Responding to Australia's Regional Skill Shortages Through Regional Skilled Migration

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Abstract
Skill shortages in regional Australia are having a profound effect upon regional sustainability and renewal. The causes and drivers of skill shortages involve a complex interplay between macroeconomic trends and proximal causes. This paper draws together recent policy initiatives and research on skill shortages in the Australian context and the implications this has for regional Australia. Skilled migration has become a key element in Australia’s strategy to address major human capital issues and imperatives and specific reference is made to regional skilled migration initiatives as a “glocalised” response to regional skill shortages. Recent reforms in migration policy towards a demand-driven, economic modelling system, has seen greater input from states/territories and regions into the required skills and types of targeted skilled migration programs needed to assist in meeting regional skill shortages. The paper reviews several pieces of research on regional skilled migration before concluding with some key issues and directions for future research in relation to the role and effectiveness of the regional skilled migration scheme in assisting Australia to address regional skill shortages.

Keywords
skill shortages, skilled migration, regional skill shortages, regional skilled migration

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Introduction

The causes and drivers of skill shortages are complicated and are represented by a complex interplay of varying macroeconomic trends, cycles and demographic considerations, along with more localised and proximal causes. Regional skill shortages add another dimension of complexity to the phenomenon of skill shortages. Skilled migration is viewed as one of a suite of human capital strategies that can be operationalised to combat skill shortages and regional skilled migration can play a very important role in helping to alleviate the impact of regional skill shortages and their flow-on effects. Australia is a traditional migration country and has depended upon migration for over 60 years. However, demographic trends within other developed industrialised nations experiencing the effects of an ageing population and declining fertility rates has meant these countries also enter the market for skilled migrants. This has meant increased international competition for skilled migrants.

Migration policy directly related to regional skilled migration was introduced in Australia in 1996-7 and recent skilled migration policy reforms are pointing towards a growing focus on economic migration modelling and the move towards a more demand-driven model of skilled migration. Another trend in these reforms is the growing devolution of migration policy towards the States/Territories and regions. This is epitomised by the recent introduction of State and Territory Migration Plans. This paper aims to bring together the literature and research around skill shortages and skilled migration and to make explicit links between the regional dimension of both through a discussion of regional skill shortages and the regional skilled migration scheme as a policy response to this.

Often when skill shortages are discussed there is no preceding definitional discussion which bases all proceeding discussion on a set of assumed knowledge and shared meaning. This paper will provide a brief overview of the literature that addresses the concept and definitions of skill shortages followed by a discussion on frameworks for analysing the drivers of skill shortages. A set of examples of recent government policy responses to skill shortages with direct relevance to regional Australia will be presented before documenting the historic evolution of migration policy in Australia, from a human capital perspective. This is positioned within the broader context of the emergence of global labour markets and what
Hugo (2004a) refers to as the new paradigm of international migration. The paper will then focus upon recent skilled migration reforms and their relationship to regional skill shortages before summarising government commissioned and independent research conducted to evaluate aspects of the regional skilled migration scheme. The paper concludes with some insights into regional skilled migration as a strategy to combat regional skill shortages and by proposing future research in the area.

**Skill Shortages**

There is no one established definition of what constitutes a skill shortage, however there does exist a set of commonly used definitions, typologies and differentiation between what a skill shortage is and related concepts (i.e. skill gap and labour shortage). Richardson (2007, p.8) defines a shortage of skills as “a source of aggravation to firms and, when acute, it is likely to hamper the quality and quantity of their output”. Shah and Burke (2003, p.v) make the distinction between a skill shortage, skill gap and recruitment difficulties:

A *shortage* occurs when the demand for workers for a particular occupation is greater than the supply of workers who are qualified, available and willing to work under existing market conditions, and if the supply is greater than demand then there is a surplus. Over time, the market might adjust in a number of ways, including price and/or quantity adjustment, and the imbalance clears.

A *skill gap* refers to a situation where employers are hiring workers whom they consider under-skilled or that their existing workforce is under-skilled relative to some desired level.

*Recruitment difficulties* refer to the situation when employers cannot fill vacancies in spite of an adequate supply of workers. The reasons for this may be varied. They could include such things as relatively low remuneration being offered, poor working conditions or image of the industry, unsatisfactory working hours, commuting
difficulties, ineffective recruitment effort by the firm or skills needs that are very specific to the firm.

A very useful scheme for classifying skill shortages has been developed by Richardson (2007). The classification identifies two types of skill shortages along with a definition of a skills mismatch and a quality gap:

Level 1 shortage:
• There are few people who have the essential technical skills who are not already using them and there is a long training time to develop the skills.

Level 2 shortage:
• There are few people who have the essential technical skills who are not already using them, but there is a short training time to develop the skills.

Skills mismatch:
• There are sufficient people who have the essential technical skills who are not already using them, but they are not willing to apply for the vacancies under current conditions.

Quality gap:
• There are sufficient people with the essential technical skills who are not already using them and who are willing to apply for the vacancies, but they lack some qualities that employers consider are important (Richardson 2007, p. 9).

Several pieces of research on the drivers of skill shortages have been reviewed and demonstrate the complexity of labour market behaviour. The causes of skill shortages represent a complicated interplay of macro, meso and micro forces and cannot be attributed to any one factor. Common causes according to Richardson (2007, p. 8) include:

• a general under-investment in skills development;
• rapid structural change combined with low levels of overall unemployment;
• a cyclical surge in employment in a part of the economy;
• particular spots of weakness in the training system.
Shah and Burke (2003) view the causes of skill shortages as a product of demand and supply. Shifts in demand and changes in labour supply are normal features of market economies. A component of these shifts and changes may be due to a number of factors that include trends and cyclic phenomenon such as: changes in technology; the organisation of work; commodity price changes; shifts in consumer behaviour or; demographic trends. Shah and Burke (2003, p. 20) refer to the need for spatial analysis when identifying and measuring skill shortages: “The performance of a labour market varies across regions. One aspect of this geographical disparity could be that while some regions have shortages of particular skills others have surpluses.” Keating (2008) also addresses aspects of regional labour market behaviour and government responses to these. Some examples of these State based policy responses will be presented in the next section of the paper. Keating (2008, p. 14) writes the following in reference to the behaviour of regional labour markets:

…labour markets across different regions or sub-regions and to some extent across different populations behave in different ways. These behaviours can lead to localised skill shortages or over-supply, especially in smaller and more isolated regions or sub-regions. State and Territory training authorities, mostly in conjunction with state and regional development agencies, typically factor these localised labour market behaviours into their planning strategies.

