MULTICULTURAL COUNCIL of TASMANIA

23 March 2020

Multicultural Council of Tasmania

Submission to the

Senate Select Committee on

Temporary Migration

office@mcot.org.au | www.mcot.org.au | 65 Hopkins Street Moonah TAS 7009 | 03 6170 9196

MULTICULTURAL COUNCIL of TASMANIA

Contents

Introduction 3

Recommendations 4

Immigration should serve the interests of incumbent Australians 6

Immigration policy should take account of congestion costs 7

Immigration without work or welfare rights should be open-ended 8

Restrict work rights only where there are a finite number of jobs 9

Student visas — remove study constraints, ease work restrictions 11

Working holiday makers — limit work restrictions to agriculture and mining 13

Temporary skilled and graduate visas — limit work-related restrictions and employer levies to agriculture and mining 14

Maintain special category visas for New Zealand citizens 15

Illegal work practices 16

Liberalising temporary migration without further restricting permanent migration 18

office@mcot.org.au | www.mcot.org.au | 65 Hopkins Street Moonah TAS 7009 | 03 6170 9196

Introduction

The Multicultural Council of Tasmania (MCOT) is the peak body representing more than 80 multicultural organisations in Tasmania.

MCOT welcomes the opportunity to make a submission to the Senate Select Committee on Temporary Migration. The terms of reference for the inquiry are broad, covering the impacts of temporary migration on society and the economy (including compared to the impact of permanent migration), and the impact of illegal work practices on migrants.

Significant temporary and permanent immigration has been in the interests of incumbent Australians. By addressing legitimate concerns about congestion, this positive contribution can continue into the future.

Concerns about migrants taking jobs away from incumbent Australians or being a burden on government budgets are largely unfounded and need to be rebutted.

Concerns about the disproportionate impact of illegal workplace practices on migrant workers should be addressed by increasing the employment options of migrants.

MCOT's recommendations are set out below, followed by an explanation of each in turn.

office@mcot.org.au | www.mcot.org.au | 65 Hopkins Street Moonah TAS 7009 | 03 6170 9196

Recommendations

1. Immigration policy should be set to best serve the interests of incumbent Australians. The focus on incumbent Australians when setting immigration policy should be clearly communicated to the public, so as to increase support for immigration and to bolster social cohesion.
2. Visa charges should reflect the administration costs of processing visas and the costs of additional congestion caused by a migrant.
3. To complement the existing range of visas, a visa that provides an open-ended right to enter and remain in Australia, but that provides no work rights and does not give rise to eventual rights to welfare, should be available to any prospective migrant who meets health, character and criminal checks.
4. To complement the existing range of visas, a visa that provides an open-ended right to enter and remain in Australia, that provides a right to work in industries other than mining and agriculture, but that does not give rise to eventual rights to welfare, should be available to any prospective migrant who meets health, character and criminal checks.
5. The specific study requirements on student visas should be removed and the work restrictions should relate only to work in mining and agriculture. Education institutions should be taxed on their profits from international students, to reinforce the public benefit from Australia hosting international students.
6. The age, nationality and work restrictions on working holiday makers should apply only to working holiday makers working in agriculture or mining. Working holiday makers working in other industries should face no age, nationality or work restrictions. No working holiday maker should be subject to study restrictions.
7. Temporary skilled visa holders working outside of the mining and agriculture industries should be free to work in any occupation or with any employer, and their employers should not be required to submit nominations or pay a levy. Occupation and employer restrictions, and nomination and levy arrangements, should only apply for work in mining and agriculture. Graduate visas should not be limited to graduates of a particular age who studied a particular course or in a particular field.
8. Special category visas allowing New Zealand citizens to visit, stay, study, work and receive certain welfare benefits in Australia should continue, an analysis of the arrangement should be undertaken and published, and the Australian Government

office@mcot.org.au | www.mcot.org.au | 65 Hopkins Street Moonah TAS 7009 | 03 6170 9196

should pursue similar bilateral arrangements with other countries. A direct path to Australian citizenship for New Zealand citizens residing in Australia should be re-established.

9. Artificial limits on the employment options of migrants should be removed to reduce the dependence of migrants on particular employers, and hence to reduce the vulnerability of migrants to illegal work practices.

    a. Current occupational licensing rules should be removed for occupations where human health is not threatened from poor quality work. For the remaining occupations, occupational licensing rules should be amended so that the processes for recognising skills and qualifications obtained overseas are made less cumbersome, with incumbent industry bodies playing no role in determining who can enter the industry.

    b. Migration rules requiring migrants to be nominated by an employer, to be tied to a particular occupation, or to work only a limited number of hours, should be abolished.

