

At a glance

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LISNZ



COMPETING FOR SKILLS: MIGRATION POLICIES AND TRENDS IN NEW ZEALAND AND AUSTRALIA

AIM OF THIS STUDY

The aims of this study were to:

- › compare skilled migration policies in New Zealand and Australia
- › look at the labour market outcomes of skilled migrants using data from longitudinal immigration surveys in both countries
- › assess recent trends in skilled migration policy
- › suggest implications of these policy developments for the future of skilled migration in the two countries.

BACKGROUND

Australia has made a unique investment in longitudinal migration research in the past 18 years, with three iterations of the Longitudinal Survey on Immigrants to Australia (LSIA). New Zealand has more recently developed its own longitudinal survey, the Longitudinal Immigration Survey: New Zealand (LisNZ).

The establishment of LisNZ created an excellent opportunity to undertake comparative research. There are both commonalities and marked areas of divergence between New Zealand and Australian policies, the timeframes of LisNZ and LSIA 3 (the third administration of LSIA) match well, and a substantial number of common questions were asked. Within this context, the New Zealand Department of Labour and the Australian Department of Immigration and Citizenship commissioned this study.

SKILLED MIGRATION TO NEW ZEALAND AND AUSTRALIA IN RECENT YEARS

Australia and New Zealand have both prioritised skilled migration in the past decade. The period has coincided with extraordinary growth in skilled migration to New Zealand and Australia through both permanent and temporary entry, and skilled migrants made up around 60 percent of the intake of permanent residents to both countries in recent years. Marked similarities exist between Australia and New Zealand in terms of the category share, age, and gender of recent permanent skilled migrants.

Analysis of the administrative data also highlights differences in policy trends in three areas.

Two-step migration pathway

The first difference relates to the two-step migration pathway. Onshore skilled migration, where migrants on temporary permits take up permanent residence, has been the norm for both New Zealand and Australia in recent years. However, the nature of onshore migration differs between the two countries. The great majority of onshore applicants in Australia are former international students, while in New Zealand most are temporary workers with New Zealand experience.

PACIFIC

YOUTH

LISNZ

SETTLEMENT

ISMP

ECONOMIC

GLOBAL MOBILITY

REFUGEE

Source countries

Source countries for the New Zealand Skilled Migrant Category and the Australian General Skilled Migration programme also differ. A far smaller proportion of skilled migrants to Australia come from the major English-speaking background countries, typically defined as the United Kingdom, Ireland, the United States, Canada, South Africa, New Zealand, and Australia.

Occupation and employment status

Skilled migrants to both countries work in highly diverse fields, but professional occupations dominate in Australia to a greater degree than in New Zealand. Few Australian skilled migrants have work or job offers at the time of selection, but this is the case for most skilled migrants selected by New Zealand.

SKILLED MIGRATION POLICY EVOLUTION TO 2006

Australia

The decade to 2006 coincided with substantial policy change in Australia. From 1996 to 1999, the Department of Immigration and Multicultural Affairs systematically reviewed and transformed skilled migration selection criteria. From 1999 skilled applicants considered to be at risk of delayed or de-skilled employment were largely excluded at point of entry, through English language testing, credential assessment, assessment of occupational demand, and modifications to points-based selection. In 2005–06 the skilled migration programme was further reviewed. This review affirmed the effectiveness of the programme, but identified concerns, particularly relating to the outcomes being achieved by former international students.

New Zealand

New Zealand's skilled migration policy also evolved markedly in the decade to 2006. A points system was introduced in 1991 that focused on qualification level but permitted low English language ability. A far stronger focus was placed on economic migration from the late 1990s, and in 2003 the Skilled Migrant Category was introduced. By 2006 New Zealand selection criteria were comparable to Australia's, with international students awarded bonus points and eligible to migrate on course completion. Substantial points were also allocated to applicants with current skilled employment or a skilled job offer in New Zealand, and bonus points for attributes such as employment and/or qualifications in an area of skills shortage or an identified future growth area.

Skilled migrant selection at the time of the surveys

By the time of the administration of LSIA 3 and LisNZ (beginning around 2005), key similarities and differences in skilled migrant selection criteria included:

- › significant English language requirements in both countries, with New Zealand having the more stringent requirement
- › relevant work experience (particularly local experience) more highly valued within the New Zealand points system
- › occupational demand a key determinant of selection for both countries
- › Australian age requirements more rigid than New Zealand's, with people aged over 45 being ineligible (compared with 55 in New Zealand).

COMPARISON OF LONGITUDINAL SURVEY FINDINGS

Detailed analysis of the New Zealand and Australian longitudinal surveys allowed comparison of the characteristics, migration pathways, and employment outcomes achieved by skilled migrants.

Background, characteristics, and migration pathways

The background and characteristics of migrants surveyed generally reflected the trends discussed above with regard to age (with skilled migrants to Australia being younger overall, reflecting the large number of former students) and country of origin (with migrants from English-speaking backgrounds making up a far larger proportion of migrants to New Zealand).

