CPA Australia and Chartered Accountants Australia and New Zealand 1 congratulate the Department of Immigration and Border Protection for embarking upon a strategic review of skilled and temporary migration. While the current programme has served Australia well, changes both to elements of the programme and the environment in which it operates, suggest that it is timely to step back and take a look at the whole programme.

Together CPA Australia and Chartered Accountants Australia and New Zealand represent over 250,000 professional accountants. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

Last year, in the context of the annual review of the Skilled Occupation List, we expressed our concerns with the current approach to independent skilled migration and proposed what we regard as a better alternative (refer Attachment A). Specifically we urged a move away from each year reviewing whether occupations are ‘on’ or ‘off’ a ‘List’, towards an approach where the flow of migrants for each occupation is governed by adjusting a points threshold up or down based on labour market conditions and other relevant considerations.

Our contention is that this alternative is simple, flexible, broad in its perspective, facilitates independence, more certain, and lessens the regulatory burden.

CPA Australia and Chartered Accountants Australia and New Zealand engaged Applied Economics for the purposes of providing expert comment on the merit of our proposal. Dr Glenn Withers’ report is shared in Attachment B. Dr Withers is a Director of Applied Economics, a Professor of Economics with ANU, and an acknowledged expert on skilled migration having received an AO for the development of the points selection system.

Dr Wither’s report concludes that the professional accounting bodies alternative approach “has considerable merit, and the direction it suggests is particularly constructive. Moreover, it is capable of beneficial development beyond which was initially proposed.”

His report is expansive in its thinking. It offers issues for consideration of relevance to your review, and suggests reform directions beyond the focus of our alternative. While we do not have a developed view on what has been proposed, we recommend to you his report as an important contribution to the review.

We look forward to constructively engaging in subsequent stages of the review, and to a future approach that enhances the contribution of skilled migrants to Australia’s human capital.

1 Chartered Accountants Australia and New Zealand is a trading name for the Institute of Chartered Accountants in Australia (ABN 50 084 642 571) and the New Zealand Institute of Chartered Accountants – see charteredaccountantsanz.com for further information.
PART B: A FAIRER WAY

In this Part we:

- address widespread negative misconceptions that threaten to colour migration policy decisions;
- spell out the shortcomings of the current approach to determining whether skilled people are eligible to be invited to migrate to Australia independent of employer and family sponsorship; and
- propose an alternative and fairer way that facilitates greater certainty for both migrants and businesses.

The commentary here is on the bigger picture situation and not the specific case of accountants, although the experiences of the profession are sometimes drawn upon to illustrate points made.

1. Skilled migration is good for Australia

Migrant accountants are not taking the jobs of resident Australians – migration and labour market statistics show that skilled migrants crowd ‘in’ not ‘out’ jobs.

Skilled migrants have contributed significantly to the nation’s cultural and economic growth and prosperity. While not original, the so-called 3Ps continues to provide a useful framework to aid understanding the benefits.

Population

Skilled migrants are, by definition, of working age. They provide an offset to our ageing population. Skilled migrants are a positive addition to the Australian labour force, in the context of increasing withdrawals due to retirement, and their tax contributions provide relief to the fiscal pressures associated with an ageing population.

The disposable incomes of skilled migrants boost aggregate consumption and investment and thereby are a welcome stimulus to the economic prosperity of the nation. The greater the number of skilled migrants, the greater the stimulus. In the year to March 2013, net overseas migration contributed 60% to Australia’s population growth (ABS, 2013c).

Participation

A widely held misconception is that migrants are taking jobs that should be available to Australians. If Australia did not have a discerning migration program, and opened its borders to overseas entrants regardless of their skills or employability, this might well be the outcome.

However, the design of Australia’s program is that it is weighted towards skilled migrants. Preference has been given to migrants that assist in filling shortages in labour supply projected in some occupations, such as accountants.

Labour force statistics show that as skilled migrants have increased, the
rate of unemployment has gone down, not up.

**Productivity**

Skilled migrants have supported the productivity and growth of the Australian economy in at least three ways.

