Australian Government

Productivity Commission

PRODUCTIVITY COMMISSION

INQUIRY INTO MIGRANT INTAKE

MR P LINDWALL, Presiding Commissioner
MS A McCLELLAND, Commissioner

TRANSCRIPT OF PROCEEDINGS

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RESUMED **[10.04 am]**

MR LINDWALL: Good morning, ladies and gentlemen. Welcome to the public hearings for the Productivity Commission Inquiry Migrant Intake into Australia. My name is Paul Lindwall, I'm the Presiding Commissioner on this Inquiry and my fellow commissioner here is Alison McClelland. The Inquiry started with a reference from the Australian Government in March and covers the impacts of immigration on Australia and the scope to use alternative methods for determining the migrant intake, including through greater use of charging.

We released an issues paper in May and have talked to a range of organisations and individuals with interest in the issues. In August we held a workshop on the economic modelling use to inform the Inquiry. We released a draft report in November and have received about 80 submissions since the release of the issues paper. We are grateful to all of the organisations and individuals who have taken the time to meet with us, prepare submissions and appear at these hearings.

The purpose of these hearings is to provide an opportunity for interested parties to provide comments and feedback on the draft report. Hearings were held in Melbourne on 7 and 8 December. Following this hearing in Canberra today, hearings will also be held in Sydney tomorrow and on Thursday. Formal submissions to the draft report are due on 18 December, Friday. We will then be working towards completing a final report to be provided to the Australian Government in March 2016. Participants and those who have registered their interest in the Inquiry will automatically be advised of the final reports released by government, which may be up to 25 parliamentary sitting days after completion.

We like to conduct all hearings in a reasonably informal manner, but I remind participants that a full transcript is being taken. For this reason, comments from the floor cannot be taken. But at the end of the day's proceedings I will provide an opportunity for anyone who wishes to do so to make a brief presentation. Participants are not required to take an oath but are required under the Productivity Commission Act to be truthful in their remarks. Participants are welcome to comment on the issues raised in other submissions.

The transcript will be made available to participants and others on our website following the hearings, in about two weeks, I suspect. Submissions will also be available on the website. For any media representatives attending today, some general rules apply. Please see one of our staff for a handout which explains the rules.

(Housekeeping matters)

Participants are invited to make some opening remarks of no more than five minutes. Keeping the opening remarks brief will allow us the opportunity to discuss matters in greater detail. I'd now like to welcome Professor Glenn Withers and invite you, Glenn, if you don't mind, to say your name and who you represent, if any organisation and perhaps give us an introductory statement.

PROFESSOR WITHERS: Thanks very much. I'm Glenn Withers, I am a professor of economics at ANU but naturally speak for myself and not for the university. In this case though I wanted to provide some information from a report prepared for the Australian Council of Learned Academies for which I was the chair of the expert working group that produced the report that had four authors. So I seek to represent some of the findings of that report and will be pleased to add any of my own views identified as such in addition, if that's of interest to the Productivity Commission.

The major reason for approaching the Commission was that we have just released this report. It's called "Australia's Comparative Advantage", produced by the Australian Council of Learned Academies. It's part of a program called Securing Australia's Future which has about a dozen reports and more in train. This one had some findings on immigration that seemed to be pertinent to this Inquiry. In particular, since it's the product of not only four explicit authors but also an oversighting expert working group drawn from each of the so-called learned academies, plus it's been refereed. It's also been through our project steering committee. The presidents of the learned academies also reviewed the process, as did the chief scientist in his office.

So it's been a very much examined report, as have all, in this process. So its findings may be of interest for this Inquiry insofar as they relate to immigration. But that was not the particular focus at all in the report. It was covering a very comprehensive array of issues. But the relevant conclusions I think that might be pertinent to this particular Inquiry are, first of all, that the working group and the associated process around that did find that immigration had been a very important source of Australian skills development, both for the temporary labour market but also – and the working group regarded it as even more important – for longer term national development, both in an economic sense and, as I've mentioned, in a wider sense.

This was seen as important because in seeking to say how Australia should be building its comparative advantage into the future as the mining boom investment levels off – the mining investment boom levels off – the emphasis was on not just seeking particular industries or particular sectors as sources of new comparative advantage – the old picking winners type problem – but to say that we need to get the foundations right for whatever

industries can then best emerge in the right conditions to deliver Australia's wellbeing into the future.

In looking at where the foundations need to be, our particular report emphasised the importance of culture and institutions as well as more narrowly economic phenomenon. But within the overlap between culture and institutions and the economic phenomenon, education and innovation, you'll be pleased to hear, or the government will be pleased to hear, were seen as absolutely crucial to that, as was infrastructure. Around that was a context of culture and institutions to make sure that in building those sources of the foundations of future comparative advantage that we had the settings for that right so that the investments we would make in those sorts of areas would pay off adequately.

We were very conscious of the problems of any country that's had a resource advantage, so-called resource curse issue, the Dutch disease, that Australia has, compared to most resource-rich countries, avoided. But we were conscious that we were coming out of an era where we have had significant benefit from resource exploitation and that we needed to move to new areas and the, dare we say it, agility and adaptability and flexibility for that would depend crucially upon getting our infrastructure and innovation and education settings right. That included around that our cultural, social and economic institution, including something like competition policy in the markets.

So in all of that we saw immigration as having been a particular source of enhancement of skills alongside domestic education. We saw no evidence of crowding out the complementarity but we did emphasise the need to always be alert on that so that it didn't become an alternative to good investment in domestic population skills. We saw the focus as being particularly importantly long term, not just short term. One reason for that is the working group recognised that immigration creates demand for jobs as well as fulfilling supply of jobs.

Therefore, beyond very well focused temporary labour market needs, using immigration to fill labour market positions can be self-defeating because it simply creates more need for more jobs. So that what you should be focusing on in the longer-term productivity benefits and payoffs and some very well defined shorter-term skill needs and clearly distinguish these in the immigration system. We also saw Australia as having managed its immigration process better than most countries, but equally recognise the need for continuous improvement to maintain best practice.

We also had it then that if we could continue to have a well-managed and appropriate immigration system, then this would be a source of ongoing comparative advantage for Australia. The importance of that as we enter the Knowledge Age is clear in terms of the skill emphasis of this particular

working group, but also linking it to other work by the council of learned academies as we enter the Asian Century increasingly, the cultural diversity dimensions of immigration become also another source of potential comparative advantage under a well-managed migration system.

With that emphasis on, as it were, provided migration helping provide appropriate foundations for the Asian Century and the Knowledge Age, we equally emphasise the importance of the triple bottom line in our report. A working group comprised of members of every academy would not do otherwise, fortunately. We emphasise that immigration has to be seen as much more than a purely economic phenomenon and stress how social issues such as cultural cohesion and social inclusion must accompany immigration-derived population change if that's to be a fully-successful process. Equally, that any significant adverse effects of population increase through migration such as pressure, unnecessary pressure on infrastructure and on service provision and on the environment and its sustainability should be allowed for responsibly.

Indeed, we saw policy in this area as potentially conditional, meaning unless the policy processes themselves manage to balance the triple bottom line well through population growth, including the migration component of that, then we need to rethink the extent of that growth. If we can get the policy settings right and make that process productive across all the elements of the triple bottom line, then Australia's wellbeing would be well advanced by a healthy, well-managed, lively migration program.

Now, these are in many ways not new views, but it was interesting that we sought, unusually perhaps, to provide evidence for everything we concluded. We did seek to update the evidence base for those sorts of views by a series of supporting studies that are available. This report and the supporting studies are all available online at the council of learned academies' website. Amongst those supporting studies are a couple that are up to date sort of things we know but interesting in the sense that they look at Picketty sort of analysis about social equity effects and what are called in economics the Kuznets curve effects about whether production and income growth cause deterioration in environmental outcomes. Then also there was some modelling of the direct economic dimensions of this.

But the Commission may be interested in exploring the underlying reports. The two reports on equity and on the environment were produced by the RAN Corporation. We went outside Australia for a non-Australian look at this and they produced a report that indicated that GDP growth has been correlated with some substantial deterioration of equity, as Picketty would have said, including for Australia, though not as much as in the Northern Hemisphere, and it has levelled out in recent times for the share of income going to the upper income groups, particularly the top 1 per cent. But that we have the mechanisms, if we have the political will, for addressing that. That

is, in a social arena this is a matter of political desire to determine post-government distribution of income. The instruments are there.

For environment it was less straightforward. There were a number of areas of environmental impact of GDP growth that were advanced by GDP growth. There were others that seemed unrelated to GDP growth and there were others that clearly deteriorated the GDP growth. Not in every case there could it be said that we have the appropriate instruments already in place. Therefore, your political decisions on that depend very much upon what weight you put on which components of the environmental outcomes and whether you can improve policy stances in enhancing those outcomes compared to present efforts.

So that's a more complex report available and stands alone on – I'm summarising the RAN's own conclusions and it's available there. Some more conventional economic analysis of a kind you're familiar with in this inquiry, I'm sure, had another look at the relationship between migration and general GDP and found, as part of a reform agenda, that it would enhance GDP and GDP per capita. It deduced that it would enhance incomes for existing residents, as well, for reasonable levels of migration into the future. It also looked at the relationship with unemployment and found none, that there was not a significant immigration relationship with unemployment.

The modelling it relied upon is important in that it was the semi-endogenous model, it was the independent economics model. That finds more favourable and positive relationships between immigration and most economic outcomes, because it is allowing for synergy effects and spill-over effects, rather than simply only marketised effects. We, as the working group, found that a more convincing analysis and used that for our own further analysis.

That's where our report got to. We then put immigration into the context of wider reform. We modelled reform scenarios of two kinds, structural reform of the conventional competition kind, which are trade agreements, tax reform, federalism reform, and so forth, and modelled that separately from an investment reform set of scenarios, which were mainly in the innovation, education and infrastructure areas. Interestingly, the results found that both together complemented each other well but that each were major sources of potential advance into an Australian future that would be better. Indeed, our main projections found that the structural reforms could advance per capita consumption by 2013 by about 11 per cent, and the same for investment reforms and, together, you received over 20 per cent potential coming from a renewal of reform momentum in Australia.

We tried to take that further to model the triple bottom-line dimensions of this but found some big problems in getting adequate data to do that in the time available. In particular, what we wanted to do was use the genuine

progress indicator that had been established by The Australia Institute, and not just the GDP-type measures that are conventional in standard economic modelling, but there were real difficulties in accessing the data archives of The Australia Institute, not through any lack of will but just corporate memory problems, and updating that adequately in the time available, since it's a huge effort to put estimates on the non-market dimensions of outcomes.

Our recommendation would be, however, that such research be a major feature of ongoing work in this area by a body such as the Productivity Commission, so that we can take a holistic view of where changes in arrangements, policy affect not only the economy but the wider society and environment.

That was where our analysis took us. We were obliged, under our remit, to not move to strong recommendations on policy but simply to report the analysis that was done for that report. I hope to draw that to your attention and I hope some of it might be useful for your inquiry.

MR LINDWALL: Thank you. We might just ask a few questions, if that was all right.

PROFESSOR WITHERS: Yes.

MR LINDWALL: Obviously, the work has shown that selection of highly-skilled immigrants is highly beneficial. We have different ways of selecting skilled immigrants in Australia, some that come through the temporary route and some of them are direct entry. Can you comment on how we could improve the selection and maybe target even higher-skilled immigrants and how to improve the balance between those that come through the employer-nominated route versus the ones that are direct nomination to permanent visa status?

PROFESSOR WITHERS: Sure. The committee that looked at this (indistinct) simply, in a sense, urged that we maintain a well-managed system and thought the system had been reasonably well-managed in the past and most of the literature that compared other countries' selection processes saw Australia as a leader, but that's not to say we had it completely right. In going on to that - it's my own views, not that of the council, from some long immersion in this area, in my case - my own views, for what they're worth, would be that a skill emphasis has been very helpful and productive, which was a change from preceding models of what we emphasised. I think we've reduced, until recently, the refugee complementary components of - not to migration intake, as such, but of arrivals in Australia. We have managed the family reunion fairly well but the queues are becoming embarrassing and there are ways, I think, of managing to better blend the family and skills issues and financing of aged-parents issues, which would fine-tune the basic principles of what we've got.

That said, let me just focus on skills as such, which is the largely predominant component of the program under Australia, distinctively, the Australian approach compared to countries like the United States and Scandinavians and so on. For skilled migration, it seems to me that short-term-ism has dominated too much in recent times. The temporary entry, of course, is uncapped, so it simply expands as it is sought to within the standards imposed. However, within the permanent entry, employer nomination receives priority and independent migration entry is a residual. That produces anomalies, such as - by my own back-of-the-envelope calculations, the average, if you like, cut-off standard of an ENS entrant is well below the standard cut-off of a quality measure of the independent entrants.

By imposing an implicit points test, as it were, on the ENS, compare that with the independent, there's a growing gap, such that you can get a steelworker for the North-west Shelf into the country pretty readily, you cannot get a physicist from MIT into the country. Brian Schmidt, the incoming Vice-Chancellor of ANU, might not get into Australia under the present independent entry system; his particular occupation doesn't seem to be listed well in the occupations we need, and we might have missed out on his Nobel Prize, accordingly. That's an exaggeration, a cameo, but that problem is potentially emerging.

How do we deal with such a problem? One is, of course, that short-term issues should be dealt with by short-term entry, and then appropriate pathways, which we are building well, can be allowed for those to transition into permanent, but not as any automatic right. It would still be meeting the same standards as someone applying from overseas, except that you may wish to recognise the Australian experience as part of the points system.

Similarly, it seems to me that the immigration department privileges the ENS and associate like systems over independent entry because of the immediate short-term satisfactory employment outcomes. That is, by definition, you have a good employment outcome when you come here with a guarantee of employment, which is a requirement of that entry. The immigration department then produces evidence and shows that the employer entry people have much higher employment rates one year out after arrival than do independent entry, and that's what you would expect; it would be very surprising were it otherwise. However, they don't look at the situation three years out, five years out and 10 years out. Our immigration research is lacking there. The demise of the Bureau of Immigration - - -

MS McCLELLAND: Can I interrupt you there? This is an issue that we took very seriously and I think you mentioned it when we met with you earlier. We seriously looked at whether we needed to change and up the skill versus the employer, didn't we? We found that - and I don't know whether

Jane could help me out here but there you had some longitudinal data that showed us, actually, that there wasn't - was it the five-year or the - no, that didn't show that the results were worse from the - in fact, they continued to be better, if I recall. So, at this stage, we haven't gone any further. That longitudinal data was - - -

SPEAKER: We can't really take from the floor very easily because we can't - - -

MS McCLELLAND: Okay. Anyway - sorry, but we meant to check but the longitudinal data that we looked at didn't show that, so we need to - we are interested in that and the evidence but to state the longitudinal data we've examined has not shown that.

