



ECONOMIC DEVELOPMENT COMMITTEE

FINAL REPORT

**Inquiry into the Economic Impact of
Business Migration in Victoria**

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Economic Development Committee

Report into Economic Impact of Business Migration in Victoria

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TERMS OF REFERENCE

PARLIAMENTARY COMMITTEES ACT 1968

TERMS OF REFERENCE FOR JOINT PARLIAMENTARY ECONOMIC DEVELOPMENT COMMITTEE

ECONOMIC IMPACT OF BUSINESS MIGRATION

The Governor-in-Council, under sections 4EC and 4F of the Parliamentary Committees Act 1968, refers the following to the Economic Development Committee:

To inquire into and make recommendations on the impact upon the economy of benefits to Victoria of Business Migration.

In particular, the Committee is required to inquire into:

- (i) The value to the Victorian economy of Business Skills Migration and the related Program conducted by the Commonwealth Government.
- (ii) Those matters the Victorian Government may do itself, or seek to influence, to enhance Victoria's ability to maximise the size and benefits of Business Migration.

The Committee is required to report to the Parliament by 1 December 1998.

Dated: 23 September 1997

Responsible Minister:

MARK BIRRELL
Minister for Industry, Science & Technology

Clerk of the Executive Council

CHAIRMAN'S FOREWORD / EXECUTIVE SUMMARY

1. Summary of Key Findings

On 23rd September 1997, the Victorian Minister for Industry, Science and Technology issued the Economic Development Committee with a Reference to undertake a review of the Commonwealth Government's Business Skills Migration Program and its economic impact in Victoria.

The Committee's initial investigations identified the very small size of the Program. In 1996/97, only 1,350 business migrants were granted visas. Of this total, only 135 chose Victoria as a settlement destination. Ten years ago, Victoria was the second most popular destination for business migrants, behind New South Wales. It is now fourth, with New South Wales, Western Australia and Queensland receiving larger intakes.

This led the Committee to pursue two main areas of inquiry: specifically, how to increase the total intake or pool of migrants, and how to attract more of these very productive migrants to Victoria.

All skilled migrants were identified as an important additional source, however the Committee found that these migrants are still a relatively small pool of 35,000 (which includes an applicant's family members) while the settlement pattern of these migrants is also strongly weighted against Victoria.

The Committee looked at the practicality of increasing the total number of skilled and business migrants and found two major problems. The first concern related to State distribution. If the skilled migrant intake was increased by 100 migrants it would result in the following State distribution:-

- New South Wales 45
- Western Australia 18
- Queensland 16

- Victoria 15
- All other States 6

Such an outcome has problems in terms of Victoria's relative decline compared to New South Wales.

The second issue concerns the practicality of increasing the total intake, particularly as the Committee understands DIMA has already slightly reduced points testing to meet existing planning levels in specific skilled categories.

The Committee investigated similar migration schemes in other countries, specifically Canada, New Zealand and the United States. As a consequence, it has recommended that the Commonwealth Government should not compromise the quality of business and skilled migrants against the possibilities of larger intakes.

The Committee also examined Australia's population trends and believes the key challenge facing the Victorian Government is to address the declining size of the State's population relative to New South Wales, as well as the growth of Queensland to become the second most populated State some time in the next 15 to 20 years.

One of the Committee's key recommendations is therefore that the Victorian Government must become very active in targeting skilled, business and entrepreneurial people to settle in Victoria. In this targeting, Victoria should not limit itself to the traditional migrant categories but should actively target the much larger source of business people that exist in New Zealand and other Australian States.

In this regard, the Committee noted the success Victoria has had in attracting investment and other industry and business from overseas and interstate, but that the equally important areas of attracting business, skilled and entrepreneurial individuals has been a neglected opportunity that must now be vigorously pursued.

The Committee considered in some detail, the factors that influence migrants to choose a particular settlement location and many of its recommendations relate to how Victoria can influence these choices.

One of the key findings of the Committee's investigations was that business migrants are not specifically attracted to a settlement destination because of business opportunities. Like all other migrants, business and skilled migrants settle in a particular location fundamentally because of the location of their family, friends and fellow countrymen.

As this pull factor develops, the effect of chain migration becomes a significant factor. The Committee's evidence suggests the chain migration factor will further disadvantage Victoria unless initiatives are implemented to encourage greater settlement in Victoria, particularly from emerging source countries who have not yet developed a settlement pattern in any one State.

In this regard, the Committee has recommended that the Victorian Government target South Africa as the most likely source of new business migrants over the next few years. As other source countries emerge, the Government should be ready to capitalise on the first wave of new arrivals so as to develop emerging ethnic communities that will act as strong pull factors for further migrants. Several of the Committee's recommendations deal with the need to develop strong links with ethnic communities and to encourage these communities to promote Victoria as a place to live to their fellow countrymen.

Other key reasons why migrants choose one settlement location over another include: availability of educational institutions, ease of entry and visa criteria, and lifestyle opportunities. Key recommendations deal with these issues in detail, however in summary, the Committee has recommended the following strategies:-

- greater utilisation of the Department of Immigration and Multicultural Affairs' State Sponsorship Schemes in order to allow the Victorian Government to sponsor a number of skilled and business migrants to settle in the State;

- marketing strategies which promote Victoria's lifestyle opportunities to potential business migrants, tourists and short term visitors to Australia; and
- capitalise on the link between migration and overseas students.

The second part of the Committee's recommendations dealing with marketing strategies, relates to influencing a migrant's settlement decisions. To this end, the Committee detailed recommendations in the following areas: -

- Tourist Experiences
- Migration Agents
- Knowledge of the country, generally gained from Embassies, trade and other shows, advertisements, the media, internet and other national promotions.

The Committee also believes the Government should actively promote Victoria's lifestyle opportunities/advantages within targeted source countries of potential business migrants as well as generally creating a culture within its departments and agencies that continually promotes Victoria's virtues as a settlement location.

One of the major initiatives recommended by the Committee is the need for the Department of State Development to develop closer links with migration agents with the aim of utilising their knowledge and expertise in attracting business migrants to Victoria. Evidence indicates these agents have a significant influence in the settlement decisions of migrants and importantly, they have extensive knowledge of migration processes and source countries.

The Committee has recommended a number of ways in which the partnership between Government and the migration industry be strengthened. Part of these strategies also involves the need for the Government to employ a migration consultant to liaise with the agents in promoting the State and developing key networks.

As many of these recommendations deal with perceptions of Victoria, compared with other States of Australia, the Committee notes that these initiatives will have a long-term payback.

One of the Committee's specific concerns relates to the perceptions created by the Australian Tourism Commission advertising on the international stage, which over many years, has projected a vision of Australia as being limited to Sydney and Queensland. Although this may have a short-term payback for tourism, it results in overseas countries having an unbalanced perception of Australia. The Committee has recommended strongly that the Australian Tourism Commission change its promotional focus to present a more balanced view of Australia as a tourist destination.

The theme of many of the Committee's recommendations concern the need for Victoria to maximise opportunities and use every avenue to promote its lifestyle advantages as well as its business friendly culture and livable city status.

In summary, the Committee believes it is critical that the Victorian Government adopt an aggressive approach to marketing the State to all forms of potential business and skilled migrants and business people generally. If the State does not actively seek to reverse existing settlement patterns of migrants, both from overseas and interstate, then Victoria's skilled population will continue to decline in comparison with other States.

2. Inquiry Process and Acknowledgments

The Committee is grateful to the organisations and individuals who contributed to the Committee's investigations. Only a small number of written submissions were received which is perhaps reflected in the limited scope of the Terms of Reference. The Committee also collected formal evidence through targeted public hearings and conducted a number of informal meetings with key people in the migration industry such as agents, ethnic community and business groups, and other experts in the field. Important initial meetings were also held in Canberra and Sydney with relevant organisations, most notably the Department of Immigration and Multicultural Affairs.

Perhaps of most relevance to the Committee's investigations, were the experiences of business migrants who had recently settled in Australia. In seeking to consult with selected business migrants, the Committee noted that many of these people may have held reservations about appearing before a formal Parliamentary Committee. This would particularly be the case for those migrants who had previously experienced a level of suspicion of Governments in general.

Given that the Committee required open and frank observations by business migrants, it was decided to appoint the services of a professional market research company to conduct a series of focus group sessions in Melbourne, Sydney and Brisbane. These sessions concentrated on settlement decisions and experiences of the migrants and the nature of their business activities.

On behalf of the Committee, I would like to thank Ms Rosalyn Doyle from Worthington Di Marzio, who successfully conducted these sessions earlier this year. Appreciation is also extended to the many business migrants who participated in the focus groups and provided the Committee with valuable evidence.

The Committee also travelled to Auckland in December 1997 to compare New Zealand and Australia's Business Migration Programs and to learn of the impact of recent changes to New Zealand's selection criteria. The Committee is grateful to those individuals and organisations with whom it met, for their time, input and hospitality extended during the visit. In particular, I would like to thank Mr David Besley, Chairman of the NZ Association for Migration and Investment for his role in organising a valuable series of meeting.

During January this year, I was able to visit Taiwan, Canada and the United States. Taiwan is an important source country for business migrants and my meetings with Taiwanese Migration agents provided much useful information of their perspective of Victoria as a destination. Vancouver, in Canada has been the major destination of business migrants for some years and my meeting with State officials, Canadian Immigration officers and local migration agents and migrant support groups proved

extremely useful. This information was been passed on to the Committee and formed part of its investigations into overseas programs.

I should conclude by acknowledging the contribution of all Members of the Committee in terms of their participation in the numerous meetings and their deliberations throughout the course of the Inquiry. The hard work of the Committee staff, namely the Executive Officer, Richard Willis, and part-time research officers, Amanda Tinner and Erin Thornton is also greatly appreciated.

I urge the Minister for Industry, Science and Technology to endorse the Committee's recommendations and to take up with the Federal Minister for Immigration, those recommendations that impact upon Commonwealth Government policy. I trust the Committee's Report will help dispel the many myths and prejudices that currently centre on the benefits of migration, and that the recommended strategies will demonstrate to potential migrants that Victoria is an attractive place to live and do business.

Hon. Chris Strong, MLC
Chairman
Economic Development Committee

May 1998

Part One

Background to Immigration Programs

CHAPTER ONE: AUSTRALIAN POPULATION GROWTH AND MIGRANT LEVELS – A STATE PERSPECTIVE

1.1 Introduction

During the course of the Committee's Inquiry into business migration, there has been significant nation-wide debate about Australia's declining population growth rates and whether or not migrant intakes should be increased as a way of addressing this decline.

While this issue is not specifically part of the Committee's Terms of Reference, given its relevance to the investigations, the Committee believes it is necessary to put the issue of migrant intakes into perspective on a State basis.

The Committee notes that a recent Victorian Government submission to the Commonwealth Department of Immigration and Multicultural Affairs called for an increase in the 1998/99 Migration Program of 50,000 skilled migrants. The Department of Immigration and Multicultural Affairs subsequently released its 1998/99 migrant planning levels, and has maintained the same intake as the previous year.

Given the economic benefits that accrue from skilled migration, an Australia wide increase, if achievable, would be advantageous to the nation as a whole. However, the Committee's investigations indicate that Victoria faces a dilemma when it comes to calls for increasing skilled migrant intakes.

The flow of skilled migrants, especially business migrants, favours New South Wales, Queensland and Western Australia over Victoria. Victoria also has a high rate of interstate departures, some of whom are recently arrived migrants. The State is therefore suffering a net loss of population through interstate departures.

⇒ FINDING

The Committee finds that without some intervention, any increase in skilled migrant levels can be assumed to follow existing settlement trends, which will exacerbate Victoria's population growth problems relative to other States.

This chapter discusses State by State population projections and migrant flows and concludes that the Victorian Government must have strategies in place to ensure the State receives, and is able to retain a higher proportion of skilled migrants than it does at present. The rest of this Report addresses these strategies.

1.2 Population Growth in Australia

Much of the debate on Australia's declining population growth and the need to sustain long-term economic growth, has focussed on the appropriateness of current migration levels. Declining population growth is generally attributed to declining fertility rates, reduced migration intakes and interstate departures.

The Australian Bureau of Statistics, in its 1996 publication, *Projections of the Populations of Australia States and Territories*, assumes that "Australia's population is projected to grow from 18.1 million in 1995 to between 22.5 and 23.9 million in 2021 and to between 24.9 and 28.3 million in 2051, depending on the assumptions made regarding future levels of fertility and overseas migration."¹

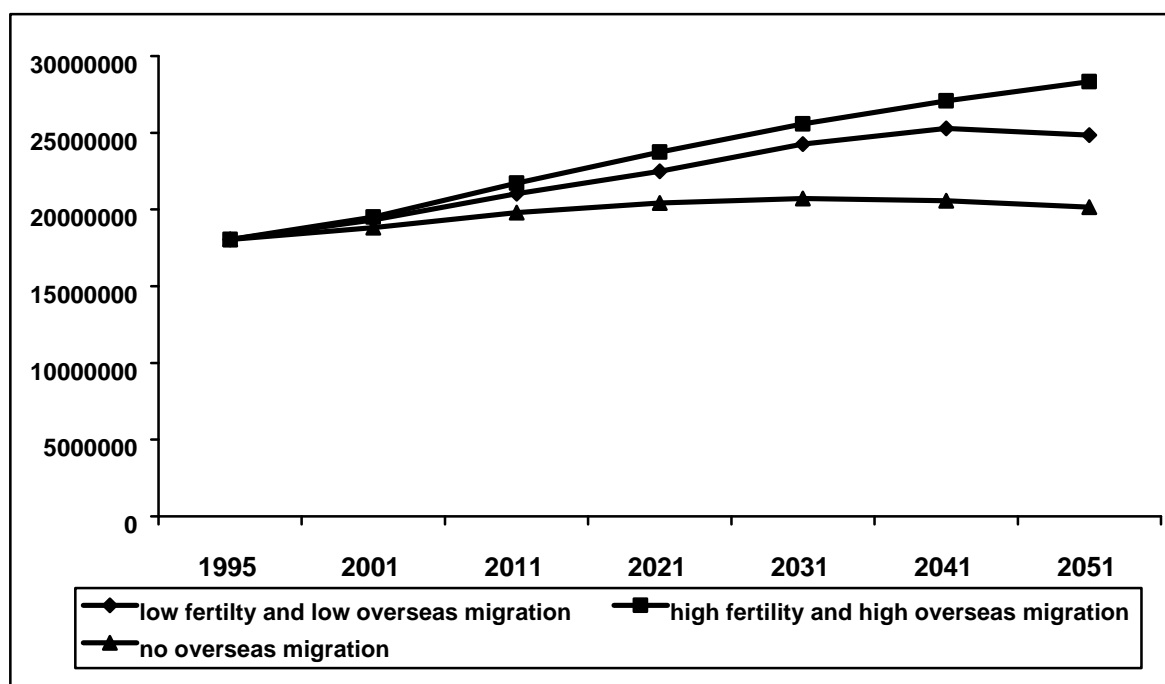
The graph opposite depicts Australia's population growth rates under a series of ABS assumptions.

The Department of Immigration and Multicultural Affairs notes that "a declining fertility rate, lower net overseas migration and a rising number of deaths would mean that, by the

¹ Australian Bureau of Statistics, *Projections of the Populations of Australia States and Territories*, AGPS, Canberra, 1996, p.1

middle of the next century (2050), the population will be growing only very slowly and could start to decline.”²

Projected Population, Australia: 1995 to 2051



(Source: Australian Bureau of Statistics, *Projections of the Populations of Australia States and Territories*, 1996)

Key projections made by the ABS which are relevant to the Committee’s investigations include:-

- Australia’s rate of population growth will decline from current rate of between 1.0% and 1.3% annually to between 0.2% and 0.5% by 2051;
- the growth rate would be even slower if there is no net gain from overseas migration;
- the highest rates of growth will occur in Queensland and Western Australia on the assumption that they will continue to attract people moving from other States;
- New South Wales, Victoria and South Australia are projected to grow slowly and Tasmania’s population size is projected to decline; and

² op cit. p.8

- the ageing of Australia's population will continue with differential impacts:-
 - New South Wales, Victoria, South Australia and Tasmania. with a slowly declining proportion of populations aged 65 and over,
 - Queensland, Western Australia, Northern Territory and Australian Capital Territory with increasing proportion of populations aged 65 and over.

The table below shows projected populations and growth rates for each State and Territory. The population projections are shown in a range depending on assumptions made about fertility rates and migration gains.

Projected Population and Growth Rates – Selected Years

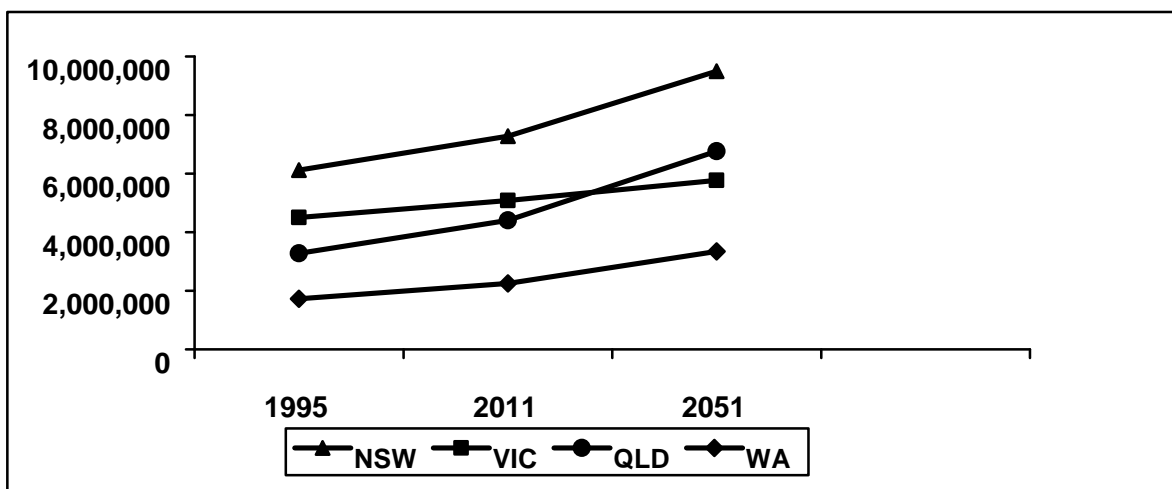
State/Territory	1995	2011 high growth	2011 low growth	2051 high growth	2051 low growth
NSW	6,115,100	7,277,700	7,002,400	9,499,600	8,067,100
VIC	4,502,000	5,086,200	4,919,600	5,770,500	4,958,200
QLD	3,277,400	4,481,800	4,295,900	6,768,100	6,182,200
SA	1,474,000	1,603,100	1,568,100	1,707,200	1,533,500
WA	1,731,700	2,249,400	2,173,200	3,342,600	2,952,500
TAS	473,000	500,000	491,500	462,100	418,500
NT	173,900	219,700	213,900	309,200	274,500
ACT	304,100	387,400	366,200	518,700	462,200
AUSTRALIA	18,051,200	21,803,300	21,030,800	28,378,000	24,848,700

(Source: Australian Bureau of Statistics, *Projections of the Populations of Australia States and Territories*, 1996)

The two graphs opposite further illustrate the population projections for the four main States under two scenarios presented by the ABS. Under scenario C, constant fertility and high net overseas migration are assumed. Under scenario D, low fertility and low net overseas migration are assumed.

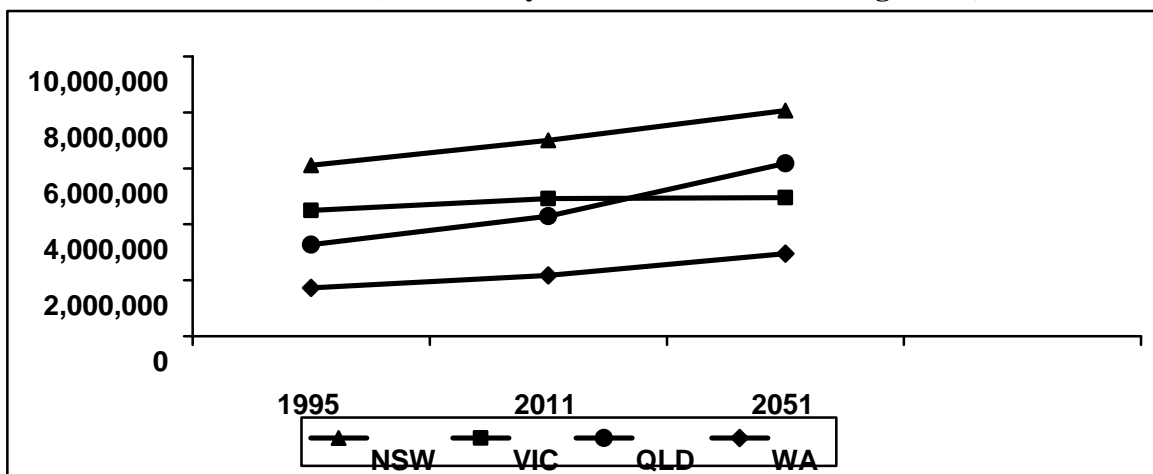
Both scenarios dramatically illustrate the significant population growths of New South Wales, Queensland and Western Australia and the slow growth rates projected in Victoria. Most notably, Queensland's population is expected to double by the year 2051 and within approximately 20 years from now, Queensland is expected to overtake Victoria as Australia's second most populated State after New South Wales. Victoria is projected to receive the third lowest growth rate after Tasmania and South Australia.

**Projected Population and Growth Rates, Selected Years:
Scenario C (constant fertility and high net overseas migration)**



(Source: Australian Bureau of Statistics, *Projections of the Populations of Australia States and Territories*, 1996)

**Projected Population and Growth Rates, Selected Years:
Scenario D (low fertility and low net overseas migration)**



(Source: Australian Bureau of Statistics, *Projections of the Populations of Australia States and Territories*, 1996)

The distribution of the increases in population between high and low scenarios, is in percentage term quite small, however the ABS assumptions show that New South Wales gains most by any increase in total migrant intakes, while Queensland's total population grows rapidly to pass Victoria on all scenarios.

⇒ FINDING

The Committee finds that without any specific intervention by State Governments, the main impact of an increase in total migration is that New South Wales will become relatively more populous than Victoria and Queensland and that its growth rate will exceed current projections.

1.3 Interstate Migration

1.3.1 Fluctuations in Interstate Migration

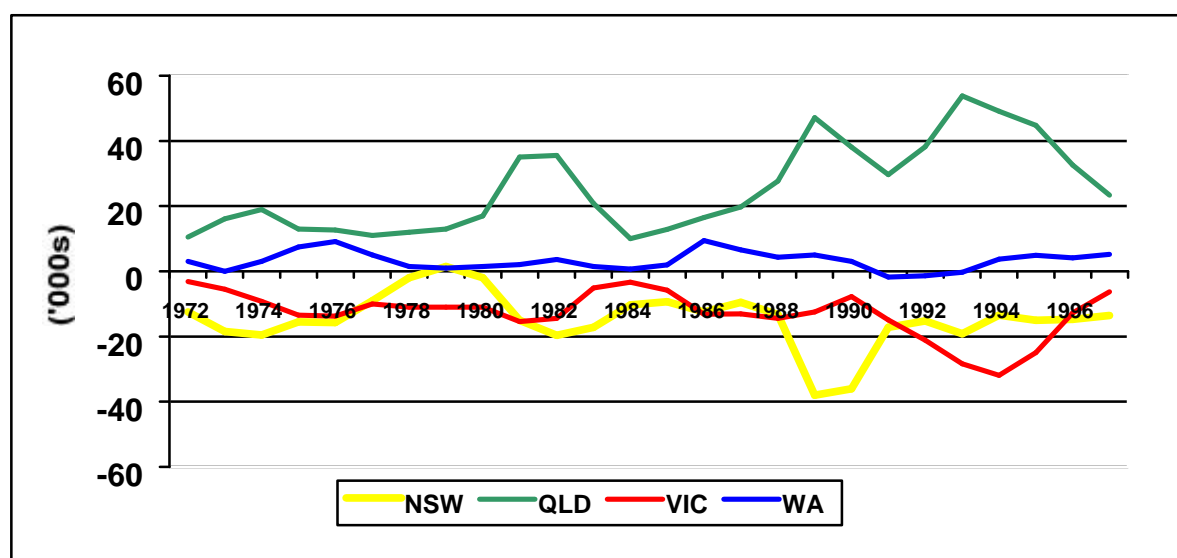
In Victoria, interstate departures have exceeded arrivals for every year since initial ABS records in 1971-72, the resulting net losses generally being in the range of 5,000 to 15,000. The 1990s have seen net losses increasing, reaching a peak of 32,000 in 1993-94. This has been due to a large increase in departures to Queensland and a drop in arrivals from most of the other States.

The ABS notes that *“for the States and Territories, interstate migration is the most volatile of the components of population change. Apart from a distinct pattern of net flows to warmer climates, the levels are sensitive to the differences between State and Territory economies.....”*³

The fluctuation in interstate migration for Victoria, New South Wales, Queensland and Western Australia since 1972 is shown opposite.

³ op.cit., p.21

Net Interstate Migration 1972 to 1997



(Source: Australian Bureau of Statistics, *Projections of the Populations of Australia States and Territories*, 1996, p. 24; ABS Migration, Cat. 3412.0)

Victoria's net loss of population through interstate migration has slowed over the past two years and the most recent ABS figures estimate that for the first time in decades, Victoria has achieved a net gain in internal migration. However given the historic trends, it is likely that this latest upward movement is only a temporary reversal unless specific initiatives are implemented by the Victorian Government. As the comparative advantage between States in such things as economic growth, employment etc, returns to long term levels, so the internal migration patterns could be expected to revert to the historic trend.

RECOMMENDATION 1

The Committee recommends that the Victorian Government capitalise on the recent upward trend in Victoria's net interstate migration, by actively promoting the State as settlement destination for skilled and business people in Australia.

1.3.2 *Relative Impacts of Overseas and Interstate Migration on Victoria's Population*

The table on page 10 shows the relative contribution of overseas migration and internal migration on Victoria's population.

Impact of Victoria's Overseas and Interstate Migration: 1994/95 to 1996/97

	1994/95	1995/96	1996/97
<i>Overseas Migration</i>			
• Permanent Arrivals	19,970	22,269	18,266
• Permanent Departures	5,598	5,773	5,869
Net Permanent Overseas Migration	14,372	16,496	12,397
<i>Interstate Migration</i>			
• Interstate Arrivals	53,445	56,266	62,929
• Interstate Departures	78,393	69,066	69,236
Net Interstate Migration	-24,948	-12,800	-6,307
Net Impact on Victoria's Population	-10,278	+3,696	+6,090

(Source: Australian Bureau of Statistics, *Projections of the Populations of Australia States and Territories*, 1996)

⇒ FINDING

The Committee finds that interstate migration is a major determinate of Victoria's population growth, both in absolute terms and relativity between New South Wales and Queensland. Although dissections of interstate migration by skill are not available, the large volume of departures would suggest a number of skilled people are migrating to other States.

1.3.3 Recently Arrived Overseas Migrants and Interstate Migration

Work done by the ABS shows a very clear and strong correlation between the number of new arrivals and the number of interstate movements. This demonstrates that interstate movement includes many newly arrived migrants, who may have initially settled in Melbourne but after a brief stay, move on to another State.

This finding by the ABS should be of particular concern to the Victorian Government. While the Government is calling for an increase in skilled migrant intakes, it should be mindful that Victoria's loss of people through interstate migration, includes newly arrived migrants, a number of whom, it has to be assumed, are skilled migrants.

⇒ FINDING

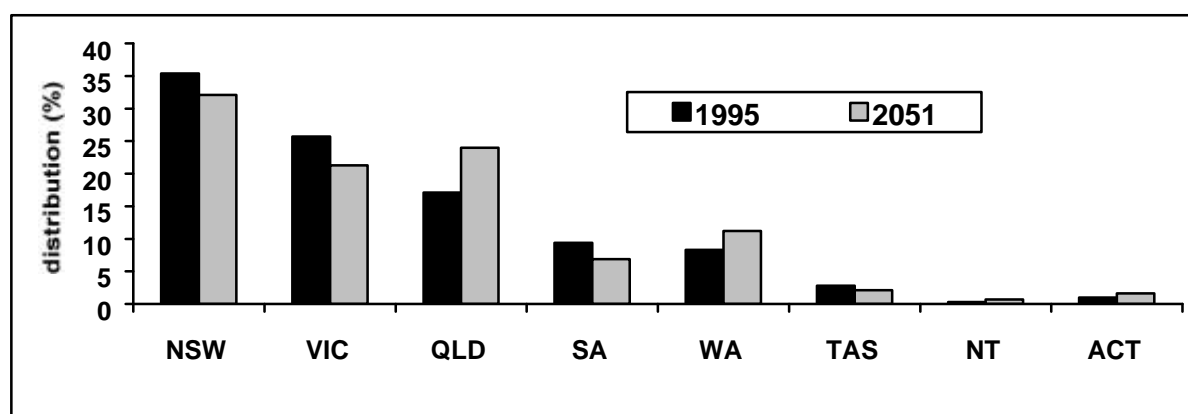
The Committee finds that ABS data suggests Victoria's loss of population through interstate movements include many newly arrived migrants.

1.3.4 Age profile

In considering population trends, the Committee has attempted to ascertain the extent to which Victoria may be losing an economically productive proportion of its population as a result of declining population growth rates and interstate movements.

As stated above, it is difficult to determine the proportion of Victoria's work force that is migrating interstate, however the reasons why people migrate to another State are lifestyle and economic. Many people move to Queensland for the warmer climate, while many others are seeking alternative employment prospects.

Projected Population Aged 65 Years and Over



(Source: Australian Bureau of Statistics, *Projections of the Populations of Australia States and Territories*, 1996, p.43)

The graph shown above illustrates that the proportion of Australia's population aged 65 years or over will decline in Victoria, New South Wales, South Australia and Tasmania from 1995 to 2051. Queensland, Western Australia, the Northern Territory and the Australian Capital Territory will experience gains.

It can be assumed from these projections, that a fair degree of Victoria's interstate migration to Queensland is by citizens aged 65 years and over. From a purely economic point of view, Victoria should be more concerned if its interstate departures were from the highly skilled, more productive proportion of its population.

⇒ FINDING

The Committee finds that interstate movements from Victoria include a relatively high proportion of people over 65 years of age.

1.4 Ramifications of Population Trends for Victoria

The Committee notes that population projections indicate Australia faces a declining rate of population growth. In particular, within approximately twenty years time, Victoria will move from being the second to the third most populated State. Victoria's share of Australia's population will decline from its current level of 25 per cent to approximately 20 per cent by 2051.

From a Victorian perspective, the Committee believes the following issues are of particular importance to the Victorian Government. Without specific intervention, a general increase in migrant levels, including skilled migrants, will result in the following major outcomes:-

- Victoria will become the third most populated State behind New South Wales and Queensland after an estimated 20 years.
- There will be a relative shift in worker and professional skill levels towards the northern States as they receive a greater proportion of the business and skilled migrant intake. This could make it increasingly difficult for Victoria to maintain its lead across the broad area of the science and skilled based industries and services.
- Over a period of time these trends may escalate as critical mass in other States attract industry sectors.

⇒ FINDING

The Committee finds that the Victorian Government should carefully consider the strategic issues and directions it should adopt as a consequence of its relative population decline.

These ramifications should drive the Government's long term goals on economic and industry planning.

CHAPTER TWO: AUSTRALIA'S IMMIGRATION PROGRAM

This chapter provides a statistical analysis of the immigration program including details on each program, intakes, and settlement locations by State and source countries.

2.1 Current Immigration Program

The Commonwealth Department of Immigration and Multicultural Affairs (DIMA) manage Australia's immigration program and has established the following broad rationale: -

- to provide the rights for all family reunion;
- to augment Australia's skills base; and
- to meet Australia's international humanitarian obligations.

This rationale is reflected in the permanent immigration program which comprises:-

- Migration Program
 - *Family stream*
 - *Skilled stream*
 - *Special Eligibility*
- Humanitarian Program

The following is a brief description of each migrant stream.

2.1.1 *Family stream*

Up to 1996-97, the Family Program included Preferential Family and Concessional Family migrants. On 1st July 1997, the Concessional category, which was for skilled relations of

Australian citizens and/or permanent residents, was replaced by the Skilled-Australia Linked category and transferred to the skilled stream.

The Preferential Family category allows immediate family members of Australian citizens to migrate to Australia. Sub-classes of this category are: -

- Spouse
- Fiance
- Child
- Parent
- Preferential other
- Interdependency

This category is presently capped with the exception of spouse and child. The Spouse sub-class accounts for approximately two-thirds of Family visas.