The first is alluded to in the previous chart. It illustrates the dynamic impact of skilled migration: not only have skilled migrants addressed gaps but they have facilitated job growth through job creation. There is evidence that skilled migrants are a source of innovation and entrepreneurship. This in turn stimulates economic and job growth.

This outcome is unsurprising given the quality of our migrant population. Last year 48% of overseas born persons in the 25-34 age group held at least a bachelor's degree or greater, up from 41% five years earlier. By contrast the share for the equivalent Australian-born cohort was 27%.

Second, not only do skilled migrants work smarter; as a generalisation, they work harder. Skilled migrants have further bolstered productivity through their work ethic. Workforce data shows employed migrants work an average of around half an hour per week longer than Australian-born workers (Productivity Commission, 2006).

The third way relates to the shifting ethnic composition of skilled migrants. The sources of our skilled migration flows have tended to reflect our economic and trade ties. As we have strengthened our ties with Asian nations, we have welcomed increasing numbers of Asian migrants to our shores. While the United Kingdom continues to be a significant source of skilled migrants, it has been overtaken by China, and India is not far behind. What better way to take advantage of the shifting centre of economic power than to employ Asian migrants in our businesses? They have the language and cultural skills critical for smooth and effective transactions and engagements.

2. The current approach has a number of shortcomings

The current process of annually reviewing whether occupations on the SOL should be retained and/or whether new occupations should be added, in light of the labour market outlook, is flawed from at least four perspectives:

- **Blunt**: An occupation is either ‘on’ or ‘off’ the SOL. There is no flexibility. That is, the analysis does not contribute to decisions regarding how high or low the hurdle should be for migration purposes. The number of skilled migration points necessary to be invited to migrate is separately regulated by the DIBP for the purposes of meeting the skilled migration target.

- **Too frequent**: As the SOL reviewed on an annual cycle, prospective migrants, including those currently studying here under temporary visa arrangements, have little certainty from one year to the next as to whether they would be eligible under this migration pathway. Workforce planning by businesses that are reliant on skilled migrants is severely hampered by the frequency of the cycle.

- **Narrowly focused**: AWPA’s role is to advise on the SOL in light of expected future labour market conditions. It has no mandate to take into account other considerations, such as international education. This is a narrow approach with the potential to produce sub-optimal policy.
• *data constrained:* While the intent of the annual review is to take into account labour market conditions emerging over the medium to longer term, its ability to do so is constrained by the data, which is on current labour market conditions only. This situation is exacerbated for accountants, as the Graduate Destination data it uses can tell you little about the destination of the many accounting students who are international graduates, as very few of these graduates complete the survey (refer discussion in Part A).

### 3. There is a fairer way

A more nuanced and flexible policy instrument that overcomes all these shortcomings currently exists in the form of SkillSelect. Introduced on 1 July 2012, SkillSelect is an online service administered by the DIBP. It has significantly changed the skilled visa application process. If it is utilised fully, there is a significant potential to get more targeted workforce and skilled migration outcomes and reduce unnecessary red tape.

Under SkillSelect, potential migrants first need to submit an expression of interest. In order to be subsequently invited to apply for migration, they must pass a points test. The pass mark is the minimum number of points required to be eligible. Currently the pass mark is adjusted for all occupations in order to meet the skilled migration target, which is set in reference to Australia-wide labour market conditions.

The opportunity exists to adjust the pass mark for each occupation on this list in light of assessed labour market conditions, and other considerations, relevant to that occupation. This would allow for a much more nuanced approach, enabling threshold scores to be adjusted as new labour market and other information comes to light. There would be no need for an annual review of the SOL as adjustments can be made as and when required.

The added advantage is that it avoids removing an occupation from the list based on an assessed oversupply of labour nationally, when there are recruitment difficulties and shortages in select states and territories.

For the purpose of illustration, the chart to the right looks at the particular case of accountants invited to apply under the skilled independent subclass. It draws on data specifically requested from what was at the time the Department of Immigration and Citizenship (DIAC). As an aside, we suggest that information, such as this, should be in the public domain. The chart illustrates that the majority (59%) of those who receive an invitation have a points score of 60. If the approach proposed here is adopted, the pass rate could be raised above 60 if labour market conditions are assessed to be easing. This would ensure that only the brightest accountants migrate to Australia. If future demand pressures for accountants prove to be substantial, the pass rate could be lowered.
References


__________ (2013b) “International Trade in Services by Country, by State and by Detailed Services Category, Calendar Year, 2012” category 5368.0.55.004, April.