PROFESSOR WITHERS: So far.

MR LINDWALL: So far, yes.

PROFESSOR WITHERS: I suspect it would be convergent - I say that on something like that - the comparison that makes me feel that this is what would happen is that increasingly the ENS's movement towards trades-type skills, compared to high-level tertiary skills. When you look at Australian domestic graduates from VET versus universities, you see the same phenomenon; that is, they have very high employment rates compared to university graduates - they both have high compared to non-graduates of any kind, but it lasts for about three to five years for VET, over universities. After that, it converges for a while and then the university one takes over. In the much longer period, the 10/15 years out, what you see is an earnings premium much above the VET qualification, which plateaus. So there's an accelerated early benefit from the vocational training for that later period, compared to a shallower start for universities, and continued, lifelong increases.

Given that what we're talking about here is a growing difference between ENS and independent, where it's almost increasingly a VET versus university phenomenon, not completely, there's a big overlap - but increasingly if it's to become that, then you would expect some (indistinct).

MS McCLELLAND: You would fix that by increasing the points for the university qualification?

PROFESSOR WITHERS: No. What I would do is I would put the ENS-type entry into the points system. That is, why not simply - put aside my points about what the adverse consequences of the two are, one can simply say, "Well, whatever the evidence" - or "The evidence is yet open. Let's avoid any problem." The way to avoid the problem is simply to say, "Yes, we value the fact that you have a job already when you're coming to

Australia," and we can put a weight on that job and trade it off against all sorts of other things, like, whether you've got a PhD from MIT or not. That means simply putting an appropriate weight on an employer nomination and including it as a very significant factor in the points system. Why separate it out as a priority, speedy pathway that's given a privilege, ahead of general applicants who don't happen to have an Australian employer who's offered - yes, the employer offer is fantastic, subject to the usual labour market tests, but put it into the points system.

MR LINDWALL: Could I ask one more question? Then I'll get Alison to ask a question. The permanent stream, of course, is capped, as you know, with the quota, the temporary is effectively, as you say, outsourced to both employers, through 457 and working holidaymakers, through the universities and TAFEs for student visas. It could be argued that individuals through those particular streams impose positives and negative externalities on the region in which they are, whether it be in Melbourne or Sydney or elsewhere, which are not taken into account by both the universities and the employers. Do you think they're significant - that there should be a way of internalising those externalities, if you like?

PROFESSOR WITHERS: The externalities are from which entrants?

MR LINDWALL: From either - anyone - some people, for example, in a previous hearing, have said that there are too many people arriving in Melbourne and Sydney and the infrastructure is not keeping up with their presence. Obviously, an employer is not necessarily focused on that particular aspect of an immigrant, nor are they focused on the positive externalities of that immigrant, too. Do you think that they're worthy of consideration and, if so, how might one take that into account?

PROFESSOR WITHERS: Sure, the externalities are very important. Even I recall immigration ministers being concerned by them. Philip Ruddock, as minister, was generally very supportive of a buoyant migration program but he occasionally would mutter when he arrived in Canberra that he was late because he was caught in traffic in Sydney and he's rethinking his views. That was just a passing flippant comment. But it's an important one. That is, unless we improve either the location of the migration intakes or the pressure that is placed upon services, including infrastructure, then we've got the balance wrong.

Now, there's two ways of dealing with that. One is that some people would say cut the migration and don't let them go to those places. That was the Bob Carter solution. "We're full up on the east coast." My own view is a better solution for all citizens is to fix the infrastructure problem. Migrants pay their own way on that, they deliver more to the public purse than they take by way of the cost of their services, including infrastructure services like roads. Because they're young and employed at good rates they contribute

more to the purse than they take out. So they are part of a solution to an infrastructure problem.

What we needed to do, which Carr never did in Sydney, was get the planning system right. He refused to amalgamate councils like Kennett did in Victoria, amongst other things. So there's a whole issue about infrastructure planning. So one of those conditionality issues that was mentioned earlier was important to our inquiry, our investigation, was that one of those conditionalities is improved infrastructure planning, which Australia has lagged on. Until you get that right you either use diversionary migration as emerged as an option or you mute the level to that which can be accommodated without disadvantaging locals dramatically.

The diversion one, that was a valid option, that is, for a long while it was thought you can't get people to go to other places. But in fact simply imposing, as I think it was Amanda Vanstone did, the requirement that you reside in a certain location for a period of years until you prove you've been there and then you can get your permanent residency and if you haven't stayed in the location you won't necessarily transition to permanent residency. That proved highly effective, that people did stay and then they built up relationships and kids went to school and they made friends.

So what you got was through what was the state-selected systems you got a very substantial re-diversion away from New South Wales, basically, of migration. It worked. You could do that more. In Canada it works even better because the provinces - - -

MR LINDWALL: Have stronger - - -

PROFESSOR WITHERS: - - - have their own powers. But the willingness to continue that state component indefinitely, I would make it, again, not a separate scheme. I don't like this Stalinist sort of pipelines we have in our migration planning. As Max Gordon said about tertiary education, is that Moscow went along with that applies to the way we do immigration. We've fallen back to having these pipelines and pathways that are managed bureaucratically, whereas they could be pooled into a points arrangement that is an implicit market mechanism, putting aside who gets the rewards. But in that sense you can also have the states, simply put, are waiting for attraction to their areas where they do have the infrastructure, the local community support and those areas that are not so well serviced should not put in any points for attraction there.

MS McCLELLAND: There's so many questions really.

MR LINDWALL: Yes, I know.

MS McCLELLAND: I mean, I was interested, would you do that by region

as well as by state, you know, going to a regional area? Would you – so what I'm hearing from you, you'd sort of have two combined strategies mainly for dealing with this issue of how we manage our infrastructure with immigration. You might have some requirements or extra points for going to different areas, I think – either one or the other – and better policies to manage infrastructure. That's what I'm hearing.

PROFESSOR WITHERS: Yes.

MS McCLELLAND: That your - - -

PROFESSOR WITHERS: And within a migration inquiry you can presumably recommend a lot.

MR LINDWALL: Yes.

PROFESSOR WITHERS: With respect to sort of local area attractions and so on, it's got to be through the states even though it could be regional, because the states have the constitutional authority and local government doesn't. For local government to go around the states to the Commonwealth will be a complication. But it's worked reasonably well doing that. The only problem is occasionally someone like Victoria would declare all of Victoria a migration area.

MS McCLELLAND: Yes, so you need to be finer than that.

PROFESSOR WITHERS: It needs to be finer than that and with proper principles and protocols for it to be operate well rather than be gained. But, at the same time, the infrastructure stuff as a more general exhortation or through other areas needs to be advanced substantially. We're doing it badly. We do a whole lot of projects that aren't subject to proper cost-benefit analysis. They're done outside the Infrastructure Australia ambit. But that has been a problem we need to overcome.

MS McCLELLAND: I had other questions but there's no time.

MR LINDWALL: You've got another few minutes. You can probably ask one question.

MS McCLELLAND: I'll just say what they are and we can maybe look at some of them later. You said that you didn't find any relationship with unemployment and immigration. But did you examine youth unemployment? Because we are interested in this issue about whether – particularly in certain areas and certain programs might be having an impact on youth – we're talking about particularly working holidaymakers possibly and the student – you know, the international student employment. So that's one issue for us.

The other issue, maybe to follow up another time, is whether your finding about GDP – the RAN Commission's finding about GDP and equity had - whether that was related to immigration or entirely unrelated to immigration.

MR LINDWALL: You've got a few more minutes.

PROFESSOR WITHERS: We didn't look at the figures(?) you mentioned of unemployment; it was aggregate unemployment. So I can't update anything on that from our evidence. On the RAND matter, the population and immigration elements are implicit, not explicit, because they're part of a GDP versus environmental outcomes. So it's only insofar as migration is feeding through to GDP.

MS McCLELLAND: Yes. And the youth unemployment one, the youth unemployment issue?

PROFESSOR WITHERS: No, we didn't look at that. We only looked at - - -

MS McCLELLAND: Sorry. Yes, okay.

MR LINDWALL: We've got time for another question.

PROFESSOR WITHERS: But it would be easy to do, by the way. That is, the methodology we used is a couple of days' work.

MS McCLELLAND: Another question. You also talked about the social impacts, not just from your report but from your own experience, your deep experience in immigration, Glenn. How do you think of our policies to manage the social impact, including – do you have an information request about multiculturalism, what changes would need to be made. Do you want to make any reflections on that?

PROFESSOR WITHERS: Yes, in that speaking for myself now that cultural diversity, as comes from a non-discriminatory migration policy, can either be a great benefit to a nation when managed well or can be the exact opposite if managed badly. As we well know, cultural diversity, interpreting that very broadly, is a source of considerable social disharmony in many countries to the point of total dysfunction. However, what you also have is a huge management and social analysis literature which shows where you manage it well local happiness and productivity will enhance as in firms that capture cultural diversity well.

My analysis of public opinion on this – and there are real problems with the way much of the public opinion literature operates – is the sort of

questions that are asked. But my take on public opinion is that – expressed well some time ago by Murray Goot, which his opinion on this is fairly shallow. There's a small group of people who are intensely concerned about the cultural diversity of migration. There's a small group of people who relish it and a whole bunch in the middle just don't think about it very much and are willing to be led.

The point about being led is the crucial one. That is, strong leadership of a better (indistinct) quells dramatically the impulses to take out frustrations upon other people. That if our social, political, academic, union leaders express well the benefits that we can get from an integrated but diverse culture, whenever there are dangers of it being dysfunctional, in this country it turns opinion around really quickly rather than allow populism to break loose. Where our leaders stand back and don't say anything, then populists increasingly can cause difficult dysfunction before we ourselves then realise what's happening and retract.

So that our leadership has a crucial role is where I come from with this. The other is, of course, more directly functional, resettlement services. They're not well-organised. That is, the way in which the states and the territories and even within the Commonwealth settlement support operate, particularly, of course, for refugees and asylum seekers by definition I guess, is not still optimal and there are major improvements there that would help a heck of a lot with social acceptance of this.

MS McCLELLAND: So maybe later we'll follow up with you about the improvements that would be helpful there.

MR LINDWALL: Thank you very much then, Professor Withers, Glenn. It's a pleasure for you to be here and thank you.

PROFESSOR WITHERS: Thank you.

MR LINDWALL: Now, I'll call Ms Jenny Goldie, please, if she is here. Welcome.

MS GOLDIE: Thank you very much.

MR LINDWALL: If you wouldn't mind saying your name and organisation, if you have one, that you're representing for the record and perhaps give us an introductory statement. That would be most welcomed.

MS GOLDIE: Yes, thank you. I'm Jenny Goldie, I'm Immediate Past President of Sustainable Population Australia. I understand that I speak for five minutes and then you ask questions. Thank you for the opportunity of addressing the Commission. I commend to you our full submission which was authored by Dr Jane O'Sullivan who's a member of our national

executive. The latest figures from the Australian Bureau of Statistics, Catalogue 3101.0, for the year ending 31 March tell us that net overseas migration was 173,100 people, which is 55 per cent of Australia's total population growth, which is about twice the OECD average. There will be more figures coming out, their quarterly figures, they'll be out next week.

SPA believe that contemporary commentary regarding immigration policy is dominated by narrow economic considerations. This commentary emphasises the role of immigration in fuelling population growth to drive business development and profitability, but fails to consider the full range of economic cost. It also fails to consider the social and environmental cost and the consequences of unsustainable population growth. As an organisation, we are particularly concerned about the environmental because we are listed as an environmental organisation with the Tax Office and with Department of Environment.

It's a truism that nothing can grow forever, not in the least population. Principles of good economic management therefore must not be dependent on population growth. The lower the peak population in Australia the more resources will be available for person to sustain our quality of life into the future. Even in the immediate term the cost of increasing our population outweigh the benefits. While most of the benefits are ephemeral, most of the costs are cumulative over time.

It is our view that Australia's population already exceeds a sustainable level, particularly in view of forecast constraints on energy supply and the required constraints on greenhouse gas emissions, even more so since the Paris agreement last weekend. Such a view is in line with the consistent findings of the Australian Academy of Science. The prudent path, therefore, is to seek a peak population at the lowest level that can be achieved while accommodating the freedoms, rights and obligations generally upheld by Australia.

In 1994 the Academy anticipated that such a peak could be achieved at 23 million. Following a massive increase in immigration numbers from the mid-2000, that milestone has passed. We went to 24 million last October. Given the current demographic momentum, a peak in the range of 26 to 27 million would be an appropriate target. Accordingly, SPA advocates that Australia's immigration policy objective specifically include the facilitation of a sustainable population level as its primary goal.

SPA notes that Infrastructure Australia has recently identified increasing population as a key driver for existing infrastructure deficits and congestion and the resulting challenge associated with providing new and renewed infrastructure. In particular, Infrastructure Australia highlights the national population increased by more than 1 million people since 2011. We were growing about a third of a million. We've dropped back down slightly.

This population increase has clearly not received commensurate investment in community infrastructure. This deficit has resulted in declining urban amenity as evidenced by such phenomena as overcrowding, increased traffic congestion, pollution, distressed public transport systems, broadening urbanisation, increased demand for essential government and social services, et cetera. When combined, these considerations contribute to lower levels of social capital and quality of life enjoyed by existing residents.

There is no convincing evidence of per capita benefit to Australians from high immigration to offset these negative effects. The Productivity Commission's 2006 report, Economic Impacts of Migration and Population Growth, found that the very small increase in per capita GDP anticipated to accrue from sustained high immigration would be most enjoyed by employers and immigrants themselves, with the majority of Australian workers, including welfare recipients, likely to be left worse off.

That report acknowledged that a range of non-monetary impacts may have further negative impacts on wellbeing. It didn't consider, though, the role of population growth in driving inflation of real estate prices and the intensifying stress of housing unaffordability, which is arguably the greatest negative trend in wellbeing in Australia.