The National Industry Skills Report (DEST 2006) identified 12 factors influencing the demand for skills and grouped these under four themes: participation; market pressures; technological change; and regulatory compliance. The following table lists the influences under each of these four themes.
Table 1: Factors Influencing the Demand for Skills

<table>
<thead>
<tr>
<th>Participation</th>
<th>Market Pressures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographic Change</td>
<td>Globalisation</td>
</tr>
<tr>
<td>Worker attraction and retention</td>
<td>Market expansion</td>
</tr>
<tr>
<td>Employment arrangements</td>
<td>Customer and consumer service demands</td>
</tr>
<tr>
<td></td>
<td>Competitiveness and productivity demands</td>
</tr>
<tr>
<td>Technological Change</td>
<td>Regulatory Compliance</td>
</tr>
<tr>
<td>Technological advancement</td>
<td>Regulatory compliance</td>
</tr>
<tr>
<td>E-Business</td>
<td>Health and safety issues</td>
</tr>
<tr>
<td></td>
<td>Insurance</td>
</tr>
</tbody>
</table>

Source: DEST 2006, pp. 4-5.

The Bureau of Transport and Regional Economies (BTRE) conducted research on skill shortages in Australia’s regions in 2006 and found the causes of skill shortages were diverse and varied across regions. The research produced a model to explain the drivers of skill shortages with the causes of skill shortages divided into two levels: root causes and; proximal causes. Root causes fall into two main categories: macroeconomic drivers; and aspects of flexibility and mobility. The root causes are summarised as follows:

**Macroeconomic drivers:**
- Technology change;
- Globalisation;
- National economy;
- Regulatory framework.

**Flexibility and mobility:**
- Secondary job opportunities;
- Career development;
- Work conditions;
- Perceptions;
• Life cycle;
• Education and training;
• Place identity and social networks;
• Infrastructure;
• Housing;
• Health provision.

(BTRE 2006, p. x).

Proximal causes include: training; wastage; migration and workforce exits. The research concluded that it is the flexibility and mobility of workers that is most relevant to regional areas when analysing skill shortages (BTRE 2006). This provides a very comprehensive model from which to understand the complexity of skill shortages and labour market behaviour. This is complimented by the seven important indicators of future labour demand developed by McDonald and Temple (2008) as a result of their analysis of the demographic and labour supply futures for Australia. The seven indicators are summarised below:

1. Major future investment in new physical infrastructure.
2. The mining boom can be expected to continue for many years.
3. New economic and lifestyle directions as a result of the carbon pollution reduction and carbon emission schemes.
4. The ageing of the population will generate new demands for labour.
5. Increased investment in health services delivery.
6. Estimates of increased living standards will see the beneficiaries increase the demand for goods and services.
7. Radical changes from climate change and reversal of environmental degradation will generate demands on labour, capital, technology and new occupations and industries (McDonald and Temple 2008, p. 4).

McDonald and Temple (2008) also reported on the risks related to not meeting labour demand which include the trend of unmet labour demand forcing fast moving increases in wages as has been evidenced in the States of Queensland and Western Australia where wages have risen substantially due to the first wave of the resources boom. Other major risks relate to projects that would enhance Australia’s long-term productivity being potentially delayed (major infrastructure...
projects) along with major projects related to environmental improvement and new energy sources (McDonald and Temple 2008).

This discussion demonstrates the complex nature of labour market behaviour and the need for regions to be able to not only analyse regional skill shortages spatially but to also analyse these larger macroeconomic trends and cycles. A term which has gained popularity recently in the social sciences and which first appeared in the late 1980s in articles by Japanese economists in the Harvard Business Review is, ‘glocalisation’ (see for example Mendis, 2007, p. 25). The term is a combination of the words ‘globalisation’ and ‘localisation’ and refers to the idea that local conditions must temper the pressures and impacts from global trends. Regional skilled migration initiatives designed to combat regional skill shortages is purported to be one such example of ‘glocalisation’ (Withers and Powell, 2003).

The following section of the paper provides a sample of some of the policies and strategies developed by the federal government and State/Territories as a response to skill shortages. This will be followed by an overview of Australia’s skilled migration policy and the drivers of the new era of migration.

**Policy Responses to Skill Shortages**

The array of policy responses and initiatives developed at all levels of government to combat skill shortages attests to the growing significance of this issue for Australia’s economic future. Due to the limitations imposed on this paper a sample of these policy responses has been chosen for discussion. The following Federal and State Government initiatives will be presented as an example of some of these policy responses: the National Skills Shortages Strategy; the COAG agreement of February 2006; the establishment of Skills Australia; the Victorian government’s Regional Industry Skills Program (CRISP) and; the Inquiry into Skill Shortages in Rural and Regional NSW.

In 1999, the Australian Government introduced the National Industry Skills Initiative which has since been replaced by the National Skills Shortages Strategy. The Strategy has aimed to provide a comprehensive approach to addressing skills needs with a focus on 14 crucial industries. This strategic approach is one that is
pitched at the level of industry. Other ways of approaching skill shortages is to view it from a spatial perspective (Shah and Burke, 2003) or at the level of occupational grouping as epitomised by the development of skilled occupational lists developed for skilled migration policy. The National Skill Shortages Strategy includes some of the following projects and initiatives: skills shortages and regional skills projects; best practice strategies and; labour market forecasting.

Under the National Skills Shortages Strategy, the Australian Government is funding a number of regional skills pilots to identify and develop practical strategies to address a region's current and future skills needs. In each pilot, the Australian Government works with regional stakeholders such as industry, education providers and the broader community to:

- profile existing and potential industries in the region;
- identify common factors and solutions to skills issues;
- engage relevant national, state and local industry and training bodies;
- identify skills and training needs; and
- pilot practical strategies that could be used in other regions.