10. Temporary migration is a pathway to permanent migration so, to the extent temporary and permanent migration are considered together, they should be viewed as complements rather than substitutes. Liberalising one form of migration does not require further restricting the other.

office@mcot.org.au | www.mcot.org.au | 65 Hopkins Street Moonah TAS 7009 | 03 6170 9196

Immigration should serve the interests of incumbent Australians

Australian Government policy, including immigration policy, should serve the interests of incumbent Australians.

This focus on incumbent Australians:

- reflects the reality of our democratic institutions;
- is practical, given that the Australian Government knows more and can do more about the interests of incumbent Australians than the interests of non-Australians; and
- indirectly benefits non-Australians, as it is in the interests of incumbent Australians to engage in mutually beneficial arrangements with non-Australians, and many incumbent Australians want policy that is altruistic to non-Australians.

Clearly communicating that Australia's immigration policy is set according to the interests of incumbent Australians would help to build support for immigration from incumbent Australians, which in turn would bolster social cohesion.

Recommendation 1: Immigration policy should be set to best serve the interests of incumbent Australians. The focus on incumbent Australians when setting immigration policy should be clearly communicated to the public, so as to increase support for immigration and to bolster social cohesion.

office@mcot.org.au | www.mcot.org.au | 65 Hopkins Street Moonah TAS 7009 | 03 6170 9196

Immigration policy should take account of congestion costs

Immigration policy should serve the interests of incumbent Australians.

Migrants generate a range of benefits for incumbent Australians, including by buying from Australian businesses and paying taxes on this consumption. However, many incumbent Australians perceive that the benefits of current immigration levels are outweighed by the costs, and conclude that immigration should therefore be reduced.[1] While this opinion may not be held by the majority of incumbent Australians, it should be taken seriously.

While some of the perceived costs of current immigration are misconceptions (see the discussion of wages later in the submission), the congestion costs of migration are legitimate and should be accounted for in immigration policy.

Many aspects of Australia, such as the Outback, are uncongested and will remain so for all foreseeable levels of immigration.

But other aspects of Australia, such as certain roads in our cities, are congested, such that a lift in the population reduces amenity for incumbent Australians.

Rather than directly restricting the number of migrants because of this congestion cost, the cost of additional congestion caused by a migrant should be estimated and added to visa charges.

Such an approach allows for a win-win, where the migrant benefits from being able to come to Australia, and incumbent Australians benefit from a budgetary boost that can compensate for congestion costs and fund infrastructure spending to alleviate congestion.

This approach would bolster social cohesion and support for immigration, as incumbent Australians would come to know that migrants are 'paying their way' when it comes to congestion and are part of the solution.

Recommendation 2: Visa charges should reflect the administration costs of processing visas and the costs of additional congestion caused by a migrant.

[1] https://d25d2506sfb94s.cloudfront.net/cumulus_uploads/document/wyhdmyczxk/Globalism2019_immigration_softpower_general.PDF
https://www.lowyinstitute.org/publications/lowy-institute-poll-2019

office@mcot.org.au | www.mcot.org.au | 65 Hopkins Street Moonah TAS 7009 | 03 6170 9196

Immigration without work or welfare rights should be open-ended

Beyond the issue of congestion, the main perceived costs of immigration are perceptions that migrants take jobs from incumbent Australians, depress wages, and are a drain on government budgets.

These perceptions are largely misconceptions (see the discussion below). However, even if these perceptions were accurate, they would not justify restrictions on immigration if that immigration involves no rights to work or welfare. Accordingly, a new open-ended visa that provides no rights to work or welfare should be introduced and available for any prospective migrant who meets health, character and criminal checks. This would be akin to an open-ended tourist visa and would involve low administration and compliance costs and short visa processing times, given the limited range of conditions to be satisfied.

Recommendation 3: To complement the existing range of visas, a visa that provides an open-ended right to enter and remain in Australia, but that provides no work rights and does not give rise to eventual rights to welfare, should be available to any prospective migrant who meets health, character and criminal checks.

office@mcot.org.au | www.mcot.org.au | 65 Hopkins Street Moonah TAS 7009 | 03 6170 9196

Restrict work rights only where there are a finite number of jobs

Work rights are restricted for all current forms of temporary migration other than the graduate visa program[2] and special category visa migration for New Zealanders. In most cases, the restriction of work rights is unwarranted.