__________ (2013c) “Australian Demographic Statistics”, category 3101.0, 9 September.


[http://www.uis.unesco.org/education/Pages/international-student-flow-viz.aspx](http://www.uis.unesco.org/education/Pages/international-student-flow-viz.aspx)

Victoria University (upcoming) “Transition to graduate employment for accounting graduates: Assessing the effectiveness of the Skilled Migration Internship Program in Accounting (SMIPA)".
REVIEW OF AUSTRALIAN SKILLED MIGRATION POLICY

Prepared for

CPA Australia and Chartered Accountants Australia and
New Zealand

Dr Glenn Withers

October 2014

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1 Dr Glenn Withers is a Director of Applied Economics P/L and Professor of Economics at ANU. He was awarded an AO for the development of the Australian immigration points selection system. He has advised Australian and overseas governments, the OECD and business and community organisations, including the Business Council of Australia, on migration and population matters.
Executive Summary

This paper examines general migrant entry management in Australia with particular reference to the Department of Immigration and Border Protection (DIBP) Review discussion and also the CPA Australia/Chartered Accountants Australia and New Zealand\(^2\) submission to the 2014 Skilled Occupations List consultations where initial ideas from the profession for general enhancement for skilled migration were mooted.

This report finds that while Australia has largely managed its skilled migration well, there is clear scope for enhancement of the selection systems currently used to administer the scheme.

New approaches can offer simplification, integration and flexibility with less red tape and, even better meet Australian national needs than at present. Particular benefit would come from expansion of the points testing approach to incorporate differentiated occupations and also sponsorship and business, so embracing all permanent skilled entry. In our view, the focus of the present approach is too short-term and compartmentalised for an economy in transition.

The current DIBP Review of the Skilled Migration Program is timely, as are the important proposals for associated consideration by the accounting profession.

1. General Background

Australia is a migrant nation. Its population growth has drawn more than most countries on new arrivals adding to the existing population. In the OECD countries only Luxembourg has a higher share of overseas born. Currently the overseas born share is 27 percent for Australia.

Figure 1 shows the contribution made by net migration to Australian population growth across the last century and the first decade of the present century too\(^3\).

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\(^2\) Chartered Accountants Australia and New Zealand is a trading name for The Institute of Chartered Accountants in Australia (ABN 50 084 642 571) and the New Zealand Institute of Chartered Accountants – see charteredaccountantsanz.com for further information.

With a non-contiguous border and a near universal visa system, Australia can control international people movements more than most other countries. Migration management therefore is as much a pro-active policy for Australia as it is one that responds to migration movements.

The continued substantial inflow of migrants is an endorsement of its benefit to the nation and recognition that the overall management of the process has been broadly well conducted. Certainly globally, Australian migration practice has been well-regarded and, with due adaptation, often emulated.

This said, it is always appropriate to examine on a continuing basis opportunities for ongoing improvements in policy settings and policy implementation. This present paper takes advantage of the opportunity afforded by the Review of Skilled Migration established in September 2014 by DIBP to examine the standing of present management settings and whether there are possible directions for major enhancement.

The focus of this paper is the management of the immigration selection system. And, as for the DIBP Review, the focus is on skilled migration for work, but both permanent and temporary (and “provisional”).

Overall levels of migration are not the focus of the examination here. Emigration is not considered, except incidentally. Migration for refugee and special humanitarian and for re-union for immediate family purposes are not examined except incidentally, as they are recognised as not being driven principally by economic concerns. The same applies to temporary entry for predominantly non-work purposes e.g. international students, working holiday-makers.

2. The Development of Skilled Migration Program Arrangements

The basic elements of the present skilled migration selection system for work were put in place in the 1980s, altered structurally in the later 1990s and adjusted most recently in and after 2009. Over this period formal skilled migration rose significantly as a share of total inflows and the average skill levels within the skilled migration programs rose steadily and substantially (as shown in the Migrant Skill Index). Migrant source countries also diversified substantially, moving from British Isles to
Europe to Asia and now African and Latin American too. Table 1 shows these changes in long-term perspective, with the skill index reflecting rising shares of more highly qualified entrants.