Pilots have been completed in Townsville, Illawarra and the Hunter and more recent regional projects have commenced in Darwin and Tasmania, as well as the most recent project targeting the Southern Highlands of New South Wales.

Skill shortages, as an issue of concern within a national human capital framework, was addressed at the February 2006 meeting of the Council of Australian Governments (COAG) where several initiatives were vetted to assist in alleviating skill shortages (COAG, 2006). Initiatives under the human capital stream included: better mutual recognition agreements for trade qualifications across States and Territories; a new regional program to address the supply of skills to industries and regions of strategic importance; greater flexibility within apprenticeships; improving recognition of skill processes and; an agreement was reached to establish better sharing arrangements for labour market information across States and Territories to enable quicker and more informed responses to skill shortages.
The Australian Government's *Skilling Australia for the Future* policy announced the establishment of Skills Australia, as the body to provide advice to the Minister on current, emerging and future skills needs. Skills Australia was established by the Skills Australia Act 2008, which received Royal Assent on 20 March 2008. Skills Australia is an independent statutory body that has been established with the objective of providing expert and independent advice in relation to Australia’s workforce skills needs and workforce development needs, in order to:

- identify training priorities to respond to workforce development and skill needs;
- increase workforce participation;
- improve productivity and competitiveness;
- identify and address skills shortages; and
- promote the development of a highly skilled workforce.

Skills Australia recently released its strategy for Australia’s workforce development, *Australian Workforce Futures* (Skills Australia, 2010) and hosted a national Skilling Summit in August 2010.

Two State based policy initiatives aimed at addressing State skill shortages will be briefly overviewed as examples of State based responses to skill shortages. The first example of a State-based initiative is the Regional Industry Skills Program (CRISP) funded by the Victorian government to generate industry development, new jobs, increased skills and improved services for rural and regional communities. In this program the Victorian Government provided $5 million from 2003/4 to 2006/7 to fund CRISP targeted assistance to tackle skill shortages and create sustainable industries and jobs across country Victoria. A further $5.5m was provided for 2005/6 to 2009/10 to expand and extend the CRISP program. The program is a good example of the continued support the Victorian government has towards addressing State skill shortages. Another example of State based policy support is the Inquiry into Skill Shortages in Rural and Regional NSW.

The NSW Standing Committee on State Development held an inquiry into skill shortages in rural and regional NSW and tabled the final report in the NSW parliament in May of 2006. The inquiry found the following professions to be in
shortage throughout regional NSW: engineers; health specialists; registered nurses; care and support service providers; lawyers; urban and regional planners; engineering, automotive and construction trades; horticulturists and; food processors. The report also noted that for certain occupations there are global shortages and that labour shortages, as opposed to skill shortages, were the result of outward migration of rural populations, in particular young people leaving regional areas. The demand for workers from the mining industry was also noted by the inquiry as exacerbating skill shortages in regional and rural areas for many trades and occupations (Standing Committee on State Development, 2006).

The inquiry also tabled the economic and social impacts of skill shortages on regions. Some of the economic impacts include: reduction in business activities, business size resulting in lower turnover, trade and sustainability; increasing costs to consumers; reduction in core community services such as health and education; poor perception of regions in terms of infrastructure and lifestyle; difficulties attracting and retaining skilled workers and professionals; wage rises to retain skilled and profession staff; loss of income in community; poaching of skilled staff between sectors thereby breeding animosity (Standing Committee on State Development, 2006). Some of the social impacts noted include: no access to medical services; high demand for those medical services that are available; loss of community confidence and sense of community well being; increased demands for overtime on those skilled staff and professionals working in the region which leads to a negative impact of those workers domestic and social lives and; increased absenteeism (Standing Committee on State Development, 2006). There is no doubt that skill shortages in regional Australia have profound impacts on regional economies and place great pressure on the social fabric of these regional communities.

In terms of the role of regional skilled migration programs the inquiry noted the four types of skilled migration visas available (as at 2006). The first two must have sponsoring employers and the latter two require sponsorship by a State/Territory government:

- Regional Sponsored Migration Scheme (RSMS) visa
- Temporary Business Entry (Long Stay) visa
- State/Territory Nominated Independent (STNI) visa
• Skilled Independent Regional (Provisional) (SIR) visa

The Department of State and Regional Development (DSRD), in their submission to the inquiry, calculated the number of these visas granted via region in NSW for 2004-2005 to total 321. The DSRD’s Business Migration Unit promotes skilled migration programs and visas, however a submission from the Australian Business Limited to the inquiry stated, “92% of respondents to a survey it conducted of its regional business members in August 2005 indicated that they had never recruited employees through a skilled migration program, and that there was a lack of knowledge of the role of State and Commonwealth Governments in supporting regional skilled migration” (Standing Committee on State Development, 2006, p.75). The DSRD submission to the inquiry also listed a set of advantages and disadvantages from skilled migration programs. These are summarised in Table 2.

Table 2: Advantages and Disadvantages of Skilled Migration Programs

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Skilled migration provides a targeted solution to specific skill shortages.</td>
<td>• Migrants have a higher propensity than the general population to live in cities.</td>
</tr>
<tr>
<td>• Skilled migration gives State and Territory governments’ considerable discretion to influence the size, mix and promotion of migration to regional and rural areas.</td>
<td>• Migrants from non-English speaking countries have an even higher propensity to settle in Sydney and Melbourne rather than other cities or regional areas.</td>
</tr>
<tr>
<td>• Prospective migrants to rural and regional areas require a lower number of points under the DIMIA skills test than prospective migrants to metropolitan areas, promoting migration to rural and regional NSW.</td>
<td>• The successful settlement of migrants requires an availability of adequate settlement services for migrants which may be more available in urban than regional areas.</td>
</tr>
<tr>
<td></td>
<td>• Migration programs are more successful in attracting applications from professionals and managers and less successful in attracting applications from trades people.</td>
</tr>
</tbody>
</table>
The Commonwealth classifies certain metropolitan areas such as Adelaide, Hobart and Darwin as ‘regional’ areas and therefore detracts from the opportunity for other regional areas to attract skilled migrants under the programs.