SPA acknowledges and welcomes the positive contribution of immigrants to Australia's diverse and rich multicultural environment. Nevertheless, for the sake of ending population growth, we recommend that permanent immigration quotas be decreased to levels similar to permanent emigration, to allow Australia's population to peak at about 26 to 27 million. This recommendation is in no way based on limiting specific ethic groups. Indeed, one of our objectives clearly states that we advocate low immigration rates, while rejecting any selection based on race. We're primarily concerned about numbers, not the makeup of the immigration program, other than to support a slightly enlarged humanitarian component, possibly in line with the Houston committee recommendations.

Thank you.

MR LINDWALL: Thank you. Is the concern of the organisation and yourself more about the population of the major cities, rather than the population of Australia generally, because a number of cities in Australia have static populations or even declining populations? It's certainly true that Sydney and Melbourne have grown substantially, Perth to some extent, but what about the argument that Australia has a fairly small population, given its size, compared to major countries around the world?

MS GOLDIE: Taking the latter point first, any country's carrying capacity is determined by its resource base and, indeed, by the resource in least supply

- in Australia's case, that's probably water. We're largely an arid continent with, really, only a green fringe around the eastern and south-eastern coasts, with a small amount in south-west Western Australia, where they have seen a drop in rainfall down to 30 per cent in the last 30 years. So, we are not small population, considering what area of land is actually suitable for human settlement.

In terms of the first part of the question, yes, we're concerned about the major cities, like Sydney and Melbourne, which are experiencing unsustainable growth, infrastructure is simply not keeping up with what is required to service that population. That is, yes, a concern. Nevertheless, you cannot necessarily put people in places where there are no jobs. In South Australia, you have Senator Nick Xenophon arguing for strong population growth through immigration to his state and then you've got youth unemployment in the northern Adelaide suburbs of well over 20 per cent - 25 per cent in some places. You cannot just plonk people down if there are no job opportunities for them.

Some areas, of course, are quite arid in Australia and can't sustain a population growth. Broken Hill, for instance, is going to run out of water in the next couple of months, unless it rains or more water comes down the river. There are some places which cannot sustain large populations in the long term. Our bottom line is that you have to look at the sustainability of any particular region.

MR LINDWALL: What type of factors do you think might influence what you would consider is the sustainable population of Australia? Could it be, conceptually, higher or lower, depending upon factors such as how efficient the labour market is, or how efficient the infrastructure provision of services is, as well?

MS GOLDIE: Liebig's law is that carrying capacity is determined by the resource in least supply. As I said earlier, water is a constraining resource in Australia in those places. In terms of determining what sustainability is, we would say that environmental considerations are paramount. While you can have, in the major cities, desalination plants to supply that water, nevertheless, at the moment it's energy-intensive and, although there is a lot of oil at the moment, future energy supplies are likely to be constrained. Things like desalination to supply a city have got a question mark over them, unless those desalination plants can be supplied by renewable energy, which is a possibility but it's just not happening on a large scale at the moment.

In terms of the social aspects, or employment, there are real question marks over what Australia's economy is going to do at the moment. We can't ride on the sheep's back any more. Our population growth has grown so large that we're no longer benefiting from further growth - it's taken away all the profits that we had from our agricultural exports, basically, we're at

the end of the mining boom. So, what do we do? We become a service economy, we become a clever economy, through innovation. Maybe that is going to happen.

Tied in with water, of course, is food supply and I think that we have to take very seriously climate change and its effects on food supply in Australia. An increase of 4 degrees, for instance, will completely wipe out agriculture on Australia's mainland, leaving a little bit in Tasmania. If we double our population, we are likely to become food importers rather than food exporters and that is going to put us into a very vulnerable situation.

In determining what the carrying capacity is or what's a sustainable population level, I would say that it really has to focus primarily on food and water, and we have to take a precautionary approach to that.

MS McCLELLAND: You concentrate mainly on permanent immigration. Do you have a view about temporary immigration? If I've got you right, you're saying, "Let's make sure that permanent immigration matches permanent immigration," so you have, in that sense, zero net immigration.

MS GOLDIE: Yes.

MS McCLELLAND: But we have a large temporary program. Do you have a view about the temporary program?

MS GOLDIE: We're concerned at any one time of the number of feet - the human footprint on the continent and, clearly, temporary migration adds to that footprint, but I think what we're more concerned about is not the fact that we have quite a large program, it is that so many of them become permanent, particularly students who come here temporarily, to study, and are really encouraged to become permanent migrants, which is increasing our skill level to some extent but it is also inflating the overall program.

We would advocate that, in a lot of skills, a five-year visa might be advisable to a permanent visa, just simply so that we can provide, in the short term, for skills that we need but, while we train up our own population. I think it is dreadful that we are depending on other nations to supply the skills we need. We're a wealthy country; we should be supplying virtually all the skills that we need. Temporary migration can be a good thing. We're a bit concerned that it is rather excessive at the moment. It's well over a hundred thousand, and that's a lot of extra people every year.

MS McCLELLAND: A follow-up question: in relation to your comments that the positive impacts of immigration are ephemeral and the costs are known and real - I think that's more or less - I suppose we're a little bit more positive about the impacts, the benefits of immigration. One of the things we say in our draft report is that one of the benefits - and we do acknowledge

that it's not forever this benefit but - which is the changing demography that immigration allows us, you know, it allows us to have a longer population and, although it doesn't - - -

MS GOLDIE: A longer population?

MS McCLELLAND: A younger population, you know, more people of working age. That's not forever because, you know, aging does occur, but that is a benefit for us, certainly, in the next decade or so. Would you comment - we found that's quite important in terms of what it does do to our GDP per capita growth, in the absence of not having it. We would miss out on that if we went to a zero NOM.

MS GOLDIE: As I've said, our primary focus is on population and, while immigration is the dominant driver of population and growth, we want it reduced. This is not to say that we don't recognise the advantages of it. I think there are temporary benefits from having young immigrants that lower the median age of the population, but in the end it only slows aging, it doesn't halt aging, of the population, which is a problem which is overstated, we believe.

As for diversity, I personally have four adopted children, who are non-white, two of them came in from Asia, so I personally welcome the diversity on the streets for my own children's sake and my grandchildren's sake.

As to the multiculturalism aspects, generally we agree with that, until it conflicts with something like feminism, because some cultures do not support our liberal humanitarian, egalitarian standards. Up until they transgress those - multiculturalism is - other cultures are welcome. I'm particularly concerned about women's rights in some groups and that's a problem that needs to be addressed. I don't think that we can overlook that. This is not singling out any particular ethnicity - on the Compass program, for instance, two or three weeks ago, there was an African man saying that when he, as a refugee, came to Australia he was rather startled that women were equal, and he had to change his attitude on that. So, those are problems that can be overcome but remain a problem until they are overcome. In terms of increasing GDP, it's GDP per capita, which is a pretty good - - -

MS McCLELLAND: Yes, which is what I was referring to.

MS GOLDIE: Yes, but, as your 2006 report said, it's only minimal, the increase, it comes with sustained high immigration, and most of the benefits accrue to the employers and to the immigrants themselves and not to the existing population, and there are a whole lot of negative things that go - are associated impacts, like congestion and pollution, which everyone has to suffer because of the higher population growth rate.

MR LINDWALL: Our findings on the per capita growth were about five percentage points increase by 2060. I wouldn't categorise it as insignificant.

MS GOLDIE: That's your latest report, yes.

MR LINDWALL: Our modelling showed that, in the case of a NOM of zero, population would increase to about 27 million by 2060 and thereafter decline inexorably. With a NOM of about, at the long-term average, or declining to the long-term average, 0.6 per cent per annum, it would still reach a peak of around about 40 million and then it would also keep declining because the long-term average NOM plus the fertility and death rates are not sufficient to maintain a stable population in the long run.

Nonetheless, the points about population growth that I wanted to ask you about - don't you think it's more of an issue about world population growth than Australian population growth, when you talk about the environmental impacts and the societal impacts and all the rest of it, and should Australia, despite the fact that some parts of Australia have fairly high population and there is capacity to improve the fertility - I'm not talking about human fertility here, I'm talking about food production in Australia - we're doing an agriculture inquiry at the moment on that - by technology and improved water-sourcing, et cetera, and, as you say, better energy provision - that Australia has a bit of a responsibility to take some of the load off other countries? In fact, the data shows that fertility rates of humans decline to the average standard - in fact, they're lower than the average Australian fertility rate of immigrants than they are in their source country. So, at the margin, a small amount perhaps because we're making a contribution - we're actually lowering world population growth by immigration.

MS GOLDIE: Yes, okay, but it's so marginal it's not worth talking about.

MR LINDWALL: That's the same argument as saying contribution to Australia on climate change reductions is so marginal that it's not worth doing something - - -

MS GOLDIE: Not really. Given that we're the highest in measures of carbon and 13th in the world, it's very significant. There are a number of points there and I'm probably going to forget them all. Let's talk about - can Australia relieve the global population? I personally believe that both the - SPA also believes that both the world and Australia are overpopulated. We're currently using 1.5 worlds, globes, Earths, of resources and clearly something has got to change. We've got to lift 2 billion people out of poverty and to do that we're going to be using even more resources and atmospheric space, in climate terms.

One of our policies is actually to - objectives - is to not only stabilise but

to reduce population because we are overpopulated. If you read the state of the environment reports, virtually all the environmental indicators are going down. SPA ran a conference two years ago on population resources and climate change, and Professor Dickman from Sydney University has estimated that for every increase in the population of 1 million we lose one vertebrate species in Australia. For those of us who care about biodiversity, that is a real tragedy.

Yes, we can take some of the world's population, and I think we should, but we should be seriously considering taking Pacific Islanders that will be inundated because of our actions of climate change. Whether we take the Pearl River Delta, whether we take the millions from Bangladesh that are going to be inundated is another matter; it becomes, where do we draw the line? For all our fine sentiments on preserving the environment by keeping the population low, I think that probably the reality is in the coming decades that we're going to see a significant number of increase in climate refugees, particularly from our region, and we're going to have a moral dilemma about what to do with them. I think that we do have an obligation to take tens of thousands of people from our region. Whether we take millions is another matter.

I've forgotten everything; I should have brought a pencil.

MR LINDWALL: No. You've done well.

MS GOLDIE: Just in terms of decline, decline is not a bad thing as long as it is gradual and it doesn't upset the age structure too much. We have Peter McDonald has said that anything below 1.5 fertility is a problem because it disrupts the age structure too much. Our current fertility is 1.9. We could get that down to 1.6 and not disrupt the age structure too much, and it would certainly allow us to take in more refugees as we need them.

We are actually in favour of increasing refugees now, possibly among the Houston recommendations, which was 20,000 and then a further increase to 27,000. That, of course, is still a drop in the ocean; there are 60 million refugees or displaced people in the world right now. We can't take 60 million people. There's no way that our economy or environment could cope with all the people that need to come here. What we need to do is increase foreign aid, rather than decrease it all the time, which is what's happening, and put it into family planning within a reproductive, health and rights context. We have to direct it to programs that increase the status of women and to increase education for women and girls to get down those birth dates in other countries. Even though global fertility has fallen to 2.4 and replacement is 2.1, we still have massive increase in population - in Sub-Saharan Africa fertility, over 5 or 6 - and a country like Uganda, with currently 27 million people, is going to have 130 million by 2050. I mean, it's madness. It's not going to happen because there's going to be starvation.

We really are heading for disaster, especially with climate change affecting food production.

Yes, in a way, the problem is overseas - the global population is a bigger problem than that in Australia but that's not to say that we can take all the people that need to come here; we can't. We have to do it, at the moment at least, within our resource constraints.

Just to go back to climate change, we have signed on - last weekend the Prime Minister signed onto a target of no more warming than 1.5 degrees. If he's serious about that, then we have to get our emissions, our target for emissions - we have to increase the ambition from the current 26 to 28 per cent by 2030. We have to make it 65 to 85 per cent. If you're going to have a population of 40 million, it means there's significantly more work to be done on carding emissions per capita. It's much easier if the population is stable to get emissions down.

We have entered the world community now in a big way, last weekend, and we have to not only abide by what targets we've got but we've got to increase them. We have to shift dramatically to a renewable energy economy. This impacts on our economy because we're going to have to keep 80 per cent of our fossil fuels in the ground, we have to not have the major new coalmines in the Galilee Basin and the Liverpool Plains, we have to close our brown-coal generators immediately, we have to phase out the black-coal generators.

MR LINDWALL: I think I get the picture. I don't think we - - -

MS GOLDIE: No, it's just that - - -

MR LINDWALL: This is not a climate change inquiry.

MS GOLDIE: Yes, I know. It's just - - -

MR LINDWALL: I think our time is about up, I'm afraid to say. Thank you very much, unless you have any final words that you wanted to - you've got about a minute to go.

MS GOLDIE: Just something that Glenn Withers said. He said that infrastructure - if we have young immigrants, they will pay, through their taxes - pay for the infrastructure. Infrastructure has to be ahead of people's arrival, be they babies born here or immigrants, so the taxes come later. Taxes cost - infrastructure costs, per person, about $100,000 a year in public expenditure, so that's really what we're looking at, a lot of money for each person, whether they're born here or immigrants.

MR LINDWALL: Thank you very much for coming. We're now due to

have a 15-minute morning tea and then our next witness will appear just after that, at 11.35.

ADJOURNED **[11.15 am]**

RESUMED **[11.30 am]**

MR LINDWALL: We welcome our next witness. Would you mind stating your name and occupation and then perhaps give us a short presentation? That would be most welcome.

MR SEED: Thank you very much. My name is Chris Seed. I'm the New Zealand High Commissioner and, obviously, represent the New Zealand Government in Australia.

Thank you very much for the opportunity to make a few comments today on this very useful report. We commend the continuing attention of the Australian Productivity Commission that its analysis gives to the overwhelmingly positive impact that migration from New Zealand has on Australia's economic wellbeing, as well as the arguments the Productivity Commission has marshalled about the need for a pathway to citizenship for long-staying New Zealanders who have moved here since February 2001.

New Zealand and Australia, according to some studies, are the two most connected countries in the world. The Trans-Tasman Travel Arrangement provides for citizens of both countries to live, work and study in the other and it's a fundamental element to the economic, social and political success story of our two countries. Freedom of movement for labour has been a boon for both. It provides business access to a work-ready labour force. When they face a skills shortage, it offers diverse employment opportunities for our nationals in one another's countries.