For permanent migration, the 1980s’ settings emphasised individual “human capital” characteristics as assessed under a points system that determined entry through a cut-off score. Factors such as age, education, experience, and language were assessed, given numerical scores, aggregated and compared to threshold cut-off levels to determine those admitted with permanent residency visas. This has been characterised as a “supply side” approach, operating within a cap for places. Numbers in excess of the cap were accommodated by queuing and/or adjustment of the cut-off scores.

Table 1: Population and Migration trends, 1901-2011

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Population ('000)</th>
<th>UK, Eire, New Zealand born (%)</th>
<th>Europe born (%)</th>
<th>Asia born (%)</th>
<th>Other area born (%)</th>
<th>Migrant Skill Index (1961=100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901</td>
<td>3,774</td>
<td>18.0</td>
<td>2.0</td>
<td>2.0</td>
<td>0.9</td>
<td>91</td>
</tr>
<tr>
<td>1911</td>
<td>4,455</td>
<td>14.0</td>
<td>1.6</td>
<td>0.8</td>
<td>1.3</td>
<td>91</td>
</tr>
<tr>
<td>1921</td>
<td>5,436</td>
<td>13.2</td>
<td>1.2</td>
<td>0.6</td>
<td>1.1</td>
<td>85</td>
</tr>
<tr>
<td>1933</td>
<td>6,630</td>
<td>11.5</td>
<td>1.4</td>
<td>0.4</td>
<td>0.3</td>
<td>85</td>
</tr>
<tr>
<td>1947</td>
<td>7,579</td>
<td>7.8</td>
<td>1.4</td>
<td>0.3</td>
<td>0.3</td>
<td>93</td>
</tr>
<tr>
<td>1961</td>
<td>10,508</td>
<td>7.6</td>
<td>8.0</td>
<td>0.8</td>
<td>0.5</td>
<td>100</td>
</tr>
<tr>
<td>1971</td>
<td>12,928</td>
<td>8.9</td>
<td>8.6</td>
<td>1.3</td>
<td>1.2</td>
<td>116</td>
</tr>
<tr>
<td>1981</td>
<td>14,927</td>
<td>8.8</td>
<td>7.5</td>
<td>2.2</td>
<td>3.0</td>
<td>115</td>
</tr>
<tr>
<td>1991</td>
<td>16,033</td>
<td>8.5</td>
<td>6.6</td>
<td>4.8</td>
<td>4.3</td>
<td>120</td>
</tr>
<tr>
<td>2001</td>
<td>19,413</td>
<td>7.7</td>
<td>5.5</td>
<td>6.1</td>
<td>8.1</td>
<td>124</td>
</tr>
<tr>
<td>2011</td>
<td>22,620</td>
<td>8.2</td>
<td>3.8</td>
<td>8.4</td>
<td>7.6</td>
<td>128</td>
</tr>
</tbody>
</table>

A “demand side” approach then also entered skilled permanent entry criteria from the 1990s via inclusion of occupational measures of labour market needs into the independent entry points test, which therefore became a “hybrid” in reflecting both labour supply and demand characteristics.

More directly, new “demand side” streams of permanent entry for work outside the points test were introduced based on separate establishment of employer and state and territory government nomination or sponsorship schemes that operated alongside the independent entry points-tested process.

Some such sponsorship had previously been incorporated within the independent entry stream through points provided for Australian family links. This was seen as a social allowance, though ease of transition to Australian work was also acknowledged as potentially associated with this.

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4 Source: ibid.
A further separate “demand side” approach had also operated too over much of this period. This was for temporary work entry. It was driven by employer (or state and territory government) nomination and has operated without caps on total numbers for those entering under those provisions.

Nomination schemes for permanent entry also now similarly operate without explicit caps, and the independent entry quantum is correspondingly accorded a residual role within a total cap for permanent skilled entry. This is because total independent entry numbers permitted are then determined by deducting nomination entry from total skilled migration quotas.