Source: Adapted from Standing Committee on State Development (2006, p.86).

The table brings into focus some of the policy implications of skilled migration and areas needing attention to ensure skilled migration is applied well on the ground. Despite the listed disadvantages the inquiry made four recommendations in relation to skilled migration that essentially call for continued involvement, support and improvements to skilled migration processes and practices in regional NSW.

The complex nature of labour market behaviour requires a ‘glocalised’ response from Australia’s regions to address regional skill shortages. All levels of government are acutely aware of current and projected skill shortages and the need to have these addressed to ensure Australia’s future economic and social prosperity. The following section of the paper addresses one strategic response to the human capital imperatives resulting from skill shortages, that of skilled migration. Skilled migration is just one strategy in a suite of strategic responses needed to address Australia’s current and projected skill shortages. Australia’s history of skilled migration is traced to the current policy environment and demonstrates the importance of skilled migration through recent statistics on net migration and emigration.

**Skilled Migration Policy in Australia**

Skilled migration policy and practice has a relatively long history in Australia and plays a crucial role in assisting Australia to meet human capital needs. Several authors have documented the historical context of migration in Australia in their discussions of skilled migration (Hugo, 2004a, 2004b; Phillips, 2005, 2006; Saunders, 2008; Shah and Burke, 2005; Teicher, Shah and Griffin, 2000). Hugo (2004a) undertook a very comprehensive investigation into what he refers to as
the ‘new paradigm of international migration’ and the implications this has for Australia’s future policy on migration. As noted by Hugo and others, migration has and will remain a crucial aspect of Australia’s economic, social, and cultural development and future. Australia’s migration policy has been developed for over 60 years when in 1945 the first federal immigration portfolio was created. The focus then was on attracting migrants from primarily the United Kingdom and Europe in the post WWII period as a means to build and replenish the Australian population. Australia’s post-war migration policies has seen more than 8 million people migrate to Australian, however the large majority of these immigrants have settled in a few metropolitan areas (Sydney and Melbourne) (Hugo, 2008b).

Saunders (2008) refers to the earliest targeted migration program in Australia being in 1949 when large numbers of post-war migrants (unskilled and with specialised skills) were actively recruited to work on the Snowy Mountains Hydro-electric Scheme. Since this period the major source countries for Australia’s migration has changed and fluctuated and reflects wider international events, politics, conflicts and economic and social changes and trends. The aftermath of WWII saw many displaced people from Europe and the UK enter Australian shores and in the 1980s and 1990s there has been a marked increase of migrants to Australia from Asia, the Middle East and more recently Africa (Phillips, 2005).

Hugo (2004b, p. 70) asserts that the contemporary world of immigration in the 21st Century is totally new and is a result of “a set of powerful international processes which are creating strong new political, economic, financial, cultural and information linkages between countries”. Hugo refers to this as the ‘Age of Migration’, characterised by “a massive increase in global population movement and an increase in the complexity of the types of movement—permanent and temporary, legal and undocumented, forced and voluntary, work and non-work related, etc” (Hugo, 2004b, p.1). This new era has been created by major and highly complex global drivers that have transformed international migration. These global drivers are summarised as follows:

- the internationalisation of labour markets;
- the increasing demographic gradient between nations which has meant many developed economies where local workforces
are not growing or declining have labour shortages while in less developed nations labour surpluses are large;
• widening gaps in economic well-being between less developed and more developed nations;
• globalisation of media;
• universalisation of education in most countries;
• reduction of time and travel costs between countries;
• activities of transnational organisations especially companies with operations in many nations;
• labour market segmentation;
• the proliferation of the international migration industry;
• the increased involvement of national governments in origin countries realising the benefits that can accrue through migration;
• the massive growth of social networks which facilitate the migration of family and friends (Hugo, 2004b, pp. 9-10).

Australia is among a small group of countries which have long traditions of migration. Other nations with similar histories include Canada, New Zealand and the United States of America (Shah and Burke, 2005). Many developed nations are feeling the effects of ageing populations and workforces, declining fertility rates and associated skill shortages. The traditional migration countries have now been joined by many other nations needing to sustain their economies through human capital strategies such as skilled migration. Hugo (2004b) believes Australia is in a good position to meet these challenges, “…it is often overlooked that Australia is one of very few nations that has had a federal government department devoted to immigration and settlement for more than half a century” (Hugo, 2004b, p. 3).

Shah and Burke (2005) have noted that the global competition for skilled and unskilled migrants will intensify as other nations (Japan, South Korea and Italy) with no previous history of immigration begin to feel the effects of ageing populations and declining fertility rates. These nations are beginning to supplement their workforces with temporary workers from developing nations. Like Hugo, Shah and Burke (2005) believe Australia has a significant advantage
over these countries due to the length and history of migration expertise and experience, along with language and physical space.

The following statistics provide evidence of the size, significance and relative proportion of skilled migration (Skill Stream) in contemporary Australia, along with the rates of permanent emigration and the increasing two-step process to permanent residence from initial temporary visa entry. By the end of June 2008, Australia’s population reached 21.4 million. Population growth in the 2007-08 financial year was made up of 145,500 people through natural increase (births less deaths) and 213,500 through net overseas migration. In 2007-08, 76,923 people left Australia permanently resulting in the highest level of emigration ever. Australia lost 37,095 skilled people through permanent emigration in 2007-08, but gained 52,705 skilled permanent arrivals (settlers) (DIAC, 2009a). Over one-third of the Migration Program in 2007-08 was made up of persons granted permanent residence after initial entry to Australia on a temporary basis. In 2007-08, there were 108,540 people granted Skill Stream places, an increase of 10.8% on 2006-07. The Skill Stream made up 68.4% of the total Migration Program and the main source countries in 2007-08 were the United Kingdom (UK), India, the Peoples Republic of China (PRC), South Africa and the Republic of Korea (DIAC 2009a).