As a result of the Commonwealth Government's increased focus on skilled migration and sustained high levels of unemployment in the Family Category, family arrivals have declined in recent years. The 1998-99 planning levels have been reduced from 32,000 to 30,500 with only 2,500 places available within the Parent category.

2.1.2 *Skilled stream*

The Commonwealth Government views skilled migration as an important means of contributing to Australia's economic growth. Skilled migrants are able to migrate to Australia in a number of classes if there is demand in Australia for the applicant's skills, outstanding talent or business skills. The skilled classes are as follows: -

- Independent*
- Skilled – Australian Linked*
- Business Skills
- Employer Nomination Scheme/Labour Agreements/Regional Sponsored Migration Scheme

- Distinguished Talent

**All skilled categories are un-capped with the exception of Independent and Skilled-Australian Linked.*

In 1996-97, skilled visas were issued to 27,550 people (including spouse and children of the principal applicants), representing an increase of 3,450 (14.3%) from the previous year. The inclusion of 8,000 places within the Skilled-Australian Linked category on 1st July 1997 (transferred from Family stream) increased the overall Skilled category to approximately 35,000 for 1997-98.

2.1.3 Humanitarian stream

The Humanitarian Program offers resettlement to refugees and to displaced persons who have suffered substantial discrimination amounting to gross violations of their human rights.

The Humanitarian Program planning levels for 1998-99 is 12,000 comprising: -

- Refugees - 4,000
- Special Humanitarian Program - 4,250
- Special Assistance Category - 1,750
- Onshore protection visas - 2,000

2.1.4 Comment on Migration Program

The major change to the current Migration Program is the removal of approximately 7,500 Concessional Family migrants (skilled migrants with relatives in Australia) from the Family category and including this stream within the Skilled category under the new title, Skilled-Australian Linked.

In real terms, the skilled migrant intake has not significantly increased in recent years as the inclusion of the Skilled-Australian Linked category is simply a re-allocation of existing skills numbers from one category to another. However, this transfer from the Family category to the

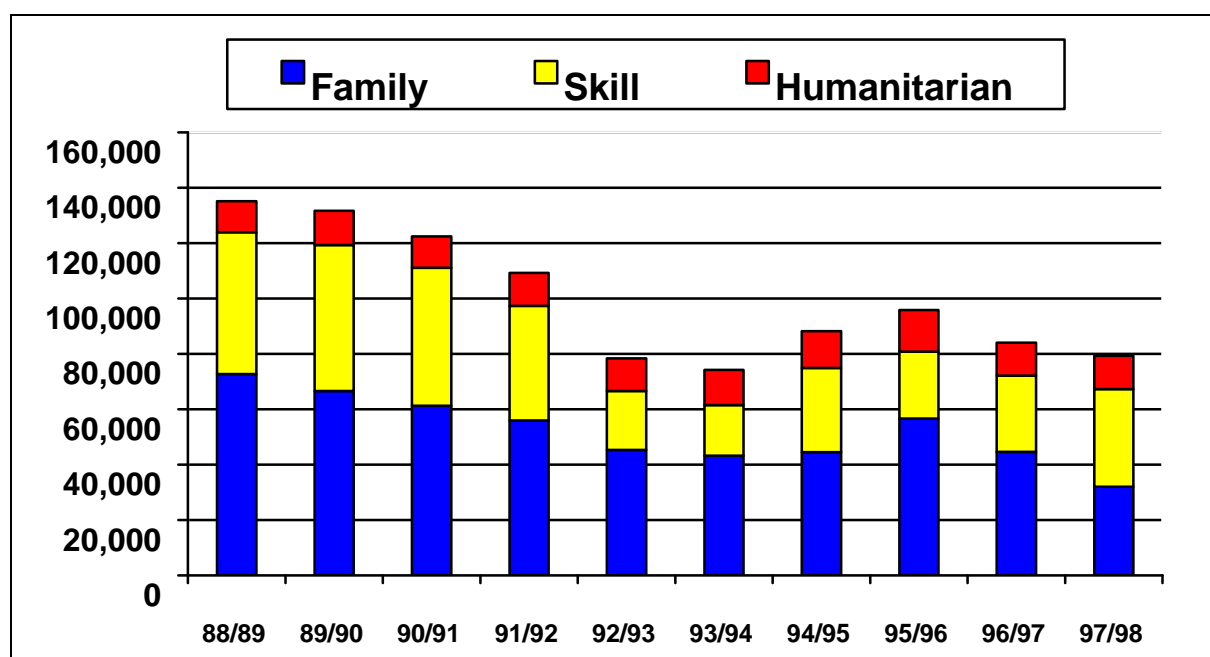
Skilled category, provides a greater emphasis on the importance of skilled migration as the most economically productive component of Australia's Migration Program.

A decrease of the Parent category and a tightening of the criteria (to be effective 1 Nov. 1998), is also a response by the Commonwealth Government to decrease the less economically productive segments of the Program.

2.2 Overall Immigration Outcomes

Australia's projected Immigration outcome for 1997/98 is 80,000, which includes 12,000 settlers under the Humanitarian Program. This figure is a continuation of the previous year's level, which represented a decline in program outcomes of approximately 50,000 over the past ten years. The chart below summarises the changes to Australia's immigration intakes since 1987/88.

Immigration Outcomes by Key Streams: 1988-89 to 1997-98



(Source: Department of Immigration and Multicultural Affairs, *Population Flows: Immigration Aspects*, 1998, p.11)

The graph illustrates the high immigration levels of the late 1980's and the reduced intakes in recent years. The 1997-98 planning level is approximately 20 per cent lower than the outcome two years ago. The proportion of skilled migrants has increased during this period, largely as

a result of the inclusion of 7,500 under the Skilled-Australian Linked category, as previously mentioned.

A more comprehensive breakdown can be shown for all categories over the past three years in the table below.

Immigration Program Visas Granted: 1994-95 to 1998-99 (planned)

Category/Component	Total outcome 1994-95	Total outcome 1995-96	Total outcome 1996-97	Projected outcome 1997-98	Planning level 1998-99
FAMILY					
Preferential Family	36,800	48,700	37,240	32,000	30,500
• Spouse/ Fiancé	26,100	27,790	25,130	26,520	25,000
• Parents	5,100	8,890	7,580	1,000	2,500
• Dependent Children	2,500	2,830	2,200	2,400	2,000
• Other Preferential	3,100	3,450	2,330	2,080	2,000
Concessional Family (a)	7,700	8,000	7,340	-	-
TOTAL FAMILY	44,500	56,700	44,580	32,000	30,500
SKILL					
ENS/Lab/RSMS (b)	3,300	4,640	5,560	5,800	5,600
Business Skills	2,400	4,900	5,820	6,000	5,000
Distinguished Talents	100	200	190	250	200
Independent	15,000	10,600	15,000	14,000	14,700
Skilled-Aust. Linked (a)	-	-	-	8,600	8,200
1 November Onshore (c)	9,600	3,800	980	350	1,300
TOTAL SKILL	30,400	24,100	27,550	35,000	35,000
Special Eligibility (d)	1,600	1,700	1,730	1,000	2,500
TOTAL MIGRATION PROGRAM					
	76,500	82,500	73,900	68,000	68,000
HUMANITARIAN	13,270	15,050	11,910	12,000	12,000
TOTAL IMMIGRATION INTAKE	89,770	97,550	85,810	80,000	80,000

(Source: Department of Immigration and Multicultural Affairs, *Population Flows: Immigration Aspects*, 1998, p.11 and DIMA Fact Sheet No. 20, 9/4/98)

Notes:

- (a) *Concessional Family is now known as the Skilled-Australian Linked category and was shifted from the Family stream to the Skilled stream on 1 July 1997.*
- (b) *Includes Employer Nomination Scheme, Labour Agreements and Regional Sponsored Migration Scheme.*
- (c) *1st November Onshore refers to PRC nationals granted permanent residence in Australia at the time of the Tiananmen Square uprising, plus a few highly qualified asylum seekers from Sri Lanka and Yugoslavia.*
- (d) *Special Eligibility refers to former Australian citizens who have unavoidably lost their Australian citizenship and have maintained their ties with Australia.*

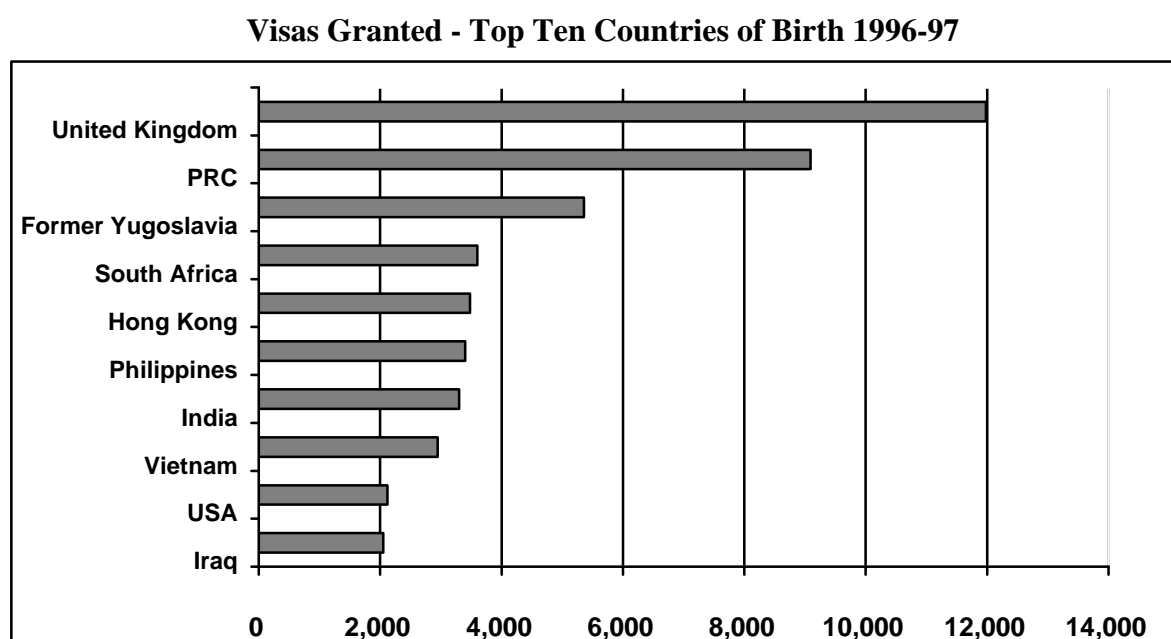
Key points to be made from the Program outcomes in recent years are: -

- Substantial reduction in Parent visas granted and a reduction in the overall Family stream.
- Transferring of Concessional Family to Skilled category as Skilled-Australian Linked which has emphasised the importance of skilled migration without significantly increasing overall skilled intakes.

2.3 Source Countries and Settlement Locations of all Migrant Categories

2.3.1 Source Countries

The graph below illustrates the major source countries for permanent entry visas granted in 1996-97.



(Source: Department of Immigration and Multicultural Affairs, Population Flows: Immigration Aspects, 1998, p.18)

The major source countries vary under each category within the Migration Program. The 1996-97 breakdown for each category was:

Family

- People's Republic of China - 6,110 (16.4%)
- United Kingdom - 4,904 (13.2%)
- Philippines - 2,533 (6.8%)
- Vietnam - 2,010 (5.4%)

Skilled

- United Kingdom - 5,440 (19.7%)
- South Africa - 2,496 (9.1%)
- People's Republic of China - 2,246 (8.2%)
- Hong Kong - 2,149 (7.8%)

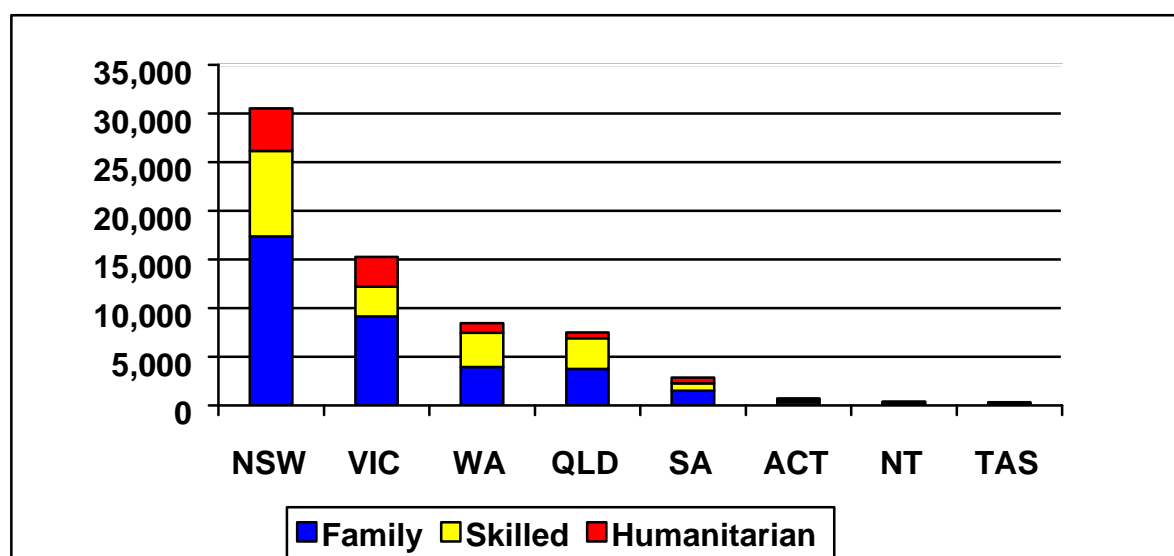
Humanitarian Offshore

- Former Yugoslavia - 4,015 (41.6%)
- Iraq - 1,684 (17.4%)

2.3.2 Immigration to the States

A breakdown of State/Territory immigration settlement patterns is shown in the graph on the following page. It should be noted that settlement statistics are based on details provided by migrants on arrival. Once they arrive in Australia, they are free to settle where they wish and can change their intended place of settlement.

Importantly, statistics for State arrivals differ from statistics on the number of visas granted in any year. This is due to the fact that a migrant has 12 months to settle in Australia from the day of their initial medical examination prior to visa issue. Many visas issued towards the end of a financial year would not be reflected in settlement patterns for that year.

Immigration Arrivals by State: 1996/97

(Source: Department of Immigration and Multicultural Affairs, *Population Flows: Immigration Aspects*, 1998, pp 46-76)

The graph illustrates that while Victoria is the second most favoured destination for all migrant types, its share of skilled migrants is fourth behind New South Wales, Western Australia and Queensland.

The Department of Immigration and Multicultural Affairs carries out a longitudinal survey on immigration to Australia. The survey, which focuses on approximately 5000 recently arrived immigrant families, outlines their experiences of settlement in the first few years after arrival in Australia. Part of the survey reflects upon the migrant's reasons for choosing a specific settlement location.

The overwhelming determinant of new immigrants' location decisions is the location of a spouse, family or friends. Employment rates very low in the scale of choice.

The survey also found that respondents who settled in Queensland and Western Australia were the most qualified, most skilled and had higher levels of English language proficiency than other immigrants. These two States attracted high proportions of Independent and Business Skilled immigrants.

In contrast, settlers in Victoria and South Australia were less skilled in terms of English proficiency, qualifications and previous occupations, partly reflecting the disproportionate share of Humanitarian immigrants located in these two States.

2.3.3 Chain Migration Factor

The term ‘chain migration’ refers to new migrants being drawn to the same settlement location as their family, friends and countrymen.

As a smaller proportion of new arrivals are settling in Melbourne, the chain migration effect will become less significant and unless arrivals become attracted to Victoria for other reasons, such as employment opportunities, the proportion of new immigrants coming to Victoria will continue to fall.

The longitudinal survey report notes that although family is an important pull factor for many new immigrants to Melbourne, it is becoming a destination for fewer new immigrants over time.

⇒ FINDING

The Committee finds that historically the family pull factor had been an advantage in attracting migrants to Victoria, however recent migrant settlement patterns are reducing this advantage.

Given that Victoria is now receiving comparatively less migrants, the chain migration effect of the family pull factor will work against Victoria unless positive measures can be introduced by the State Government to address this trend.

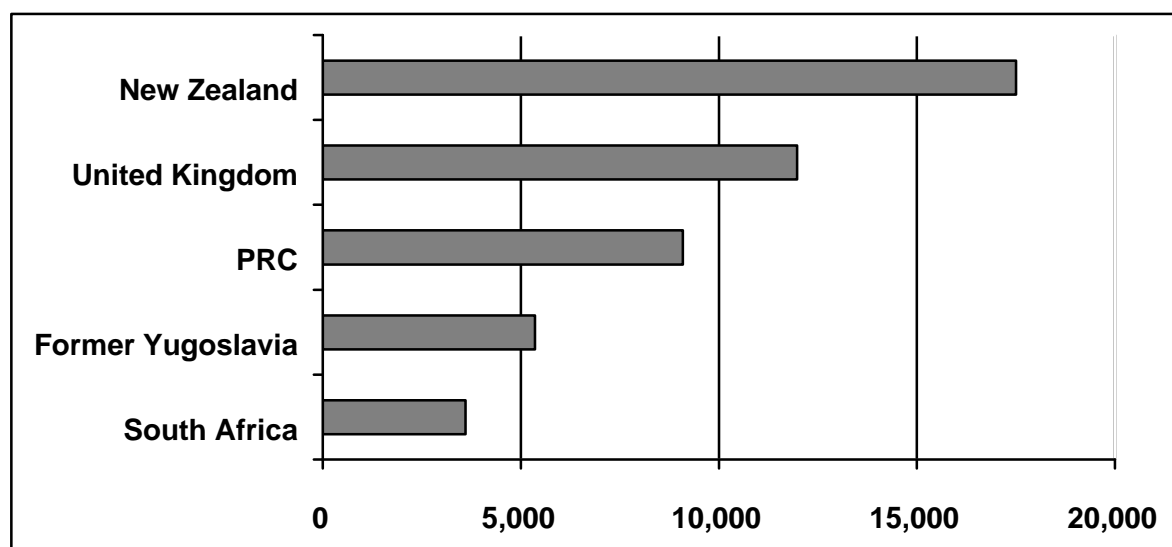
2.3.4 Settler Arrivals and Impact of New Zealand

It should be emphasised that the Migration Program outcomes are different to settler arrival figures. Importantly, the movement of New Zealanders to Australia is included in settler arrival figures but are not part of the annual Migration Program. This is due to the Trans-

Tasman Travel Arrangement whereby Australian and New Zealand citizens do not have to apply for off-shore visas when entering each others countries.

New Zealand is the largest source country for settler arrivals in Australia. The top five source countries for 1996/97 were: -

Settler Arrivals by Major Source Countries: 1996/97



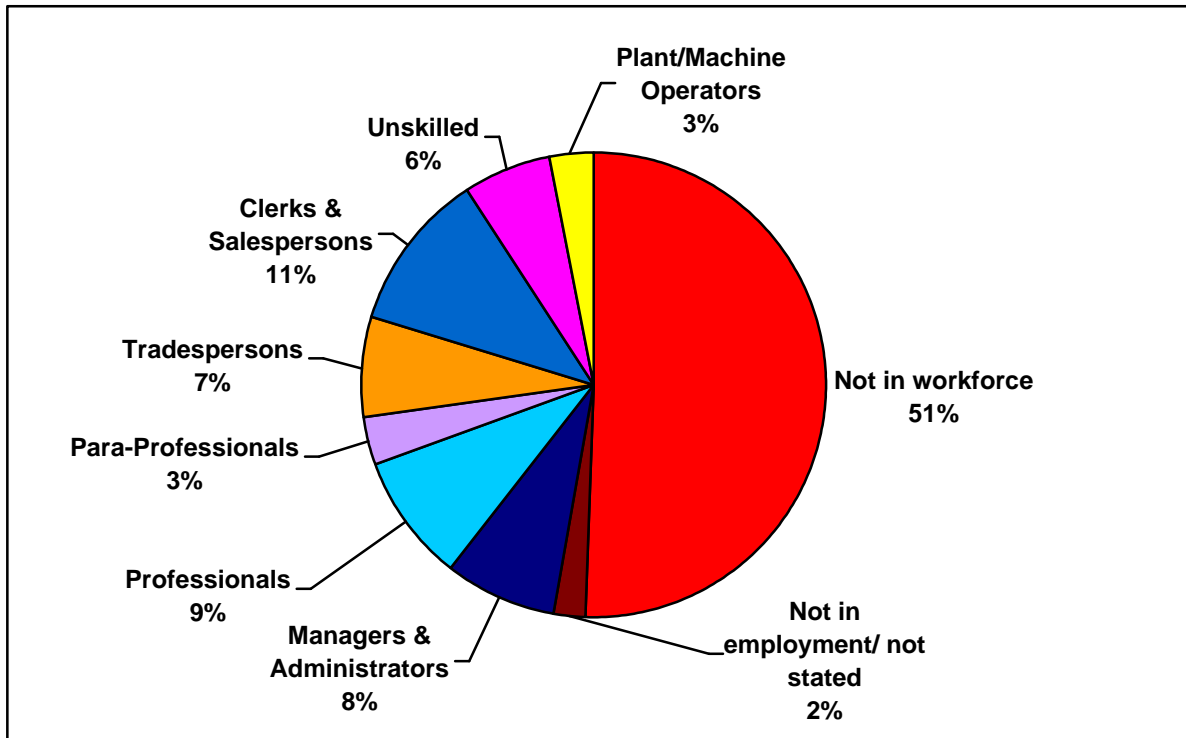
(Source: Department of Immigration and Multicultural Affairs, *Population Flows: Immigration Aspects*, 1998, pp. 18 & 22)

In 1996-97, New Zealand citizens accounted for 20.4 per cent of all settler arrivals. This compares to 16.4 per cent in 1995-96. The impact of New Zealand arrivals is therefore significant.

In considering opportunities to target New Zealand arrivals as a source of potential skilled and business people, the Committee noted the skill level of these arrivals and the State settlement patterns.

Approximately 27 per cent (4,733) of permanent New Zealand citizen arrivals were skilled. Twenty per cent (3,526) were semi-skilled or unskilled and the remainder, approximately 50 per cent of the total, were not in the workforce (e.g: children, retirees). This is illustrated in the pie chart opposite.

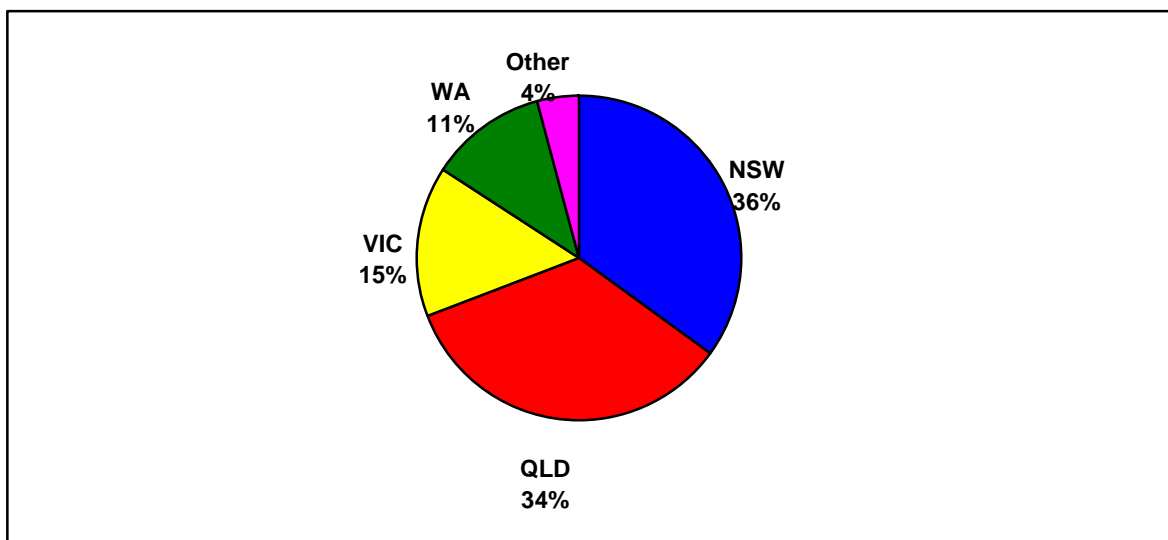
NZ Citizen Permanent Arrivals by Occupation 1996/97



(Source: Department of Immigration and Multicultural Affairs, *Population Flows: Immigration Aspects*, 1998, p.23)

The State distribution of New Zealand arrivals indicates that the majority settle in New South Wales and Queensland. This is further illustrated below.

New Zealand Arrivals – State of Intended Residence: 1996/97



(Source: Department of Immigration and Multicultural Affairs, *Population Flows: Immigration Aspects*, 1998, p.23)

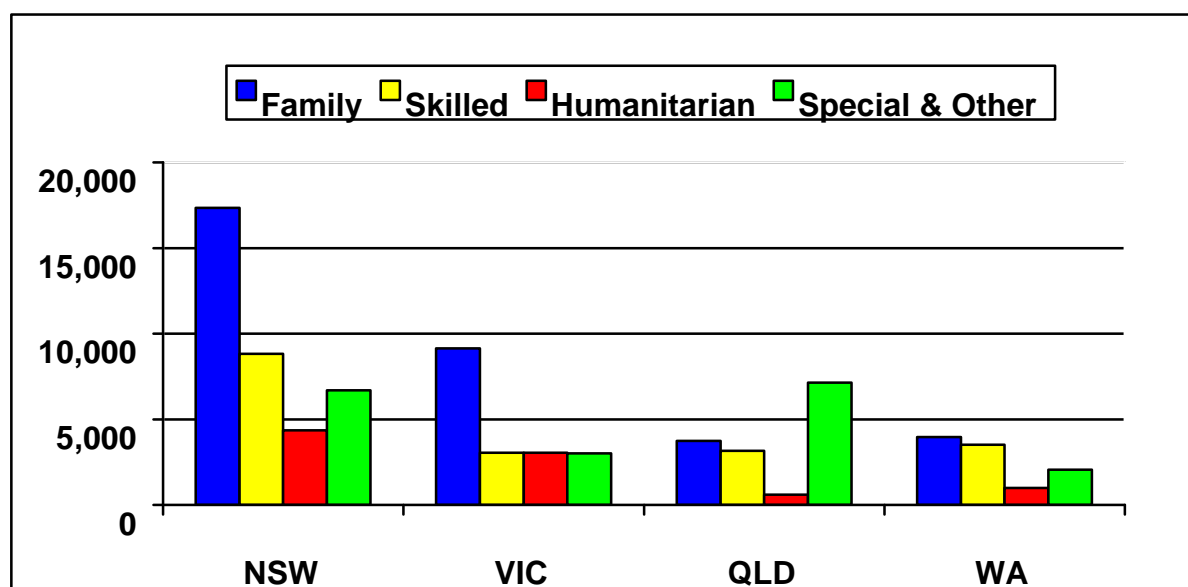
⇨ FINDING

The Committee believes if Victoria wants to maximise its opportunities to attract business people to the State, it should be looking at all settler arrivals and consequently should target the large number of New Zealand arrivals.

2.4 Skill Mix of Migration Intake and Settler Arrivals

As can be seen from the table below, Victoria receives a disproportionately large number of humanitarian and family migrants and a lower proportion of skilled entrants compared to other States. Given the labour market statistics and economic benefits achieved through skilled migration, Victoria is clearly at a relative economic disadvantage in terms of its present migrant mix.

Volume of Settler Arrivals by Stream, 1996/97: Vic, NSW, QLD, WA

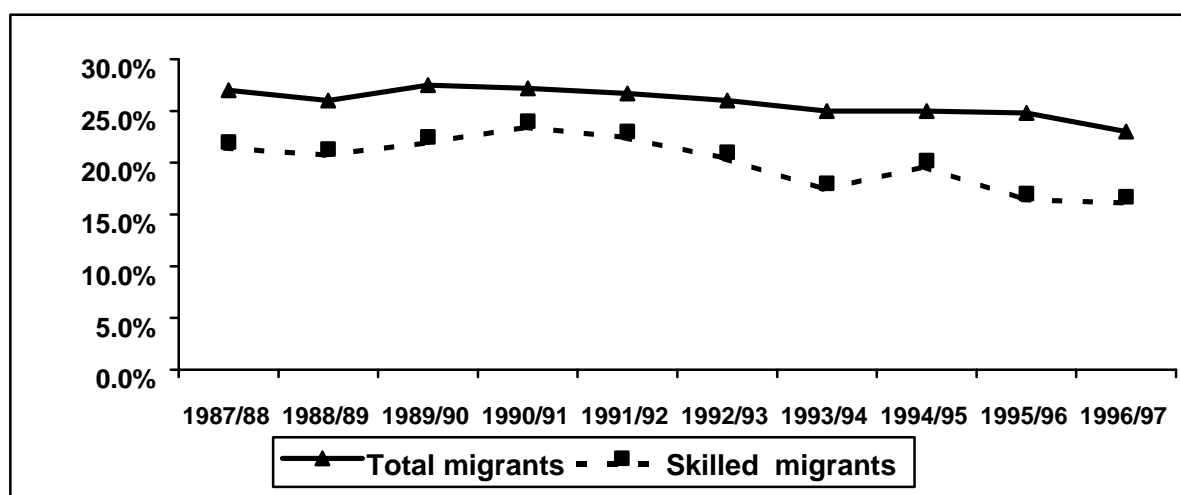


(Source: Department of Immigration and Multicultural Affairs, *Population Flows: Immigration Aspects*, 1998, pp 46-64)

Victoria is still the second most popular State for all migrant arrivals, being just ahead of Queensland. While Victoria's proportion of all arrivals has gradually decreased over the past 10 years, it is a real concern that there has been a more pronounced decline in the State's proportion of skilled migrants that compounds the economic impact of this decline.

The graph below further illustrates the decline in Victoria's skilled migration intake over the past ten years compared to its overall migrant intakes.

Victoria's Proportion of Total and Skilled Migrant Streams: 1987/88 to 1996/97



(Source: Minister Assisting the Premier on Multicultural Affairs, Submission to EDC, No.11, 26/3/98, p.8)

While not losing the importance of a balanced migrant intake, if Victoria wishes to enhance the economic benefits of its migrant intake, it clearly needs to develop strategies to increase its proportion of skilled migrants.

⇒ FINDING

The Committee believes that the challenge for Victoria is to substantially increase its proportion of skilled migrants from the State's total migrant intake.

CHAPTER THREE: SKILLED AND BUSINESS MIGRATION

3.1 Economic Benefits of Skilled Migration

While the economic contribution varies between each migration category, there is substantial evidence that skilled migrants have the greatest positive impact on the economy. Commentators can theorise on the economic contribution made by migrants in general as consumers of goods and services, however there can be little debate on the immediate net economic benefits of skilled migrants.

In order to gain entry to Australia as a skilled migrant, applicants need to demonstrate a number of economically positive attributes. These migrants need to possess acceptable qualifications and/or business skills, proficiency in English, and, in most skilled categories, need to be of a relatively young age. The profile of skilled migrants is therefore one which ensures that they will make significant economic contribution over a long period of time from their initial settlement in Australia.

From a purely economic point of view, skilled migrants are a key segment of the total immigration intake. Evidence indicates that other categories, such as Family and Humanitarian, are less skilled, less proficient in English and therefore have less success in entering the labour force in the short term.

DIMA's Longitudinal Survey of Immigrants to Australia includes an assessment of the initial labour market experiences of immigrants. The survey results illustrate that there is a clear link between each visa category and the labour market status of migrants in Australia.

Distribution of Labour Market Status by Visa Category (per cent)

Labour Force status	Pref. Family	Conc. Family	Business Skills/ ENS	Indep.	Human.	Total
<i>Employed</i>						
• Wage or salary earner	26	48	59	58	6	32
• Conducting own business	2	3	18	4	*	3
Total employed	29	51	80	63		35
<i>Unemployed</i>	19	28	2	23	41	23
<i>Not in labour force</i>						
• Student	15	13	4	10	34	16
• Home duties	27	4	2	2	10	17
• Retired/aged pensioner	7	*	*	*	5	5
• Other	3	3	11	3	4	3
Total not in labour force	52	21	18	15	53	41
Unemployment rate	39	36	3	27	85	39
Participation rate	48	79	82	85	47	58

(Source: Department of Immigration and Multicultural Affairs, *Initial Labour Market Experiences of Immigrants*, 1997, p.4)

In reviewing the above statistics, it should be pointed out that the unemployment rates do not necessarily imply eligibility for social security benefits because most migrants are not permitted to apply for unemployment benefits during their initial two years in Australia.