We think the Commission's draft report makes clear that the more than 600,000 New Zealanders living here are net contributors, they are more likely to be in a job than Australians, they have higher average incomes than not only Australians but any immigrant group and, as a result, New Zealanders pay more than their fair share into Australia's tax system. Nonetheless, it's true that New Zealanders who moved to Australia from 2001 find themselves in a unique form of residency limbo. Many long-staying New Zealanders are on special non-protected visas, they are unable to become permanent residents or citizens, and, in our view, that presents an emerging challenge, including a productivity challenge for Australia.

In our view, the draft study could be further strengthened if it referred to

the growing group of long-term resident New Zealanders, who are Australian in all but passport, who cannot participate fully in Australian life because they cannot become citizens. These are people who, without a pathway, cannot work for the Australian Government, they can't join the Australian Defence Force and they'll never be able to vote here. While it's true that, the report refers to recent changes in access for New Zealanders long resident here who want to study, it's also the case that those same students, if they needed a student allowance, would find that they were not eligible.

Moreover, without a comprehensive fix to this pathway issue, other government initiatives to improve workforce participation and productivity, like the Job Commitment Bonus, which was introduced in Budget 2014, risk excluding long-staying New Zealanders because they are not considered permanent residents and have no mechanism to become so.

I mentioned there the Job Commitment Bonus. Just to sort of elaborate the issue about treating this group of New Zealanders as non-permanent residents, that has a number of elements: one was that they were excluded from being able to access the Job Commitment Bonus. Just to give another example, in 2015 the Superannuation Guarantee (Administration) Amendment Bill, which was introduced into the parliament and was directed at reducing retake by removing obligations for employers to offer a choice of super fund to temporary guest workers. New Zealanders were excluded or treated in that amendment bill – because they were here on temporary or non-protected visas – as temporary residents and so were excluded from the provisions of that Bill.

To use a couple more examples, at the state level New South Wales excludes New Zealanders on non-protected visas from accessing tertiary student discount fares. So even though they can enrol as domestic fee-paying student, they're unable to access that benefit. Victoria went one step further and excluded all New Zealanders from accessing tertiary student transport concessions, even where they were long resident in Australia. There's also an issue in the banking sector too. Recently, for example, a complaint has been made about one of the four big banks offering New Zealanders insurance, only to withdraw policies and refund premiums on the basis that they were non-permanent residents.

While most New Zealanders in Australia succeed most of the time, some are going to fall on hard times at some point in their lives. When they do they have a limited social safety net here to catch them and they can't draw on those welfare benefits, they can't access the National Disability Insurance Scheme, even though they pay the levy, and in many instances they miss out on basic disability services. So these restrictions for people who have made their life here represent, among other things, a drag on Australia's long-term productivity.

Fourteen years on from the 2001 changes, long-term serious social problems are surfacing for a small portion of New Zealanders. This is particularly so for children with disabilities and those living in broken homes. In our view, early intervention can help prevent the poor outcome that these vulnerable children face as they grow to adults with the intended cost of these problems for the taxpayers. So we think there's an economic argument for dealing with these issues as well as a social one.

We think the Productivity Commission is right to recommend addressing the issues faced by long-term resident New Zealanders on a special category visa and are right to recommend the development of a pathway to permanent residence. Doing so, of course, would put New Zealanders here on a similar footing to Australians living in New Zealand. Certainly this issue is a matter of close interest to both governments and I know that our prime minister will be talking again with Prime Minister Turnbull when they meet for their annual summit in early 2016.

MR LINDWALL: Thank you, High Commissioner. Now, we'll have a few questions. But could you perhaps say – clearly there are many New Zealanders who live in Australia who can go through the normal criteria through the various classes, permanent visa classes, in Australia. There are some that are in particular distressed in certain parts of Australia. That's, one could argue, a stock of New Zealand residents in Australia, which a solution to be found for a pathway. Would you apply the same pathway – I want to talk about how you design a pathway and how you'd envisage it for the incoming flow of New Zealand citizens arriving in Australia as well as the existing stock.

MR SEED: Well, I guess we're not looking at to be prescriptive about how this challenge might be solved. But it seems to us that a test based on longevity of stay in Australia along with a, we accept, character test would provide a meaningful pathway for people who have clearly moved here, have made their life here, are contributing to their communities here, would provide a mechanism to allow them to become permanent residents or citizens. We think through that mechanism that would provide an opportunity for their children, who many came here when they were very young, and would allow them to therefore become citizens, which allows them to better access and contribute to the Australian economy.

MR LINDWALL: The pathway that you're envisaging, what duration do you think a New Zealand citizen would be resident in Australia before he or she would access that pathway?

MR SEED: Well, again, I don't think these are sort of – it's not that the New Zealand Government is going to declare on that, but it's something – for example, there's been suggestions that something in the order of eight to 10 years would be a suitable measure, given that we also accept that New

Zealanders are uniquely privileged by being able to move here and to live and work without meeting other tests that apply to other visa holders.

MR LINDWALL: So at that point eight to 10 years or whatever it might be, the New Zealand resident in Australia would go through perhaps a character test, as you were suggesting, and then would either achieve the permanent visa or what would happen otherwise?

MR SEED: Well, I think at that point – so we accept that they would have to by application sort of look to move themselves from their current status into some other, whether that is immediately to citizenship or immediately to permanent residency would be a decision for the Australian Government. But, effectively, the trick of it is to, it seems to me, establish their credentials and the Australian system to give them a mechanism to become a citizen and for them to be able to exercise that right.

MR LINDWALL: In a sense, essence, you would say that after – the normal expectation that a New Zealander wishing to migrate to Australia would have is that after that period they should become a permanent resident or citizen of Australia.

MR SEED: Yes, sir, they would have the ability to – they would have that ability.

MS McCLELLAND: It's just a supplementary question on that issue about how you would determine who is eligible for the pathway. So one of the arguments for the pathway is that these people having been living here for a long time and have made a contribution but can't demonstrate their ability to make a future contribution in the same way through the points test as others. So they're disadvantaged. It seems to me that that's possibly the issue. So you're saying length and character. You wouldn't include past contribution in Australia as part of that? "I can show that I've been working for so long, therefore I'm going to be able to make a future" – you know, there's no – how would you feel – or do you think that would be unfair and it just needs to be both length of residency and character?

MR SEED: I think to be fair, we haven't seen the shape of Australian sort of proposals. Certainly anecdotally I think there's been some suggestions about effectively a means-tested pathway. That's possibly something to be looked at. I guess it's also – though when you think about it in terms of – I think about it in terms of the way it would practically be involved. So we have a cohort of kids moving through the schooling system. They came when they were five and they're now 15 or they're now 18. So would they be taken through by their parents' tests or would they – how could they apply in their own right? The means test wouldn't meet that.

Because I think what we are looking here as a sort of a significant

population which is in some ways different from other migrant populations because of the way in which they were able to enter the country. A lot of the issues that were pinch points which are not presenting, I'm not sure that they would be met largely through – or through a means-tested option.

MR LINDWALL: How would you respond to people who might suggest that providing a pathway which is then known and any New Zealand citizen – it would be only citizens, not New Zealand permanent residents who would know that if they migrated to Australia, effectively had a non-trade – a permanent residency, an Australian citizenship and that therefore the controls of the New Zealand border would effectively become de minimus Australia's controls as well. People would go to the one that was easiest to attend to, perhaps becoming a New Zealand citizen – migrating to New Zealand and then coming across to Australia. Some people would say that I guess.

MR SEED: I think there's been discussion in the past or comment in the past that New Zealand – pathway to citizenship in New Zealand was somewhat more straightforward than Australia. But changes to our own sort of citizenship requirements 10 or more years ago have had essentially – brought the two systems sort of much closer together. Again, I think the longevity test – our requirements and the longevity test here I think would – I don't have the data on it, but my sort of sense is that it would take that issue out of the – you wouldn't get people shopping around for the easier sort of citizenship pertaining to countries.

But, again, I think this goes to the detail of how this pathway would work within Australia.

MR LINDWALL: But the crux of it is if you have a pathway in both directions, then the similar types of policies to become citizens of either countries would be important. As you can see examples in the European Union where there's quite differing requirements and people tend to exploit one versus the other.

MR SEED: Yes. I think but in the case of and between Australia and New Zealand our sort of tendency is to alignment around these things to ensure that actually we don't get that shopping around.

MR LINDWALL: May I also ask about just to illustrate what are the – for Australians migrating to New Zealand under the temporary visas, is there a pathway available for them to New Zealand permanent residency?

MR SEED: Well, they are effectively considered a resident after two years normal residency. As for New Zealand, Australians don't need a visa and in a sense an application to move to New Zealand to take up residence, to work. In terms of all the requirements or also all the benefits, if you like, of permanent residency, they normally accrue to people after two years in

country. So that's access to the welfare system, access to compensation, access to health system. All of those things are normally available to people after two years of residence.

MR LINDWALL: I've got a question here about whether we could get access to New Zealand Government data on New Zealanders in Australia and, in particular, how long New Zealanders on average stay and the variation in Australia. Because we've got some data but there might be some useful data from the New Zealand Government that could be helpful to our inquiry.

MR SEED: Happy to take that on notice. I guess instinctively I doubt that our information on that is as comprehensive as Australia's.

MR LINDWALL: But if you wouldn't mind checking for us, that would be great.

MR SEED: Yes, for sure.

MS McCLELLAND: Well, you know, one of the major parts of our inquiry was this idea of a charge to come – which we've interpreted as a charge. That would apply for permanent residency. So one could imagine that for New Zealanders who are here on – if they want to become permanent residents they might pay the charge. We sort of estimated – it's around about 40,000, a bit more, that it would be initial modelling. I wondered whether you had any thoughts about how - we've recommended against it but, still, we have to check that recommendation for our final report, so we're wondering whether you had any views about that.

MR SEED: I think a sum of that amount would create a significant barrier for many New Zealanders who are here. As I understand the data, New Zealanders, in the past, have had a much lower take-out rate of citizenship than other migrants. There are a range of factors which have contributed to that, including, until 2001 - I'm not sure - for many people, there didn't seem to be big benefits from becoming citizens. They could function here and participate in all aspects, good and bad, of Australian life without needing to become a citizen. I think, since 2001, that is higher - but I think that charges of that sort would act as a real brake on people taking up that citizenship right. I think the consequences might be that people wouldn't do it and therefore people are not going to contribute in the various ways that they might.

I keep sort of going back to this issue, which has become more and more apparent, of people being limited in their ability to - even though that - they've been successful, they are deeply immersed in Australian life and deeply immersed in the economy but have been unable to access certain functions of, essentially, their residence. The thing about - the child who's

leaving secondary school, has been in the cadets, or whatever, and wants to join the Defence Force can't do it. Now they can't become a citizen, I think this sort of money would be a real brake on that, even though they have lived here for many years, even though they have grown up in the Australian education system. I guess my sort of instinct is that this could be quite detrimental to enhancing their ability to become citizens and improving their ability to contribute.

MS McCLELLAND: Can I just ask a follow-up question, just going back to the original - not follow-up, just going back to the issue about those New Zealanders who are in Australia, have been there for a long term and have limited entitlements. One could argue that they came on the basis of understanding those limited entitlements. How do you think - do you think that the information providing them was not sufficient? Is there an issue about the information we're giving to New Zealanders when they're coming to Australia about what will happen if they can't become permanent residents, what limited entitlements - so they're making an informed decision? Are there issues there, because - - -

MR SEED: I think it's a good point and I think it's certainly been raised by others, in other fora. Undoubtedly, it's an area that could be improved but in terms of how that materially affects the lot of people who have been here for 10 years, whether those original decisions which they might well have - indeed they may have factored them in - they've actually - but after 10 years they have effectively made their life here, so now they're dealing with a new reality.

MS McCLELLAND: Yes.

MR SEED: And, indeed, I think it's also the case that some of the reasons for the changes in 2001 - essentially, we're not - by arguing the case for having a pathway, there's no suggestion that we would go back to the situation that existed before 2001, or the situation that applies to people who came before 2001, in terms of their ability - the speed with which they could access the Australian system. We're not proposing that but I think it is addressing the problem of people who have been here for a long time, have made their life here and are demonstrably contributing.

MR LINDWALL: I don't know if you mind, since we've got a few more minutes and we've spoken, I think - unless you have any more points you'd like to make about New Zealanders in Australia, it might be useful to ask a couple of questions about the New Zealand immigration itself, because we're looking at issues such as social cohesion, the environmental impact and other economic issues. Do you have any thoughts you could share with us about how New Zealand sees these issues and congestion in cities, in your major cities? They're probably not as obvious, as acute, as you would see in Sydney or Melbourne but have you been hearing any disquiet about

immigrants going - or population growth in larger cities?

MS McCLELLAND: To follow that up, actually, because - when we visited - Auckland was being discussed quite strongly as - concern about high population growth in Auckland, so it is relevant, I think.

MR SEED: Yes. I'd say that many of the issues surveyed in the draft study resonate with New Zealanders because we, like you, are an immigrant country. Being able to access human as well as financial capital is fundamental to our ability to function in the 21st century. Our migration settings, of course, are continually involving against the market but also against developments in New Zealand. I think it's certainly the case that New Zealand migration has shifted a lot in the last sort of 20 years, so now Asian migration has moved and Asians - people who identify as Asian have now moved from being something like 3 per cent of the population in the mid-90s to something of the order of 9 or 10 per cent in 2013-14, so quite significant shifts.

In addition, we have - because of our special relationships with some Pacific Island countries - in-flow from there and, of course, the trans-Tasman movement is a significant part of our population mix. So you find, as a result of that, Auckland is now certainly one of the most diverse cities in the world, in terms of its population mix.

The pressures of migration go to the heart of a lot of government policy, managing that, understanding the immigration drivers, understanding the consequences of that immigration. Housing prices are the particular issue of concern at the moment, even more than Sydney, I think. The ratio of average income to housing affordability is more out of kilter in Auckland than it is even in Sydney. I think all of these issues impact on the environment and the like. All of these things are part of the debate in New Zealand and part of the government - the political policy and policy response. I guess what they show is that both Australia and New Zealand bring similar frameworks to thinking their way through these issues, how do we get incentives in the right place, how do we resource them, how do we understand the benefits, as well as the downsides, of particular (indistinct) of migration, and how we ensure, essentially, social cohesion.

On that point, just to go back to the original purpose of our presence here today, a case we would argue for - New Zealanders being successful migrants into Australia is quite well-made because they come with that sort of ready connection, obviously, with the sort of history, language and any other connections which make them easily integrated into the Australian system. I think the population flow across the Tasman, both ways, has sort of demonstrated why the system works pretty well and why these issues about dealing with pathway - you know, it's just going to make for an even more effective trans-Tasman sort of population that will move back and forth as the

economies of the two countries adjust to developments in the wider world.

