Where shortages are identified, my Department will continue to assist employers experiencing difficulties in recruiting specific skills, particularly in regional Victoria. The Department will actively alert employers to various skilled migration programs available and assist them in their dealings with the Department of Immigration and Multicultural Affairs.

### **Business Skills Migration**

16. The focus of the Government's strategy is to increase Victoria's share of **Business Skills** migration as this is the category which the Committee noted brings most economic benefits to the State.

17. The DIMA survey of April 1997 of Business Skills migrants revealed that within their first 12 months of arrival:-

- Average funds transferred was \$571,000
- Investment in business averaged \$585,000
- Average employment per new business was 5.9 persons
- 55% of those in business were exporting

18. The Economic Development Committee Report has provided a useful analysis of how best to attract business skills migrants from emerging country markets and the activities and programs of our 'competitor' countries in these markets.

### **Initiatives**

19. While continuing to service enquiries from traditional markets such as Hong Kong, my Department will initially pilot projects in South Africa and Indonesia. Our approach will be to work closely with a panel of migration agents and provide in kind support to reinforce the advantages of Victoria. The panel for those two markets will be selected in consultation with DIMA and the Migration Institute of Australia. Trends will be monitored over the next three years.

## **Marketing Strategy**

20. My Department has developed an integrated marketing strategy incorporating targeted media advertising, displays and video film which will all be promoted through key intermediaries such as migration agents and State and Federal Government overseas offices.
21. A new web site for the program will also be developed with direct links to other relevant sites and agencies, including the Commonwealth Department of Immigration and Multicultural Affairs.
22. A new booklet will be produced as a marketing tool to highlight the advantages of Victoria as a destination for Business Migrants. It will complement the web site and focus on lifestyle issues, testimonials and material from relevant agencies such as Education Victoria. The documents will be produced in Bahasa Indonesian and Mandarin as well as in English.
23. Targeted media advertising will be the mechanism for increasing the awareness of the advantages offered by this State. This targeted approach will include newsletters produced by migration agents and Commonwealth Government promotional material.
24. Business Victoria, in line with its charter to attract new international investment to the State, is already actively involved in the promotion of inquiries from Business Skills applicants. Its current activities in Business Skills Migration include:-
  - Acting as a registrar for State registrations of applicants
  - Facilitation role for prospective and successful applicants
  - Assessing applications for State sponsorship
  - Systematically networking with migration agents and DIMA and providing them with promotional material
25. As mentioned above, these activities will be stepped up particularly in relation to the pilot markets of Indonesia and South Africa.

## **'Designated' Area Status**

26. A further recent initiative of the Government to increase Victoria's share of Business Migrants was to seek the inclusion of Melbourne as a 'designated' area for the purposes of the *Migration Act* and Regulations. From 1 September 1998, the whole of Victoria is a designated area for the purposes of the *Migration Act*.

27. Through this 'designation', migrants who apply to settle in Victoria will receive more points than those who apply for Sydney or most other capital cities. This will have the effect of encouraging more migrants to apply to come to Victoria who may previously not have done so.

## **CONCLUSION**

28. I thank the Committee for their timely report and welcome their analysis and recommendations. I am pleased today to announce a range of initiatives which are consistent with the broad thrust of the Committee's report.

**MARK BIRRELL**

Minister for Industry, Science and Technology