3.1.1 Absorption into Labour Force

A report on the initial labour market experiences of immigrants found that:- *"Those selected to come to Australia on the basis of their skills, business experience or labour market potential do better (at least initially) in the labour market than those admitted in other categories. Immigrants in the skilled categories not only have lower unemployment rates, but*

they are also more likely to find employment in occupations similar to those they held prior to immigrating.”⁴

The survey results also illustrate the connection between English language proficiency and employment rates.

“Consistent with previous research, the greater the level of English proficiency, the more successful is the labour market outcome. Recent arrivals who speak English very well have the highest labour force participation rates and the lowest unemployment rates. The reverse is the case for those with poor English skills.”⁵

English language proficiency of migrants is higher in skilled categories where points testing, including a rigorous English language test, is a major factor in the selection criteria.

The Commonwealth Government’s decision to focus on skilled migrants is an acknowledgment that there are high levels of unemployment among arrivals under other categories.

3.1.2 Budgetary Impacts

Research by the Department of Immigration and Multicultural Affairs indicates that the budgetary impacts of all migrant categories improves as their length of stay in Australia increases, however it is clear that the business and skilled categories have the most positive impact from their first year in Australia.

⁴ Department of Immigration and Multicultural Affairs, *Initial Labour Market Experiences of Immigrants*, Commonwealth of Australia, 1997, p. vi

⁵ op.cit., p.18

Commonwealth Budgetary Impact of Migrants by Visa Category

Visa Category	Year 1	Year 2	Year 3	Year 4
Concessional Family	High negative	Low positive	Positive	Positive and improving
Independent	Positive	Positive	Positive and improving	Positive and improving
Preferential Family	High negative	Negative	Negative	Negative
Business/ENS	Positive	Positive	Positive and improving	Positive and improving
Humanitarian	High negative	Negative	Negative	Negative and improving

(Source: Department of Immigration and Multicultural Affairs, *Review of the Independent and Skilled Australian Linked Categories*, 1997, p.31)

The labour market statistics and economic impact of each migrant category has lead to a shift in the balance of the migrant program towards skilled migrants and away from family reunion.

3.2 Skilled Migrant Intakes

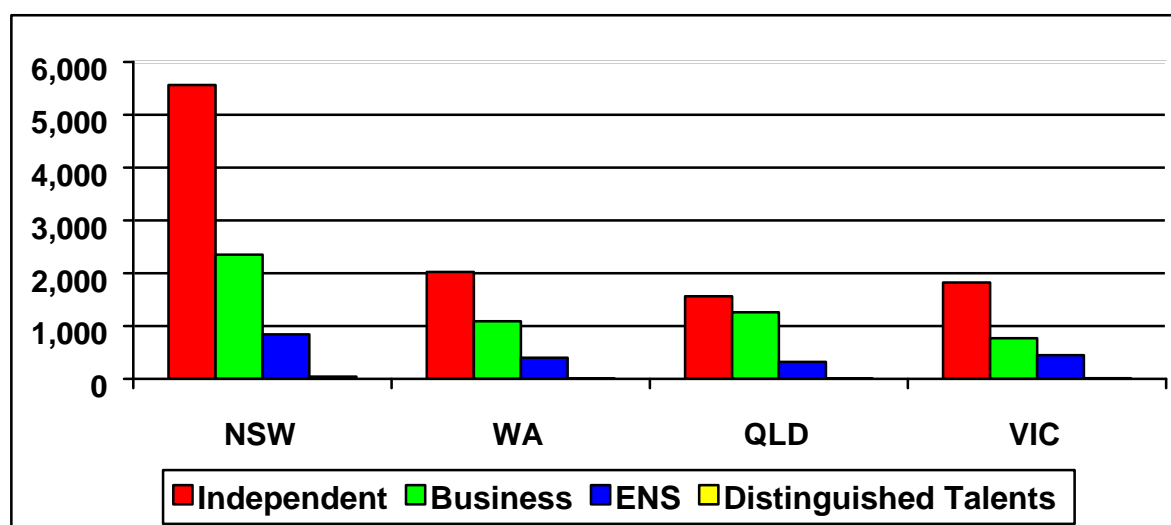
The 1998-99 planning levels for the Skilled Program comprises: -

Independent	14,700
Skilled-Australian Linked	8,200 (previously in Family Stream)
ENS/Lab/RSMS*	5,600
Business Skills	5,000
1 November Offshore	1,300
Distinguished Talents	200
<u>Total Skill</u>	<u>35,000</u>

The 1996/97 State settlement patterns of all skilled migrant types is shown in the following graph.

* *Employer Nomination Scheme/Labour Agreements/Regional Sponsored Migration Scheme*

Skilled Migrant Settlement for Major States – 1996-97



(Source: Department of Immigration and Multicultural Affairs, *Population Flows: Immigration Aspects*, 1998, pp. 47, 51, 55, 59, 63, 67, 71, 75)

The State breakdown of skilled migration settlement in 1996-97 illustrates Victoria's relative inability to attract the more economically productive migrants and the significant attraction of New South Wales as a preferred settlement destination.

3.3 Description of Key Skilled Categories

The Committee's investigations concentrated on the main skilled migrant categories in which the State Government can influence the numbers settling in Victoria. These categories are: -

- Independent
- Skilled-Australian Linked
- Business Skills

3.3.1 *Independent Skilled*

Under this category, individuals may apply for migration if their education and skills will help expand the range of skills available in Australia and contribute to Australia's economic growth. They are required to meet the 'points test,' which award points for an applicant's skills, age and English language capability. ➤ see *Appendix 3a, p. 155*

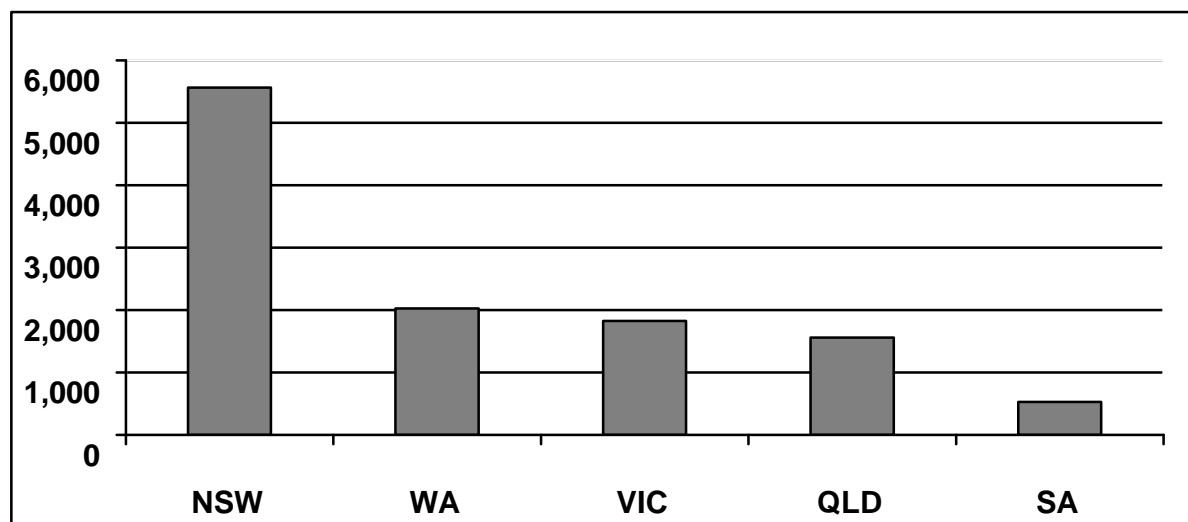
Until recently, applicants were required to obtain a pass mark of 115 points. A typical example would be:

- Trade certificate / Degree 70
- Age 30-34 years 25
- English test 20

On the 4th March 1998, DIMA reduced the pass mark from 115 points to 110 in response to a decline in the number of applications in the 1997/98 financial year. Experience seems to indicate that the points test has been difficult to pass for skilled migrants over 35 years of age. By reducing the pass mark by 5 points, the impact is likely to result in older skilled migrants being able to obtain a visa.

A State breakdown of visas issued within the Independent Skilled category for 1996-97 is shown below.

Settlement Location of Independent Skilled Migrants for Key States: 1996-97



(Source: Department of Immigration and Multicultural Affairs, *Population Flows: Immigration Aspects*, 1998 pp. 47, 51, 55, 59, 63, 67, 71, 75)

Victoria receives slightly more Independent Skilled migrants than Queensland, and only marginally less than Western Australia. New South Wales is receiving almost three times that of its nearest rival State.

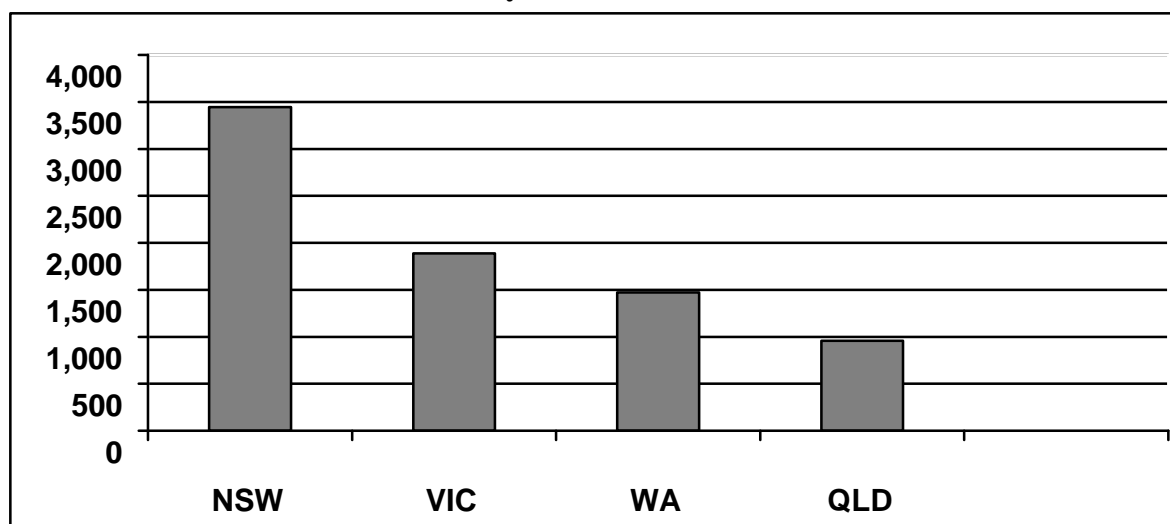
3.3.2 *Skilled-Australian Linked Category*

This visa class allows skilled migrants to be sponsored by relatives already in Australia. Prior to 1st July 1997, this class was named Concessional Family and was included under the Family stream of migrants.

Applicants must have passed the points test, have the required standard of English ability if their usual occupation is listed on the Occupations Requiring English list; and be sponsored by a working aged child, brother, sister, aunt, uncle or parent.

The pass mark is 115 points and is similar to the qualification, age and English points awarded under the Independent Skilled category. Additional points can be obtained depending on the relationship of the principal applicant to the sponsor and the length of time the sponsor has been an Australian citizen. These additional points may vary from 0-40 depending on the applicant's relationship to the sponsoring relative and that relative's employment status, citizenship, and the location of the sponsor in Australia. *see Appendix 3b, p. 157*

Settlement Location of Skilled-Australian Linked (Concessional Family) Migrants for Key States: 1996-97



(Source: Department of Immigration and Multicultural Affairs, *Population Flows: Immigration Aspects*, 1998 pp. 47, 51, 55, 59, 63, 67, 71, 75)

In this category, Victoria receives the second largest volume of migrants, behind New South Wales. The major source country is the United Kingdom. However, the traditional effect of chain migration may work against Victoria in the long term in attracting migrants under the Skilled-Australian Linked stream.

These migrants settle in a particular location as a result of sponsorship by their relatives in Australia. If, in general, migrants are choosing to settle in States other than Victoria because of location of family and friends, this trend is likely to impact upon Victorian Skilled-Australian Linked intakes in future years.

3.3.3 Importance of Skilled Migration in Economic Development

Evidence clearly points to the importance of skilled migration as a growth factor in the economic development of Australia.

Skilled migrants must be young, skilled and proficient in English all of which results in them leading economically productive lives in Australia.

⇒ FINDING

The Committee finds that Victoria is not effectively capturing the significant economic benefits achieved from skilled migration. Although smaller in population and economic output, both Western Australia and Queensland attract more of these migrants than Victoria, while New South Wales attracts over three times as many.

3.4 Business Skills Migration Program

The Business Skills Migration program is a key part of the Committee's Terms of Reference. The following section describes this program in detail which is a response to the Committee's Reference. It is noted however, that the size of the program, which in recent years has been in the order of 1,400 cases nationally, is only a relatively small part of the total skilled intake.

The present Commonwealth Government Business Skills Migration Program was introduced in February 1992 after a Government appointed Assessment Panel recommended a series of improvements to the previous Business Migration Program, which operated throughout the 1980s. The Program has undergone further adjustments since 1992 in terms of selection criteria and entry mechanisms to maximise the benefits from this class of migrants.

The Business Skills Migration Program is designed to encourage experienced and successful overseas business people to settle permanently in Australia and develop new business opportunities. The intended benefits of Business Skills Migration are: -

- developing international markets;
- transferring capital and making investments;
- creating or maintaining employment;
- exporting Australian goods and services;
- introducing and using new or improved technology;
- substituting Australian-made products for goods that would otherwise be imported; and
- adding to commercial activity and competitiveness within sectors of the Australian economy.

It should be noted, however, that many successful business people enter Australia through other migrant categories including skilled, family and humanitarian. Evidence put to the Committee suggests a business person from overseas is more likely to choose a visa category other than the Business Skills Class.

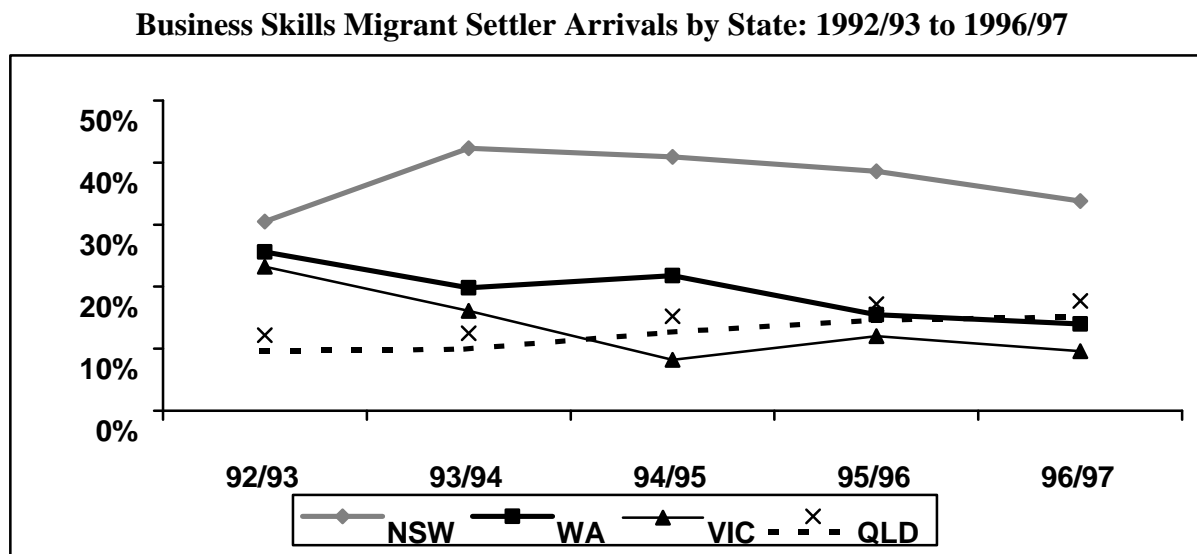
Therefore, to only look at entrants under the Business Migration Program, does not give a true reflection of the skills and business opportunities brought to Australia by all migrants.

It is generally less expensive and easier for potential migrants to apply for an alternative visa class if they can meet the requirements. Business migrants often are required to apply for a Business Skills visa because their age or qualifications do not allow them entry through another skilled category.

3.4.1 Settlement Patterns of Business Skills Migrants

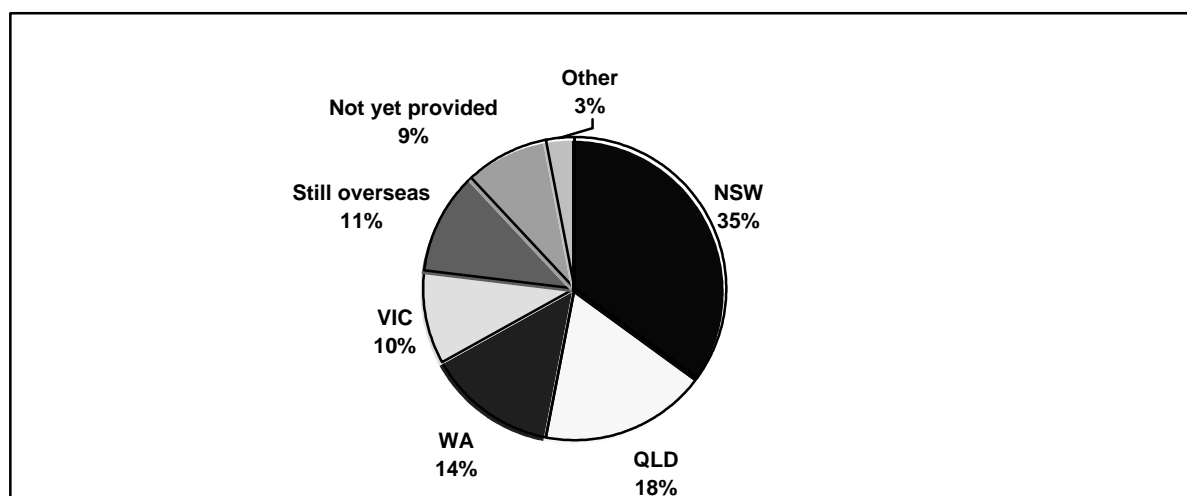
Arrivals under the Business Skills Migration Program comprise approximately 7 per cent of Australia’s total immigration intake, including the Humanitarian Program. There were only 5,820 arrivals under this category in 1996/97, a figure that includes family members of the business applicants. The actual number of business skills applicants (cases) was 1,375 of which Victoria received 135, or 10 per cent compared to New South Wales’ 35 per cent.

The State share of Business Migrant settler arrivals since the current Program commenced in 1992 is shown below:



(Source: Department of State Development, Submission No.4 to EDC, 22 December 1997)

The pie chart opposite better illustrates the current State share of business migrants.

State Distribution of Business Skills Migrant Arrivals 1996/97

(Source: Department of Immigration and Multicultural Affairs, Business Skills Section, 30/4/98)

Note: The existing Business Skills Migration Program commenced in 1992 with previous programs going back to 1982. The Committee has therefore used 1992 as a base year to consider business migrant intakes.

The graph illustrates Victoria's decline in business skills migrant intakes over the past five years and the strengthening of New South Wales and Queensland's ability to attract these migrants. This trend and Victoria's relative decline, is similarly reflected in all skilled arrivals.

The fact that Victoria was the second most favoured destination for business migrants as recently as 1992/93 and is now the fourth favoured destination should be a major concern to the Victorian Government. It should be noted that the very small number of applications throughout Australia would account for large percentage changes from one year to the next.

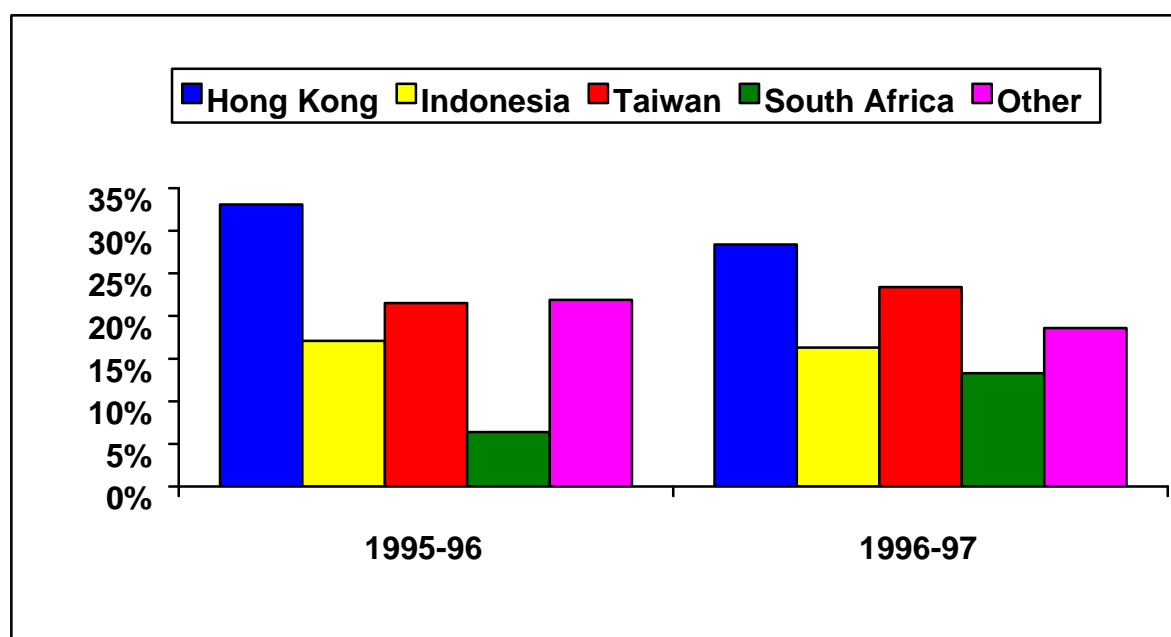
The key points to be made from the above data are:-

- the overall size of the Business Skills Migration Program is small;
- the extremely small numbers of Business Skills migrants settling in Victoria; and
- as with other skilled migrants, Victoria is the fourth most popular State for arrivals of business migrants behind New South Wales, Queensland and Western Australia.

3.4.2 Source Countries of Business Migrants

The Committee has been particularly conscious of the source countries of business migrants, as this would influence strategies to seek more business migrants to settle in Victoria.

Major Source Countries of Business Skills Migrants: 1995/96 to 1996/97



(Source: Department of Immigration and Multicultural Affairs, Business Skills Section, 30/4/98)

Throughout the course of the Inquiry, evidence has strongly pointed to the ‘push’ and ‘pull’ factors at play in business migration. The push factors being reasons why a business person would want to leave their country of origin; and the pull factors being the attractiveness of Australia/Victoria as a settlement location versus the attractiveness of other countries or other States within Australia.

The table opposite indicates the vast majority of business migrants in Australia are coming from four main countries; Hong Kong, Indonesia, Taiwan and South Africa. All four countries have, at some point in time and to varying degrees, experienced political, economic or social unrest, which could be considered to be strong ‘push’ factors in influencing successful business people to migrate.

**Number of Business Skills Class Visas Granted by Country of Case Origin:
1995/96 to 1996/97**

Country of Case Origin	1995/96		1996/97	
	Cases	%	Cases	%
Hong Kong	386	33.1	393	28.4
Indonesia	209	17.9	226	16.3
Taiwan	251	21.5	323	23.4
South Africa	74	6.4	184	13.3
Malaysia	58	5.0	87	6.3
Kenya	16	1.4	12	0.9
USA	14	1.2	12	0.9
Singapore	35	3.0	41	3.0
South Korea	23	2.0	20	1.4
Other	99	8.5	85	6.1
TOTAL	1,165	100.0	1,383	100.0

(Source: Department of Immigration and Multicultural Affairs, Business Skills Section, 30/4/98)

The most recent 1997/98 figures available to the Committee indicate a continuation of the dominance of top four source countries. In particular, business migrants from Indonesia have risen markedly to outnumber those from Hong Kong and Taiwan. As at March 1998, Indonesia is now the number one source country of business migrants.

3.4.3 Profile of a Business Migrant

Throughout this Inquiry, the Committee has examined the profile of a business migrant and considered what would make a migrant choose a Business Skills Class (BSC) visa rather than another visa category.

Basically a migrant will choose to apply for a BSC visa, usually on the advice of a migration agent, because of the following reasons: -

- they do not meet the necessary criteria for another visa category, such as Independent Skilled or Skilled-Australian Linked;

- they cannot afford to wait for the longer visa processing times in other categories; and
- they have the necessary funds to pay for the far more expensive BSC visa application fee.

Many business migrants are generally over the age of 40, do not necessarily have a qualification, but are experienced business people. They also do not necessarily have to be proficient in English as their other business related attributes are often enough to meet the required points test. This typical profile would automatically exclude many business migrants from achieving the required points testing in other skilled categories.

The push factors in a business migrant's home country are also important. Many of these business people simply cannot afford to 'wait in line' like most other migrants because of the political, economic or social pressures that may exist in their country of origin. They generally can afford to pay the higher application fee for a BSC visa and are willing to do so to gain comparatively fast permanent entry into Australia.

3.4.4 Economic Assessment of Business Skills Migration Program

In the 1994 review of the Business Migration Program entitled '*Migration of Business People to Australia*', the Business Skills Assessment Panel noted the scope of business migration in terms of adding to the Australian economy:-

*"Consequently, business based migration, even with the most optimistic assessment of likely numbers, cannot, and should not be expected to play a decisive role in Australia's economy. However, it can contribute in a small but meaningful way towards economic performance as part of our migration and temporary migration entry programs"*⁶

Taking into consideration the above remarks, the Committee's investigations focussed on the assessment of the economic impact of business migration over the past few years.

⁶ Department of Immigration and Ethnic Affairs, *Migration of Business People to Australia – Directions for Change*, March 1994, p.15

In order to monitor how the Business Skills Class is performing, the Department of Immigration & Multicultural Affairs conducts annual post-arrival surveys of these settler arrivals. Business Skills Class arrivals must complete the survey as a condition of their visa. This is the only migrant category that compulsorily requires arrivals to complete such a survey. The survey is essentially a response to concerns some years ago about the extent to which business migrants were achieving intended economic benefits.

The survey, conducted at 12, 24 and 36 month periods, provides an assessment of the economic benefits of the business migrants.

The table below provides a summary of the extent to which BSC migrants are achieving their objectives in Australia and Victoria.

**Analysis of Business Skills Class Achieving its Objectives in Australia:
July 1992 to June 1995**

	12 months		24 months		36 months	
	AUST	VIC	AUST	VIC	AUST	VIC
Engaged in business	52%	63%	74%	85%	82%	90%
Businesses are new	75%	80%	79%	83%	74%	84%
Average jobs per new business	5.6	5.3	5.4	4.3	5.1	4.9
Average funds transfer	\$583,000	\$676,000	\$534,000	\$508,000	\$760,000	\$720,000
Average initial investment in business	\$268,000	\$263,000	\$662,000	\$424,000	\$778,000	\$510,000
% who have an annual turnover of \$1 million or more	26%	31%	17%	17%	25%	20%
Involved in exports	53%	64%	61%	65%	63%	69%

(Source: Department of Immigration and Multicultural Affairs, Business Skills Section, 30/4/98)

The main points to be drawn from these statistics are: -

- economic benefits generally improve as the migrant's time in Australia lengthens; and
- Victoria's small numbers of business migrants are performing on a par with all business migrants in Australia.

3.4.5 Business Engagement Rate

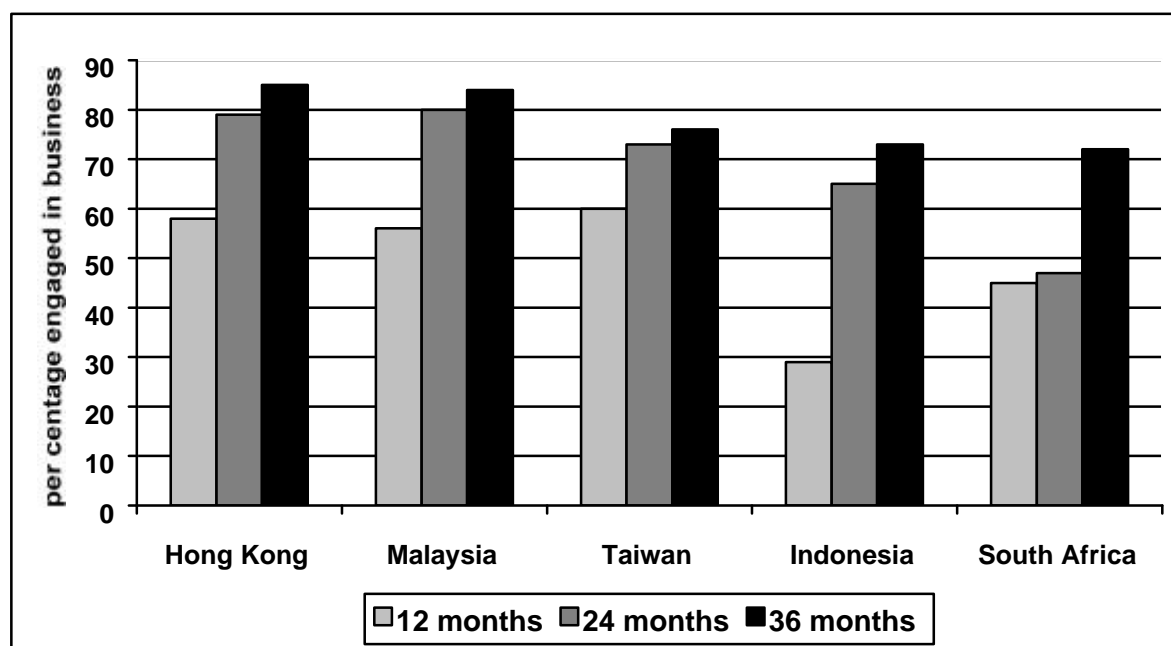
Another measure of success of the Business Skills Migration Program is the business engagement rate of migrants since their arrival.

The survey data of BSC arrivals on the previous page shows that at 36 months 82 per cent of respondents were engaged in business. A more recent survey of 1993-94 arrivals indicated only 78 per cent were engaged in business after three years. While the business engagement rate did improve over the 3 year period, it is still of concern to note that, at this early stage, almost one quarter of business migrants had not engaged in business after 3 years in Australia. To this end, the Committee suggests DIMA should follow up on those arrivals who have yet to engage in business in Australia after 36 months.

The graph on the following page illustrates the business engagement rate of migrants from the major source countries over a period of three years since their initial arrival.

The statistics indicate that Taiwanese business migrants have reported successful engagement in business during the initial 12 months and the rate had risen slightly after 36 months. Whereas South African business migrants were relatively slow in engaging in business during their first 2 years in Australia, but their success rate rose dramatically in their third year.

Business Engagement Rate – Country of Last Residence
1993/94 Arrivals at 12, 24 & 36 months



(Source: Department of Immigration and Multicultural Affairs, *Business Skills Class Annual Post-Arrival Survey Report – 36 Month Report of 1993/94 Settler Arrivals*, Dec. 1997, p. 8)

The Committee's evidence indicates that many Asian business migrants, particularly from Taiwan and Hong Kong, had experienced difficulties adapting to Australia's business culture which had adversely affected their business engagement rate, and more importantly, the long term effectiveness of these businesses in Australia.

This was particularly evident in information provided to the Committee from Taiwanese and Hong Kong migrants.

3.4.6 Difficulties in Establishing Business

The Committee sought evidence as to difficulties business migrants may have encountered since settling in Victoria and the rest of Australia. Results of the DIMA Business Skills Class survey indicate that the main difficulties experienced during business engagement were as follows: -

Difficulties Experienced During Business Engagement
1994/95 BSC Arrivals at 12 months

Difficulty	No of responses
1. Government regulations / laws qualifications	48
2. Strong competition	28
3. Establishing new business contacts	26
4. Cultural gap	23
4. Lack of English	23
4. Employment laws too complicated / high wages and taxes	23
5. Lack of business information	22

(Source: Department of Immigration and Multicultural Affairs, *Business Skills Class Annual Post-Arrival Survey Report – 12 Month Report of 1994/95 Settler Arrivals*, April 1997, p. 25)

The Committee's investigations confirmed that the common theme running through all difficulties experienced can be summarised as a lack of initial networks/assistance and difference in business cultures.

The Committee engaged the services of marketing research company, Worthington Di Marzio to conduct focus groups of business migrants in Melbourne, Sydney and Brisbane (see Appendix 10, p. 175). One of the key findings from the focus groups was the difficulties experienced by Taiwanese migrants in adapting to Australia's business regulations, labour laws, taxation laws and other areas, in which, from their cultural perspective, they perceived as being impediments to doing business. Many of these migrants have continued their major business commitments in Asia with either limited or no business activity in Australia.