MR LINDWALL: You can see that in terms of net migration from New Zealand through the mining boom and then as the mining boom abates. It does create a diversification of risk, one would argue.

MR SEED: Yes.

MR LINDWALL: Thank you, High Commissioner, for attending today.

MS McCLELLAND: Thank you very much.

MR SEED: Thank you.

MR LINDWALL: We're now scheduled for a short lunch. We would welcome that we do that and that we resume here just before 12.45 - it's not such a short lunch, actually; it's three-quarters of an hour, almost. We'll welcome Helen Cook at 12.45 and then the other witnesses. As I said earlier, for those who may not have been here, there will be an opportunity after our final presentation, from the Council of International Students, for other people who wish to testify to do so. Let's go for lunch. See you back just before - we'll make it 20 to 1 and we can get started just before quarter to. Thank you.

LUNCHEON ADJOURNMENT **[12.01 pm]**

RESUMED **[12.44 pm]**

MR LINDWALL: Welcome and if you wouldn't mind giving your name and organisation, if you're representing an organisation, and then perhaps give us a five-minute presentation or thereabouts and then we'll have some questions perhaps, if that's fine, thank you.

MS COOK: Thank you. My name is Helen Cook, I'm here to represent Educational Testing Service which is the making of the TOEFL test. I'd like to open by thanking the Commission and particularly the Commissioners for the opportunity to contribute to this inquiry because I think it is really important that we get the policy regulatory settings for migration correct.

Educational Testing Service, which creates the total test, began English language testing over 50 years ago. So they were the initial global standard for measuring English language communication skills. The test results are accepted by over 9000 institutions, organisations and governments from 130 countries, including in Australia where all the universities and providers

accept the TOEFL test, as do the major professional bodies, the accountants, AHPRA and so forth.

Given this level of English language proficiency testing expertise, we thought it was important to take the opportunity to help inform your deliberations around the migration language settings. I mean, obviously all believe that effective English language proficiency requirements are important. Clear communication skills are both important for immigration and also for the economic success of migrants. Australia relies on that economic success too through accessing the global marketplace for skills and talent. So our visa settings have to effectively support businesses to access that global marketplace.

The government's reforms of the English language settings in 2011 and 2014 successfully ended the language testing monopoly for Australian visas and we welcomed that very much. These reforms created competition while maintaining the necessary security and quality conditions, thus benefiting both test takers and school users. The changes didn't come about with a good deal of consideration and a lot of effort from providers to provide information. We had to pass 24 benchmarks related to both the operations and also the security of the tests and provide a lot of research to back that up.

But it was, of course, important to us also to be able to meet whatever standards the department had set out for its student and skill visas. I think if there's one change that we would like to see considered for the future it's the establishment of a more thorough evidence-based process which we would refer to as standard setting involving government representatives, professions, English language test providers and so forth to actually better set those minimum levels that are being used because they are so important. We'd like to see a more thorough process and we do offer a process, a free process, to assist in that.

The thing with Australia's English language standards don't exist in isolation either, yet a lot of the people who take these tests actually take them overseas. They don't necessarily test it in Australia. For us they take them at recognised and trained international English test centres. So security is a consideration there. There's another kind of integrity that's really important and that's reliability and validity. So that you trust the scores. I mean, it's important for the test taker, it's important for the end user. For example, Australian universities, VET colleges, employers must be able to trust the scores, both the methods of testing and the scoring. They must lead to consistent, objective scores and we would say they should not rely on the opinion of one single examiner. Also, they should be – from country to country they should be the same – you should get the same outcome. That is really, really important in terms of developing that level of trust.

They're the main points that I wanted to make. But I'm happy to try and

take some questions.

MR LINDWALL: Thank you. The point you're making, I think, goes to what I would call false positives and false negatives. In other words, giving someone a pass who shouldn't have a pass or giving someone a fail who should have passed objectively. I don't know if you can – and whether the different levels are quite as clear-cut as that. I mean, a maths test is pretty easy to test whether someone is doing well or not so well and English testing is a little bit more difficult, I guess, especially orally versus written communication.

MS COOK: Yes. It depends on the context. I mean, obviously the audience that we're talking about for testing is a very broad group from people coming in on family visas who don't necessarily have to take an English test to all those different levels of skill visas where there are currently set levels. I think in terms of what you're saying about whether people pass or not, that comes back to my point about what – not only what the purpose is but what we regard as the pass – there is no pass or fail, it's really what the context is and how you set those minimum standards. Perhaps there's an opportunity for review of a more robust process to set those minimum standards.

MR LINDWALL: Could you perhaps give us some thoughts on how we should make that more rigorous?

MS COOK: In terms of the process that we use?

MR LINDWALL: Yes, and getting the levels more objective, perhaps.

MS COOK: Well, we use a process which has been used both in Australia and overseas with, for example, professional bodies. I'll give you an example of with a professional body where we get a panel of people that come from a wide diversity of – so users, people with some English language experience and employers. We set up the panel and we go through a process where we look at what exactly are the tasks, if it's a speaking – we deal separately with the four skills. So what are the speaking tasks that we're talking about here, so that we come to something of an understanding of what we're measuring.

Then we look at test items and look at the standards so that people come to an agreement across the group that this is the minimum level which they'd like to see people say entering that organisation or that profession. So we work through all four skills and then we provide a report. The report is owned by the people who commissioned the consultancy, not by us. So we are there as advisers. It's a free service. We review then with all of the detail, the discussions and the information and the scores as to what you then wish to do with that.

MR LINDWALL: I'll ask one more question and then give Alison a go. Currently the system is such that a person who is being employer-nominated from a temporary visa to a permanent visa has to reach a level of I think it's called competent, whereas a person who comes directly for permanent has to have a higher level, I think it might be called proficient. Can you see any reason why there should be two different levels for people entering permanent visas, depending upon which way they travel?

MS COOK: I guess as a test company we haven't been involved in the setting of the requirements because we provide a service essentially, rather than – we haven't gone through that process that I'm talking to you about of understanding the context. So we provide the service rather than provide advice.

MR LINDWALL: Could you perhaps give us an example between those two levels of competent and proficient – I think they're correct – and what would you say are the main differential factors?

MS COOK: I'd have to refer to our scoring scale. I mean, when we assess, for example, speaking we're looking at a range of things; topic development. So a clear progression of ideas of whatever you're responding to. We look at language use. We look at the delivery, so how fluid and clear. And we look at, overall, whether they responded to the question too. So it's really gradations on that. It's difficult for me to give you the difference in a few words because - - -

MR LINDWALL: So it's not like the difference in a high distinction, distinction, credit, pass, whereas you have 65 per cent, 75 or whatever they are.

MS COOK: We do have scale scores but our scale scores may not exactly – I mean, our scale score is out of 120. For example, if you're looking at competent, that's a scale score of 60. If you're looking at proficient, that's a scale score of 94.

MR LINDWALL: That's quite a lot more.

MS COOK: And if you're looking – yes.

MR LINDWALL: So one is 50 per cent and the other - - -

MS COOK: Well, there's not a percentage because they're out of 120. But there is a fair difference between the two. But I'm talking about the whole test score there on a scale of 120.

MR LINDWALL: Of course, yes.

MS McCLELLAND: Well, maybe it's a similar way of asking the same question, Paul, or maybe I'm just repeating your question. But do you think there should be a clear basic standard that when they're bringing people in on the basis of their English – should there be a clear minimum standard about English that we should be asking everyone that we're bringing in to meet? Because at the moment the standard can vary, which is what you're saying.

MS COOK: Are you talking about people who - - -

MS McCLELLAND: At the moment we apply a different standard by some of us who come through one pathway - - -

MR LINDWALL: Excluding the humanitarian intake.

MS COOK: I was going to say there are - - -

MS McCLELLAND: Forget the humanitarian - - -

MS COOK: That's where I was heading.

MR LINDWALL: Forget that.

MS McCLELLAND: And the need to provide special assistance.

MS COOK: I think it's helpful for people to be equitable. People then have better expectations of what's required. I think there is an opportunity for educating people to a more sophisticated understanding of what those terms actually mean. As you know, the department has those five terms. I mean, functional is actually – in terms of a test level, it's very low. It's 32 out of 120. It's a very low - - -

MR LINDWALL: Tourist language.

MS COOK: Very slow score.

MS McCLELLAND: When you say the five terms, are you talking about the five different kind of testing?

MS COOK: No.

MS McCLELLAND: It's a different five.

MS COOK: They have functional, vocational, competent, proficient, superior. I think I've got it right. But they are really – I'm not sure where those terms came from. They are descriptors, just identifiers.

MR LINDWALL: And the different testers' testing regimes sign off numbers according to, as you say - - -

MS COOK: Yes, exactly.

MR LINDWALL: - - - competent 60 out of 120 in the case of - - -

MS COOK: Yes. So I do think from the equity perspective, it would be preferable to have the minimum requirement be the same because inequity always brings dissatisfaction and confusion. But is that - - -

MS McCLELLAND: Yes, that's helpful. I don't know whether you're aware that we had in our draft report based on the submission that we received from ISLPR Language Services who are concerned about the current level of testing based on the IELTS. They are suggesting a different test that should be available.

MR LINDWALL: They called it adaptive, I think.

MS McCLELLAND: Do you have a view about that test?

MS COOK: I am not an expert on that test, so I'll make some general comments. When you have a test that's used for these – I mean, functional has – functional English has got about a dozen different ways and they're not used in the rest of the visa classes and they're quite diverse. So really the kinds of considerations and benchmarks that we all have to meet in order – and that was a public process, by the way, which this test probably did engage with. There is a couple of things.

One is that you had to be globally accessible because there's a range of people who will want to take the test. You had to have a whole range of security measures in place, including online verification of your test results because you have an officer in an office somewhere, immigration office, that has to be able to verify the scores. We have quite a strong view about consistency of scoring results in the sense that we have multiple scorers for both our speaking and our writing. Our speaking test has six items. You could have three, four, five or six different people mark different items from the one person. This is to get away from the one opinion, which is - - -

MR LINDWALL: Yes. Of course.

MS COOK: Our research tells us that that's consistent. Our scorers will mark from around the world, so they get the content, they don't know whether you're Peruvian or Chilean or Chinese. They mark the content. They accept British and American spelling, they accept accents and so forth. So, if you're talking about a global environment, you actually have to be able to adapt to all of those kinds of circumstances.

We have multiple markers. They mark from around the world and they mark anonymously, to try to get that trust that - of consistency or objectivity to the schools. I don't believe some of the other tests are able to - may not have been successful in the process and mightn't be able to meet some of those requirements.

Security is also a big issue, as you would appreciate, and that its own whole set of requirements that the Department of Immigration, because they rely on us to conduct that - it's outsourced to us. I'm not sure - there are a variety of tests available already, there are five different tests, so I would have thought that test-takers already did have a choice. I would agree with the perception beforehand where there was basically one test, that monopoly situation, that was not a satisfactory situation, but now there is - - -

MR LINDWALL: We can't test this, so - - -

MS COOK: Yes. We would seek to support the department in whatever policy decisions that it makes.

MS McCLELLAND: I think my last question would be, just in relation to what you said, do you have any views about the process and the standards that the department uses for determining what is an acceptable test that they would be happy - you know, they'll accept?

MS COOK: I actually thought the benchmarks, the 24 benchmarks, were very good. They weren't set in isolation by the department. I understand from our colleagues that they were involved with the English language sector, in terms of setting those benchmarks. They were fairly challenging. We have been subject to subsequent reviews, as well. I don't have a particular problem with them. I think, given that there were a number of test providers who were able to meet those benchmarks, with the department now having five different English language tests, it's a fairly diverse group that - because each language test company tends to approach language testing in a slightly different - you know, our researchers take one perspective, another group of researchers - this is a heavily-researched area, generally. With organisations like ETS, it is, anyway.

MR LINDWALL: Do you have any publicly-available information about the distribution of scores? In other words - - -

MS COOK: Yes. Absolutely.

MR LINDWALL: Excellent. How many people take the test, how many people achieve competence and functional - - -

MS COOK: I don't know whether they have numbers of the actual people

who take the test. They do have global reports for the test results globally every year, and I can send that to you.

MR LINDWALL: Good. That would be fantastic, thanks.

MS COOK: ETS produces a report every year for all countries where 30 or more people sat the test and I believe IELTS does the same for about at least the top 40 countries. I'm not sure about the other tests, though. We certainly do it every year and I can send you 2014.

MR LINDWALL: Thank you.

MS COOK: Certainly.

MR LINDWALL: On another question, when whatever level has been decided out of your 120 points, how much weighting is given on oral versus verbal?

MS COOK: Each of the subtests is equal, so it's 30 - you add the subtest score - the skill scores.

MR LINDWALL: What are the four subtests, then?

MS COOK: Listening, speaking, reading, writing. They're consistent across tests.

MR LINDWALL: So you can ace one of them and - it won't pass you necessarily.

MS COOK: No, and it depends how the requirements are set, too, whether they're set as minimum standard, because a lot of the current arrangements for skilled migration are set on the minimum subtest requirements, but - yes, it is - depends what you want the score for, too. If you want someone with strong speaking, for example, then you might have a different speaking score. Some organisations do do that.

MR LINDWALL: I can see what you're saying; it's 30 points for each of the four and there's your 120 straight off.

MS COOK: Yes.

MR LINDWALL: Yes.

MS McCLELLAND: Yes. What you've also shown is you're testing for a number of audiences too.

MS COOK: Absolutely.

MS McCLELLAND: It's not just to get into Australia or to demonstrate - it's for various employer groups or - - -

MR LINDWALL: And universities and so - - -

MS COOK: Yes.

MS McCLELLAND: Yes, so there's a number of audiences that have been - being - whose needs are being met through that test.

MS COOK: Absolutely. I'm not sure if you're aware but globally - IELTS and TOEFL are the two big globally-available tests and the - I'm not sure about the - - -

MR LINDWALL: What level would a typical university student entering university in Australia be expected to achieve?

MS COOK: The normal score would be around 80 for entry but it depends on the course. Some courses have higher for a - this is for a university. For a VET program it would be a bit lower. So, yes, institutions do vary but - - -

MR LINDWALL: Do you have any final comments you'd like to make? We've got a few more minutes.