There is no argument that skilled migration is a crucial strategy (albeit not the only strategy) for Australia in combating the human capital imperatives of the 21st century, although there are concerns by some that there needs to be further efforts made to develop home grown skilled labour supply (especially through the higher education and vocational education and training sectors) and the impact of skilled migration on local wages and unemployment rates (Shah and Burke, 2005). The next section of the paper provides details of recent policy shifts in skilled migration in Australia that have been developed in response to the recent global financial crisis, concerns about the integrity of the skilled migration program and greater emphasis on industry, State/Territory and regional skill needs.

**Recent Skilled Migration Policy Reforms**

Since the 1980s, the government has developed policies designed to target migrants with experience in areas where there is a skill shortfall through its general skilled migration program. There are a variety of options for potential
migrants to apply for migration under the general skilled migration program. This depends on whether the applicant is applying for an onshore visa (applying from within Australia) or an offshore visa (applying from outside Australia). International students currently studying in Australian institutions and skilled migrants on temporary work visas are now eligible to apply onshore for permanent residency under the skilled migration program (Shah and Burke, 2005). There are also specific requirements to encourage successful business people to settle permanently in Australia and develop new or existing businesses. Employer sponsored visas include the temporary visa (Temporary Business (long stay) Visa 457) and two permanent visas (Employer Nominated Scheme (subclass 121/856) (ENS); Regional Sponsored Migration Scheme (subclass 119/857) (RSMS). There are a range of visa options under the General Skilled Migration program for skilled workers who want to live in Australia and who do not have an employer sponsoring them. These include options for skilled people applying as an independent migrant as well as those sponsored by a relative, or nominated by a State or Territory government.

The Department of Immigration and Citizenship (DIAC) also has a number of regional skilled migration initiatives which include an array of visa options and support services. Table 3 has been compiled from the DIAC website and summarises the regional initiatives for skilled migration currently available.
<table>
<thead>
<tr>
<th>Regional Skilled Migration Categories</th>
<th>Visas Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer Sponsored workers:</td>
<td>Regional Sponsored Migration Scheme (RSMS) (subclass 119/857)</td>
</tr>
<tr>
<td><em>For people with recognised skills seeking to work in Australia after being sponsored by an Australian or overseas employer.</em></td>
<td>For employers in regional Australia to employ skilled people in positions unable to be filled from the local labour market.</td>
</tr>
<tr>
<td>Sponsored by a family member</td>
<td>Skilled – Sponsored (Migrant) visa (subclass 176)</td>
</tr>
<tr>
<td><em>Australian citizens and permanent residents who live in designated areas of Australia, can sponsor their relatives to migrate, while at the same time ensuring high skill levels are maintained.</em></td>
<td>Skilled – Regional Sponsored (Provisional) visa (subclass 475)</td>
</tr>
<tr>
<td>State or Territory nominated</td>
<td>Skilled – Sponsored (Residence) visa (subclass 886)</td>
</tr>
<tr>
<td><em>State and Territory governments sponsor skilled people to support regional development and help supply the needs of regional employers.</em></td>
<td>Skilled – Regional (Residence) visa (subclass 887)</td>
</tr>
<tr>
<td></td>
<td>Skilled – Regional Sponsored (Provisional) visa (subclass 487)</td>
</tr>
<tr>
<td></td>
<td>Skilled – Sponsored (Migrant) visa (subclass 176)</td>
</tr>
<tr>
<td></td>
<td>Skilled – Regional Sponsored (Provisional) visa (subclass 475)</td>
</tr>
<tr>
<td>Business People</td>
<td>State/Territory Sponsored Business owner (provisional) (Subclass 163)</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------</td>
</tr>
<tr>
<td>The Australian Government actively encourages skilled people to establish businesses in regional or rural areas of Australia.</td>
<td>State/Territory Sponsored Senior Executive (provisional) (Subclass 164)</td>
</tr>
<tr>
<td></td>
<td>State/Territory Sponsored Investor (provisional) (Subclass 165)</td>
</tr>
</tbody>
</table>

| General Skilled Migration                                                        | There is a range of visa options under the General Skilled Migration program for skilled workers who want to live in Australia and who do not have an employer sponsoring them. These include options for skilled people applying as an independent migrant as well as those sponsored by a relative, or nominated by a State or Territory government. |
|                                                                                  | E.g. Temporary Business (long stay) Visa 457 and permanent Employer Nominated Scheme (subclass 121/856) |

Source: Adapted from DIAC website (http://www.immi.gov.au/skilled/regional-employment/)

In addition to these visa options are a set of support mechanisms that include: Regional Outreach Officers (ROO); Regional migration websites; Regional Certifying Bodies (RCBs); a Skill Matching Database and; a Skill Matching Network. The ROOs assist employers, regional authorities and State and Territory Governments determine the best regional skilled migration options. The regional migration websites are developed by State and Territory Governments to provide information and advice for migrants wishing to live and work in their respective regions and the Regional Certifying Bodies (RCBs) are a source of assistance for employers who wish to sponsor permanent or temporary skilled workers. There are over 50 gazetted RCBs covering regional areas in all Australian States and Territories. The Skill Matching Database is a free web-based tool used by
employers and State/Territory Governments to address skill shortages and is available on the DIAC website (DIAC, 2010).

Changes to skilled migration policy have been common place over the last two years and have been periodically announced to adjust to the changing economic environment and the shift towards a more demand driven system. Due to the pressures caused by the global financial crisis the Rudd Government reviewed the Skilled Migration program late in 2008 in consultation with business and industry, and State and Territory Governments. The review found that Australia needed to maintain a Skilled Migration program but one that is more targeted. In December 2008, the Government announced changes to the 2008-09 skilled migration program to ensure it is driven by the needs of industry and targets skills that are in high demand. The changes meant that skilled migrants who have a confirmed job or are in occupations on the Critical Skills List (CSL) will be fast-tracked and given priority for a permanent visa to come to Australia (Evans, 2009). The CSL is a list of occupations deemed to be in critical shortage and are eligible for priority processing for applicants under the General Skilled Migration (GSM) program.