The argument for restricting the work rights of migrants is that if employers are given more choice of potential employees, some employers will choose to employ a new migrant instead of a previously-employed incumbent Australian. Moreover, those incumbent Australians who continue to have a job may find that their wage has been bid down.

However, this is a flawed argument.

Firstly, the argument fails to recognise the additional profits for Australian employers arising from the availability of migrant workers. These additional profits would tend to exceed the losses for incumbent Australian workers arising from the availability of migrant workers, and these additional profits can be taxed to redistribute benefits to other Australians.

Secondly, the argument incorrectly assumes that the scale of production in Australia is fixed. In an open economy, the scale of production is not fixed.

- Suppose that, over a given period, labour supply doubled as a result of immigration.
- In an open economy, all other business inputs could double as well over the same period.
    - This could result from foreign investment and investment from migrants.
- The combined result could be a doubling of production and sales at unchanged prices.
    - A doubling of sales could result from increased exports and increased sales to a domestic market that is growing due to immigration.
- In this scenario there need be no change in wages and no change in the employment of incumbent Australians.

The only scenario where immigration could continually depress wages and reduce the employment of incumbent Australians is in industries where there is a natural limit on a critical business input, such that the scale of production cannot simply rise in line with

[2] If a migrant secures a graduate visa, that migrant then has unlimited work rights. Nonetheless, the design of the graduate visa program still reflects a concern about the labour market impact of migrant workers: graduate visas are only available to a subset of graduates, with the restriction largely based on the likely occupation of the prospective migrant.

office@mcot.org.au | www.mcot.org.au | 65 Hopkins Street Moonah TAS 7009 | 03 6170 9196

labour supply. This can occur in the agriculture and mining industries, as neither agricultural land nor mineral assets can be doubled as readily as labour supply. In simple terms, there may be a natural, albeit far off, limit to the number of agricultural and mining jobs, so allowing more workers in these industries could depress wages and reduce the employment of incumbent Australians in these industries.

Overall, there is no case for restricting the work rights of migrants in industries other than agriculture and mining, because when they work in these industries they do not depress wages or reduce the employment of incumbent Australians.

Accordingly, to complement the existing range of visas, a visa that provides an open-ended right to enter and remain in Australia, that provides a right to work in industries other than mining and agriculture, but that does not give rise to eventual rights to welfare, should be available to any prospective migrant who meets health, character and criminal checks.

The administration and compliance costs associated with such a visa would be low, and the processing time to obtain such a visa would be short, given the limited range of conditions to be satisfied.

Recommendation 4: To complement the existing range of visas, a visa that provides an open-ended right to enter and remain in Australia, that provides a right to work in industries other than mining and agriculture, but that does not give rise to eventual rights to welfare, should be available to any prospective migrant who meets health, character and criminal checks.

office@mcot.org.au | www.mcot.org.au | 65 Hopkins Street Moonah TAS 7009 | 03 6170 9196

Student visas — remove study constraints, ease work restrictions

There is no particular reason for immigration policy to manage the scale or composition of the higher education undertaken in Australia by international students.

- The scale of Australia's higher education industry is not fixed. Investment can increase the factors of production, such as lecturers and classrooms. So a doubling of total student numbers over a period of time, driven by increased enrolment of international students, can be accompanied by a doubling of places in Australian higher education institutions, with the prices and quality of higher education remaining unchanged. As such, the access of incumbent Australians to higher education over time does not depends on the level of international student enrolments. Such access depends more on the level of government higher education funding for incumbent Australians.
- Immigration policy should not be concerned with what particular courses international students undertake in Australia.
    - The ability of government to predict what specific skills will be relevant to the future Australian labour market is limited, so there is little justification for government attempts to shape the course offerings of Australian higher education providers.
    - Many international students will not enter the Australian labour market after their higher education courses anyway, so the courses these students undertake are of no particular concern for incumbent Australians or Australian governments.

International students have no access to welfare, and their work (outside the agriculture and mining industries) does not depress wages or reduce employment of incumbent Australians (see the discussion of recommendation 4).

Given each of these factors, there is no particular reason to limit international student enrolments, to interfere in the study choices of international students, or to limit the work rights of international students (outside of the agriculture and mining industries).

Currently holders of student visas are required to enrol in and attend specific courses, and to not change their course, thesis or research topic without Ministerial permission. Such interference should cease, as there is nothing for the Australian Government to gain from such interference in the study choices of international students. Discontinuing such

office@mcot.org.au | www.mcot.org.au | 65 Hopkins Street Moonah TAS 7009 | 03 6170 9196

interference would reduce administration and compliance costs and the time taken to process student visas.