Many more trade-qualified migrants were attracted to New Zealand (constituting 38 percent of principal applicants compared with just 5 percent in Australia). The main place migrants to Australia gained their qualifications was Australia, while migrants to New Zealand were most likely to have gained their highest qualification in the UK. Onshore migration was prominent for both countries but far more prevalent in New Zealand where 79 percent of principal applicants applied onshore (typically through 'work to residence') compared with 53 percent in Australia (largely through 'study-migration').

Employment outcomes

The differences in characteristics discussed above signalled important differences between Australian and New Zealand migrants in terms of human capital at the point of migration. New Zealand principal applicants were largely selected with current employment or job offers, while Australian applicants were younger, more highly qualified, more likely to be Asia-born, and more likely to be former international students. Very few had Australian employment or job offers at this time.

Regardless of these differences, skilled migrants in New Zealand and Australia were found to achieve excellent outcomes in world terms.

At 6 months after migration, 93 percent of principal applicants were employed or self-employed in New Zealand compared with 83 percent in Australia. At 18 months the gap had closed somewhat, but New Zealand skilled migrants still had a higher rate of employment (94 percent compared with 89 percent).

For skilled migrants in employment, salaries trended upwards over time in both countries, while more skilled migrants to New Zealand were earning higher incomes overall (reflecting their greater age, experience and English language ability). At 18 months after migration, 18 percent of skilled migrants to Australia were earning A\$60,000 or more (rising from 13 percent at 6 months). In New Zealand, 37 percent of skilled migrants were earning NZ\$60,000 or more at 18 months (compared with 27 percent at 6 months).

RECENT SKILLED MIGRATION POLICY DEVELOPMENTS

The years since the administration of LisNZ and the LSIA 3 have coincided with significant policy shifts in each country. Policy developments in Australia and New Zealand in the past few years are summarised below.

Developments in Australia

One challenge identified in the 2005–06 skilled migration review was that former international students achieved inferior labour market outcomes to those of offshore applicants. Responding to these concerns, the Australian Government has refined the skilled migration programme to enhance former students' employment readiness, while removing perverse study-migration incentives.

Reviews of the General Skilled Migration programme saw a new paradigm adopted. Employer or state/territory sponsorship now offered the fastest option for selection. Unsponsored applicants and those not qualified in priority fields were advised they could expect processing delays of 3 years or more (many having no future prospect of selection). By 2009, sponsorship had become Australia's dominant migration paradigm, in marked contrast to the historic preference for supply-driven migration.

In 2010 Australia released the outcomes of its skilled migration points test review, with major policy changes to be implemented from July 2011. Important changes included:

- › giving progressively more points for higher levels of English proficiency rather than points for meeting a threshold
- › rewarding level of qualification rather than Australian qualifications
- › extending the maximum age of eligibility from 44 to 49 years
- › providing bonus points for both Australian and overseas experience, with only a slight premium awarded to recent Australian work.

Developments in New Zealand

In recent years New Zealand has increasingly cultivated international students as prospective skilled migrants. Bonus points have been introduced for masters or doctoral degrees, and since 2006 foreign tuition fees have been waived for doctoral students. On course completion, international students have been encouraged to stay via the study to work pathway.

As in Australia, demand for skilled migration in New Zealand was high before the onset of the economic recession, with the government continuing to liberalise worker entry and retention. In July 2009 with the economic climate worsening significantly, the government maintained the scale of Skilled Migrant Category intakes, but removed many occupations from both the Immediate Skills Shortage List and the Long-Term Skill Shortage List. As a result of the recession and the subsequent increase in unemployment it became more difficult for former international students and migrants on temporary work permits to transit through the two-step migration process.

From October 2009, the government introduced an extensive suite of migration legislative changes through the new Immigration Act. Measures of relevance to skilled migration included:

- › the abolition of permits and exemptions (visas henceforth to be used for all migration movements)
- › a higher level of responsibility for sponsors, including in relation to temporary work visas
- › the introduction of new categories of sponsors
- › a greater focus on employer obligations.

CONCLUSION

A comparative analysis of longitudinal survey data highlighted that skilled migrants in New Zealand were more likely to be working, and if working, were more likely to be earning more than in Australia. New Zealand's choice of relatively mature skilled migrants seems to have been immediately beneficial in terms of labour market integration, although there is evidence of this gap narrowing over time. New Zealand migrants' greater work experience and greater English proficiency are likely to have compensated for lower qualification levels. Overall, the two-step migration paradigm adopted by New Zealand and Australia appears highly effective, regardless of whether the work to residence pathway or study-migration pathway is used.

Competition for skilled migrants between the two countries is likely to intensify as a consequence of the convergence in many migration policies. In the 'looming war for skills', New Zealand and Australia will benefit from each other's growing regional profile. At the same time they will use the research evidence to compete hard to recruit and retain the most highly sought migrant workers.

- The full report by Professor Lesleyanne Hawthorne can be obtained at:
<http://www.immigration.govt.nz/migrant/general/generalinformation/research/lisnz/reports.htm>