This evidence was confirmed when the Committee spoke to representatives of the Taiwanese Business Association of Victoria. It was put to the Committee that the majority of Taiwanese business migrants in Australia were no longer engaged in business because of difficulties experienced with the business culture gap. Most of these migrants continued to operate their business activities in Taiwan.

Similar difficulties have been experienced in Canada which are discussed in chapter 5.

⇒ FINDING

The Committee finds that a major impediment to the extent of economic contribution made by business migrants is the significant differences in business cultures which make it difficult for certain business migrants to successfully engage in business in Australia. ➤ see recommendation on page 129

3.4.7 Need for On-going Monitoring of Program

The completion of the Business Skills Class survey for the first 3 years after arrival is a condition of a business migrant's visa. DIMA has no formal check on what happens to a migrant's business after their third year in Australia.

However, there is still some concern that some migrants will simply do what is required under the conditions of their visas rather than have a real commitment to on-going successful business in Australia.

RECOMMENDATION 2

The Committee recommends that the Victorian Minister for Industry, Science and Technology request the Commonwealth Department of Immigration and Multicultural Affairs to conduct random sampling of business class migrants after the 36 month monitoring period to ensure that the economic objectives of the Program are being maintained.

3.5 Description of Business Skills Visa Categories

The key to Australia's business migration program is that points are awarded for various attributes, which include an applicant's total net business assets, annual business turnover, annual labour costs, age, language ability, and State sponsorship. To be granted a visa, applicants need to pass the points test by scoring at least 105 points.

3.5.1 Visa Subclasses

The Business Skills Migration Program has two series of permanent classes of business visas and two temporary class. Temporary entry is an important aspect of encouraging more business migrants and is therefore dealt with separately. ➤ *see Chapter Four, page 53*

The permanent classes of business visas are outlined below.

Off-shore Applications

This category allows people who have yet to arrive in Australia to apply for one of the following Business Skills (Migrant) visa sub-classes: -

- 127 - (business owner) - for owners or part-owner of businesses;
- 128 - (senior executive) - for senior executives of major businesses;
- 129 - (State/Territory sponsored business owner) - for owners or part-owners of business who are sponsored by an authorised Australian State or Territory business development agency;
- 130 - (State/Territory sponsored senior executive) - for senior executives of major businesses who are sponsored by an authorised Australian State or Territory business development agency; and
- 131 - (investment linked) - for owners or part-owners of investments and/or businesses.

On-shore Applications

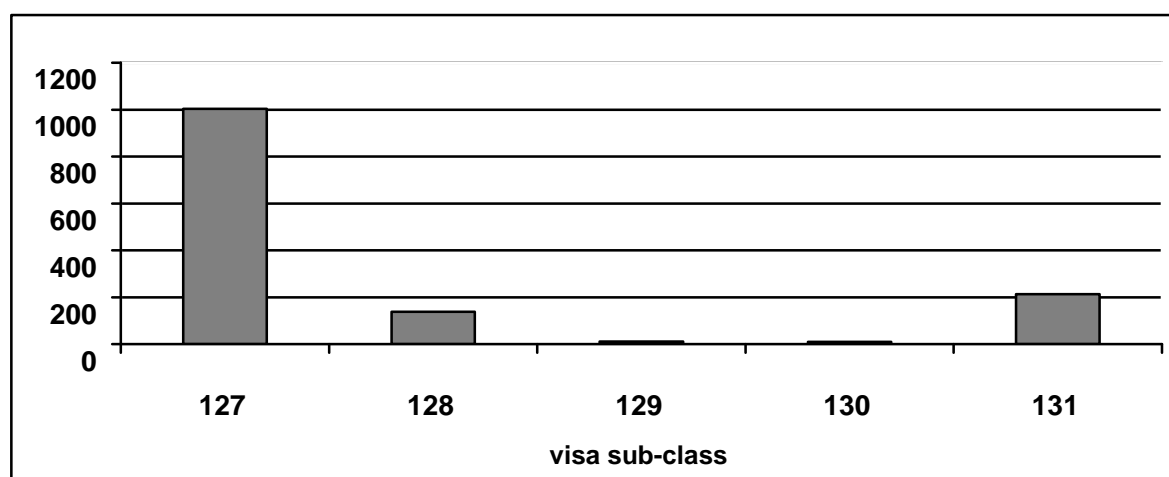
This category offers permanent residency to business people already in Australia with a temporary visa. The Department offers specific on-shore visas to temporary residents who have already established a business in Australia as well as allowing temporary residents to apply for the five visas mentioned above on-shore: -

- 845 - (established business in Australia) - for owners or part-owners of businesses established in Australia for at least 18 months; and
- 846 - (State/Territory sponsored regional established business in Australia) - for owners or part-owners of businesses established in a designated area of Australia for a minimum of two years who are sponsored by State/Territory business development agency.

For each business visa class, applicants must meet key requirements and will also need to meet a Business Skills points test. ➤ see *Appendices 3c – 3g, pages 161-165*

Arrivals for each visa subclass are shown below.

Business Skills Arrivals by Visa Subclass – 1996-7



(Source: Department of Immigration and Multicultural Affairs, Business Skills Section, Dec. 1997)

The Department of Immigration and Multicultural Affairs has set specific criteria for each visa subclass, which is illustrated in the following table.

Business Skills Migration Visas - Key Selection Criteria

Business Skills Migration Class	Key Criteria
Business Owner - 127	<ul style="list-style-type: none"> • Successful business career • Net assets in business >AUD300,00 • Active and continuous management in qualifying business over 2 years in the last 4 years • Genuine, realistic commitment to go into business • 105 points
Senior Executive - 128	<ul style="list-style-type: none"> • Successful business career • Active in the 3 top levels of management of major business (>AUD50m turnover) involving strategic policy-making over 2 years in the last 4 years • Genuine, realistic commitment to go into business • 105 points
State Sponsored Business Owner - 129	<ul style="list-style-type: none"> • Successful business career • Net assets in business >AUD200,00 over 2 years in the last 4 years • Active and continuous management in qualifying business over 2 years in the last 4 years • Genuine, realistic commitment to go into business • 105 points • Reduction from 5 to 3 numbers of employees in relation to “business attribute” criteria
State Sponsored Senior Executive - 130	<ul style="list-style-type: none"> • Successful business career • Active in the 3 top levels of management of major business (>AUD10m turnover) involving strategic policy-making over 2 years in the last 4 years • Genuine, realistic commitment to go into business • 105 points
Investment Linked - 131	<ul style="list-style-type: none"> • High level of skill in relation to investments/business • Successful business and /or investment record • Min. 3 years experience in a business and/or investment • 1 year active involvement in managing AUD1m in investments or in business • Must make a designated investment of at least AUD750,000 for three years • Net assets at least 50% greater than designated investment • 105 points • Genuine and realistic commitment to Australia

NOTE: Similar criteria apply to on-shore visas

3.6 Business Owner versus Business Investor

Australia's Business Migration Program largely comprises two categories: -

- The **business owner** sub-classes (127, 128, 129, 130) which relate to owners or senior executives of businesses. Arrivals under these subclasses are required to have substantial ownership interest in a business or a senior executive position that will be of benefit to Australia and must participate in the annual monitoring survey of business activities up to 36 months after arrival.
- The **investment linked** subclass (131), which relates to owners of investments and/or businesses. This class does not have the same business attribute requirements and these migrants are not included in the monitoring surveys

The Committee has formed the view that the most significant economic benefit derived from business migration is the actual creation of new businesses which result in employment, export opportunities and other key objectives of the Business Skills Program, in short the business owner sub-classes.

To date over 85 per cent of business migrants have entered Australia under the **business owner** subclass, where points are awarded according an applicant's business attributes (turnover, annual labour costs and total net assets of their existing business), age, language ability and their net assets.

By comparison, the **Investment-linked** subclass visa requires applicants to make a Designated Investment of between \$750,000 and \$2,000,000 for three years with an approved authority (State and Territory Treasury corporations). There is no requirement that these migrants become engaged in business once they have been granted a visa. The Commonwealth Government believes such an investment is a sign of commitment to Australia which hopefully may lead to business engagement in the long term.

The number of Investment-linked visas issued is not large. Only 376 visas were granted in the period April 1995 to December 1997. Taiwan was the largest source of these visas, followed

by Hong Kong, Malaysia, Singapore and Indonesia. Victoria received only 28 arrivals in this period, fourth behind New South Wales, Queensland and Western Australia.

Significantly, these migrants are not required to reside in the same State in which their funds are invested. They will clearly determine which State Treasury corporation is offering the best interest rates which will decide where they will put their investments, while other factors, such as family, friends and lifestyle, will affect their settlement decisions.

At the time of completing this Report, DIMA had formed a working party to examine the scope to increase the range of approved designated investments and to ensure that capital is invested into quantifiable economic benefits to all Australians.

The Canadian experience with their Investor program shows that such Migrants are generally older, less well educated, less skilled, less proficient in English and more likely to use Canadian citizenship for their convenience, rather than to the benefit of the Canadian economy.

Current Canadian proposals for Investors include, English and education level criteria, as well as a very significant increase in funds required to be invested and the term of such investments. The Committee believes that DIMA should study the Canadian experience and its current proposals for this class.

RECOMMENDATION 3

The Committee recommends that the Victorian Minister for Industry, Science and Technology advise the Federal Minister for Immigration and Multicultural Affairs, that the Victorian Government believes a greater economic benefit to Australia is achieved through the business owner/entrepreneur class of business migrant than is the case with the Investment-linked migrant.

CHAPTER FOUR: TEMPORARY ENTRY VISAS

4.1 Importance of Temporary Entry Visas on Migration Decisions

Overwhelming evidence received by the Committee indicates there is a very strong linkage between tourism and attracting business and skilled migrants to any location. Evidence indicates that over 80 per cent of existing business migrants and 50 per cent of skilled migrants in Australia had made a visit to Australia, either as a tourist or on an exploratory trip, prior to migrating.

The visas for these visits to Australia are managed by the Department of Immigration and Multicultural Affairs' temporary entry programs. The programs are specifically designed to enable people from overseas to come to Australia on a temporary basis for specific purposes that result in some benefit to Australia and include tourists, overseas students and various temporary business visitors.

Over 60 per cent of business migrants had previously visited Australia with a tourist visa. New South Wales is the most popular destination for tourists, followed by Queensland and Victoria.

Evidence also indicates that the location of overseas students, who also enter on temporary visas, has a direct link to the settlement decisions of business migrants. Generally a business person will migrate to the State in which their children are located as overseas students.

This chapter analyses the above temporary entry programs and emphasises why Victoria should focus on the temporary entry visa classes as a source of future business and skilled migrants.

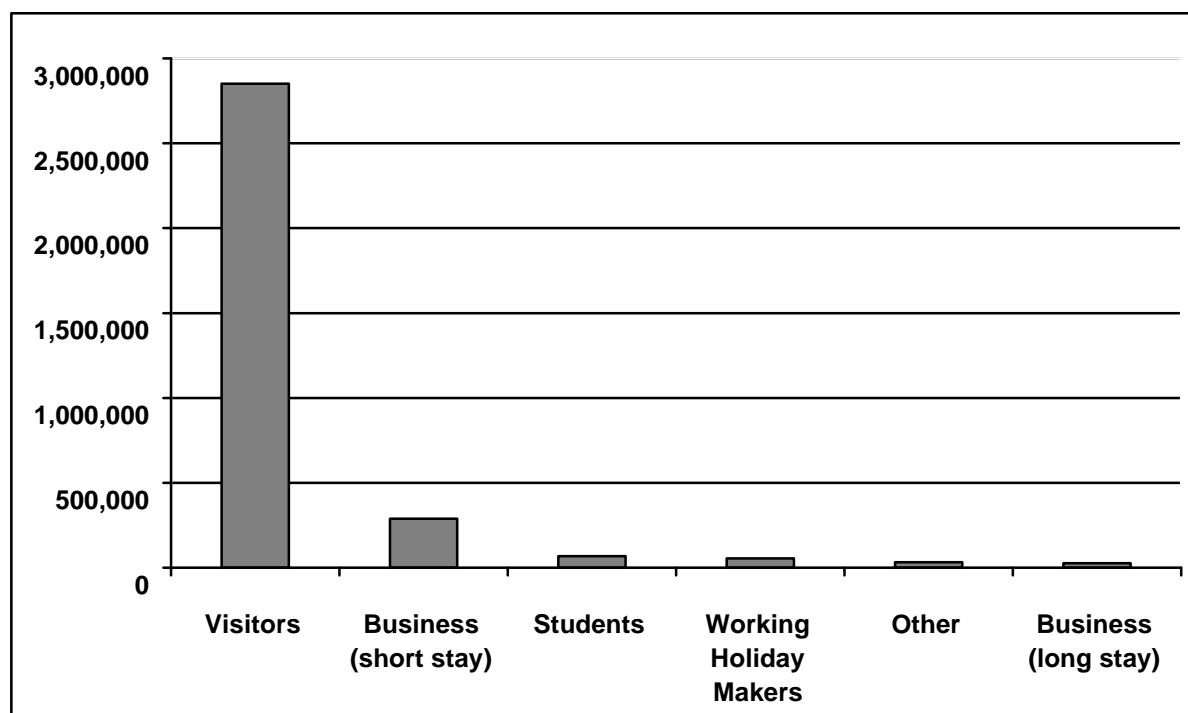
4.2 Temporary Entry Program

Australia's temporary entry program is divided into five broad categories: -

- Visitors
- Overseas Students
- Working Holiday Makers
- Business (short term and long term)
- Other (eg: visiting academics, entertainment, sport)

The graph below illustrates the significance of each visa category in terms of volume of visas issued in one year.

Temporary Visas Granted by Major Groups – 1996/97



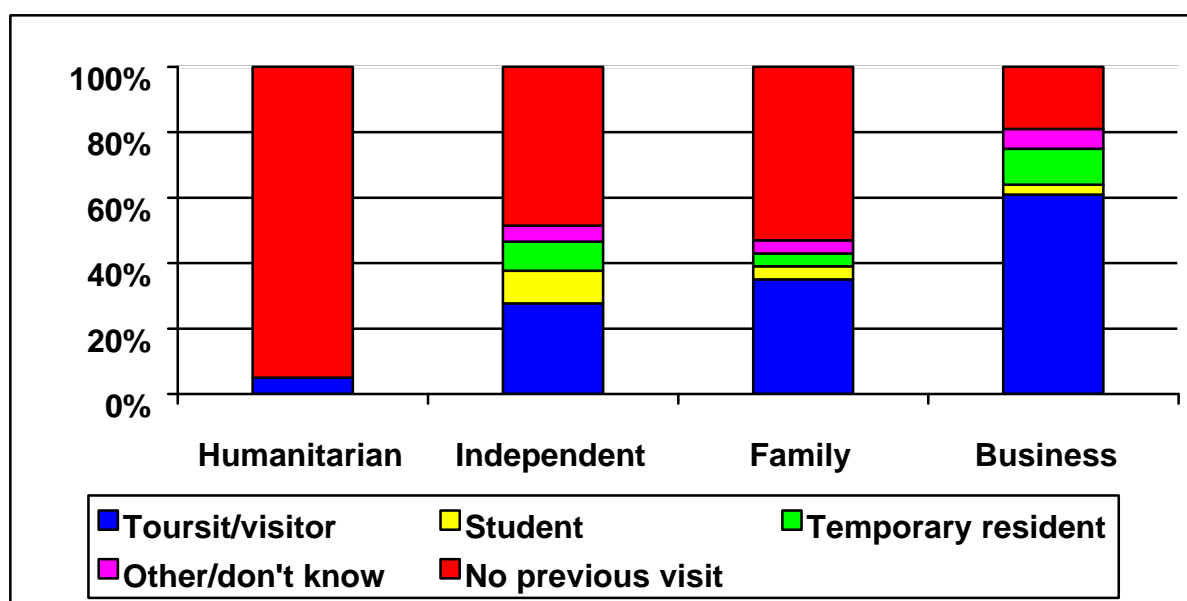
(Source: Department of Immigration and Multicultural Affairs, *Population Flows: Immigration Aspects*, 1998, p. 26)

The tourist visa is clearly the most popular form of temporary visa, representing 85 per cent of all temporary visas granted. Over 288,000 short stay business visas were granted in 1996/97, representing 8.7 per cent of the total.

4.2.1 Migrant's Pre-settlement Visas

The DIMA longitudinal survey categorises the type of temporary visa used by permanent residents when they made a previous visit to Australia.

Type of visa used when last visited Australia by Principal Applicants before Migration



(Source: Department of Immigration and Multicultural Affairs, *The Migrant Experience Wave One – Longitudinal Survey of Immigrants to Australia*, 1997, p. 14)

This data illustrates the importance of the tourist visa for future business migrants.

The importance of a tourism visit on business activity is reflected in similar statistics overseas. A survey of new businesses moving into the Miami area, showed that over 95 per cent were preceded by a tourism visit of the C.E.O or other senior executive of the business.

⇒ FINDING

The Committee finds that there is a direct link between temporary visits to Australia and business migration. Only 20 per cent of business migrants and 50 per cent of Independent Skilled migrants had not made a previous visit to Australia.

The business migrant clearly has the resources to make a previous visit, whereas the vast majority of humanitarian migrants are less likely to have the resources to make a prior visit before migrating.

4.3 Tourists

4.3.1 Description of Tourist Visas

The large volume of tourists to Australia each year and the evidence which indicates many business migrants had made a previous visit to Australia as a tourist, provides a strong link between tourism and the attraction of future business migrants.

The majority of foreigners who travel to Australia as visitors, do so under two tourist visa subclasses: -

- 676 Tourist (Short-Stay – up to 3 months); and
- 686 Tourist (Long-Stay – 3 to 12 months)

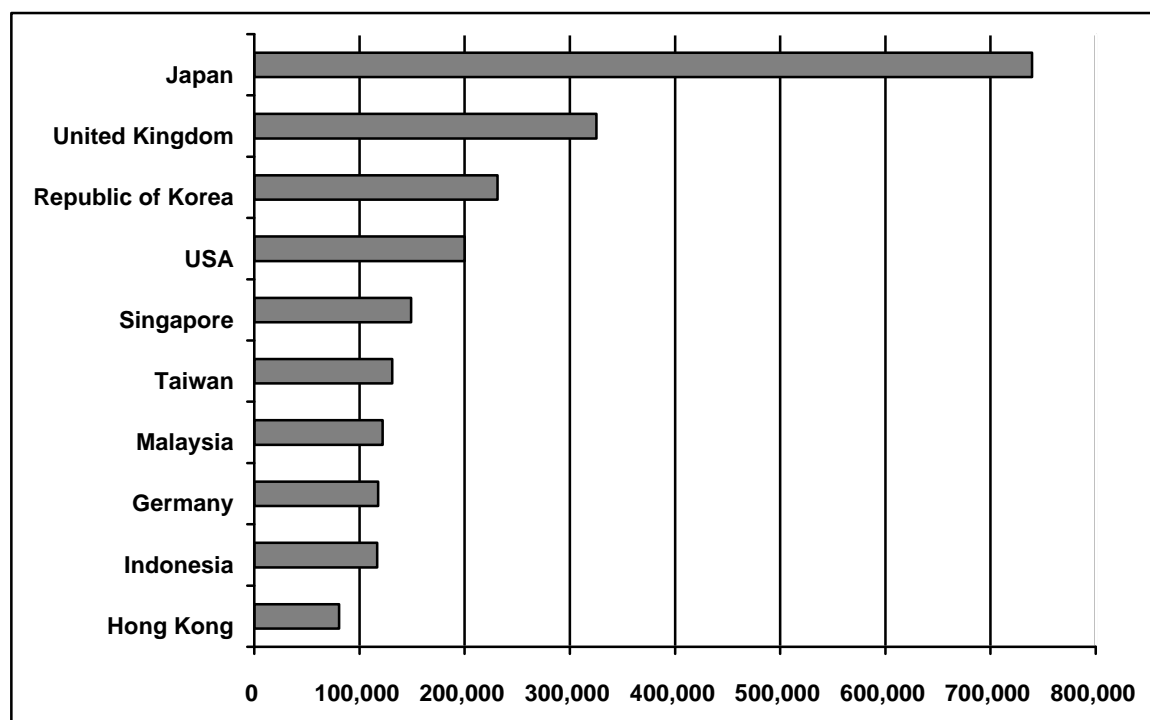
Over 97 per cent of the total visitor visas issued are for a short stay of up to 3 months. The growth in the short stay visas has risen dramatically over the past 15 years and is projected to grow even further over the next few years.

In 1996-97, the number of visitor visas issued totalled 2,847,276. This represents an increase of 200,000 on the previous year's figures.

4.3.2 Source Countries of Tourists

The major source countries for visitors are shown below.

Major Source Countries for Visitor Visas – 1996/97



(Source: Department of Immigration and Multicultural Affairs, *Population Flows: Immigration Aspects*, 1998, p.27)

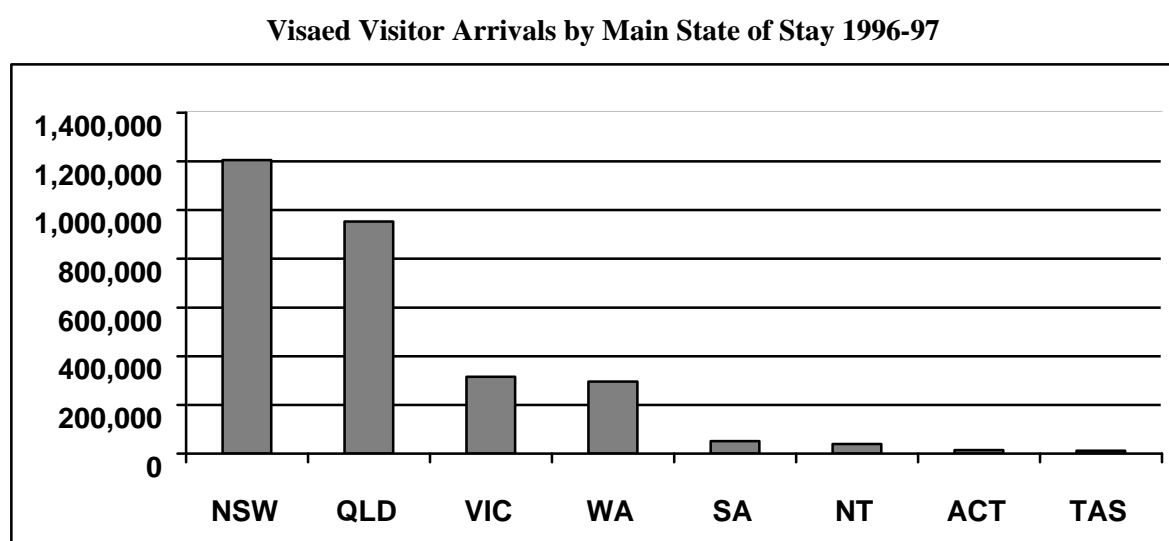
Note: This data excludes the non-visaed visitors and in particular the large number of New Zealand visitors to Australia which totalled 685,000 in 1997. This would place New Zealand second, behind Japan, as the major source of tourists to Australia.

The key to this information is that it provides a guide as to which countries should be targeted for future business migrants given the link between tourism and migration. Despite the significant number of Japanese tourists, historically Japan has not been a source of Australia's migrant population. Other countries in this chart have been referred to previously in this Report as business migrant source countries.

Accordingly, Japanese tourists may be targeted for investments, but not necessarily migration; whereas S.E. Asian countries, and to a lesser extent the U.K., Germany and USA, could be targeted for future migration.

4.3.3 State Share of Tourist Visas

A breakdown of the State share of tourist visas is shown below.

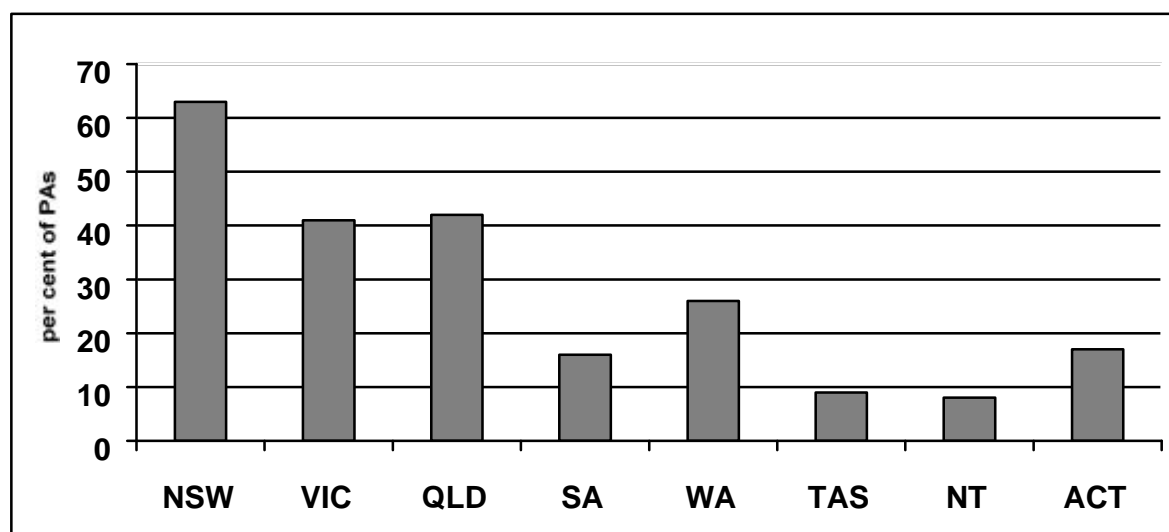


(Source: Department of Immigration and Multicultural Affairs, *Population Flows: Immigration Aspects*, 1998, p.27)

The above figures are based on the visa information supplied by applicants, which requires a statement as to their intended main State of stay. This information can only be taken as a guide to tourist numbers for each State. Many tourists will visit more than one State, particularly business tourists who are exploring business opportunities.

The table clearly illustrates the dominance of New South Wales and Queensland as the most popular destinations for tourists. Although it should be noted that Victoria's total of some 300,000 tourists would be larger with the addition of tourists visiting more than one State.

It has been previously stated that the majority of business migrants had visited Australia as a tourist prior to migrating. DIMA's longitudinal survey indicates that the majority of business migrants who had made a previous visit had visited New South Wales (63%); Victoria was a close third, behind Queensland, with 41 per cent. This is illustrated in the following graph.

Business Migrants' Previous Visits by State/Territory

(Source: Department of Immigration and Multicultural Affairs, *The Migrant Experience: Wave One – Longitudinal Survey of Immigrants to Australia*, 1997, p.14)

In terms of tourist visits by future business migrants, Victoria fares better than in the overall tourist visas breakdowns. This would be mainly due to Victoria's attraction as a centre for business activity.

4.3.4 Tourism and Migration Settlement Patterns

The relationship between tourism and migration settlement patterns is similar to the family and friends 'chain migration' factor.

Tourist experiences provide visitors with a knowledge and understanding of Australia which, more often than not, leave lasting impressions that may influence the selection of Australia and a specific State as a migration destination.

It follows that if a migrant's experience of Australia is limited to only one or two States, such as New South Wales or Queensland, then those States will almost certainly be the migrant's preferred settlement destination within Australia.

The existing flow of tourists to each State therefore puts Victoria at a significant disadvantage. This is particularly the case with business migrants, most of whom have made a

previous visit to Australia before migrating. The same is true, albeit to a lesser extent, for all migrant categories.

Of particular concern to Victoria, is that the relationship between tourism and migration is self-perpetuating and becomes stronger over a period of time. New migrants then often attract family, friends and fellow countrymen to the same State as tourists.

A recent overseas example of this, is the tourism growth from Asia into Vancouver, Canada, which ran parallel with, and reinforced that city's boom in Asian migration. Similar trends are emerging with the Taiwanese tourism growth in Queensland and the high proportion of Taiwanese migrants (mainly business), settling in that State.

⇒ FINDING

The Committee finds that existing tourist destination patterns of overseas visitors are having a significant effect upon Victoria's declining share of migrants, particularly in the business and skilled categories.

The Australian Tourism Commission promotion is heavily weighted towards New South Wales and Queensland. This bias is considered to have a major impact on Australia's migration settlement patterns.

RECOMMENDATION 4

The Committee recommends that the Victorian Minister for Industry, Science and Technology request the Australian Tourism Commission to redress the imbalance in tourism promotion for each State to ensure visitors and potential migrants have a more balanced view of the whole of Australia as a settlement destination.

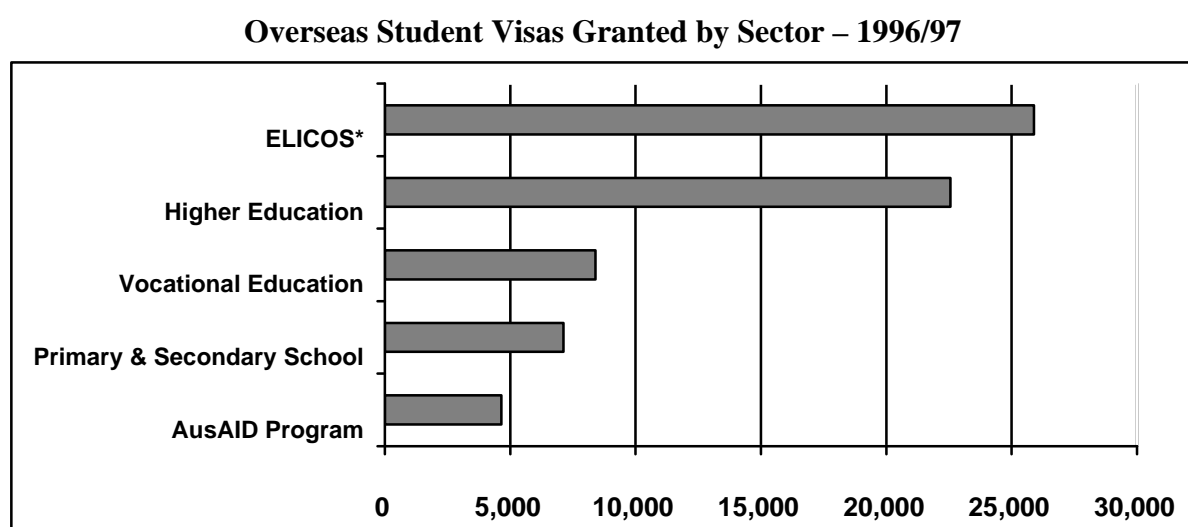
4.4 Students

4.4.1 Description of Overseas Students Program

The Department of Immigration and Multicultural Affairs student visa class is designed to facilitate the entry of overseas students who wish to undertake full-time study in registered courses in Australia. It is possible under this program to study as an under-graduate or post-graduate.

Full-fee paying studying programs were introduced in Australia in 1986 at which time approximately 7,000 student visas were issued. The Program has increased markedly in the last ten years to the extent that 68,611 offshore student visas were granted in 1996/97.

The total student visas issued are categorised into different sectors. The distribution of visas per sector for 1996/97 is shown below:



(Source: Department of Immigration and Multicultural Affairs, *Population Flows: Immigration Aspects*, 1998, p.28)

**English Language Intensive Courses for Overseas Students*

ELICOS and Higher Education are the main sectors representing 38 per cent and 33 per cent respectively of the total intake.

4.4.2 Source Countries of Overseas Students

Overseas students from Asia comprise approximately 85 per cent of all students arriving in Australia. The major source countries are: -

1. South Korea 14%
2. Indonesia 12%
3. Japan 9%
4. Malaysia 8%
5. Singapore 7%
5. Hong Kong 7%
6. Thailand 5%
7. India 4%

Some of these countries, most notably, Indonesia and Hong Kong, and to a lesser extent Malaysia, are major source countries for Australia's business migrants. Student numbers from India experienced the largest increase (53 per cent) from the previous year's figures. Some evidence has suggested India may also present opportunities for future business migration.

The Committee believes the source countries of overseas students is particularly important when promoting the settlement locations of future migrants.