Holders of student visas are prevented from working prior to the start of a course of study, and from working more than 40 hours per fortnight during the course. As migrants working outside of the agriculture and mining industries do not depress wages or reduce the employment of incumbent Australians, these work restrictions on holders of student visas should be limited to work in the agriculture and mining industries. There should be no restrictions on holders of student visas working in industries other than agriculture and mining.

Many education providers are income-tax exempt entities, such that government budgets are not bolstered from the profits these providers derive from international students. Such profits should be taxed, to reinforce the public benefit from Australia hosting international students.

Recommendation 5: The specific study requirements on student visas should be removed and the work restrictions should relate only to work in mining and agriculture. Education institutions should be taxed on their profits from international students to reinforce the public benefit from hosting international students.

office@mcot.org.au | www.mcot.org.au | 65 Hopkins Street Moonah TAS 7009 | 03 6170 9196

Working holiday makers — limit work restrictions to agriculture and mining

Working holiday maker visas are only available to people up to 35 years old who are from countries with which Australia has a reciprocal agreement. Holders of these visas can only work for half the time they are in Australia and can be subject to restrictions on the type of work they can perform.

Migrants working outside of the agriculture and mining industries do not depress wages or reduce the employment of incumbent Australians. Accordingly, there is no justification for imposing age, nationality and work restrictions on working holiday makers who are not working in the agriculture and mining industries.

Working holiday makers are banned from studying more than a third of their time in Australia. There is nothing for the Australian Government to gain from such a restriction.

Recommendation 6: The age, nationality and work restrictions on working holiday makers should apply only to working holiday makers working in agriculture or mining. Working holiday makers working in other industries should face no age, nationality or work restrictions. No working holiday maker should be subject to study restrictions.

office@mcot.org.au | www.mcot.org.au | 65 Hopkins Street Moonah TAS 7009 | 03 6170 9196

Temporary skilled and graduate visas — limit work-related restrictions and employer levies to agriculture and mining

Temporary visas for skilled workers are available only for work in a limited number of occupations or with a limited number of employers. Either way, the worker needs to be nominated by the employer, and the employer needs to pay a levy for each nomination.

Temporary visas for graduates are available only if the graduate is under 50 years of age and either the graduate's qualification aligns with a limited number of occupations or the graduate's course is on a particular list.

Migrants working outside of the agriculture and mining industries do not depress wages or reduce the employment of incumbent Australians. Accordingly, there is no justification for temporary skilled workers being restricted to particular occupations and employers, or for their employers having to submit nominations and pay a levy — as long as the workers work outside of the agriculture and mining industries. Similarly, there is no justification for the restrictions on which graduates are is offered graduate visas, beyond restrictions applying to graduates likely to work in the agriculture and mining industries.

Recommendation 7: Temporary skilled visa holders working outside of the mining and agriculture industries should be free to work in any occupation or with any employer, and their employers should not be required to submit nominations or pay a levy. Occupation and employer restrictions, and nomination and levy arrangements, should only apply for work in mining and agriculture. Graduate visas should not be limited to graduates of a particular age who studied a particular course or in a particular field.

office@mcot.org.au | www.mcot.org.au | 65 Hopkins Street Moonah TAS 7009 | 03 6170 9196

Maintain special category visas for New Zealand citizens

As part of a reciprocal arrangement, a temporary visa is available allowing New Zealand citizens to stay, study, work and receive certain welfare benefits in Australia, as long as no behaviour concerns arise. This arrangement most likely benefits each country, as it provides the citizens of each country with more options, and it is likely that each diaspora receives less in welfare payments from the country of residence than it pays the country of residence in tax. Analysis should be undertaken and published to confirm that the arrangement is beneficial for both countries. If the mutual benefits are confirmed, the Australian Government should pursue similar arrangement with countries with similar tax and welfare systems.

New Zealand citizens who reside in Australia for long periods are nonetheless vulnerable to deportation if behaviour concerns arise, are ineligible for concessional loans for higher education, and are ineligible to vote. This could reduce their commitment to and participation in Australian society. As such, the special pathway to Australian citizenship for New Zealand citizens residing in Australia should be made easier. The direct pathway to Australian citizenship for New Zealand citizens who resided in Australia in 2001 should be extended to all New Zealand citizens residing in Australia.