Deploying both temporary and permanent entry options for meeting skill needs is also sometimes termed a “hybrid system” too, alongside the “hybrid” designation that also comes from incorporating demand side and supply side characteristics in selection.

3. Evaluation of Current Skilled Migration Program Arrangements

While migration management has delivered a substantial increase in skilled migration to Australia (Table 1), a number of issues have inevitably arisen. These have been largely well-identified and engaged in a preliminary way in the DIBP Skilled Migration Review Discussion Paper and also in the CPA Australia/Chartered Accountants Australia and New Zealand Submission on the Skilled Occupation List for 2014. Other issues also can be identified.

The overall set of issues includes those of:

1. **Complexity**: Has the visa program system for migrant skilled entry become too complex for reasonable understanding or comprehension, and hence access and use by stakeholders and applicants, covering as it does 25 subclasses of permanent and temporary work-focused visas (see Attachment 1)? Does the system operate with appropriate simplicity and minimal compliance and administrative burden?

2. **Visa Duration**: Does the distinction between temporary and permanent visa entry for skilled work purposes remain operational and useful in an era of frequent global travel and, if so, can and should pathways between them be better facilitated? Should there be more formal use of temporary to permanent pathways, as with regional migration provisions? Or should temporary entry like permanent entry be capped to ensure consistency with economic needs and conditions and with other population flows, including emigration?

3. **Non-Skill Category Overlap**: Can the overlap in formal skilled migration entry with the skill implications of other visa categories be properly taken into account in program specifications? For example, the skill content of humanitarian and family reunion is

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5 The Government’s recent Industry, Innovation and Competitiveness Agenda extends the length of the temporary entry 457 visas. Of course the longer the provisions of such visas the more they need to reflect permanent entry criteria.
significant, as are the skills of accompanying family under skill entry - and so are the skills and work impacts in temporary entry programs such as student entry and working holiday makers.

4. *Employment Focus:* Does a predominant emphasis in skilled migration on employment objectives adequately reflect national benefit from skills, including productivity, exports, innovation and investment, and especially so beyond meeting immediate short-term labour market needs and outcomes? The fact that immigration demonstrably creates as many or more jobs than it fills gives particular point to this query.

5. *Business and Skill Differentiation:* How do the objectives specified for the economic visa programs influence whether there is a need to separate skill from business and investment visa categories, as these can significantly overlap?

6. *Component Specification:* What factors should be taken into account in selecting skilled migrants in their various categories? Current visa components include age, language, skill standards, assessments and occupation, plus sponsorship and nomination and the standard security, character and health considerations. Are these adequate? How does education qualification recognition now operate, what of foreign language skills, is work experience relevant, should funds adequacy be tested etc?

7. *Component Measurement:* For the visa components included, should they be threshold considerations or given direct weights eg age? What metrics are to be used when required eg problems of occupational classification or language proficiency? Will some characteristics be given nuanced weight eg language, education? Can inter-active components be designed eg age and occupation?

8. *Stability and Flexibility Properties:* How can the system accommodate changing needs for public benefit arising from a changing economy, new technology, social change and more, without unnecessarily compromising valid planning decisions of stakeholders and applicants? How far can “grandfathering” be utilised while maintaining policy capacity? How far should the system accommodate short-term and longer term considerations and in which components?

4. **Consideration of Enhanced Migration Management Systems**

One way to respond to most of the issues raised is piecemeal review and associated possible enhancement relating to each issue. Successive consideration of each issue can then give rise to modifications within the basic framework as it has currently evolved. Thus ideas can be put forward for specific matters. For example:

- Consolidation of excessive visa sub-categories and categories within closely related labour areas will enhance understanding of migration and its processes for applicants.
• Careful measurement of the skill composition in the humanitarian and family categories should accompany determination of skilled migration needs to ensure that absorption of social migration proceeds effectively and determination of skill needs is well-informed.

• Appropriate weights should be accorded foreign language capabilities, as well as English language skill, to support changing Australian family linkages and trade and investment patterns and aspirations.

• Age factors should adjust for standardised length of training relevant to applicant qualifications, rather than being purely chronological based on birth date only, to allow for the benefits of advanced education and training.