4.4.3 State Share of Overseas Students

The State statistics for student visas issued for the 1996/97 financial year and the 5 months from July to November 1997 are shown below: -

State Share of Overseas Students by Major Source Countries: July 1996 to November 1997

Source Country	New South Wales	Victoria	Queensland	Western Australia
South Korea	5,736	1,402	2,535	1,085
Indonesia	4,065	3,111	919	2,787
Japan	3,330	1,093	2,215	973
Hong Kong	2,980	2,199	1,133	987
Malaysia	1,083	2,207	695	1,814
Singapore	930	1,533	882	1,483
Taiwan	1,434	764	1,594	255
Other	12,133	6,233	4,817	2,849
Total	31,691	18,542	14,790	12,233

(Source: Department of Immigration and Multicultural Affairs, *S/T & L/T Arrivals by Region/Country of Last Residence by State of Intended Residence by Subclass, (Selected) for Financial Year 1996/97 & July – Nov. 1997*)

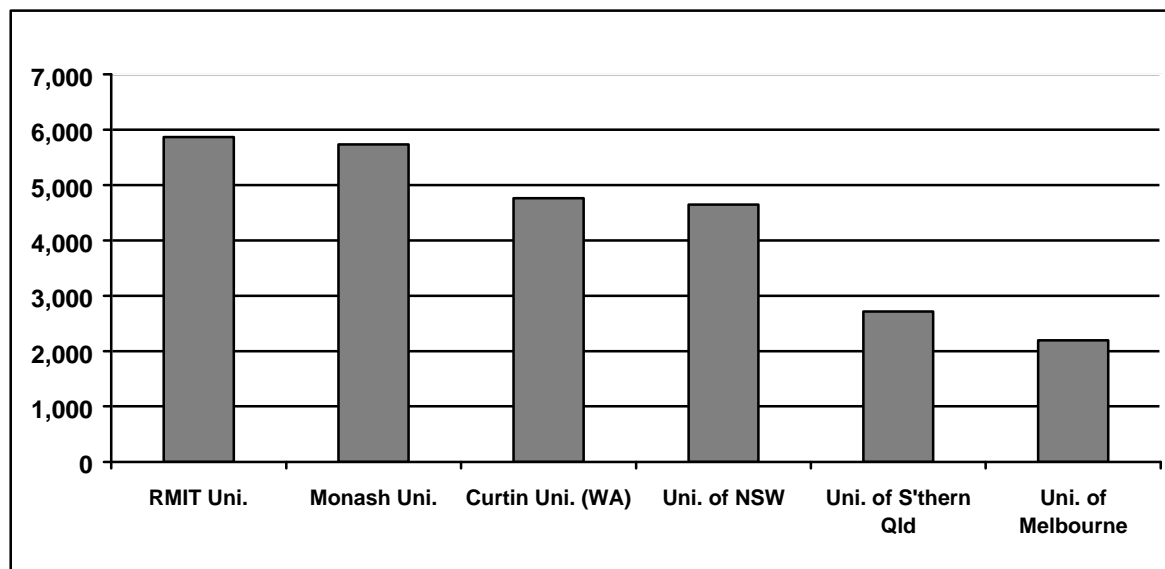
The above statistics provide some interesting parallels with business migration settlement, which can best be explained by the family pull factor. The largest proportion of Taiwanese students are in Queensland, likewise, Queensland's largest source of business migrants is from Taiwan. A similar connection can be made with Western Australia and Indonesia.

⇒ FINDING

The Committee finds that the location of overseas students is a major pull factor for future migrants.

4.4.4 Victoria's Strong Education Position

Although Victoria receives the second largest proportion of all overseas students, its intake from the higher education sector is the largest, mainly due to Monash University and Royal Melbourne Institute of Technology University, which dominate the Australian market for overseas higher education students. This is best illustrated in the graph on the following page.

Higher Education Overseas Students by Key Institutions - 1997

(Source: Australian Bureau of Statistics, Selected Higher Education Statistics, 1997, AGPS, Canberra, p. 112)

RMIT University and Monash University have been proactive in attracting full paying overseas students in recent years.

⇒ FINDING

The Committee finds that Victorian educational institutions, particularly Monash University and Royal Melbourne Institute of Technology University, have been very successful in attracting overseas students. Accordingly, the Victorian Government should develop partnerships with these major educational institutions in marketing the State to the parents of overseas students.

4.4.5 Effect of Asian Economic Crisis on Overseas Students

Although the current economic crisis in Asia has concerned many educational institutions, the current figures suggest the number of Asian students in Australia is expected to increase marginally or remain stable.

*“Student enrolments from South Korea and Thailand have significantly decreased but the numbers coming from Indonesia, China, Vietnam and India are strengthening”*⁷. The Federal Education Minister, The Hon. David Kemp, MP, believes that this trend is due to decisions from many Indonesian families to seek a safe environment in which their children can study.

Current reporting indicates that trends in overseas students enrolments in Australia are being maintained during the Asian economic crisis. Importantly, enrolments from some countries which are experiencing 'push factors', such as Indonesia, are increasing. Therefore, the Committee believes this will present further opportunities for the attraction of business migrants.

4.5 Temporary Business

4.5.1 Importance of Temporary Business Entry

Of particular relevance to the Committee's investigations is the temporary business visas. There are two forms of temporary business visas: -

- Temporary Business – 456: short stay, up to three months
- Temporary Business – 457: long stay (independent executive and business sponsorship), up to four years

The key to the 456 and 457 visas is that they present an opportunity to facilitate the making of an application for permanent residency, applicants for these visas are likely potential migrants.

Evidence put to the Committee suggested many potential business migrants will be using the short and long term temporary business visas as a relatively fast and simple way of eventually applying for permanent status. Unfortunately, DIMA does not have statistics which indicate the extent to which a 457 visa is translated into an 845 permanent visa because the program has not been in existence long enough.

⁷ Ian Henderson, *'Student numbers find Asian balance'*, The Australian, 2/3/98, p.2

4.5.2 Description of Temporary Business Visas

As stated above, there are two forms of temporary business visas: the short stay (456) and the long stay (457)

(i) Temporary Business 456 short-stay visa

In 1996-97, over 280,000 short stay business visas were granted.

The criteria which must be met for this visa is: -

- the applicant seeks entry to Australia for business purposes;
- the period of stay is not expected to exceed 3 months;
- the applicant must have adequate funds for personal support for the duration of his or her stay in Australia; and
- the 456 does not require the applicant to undergo any form of skill testing.

Although this visa subclass allows the holder to remain in Australia for up to 3 months per visit, in most cases, the stay involved is usually up to 2 weeks duration.

The 456 visa recognises that business people need to travel to Australia for a wide variety of reasons, for example, to negotiate trade deals, to sign business agreements, or perhaps to investigate business opportunities.

By allowing business people from foreign countries relatively easy access to Australian shores in order to conduct business relations, not only is Australia promoted as a good place to do business, in addition, its profile as a nation that welcomes overseas business is also enhanced.

(ii) Temporary Business 457 long- stay visa

The subclass 457 Temporary Business visa first commenced operation on 1 August 1996. In 1996/97 a total of 25,786 long-term business visas were granted.

There are two streams of the long stay business visas: Independent Executive and Sponsorship by an Australian Company.

The criteria for this visa subclass is: -

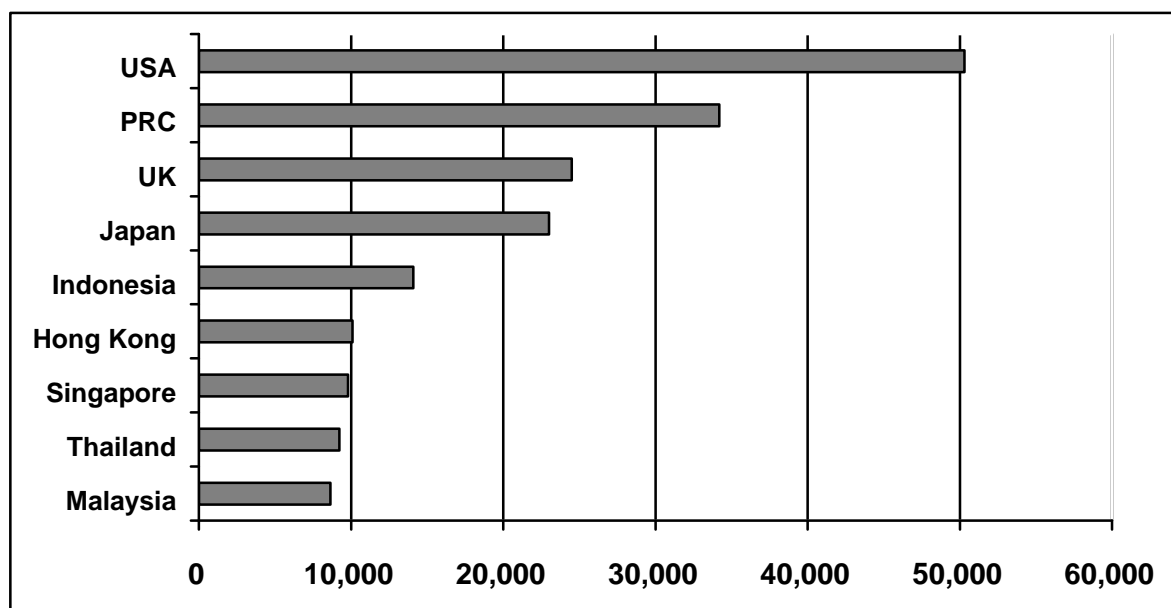
- creation or maintenance of employment for Australian citizens or permanent residents;
- expansion of Australian trade in goods or services;
- the improvement of Australian business links with international markets; or
- competitiveness within sectors of the Australian economy.

Within the 457 temporary business streams, the Independent Executive and the Sponsorship by an Australian Company categories can be used as the ‘stepping stones’ to obtaining permanent residence in Australia.

4.5.3 Source Countries of Temporary Business Visas

The major source countries for the short stay business visa are shown in the following graph. While none of the top four countries, USA, PRC, UK and Japan, are currently major sources of business migrants, the other countries in this list (predominantly S.E. Asia), are a source of Australia’s business migrants.

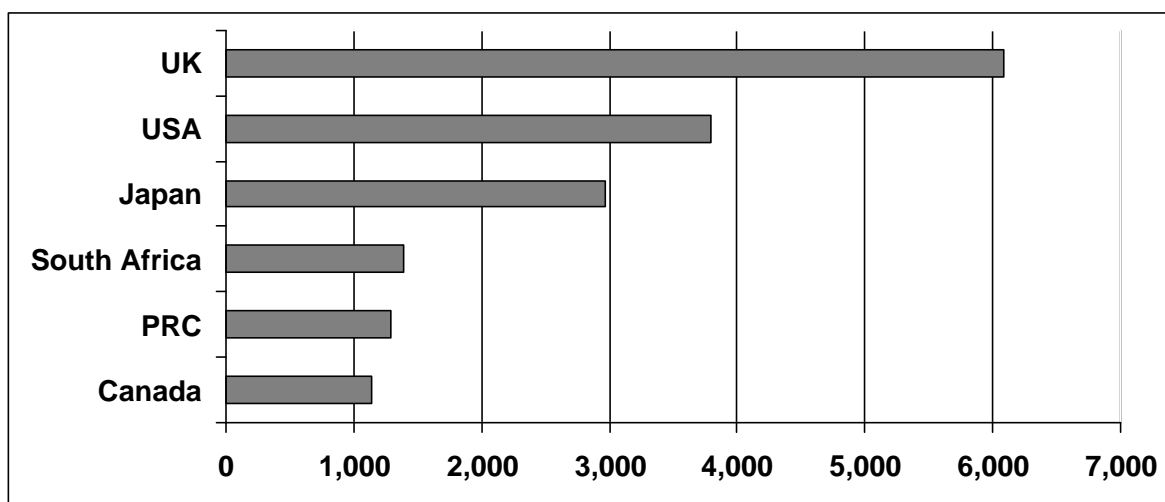
Business Entrants (Short Stay) by Main Source Countries – 1996/97



(Source: Department of Immigration and Multicultural Affairs, *Population Flows: Immigration Aspects*, 1998, p. 30)

The major source countries of long stay visas is the same top four as the short stay visa, however, on this occasion the United Kingdom is the main source country.

Business Entrants (Long Stay) by Main Source Countries – 1996/97



(Source: Department of Immigration and Multicultural Affairs, *Population Flows: Immigration Aspects*, 1998, p. 30)

The emergence of South Africa in the top four source countries of long stay business visas is of particular interest. Given that South Africa is presently the most rapidly growing market for

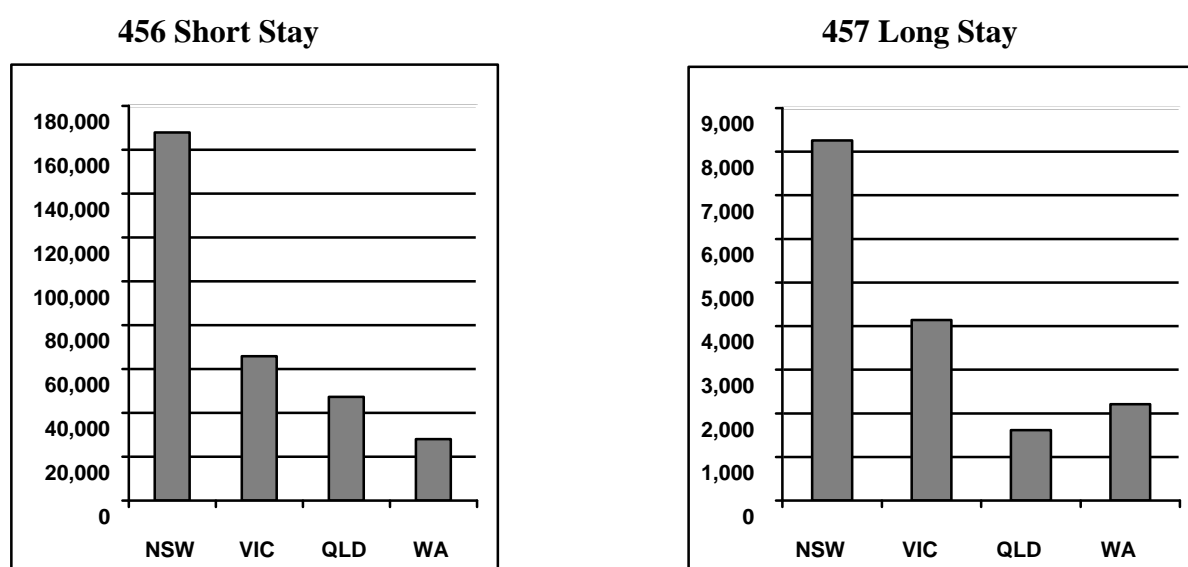
business migrants, these statistics would reflect the interest by potential business migrants in the 457 long stay temporary visa as an initial stepping stone to permanent residency.

4.5.4 State Distribution of Temporary Business Visas

The Department of Immigration and Multicultural Affairs provided the Committee with statistics on temporary visas issued for the 1996/97 financial year and the 4 months from July to November 1997.

The State breakdown of the 456 short stay visa and 457 long stay visa are as follows: -

State Distribution of Temporary Business Visas: July 1996 to November 1997



(Source: Department of Immigration and Multicultural Affairs, *Population Flows: Immigration Aspects*, 1998, p. 30)

From Victoria's position, it is encouraging to note that the State is running a clear second to New South Wales, ahead of Queensland and Western Australia for the attraction of short and long term temporary business people. If the State can market itself to these people as a migrant destination, Victoria may be able to capitalise on these figures in terms of permanent business migration. Appropriate marketing strategies are dealt with later in the Report.

4.6 Conclusion on Temporary Entry Visas

The temporary entries to Australia are very large and have significant, long-term potential for attracting future business migrants. A prior visit to Australia provides potential migrants with knowledge and experiences of a particular State which will greatly influence their ultimate settlement decisions.

While Victoria does comparatively well in attracting overseas students and temporary business visitors, these numbers are only a fraction of the significant number of tourists who predominantly visit New South Wales and Queensland.

⇒ FINDING

The Committee finds that the distribution of Temporary Entry Visas has a significant influence on settlement locations of migrants throughout Australia.

Victoria's ability to attract migrants, particularly business and skilled, is disadvantaged by existing location patterns of temporary visas.

➡ *see recommendations commencing on page 113*

CHAPTER FIVE: TRENDS IN OVERSEAS BUSINESS MIGRATION

5.1 International Business Skills Migration Programs

Just as Victoria is competing with other States for the attraction of migrants, Australia is also competing with other nations to be the preferred settlement location for migrants, particularly business and skilled migrants.

The competition between States and countries to attract migrants is matched by competition between migration agents throughout the world who provide assistance to migrants in applying for visas. These agents are familiar with not only the major source countries of migrants, but with the various migration programs and entry requirements of potential host countries.

Most business migrants and some skilled migrants will apply for the necessary visa with the assistance of a migration agent – usually in an overseas posting. As the agents are operating a business, they will be looking for a high turnover of clients. Accordingly, they will direct their clients to the country that has the easiest entry requirements and the greatest chance of approval.

Evidence given to the Committee indicates that a migrant, particularly in the business and skilled category, generally considers the following destinations in priority order: -

- U.S.A.
- Canada
- Australia
- New Zealand

Two factors seem to be the important in a migrant's settlement decision: -

- which country has the easiest and most stable entry requirements, so as to maximise the chance of visa application approval; and

- any specific and overriding lifestyle preferences, such as climate, quality of education for their children, and the attraction of family, friends and fellow countrymen.

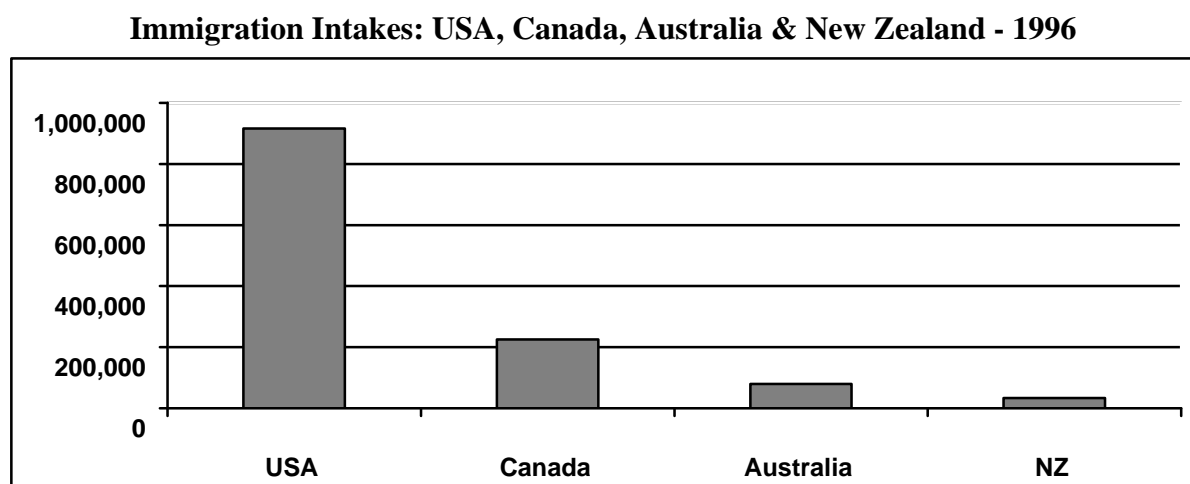
The Committee attempted to measure Australia's migration program, particularly in the business and skilled categories, with those of its competing host countries.

⇒ FINDING

The Committee finds that Australia has the most effective Program in terms of ensuring business migrants have a commitment to doing business in Australia and contributing to the economy.

5.2 Comparisons in Migration Intakes

The graph below illustrates the differences in overall migrant intakes between the four major non-European migrant destinations.

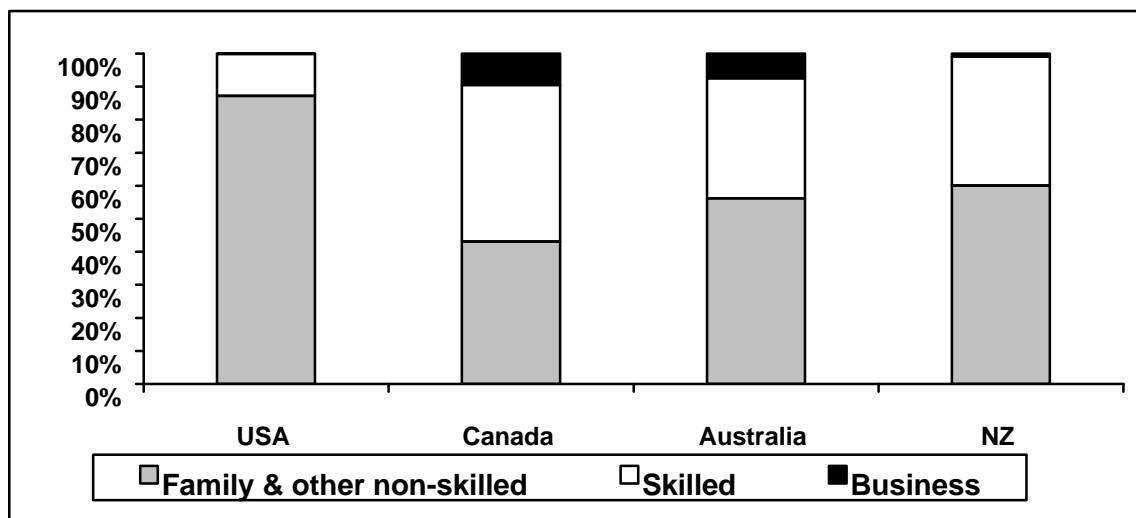


The USA's total migrant intake in 1996 was 915,000, over 10 times Australia's total of 80,000. The United States' total is inflated by the vast number of family reunion visas issued each year.

5.2.1 Skilled and Business Migrant Intakes

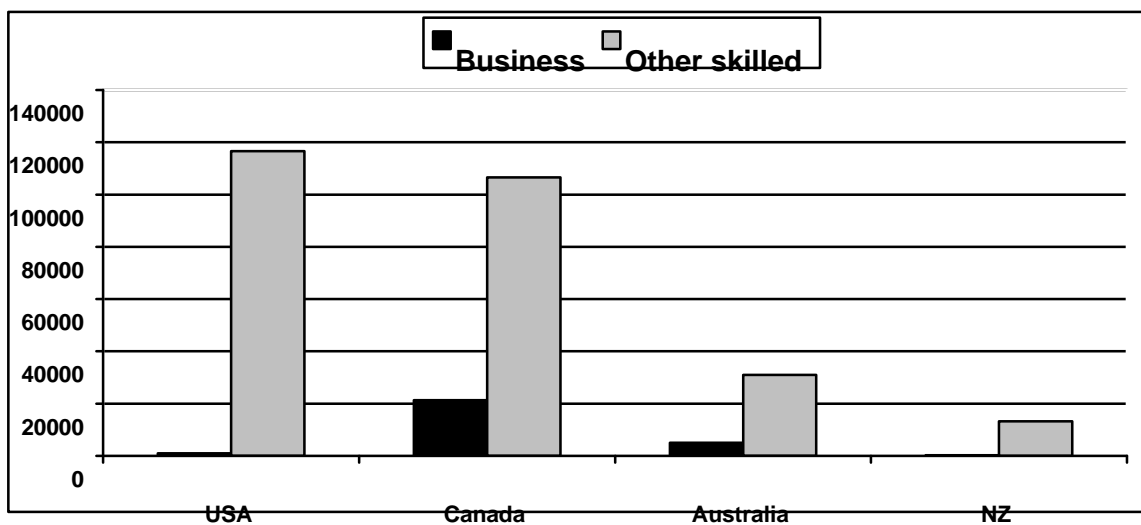
Of particular relevance is the skilled and business migrant intakes for each country. Despite the significant size of the U.S.A. migrant intake, its proportion of skilled migrants is the lowest of the four countries. The graph below shows migrant intakes by key categories for each of the four countries.

**Percentage Comparison of Total Migrant Intakes by Skilled & Non-skilled Categories
USA, Australia, Canada & New Zealand**



A further analysis of the general skilled and business skills components is set out below:

Skilled Migrant Intakes: U.S.A., Canada, Australia and New Zealand - 1996



The chart shows that in 1996 the actual business migrant intakes in the United States and New Zealand are virtually non-existent. Therefore, in 1996 Australia's only real competitor for business migrants was Canada who attracted over 20,000 business/investor migrants.

These international distributions are, however, not constant over time as countries change their entry criteria. For example: -

- In 1995, before New Zealand changed its criteria, its business migrant intake (cases) was greater than Australia's at over 2,000. ➤ *see section 5.5 for New Zealand details*
- Evidence from immigration agents indicates the USA has significantly relaxed its business migration criteria for a two year pilot program, which will make the USA the current favoured location. ➤ *see section 5.3 for United States details*
- Canada's current review of business migration criteria, if initial recommendations are implemented, will drastically reduce its future business migrant intake. ➤ *see section 5.4 for Canada details*

⇒ FINDING

The Committee finds that the international market for business and skilled migration is constantly changing as host countries adjust their respective selection criteria in response to the number, quality and perceived economic benefits of these migrants.

That Committee finds that migration agents have considerable knowledge of the international migrant market place and are able to rapidly respond to changes and direct many thousands of business and skilled migrants to those countries which offer less stringent selection criteria.

The following section more closely examines each country's migration programs and highlights recent changes that may impact on Australia's ability to attract business migrants.

5.3 United States Migration Program

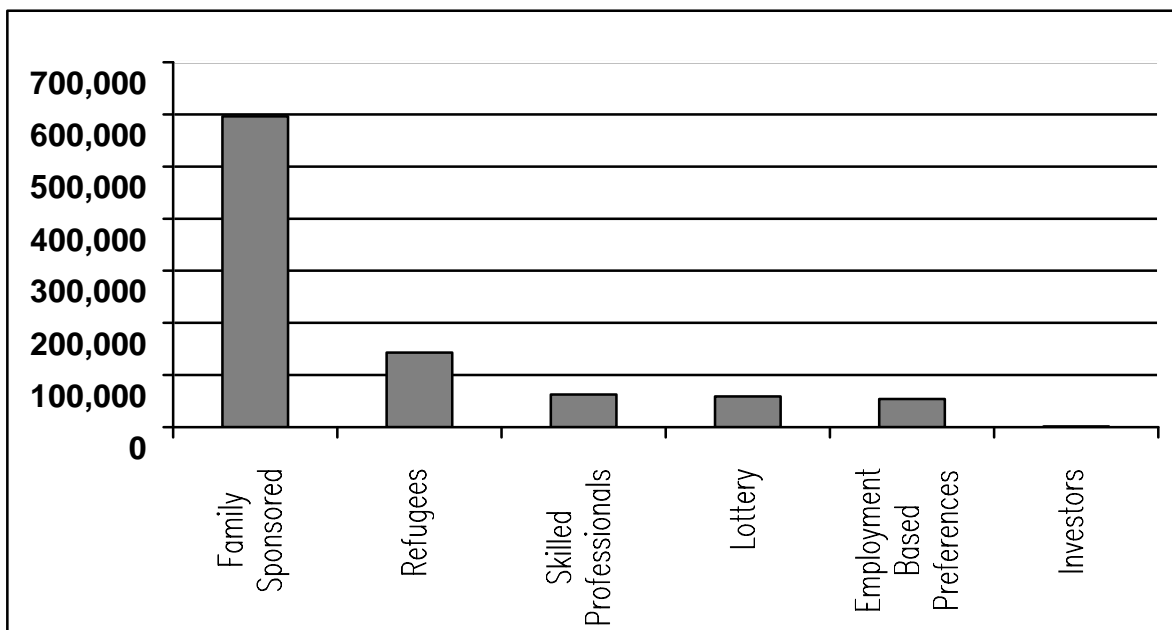
The United States migration program is managed by the Immigration and Naturalisation Service (INS) which is an Agency of the Department of Justice.

The US Immigration Act 1990 represented a major overhaul of immigration law and included significant changes to the numerical limits and preference system which regulates immigration.

5.3.1 U.S.A Migrant Intakes

The United States' overall migrant intake is dominated by the vast number of family visas issued. Over 600,000 family sponsored visas were issued in 1996. The two skilled categories, Employment Based Preferences and Skilled Professionals, totalled 53,807 and 62,756 respectively in 1996.

USA Migration Intakes by Category – 1996



The major source countries of all migrants and specifically business migrants to the USA in 1996 were: -

Major Source Countries for USA Migrant and Investor Migrants - 1996

Total Migrants			Immigrant Investor		
1.	Mexico	163,572	1.	Taiwan	255
2.	Philippines	58,763	2.	South Korea	137
3.	India	44,859	3.	PRC	70
4.	Vietnam	42,067	4.	Hong Kong	51
5.	PRC	41,728			

Over 275,000 illegal immigrants were regulated in 1996 and are therefore included in the overall intake of 915,000.

5.3.2 Description of U.S.A. Migration Program

The U.S. Migration Program comprises the following categories: -

Non-skilled

- Family Sponsorship
- Lottery
- Refugees

Skilled

- Immigrant Investor (resident and non resident sub classes)
- Skilled Professionals
- Employment Based Preferences

(i) Immigrant Investor program

The Immigrant Investor program is the USA's equivalent of the Australian Business skills category. Under this program, a Permanent Residence visa is available for those who are able

to create new business in the US *or* have substantial financial and management interest in the business

Eligibility Criteria for Immigrant Investor

- Invest US\$1 million or US\$500,000 in a rural or area targeted as needing more investment;
- Benefit the US economy;
- Create 10 new jobs, both direct and indirect; and
- Be involved in the day to day management and formulation of policy

The Non-Immigrant Investor subclass of this visa enables potential owners or investors in US businesses to apply for a visa

Eligibility Criteria for Non-Immigrant Investor

- Show ‘substantial’ investment funds are available and committed to investment;
- Investment must be in an ‘active business’ ie. not purchase a home;
- At least 50% of the business must be owned by the applicant who is a citizen of a country with whom the US has a treaty; and
- Investment must create enough profit to provide a living for more than just the applicant and family.

There is no minimum amount of investment necessary to obtain the non-immigrant investor visa. Whether or not an amount will be considered ‘substantial’ by INS depends on the type of business involved, the number of jobs created and personal assets.

(ii) Skilled Professional Program

This program is similar to Australia’s skilled program and has three sub classes which migrants qualify for in order of preference.

Eligibility Criteria for Employment-Based Preferences. (First preference)

- Extraordinary ability in Science, Arts, Business and Sports
- Outstanding Professors, Researchers and Scholars
- Certain Multinational Executives and Managers

Professionals who have an occupation whose entry to the US is required in the 'national interest' are given second preference under these criteria. They include those whose skills can improve the health of US workers, improve the economy, improve the environment, etc and those whose presence the US Government requests.

Eligibility Criteria for Skilled Professional. (Third preference)

- Skilled Workers are to have a minimum of 2 years training or 2 years post-secondary education
- Professional Workers are to have a Bachelors Degree and the relevant work experience
- Skilled or other Workers require less than 2 years of higher education, training or experience. Need a job offer and labour certification from US Department of Labor. 5-10 year waiting list

5.3.3 New Business Migration Initiative

The USA's business based visa category, (Investors) represents only 0.1 per cent of the total migrant intake. By comparison, Australia's business skills class represents approximately 7 per cent of Australia's total intake. However the Committee has been told that this is about to change, particularly with regard to migrants from Taiwan, where the USA is now the main focus of local immigration agents.

The Committee understands the cap on the US investor program into designated regional development area has been lifted for a trial period. In such areas, the funds required to be invested are only US \$500,000.

Various USA and Taiwanese entrepreneurs are acquiring projects (often existing land and buildings developments) and offering half million dollars shares to immigrant investors, who can then qualify for a green card. Agents see this as a very predictable and easy way of getting a permanent residence status.

It is noted that most of these projects don't seem particularly entrepreneurial or start up in nature, rather they are vehicles where migrants simply put their money into somebody else's business. In addition, the return on these projects doesn't have to be particularly high, as long as investors can get their money back, or most of their money back after three years, then it is considered an inexpensive way to get US residence.

The State of Hawaii is taking a lead in this area. The US have put a limit of 3,000 such visas per year for the next two years.

The Committee's evidence from New Zealand also points to the emergence of the USA in the market for business migration. Many migration agents noted that Australia and New Zealand have very stringent selection criteria and somewhat lengthy application processes compared to the United States. This would influence their advice to migrants in terms of preferred settlement destinations.

⇒ FINDING

The Committee finds that many migration agents who specialise in S.E. Asian countries, such as Taiwan, consider the United States to be the main market for business migrants, with Australia and New Zealand's entry requirements being far too difficult and stringent in comparison with the USA.