MS McCLELLAND: I've got another question.

MR LINDWALL: Alison has got another question.

MS COOK: Okay.

MS McCLELLAND: This might be taking you beyond where you want to comment but I suppose, you know, do you have any views about how our migration - the teaching English program works? Do you have any experience or views about that?

MS COOK: I don't. You're talking about the AMEP?

MS McCLELLAND: Yes, I am.

MS COOK: No. I'm not someone who could - - -

MS McCLELLAND: That's fine. I just thought I'd ask.

MS COOK: I'm not close enough to that.

MS McCLELLAND: Thank you.

MR LINDWALL: Could you understand - we undertook a study on international education earlier this year. A number of comments we received, particularly from, say, some embassies were that students came in at a particular level and were tested and passed at whatever level was required, and at the end of the course, which might be two or so years, they actually had lower levels of English language skills. Is that surprising to you?

MS COOK: I have seen research that shows that. I think there are a couple of issues. When - maybe my colleague from the students association will have some insights on this too. There was some research done at the University of Melbourne a number of years ago and they tested students, undergrads and post grads, at the end of their program and they got their scores from the beginning of their program as well and they looked at those who stayed the same, those who got better and those whose English had got worse, and there were a range of factors - the particular course that the students were in didn't have as much language demands, it was - I suspect it was like an accounting or finance-type course, so they didn't do a lot of presentations, and would, you know, do a lot of assignments. Also, it depended on their external activities. So, did they live with friends from their home country and speak their own language at home or did they live with, say, an Australian student or another international student and they spoke English all the time, did they have a part-time job, did they watch TV, did they read the newspapers. A lot of it is about the behaviour of the student during their course, as well.

MR LINDWALL: Yes, in combination with the course itself.

MS COOK: I think the other thing is that when you do an English test you may have been in an intensive English-language learning environment, you move to another country, you move - you know, you're in a totally different situation and you don't have that sort of intensive support. There are many factors and it's very complex. Obviously we want to - there are lots of activities in universities now to help to maintain and improve students' English-language proficiency while they are in the program, and it's something that I believe universities are very alert to now and - because it also impinges on the students' ability to get a job when they graduate.

MR LINDWALL: What's the typical cost of a test and how long would it take to complete and what would be the typical preparation time for it?

MS COOK: Preparation time is highly variable. Some tests-takers with competent English would simply look at some test strategies so that they knew what the test contained.

In terms of cost, it's usually around $300/$330. Our test now is 300 US, which has made it a bit more expensive, but that's the general sort of cost.

There is one test that is a fair bit more expensive but that's the general test cost.

MR LINDWALL: How long does it take to complete the test?

MS COOK: Our test takes four hours - usually three to four hours.

MR LINDWALL: Divided, pretty much, between the four components evenly.

MS COOK: Yes, they're not exactly divided but yes. Then they get the results in 10 working days.

MR LINDWALL: All right. Good.

MS McCLELLAND: Just following on from Paul's previous question about why some students might go backwards or their English mightn't be as - do you think it's - given the variation, do you think it's reasonable to say that a student who's been - who's done a course in Australia shouldn't be a student - that they have sufficient English - and maybe they should keep doing the test to demonstrate proficiency, rather than - at the moment we assume that, if you've done your course in Australia, you've got sufficient - one of the questions is whether we - we shouldn't assume that and we should ask - - -

MR LINDWALL: We should have another test.

MS McCLELLAND: We should have another test.

MS COOK: To go to a post-study work visa, some students do - if they haven't got a current test, they have to do another test - they already have to do one test.

MS McCLELLAND: Yes, but I understand, though, if you - if I've done my course in Australia - you don't necessarily have to do another course?

MS COOK: If you want to go for a post-study work visa or a 457 visa, if your test result is less than three years old and meets the requirements, you don't have to test but everyone else does have to do a test. The majority of people - - -

MS McCLELLAND: Less than three years old?

MS COOK: Yes. For skilled migration and post-study work visas, less than three years old. So, all of those people who are wanting to remain in Australia or go to a 457 or a 189 - they all have to do another test.

MS McCLELLAND: Thanks.

MR LINDWALL: Thank you very much for appearing here. We much appreciate your comments.

MS COOK: Thank you.

MR LINDWALL: Is Henry Sherrell here? You don't mind starting a few minutes early?

MR SHERRELL: That's fine.

MR LINDWALL: Henry, if you wouldn't mind giving your name and occupation or organisation you're presenting and then perhaps give us a five-or-so-minute overview. Then we'll ask questions.

MR SHERRELL: Yes. No worries. Henry Sherrell from the Migration Council of Australia. I'm a policy analyst at the council.

I suppose I'd like to start by saying thanks for the opportunity to discuss the report. We thought the draft report is a very welcome addition for researchers and policy analysts such as ourselves, with regard to evidence of migration to Australia and how it occurs and what happens when many migrants get here. I thought the report was thorough. I thought it highlights both the many benefits but also some other bits, which were less sure about migration to Australia.

I think one of the most important things which I took away from the report was how it helpfully highlighted that we have a lot more work to do in understanding some of the flows and some of the effects of migration. I think that was reiterated a couple of times at various points. I think that's particularly important in regards to teasing out the full effects of migration with regard to the labour market. I think one of the information requests is around incentives on education and training of Australians - or "incumbents", I think, is the term used. I think this is a seriously-overlooked part of migration to Australia and we welcome these types of questions that are being asked, which we don't think have been asked in a long time, so, thank you for that.

There are a number of recommendations which we strongly support. I'll list them very briefly.

Recommendations 7.1 and 7.2, regarding data and statistics, we think it's a real shame that there is fantastic migration data but it seems to be precluded from the broader audience. We think there's a lot of opportunity for some more transparency with regard to that data, in particular, administrative data from the Department of Immigration and Border Protection. I'm in a

relatively beneficial position, in that I used to work at the immigration department, so that sort of gives me a little bit of insight into how you can tease some of that stuff out. I think that there are some relatively low-hanging areas of fruit, like the 457 visa nomination data, where you can see salaries and industries and occupations and geographies, and I think you can really - without impinging on people's privacy and without impinging on employers' commercial confidence, I think there are some really bits of interesting bits and pieces in there, which, used in conjunction with and to complement other data sets, such as the labour-force surveys and the census - I think there are some really interesting possibilities there.

I think that that's particularly important, given that the longitudinal data sets were concluded in the late '90s and early 2000s and I think that's a really big missing piece of the puzzle. I think existing longitudinal data sets like the HILDA Survey, while they are fantastic at what they do, they are completely not suitable for analysing immigration. So, yes, we fully support those two recommendations.

Recommendations 9.1 through to 9.4 regarding temporary migration, I think that it's almost outstanding how little has been done on temporary migration in Australia over the past two decades, given the scale and the effects. The Migration Council broadly supports the temporary migration framework, with some caveats, but at the same time the - I don't even know how to describe it - the serious lack of evidence and funding and resources given to trying to - to really show some of these effects. We support each of those recommendations, 9.1 through 9.4.

Finally, while there are other recommendations as well which we might touch on, we have very strong support for recommendation 12.1 on the system of visa-pricing and we support what the Commission has found.

I'm happy to talk about - if you have specific questions. We have bits and pieces throughout the report which we have a view on. We think - but, you know, in general, we thought it was fantastic.

MR LINDWALL: Thank you very much. How about you start off, Alison?

MS McCLELLAND: You mentioned one thing we need to know a lot more about, which is the - we've asked, what are the effects on skill investment of migration. You said that was important. Do you have any views or information yourself that we can - or how we would go about trying to find out this?

MR SHERRELL: I'm not an economist, so I'll have that off the bat. We don't know, in the broad picture, how one would go around this but I think one of the important things around this question is looking at the role the migrants do play themselves, in terms of it might be a substitute effect or it

might be a complement effect. There's a survey from the Department of Immigration on the 457 visa program from 2012. If you look at that, about three-quarters of migrants say that they train other people in their workforce and, when you ask employers, between two-thirds to three-quarters say they use the program explicitly, in part, to train their existing workers.

I think it's a really interesting question, in that there's - individual workforces are going to have training in-house, it's going to affect the external environment, a much broader environment, away from any single business who's driving investment. I think there are much bigger questions around the TAFE and university system and how it's driving incentives in those industries as well.

When you look at some of the effects that the migrants have themselves, there are some interesting trends in there, particularly around employers who are larger and who state they're a multinational company. They have higher rates, on average, who say they use the 457 visa program as a trainee tool, basically, or to import new skills and knowledge.

I worked in the 457 visa policy team for a couple of years in the immigration department and, until I saw this data, I was always a little bit sceptical of it because I always just assumed employers would say that, but, at the same time, when I saw it matched up with the migrant data and the migrant set themselves that it was - about three-quarters were doing this as part of their job, I became slightly more convinced. I'm not fully convinced, still, but at the same time I think it's a really good indication of how a bit of survey data can help in that sense.

In terms of moving outside of an individual workplace, in terms of sort of the macro-environment for skilled investment, unfortunately, I don't have many answers but I think it's a very important area.

MS McCLELLAND: There are some of the areas we've got information requests out.

MR SHERRELL: Yes.

MS McCLELLAND: Another one was, you know, we're interested in working out how we can attract more highly-skilled migrants and, as you know, your views will come - council's views on that.

MR SHERRELL: Yes. I think there's a couple of different ways to go about it. Obviously, we could try and create new visa pathways, or something like that. We happen to think that the existing migration framework is generally pretty open and pretty transparent, as far as it goes, in terms of being able to attract highly-skilled workers. So, if that's the big-picture stuff, I think it's going to be more around - sort of, moving down a

step into the details of how things happen. I think one thing which - from our discussions with, particularly, emerging growth industries, like IT or finance - a lot of people talk about recruitment difficulties and a lot of people talk about matching-up difficulties.

So, I think, instead of new visa pathways or things like that, like, much smaller types of activity that we could test to see if they're effective - I think one such idea would be - you know, at overseas posts we have migration officers who process visas and we have migration officers who do compliance and we have migration officers who are integrity officers; there's a whole scale of different activities. I'm not aware of anyone whose job it is to work on outreach in those countries. I'm not aware of anyone whose idea is around promotion of advocacy. I don't think these are particularly easy things to do and I don't think they're particularly transparent in terms of, "We can allocate a KPI for this person to test - to make sure they're doing their job," but I think it's worth testing and I think it's worth examining the potential for it.

There's a variety of ways that it could be looked into, to try and more actively play a hands-on role in recruiting those people, I think, especially for companies who don't have a global reach. I know Austrade does a lot of work facilitating exports-imports with small-to-medium businesses. I don't think that's a perfect example for migration, in terms of facilitating, matching up people and workers, but I think some thoughts around there and even some thinking around whether this is viable or if we can test this would work in maybe one key market or two key markets, to try and tease some of that stuff out.

I think that also we have the infrastructure in place to deal with this in a little bit more effectively, the SkillSelect system. SkillSelect, you know, being - it's basically an IT framework, it's a big portal where employers come in and prospective migrants come in. At the moment it's used predominantly for the points-tested visas. The vast majority of people are using it for points-tested visas but there's no reason why it can't be used for matching up smaller and medium-sized employer-sponsored people to try to find the right match and try to find the right skill sets who are there. That doesn't mean you're necessarily going to be able to attract more highly-skilled people into the SkillSelect sort of pool, if you want to put it that way, but at least that sort of middle piece of infrastructure already exists. So, thinking around how to utilise that in terms of attracting and recruiting people, I think, is part of it but, obviously, it's not the whole part.

Maybe we will see - by thinking this a little bit more - maybe the visa processes and flows aren't perfect and aren't doing what we think they're doing. I think these are going to be really - these questions are going to be increasingly important. It's my view that in the last 20 years we've sort of been by ourselves doing a lot of this stuff, maybe with Canada as well. I

think, increasingly across OECD countries and across countries that are really big, like, destination - source countries for Australia, China, Korea, Malaysia Thailand, you're going to see not just their changing economies and their changing labour markets - it's going to almost be a double effect, in that they're going to be wanting to recruit people and they're going to be trying to stop their people going as well, so it's like that double effect.

These types of questions are going to be more important in 10 years' time than they are today and definitely than they were 10 years ago. I would encourage you to think broadly about them, but, unfortunately, I don't - even now, I don't think that there's too much that we can lean on in terms of an evidence base to say what would work, so I think that means that it's time to try a bunch of different things, on a small scale. If someone of them work, then that's really good.

MS McCLELLAND: Can I just ask one follow-up: just in relation to your comment about reliance on pathways, we had, this morning, Professor Glenn Withers, who's done a lot of work, and he made the point to us that - we were talking about the relative benefit between the employment-nominated skills and the point-tested skill and whether the balance was right. He was making the point that we should rely less on very separate pathways and more on adding things to a points test. Would you have a view about that, this issue about separate pathways, as opposed to putting all things into, you know, you have a greater point - a number of points for, say, being employed, having a job?

MR SHERRELL: Yes. I think we can get a little bit too caught up on specific pathways and we're going to have, like, big differences between different pathways. I know that there's data from the CSAM, for example, which shows six and 18-month employment rates of ENS versus points-tested migrants. There are big differences there but I would like to know what the five-year rate and what the 10-year rate are. I imagine they look a lot closer. I also think that, while you can tweak and fiddle with the points test to try and achieve bits and pieces, personally, I don't think you're going to get big changes out of those type of decisions and policy levers compared to perhaps other things which you could look at.

I think, in particular - it can be quite hard, and you can see this from 2002 to 2008, around the MODAL(?) and the SOL and all of the pre-policy work which came from there - you can make big mistakes doing this stuff too and it's very, very hard, I think, for governments in general to do this stuff. I think Australia does it particularly well but the margin for error is large and, you know, combining a skilled occupation list with a points test and getting it all right is just difficult, in general.

We think that, in general, employer-sponsored migration, while individual employers don't look to the very long term, so you might see skills

shortages, especially those that require lots of investment - we think the balance is heading in the right direction and that it's generally meeting its sort of stated goals and that sort of shift - the long, gradual shift to employer-sponsored migration, in general, has been a good thing.

MR LINDWALL: On English-language skills - in our report we found that they're a very important indicator of success and integration and employment, et cetera. It is interesting to observe that, if one goes through an employer-nominated route and you have to have a level of competence in English, which - our previous speaker testified - was about 60 out of 120, and, if you're self-nominated to permanent visas, you have to have "Proficient", which is 94 out of 120, if I'm not mistaken. Can you see any reason for having a different level requirement for employer-nominated or self-nominated to reach permanent visa status or should they be aligned?