• A clear distinction should be made between the use of temporary entry to meet immediate labour market shortages that cannot be met in the short-term, and the use of permanent entry for broad-based national development purposes over the medium to long-term.

However some of the issues are quite challenging for incremental change and do suggest that more fundamental restructuring might be considered as part of the Review process. This potential has already been canvassed by DIBP in its Discussion Paper. In relation to visa categories, DIBP has given consideration to constructing a new skilled migration visa framework under a new simplified structure comprising three broad categories. These are:

• Short-Term Migration.

• Business and Investment Migration.

• Skilled Work.

In doing this, the Department feels it is especially considering each of the following considerations: the value of sponsorship, the role of public interest criteria, the role of technology in the visa application process and the need for flexibility whilst retaining integrity (p.15).

Substantial structural change has also been canvassed by CPA Australia/Chartered Accountants Australia and New Zealand in their Submission on the Skilled Occupation List for 2014. They express appropriate concern for each of the bluntness, high frequency, narrow focus and data constraints reflected in the current Skilled Occupation List process, as they see it. Correspondingly, they suggest that an alternative approach might therefore be considered, beyond amending the current processes piecemeal.

Specifically they suggest that more creative use of SkillSelect could provide “a more nuanced and flexible policy instrument that overcomes all of these shortcomings” (p.15), as they identified them.

SkillSelect is the online skilled migration facilitation service administered by DIBP. At present under SkillSelect two functions are supported:

• Prospective migrants can submit an expression of interest in skilled migration and await an invitation from DIBP to lodge a visa application.

• Australian employers and state and territory governments can connect with a prospective migrant directly through the facility and negotiate and propose sponsored visa entry.
For visa administration purposes the inclusion of both the “independent” and “sponsored” streams assists in management of the process of meeting total program quotas by allowing DIBP to manage the flow of invitations sent through SkillSelect to prospective migrants.

At present direct applications by individual potential migrants through SkillSelect must pass a points test in order to receive an invitation to apply for a visa. The points pass mark includes a labour market factor which is adjusted for all occupations in the light of current labour market conditions in Australia.

CPA Australia/Chartered Accountants Australia and New Zealand suggested that this approach could be improved upon. Specifically they proposed that the labour market weight be adjusted for each occupation separately in the light of assessed labour market conditions, and other considerations, relevant to that occupation including in the medium and long term.

Such an approach would provide potential advantages over the present system. It would:

- Customise for the labour market circumstances of each occupation.
- Ensure that the highest scores within an occupation may continue to consider migration even when the pass mark changes.
- Allow for less frequent changes for individual labour markets than the present one-size-fits-all annual review.
- Allow for circumstances beyond labour market need that are still particular to occupations to be reflected.

Realisation of this potential requires further development of this approach. For example:

- What range of points will be considered for individual occupations?
- What will trigger review and change of points?
- What additional factors beyond the labour market will be incorporated in points and how?

Beyond refinement of such specifics, there is the need to engage the wider issues previously specified such as the adequacy of the existing occupational classifications, the complementary significance of language, age and work experience for particular occupations, the time horizon to be deployed for the labour market needs evaluation and more.

Perhaps more importantly for present purposes it is useful to state that the potential for reform is possibly understated by the proposal that was made. This previous CPA Australia/Chartered Accountants Australia and New Zealand suggestion can be taken further to suggest even more fundamental structural reform that might better still meet the government’s objectives in the Skilled Migration Review.

Specifically, it is suggested that consideration also be given to extending the occupational points approach precedent further. In particular the suggestion at present leaves the nomination pathway separate from the independent pathway, with the nomination path prioritised by its uncapped nature. The deficiencies in this continuing structure are that demand and supply remain less than fully integrated, a de facto short-term focus is prioritised over longer – term national outcomes, employment is emphasised over productivity, and overall skilling is potentially reduced as the nomination component expands, given employer short-termism.
An alternative to render the demand and supply elements commensurate under the same criteria is to provide points not only for individual occupations but for sponsorship too. This is done for extended family factors, with a social justification that has settlement transition benefits, and it could be extended to sponsorship to reflect the up-front employment advantages of such nomination.