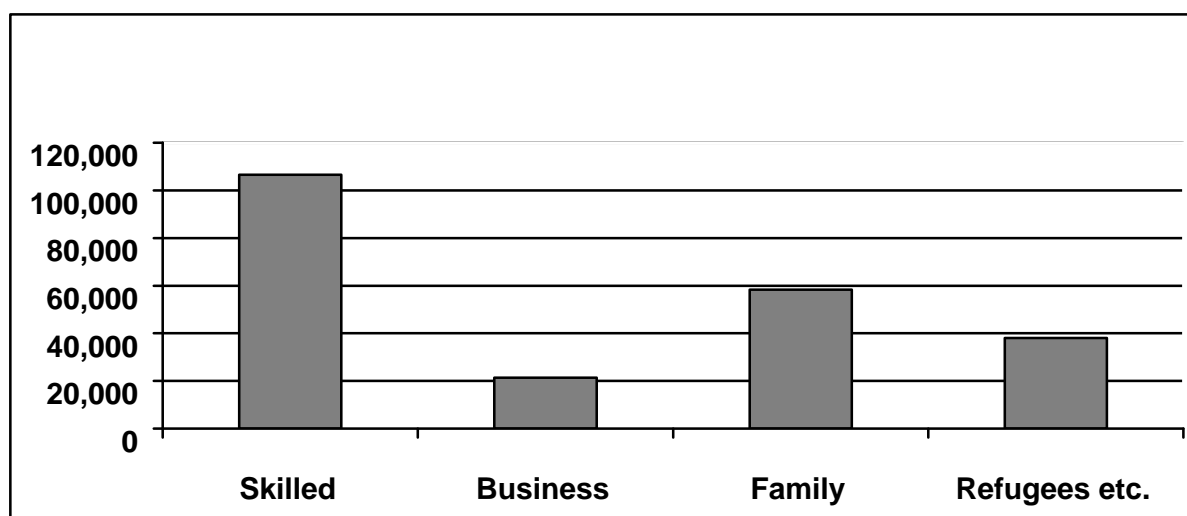
5.4 Canadian Migration Program

The Canadian migration program is managed by Citizenship and Immigration Canada (CIC). This Federal Government Department has responsibility for setting immigration levels and selection criteria, settlement policies, processing immigration refugee and citizenship applications.

5.4.1 Canada's Migrant Intakes

Canada's 1998 planned immigrant intake is for an overall 225,000 migrants; 106,600 of which are to be Skilled Workers and 21,300 Business Investors. Spouses, Fiances and Children account for 38,300 while Parents and Grandparents will be 20,000 and other classes such as Refugees and Live-In Care givers is planned to be 38,800.

Canadian Migrant Planning Intake for 1998



5.4.2 Source Countries

The major source countries for all of Canada's migrants and business migrants is illustrated below.

Major Source Countries for Canadian Migrant and Investor Migrants - 1996

Total Migrants			Business Migrants		
1.	Hong Kong	29,954	1.	Hong Kong	2,308
2.	India	21,249	2.	Taiwan	1,181
3.	PRC	17,530	3.	South Korea	429
4.	Taiwan	13,205	4.	PRC	215
5.	Philippines	13,144	5.	Germany	185
6.	Pakistan	7,750	6.	Iran	168

All major source countries are from Asia or the sub-continent. Hong Kong represents 13.3 percent of the total migrant intake. By comparison Australia's major source country is still the United Kingdom.

Hong Kong is also the major source country for Canada's business migrants, comprising 37.5 per cent of the total and nearly double the second major source country, Taiwan. South Africa, which is considered a major source country now and in the near future, does not figure in the top six sources of Canada's business migrants.

5.4.3 Description of Canadian Migration Program

Canada's Program is separated into the following streams:-

Non-skilled

- Spouses, Fiances & Children
- Parents & Grandparents
- Refugees
- Live-In-Care givers

Skilled

- Skilled Workers
- Investors
- Entrepreneurs
- Self Employed

Business Migrant Description

The last three under the skilled category can loosely be described as business migrants, criteria for these are as follows: -

Eligibility Criteria for Investor (Australian equivalent is 131, Investment-Linked.)

- CAN \$500,000 accumulated by own business
- Minimum investment must be made into an approved business or fund
- Eligible investment made into local area. Region of area depends on amount of money, either CAN \$50,000 or CAN \$350,000
- Investment for 5 years fixed. Not guaranteed

Eligibility Criteria for Entrepreneur (Australian equivalent is 127 – Business Owner)

- Employ min. 1 Canadian
- Applicant must be actively involved in business management
- No minimum net worth required
- Business experience not always needed
- Must begin business within 2 years

Eligibility Criteria for Self-Employed

- The prospective immigrant must establish or purchase a business in Canada that will keep them employed and contribute to the Canadian economy or artistic well being of the community.
- No conditions are imposed upon admission
- Not required to provide jobs for others
- Show documentation which will prove an ability to establish a business which will significantly contribute to the economy or artistic life of Canada

The criteria for these visas do not require previous business experience or English language and no other minimum standards such as annual turnover, labour cost, assets and age have to be met.

5.4.4 Canadian Government's Review of Migration Program

In 1997, the Canadian Minister for Immigration established an 'Immigration Legislative Review Committee', to report on the Canadian Migration program. The Review Committee's

Report, titled “*Not Just Numbers: A Canadian Framework for Future Immigration*” was tabled in January 1998 for possible implementation in 1999.

An important part of the report refers to major problems with Canada’s business migration program in terms of the lack of real economic benefit that these migrants are achieving in Canada. Most business migrants have been unable to build successful Canadian businesses due to different business cultures. As a result the majority of business men, and very often their wives commute back to their original home country to carry out their business activities, while often leaving their children in Canada. The experience of these business people has been commonly referred to as ‘astronaut parents’.

These Canadian experiences are very relevant to the relationship between numbers and quality and the Committee’s previous finding that Australia’s criteria should not be significantly reduced to accommodate greater numbers.

The following are quotes from the report on the main Canadian business migration categories:-

- **Entrepreneur Program:**

“We heard a wide range of views on the existing Entrepreneur Program. We received negative views regarding this program from departmental staff at all levels, many recommending the abolition of the program altogether because of a perceived high level of fraud. Others recommended a significant tightening of the existing terms and conditions. Some provincial government officials closely involved with the program continued to support it and cited examples of significant benefits the program could bring. A number of submissions highlighted the need to be more realistic with respect to the time frame required for entrepreneurs to establish their businesses.

There was a strong thread in the submissions that the terms and conditions, as they currently operate, are unrealistic and encourage many entrepreneurs to open any sort of business, with little if any identifiable benefit to the economy, and often in competition with existing small businesses.”⁸

⁸ Canadian Immigration Legislative Review Advisory Group, “*Not Just Numbers – A Canadian Framework for Future Immigration*”, Chapter 6, Dec. 1997, available on world wide web at <http://cicnet.ci.gc.ca>

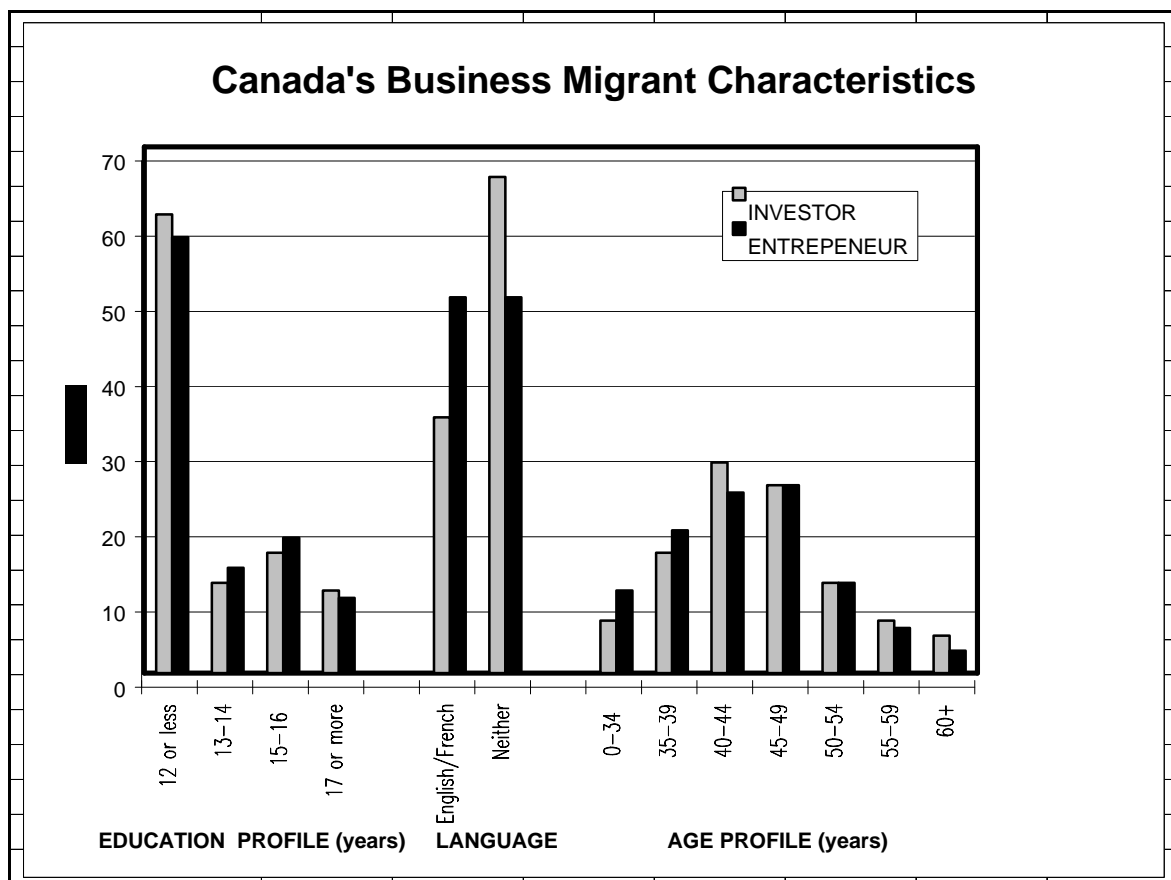
- Investor Program

“It is evident that the majority of persons immigrating to Canada under the Immigrant Investor Program are unable to function in either official language and are poorly educated. Further, there is little control over questionable financial arrangements....”

The historical basis of this program is to provide risk capital. However recent estimates show that there is a current surplus of risk investment in Canada with little real demand, except for very small enterprises just starting up, and many of the submissions we received indicated that most investor immigrant money is risk-averse. As a consequence, there is a perception that instead of attracting risk capital we are merely selling, and thereby devaluing, Canadian citizenship”⁹

5.4.5 Education, Language and Age details of Business Migrants

The graph below provides an illustration of the main characteristics of Canada’s business migrants.



(Source: Canadian Immigration Legislative Review Advisory Group, “Not Just Numbers – A Canadian Framework for Future Immigration, Chapter 6, Dec. 1997)

⁹ ibid

5.4.6 Key Recommendations for Business Migrants from Canadian report

The Canadian response to these and other issues is set out in numerous detailed recommendations. In so far as business and skilled migration is concerned, the key recommendations are summarised in the following quotes from the review document.

- **A New Model for Selecting Economic Immigrants**

“While under the current system economic immigrants are required to pass a points test, the bonus points received by applicants who meet the definitions of self-employed persons, investors and entrepreneurs are such that they need not do well with respect to education, work experience, official language ability, or age. The statistics on investors and entrepreneurs highlight this weakness.”¹⁰

- **Education**

“Under the model we propose, self-supporting immigrants would be selected for the generic skills they possess, in recognition of the fact that the labour market is constantly evolving and that it is impossible to predict with certainty the exact skill sets required at any point in time. We heard from academic and other sources that general education is a better indicator of long-term flexibility than specific skills.

We are recommending that the core standard be an educational, technical or trade qualification equivalent to at least two years of full-time post-secondary study in Canada. We consider that the threshold needs to be high enough to disqualify a person who has not been able to complete a post-secondary program, but low enough that it does not exclude technical occupations and trades.

We are also introducing the concept of equivalence on the basis that the only relevance of the educational qualification for immigration purposes is its usefulness in Canada.”¹¹

- **Official Language Ability**

“We propose that far greater importance be attached to official language ability. Under the current system, a lack of any ability in either English or French is not an insurmountable obstacle for an independent applicant. Ability in at least one of the official languages is a key determinant of success, in terms of both employment and successful integration. Official language ability is almost a prerequisite for entry to the labour market in Canada, and it mitigates failure if an immigrant with a job offer has to look for another position.”

¹⁰ ibid

¹¹ ibid

- **Work or Business Experience**

“We consider that work experience in a skilled occupation should be a core standard for skilled workers. Without a certain level of work experience, there is no objective way of determining whether educational achievements will prove to be transferable to the labour market either in the country of origin or in Canada. Entrepreneurs, like skilled workers, will also require experience to qualify under our proposed system, in their case, the skills to be measured relate to running a successful business.”

- **Settlement Funds:**

“A key concept of our proposed approach to economic immigration is “self-sufficiency.” Economic immigration must be, and must be seen to be, in Canada’s interests. Canada should expect economic immigrants to be self-supporting while they establish themselves in Canada. We therefore recommend that minimum levels of settlement funds be established for economic immigrants to ensure that they are able to support themselves and their families during their first six months in Canada without recourse to social welfare.”

- **Selection Criteria for Entrepreneurs (Self-supporting Class, Tier Three)**

“We wish to select entrepreneurs who can and will become active participants in Canadian society, and who can succeed in the labour market should their businesses fail.Entrepreneurs should be required to meet the core standards for education, official language ability and age. They should also have at least two years’ experience operating a successful business and sufficient capital both to start a business in Canada and to meet all initial settlement costs.”

- **Selection Criteria for Investors (Self-supporting Class, Tier Four)**

“..... Instead of unconditionally rewarding investors with an immigration visa, we treat the requirement to invest as only part of a broader selection procedure. In our model, investors would have to meet the core standards for education, official language ability and self-sufficiency, but not the core standards for skilled work experience or age.”¹²

⇒ **FINDING**

The Committee finds that the Canadian experience re-inforces the importance of quality in business migration.

¹² *ibid*

5.5 New Zealand Migration Program

The New Zealand Migration Program is managed by New Zealand Immigration Service within the Ministry of Labour.

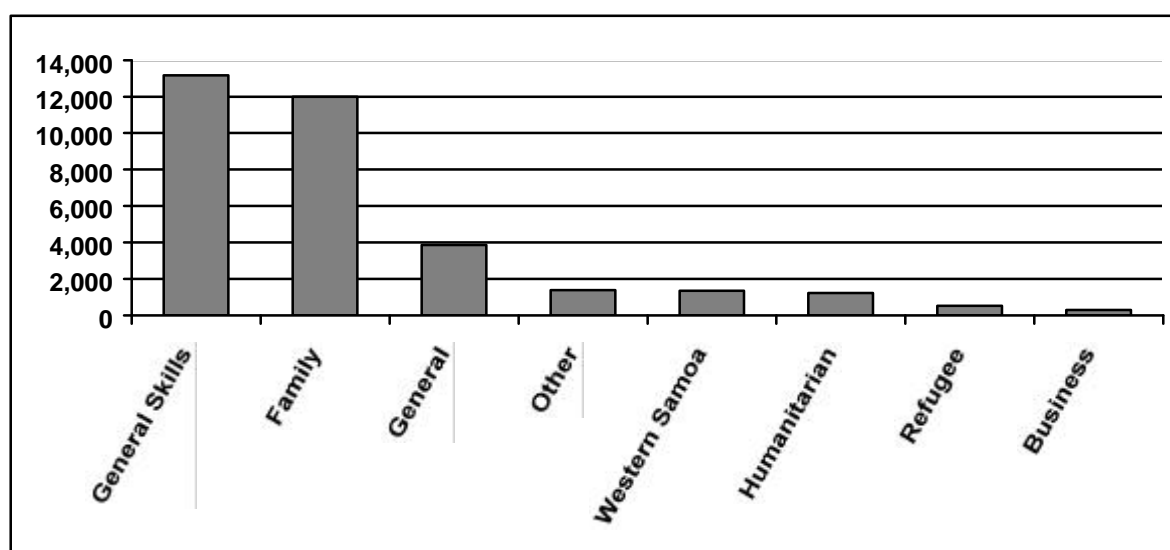
The Committee briefly visited Auckland in December 1997 to review similarities between New Zealand's business migration program and Australia's. The New Zealand Business Migrant program underwent significant changes in October 1995 when English language testing was introduced for applicants and their family members. Unlike Australia's criteria, passing the English language testing is a prerequisite to obtaining a visa.

Prior to 1995, NZ issued 2,176 business investment visas. After the changes, only 202 visas were issued. The English language testing was seen as being mainly responsible for the reduction in New Zealand's business migrant intake.

5.5.1 New Zealand Migrant Intakes

New Zealand's 1996-97 migrant intake was 33,836 with 39 per cent in the General Skills category but only 1 per cent from the Business Investor class. The total intake is shown below:

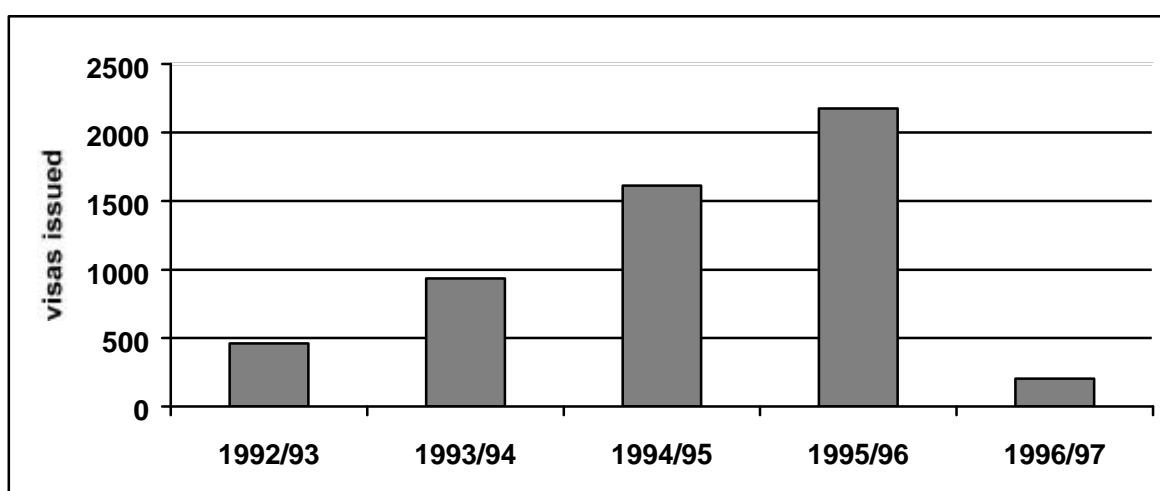
New Zealand Migrant Intake by Category - 1996/97



(Source: New Zealand Immigration Services, Fact Pact, Nov. 1997, Issue 9)

The critical change made to the Business Investor class in 1995 and the effect the compulsory English language testing had in intakes is dramatically illustrated below.

NZ Business Investment Visas Granted 1992/93 to 1996/97



(Source: New Zealand Immigration Services)

5.5.2 Major Source Countries

New Zealand's major source countries of all migrants is similar to Australia's with Great Britain and China being the largest source. The top five source countries in 1996/97 were: -

1. Great Britain 5,507
2. China 4,950
3. South Africa 3,172
4. Western Samoa 2,329
5. India 2,311

(i) Business Visa Source Countries

The October 1995 changes also affected the source countries of business migrants, as illustrated opposite. The compulsory English language testing had a significant adverse affect on applications from Taiwan, South Korea and Malaysia. Applications from Hong Kong also reduced but it remained the second largest source country, mainly because the total figures were significantly less.

Business Visa Source Countries, New Zealand

Business Investor Category 1995/9		Business Investor Category 1996/97	
1. Hong Kong	44%	1. Great Britain	36%
2. Taiwan	33%	2. Hong Kong	22%
3. South Korea	9%	3. United States	18%
4. Malaysia	8%	4. Germany	12%
5. Great Britain	6%	5. Netherlands	12%

5.5.3 Description of NZ Program

New Zealand's Migration Program is separated into the following streams: -

Non-skilled

- Family
- General
- Refugees
- Humanitarian
- Western Samoa Quota
- Other

Skilled

- General Skills
- Business

New Zealand's Business Migration Program category and recent adjustments can be described as follows: -

Business Investor Category (1991 - October 1995)

- Three investment options
- Passive investment of NZ\$750,000
- Active investment of NZ\$625,000 in Auckland or Wellington
- Active investment of NZ\$500,000 if outside these centres
- Funds to be invested for at least two years
- Minimum of 12 years schooling required
- Higher qualification or business experience required
- One family member (over 13 years) must speak English

Business Investor Category (from October 1995)

- Introduction of a points system with weekly pass mark (autofail ie: 11 points)
- Focus on human capital of investor
- Minimum of NZ\$750,000 investment funds
- Funds must be earned through business skills
- Additional points awarded for direct investment
- Compulsory English language testing for all family members over 16 years of age and financial penalties for failing

Business Investor Category (from December 1997)

In December 1997 the NZ Immigration Minister announced a series of further changes to the skilled migration program. Essentially, the NZ Government is winding back the extremely strict English language testing for business investor class migrants. This English criteria was reduced by one level, to IELTS* 4 from IELTS 5. However general skilled migrants will still require level 5 IELTS.

* *International English Language Testing System*

5.6 Summary of Recent Developments in Business Migration

In reviewing the relevant business migration programs in the main four countries competing for business migrants, it is clear Australia's current Program and selection criteria is the most rigorous in terms of an applicant's ability to engage in business and enhance the economy. The information available to the Committee indicates this rigour is why Australia has not experienced large settlements by Business Migrants. In summary, the following key points are made: -

- Before 1996, Canada and New Zealand dominated the market as the major settlement destinations, with only small numbers going to USA and Australia.
- In 1996 New Zealand dropped out of the market with the introduction of a compulsory English language criteria, leaving Canada the dominant destination.
- In 1997 the USA re-entered the market with changes to its investor category criteria.
- In 1998 New Zealand is trying to re-enter the market with a relaxation of its very strict English criteria, while Canada has signalled major changes to its program.

The Canadian developments are the most important. In 1997 Canada issued 103,00 Skilled Workers visas and 22,300 Business visas and is the dominant player in the market.

The current Canadian review of its immigration legislation, particularly the proposed changes to the business class, will have a major affect on the global market for business migrants as Canada presently receives by far the largest number of business migrants worldwide.

The proposed selection criteria is similar to Australia's program, with an important change being the introduction of the IELTS English language test. Currently over half of Canada's skilled migrants are not proficient in English.

The Committee believes that the changes will have a dramatic affect on Canada's intake of business migrants, perhaps to a similar extent as has occurred in New Zealand.

5.6.1 Uncertainty in the Market Place

Both the New Zealand changes and proposed Canadian changes have created uncertainty for those countries.

It should be remembered that Australia's business migration program of the early 1990's experienced similar difficulties in terms of questionable economic contribution made by the migrants. A review of Australia's Program in 1992 incorporated major changes to the selection criteria, which reduced overall intakes but ensured high quality applicants.

Therefore the Australian program has undergone its major changes and offers stability and certainty in an uncertain market.

⇒ FINDING

The significant recent changes made or under consideration to other countries' business migration programs, particularly in Canada and New Zealand, will result in enormous uncertainty in the minds of future business migrants and their agents. Major changes to the Canadian Program will likely have a dramatic impact on its current intake of over 100,000 skilled places and over 20,000 business migrant places.

The uncertainty and instability in these other overseas migration programs places Australia at a comparative advantage when competing with other countries for future business migrants

If the Canadian recommendations are implemented, then Canada, New Zealand and Australia will all have Business Migration programs that are very similar, thus creating a level playing field in the competition for business migrants.

RECOMMENDATION 5

The Committee recommends that the Victorian Government capitalise on the instability and uncertainty in the Canadian and New Zealand migration programs by targeting business migrants who traditionally settle in these countries.

Part Two

Strategies to Maximise Victoria's Business and Skilled Migrant Intake

CHAPTER SIX: ISSUES FOR VICTORIA IN BUSINESS MIGRATION

Throughout this Report, the Committee has emphasised the need for Victoria to aggressively enter the market for business and other skilled migrants. Such migrants will enhance and ensure continued economic growth in the State. This Chapter summarises the key issues, while the Committee's detailed recommendations are set out in chapters 7-10.

6.1 Attraction of Business People and Businesses

The attraction of industry, manufacturing, headoffice functions from one country to another, or from one State to another, is a very competitive international activity. Most countries and States engage in this activity and Victoria, particularly through Business Victoria, has been very successful.

The Committee believes there is an equally important, but neglected opportunity to extend this attraction strategy to include business, skilled and entrepreneurial people.

6.1.1 Attraction of Business People

The Committee believes Victoria's present and future economic development will be greatly enhanced by the attraction of greater numbers of skilled, entrepreneurial and small business people to the State.

This strategy is quite different from attracting industry and other businesses to Victoria, although supportive of industry attraction. The building of a skilled, entrepreneurial and business culture within Victoria, makes the State even more attractive to do business, as well as leading to the creation of new business.

The level of skill is also very important to the security and lifestyle of Victorians. Higher skills will mean new, existing and developing industry will be high skill enterprises, and will be able to pay higher wages and be less susceptible to competition from low wage countries in our region.

The Committee sees this attraction of business and skilled people as a critical economic development activity that has been neglected, not only by Victoria, but also by most States and other countries. Accordingly, if Victoria were to take the initiative it would be in a position to gain the added advantage of gaining an early lead in this area.

RECOMMENDATION 6

The Committee recommends that the Victorian Government should add to its existing industry attraction programs by the development of an aggressive new program to attract skilled, business and entrepreneurial people to Victoria.

6.2 Attraction of Business People from all Possible Sources

Although the Committee's Terms of Reference specifically deals with Business Migration, the Committee notes that this is a limited pool from which to attract skilled and business people.

In 1996/97 for example, only 1,350 business migrants and some 35,000 skilled migrants (many of whom include family members) were issued visas to permanently settle in Australia. Realistically, Victoria can only expect to gain a proportion of these migrants. This pool of potential people is therefore small, particularly in the context of Victoria's existing 211,000 small business and some 300,200 small business operators.

Throughout Australia and New Zealand, the number of small business operators and skilled workers would be in the hundreds of thousands, if not millions. Victoria should be looking to this larger pool as well as traditional overseas migrants as a source of new business people.

The factors that encourage overseas migrants to seek a new life style and move their home are just as applicable to internal migrants as overseas migrants.

Factors that are to Victoria's advantage include: -

- Lifestyle; including climate, lower levels of pollution compared to Sydney, traffic and commuting travel times, quality of public transport, shops and restaurants etc.
- Children's education issues such as better education, safer environment, excellent Universities, better job opportunities, particularly in the high technology area.
- More affordable housing and living expenses compared to Sydney.
- Low business expenses and regulation, together with a business friendly environment.

These are all factors that can be used to attract people to Victoria, not just from overseas, but also from within Australia.

The ability to attract other Australians to Victoria is evidenced by the great success of Victoria's efforts to attract interstate tourists. The Committee believes this success can, and should be, expanded to attract other Australians to Victoria on more permanent basis.

RECOMMENDATION 7

The Committee recommends that, in developing a strategy to attract skilled, entrepreneurial and business people to Victoria, the State Government should not limit itself to overseas migrants, but rather seek to maximise opportunities from the largest possible pool.

In particular, the Victorian Government should draw on its successful interstate tourism experience to attract business people from other Australian States as well as New Zealand.

6.3 The Size of Australia's Skilled Migration Program

The Committee believes that an increase in the skilled migration program is a highly desirable objective to increase the pool of skilled people from which to draw upon. The Committee notes the Victorian Government's recent call for increases in the skilled migration intakes, however, the Committee believes that such a move needs to be measured against the equally important considerations of the quality and distribution of skilled migrants throughout Australia.

6.3.1 Demand for Additional Places and Quality of Increased Intake

The Committee understands that DIMA has recently made a small reduction to the pass mark under the Independent Skilled category, as there was concern that existing allocations of 14,700 places may not be filled in 12-18 months time.

There is no doubt that a major relaxation of the selection criteria would result in a significantly larger skilled migrant intake.

Evidence suggests that a significant easing of the selection criteria for skilled migrants, including business migrants, would lessen their economic value. Australia's experiences ten years ago, New Zealand's experience and more recently, the Canadian experience, supports the Committee's view that increased numbers should not be traded off against reduced quality to the extent that economic impacts are diminished.

Chapter 5 deals with the Canadian experience (*'Not Just Numbers'* Report of January 1998) and the New Zealand experiences in greater detail.

⇒ FINDING

The Committee finds that Australia's existing selection criteria for skilled and business migrants is appropriate and should not be significantly altered to attract an overall increase in skilled migrant intakes.

6.3.2 Existing Settlement Trends

The other key consideration is the existing distribution of skilled migrants between the States and the relative decline in Victoria's skill levels, particularly in comparison with New South Wales.

Previous statistics within this Report illustrate that the vast majority of skilled migrants settle in New South Wales, followed by Queensland, Western Australia and Victoria.

If current settlement patterns continued, an increase of 100 skilled migrants would result in the following State increases: -

- New South Wales - 45
- Western Australia - 18
- Queensland - 16
- Victoria - 15
- All other States - 6

⇒ FINDING

The Committee finds that the impact of any significant increase in skilled migrant intakes, without major intervention to alter existing settlement patterns, would be undesirable for New South Wales and Victoria given that: -

- ***New South Wales receives a disproportionately large volume of migrants and as a result the NSW Government is not actively encouraging an increase in overall intakes; and***
- ***Victoria's small skilled migrant intake would result in a significant relative decrease in the State's skill levels in comparison with other States.***

6.4 Capital Importation

Earlier in this Report, an assessment was provided on the economic benefits of business migration. The Committee noted that business migration makes a small but meaningful contribution to the Australian economy.

It is worth reiterating the level of capital importation that business migrants create in Victoria. The average funds transfer to Victoria after 36 months by business migrants is some \$720,000. On average a business migrant brings with them to Australia 3-4 family members. This injection of capital into the State can therefore be calculated at between \$180,000 to \$240,000 per migrant.

⇒ FINDING

The Committee finds that the importance of business migration is not the capital the migrants bring into Australia, but the potential they create for increased economic activity and wealth creation within Australia.

CHAPTER SEVEN: EXISTING SETTLEMENT TRENDS STRATEGIES

7.1 Settlement Locations - Reasons and Influences of Choice

In reviewing marketing strategies for Victoria to attract a greater share of business and skilled migrants, the Committee has investigated in detail why people choose a particular location and what influences them in that choice. Much of that detail has been discussed in previous sections of this report, along with relevant findings. These reasons can be summarised as follows: -

7.1.1 Reasons for choosing a settlement location

- Family support, including:
 - *Family, friends and countrymen*
 - *Education quality and availability*
 - *Other family services such as health care*

- Ease of Entry and Visa Criteria

- Life Style
 - *Safety, lack of pollution, climate, cost of living etc.*

- Business Opportunities and Support
 - *This is often closely related to family, friends and countrymen*

Evidence indicates very few business migrants choose a particular location because of its business opportunities

7.1.2 *Who or what influences this location decision?*

- Family, Friends and Countrymen

- Tourist Experiences

- Migration Agents

- Knowledge of the country, generally gained from:- Embassies, trade and other shows, advertisements, media, internet and other national promotions.

7.2 Existing Promotion and Marketing Strategies

7.2.1 *Victorian Department of State Development*

Business Victoria, through its Business Migration unit, has the responsibility of developing strategies to attract business migrants to the State. The section below outlines these existing strategies and makes some comparisons with what other State Governments are doing in this area.

The Department of State Development, in its written submission to the Committee, advised that it has a one person Business Migration unit whose responsibilities include: -

- *"being the registrar for BSC State registrations;*

- *developing strategies to attract Business Skills migrants to Victoria;*

- *facilitating worldwide BSC and other business-related migration enquiries (pre/on/post arrival);*

- *networking with BSC industry players (eg. migration agents, bankers, accountants, lawyers, DIMA, etc.);*

- *participating in State/Federal meetings on business entry issues;*
- *assessing applications seeking State sponsorship; and*
- *assisting the Department's corporate clients (local and overseas) with migration related enquires relating to temporary/permanent entry for executives and other skilled employees eg. PQS, ENS, etc.*¹³

The Department notes that *"the main focus of the Business Migration unit is on encouraging and attracting BSC applicants to Victoria in line with the Department's charter to attract overseas investments into the State."*¹⁴

In its submission, the Department advises that *"it produces a range of promotional material and conducts specific marketing and advertising programs to promote the strengths and business opportunities in the State of Victoria."*¹⁵

The extent of Business Victoria's promotional material to attract business migrants, can be summarised as follows:-

- a brief pamphlet outlining the role of the Business Migration Unit;
- a promotional video; and
- more general material that Business Victoria produces in its role of attracting business to the State (e.g: Advantage Melbourne publication).

Business Victoria also has an Investment Centre at 55 Collins Street, which although targeted at business attraction, is sometimes used to promote Victoria to business migrants.