MR SHERRELL: No, I can see reasons for having different rationales there. If the points-tested program, through the CSOL and specifically a longer term, much longer-term skill shortages, then I think high levels of English are a good predictor for people being able to fill those long-term roles. I agree the English language is the single most important factor in terms of success in the labour market in Australia. I think that hasn't changed in decades. Barry Chiswick's work and Paul Miller's work shows this consistency throughout the '80s and the '90s.

But I think that at the same time a well-rounded system you can have some differences there even with regard to permanent residency. I think that there is a risk that if you have different policy settings with regard to things like English language at a temporary and a permanent stage it can create gaps through the system. I think given that the 457 and ENS use the same CSOL and use the same types of process, I think it will be a policy risk if you saw big gaps emerging between different standards for temporary and permanent visas. I don't know what the figures are because I think this goes back to the data and the statistics. But I've always really wanted to know what proportion of people on a 457 are on their third or fourth or fifth visa.

Now, I think if you look at the trends over time you'd have big increases in 2002, '03 and '04, big increases in just post-GFC, 2010, '11, and '12. Now, they're going to roll through the system and you're going to see these increases over time. I think that if it is easier and quicker and simpler to get a 457 visa for the migrant and many migrants have a strong preference to stay in Australia, in general, if they are going to be a long-term resident it's better for them to get permanent residence than to get temporary residence. Little changes such as an IELTS 5 or a 6 or a 7 could potentially have rather large impacts on how people move through.

That's not by itself enough to justify differences in policy but I think it's a good reason to consider what is the purpose of that English being the same

or English being different for different classes of permanent visas? I think if ENS – if the purpose is shorter to medium term skills and labour vacancies compared to the SOL being longer term skills vacancies, I think that's – to me, I think that's enough of a policy difference to justify different English language standards.

MS McCLELLAND: Can I just clarify because if you're permanent – if you're applying for permanent you're applying for permanence and if you're applying for long term if you're applying for permanent – are you saying one permanent is more a short-term - - -

MR SHERRELL: No, I think – I mean, I think that – no, I agree that you think there are different – they are both permanent visas.

MS McCLELLAND: Yes.

MR SHERRELL: But at the same time the policy rationale for those programs, I think, are different. The SOL has a distinct on 191 occupations that a government department has determined are a long-term skill shortage list. I don't think that the ENS visa is that. I think it's part labour market demand, part skill shortages, part pressure valve release so that we don't have a big, big pool of temporary migrants. Like I think there's a range of policy reasons that are being used here and it's important, I think, to consider a range of those responses. Because it's very easy, I think, to sort of have unintended consequences in migration policy.

We saw that with the student visas in the mid-2000s. That's a nightmare to unwind. Like I'm not suggesting that this say will change the IELTS equivalent for an ENS visa. I'm not saying that would create that. But I think anything that creates pressure on a transition pathway from a – it's a very standard flow from a temporary to a permanent status. It needs to be fully considered with all of the sort of implications of that decision taken into effect. On the balance, I think that we can justify a difference in rates there.

MR LINDWALL: A number of our participants, particularly those in Melbourne, expressed concern about the capacity of the infrastructure in our major cities to keep up with the rates of immigration or, rather, the population growth in those cities. Would you sympathise or oppose those type of views?

MR SHERRELL: Look, we do sympathise with those views. I think that because – I think that non-asylum migration policy in Australia has tended to be bipartisan, has tended to be quite removed from the mainstream policy debate, has tended to be driven by expert opinion. I think that these have combined in that there's not a big community of people talking about these issues. Over a 20-year period, say mid-90s to today, we've gone from having a relatively small number of temporary migrants and a migration program to

a much larger number of temporary migrants and a much larger migration program.

Now, that's happened sort of slowly over time. But I think one thing which hasn't occurred while that has happened is immigration is federal jurisdiction and, as you allude to in your report with some of your draft findings in I think it's 6.2, 6.3 ,6.4, there's very little, I think, engagement from the federal level downwards and from state and local levels upwards in terms of how do we piece together this puzzle. I think that there isn't enough bureaucratic sort of cross-jurisdictional infrastructure to deal with that. I think that the impacts of more people on key infrastructure, congestion and funding and zoning – they're sort of probably the three or four main things. I think it's a really big opportunity cost and I think it grows the longer it's not addressed. I think that there's a couple of ways that this sort of can be mitigated.

I think, in general, a bias towards more openness in terms of immigration policymaking and the processes that feed into it. So things I think which you have suggested around the CSOL, the migration program, how that process occurs, I think deeper engagement being driven by – in particular, I think the onus is on the federal government to really push that agenda because they have the ability to do so. I think that some dedicated research on the role of migration on these issues will be very helpful because, from a migration point of view, we tend to think that migrants themselves sort of get the short straw of a lot of this sort of stuff.

You see a migrant, you see an extra car on the road, but you don't see zoning regulations. You don't see infrastructure investment which doesn't occur. It's those combination of factors which, together, over sort of longer periods of time really play out in terms of these types of opinions which are being voiced. I think that these are really big issues which are chronically under-discussed. You can look at the Melbourne CBD and the population of international students living in the CBD. You can compare that to 20 years ago to what it is today. I think there's some really good work from others like the Grattan Institute, their transport program and their urban sort of housing program, the cities program.

You won't find the word "migrant" in their reports. I've sort of searched and you can't find it. But a lot of the issues which they're talking about it has this effect. I think bringing some of that out into the open and really discussing what some of these drivers are and talking about why migrants make those decisions – because it doesn't happen in a vacuum. Networks, communities, diasporas, economic incentives, cultural incentives, all of these things play out at the same time. So trying to disaggregate is very hard. You often see I think ambit claims across a variety of migration debates. Send them to the regions. Good luck. You can send them out there but they'll be back in six months.

We have sort of a set of policy norms in Australia I think you'd call it that says you can't force people to live in certain places. Maybe you can tie some incentives there, but it's not very common that you see actual enforced – even under programs like the RSMS, the Regional Sponsored Migration System, it's designed to get people into the regions. I'm not aware of any visa that's ever been cancelled because someone moved from Perth, which is apparently a regional area, to Melbourne. So I think that thinking about this more, I don't think there's any magic solution to it. But a much keener interest in trying to really push some of that stuff out I think would be very beneficial.

MR LINDWALL: So you see no benefit in improving the regional policies?

MR SHERRELL: No, I think there's benefit there. Thinking about how to do this in terms of how to attract people, but I mean, migrants the world over are urban dwellers. You can look at any data from any country, especially OSE countries. If we are struggling to retain Australian-born people in regional areas, it's going to be difficult, I think, to put it politely, to make sure – to try and incentivise migrants to go out there.

Now, of course, there are exceptions to every rule. There's great success stories with certain humanitarian migrant groups. But we're talking about very small numbers and, again, no sort of networks of communities. They're the main drivers of that, together with a few economic opportunities. But the most successful places – there's a report from AIMS about (indistinct). I mean, the key ingredient there is a large manufacturing company.

MS McCLELLAND: Yes, a big employer needed.

MR SHERRELL: Yes. I mean, that would be great if there was one of them in every regional centre, but I don't think it's going to happen. So thinking about this in a sort of broader context will help and I don't think tinkering with the numbers to RSMS or putting five points into the points test or creating a new regional visa – I don't think that's a way to do it in general. But I do think that regional policy in migration has a role to play, just that it's extremely difficult.

MS McCLELLAND: Earlier when we were talking about the infrastructure pressure you talked about the open-ended nature of the temporary migration. Are there any – is there a case for putting in new caps on temporary migration, certain programs or whatever? We've, you know, left at the moment uncapped, said, you know, there's value in having them as they are, but do you think that's right?

MR SHERRELL: We agree. We think that they should remain uncapped.

MS McCLELLAND: All of them?

MR SHERRELL: Yes. At the same time, I think it's also hard to be definitive in this area because there's a lack of information. So if you take a program like the working holidaymaker program, I don't know where these people work, I don't know what they do, I don't know how many hours they're doing, I don't know what their wages are, I don't know where they live. I can't make a – there's a survey from 2009. There's probably a little bit more data somewhere. But how am I meant to make an informed decision on whether I should cap this program if I don't know any of that information?

MS McCLELLAND: Yes.

MR SHERRELL: I think that is a key point for migration policy is sort of making these decisions in a vacuum, you're going to have bad policy outcomes. That's what I think there are one or two points along the way where these decisions have been made either for political purposes where you see the 2005 (indistinct) working holidaymaker program. We have the second visa entitlement for 88 days out to regional Australia. I think in hindsight it looks like that was a bad policy decision. You're creating a very small market of demand for one or two industries who have a lot of power in terms of their position in the labour market.

Now, trying to unwind and trying to sort of unpack that is going to be very, very difficult because you have – I would say you have an industry which relies on this labour force. There's no reason that those people have to be working holidaymakers but - - -

MR LINDWALL: There's seasonal workers.

MR SHERRELL: They could be seasonal workers. I think that a sort of in general and in a vacuum a seasonal worker you are having strong economic benefits into the Pacific, you're having strong benefits for the migrants and you're probably having productivity benefits for the employer too over the long term, although that needs a lot more work to understand if that's that there or not. So in terms of capping or not, perhaps that's an easy example because we don't know anything about working holidaymakers.

If you look to something like the 457 I think it's a more difficult question. The Migration Council doesn't believe in capping the 547 visa program. I think that there is enough evidence to show that it ebbs and flows with the economy in general. That said, there are occupations and industries that don't ebb and flow with employment data or ABS data. I think that that shows that there's more thinking to be done on this. I think more transparency with regard to this dataset that we're talking about would help us make those decisions. There are very easy in terms of sort of data releases that could be considered in terms of having a influence over how employers

use the program. We don't recommend this, but, for example, naming who the sponsors were in a 457 program creates a different environment from the one we have today.

Now, there are going to be drawbacks and there'll be benefits from that transparency. But I think that it's sort of worth considering what effects some of those sort of non-cost, non-regulatory ways of changing behaviour and of creating some sort of transparency, both with regard to migrant exploitation and if the policy position, which it is, is bipartisan is protecting Australian jobs first, there are ways to go about that that are not heavy-handed and that we can test before perhaps we get to much more blunt tools like program caps. Because I think, again coming back to the situation you see perhaps with the SOL and the CSOL, I think it's hard in general for governments and bureaucrats to get this stuff right.

I think if you create a cap system, either based on industries, occupations or geography, you are going to have some – you're going to create sort of some perverse incentives. You're going to create some distortions in the market and you're going to have winners and losers from that. The worse example of this is to look at the American H1B program where they have 65,000 positions, massive labour-hire firms apply for thousands and thousands of positions. In the first week they receive something like 400,000 applications. They held a lotto. They do a lotto but because the big, big labour-hire firms and information-systems firms like Infosys and Tata – I better not name companies I'm not sure of – but these big companies.

There was a really good article in The New York Times which we'll put in our submission. It showed how they sort of gained the system. The only thing here is this cap and it becomes this lotto. All of these small or medium firms completely miss out because they put in one application going, "I've played by the rules," and this big firm puts in a hundred positions knowing they'll get two of them, but that's fine because they have the resources to do this. That's a worst case scenario. But I do think it's an example of a policy setting creating a very unfair environment. At the moment we don't have any of those problems at all. I think there are other ways to solve some of the policy issues which we see rather than caps.

MR LINDWALL: As you say, the temporary program tends to go up and down with the economics (inaudible). What about the migration program itself? How would you determine the number? Is it as we should it be, a political conversation, if you like, or should it be increased or decreased? Is there a position from the Migration Council on that?

MR SHERRELL: I suppose we don't have a formal position in the process of how it should be determined. I think it's a good idea and good policy that the Australian Government determines this program. But I do think that there needs to be a little bit more in terms of how and why we're arriving at

what we're arriving at. If you look at the last four years, I think we've had basically the same formal migration program; 190,000 spots split 66:33 skilled family with some changes in the margins. There was an interesting change last year of making child migration fully demand driven, which I think is a good idea.

There's some changes to parents, the prices, the non-contributory, contributory stuff. But in general, it's been about the same now for four years. The economy has changed a lot in the four years. I know the economy is one factor. But also about half these days of the formal migration program, if you talk about an economic effect – if you're a 457 visa holder working in the labour market and you go from a 457 to an ENS visa but you're doing the same job at the same salary, nothing in the labour market has changed, nothing at all. No activity has changed, nothing stopped, nothing's increased; it's the same.

But we sort of view it through this lens of the government has given you a visa, here's a visa, here's a number, and these sort of changes play out. So I think that's an interesting thing because that's changed quite markedly over the last 20 years. The proportion of people who are in Australia as they get their permanent visa has been steadily growing over time. It's my hunch that it will continue to keep growing if we have a large sort of population of people on temporary visas. If you stay for longer than 12 months on a temporary visa in Australia if you're not a student or if you go from a student visa to another student visa, you're more than likely not want to stay in Australia, regardless of what visa you're applying for, regardless of sort of the purposes of that visa program, your intentions as a migrant are driving those decisions to stay in Australia.

I think with a greater number of temporary migrants in Australia which if you look at the immigration department forecasts that's likely, if you look at the non-figures it looks less likely in the short term, medium term, but I think you'll see more of those people coming from in Australia. You could get up to over a 10 or 20 year period say 70 per cent. If you get to that stage and even where we are now if the government were to increase the number of permanent places by 20,000 to 210,000 you're probably only inducing an extra 10,000 people to Australia because those other 10,000 are going to be coming from the temporary programs. The same if you'll have a sort of a different – if you reduce the number.

MR LINDWALL: More people will stay on those temporary visas.

MR SHERRELL: Yes, that's right. So I think that like the way that we think about this, before 1991, maybe the early '90s, governments had a great ability with both control of the migration numbers coming in and out of Australia and sort of management of how they did it. I think today you see less control. It's still there. You still see that management ability. You

manage the borders and you can manage how people move in and out and different visa categories. But I don't think it's fair to say that there's sort of full control of over either the level of migration – and I think draft finding 4.1 says the decisions about the level of immigration are the responsibility of the Australian Government. I think that's true, I agree with that.