Past DIBP research clearly establishes that early advantage in employment ensues from nomination over independent entry e.g. Cully as cited in the DIBP Discussion Paper. That research however does not seem to investigate longer-term economic outcomes across the two categories. At the very least such evidence should be sought and examined for the Review.

An analogy to the issue here is to be found in tertiary education, where the evidence on short and long-term outcomes is more plentiful. Vocational education outcomes in employment are superior to university education in terms of the first several years post-completion. But medium and long-term outcomes in terms of participation, employment and earnings are much higher for university graduates. Adoption of the DIBP approach in tertiary education would suggest that vocational and technical education be uncapped and that university enrolment operate as a residual within the total tertiary places funded. Demonstrably, this would be disadvantageous in the long-run for Australia.

A further tertiary education analogy is the income contingent loan scheme for tertiary studies. Like immigration selection, it is an excellent Australian innovation. But, as the Higher Education Contribution Scheme (HECS) architect Bruce Chapman has observed: “the baby that was HECS has grown into an adolescent in need of a good wash” (personal communication). Just as the Government is looking afresh at FEE-HELP, so it can with the Immigration Selection System.

The logic of the approach for immigration could be extended further to inclusion of various business and investor preferential provisions. These currently operate essentially through separate pathways despite the image thereby created of special treatment: an “Australian residence and citizenship can be bought” impression can be created. Incorporation of such factors within an integrated system can allow better for trade-offs and better demonstrate fairness.

5. Conclusion

The CPA Australia/Chartered Accountants Australia and New Zealand proposal for a fresh look at possible basic restructuring of the Skilled Migration Program has considerable merit, and the direction it suggests is particularly constructive. Moreover, it is capable of beneficial development beyond what has been initially proposed.

Particular benefit could come from expansion of the points testing approach to incorporate differentiated occupations and also sponsorship and business/investor standing, so embracing all permanent skilled entry. Above all this would allow an equal focus to be accorded far-sighted national development for Australia alongside the capacity to deal with short-term labour shortage issues. Currently the balance has shifted to the short-term.

Attachment 1: Skilled Migration Visa subclasses.

<table>
<thead>
<tr>
<th>Visa Subclass Number</th>
<th>Subclass Content</th>
<th>Subclass Specified Streams</th>
</tr>
</thead>
<tbody>
<tr>
<td>400</td>
<td>Temporary Work</td>
<td>3</td>
</tr>
<tr>
<td>401</td>
<td>Temporary Work</td>
<td>4</td>
</tr>
<tr>
<td>402</td>
<td>Training and Research</td>
<td>3</td>
</tr>
<tr>
<td>403</td>
<td>Temporary Worker (international)</td>
<td>4</td>
</tr>
<tr>
<td>416</td>
<td>Special Program</td>
<td>2</td>
</tr>
<tr>
<td>420</td>
<td>Entertainment</td>
<td>1</td>
</tr>
<tr>
<td>457</td>
<td>Temporary Work</td>
<td>1</td>
</tr>
<tr>
<td>476</td>
<td>Recognised Graduate</td>
<td>1</td>
</tr>
<tr>
<td>485</td>
<td>Temporary Graduate</td>
<td>2</td>
</tr>
<tr>
<td>488</td>
<td>Superyacht crew</td>
<td>1</td>
</tr>
<tr>
<td>600</td>
<td>Visitor Visa</td>
<td>1</td>
</tr>
<tr>
<td>124/858</td>
<td>Distinguished Talent</td>
<td>1</td>
</tr>
<tr>
<td>186</td>
<td>Employer Nomination Scheme</td>
<td>3</td>
</tr>
<tr>
<td>187</td>
<td>Regional Sponsored Migration Scheme</td>
<td>3</td>
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<tr>
<td>189</td>
<td>Skilled Independent</td>
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</tr>
<tr>
<td>190</td>
<td>Skilled Sponsored</td>
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<tr>
<td>489</td>
<td>Skilled Regional</td>
<td>1</td>
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<tr>
<td>887</td>
<td>Skilled - Regional</td>
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<tr>
<td>188</td>
<td>Business Innovation and Investment (Provisional)</td>
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