¹³ Department of State Development, Submission No. 4 to EDC, 22/12/97, p.9

¹⁴ op.cit., p.10

¹⁵ ibid.

7.2.2 Victorian Government Business Offices (VGBOs)

Business Victoria has seven overseas offices, located in Jakarta, Hong Kong, London, Frankfurt, Tokyo, Dubai and Seoul. Given that Business Victoria's main focus is in recruiting and facilitating foreign investment, the principal function of the offices is therefore to provide the initial point of contact for individuals and organisations located in other countries who are interested in investing in Victoria.

The VGBOs carry out an important function in terms of developing strategic partnering of Victorian and overseas companies, facilitating investment proposals and raising the profile of Melbourne and Victoria in the international business community. The range of promotional material distributed by each office is limited to what Business Victoria produces on the State's business opportunities, but with translations in relevant languages.

The strategic location of the seven VGBOs has obviously been chosen in order to maximise investment to Victoria. From a business migration point of view, the offices in Jakarta and Hong Kong should also have a focus on facilitating business migrants to Victoria, however, the Committee's evidence would suggest these offices do not see the attraction of business migrants as an important part of their activities.

The Committee wrote to each VGBO to ascertain what role they currently play in attracting business migrants to Victoria and in particular, what range of promotional material is made available to potential migrants.

In relation to business migrants, it does not appear that VGBOs actively seek out potential business people for future migration. Generally, if an office receives an enquiry from an interested person, that person will be referred to the officer responsible for business migration within Business Victoria in Melbourne.

The office in Frankfurt has been involved with various business migration seminars, however, these initiatives were not organised by Business Victoria, but through the Australian embassy in that region. The Tokyo office distributes a large amount of tourist information as well as the standard documentation about doing business in Victoria. However, unfortunately the large number of Japanese tourists has not equated to business migration from Japan.

Other VGBOs seem to merely provide material on trade, investment and business opportunities to anyone who happens to make an inquiry regarding migration. While the material reflects the business investment role of Business Victoria, more emphasis should be placed on material promoting Victoria as a place to live and as a tourist destination. This type of information and promotional material is currently available through Tourism Victoria.

⇒ FINDING

The Committee finds that role of Victoria Government Business Offices overseas is largely to attract foreign investments to Victoria. There is little evidence that indicates these Offices have any significant role in attracting business migrants to the State.

7.2.3 Impact and Effectiveness of Existing Promotional Activity

Victoria's inability to attract business and skilled migrants in large numbers is difficult to relate to the State's success in attracting overseas investment and industry, along with its high quality of living and cultural diversity. Victoria is universally acknowledged as being Australia's most multiculturally diverse and racially tolerant State and Melbourne is regularly classified as one of the world's most livable cities.

Evidence put to the Committee indicates that Victoria's existing marketing strategies are inadequate in successfully promoting the State to future business and skilled migrants.

An important part of the Committee's investigations involved the conduct of focus groups of business migrants in Melbourne, Sydney and Brisbane by market research company Worthington Di Marzio. The general consensus among participants, more particularly in Melbourne, was a low level of awareness of Business Victoria and its services.

The Adult Multicultural Education Service, in preparation for its presentation to the Committee, canvassed the views of many of its clients with respect to how Victoria can attract

more business migrants. *“The most overwhelming point made was the lack of information provided about Melbourne and Victoria by embassies in their country of origin.”*¹⁶

The submission by AMES also stated *“several Business Migrants indicated that their compatriots in other States had first travelled to Australia as tourists. Their tourist travel included Sydney, Brisbane and the Great Barrier Reef. Melbourne and Victoria were unknown to them.”*¹⁷

A.G.A Management Pty Ltd, is a consulting firm active in business migration with a specific focus on German migrants. In its submission to the Committee, it highlighted the attractiveness of Melbourne and Victoria as a migrant destination and stated that *“we are underselling ourselves to the rest of the world”*.¹⁸ The following comment from the company’s German migrants seems to best summarise Victoria’s position: *“you have it all, so why don’t you tell the whole world about it.”*¹⁹

⇒ FINDING

The Committee finds that overwhelming evidence indicates business migrants do not ultimately choose a settlement location based on business opportunities. This fact, together with the marketing approach of the Department of State Development referred to above with its heavy focus on business opportunities, clearly show there needs to be a major refocus of the Department’s promotional strategies to future business migrants.

7.2.4 New South Wales Business Migration Promotion

The New South Wales State Government does not actively encourage business migrants to settle in the State. Given the natural flow of migrants to Sydney, the State obviously believes there is no necessity to encourage further settlement. In fact, the New South Wales Government, together with the Commonwealth Government, have expressed concerns over the disproportionate number of migrants settling in Sydney compared to other cities and regions in Australia.

¹⁶ Adult Migrant Education Service, Submission No. 10 to EDC, 23/3/98, p.2

¹⁷ op.cit., p.1

¹⁸ A.G.A. Management Pty Ltd, Submission No. 6 to EDC, 30/1/98, p. 4

¹⁹ ibid.

The NSW Department of State & Regional Development does provide assistance to business migrants once they have arrived in the State. The Department provides newly arrived migrants with an introductory letter outlining its services and providing information relevant to starting a business in NSW. A close relationship with ethnic communities is maintained and a number of seminars are held giving details on taxation, banks and industrial relations and other work related issues.

7.2.5 Queensland Business Migration Promotion

Evidence suggests the Queensland State Government has been the most proactive State in targeting business migrants to settle in the State. In particular, the marketing of the State's advantages to Taiwan has resulted in Queensland gaining a substantial number of Taiwanese business migrants in recent years. The Queensland Government has an office in Taiwan and the attraction of Taiwanese business migrants is a major part of the office's activities.

The Queensland Department of Economic Development and Trade has an officer whose role is to promote the State to potential business migrants and to provide some level of assistance upon settlement. The difference between the two States is the aggressive strategic marketing campaign undertaken by the Queensland Government. Some Queensland initiatives include: -

- High level of involvement with migration agents. The Queensland based office and its overseas posts, have frequent contacts with agents in an attempt to market the State to potential migrants.
- Queensland is also actively involved in promoting DIMA's Regional Sponsored Migration Scheme throughout regional Queensland, particularly in Cairns, Mackay and Rockhampton.
- The Queensland Department of Economic Development and Trade's website has a specific page on business migration with details of DIMA's application process and criteria for the Business Skills Class.

Evidence would suggest that most business migrants ultimately choose to settle in Queensland because of its warmer climate, particular Asian migrants who are used to warmer climates.

7.2.6 Western Australian Business Migration Promotion

Advice from the Western Australian Small Business Development Corporation is that limited resources are available for promotional activities, however some migration field days have been held in London, Hamburg and Munich.

The WA Government does produce a pamphlet on business migration, which focuses on the State's natural advantages, lifestyle, climate and geographical proximity to Asia. The emphasis on this promotional brochure is towards the Asian markets.

Western Australia has been very successful in attracting business migrants from Indonesia in recent years and a strong community of business migrants from Indonesia has developed in Perth. Recent migration trends suggests this flow of Indonesian migrants to Perth will continue unless other States actively seek to influence their settlement decisions.

7.2.7 South Australia Business Migration Promotion

In response to its failure to attract migrants in the past, the South Australian Government has recently launched a \$1.6 million 3 year migration campaign entitled Immigration S.A. The Government sees immigration as a key strategy to boost its economy. As a result, South Australia is now very active in promoting the State to potential business migrants.

Some of the South Australian Government's recent initiatives include:-

- two full-time staff devoted to business migration;
- development of a close relationship with migration agents;
- attendance at conferences/seminars;
- promotional trips overseas in targeted markets;
- strong commitment to the Regional Sponsored Migration Scheme and other State sponsorship schemes; and
- development of a Business Migration website.

At this stage, South Australia is still not a favoured destination for business migrants and it is difficult to judge how successful the Government's initiatives will be. The Victorian Government should monitor the future flow of migrants to South Australia.

CHAPTER EIGHT: STRATEGIES RELATED TO SETTLEMENT LOCATION DECISIONS

8.1 Family and Friends Strategies

Throughout this Report, much has been written on the significance of the 'chain migration' effect, which is due to the family and friends pull factor. This effect can be clearly seen in the Queensland - Taiwanese link and the Western Australia - Indonesian link.

Victoria's strategy must be to firstly, better use its existing family, friends and countrymen links, including the fostering and involvement of migrant community groups.

Secondly, Victoria should specifically target those countries whose migrants have not yet established a critical mass in any State, or who through cultural preference may put less value on the need to settle where their family, friends and countrymen are located.

The strategies aimed at addressing the chain migration factor should focus on maximising existing links and gaining the early initiative in targeting emerging source countries. These strategies are set out below.

8.1.1 Maximising Existing Links

(i) Targeting Major Sources of Settler Arrivals

The Committee has previously commented on the limited pool of business and skilled migrants from which to target and the need for the Victorian Government to widen this migrant source by exploring all possible avenues.

In this regard, the Committee believes the Government should be targeting business and skilled migrants from those source countries that already make up the majority of the total Victorian intake. These migrants already have well established family and friends networks. At present, these countries are; New Zealand, the United Kingdom, China, and the former Yugoslavia.

While none of these countries are, at present, a major source of business migrant arrivals to Australia, the Committee believes there are opportunities to exploit these major source countries for business and skilled migrants, in addition to their large volume of arrivals under the other migrant categories.

The steady flow of New Zealanders into Australia should be specifically targeted for future business opportunities, particularly as they are arriving without having to go through the process of applying for a visa. Evidence also suggests that business migrants who choose New Zealand as a settlement location, often do so with the view of ultimately settling in Australia. Victoria should capitalise on this occurrence.

RECOMMENDATION 8

The Committee recommends that the Department of State Development should specifically target business and skilled migrants from those countries that currently provide the majority of the State's overall settler arrivals. These include New Zealand, United Kingdom, the People's Republic of China and Former Yugoslavia.

(ii) Targeting Overseas Students

Chapter 4 referred to evidence that the location of overseas students has a link to the settlement decisions of business migrants. Generally a business person will migrate to the State in which their children are located as overseas students. The Committee believes that overseas students studying at Victorian schools and universities should be targeted in terms of their parents as potential migrants and the students themselves as migrants some time in the future.

Royal Melbourne Institute of Technology University and Monash University are extremely proactive in promoting their Institutions and the State to potential overseas students. Many TAFE colleges and secondary schools are also increasingly entering the market for overseas

students. In particular, this aggressive marketing has ensured the State maintains its high attraction of overseas students throughout the current Asian economic crisis.

The work of these Institutions is a much under utilised resource which the State should be capitalising on, particularly in targeting the parents of overseas students.

The State should also look to target overseas students themselves as future business migrants. The Victorian Minister for Tertiary Education recently noted the potential for these students to be involved in future business activities in Australia:

*"Data from tertiary institutions show that most overseas students - especially those from Asia - are enrolled in business courses. Many of these students will in the future hold positions of power and influence. It has been shown that their experience in Australia and the friendships that have been forged here lead them to view favourably doing business with our country"*²⁰

The Committee believes this potential business activity could lead to business migration.

The Committee also notes the important establishment of the Victorian Government Alumni Program. This recent initiative aims to ensure that the Victorian Government develops and maintains networks with Melbourne's overseas graduates.

The Committee believes the Alumni Program is exactly the sort of initiative that the Government should be promoting to ensure that these students continue their close association with Victoria well into their working lives.

It is understood the Program is mainly aimed at an investment and trade perspective, rather than potential business migration. The Committee believes the Alumni Program should be extended to ensure that Victorian graduates are targeted for future migration and as vital links in the family and friends pull factor.

²⁰ Hon. Phil Honeywood, MP, Minister for Tertiary Education, 'How part-time work for foreign students pays', The Age, Melbourne, 30/4/98, p.15

RECOMMENDATION 9

The Committee recommends that the Department of State Development develop stronger links with key educational institutions that are attracting large numbers of overseas students to the State.

The Committee recommends that arrangements be made to include Victorian Government promotional material in the existing promotional material distributed by these educational institutions.

The Committee recommends that the Department of State Development should target the parents of overseas students studying in Victoria to send promotional material on Victoria's lifestyle and business advantages. Any visits to Victoria by parents of overseas students should be seen as an opportunity for further marketing.

The Committee recommends that the Victorian Government Alumni Program be extended to ensure that Victorian graduates are targeted for future migration and as vital links in the family and friends pull factor.

(iii) Working with Migrant Community Groups

The existence of migrant community groups is a major influence in the chain migration factor. Most newly arrived migrants rely heavily upon the support services offered by their fellow countrymen living in Australia.

The Department of State Development needs to develop close links with key migrant community groups that presently exist and where they may not exist, help to foster such groups. The fostering of new community groups is particularly important for emerging source countries of business migrants who may not have a strong community presence in Victoria.

The State Department of Multicultural Affairs is a key resource that should be involved in these activities.

The Committee notes that migrant groups have generally been used to help and support their settler countrymen. Although this is a very important role, their involvement in attracting new migrants has been under-utilised. These groups should be involved in Government promotional activities, both in Australia and overseas, to attract new migrants as well as helping to support new arrivals.

The use of such groups in promotion to increase knowledge about Victoria in their country of birth, is critical in attracting migrants to Victoria and in ensuring they remain in the State and make a valuable economic contribution.

The Committee's discussion with various migrant groups indicated an enthusiasm to be involved in promotion and to help the Government in any way to attract more of their fellow countrymen to Victoria.

Where practical, this promotion should include use of the ethnic press, television and other media in Australia, that can be reprinted and circulated in the media within the ethnic community's country of origin.

RECOMMENDATION 10

The Committee recommends that the Department of State Development, in conjunction with the Department of Multicultural Affairs, work closely with existing migrant community groups in Victoria and where they may not exist, help to foster such groups. The Government should be actively involved with these groups in promotional activities targeting new migrants and in providing the necessary support services and networks for new arrivals.

8.1.2 Gaining the Early Initiative in Targeting Source Countries

Evidence illustrates how Queensland has been very successful in attracting business migrants from Taiwan in recent years. The chain migration effect has led to a critical mass of Taiwanese migrants in Queensland that is now self-perpetuating.

The key for Victoria is to target source countries early in the chain migration cycle and to develop a critical mass of specific migrant communities who are a likely source business migrants.

Evidence suggests the most rapidly growing market for business migrants at present is South Africa. The degree to which unrest still exists in South Africa has created enormous uncertainty among business people, particularly those with young families who are seeking a safe and comfortable lifestyle.

Migration agents are experiencing a high inquiry rate from South Africans who are seeking to migrate to Australia. Evidence indicates these migrants, upon settling in Australia, are committed to living and doing business in Australia, and are unlikely to return home.

Importantly, at present there does not exist any significant settlement location trend of South African business migrants in Australia. Accordingly, an opportunity exists for Victoria to gain the initiative in attracting South African migrants, fostering the Victorian-South African community and providing the necessary support for new arrivals.

The Government should also closely monitor any emerging countries which may result in a potential new source of business migrants. Evidence suggests future opportunities may exist in countries such as the United States, Germany, parts of Europe and India.

The State should work in closely with relevant migration agents when targeting new source countries. Throughout this report mention is made of the considerable knowledge of agents in identifying emerging source countries of business migrants. In chapter 9, the Committee sets out strategies aimed at developing links with migration agents; part of these strategies include Government involvement in pilot promotional activities and overseas missions aimed at targeting emerging source countries.

RECOMMENDATION 11

The Committee recommends that the Department of State Development target source countries early in the chain migration cycle in order to develop a critical mass of specific migrant communities who are a potential of source business migrants to the State.

The Committee recommends that, as a matter of high priority, the Department of State Development actively promote Victoria as a destination for future business migrants from South Africa.

The Committee recommends that the Department of State Development, in conjunction with key migration agents, monitor emerging future source countries of business migrants to Australia. Evidence indicates new opportunities may exist in countries such as the United States, Germany, other parts of Europe and India.

8.2 Ease of Entry or Visa Criteria / State Sponsorship Schemes

The Committee has previously strongly recommended against any major reduction of the entry criteria that would significantly impact on the quality of skilled and business migrants. However, within the existing skilled and business criteria, there is considerable scope to provide minor easing of the criteria through various forms of State and regional sponsorship and nomination programs.

Victoria should be making greater use of existing State sponsorship schemes within relevant visa classes, which in effect would allow those States who actively want more migrants to be able to attract them, without creating a further influx to States who do not want more migrants.

Various skilled and business visa categories provide additional points to applicants if they are sponsored by a State Government and/or if they live in a designated area. The sponsorship schemes allow proactive States to offer an added inducement to potential skilled and business migrants to settle in their State.

At present, the Commonwealth Government has set targets for each State and Territory to sponsor or nominate migrants under specific categories. There should be flexibility in these planning levels to allow States and Territories to sponsor more than their targeted share if they can demonstrate a demand for places. In doing so, it is also important that both the Commonwealth and State Governments are confident that the State sponsored migrants do not simply move interstate soon after arrival but that they have a genuine commitment to living and doing business in the nominated State.

⇒ FINDING

The Committee finds that Victoria can maximise its intake of skilled and business migrants from existing and future levels by making better use of various State sponsorship schemes within the Commonwealth Migration Program.

RECOMMENDATION 12

The Committee recommends that the Department of State Development fully utilise existing State/Territory sponsorship and nomination schemes within the Commonwealth Migration Program, in order to maximise its share of skilled and business migrants.

The Committee recommends that the Victorian Minister for Industry, Science and Technology request the Commonwealth Department of Immigration and Multicultural Affairs to allow for greater flexibility in the number of skilled migrants that each State or Territory can sponsor in any one year. States that can demonstrate a track record in sponsoring skilled migrants should be given the opportunity to sponsor more than the targeted number each year.

The Committee recommends that the Commonwealth and State Governments monitor the commitment of these migrants to a particular nominated settlement location so that both Governments can have the confidence that an increase in the sponsorship schemes will lead to these migrants staying in their selected State rather than reverting back to traditional settlement patterns.

The following section refers to specific schemes within the Migration Program's Skilled and Business categories which should be better utilised by the Victorian Government.

8.2.1 State/Territory Nominated Independent Scheme

On 1st November 1997, DIMA announced the State/Territory Nominated Independent Scheme which enables the State/Territory Governments to sponsor up to 200 skilled migrants and their families each financial year. States who participate in the scheme agreed to carry out an audit to establish which skills are in short supply and in what particular regions.

Based on these State audits, participating States/Territories will be responsible for the management of the scheme in so far as selecting the skilled migrants they intend to sponsor. DIMA is responsible for the management of the visa applications and the selection criteria.

At this stage, the South Australian Government is the only participating State in this Scheme.

The Committee believes this scheme is an important opportunity for the Victorian Government to directly create an increase in its skilled migrant intake. Although the scheme is relatively new, to date there has been no indication that Victoria will sponsor applicants.

If Victoria can demonstrate that it will fully utilise its allotted 200 places each year and is in a position to sponsor more applicants, then the State would be in a strong position to request more than 200 places in future years.

RECOMMENDATION 13

The Committee recommends that the Department of State Development, as a matter of priority, should ensure that it fully utilises the allotted sponsorship of 200 skilled migrants under the State/Territory Nominated Independent Scheme (subclass 135 – Migrant). If demand for the allotted places warrants, the Department should request an increase in the maximum allotment by the Commonwealth Department of Immigration and Multicultural Affairs.

8.2.2 *Skilled-Australian Link Nomination*

As mentioned in section 3.3.2 on page 35, a skilled migrant can be sponsored by a relative in Australia subject to various conditions (see Appendix 3b). The Committee paid particular attention to the additional points awarded according to the location of a sponsor within the Skilled-Australian Linked category.

Part of the points testing for this visa includes 5 points if the applicant's sponsoring relative has lived, for the last two years, in various postcode areas included on DIMA's Designated Area List.

At present the following areas are excluded from the Designated Area List:

- Melbourne Metropolitan area;
- Urban Brisbane, Sunshine Coast, Gold Coast;
- Perth Metropolitan area; and
- all of New South Wales.

DIMA has determined which areas are excluded from the List without consultation with each State. In effect therefore, the Commonwealth is trying to influence settlement away from New South Wales altogether and away from Melbourne, Brisbane, Gold Coast, Sunshine Coast and Perth. While this may be seen as a genuine attempt to encourage more migrant settlement in regional Australia, consideration must be made of the needs of each State.

⇒ FINDING

The Committee believes a decision on a State's population growth and its ability to accept higher migrant levels should be left to the States to decide for themselves.

If the Victorian Government wishes to address the State's need for more skilled migrants, it should not be constrained by a Commonwealth decision which discriminates against Melbourne which is, after all, where most businesses are located.

RECOMMENDATION 14

The Committee recommends that the Victorian Minister for Industry, Science and Technology request the Federal Minister of Immigration and Multicultural Affairs to critically review the bonus points awarded for location of a sponsor under the Skilled Australian Linked Migration Program, to enable State Governments to determine which regions are to be included on the Designated Area List.

The Committee recommends that the Victorian Minister for Industry, Science and Technology request the Federal Minister of Immigration and Multicultural Affairs to include the Melbourne metropolitan area in the Designated Area List to enable those applicants who have their sponsoring family member living in Melbourne the ability to obtain additional points under the points testing.

Within the Business Skills Program there are also specific visa sub-classes aimed giving States and Territories the opportunity to sponsor business migrants who otherwise cannot obtain the necessary points under other Business Skills sub-classes. The sponsorship opportunity exists in the following sub-classes.

8.2.3 *State/Territory Sponsored Business Owner (subclass 129 – Migrant / subclass 842 - Residence)*

The State/Territory Sponsored Business Owner relates to owners or part-owners of businesses who are sponsored by an authorised Australian State or Territory Business Development Agency (see 8.2.5 for details of sponsoring agencies).

The total points required to be achieved is the same for the business owner visa (105 points) of which 15 can be given by the sponsoring State which effectively lowers the barriers by 14 per cent.

Each State and Territory can sponsor some 15 applicants each year. From July 1997 to February 1998 none of this class settled in Victoria. This means the Victorian Government

has not availed itself of the opportunity to attract more business migrants under this visa subclass.

It is important to note that the targeted planning level of is not a firm cap, accordingly opportunities would exist for States to sponsor more than 15 applicants in any one year, if achievable.

8.2.4 State/Territory Sponsored Senior Executive (subclass 130 – Migrant / subclass 843 - Residence)

This visa subclass provides for an additional 15 points to be awarded if a Senior Executive of a major business is sponsored by an authorised Australian State or Territory Business Development Agency. Once again the State can sponsor a planning level of 15 applicants each year.

Details on the sponsorship opportunities for both visa classes is shown in the following table.

Visa sub-class	Description	No. of points	Planning Level	Comments
129	State/Territory Sponsored Business Owner	105 pts. 15 of which can be given by State	15 applicants per State/Territory each year	Jul 97-Feb 98 0 arrivals in Victoria. Since Feb. 1994, only 7 have resided in Victoria
130	State/Territory Sponsored Senior Executive	105 pts. 15 of which can be given by State	15 applicants per State/Territory each year	Jul 97 – Feb 98 1 arrival in Victoria. Since Sept. 1993, only 4 have resided in Victoria

In nominating migrants for State sponsorship, the State Government should be mindful of business migrants who particularly wish to settle in Victoria, and who can demonstrate a strong commitment to the State, but who currently cannot meet the required points necessary to obtain a visa.

Evidence suggests a number of potential South African business migrants have problems meeting the transfer of net assets part of the points testing because of restrictions by the South African Government. To overcome this impediment, the State could offer sponsorship to South African business owners and executives each year, which would provide them with the necessary points to obtain a visa.

⇒ FINDING

The Committee finds that the Department of State Development is not actively nominating business migrants under the 129 & 130 State/Territory sponsored Business Skills sub-class visas and is therefore missing the opportunity to attract a greater share of business migrants to Victoria.

8.2.5 Sponsoring Agencies

DIMA requires State nomination of bodies who can sponsor migrants under the above schemes.

The State Governments of Northern Territory, Tasmania, South Australia, Queensland and ACT have nominated their State Development Authorities as sponsors. Victoria has chosen not to do this and but has nominated regional bodies located in Hamilton, Echuca, Swan Hill and Creswick. These are the only Victorian authorities who are able to sponsor potential applicants under the State/Territory sponsored visa classes.

RECOMMENDATION 15

The Committee recommends that the Department of State Development be nominated as an Authorised Development Agency permitted to sponsor Business Skills applicants under the 129 and 130 visa sub-classes.

The Committee recommends that the Department of State Development should ensure that it utilises its maximum quota of sponsored business migrants within the 129 and 130 visa sub-classes each year and that it seek to increase its maximum quota if there is sufficient demand by Business Skills applicants.

8.2.6 State Sponsorship Schemes - Potential Contribution

The Committee believes that full adoption and a proactive approach to its recommendation on skilled and business sponsorship schemes could increase the skilled and business intake by at least 250 cases. With the inclusion of family members, this could result in an extra 1000 arrivals or close to a 30 per cent increase in this important migrant category.

⇒ FINDING

The Committee finds that Victoria's intake of migrants in the skills and business skills categories could be increased by at least 30 per cent by aggressive use of DIMA's State Sponsorship/Nomination Schemes.

8.3 Promotion of Victoria's Lifestyle Opportunities

The Committee's evidence indicates that in addition to the family/friends pull factor, business migrants will choose a particular settlement location based on lifestyle expectations and opportunities.

Victoria has many lifestyle advantages over other States that should be actively promoted; these include: -

- safe and attractive environment, low crime rates, low levels of pollution;
- affordable cost of living and housing compared to Sydney;
- multiculturalism, ethnic diversity and racial tolerance;
- parks and gardens;
- moderate climate; and
- sporting and cultural events.

The focus group sessions carried out on behalf of the Committee canvassed a number of lifestyle issues that attract migrants to Melbourne ahead of another city. Some of the reasons included: security, affordability, sophistication, familiarity, and comfort. Participants in the focus groups referred to Melbourne as ‘a very livable city’ and noted that Sydney is too busy and expensive.

In particular, the group of South African migrants were attracted to Victoria’s lifestyle and safe environment. Asian migrants, on the other hand, are attracted to Victoria’s lack of pollution and traffic levels and to the State’s many parks and gardens.

Current promotional material distributed to potential business migrants by the Department of State Development has a major focus of Victoria’s business and investment opportunities. The Committee believes the most important emphasis should be placed on Victoria’s lifestyle opportunities.

In essence, all of this promotional material is already in existence. Business Victoria has excellent material on Victoria’s business advantages and opportunities. The Departments of Education, Multicultural Affairs and Tourism have well developed promotional material on Victoria’s educational facilities, multiculturalism and tourism respectively. It is critical that the existing material be coordinated in a format that can be used to target potential business migrants.

RECOMMENDATION 16

The Committee recommends that the Department of State Development, in conjunction with Tourism Victoria, actively promote Victoria's lifestyle opportunities/advantages within targeted source countries of potential business migrants.

Promotional material should focus on: -

- **safe and attractive environment, low crime rates, low levels of pollution;**
- **affordable cost of living and housing compared to Sydney;**
- **multiculturalism, ethnic diversity and racial tolerance;**
- **parks and gardens;**
- **moderate climate; and**
- **sporting and cultural events.**

8.4 Business Opportunities and Support

Evidence illustrated the importance of a business network and trusted contacts in which to seek advice on legal, financial and regulatory questions as well as business opportunities, local markets and other essential information.

Given the problems referred to earlier in the report on different business cultures, including legal, accounting and regulatory arrangements, the question arises as to where a new arrival goes for advice. The Committee's evidence suggests these migrants would seek specific advice in their own language and by people who understand and would be supportive of business persons who may not yet be confident or familiar with doing business in Australia.

The Committee often heard how such a network of the same ethnic background, or at least a network of professionals and others who had experience with their particular ethnic group, was critical in giving confidence to a business migrant. This network of help, advice and

support could also make the difference between a business migrant simply doing the minimum required to meet the DIMA criteria, or really trying to create a successful business in Australia.

This lack of a network is particularly significant for Asian business migrants, who mostly have trouble understanding what is required to run a successful business in the vastly different Australian business culture. This difference in business culture between Australia and many sources countries, is a major impediment to the success of many business migrants

If Victoria could help potential and actual migrants to understand these cultural differences, it should lead to a greater success by these migrants in Victoria. In this way, Victoria can establish itself as the destination State for migrants who are committed to developing successful Australian businesses.

RECOMMENDATION 17

The Committee recommends that the Department of State Development promote Victoria as the State that helps business migrants understand the Australian business culture, by: -

- **working with migration agents and ethnic groups to ensure that potential migrants understand the differences in business culture; and**
- **establishing close working relationships with existing ethnic business, professional groups and individuals, particularly in the Asian community, and where these groups don't currently exist, to help establish them.**

CHAPTER NINE: STRATEGIES TO INFLUENCE LOCATION DECISIONS

The previous chapter dealt with strategies based on reasons why migrants choose a particular settlement location. It is also necessary to consider strategies aimed at influencing a migrant's settlement decisions. These strategies are set out below.

9.1 Family, Friends and Countrymen Influence

As mentioned previously, family, friends and countrymen is clearly the strongest pull factor for all migrants. The attraction ranges from the very specific, where a new migrant will go to the same location as a close friend or relative, to a chance remark, perhaps by an acquaintance, regarding a pleasant holiday experience in a particular location.

Specific findings and recommendations throughout the report have highlighted particular actions the Government should take to ensure this most important influence factor is used to Victoria's advantage.

At the more general level, the Victorian Government must seek to make all contacts and experiences in the State positive. These contacts should subtly reinforce the Victorian life style and the supportive and tolerant nature of the Government and people of the State to new migrant arrivals.

The Committee believes that Government at all levels, needs an awareness of the importance of this approach, and that this awareness be reflected in the culture of all Government contacts, be it in person, in writing, in the media or any other publications and promotion, with overseas visitors and travellers.

RECOMMENDATION 18

The Committee recommends that the Victorian Government develop a long term, whole of Government strategy, to continually promote Victoria's virtues as a settlement location. The Committee notes that such a strategy has synergies with both tourism and attraction of industry, business and other investment to the State.

9.2 Tourist Experiences Influence

Chapter 4 dealt with the Temporary Entry Program and highlighted the important link between tourism and business migration. The majority of business migrants had made a visit to Australia prior to migrating. Most of these visits were as tourists. DIMA statistics also show that tourist visas comprise 85 per cent of all temporary entry visas.

Evidence suggests that the initial experiences gained by visitors will greatly influence any future migration settlement decisions. Accordingly, it is critical that visitors to Victoria receive a positive image of the State, not only as a tourist destination, but as a worthwhile place in which to live and work.

The State Government should ensure that tourists be targeted with relevant information on Victoria's lifestyle advantages, education opportunities, support networks and so on, so that their tourist visit is a positive experience. This promotion may one day influence any decisions they may have of migrating to Australia.

RECOMMENDATION 19

The Committee recommends that the Department of State Development promote Victoria's lifestyle advantages to tourists with the aim of providing visitors with a positive image of the State which may influence any future migration plans.

9.3 Migration Agents Influence

Comment has previously been made on the considerable knowledge and expertise migration agents have in the area of migration processes and source countries. Migration agents also have a major influence on a migrant's settlement decisions.

The State Government can create the right environment to attract business migrants to Victoria, however it is the agents who close the deal on a migrant's decision. Accordingly, the Committee believes the Government cannot successfully enter the market for attracting business migrants without enlisting the assistance of migration agents.

Evidence suggests that it is more likely that business migrants will choose Australia as a settlement destination if they are dealing with a migration agent from Australia. Agents located overseas generally have no particular interest in encouraging clients to apply for entry in Australia and will direct their clients to the country that has the easiest entry requirements and the greatest chance of approval.

Many of Australia's leading migration agents are located outside of Melbourne, predominantly in Sydney. Evidence suggests that the knowledge these non-Victorian based agents have of Australia is heavily influenced by experiences and conditions in their home State. In particular, many Sydney based agents may have limited knowledge on Victoria and the services provided by the Victorian Government. This places Victoria at a further disadvantage in that an agent's knowledge is passed on to potential migrants and will impact upon their settlement decisions.

A strategic liaison with agents is therefore critical to enable the Victorian Government to fully analyse business migrant markets and to capitalise on new opportunities.

To be effective, the Committee believes that Victoria needs the services of someone who knows the industry and can communicate with agents. In this regard, the Victorian Government could consider employing a migration agent or specialist in the field as a consultant to work in conjunction with the agents to attract new business migrants to the State and to give Victoria a presence in key source countries.

Given the narrow, specialised nature of the migration industry, the consultant would need to have extensive knowledge of migration processes and relevant source countries.