Five months later in April 2009, the Minister for Immigration and Citizenship, Chris Evans announced changes to the Temporary Business (Long Stay) Visa 457 visa program. The announcement was a response to the rapid increase in 457 visa applications and concerns from the Australian community about the possible exploitation of overseas workers and the potential undermining of local wages and conditions after several cases of some employers abusing the program emerged throughout 2005 - 2007. The vast majority of these cases involved trades’ level 457 visa holders with little or no English language skills who often lacked the technical skills claimed (Evans, 2009). Some of the changes included indexation of a minimum salary level and increasing minimum language requirements from 4.5 IELTS to 5 IELTS (IELTS stands for 'International English Language Testing System', and is an international standardised test of English language proficiency).

The Temporary Business (Long Stay) 457 visa is the most commonly used program for employers to sponsor overseas workers to work in Australia on a temporary basis. The visa allows employers to fill nominated skilled positions in
Australia for up to a four year period. The DIAC (2009b) *Subclass 457 Business (Long Stay) State/Territory Summary Report* for the 2008-2009 financial year to 30 April 2009 reported 43,580 of these visas were granted and the top source countries for the visa were United Kingdom (20.7%), India (14.3%), South Africa (10.3%), and the Philippines (9.8%). The top industry sponsors were: Healthcare and Social Assistance (18.7%); Construction (11.2%); Rental Hiring, Real Estate Services (10%); Mining (9.1%); and Manufacturing (8.8%). In the year to date, 64.1 per cent of primary applications granted have been for occupations in the ASCO Major Group 2 (Professionals). About one quarter (23.2%) of the primary visas granted have been for nominated positions in the Health Care and Social Assistance industry (DIAC 2009b).

Later in 2009 the Minister for Immigration and Citizenship, set a new priority processing direction which became effective on 23 September 2009 and is applied to certain skilled migration visas. These arrangements were designed to better address the needs of industry by targeting skills in critical need across a number of sectors. The priority processing Direction gives priority to people seeking to migrate to Australia who have skills or qualifications in one of the occupations on the current *Critical Skills List* (CSL). Under the Ministerial Direction, the following processing priorities (with highest priority listed first) apply:

1. Applications from people who are employer sponsored under the employer nominated scheme (ENS) and the regional skilled Migration scheme (RSMS).
2. Applications from people who are nominated by a State/Territory government and whose nominated occupation is listed on the Critical Skills List (CSL).
3. Applications from people who are sponsored by family and whose nominated occupation is listed on the CSL.
4. Applications from people who are neither nominated nor sponsored but whose nominated occupation is listed on the CSL.
5. Applications from people who are nominated by a State/Territory government whose nominated occupation is not listed on the CSL.
6. (i) Applications from people whose occupations are listed on the Migration Occupations in Demand List (MODL) and (ii) Applications from people who are sponsored by family and whose nominated occupation is not listed on the CSL.

7. All other applications are to be processed in the order in which they are received (DIAC, 2009c).

This directive allows the migration priority processing for occupations designated as highly critical with regional, employer sponsored and State/Territory nominated applications having the highest priority. Again, it can be seen from these changes that skilled migration policy is becoming inextricably tied to the changing economic environment and targeted human capital needs which includes regional skill needs.

During February of 2010, the Minister announced yet another set of migration policy reforms. The set of staged reforms were developed to re-position Australia’s skilled migration program as demand driven and to meet the needs of industry and regional Australia, as well as long term economic and demographic goals. The reforms included the immediate revoking of the Migration Occupations in Demand List (MODL) and its replacement with a new Skilled Occupations List (SOL) developed by the independent body, Skills Australia. In these reforms the Critical Skills List (CSL) introduced at the height of the global financial crisis will also be phased out. Two major aspects of these reforms include:

The list of occupations in demand will be tightened so only highly skilled migrants will be eligible to apply for independent skilled migration visas.

Individual State and Territory migration plans will be developed so they can prioritise skilled migrants of their own choosing. This recognises that each State and Territory has different skills requirements. Under the new priority processing arrangements, migrants nominated by a State and Territory Government under their State Migration Plan will be processed ahead of applications for independent skilled migration (Evans, 2010a).
The State and Territory migration plans where planned for adoption by the end of July 2010 however the August 2010 federal election has interrupted such activity. Nonetheless, the intention in the announced reform is to target skilled migration to specific occupations and to meet State/Territory and regional needs.

The recent reforms in Australia’s migration policy is heralded as a period of ‘economisation’ (Boese, 2009) of policy with a stronger emphasis on skilled and temporary skilled migration. Reforms are focused upon creating a demand driven system which is continuing to devolve the prioritising of skills and occupations to States and Territories. Part of this devolution has seen a raft of regional skilled migration initiatives developed. Although many of these initiatives are relatively recent some research has been conducted to evaluate the programs. The following section reports the findings of some of these studies.

**Research into Regional Skilled Migration**

Regional skilled migration is a relatively recent phenomenon in Australian immigration policy. This section of the paper maps the introduction of regional skilled migration policy before reporting findings from government funded and independent research into regional skilled migration.

Hugo (2008a) undertook a study of the immigration settlement outside Australia’s capital cities and in so doing traced the historical context of the introduction of regional migration policy in Australia. Hugo (2008a) attributes the new paradigm in Australian migration policy to two significant changes: the introduction of temporary worker migration in the mid-1990s and huge expansion of full-fee paying international students and: the introduction of the State and regional based visas in 1996-7. Hugo (2008b) traces these changes back to the 1990s when immigrant settlement in metropolitans areas were perceived to be contributing to the environmental pressures, congestion and rising house prices along with economically lagging regions and states lobbying the government to introduce migration policy to direct skilled immigrants to these regions. The result was the introduction of a suite of State-Specific and Regional Migration (SSRM) visa categories. “In May 1996, the annual meeting involving Commonwealth, State and Territory Ministers for Immigration and Multicultural Affairs established a working party on regional migration, which heralded a new era in patterns of
migrant settlement in Australia” (Hugo, 2008b, p. 133). This represents a major change in Australian immigration policy. One reason being “The SSRM Scheme has involved the explicit factoring of international migration into regional as opposed to national development planning and strategies” (Hugo, 2008b, p. 127).