But I also think it could be slightly misleading because there's a number of different factors. I mean, who would have thought 20 years ago that universities would be basically running half of Australia's net migration? And they are. I don't think that's a bad or a good thing, it's just a change. I think we have to recognise these changes and bring them forward and really try to inform more people because at the moment I don't think we have a community of people – I don't think we have, I suppose, enough people who know this stuff really, really well to make informed policy on it. I think that's a really bad thing.

I think it's also sort of dangerous for the long term because we need to get this stuff right and we need to get it better. Even though we do it very well now, there's much more opportunity.

MR LINDWALL: Unless there's any final comments.

MR SHERRELL: I had just a couple, if that's okay.

MR LINDWALL: Yes.

MR SHERRELL: Just in terms of draft finding 5.1 on enhancing labour market outcomes, you say that:

> *There is no discernible effect of immigration on wages, employment and participation of incumbent workers.*

I think that this is true in general and on the average. But I also think it's harder to believe when you sort of break down some cohorts and I think that's true of both the migrants that are coming in and the sort of incumbents that we're talking about. So I think that that finding is fine. I don't disagree with it. But, again, I think it's slightly misplaced because of the nature of our migration system and because of the nature of the labour market and because most migrants end up in Melbourne and Sydney.

I think the way we talk about incumbents, I think there could be some more in terms of teasing that stuff out a little bit more. There's really good interesting examples across the world in OECD countries around the effects of migrants on labour markets. There's a really interesting study out of Denmark that was released earlier this year by Giovanni Peri and Mette Foged. It was examining the refugee flows to Denmark over a 25-year period and they got this great survey data and they were able to analyse it. It sort of

showed this really interesting effect which goes back to what we started talking about at the start around their conclusion is sort of – their work suggests low-skilled refugee migrants to Denmark, they sort of created incentives, especially for young, low-skilled Danish people, to move into upskilling and to put pressure onto higher-wage jobs.

Again, that's an average finding across big cohorts and things like that. But it's kind of counterintuitive in the one sense. I think it's a really interesting study. We don't have stuff like that in Australia and I don't think we should rely completely on that. I don't think we should rely on American findings. You might look at David Card and the Mariel, but they're not the same.

MR LINDWALL: They're a different system, yes.

MR SHERRELL: Yes, but I think that there's interesting examples and there's many of these examples. I think it really sort of adds to the richness of that literature when we talk about the effect of immigration on labour markets. I'll be very, very quick on my last point. Just on settlement service provision, draft recommendation 6.1. I think this is particularly important. I think we have done settlement services fantastically well for a very small cohort of people traditionally, which is the humanitarian workers. I think that spouses of skilled migrants and family members are - - -

MS McCLELLAND: We're onto that.

MR SHERRELL: Fantastic. We'll put it in our - - -

MS McCLELLAND: We're all on that and given the time, it may be best if we talk to you separately but we're onto that.

MR SHERRELL: I'll put it on our report.

MS McCLELLAND: That would be very helpful.

MR SHERRELL: And if you guys need – just get in touch.

MS McCLELLAND: Because I think you had a number of specific things, it would be best if we got back to you, including the stuff about the CSOL. We really didn't have time to - - -

MR SHERRELL: Yes, no worries.

MR LINDWALL: Thank you very much again.

MR SHERRELL: Thank you very much, guys.

MS McCLELLAND: Thank you very much.

MR LINDWALL: Now, Kofi Osei Bonsu. Hello. Please, welcome. If you wouldn't mind giving your name and who you're representing, if any, and then perhaps give us a bit of an overview of what you would like to say.

MR BONSU: Yes. My name is Kofi Osei Bonsu from the Council of International Students Australia. We are the national peak body of all international students in Australia. We are representing about 400,000 international students. I just want to say a big thank you for the invitation to be part of this hearing. Quite unfortunately, the invitation came in a bit late so I didn't really get a chance to digest - - -

MR LINDWALL: Yes, I know, we needed to get people here before the Christmas holidays.

MR BONSU: I just really want to touch on three basic simple stuff because of time factor. First, I mean, the importance of international students to Australia. We all know that currently international education is the third-largest export earner for Australia and it has the potential to really outdo coal even next year and then probably become the highest export earner according to statistics. From the government estimation we are looking actually to doubling the current number of international students within a period of five years, which, to me, is very achievable, but is a lot of work that needs to be done in that regard.

You may ask me why is it that international students really love Australia so much that they are actually sort of bypassing all the other countries and just coming to Australia, because Australia is competing with Canada, with the US, with Europe. Currently Britain has made things a bit tougher but they are actually losing out. But Germany is picking up Sweden. There are these areas that are actually sort of picking up. But why do we still choose to come to Australia? It is because of the opportunities that are available in this country.

We see Australia as a place where the people are generous, welcoming, lovely. It's a conducive place to really get a good education. These are some of the motivation factors that actually pushes to come to this country. We are honoured and privileged to really come here to study and to really gain knowledge from Australia. But we've realised that in terms of the migrant intake and stuff like that, I mean, things have become a bit tougher on this side in the sense that I mean students are finding it really difficult. A case study is one particular student from the ANU, Australian National University, he actually completed a double degree, a bachelor degree in economics with honours first class and then in accountancy also. Highest distinction, that is the average (indistinct) that he actually got.

(Indistinct) but this guy actually came into this country 2010. That was after - you know, the new lot, you know, (indistinct). But this guy really loves Australia. He feels like he's lived here for five years. He's really integrated well into the system. So he actually needs to be given that opportunity, that chance, to be able to really sort of at least apply for a post-study visa to better his experience in the workforce and other stuff. But, unfortunately, he's not qualified and he's been told to go back because of that - - -

MS McCLELLAND: Is this because of currency not being - - -

MS COOK(?): No, it's because he doesn't meet the current visa requirements for post-study work visas. Because you have to have a visa that started - a student visa - - -

MS McCLELLAND: Sorry, apparently Meredith(?) is saying that your comments won't get on the - - -

MEREDITH: They won't be on the record, so you can't really ask from the floor. You can speak through somebody else.

MR BONSU: Like she was saying, I mean - - -

MS McCLELLAND: I know. I made that mistake before. Sorry.

MR BONSU: Well, since he came into Australia in the year 2010, the new laws came into existence in 2011. They stated that all those students that actually came to Australia in the year 2011, they are the one that actually qualified for the 457. So he lose out because he was in Australia in the year 2010. There is a lot of case study of student also from the VET sector who really completed advanced diploma, did extremely well, but unfortunately, because the VET sector is not really sort of considered more (indistinct) category they don't really also qualify to really apply for the post-study visa. So these are issues that really sort of affecting that we need to actually sort of raise.

Also, talking about the cultural diversity, I mean, we're living in a global village. I believe the world is like a global village now. The world is like at your fingertips, just type anything that you want on the internet and then you can actually just find it, any information that you want from any country or any background. Coming from different nationalities, different backgrounds, different cultures, I believe we enrich Australia and make Australia more multicultural. Like I said, there are some Australian kids that haven't really had opportunity to travel to other countries to gain experience how different cultures are.

But we come into this country and showing our culture, showing the way

we live, the way we do things. It make them also actually sort of learn one or two things from us, which help make a kind of impact in their lives. I think these are some other kind of considerations that need to be taken because we enrich this beautiful country. It's already beautiful. But bringing our different cultures and our different stuff really - - -

MR LINDWALL: It's an immigrant nation.

MR BONSU: Yes. I've already touched on the economic benefit that we bring. It's now at least in the region of $18.5 billion annually. I'm talking about a potential to grow and is growing. So if the government have actually then come up saying that they want to double the current number of international students within five years, which is a huge thing – and I always say that as international students when we come here and we gain the best kind of experience, the government doesn't need to go back to Europe or to Africa – I'm from Africa, I'm from Ghana. The future is there. Things are really actually opening up.

You wouldn't need to go there and then spend a lot of money there to advertise for students to come from those places to come and study. There is no powerful voice as the student voice. So if I come here and I have the best kind of experience, that kind of experience that I had I would go back and I would speak to my people, my fellow countrymen. That is more powerful and potent than any kind of money that the government will spend in trying to entice a student to come and study here. So I think these are issues that – making sure that we have the best kind of experience. In terms of this, I'm talking about opening up avenues and opportunities for us because job wise it's really difficult to find jobs.

I just actually came back from a conference in Melbourne and there was this discussion from – what you call it – an (indistinct) based in Canberra. They were talking about how difficult it is for students actually based in Canberra to get kind of work experience and stuff like that. They were actually comparing that with Melbourne. I think what Melbourne is doing – Melbourne case study is something that needs to be – all the other cities I think will really have to look up to because they're doing a fantastic job and I actually applaud them for what they're doing.

I mean, a city, let's say the capacity, issues like a great example for the others to actually follow. But in this instance there is no kind of, I mean, any opportunities available. (Indistinct) for instance, I mean there is none whatsoever because most all the jobs here are government-based jobs and it's really difficult to really get kind of like help in this area. So I believe I mean, these are areas that can be looked at and really help. Recently we all know that there has been this huge issue about exploitation. The Four Corners report on it wasn't actually limited only to 7-Eleven. There are countless number of companies that are really seriously abusing international students.

A lot of reports like this – it's a case of taking advantage of vulnerable ones because they know that – I mean, the risk attached to – if you breach your visa rights, you'll be kicked out.

Here is a case whereby students are actually in a position where it's really kind of – Australia is very kind of expensive place to live here. Many of these students, their parents really have worked hard to - I mean, all their savings to bring them here for a better education. When they come here – I mean, it's not all the time that they're going to get actually the support. So getting a little bit of work to support themselves is very fundamental for their stay here. Here is a case whereby – I mean, because of the limits that is on them because we are limited only to 20 hours, they are forced to really accept anything that is actually put out to them. In this case that is what happened in the 7-Eleven case and is happening to so many kind of complaints that we've had and so many kind of stories that we've heard around.

Like a company will come to you and say, "Look, I will actually let you do 50 hours. We know you are limited only to 20 hours. But we will let you do 50. If you do 50 we will pay you like $7 an hour and the rest we'll give you in blood(?)." Students are compelled to because if I'm limited only to 20 hours and this company is offering me 50 hours and then half of that it would pay to me in blood, they just do it. These are some of the issues that actually – I actually plead that serious consideration is taken into this and then the government really look into this.

MS McCLELLAND: I suppose thinking about – there's something you said that made me think about whether the system is flexible enough. Yes, it was your case example of the student. When we were doing some of our consultations about the draft we heard about the way the system used to work from a person who'd been a migration agent. He said that previously the minister used to have a bit more discretion to make decisions. It's how you would solve the problem of your example, because it's something where the rules have changed. Unless there's some feasibility to say, "Well, this student under the new rules would fit," and maybe – I mean, is that how you would solve the problem of your student within – because you need some clear rules too. So do you have a view about what would solve the problem of your student who's missed out? What is the solution, what is the policy solution to that?

MR BONSU: It's a law that has been instituted anyway, like a policy that has been actioned. But I think the government can actually have a rethink on that in the sense that they shouldn't make it more - - -

MR LINDWALL: They can change the policy, yes.

MR BONSU: Change the policy.

MS McCLELLAND: Let people who would previously - - -

MR BONSU: That's right, yes.

MS McCLELLAND: Yes, all right.

MR BONSU: And also especially the VET centre also of which we've had a lot of complaints.

MR LINDWALL: I think quality – of course you just mentioned the numbers – the intention to double the numbers. Are you satisfied that there is a capacity in our universities and our schools, et cetera, to be able to cope with such numbers and deliver quality education? It's not sufficient just to attract large numbers.

MR BONSU: I remember I asked the same question anyway when I think – I don't remember which one, but I asked the same question that you're asking me. Australia unis are actually some of the finest. I mean, talk about the one here, the ANU, in terms of research and stuff, they have – that's (indistinct) all over it. Talking about doubling the number and being able to really cater for that, that is a very huge question, seriously, yes. I really couldn't get an answer for that. But what I think is it is achievable, but like how do you – how would the university be able to still offer first-class education to students? I mean, the classes with a lot of people and still maintaining a quality that Australia is noted for.

MR LINDWALL: That would be a difficult - I mean, then you'd have all sorts of issues with the exploitation of workers because of the law. You have to solve the problems that you've mentioned in the first instance before you increase the numbers, I would guess. It's interesting that the cost of living – how important do you think issues such as the cost of living are driving – better question. How reasonable are the expectations that students coming to Australia or wanting to come to Australia have of the experience? Is there a good settlement service? Do you get communicated before you arrive in the country what it's like to live in Australia or do you have to rely on social networks and such for like?

MR BONSU: Well, all of that, but I think more can be done because many students have spent so much and when they come in here, reality hits and they're like, "Oh wow, this is not how I expected things to be here." The information maybe that I got was totally different as compared to what I'm actually facing here because many have been promised like you'll get good jobs, you'll be able to get good pay to be able to assist to really cater for your needs and everything. But, at the end of the day, when you come in and you find out that there are not even jobs available, it's hard to even pay your rent, it's hard to actually – we have issues – and back to another case study in Melbourne. There is a place call The Couch.

I was invited to come and have a look. They specifically created this place by the Salvation Army for international students because of the hardship that a lot of students are actually going through and facing about that. So when you go they provide free breakfast, lunch and supper and entertainment for international students where they can actually come and feel like they can mingle with their fellow international students and then watch movies, play games and all those kind of stuff. And it's all free of charge.

When you go there and you hear some of the stories that some of these students actually – I mean, at times even some of them even can't afford to have even – had it not been for The Couch supporting them it would have been very difficult to even have breakfast. So these I think information needs to be very clear; let people know what to expect in the pre-departure guide.

MR LINDWALL: The same, of course, with their employment, about their rights as an employee, which we did touch in our recommendations. Did you have any more, Alison?

MS McCLELLAND: No, I think that's it.

MR LINDWALL: Thank you very much for coming here.

MR BONSU: Thank you.

MR LINDWALL: Are you planning to put in a submission?

MR BONSU: Yes, we will.

MR LINDWALL: We very much welcome it. Thank you for coming.

MR BONSU: Thank you.

MR LINDWALL: Ladies and gentlemen, that concludes proceedings. But we welcome anyone else who would like to give a short presentation or question. There is an opportunity now before we close. Would anyone like to take that opportunity? No? Okay.

MS McCLELLAND: Thank you.

MR LINDWALL: That's it. Thank you. I adjourn the proceedings. It will resume in Sydney tomorrow, Wednesday, 16 December. Thank you all for coming.

MATTER ADJOURNED AT 2.15 PM UNTIL WEDNESDAY, 16 DECEMBER 2015