This consultancy role would provide the State Government with a personal link to migration agents and to act as an important liaison with the migration industry and other key networks.

Functions of the consultant would include:-

- consult with migration agents on migration matters and key target markets;
- travel overseas with migration agents on selected missions;
- encourage greater effort from VGBOs;
- visit overseas embassies;
- help identify and target emerging source countries;
- enlist help and support from ethnic groups in promotion to migrants;
- distribute tourism/ business promotional material;
- consult with tourist associations; and
- attend overseas business and trade missions to create an awareness of Victoria as a migration destination.

RECOMMENDATION 20

The Committee recommends that the Department of State Development employ a migration consultant to work in conjunction with migration agents to attract new business migrants to the State and to give Victoria a presence in key source countries.

In enlisting the support of key migration agents throughout Australia, the Committee has considered the need for the Victorian Government to offer agents some form of incentive to encourage clients to choose Victoria as a settlement destination.

Part of this incentive would involve on-going liaison and assistance provided by the Government's own migration consultant recommended above. The Government should assist agents in any way it can by providing them with access to overseas Government offices,

advice on Government regulations and policies and the provision of promotional material on Victoria that could help their clients in their settlement decisions.

In addition to the advice and assistance provided to agents, some further incentive is considered necessary to encourage an agent who can successfully bring additional business migrants to Victoria. There are several options for the Victorian Government to provide this incentive such as some form of fee for introducing clients to the Victorian Government or a cost sharing exercise when agents travel overseas.

Educational institutions currently pay agents a 10% commission on an overseas student's first year enrolment fee, for every student sent to the Institute by an agent. A similar concept could be developed by the Government in enlisting the help of agents to attract business migrants to Victoria.

In examining this issue, the Committee believes the following matters need to be considered:

- the Victorian Government should be dealing with selected agents with the strongest presence in key targeted markets;
- an appropriate incentive/fee should be provided to agents who promote Victoria overseas and who can introduce clients to the Victorian Government; and
- the Government should monitor results of the incentive/fee paying exercise to determine whether the State is successfully attracting more business migrants.

Finally, the Committee believes the Victorian Government needs to significantly increase its general profile and presence within the migration industry. The Committee notes that Business Victoria has an officer level representation on the Migration Industry Association of Australia.

An increased State Government presence within the migration industry should be strengthened to include: -

- membership of relevant migration agent industry associations;
- attendance at all migration industry functions;
- State sponsorship of migration industry functions, including conferences, workshops etc, and the provision of conference venues (e.g: Business Victoria's Investment Centre);
- guest speaking appearances by members of the Victorian Government at major migration industry functions;
- a Victorian Government presence on key migration agent missions overseas; and
- joint promotional material to be distributed through key avenues including advertising inserts in relevant visa application forms.

⇒ FINDING

The Committee finds that migration agents have a significant influence on the settlement decision of business migrants. The Victorian Government needs to capitalise on this influence by increasing its presence and involvement with the migration agent industry.

RECOMMENDATION 21

The Committee recommends that the Department of State Development develop closer links with migration agents with the aim of utilising their knowledge and expertise in attracting business migrants to Victoria.

In particular, the Committee recommends that the following initiatives be undertaken: -

- Victorian Government membership of migration industry associations and an on-going presence at all major migration industry functions;**
- State Government sponsorship of migration industry functions;**
- Victorian Government presence on key migration agent missions overseas;**
- development of promotional material with the agents for distribution to their clients;
and**
- introduction of an incentive/fee based system for agents who can introduce business migrant clients to the Victorian Government.**

9.4 Knowledge of Australia Influence

A potential migrant gains knowledge of Australia and its States from various formal outlets. These are described in the following sections.

9.4.1 Australian Embassies

Evidence presented to the Committee indicated that if a person is considering coming to Australia, either to visit or to settle permanently, one of the first places of inquiry is often the immigration section of the person's nearest Australian Embassy.

The Department of Immigration and Multicultural Affairs is represented in approximately 80 Australian embassies in more than 60 countries worldwide. Approximately half of these offices are primarily responsible for the processing and issuing of Australian visas and are managed by Australian DIMA staff. The remaining offices may either be operated by locally engaged staff, the Department of Foreign Affairs and Trade or by Austrade, under the supervision of a DIMA managed office located within close proximity.

Australian embassies that serve immigration functions may not be able to provide a complete range of DIMA services. Some overseas posts are only capable of processing applications for temporary residence in Australia, while others may be limited to permanent migration exclusively. Even smaller Australian missions may only be capable of accepting applications for lodgement and will then forward the application onto the nearest processing point.

The Committee wrote to key Australian overseas posts to ascertain what level of promotional material is made available to potential migrants. Responses indicated that very little promotional material is produced or distributed by these offices. There was also a substantial discrepancy in the material distributed by each office.

Most of the material distributed was simply what the Department of Immigration and Multicultural Affairs produces, such as *'The Australian Immigration Book'*. A migration industry publication, *'Destination Australia'*, was also distributed by some offices.

By and large, the attention given to Victoria in various State profiles was minimal, particularly when compared to the information provided about States such as Queensland and New South Wales. Invariably, many of these publications carried a picture of the Sydney harbour on the front cover.

The Committee understands that the distribution of such material is very much at the discretion of Embassy personnel. It is therefore important that the appropriate Victorian Government agency involved develops and maintains good relations with Embassy personnel.

RECOMMENDATION 22

The Committee recommends that the Victorian Government’s promotional information on Victoria, including opportunities for skilled and business migration be distribution to Australian Embassies.

The Committee further recommends that the Victorian Government maintain good relations with Embassy staff in target source countries.

9.4.2 Victorian Government Business Offices

In chapter 7, the Committee analysed the role of the various overseas Victorian Government Business Offices in promoting the State to potential business migrants. These offices have a significant presence in key target markets, such as Indonesia and Hong Kong, however they are not actively involved in promoting the State as a migrant destination.

The Committee believes the VGBO's need to strengthen their role in promoting Victoria to business migrants and, in particular, to work with existing networks, such as Embassies and migration agents to ensure that potential migrants receive appropriate information on the State before deciding on a settlement location.

While much of the Victorian promotional material distributed by the VGBOs has an investment focus, the Committee believes greater emphasis should be placed on promoting the State's lifestyle attractions.

RECOMMENDATION 23

The Committee recommends that the Victorian Government Business Offices (particularly Frankfurt, Hong Kong, Jakarta and London) need to be more active in promoting business migration and should: -

- **form linkages with Embassies regarding any migration inquiries;**
- **promote Victoria to potential business migrants;**
- **provide an annual review of potential sources of business migrants; and**
- **work in with migration agents and any Victorian Government appointed consultants.**

9.4.3 Internet Site

The Committee received a number of suggestions regarding the need for the Victorian Government to have a well developed internet website for the specific purpose of business migration. The rising importance of the internet as a global source of information should be better utilised by the Victorian Government in attracting not only overseas investments to the State, but business people who are looking to migrate.

A study of initiatives from other State Governments indicates that Queensland and South Australia have specific Government websites dealing with business migration. The Committee believes a specific web site should be developed by the State Government, which is separate to the existing Business Victoria site.

The importance of any web site is the nature of the links and key words used that will allow the right audience to easily access the site. In this regard, the Committee believes the emphasis of the business migration web site should be on immigration and tourism. The site

should have specific links to other immigration web sites (e.g: DIMA), key migration agent sites, embassies, ethnic groups and tourism sites.

It is also important that the website have options for translated versions in the languages of key business migrant source countries.

RECOMMENDATION 24

The Committee recommends that the State Government develop a specific internet website aimed at attracting business and skilled migrants to Victoria. The website should be made available in targeted languages and should be developed with appropriate links to immigration and tourism sites throughout the world-wide-web

9.4.4 Overseas Trade Shows, Exhibitions and other Public Promotion

Trade shows and exhibitions are often hosted by the Victorian Government. In many instances a Department of Government, or a Victorian Government Statutory Authority is a participant in such exhibitions.

Such activities generally have a high proportion of business or skilled individuals in attendance as participants or as visitors. Advantage should be made of these functions to promote Victoria.

RECOMMENDATION 25

The Committee recommends that all overseas trade shows, exhibitions and other public promotion hosted by Victorian Government agencies or attended by Government agencies, actively participate in promotion of Victoria as a destination for tourists, business people and migrants with an emphasis on Victoria as a place to live.

That participation in such promotion be a condition of funding and approval to attend or host overseas trade shows, exhibitions or other promotions.

9.4.5 Local Trade Shows and Conventions

The many trade shows and conventions that come to Melbourne each year inevitably attract a large number of skilled and business people to one location. These events are therefore ideal opportunities to further promote Victoria. Once again, such promotion should be lifestyle orientated, with a business or skill emphasise to suit the particular event.

Promotional opportunities could range from sponsorship of elements of such events, promotional material, handouts, video presentations, stands at shows and tours of Melbourne.

Many of these events have packages of information, programs and various papers that are distributed to participants. Promotional material on Victoria could be made available to convention and trade show promoters for inclusion in such mail outs.

RECOMMENDATION 26

The Committee recommends that Department of State Development develop linkages with Trade Show and Convention operators, to ensure appropriate promotion of Victoria at all events held in the State.

9.4.6 Sydney 2000 Olympics

The Committee received evidence to suggest the Victorian Government should be targeting the Sydney 2000 Olympic Games as an avenue to promote the State to potential business migrants.

Recent Olympic Games, most notably in Atlanta in 1996, illustrated the vast number of visitors, many of them business people, who attend the games and spend time in the host country.

The Committee understands that the Victorian Government, through Business Victoria, is already planning the extent of its presence and promotional activities for Sydney 2000. It is important that any promotion of Victoria has a strong emphasis on Victoria as a tourist destination, and more importantly, as a place to live, do business and educate children.

RECOMMENDATION 27

The Committee recommends that any promotional activities planned by the Victorian Government for the Sydney 2000 Olympic Games, include a focus on Victoria's lifestyle and educational opportunities.

CHAPTER TEN: STATE GOVERNMENT CO-ORDINATION OF MARKETING STRATEGIES

10.1 Implementation, Management and Co-ordination of Strategies

In the previous two chapters, the Committee has recommended a series of strategies aimed at increasing Victoria's profile and subsequently maximising opportunities for the State to attract a greater share of skilled and business migrants.

The Committee views the management and co-ordination of these strategies as falling into two broad areas: -

- Focus on skilled and business migrants and the utilisation and development of all local ethnic groups, migration agents and other networks, including DIMA State sponsorship schemes. In this regard, the Committee is mindful of the relatively small number of potential migrants involved and therefore the need to have management arrangements whose costs reflect the likely limited economic short-term payback (as compared to major overseas investments).
- The generic promotion of Victoria's lifestyle opportunities, to link with existing tourist promotions, regardless of whether an individual presently resides in Australia or overseas. Once again, the Committee is aware of the potential costs involved and of the long-term nature of this type of promotion, of which, the payback may be many years away.

For these reasons, the Committee believes that any budgetary outlay to accommodate implementation of these strategies needs to be modest and if possible, the strategies should be dealt with within existing Departmental structures. This has led the Committee to question whether or not Business Victoria is the appropriate avenue within the Department of State Development to manage these strategies.

In considering this matter, the Committee believes the following factors should be taken into account: -

- The focus of the marketing strategies is the attraction of skilled and business people, as distinct from the attraction of industry and investment. Importantly, these business people are attracted to a location not for business reasons, but for family/friends and lifestyle reasons.
- Although the potential economic impact is significant, it is nevertheless cumulative over many years of small-scale contributions. Business Victoria's successful focus has been on larger and more immediate investment opportunities for the State. Business migration has therefore, understandably, not been a major focus of their activities.
- Business migrants are generally involved in small business; while skilled and entrepreneurial migrants are potential small business operators.
- Small Business Victoria already has considerable experience and resources devoted to providing advice to small business, much of the advice being available in foreign languages. Accordingly, it may be able to provide many of the Committee's recommended strategies with only minor modification to existing programs.
- Promotion of Victoria is clearly a critical element of the long-term strategy. There are enormous synergies between tourism promotion and the attraction of skilled and business migrants. Future promotional activity should be built on existing Tourism Victoria promotions, with a small modification of emphasis.

For these reasons, the Committee believes that careful consideration should be given to the management of the State's Business Migration program given its close links with Small Business and Tourism.

In addition, it is essential that the Government adopt a whole-of-Government approach to these future strategies. Throughout this report, and within specific recommendations, reference is made to the need to develop links with ethnic community groups and educational

institutions. These strategies require the Department of State Development to work in conjunction with other State Government departments, including Multicultural Affairs and Education.

⇒ FINDING

The Committee finds that the State Government's business migration promotion has limited synergies with Business Victoria's core activity of attracting large overseas investment and trade to the State.

The attraction of business and skilled migrants, and the strategies required to attract these migrants, is more closely related to the activities of Small Business Victoria and Tourism Victoria.

RECOMMENDATION 28

The Committee recommends that a whole-of-Government approach be adopted by the State Government in promoting Victoria to potential business and skilled migrants. In particular, greater co-ordination is required between the Departments of State Development, Education, and Multicultural Affairs.

The Committee further recommends that a designated lead agency is required to co-ordinate these activities and that Government give consideration to the small business nature and tourism synergies of these activities in nomination of a lead agency.

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Appendices

APPENDIX 1

FUNCTIONS OF THE ECONOMIC DEVELOPMENT COMMITTEE

The Economic Development Committee is constituted under *the Parliamentary Committees Act 1968* as amended by *the Parliamentary Committees (Joint Investigatory Committees) Act 1982*, *Parliamentary Committees (Amendment) Act 1989* and *the Parliamentary Committees (Amendment) Act 1992*.

The Committee consists of nine Members of Parliament, three drawn from the Legislative Council and six from the Legislative Assembly. It is chaired by the Hon. Chris Strong, M.L.C. The Committee carries out investigations and reports to Parliament on matters associated with economic development or industrial affairs. Its specific functions under the Act are:-

- to inquire into, consider and report to the Parliament on any proposal, matter or thing connected with economic development or industrial affairs, if the Committee is required or permitted so to do by or under the Act.

APPENDIX 2

EXTRACTS FROM THE RECORDS OF PARLIAMENT

MINUTES OF THE PROCEEDINGS OF THE LEGISLATIVE COUNCIL

Tuesday, 14th May 1996

- 17 ECONOMIC DEVELOPMENT COMMITTEE** - The Honourable R.I. Knowles moved, by leave, That the Honourables R.H. Bowden, P. Power and C.A. Strong be members of the Economic Development Committee.

Question - put and resolved in the affirmative.

VOTES AND PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY

Tuesday, 14th May 1996

- 19 APPOINTMENT OF COMMITTEES** - Motion made, by leave, and question - That

(c) Mr Batchelor, Mr Jenkins, Mr Leighton, Mr Lim, Mrs McGill and Mr Treasure be members of the Economic Development Committee.

(Mr Gude) - put and agreed to.

APPENDIX 3A

POINTS TEST FOR VISA SUBCLASS 126 – INDEPENDENT SKILLED

SKILL

<p>If the skill level in Australia for your occupation requires a TRADE CERTIFICATE or DEGREE, AND your qualifications in your usual occupation are accepted by the appropriate authority in Australia and you have the following experience after graduation:</p> <ul style="list-style-type: none"> • Qualification obtained at least 3 years before application; and • Working in the occupation 3 years before application ; and • Working in the occupation for at least 2 years of the 3 years before application <p>70 POINTS</p>
<p>If the skill level in Australia for your occupation requires a DIPLOMA/ ASSOCIATE DIPLOMA, AND your qualifications in your usual occupation are accepted by the appropriate authority in Australia and you have the following experience after graduation:</p> <ul style="list-style-type: none"> • Qualification obtained at least 3 years before application; and • Working in the occupation 3 years before application; and • Working in the occupation for at least 2 years of the 3 years before application <p>55 POINTS</p>
<p>If your TRADE CERTIFICATE/ DEGREE in your usual occupation are accepted but you do not have all of the above experience in that occupation</p> <p>60 POINTS</p>
<p>If your DIPLOMA/ASSOCIATE DIPLOMA in your usual occupation are accepted but you do not have all of the above experience in that occupation</p> <p>50 POINTS</p>
<p>If your qualifications REQUIRE MINOR UPGRADING and you were working in the occupation three years before application</p> <p>30 POINTS</p>
<p>If your qualifications are NOT ACCEPTED by the appropriate authority in Australia</p> <p>25 POINTS</p>
<p>If the skill level in Australia for your occupation requires an acceptable certificate in the occupation and 4 to 6 years secondary education</p> <p>25 POINTS</p>

If the skill level in Australia for your occupation requires 12 years of primary and secondary education

20 POINTS

LANGUAGE SKILL

Able to communicate effectively in English in the 4 skills of reading, writing, speaking and understanding

20 POINTS

Able to communicate effectively in English in 3 of the 4 skills of reading, writing, speaking and understanding

15 POINTS

Able to communicate in English on everyday, familiar topics

10 POINTS

Able to handle basic communication in English in familiar every day topics or fluent in at least 2 languages other than English

5 POINTS

Familiar with only a few common English words and phrases

0 POINTS

AGE

18- 29 years	40-44 years
30 POINTS	10 POINTS
30-34 years	45-49 years
25 POINTS	5 POINTS
35- 39 years	Less than 18 or older than 50 years
15 POINTS	0 POINTS

APPENDIX 3B

POINTS TEST FOR VISA SUBCLASS 105 – SKILLED AUSTRALIAN –LINKED

SKILL

If the skill level in Australia for your occupation requires a TRADE CERTIFICATE or DEGREE, AND your qualifications in your usual occupation are accepted by the appropriate authority in Australia and you have the following experience after graduation:

- Qualification obtained at least 3 years before application; and
- Working in the occupation 3 years before application ; and
- Working in the occupation for at least 2 years of the 3 years before application

70 POINTS

If the skill level in Australia for your occupation requires a DIPLOMA/ ASSOCIATE DIPLOMA, AND your qualifications in your usual occupation are accepted by the appropriate authority in Australia and you have the following experience after graduation:

- Qualification obtained at least 3 years before application; and
- Working in the occupation 3 years before application; and
- Working in the occupation for at least 2 years of the 3 years before application

55 POINTS

If your TRADE CERTIFICATE/ DEGREE in your usual occupation are accepted but you do not have all of the above experience in that occupation

60 POINTS

If your DIPLOMA/ASSOCIATE DIPLOMA in your usual occupation are accepted but you do not have all of the above experience in that occupation

50 POINTS

If your qualifications REQUIRE MINOR UPGRADING and you were working in the occupation three years before application

30 POINTS

If your qualifications are NOT ACCEPTED by the appropriate authority in Australia

25 POINTS

If the skill level in Australia for your occupation requires an acceptable certificate in the occupation and 4 to 6 years secondary education

25 POINTS

If the skill level in Australia for your occupation requires 12 years of primary and secondary education

20 POINTS

LANGUAGE SKILL

Able to communicate effectively in English in the 4 skills of reading, writing, speaking and understanding

20 POINTS

Able to communicate effectively in English in 3 of the 4 skills of reading, writing, speaking and understanding

15 POINTS

Able to communicate in English on everyday, familiar topics

10 POINTS

Able to handle basic communication in English in familiar every day topics or fluent in at least 2 languages other than English

5 POINTS

Familiar with only a few common English words and phrases

0 POINTS

AGE

18- 29 years

30 POINTS

30-34 years

25 POINTS

35- 39 years

15 POINTS

40-44 years

10 POINTS

45-49 years
5 POINTS
Less than 18 or older than 50 years
0 POINTS

RELATIONSHIP OF PRINCIPAL APPLICANT

If the principal applicant is the:

Parent of your sponsor
15 POINTS
Brother, Sister or Self-supporting child of your sponsor
10 POINTS
Nephew or Niece of your sponsor
5 POINTS

CITIZENSHIP OF SPONSOR

If your sponsor has been an Australian citizen for:

5 years or more
10 POINTS
Less than 5 years
5 POINTS
If your sponsor is only a permanent resident
0 POINTS

LOCATION OF SPONSOR

Points are awarded to encourage migrants to settle outside New South Wales and major metropolitan cities. If your sponsor has lived in one of the postcode areas listed below for the last 2 years, the applicant gains **5 POINTS**.

Victoria

3139	3945-3974
3212-3334	3979
3340-3424	3981-3996
3430-3649	
3657-3749	
3753,3756,3758	
3762-3764	
3778-3781	
3783,3797,3799	
3810-3840	
3842-3909	
3921-3925	

Queensland

4350-4499
 4600-4899
 (Entire State except urban Brisbane, Sunshine Coast and Gold Coast)

Western Australia

6200-6799
 (Entire State except Perth metropolitan region)

South Australia

Entire State

Northern Territory

Entire Territory

Tasmania

Entire State

Australian Capital Territory

Entire Territory

SETTLEMENT

If the sponsor has been resident in Australia for the last 2 years and your sponsor (or the spouse of your sponsor) has been in employment or financially independent in Australia for the last 2 years

10 POINTS

APPENDIX 3C

POINTS TEST FOR VISA SUBCLASS 127 BUSINESS OWNER

BASIC CRITERIA

- a) successful business career
- b) min. AUD\$300,000 net assets in 2 of the previous 4 years
- c) active daily involvement
- d) you, or you and your spouse hold at least 10 per cent shareholding
- e) notified State/Territory Business Development Agency
- f) min. 5 full-time employees
- g) score min. 105 points

POINTS CRITERIA

<p><u>Turnover</u></p> <p>From 2 of the past 4 fiscal years AUD \$5,000,000 = 60 points AUD \$3,000,000 = 55 points AUD \$1,500,000 = 50 points AUD \$750,000 = 40 points AUD \$500,000 = 35 points</p>	<p><u>Language</u></p> <p>Fluent English = 30 points Functional English = 20 points Bilingual other than English = 10 points Limited English = 10 points No English = 0 points</p>
<p><u>Annual Labour Costs</u></p> <p>From 2 of the past 4 years AUD \$500,000 = 10 points AUD \$250,000 = 5 points</p>	<p><u>Net Assets of Applicant</u></p> <p>>AUD \$2,500,000 = 15 points >AUD \$1,500,000 = 10 points >AUD \$500,000 = 5 points <AUD \$500,000 = 0 points</p>
<p><u>Total Assets</u></p> <p>From 2 of the past 4 fiscal years AUD \$1,500,000 = 10 points AUD \$750,000 = 5 points</p>	<p><u>Age</u></p> <p>30-45 years = 30 points 45-50 years = 25 points 20-30 years = 20 points 50-55 years = 0 points</p>

APPENDIX 3D

POINTS TEST FOR VISA SUBCLASS 128 SENIOR EXECUTIVE

BASIC CRITERIA

- a) successful business career in the top 3 levels of management of a business whose annual turnover min. AUD\$50 million in 2 of the past 4 years
- b) notified a State or Territory Business Development Agency
- c) score min. of 105 points

POINTS CRITERIA

<p><u>Business Attributes</u></p> <p>Annual Turnover in 2 of the past 4 years AUD\$50 million = 65 points</p>	<p><u>Age</u></p> <p>30-45 years = 30 points 45-50 years = 25 points 20-30 years = 20 points 50-55 years = 10 points 55 years or older = 0 points</p>
<p><u>Language Ability</u></p> <p>Fluent in English = 30 points Functional English = 20 points Bilingual other than English = 10 points Limited English = 10 points No English = 0 points</p>	<p><u>Net Assets of Applicant</u></p> <p>> AUD\$2,500,000 = 15 points > AUD\$1,500,000 = 10 points > AUD\$500,000 = 5 points < AUD\$500,000 = 0 points</p>

APPENDIX 3E

POINTS TEST FOR VISA SUBCLASS 129 STATE/TERRITORY SPONSORED BUSINESS OWNER

BASIC CRITERIA

- a) successful business career
- b) min. AUD \$300,000 net assets in 2 of the previous 4 years
- c) active daily involvement
- d) notified State/Territory Business Development Agency
- e) min. 3 full-time employees
- f) score min. 105 points

POINTS CRITERIA

<p><u>Turnover</u></p> <p>From 2 of the past 4 fiscal years AUD \$5,000,000 = 60 points AUD \$3,000,000 = 55 points AUD \$1,500,000 = 50 points AUD \$750,000 = 40 points AUD \$500,000 = 35 points</p>	<p><u>Language</u></p> <p>Fluent English = 30 points Functional English = 20 points Bilingual other than English = 10 points Limited English = 10 points No English = 0 points</p>
<p><u>Annual Labour Costs</u></p> <p>From 2 of the past 4 years AUD \$500,000 = 10 points AUD \$250,000 = 5 points</p>	<p><u>Net Assets of Applicant</u></p> <p>>AUD \$2,500,000 = 15 points >AUD \$1,500,000 = 10 points >AUD \$500,000 = 5 points <AUD \$500,000 = 0 points</p>
<p><u>Total Assets</u></p> <p>From 2 of the past 4 fiscal years AUD \$1,500,000 = 10 points AUD \$750,000 = 5 points</p>	<p><u>Sponsorship</u></p> <p>If sponsored by an authorised State/Territory Business Development Agency = 15 points</p>
<p><u>Age</u></p> <p>30-45 years = 30 points 45-50 years = 25 points 20-30 years = 20 points 50-55 years = 0 points</p>	

APPENDIX 3F

POINTS TEST FOR VISA SUBCLASS 130 STATE/TERRITORY SPONSORED SENIOR EXECUTIVE

BASIC CRITERIA

- a) successful business career in the top three levels of management of a business whose annual turnover in two of the last 4 years is not less than AUD \$10 million.
- b) notified a State/Territory Business Development Agency
- c) genuine and realistic commitment to actively participate in the management of a new or existing business which will benefit Australia
- d) score at least 105 points

POINTS CRITERIA

<p><u>Business Attributes</u></p> <p>Annual Turnover in 2 of the past 4 years AUD\$10million = 65 points</p>	<p><u>Age</u></p> <p>30-45 years = 30 points 45-50 years = 25 points 20-30 years = 20 points 50-55 years = 10 points 55 years or older = 0 points</p>
<p><u>Language Ability</u></p> <p>Fluent in English = 30 points Functional English = 20 points Bilingual other than English = 10 points Limited English = 10 points No English = 0 points</p>	<p><u>Net Assets of Applicant</u></p> <p>> AUD\$2,500,000 = 15 points > AUD\$1,500,000 = 10 points > AUD\$500,000 = 5 points < AUD\$500,000 = 0 points</p>

APPENDIX 3G

POINTS TEST FOR VISA SUBCLASS 131 INVESTMENT-LINKED

BASIC CRITERIA

- a) record of successful business and/or investment
- b) total of three years experience in actively managing a business and/or investment
- c) in one of the past five years you maintained direct and continuous involvement in the management of a *qualifying business* and/or *eligible investment*
- d) you or your spouse must have held at least a 10 per cent shareholding in a business or investment to the value of at least AUD\$ 1 million
- e) for the two fiscal years immediately preceding the application, you or you and your spouse's net assets were worth at least 50 per cent more than the capital which is planned to be invested in a Designated Investment
- f) score min. 105 points

Note: an *eligible investment* is one or more of the following assets:

- 1) ownership interest in a business
- 2) loans to a business
- 3) cash on deposit
- 4) stocks and bonds
- 5) real estate (excluding personal residence)
- 6) gold or silver bullion

Note: a *qualifying business* is one which is actively operational, it is not set up for passive or speculative purposes.

POINTS CRITERIA

Business (Investment) Attributes

If you have deposited for a minimum three year term in a designated investment:

AUD \$ 2 million = 80 points

AUD \$ 1.5 million = 70 points

AUD \$ 1 million = 65 points

AUD \$ 750,000 = 60 points

<p><u>Age</u></p> <p>30-45 years = 30 points 45-50 years = 25 points 20-30 years = 20 points 50-55 years = 10 points 55 or over = 0 points</p>	<p><u>Language Ability</u></p> <p>Better than functional ability in English = 35 Functional ability in English = 25 Bilingual ability in languages other than English = 15 Limited ability in English = 15 No ability in English = 0</p>
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APPENDIX 4

LIST OF COMMONLY USED ACRONYMS

ABS	Australian Bureau of Statistics
BSC	Business Skills Class
BSMP	Business Skills Migration Program
DIMA	Department of Immigration and Multicultural Affairs
ENS	Employer Nomination Scheme
IELTS	International English Language Testing System
LA	Labour Agreements
RSMS	Regional Sponsored Migration Scheme
SAL	Skilled-Australian Linked
VGBO	Victorian Government Business Office

APPENDIX 5**LIST OF SUBMISSIONS RECEIVED**

Submission Number	Name of Organisation	Date Received
1.	Mr David Stratton Partner Nevett Ford Lawyers	21 November 1997
2.	Mr Richard J. Sneddon National Chief Executive Australian Chamber of Manufacturers	26 November 1997
3.	Ms Nadia Wang Migration Agent	4 December 1997
4.	Mr Rick Hart Secretary Department of State Development	22 December 1997
5.	Mr Terence Rodriguez Group Managing Director Oz Link Group	8 January 1998
6.	Mr Michael Graefe Managing Director A.G.A. Management Pty Ltd	30 January 1998
7.	Mr Paul Bernadou Australian Migration Consultant	27 February 1998

8.	Mr John Webster Chief Executive The Institute of Engineers, Australia	9 March 1998
9.	Mr John Chapman Director ACN Consultants Pty Ltd	16 March 1998
10.	Ms Moira Schulze, Director Mr Colin O'Brien, Business Development Adult Migrant Education Services	23 March 1998
11.	Hon. Phil Honeywood, MP, Minister Assisting the Premier on Multicultural Affairs	26 March 1998

APPENDIX 6

LIST OF PUBLIC HEARINGS

2 March 1998

- Mr Anton Block, North Eastern Jewish War Memorial Centre

23 March 1998

- Ms Moira Schulze & Mr Colin O'Brien, Adult Migrant Education Service
- Professor Pookong Kee, Centre for Asian Studies

APPENDIX 7

LIST OF INTERSTATE MEETINGS

CANBERRA

20 October 1997

- Department of Immigration and Multicultural Affairs
- Australian Chamber of Commerce and Industry
- Joint Standing Committee on Migration

21 October 1997

- Research & Statistics Branch - DIMA

SYDNEY

22 October 1997

- Mr Neville Roach, Chairman of Business Advisory Panel
- Ms Renee Young, Business Skills Officer, DIMA
- Dr Ian Lin, Managing Director, Quo Vadis Consulting Group
- Ms Pauline Mathewson, Partner, Coopers Lybrand

APPENDIX 8

LIST OF MELBOURNE MEETINGS

17 November 1997

- Mr Andrew Cope, Migration Consultant, Haines & Polites - Victorian President, Migration Institute of Australia

24 November 1997

- Mr Knut Fedderson, Secretary, German Australian Chamber of Commerce and Industry
- Mr Donald Edwards, Executive Director, Australia China Business Council

26 November 1997

- Mr Neil Hitchcock & Mr Nick Christodoulou, Hitchcock & Associates Migration Consultants

1 December 1997

- Mr Patrick Hodgon, Executive Director, Thai Australian Chamber of Commerce Inc.
- Mr Joost Hensen, Investments and Trade Horizons (USA) & Mr Gerard Kennedy, MacPherson & Kelly Solicitors
- Mr David Smith, Executive Director, Australian British Chamber of Commerce

8 December 1997

- Rt Hon. The Lord Mayor, Cr. Ivan Deveson AO - City of Melbourne

4 March 1998

- Representaives from Taiwanese Business Association of Victoria

16 March 1998

- Mr Michael Murphy, State Manager, Citibank

APPENDIX 9

LIST OF AUCKLAND MEETINGS

14 December 1997

- Mr David Besley, Chairman, New Zealand Association for Migration and Investment

15 December 1997

- Ms Rosanna Wozniak, ASB Bank Migrant Services
- Mr Compton Tothill, Taiwan Business Council Chairman
- Representatives from New Zealand Association for Migration and Investment

16 December 1997

- Ms Angela Cassidy & Mr Bruce Burrows, New Zealand Immigration Services
- The Hon. Aussie Malcolm, Malcolm Pacific New Zealand Migration Consultants
- Mr Danny Chan, Taiwanese Business Migrant
- Mr Wesley Garret, Southern Skies Consultants
- Ms Sharon Stannard, Enterprise Auckland - City of Auckland

APPENDIX 10

REPORT ON FOCUS GROUPS OF BUSINESS MIGRANTS

On the following pages is the full Report by market research company, Worthington Di Marzio on focus groups of business migrants held in Melbourne, Sydney and Brisbane in February and March 1998.