In 2003, the Chifley Research Centre undertook a study of immigration and regional Australia (Withers and Powell, 2003) and posited new immigration approaches and measures that could play a key role in improving regional outcomes. The report made some of the following recommendations:

- Adopting a binding 45% minimum regional share in new migration;
- A new two-stage (temporary-permanent) visa for independent skilled applicants for regional residence;
- A new regional points bonus for past or existing temporary visa holders/applicants.

(Withers and Powell, 2003, p. 2).

In 1996, a new temporary short term skilled migration visa was introduced (the 457 subclass temporary business entry visa) and research produced by DIAC shows a strong connection between temporary migration and permanent residency. There is a growing link between these two forms of migration with temporary visa being the first step in a two-step process towards permanent migration (Phillips, 2006).

A policy discussion paper for the Academy of Social Sciences in Australia in 2008 recommended:

The Federal Government should provide a long-term skill requirements plan for Australia, based on high quality demographic-economic modeling and industry and State/Territory Government assessments of emerging needs for industries, skills and regions. This plan should provide the envelope and aspirational targeting for the Government’s education and training
policies, but do so on a regular annual update basis (McDonald & Withers 2008, p. 5).

Interestingly, the migration reforms announced in February 2010 by the Minister of Immigration and Citizenship, did just this with the introduction of State and Territory migration plans for 2010 (Evans, 2010b).

Boese (2009) argues that the economism of migration policy through the application of human capital theory and economic migration modelling, especially in regional settlement policies, institutionalises and embeds economic logic in policy. She argues there needs to be a critical perspective towards economistic arguments in migration research to reduce the politicization of immigration. “From a political perspective, a prime challenge to adopting an economistic paradigm in arguing for immigration is that it can easily be turned against immigrants when they are no longer needed economically” (Boese, 2009, p. 11).

A number of surveys have been taken or commissioned by DIAC on RSMS migrants (DIMIA, 2005; DIAC, 2007a, 2008; Richardson et al., 2004) and usually address a set of issues related to settlement, employment, income, partner outcomes, pathways to permanent residency and location. The RSMS is a State-specific migration scheme which allows employers in regional or low population growth areas, to fill positions they cannot fill from the local labour market. The scheme is available to all employers in all areas of Australia except Perth, Sydney, Wollongong, Newcastle, Melbourne, Brisbane and the Gold Coast. As noted previously, Adelaide, Hobart and Darwin are capital cities which are included in the regional skilled migration scheme.

Independent qualitative research has also been conducted on skilled migrants in Whyalla (Goel and Goel, 2009) along with less spatially focused quantitative studies on 500 RSMS primary applicants (Wulff and Dharmalingham, 2008) and the issues paper published by the NSW Migrant Employment and Training Task Force (2005) on maximising the use of migrant skills.

The DIMIA survey of the regional sponsored migration scheme was conducted to assess how well the RSMS was performing against indicators related to the retention rates of regional skilled migrants in regional areas: reasons why RSMS migrants leave regional areas; employer satisfaction with RSMS processes and;
the labour market outcomes, income and community participation of RSMS migrants (DIMIA, 2005). The study surveyed 500 RSMS primary participants and their employers during mid 2004. The main findings of the surveys are listed below:

- **Employer satisfaction:** The majority (80%) of employers rated the outcomes of the RSMS at 8 or above on a scale 1 to 10.

- **Migrant satisfaction and settlement:** More than 90 per cent said the scheme had met their expectations and 98 per cent said migrating to Australia was the right decision with 96 per cent saying they felt welcome in Australia.

- **Mobility:** 91 per cent of RSMS primary applicants were living in the same region as their RSMS employer and 86 per cent intended to still be living in the same region in 12 months time. A majority (83%) still worked for their original RSMS employer. Those who had left their RSMS employer cited a better job elsewhere, a lack of job satisfaction and being laid off as their main reasons for leaving.

- **Employment and income:** The unemployment rate for primary applicants was less than 1 per cent and 92 per cent of those surveyed used their qualifications often or very often in their job (DIMIA, 2005, pp. 2-3).

This research points to some very good outcomes for the RSMS, especially in terms of the issues investigated. In 2007, DIAC undertook an evaluation study to explore how well regional migration schemes were working in the Riverina region of NSW and to determine the effectiveness of measures put in place by government to increase and enhance skilled migration to the area. Surveys, focus groups and interviews with employers, skilled migrants and community representatives were utilised for the evaluation of the project. Key findings of the project included:

- **Regional skilled labour shortages are similar to those faced nationally (e.g. nurses, chefs, welders, fitters and accountants).**
• The region has an ageing population
• Post-arrival assistance and advice is required for skilled migrants
• Many employers are not recruiting skilled migrants for skill shortages
• Attraction strategies are not being undertaken

(DIAC 2007a, pp. 1-2).

The study points to a need to disseminate information and support to both employers and potential skilled migrants about the opportunities in the Riverina region. The longitudinal survey of immigrants to Australia (LSIA 3) is a survey of approximately 10,000 primary applicants (PAs) from the Family and Skill migration stream who have either arrived in Australia between December 2004 and March 2005; or were granted their visa onshore between December 2004 and March 2005. Wave one was conducted in August of 2005 and wave two a year later. The main findings from this report included a dramatic reduction in the unemployment rate between wave one and wave two of the LSIA 3. And there were very strong employment outcomes for regional skilled migrants living in regional areas or areas of low population growth. At wave two of the LSIA 3, 97 per cent of these migrants were in the labour force, unemployment was at less than 1 per cent and median earnings were $50,000 p/a (DIAC, 2007b).

Goel and Goel (2009) undertook a joint study with the Whyalla Economic Development Board in 2008 to determine the settlement experiences of recent migrants to Whyalla. The researchers conducted an exploratory study utilising semi-structured interviews with 24 primary applicants. The main finding of the research was that the main reason for settling in this particular region was the job/employment of the primary applicant. The factors that kept migrants in the region were related to quality of life and service provision: health; education; housing and; socio-cultural dimensions. The profile of the immigrant community in the region is a predominantly male primary applicant. They are mostly in the 33-42 year age grouping and were more likely to be from South and Southeast Asia, Oceania and Africa. There were more trades qualified migrants than professionals and the employment outcomes for partners were relatively low. Nearly 50 per cent lacked an awareness of welfare provision, had difficulty accessing health services and found housing costs an issue (Goel and Goel,
2009/). The study points to the need for greater organised support services by local communities for skilled migrants and their families and policy changes to increase better accessibility to essential services like health and housing.

Wulff and Dharmalingam (2008/) undertook a study of skilled migrants using data from a national survey of 500 randomly selected primary applicants who migrated under the RSMS. The researchers investigated the level of social connectedness of skilled migrants and their families. The study found families with young children, those who have lived in Australia longer, those living in small towns and those who were born in the USA/Canada, South Africa and Zimbabwe showed much stronger social connectedness than other skilled migrants. Another finding was that those skilled migrants who received assistance from their sponsor employer on arrival and found this helpful were also more likely to indicate a strong social connectedness. It was the population size of the regional community that operated to encourage longer term settlement and that the formation of social connectedness was fostered by “family context (particularly presence of dependent children), place of residence (small towns) and the provision of assistance and help on arrival” (Wulff and Dharmalingam, 2008, p. 157). The authors argue for a more tailored approach to regional migration policy for “particular communities rather than indiscriminately across to the vast expanse of ‘designated’ regions. Given that regional schemes have been operating for close to 10 years, now may be the time to consider more careful spatial and household targeting” (Wulff and Dharmalingam (2008, p. 157). The paper concludes with the policy implications and future research directions. These authors argue for in-depth and community-based approaches, such as longitudinal studies on cohorts of regional skilled migrants so as to track their settlement experiences, mobility choices and the key issues at play when trying to attracting and retain skilled migrants.

In its written submission to the Inquiry into Skill Shortages in Rural and Regional NSW the NSW Migrant Employment and Training Task Force (METT) (2005) cited a number of reasons why skilled migrants struggle to find suitable skilled employment:

- A lack of knowledge of ‘the Australian working culture’
• Difficulties in getting overseas qualifications assessed and recognised
• Loss of currency of skills
• The casualisation of the labour market
• The lack of income and employment support available
• Perceptions by employers that migrants are overqualified for a position
• Cultural differences and the possibility of discrimination

The Task Force made the following recommendations for skilled migrants:

• Greater access to local employment information pre-arrival
• Targeted labour market programs
• Professional work placements
• Information and advice on Australian job market
• Specialist career and recognition advice
• Mentoring
• Network development and professional peer groups
• Upgrading and updating qualifications
• Targeting employer groups and recruitment agencies
• Regional strategies


Regional skilled migration was introduced into Australian migration policy in 1996-7. This has highlighted a marked shift in policy with a focus in regional (as opposed to national) planning and economic development. Results from several studies on regional skilled migrants commissioned by DIAC along with two pieces of independent research were reported. Although outcomes for regional skilled migrants can be said to be positive there still remains issues that need attention if regional skilled migration schemes are to work to their full potential in helping to alleviate regional skill shortages.
Conclusion

A complex interplay of macroeconomic forces, cyclic trends and major demographic trends along with an array of more localised and proximal issues has caused major skill shortages across Australia with some of these being felt most acutely in Australia’s regional, rural and remote regions. The implications these macroeconomic forces and human capital trends have upon Australia’s economic prosperity and sustainability in a global economy are immense.

Regional areas are more prone to skill shortages due to the outward movement of populations from rural areas with younger people being attracted to larger metropolitan centres. Despite the recent global financial crisis the renewed investment in the resource sector has exacerbated regional skill shortages which are in danger of crippling some regional economies. Skilled migration has been discussed as one of a suite of human capital strategies that is being utilised by the Australian government to address skill shortages. A paradigm shift in Australia’s migration policy towards a demand driven, targeted, economic migration modeling system has seen the introduction of a raft of regional skilled migration initiatives. In 1996-7, regional skilled migration was first introduced in Australia and this was followed by more targeted occupational lists used to administer and judge skilled migration applications. Policy directions for highest priority processing aimed at employer sponsored and regional skills needs and the recent development of State and Territory migration plans points to greater emphasis in skilled migration policy to the needs of regional Australia. This has highlighted a trend in what is termed as a ‘glocalised’ response to regional skill shortages.

The policy and practice of skilled migration is not unproblematic and recent research points to the need for greater assistance and support for regional skilled migrants in terms of: pre-arrival and post-arrival settlement and employment information and support; income and employment information and support; professional and peer support and; community social contact, networking and support. Support and information is also needed for regional employers in relation to: skilled migration program/visa information and options; support with skilled migration processes and; employee settlement. The regions themselves need to be more active in promoting the benefits of regional skilled migration schemes through: skilled migration information dissemination activities; regional attraction
campaigns and; whole of government and community support for skilled migrants. Only then will the full economic, social and cultural benefits of regional skilled migration schemes be fully realised.

The attraction and pull factors of Australia’s metropolitan areas for youth from regional Australia and aspiring skilled migrants and citizens is strong. Targeted regional skilled migration programs offer an attainable strategy that can assist in alleviating some of the skill shortages being experienced in regional Australia. In addition to this such programs can add to the cultural diversity and richness of regional communities. Future research on the effectiveness of regional skilled migration at the micro level needs to be undertaken to explore some of the issues identified in the skilled migration research. It is argued that this is best done at a community-based regional level, with greater inclusivity and collaboration in the research scope which will be more likely to create an improved capacity to address the identified problems for all those who may potentially benefit. Greater attention needs to be given to all the stakeholders involved and affected by regional skill shortages if the attraction, settlement and retention of regional skilled migrants and their families is to reach its full potential in contributing to regional renewal and sustainability.

References