Recommendation 8: Special category visas allowing New Zealand citizens to visit, stay, study, work and receive certain welfare benefits in Australia should continue, an analysis of the arrangement should be undertaken and published, and the Australian Government should pursue similar bilateral arrangements with other countries. A direct path to Australian citizenship for New Zealand citizens residing in Australia should be re-established.

office@mcot.org.au | www.mcot.org.au | 65 Hopkins Street Moonah TAS 7009 | 03 6170 9196

Illegal work practices

It is illegal to provide paid employment:

- with wages below the Australian minimum wage;
- with conditions less beneficial than the regulated National Employment Standards; or
- in various occupations with wages or conditions below the regulated wages and conditions for those occupations.

Workers may nonetheless engage in such paid employment if there are no better options available.

The prevalence of this illegal paid employment could be reduced through more aggressive enforcement of workplace law. However this approach could lead to unemployment for those workers who are currently in paid employment involving wages and conditions below regulated minima.

An alternative method to reduce the prevalence of paid employment involving wages and conditions below regulated minima is to improve the alternative employment options available. With better employment options, workers would not have to put up with wages and conditions below regulated minima.

For migrants, the best way to improve employment options is to remove unwarranted restrictions on their employment, which arise both through occupational licensing and in migration law.

Occupational licensing

Current occupational licensing rules hinder employment for migrants whose skills and qualifications were obtained overseas. Such migrants are banned from pursuing their vocation without first incurring significant costs and delays, either through requirements to obtain bureaucratic recognition for their skills and qualifications obtained overseas, or through requirements to re-do elements of their training.

Occupational licensing rules are often unnecessary for ensuring quality service to consumers, because in the absence of such rules consumers would still select providers based on their reputation and qualifications. Modern communications also mean that poor quality service quickly damages a provider's reputation.

office@mcot.org.au | www.mcot.org.au | 65 Hopkins Street Moonah TAS 7009 | 03 6170 9196

Given this, the main impact of occupational licensing rules can be to allow incumbent industry bodies to restrict who can enter the industry, which benefits incumbent providers and hurts consumers.

Current occupational licensing rules should be removed for occupations where human health is not threatened from poor quality work. For the remaining occupations, occupational licensing rules should be amended so that the processes for recognising skills and qualifications obtained overseas are made less cumbersome, with incumbent industry bodies playing no role in determining who can enter the industry.

Restrictions on employment options in migration law

The employment options of migrants are constrained by migration rules requiring migrants to be nominated by an employer, to be tied to a particular occupation, or to work only a limited number of hours. These rules generate dependency upon an individual employer, which is a recipe for exploitation. As discussed elsewhere in this submission, these rules have no offsetting benefit. Accordingly, these migration rules should be abolished.

Recommendation 9: Artificial limits on the employment options of migrants should be removed to reduce the dependence of migrants on particular employers, and hence to reduce the vulnerability of migrants to illegal work practices.

(a) Current occupational licensing rules should be removed for occupations where human health is not threatened from poor quality work. For the remaining occupations, occupational licensing rules should be amended so that the processes for recognising skills and qualifications obtained overseas are made less cumbersome, with incumbent industry bodies playing no role in determining who can enter the industry.

(b) Migration rules requiring migrants to be nominated by an employer, to be tied to a particular occupation, or to work only a limited number of hours, should be abolished.

office@mcot.org.au | www.mcot.org.au | 65 Hopkins Street Moonah TAS 7009 | 03 6170 9196

Liberalising temporary migration without further restricting permanent migration

The terms of reference for this Inquiry poses the question of whether permanent migration offers better long-term benefits than temporary migration.

This question incorrectly implies that permanent and temporary migration are in competition and should be viewed as substitutes, with any increase in temporary migration to be offset by a reduction in permanent migration, and vice versa.

As this submission argues, optimal temporary migration settings can be set without reference to permanent migration settings. Provided that the additional congestion caused by a temporary migrant are accounted for, such as through visa charges on temporary migrants, there is little reason to impose a cap on temporary migrant numbers, irrespective of permanent migration policy.

Similarly, although permanent migration is not the focus of this submission nor of the Inquiry, it may be that the additional congestion caused by a permanent migrant should also be accounted for through visa charges on permanent migrants. If this were done, there may be little reason to impose a cap on permanent migrant numbers, irrespective of temporary migration policy.

- A comprehensive analysis of permanent migration would require comparison of the welfare benefits that are eventually available to permanent migrants with the tax paid by permanent migrants. This analysis is beyond the scope of this submission and the Inquiry.

If temporary and permanent migration have to be considered together, it should be as complements rather than as substitutes. Temporary migration is a pathway to permanent migration, so if there were an increase in the number of temporary migrants it would be reasonable for an increase in the number of permanent migrants to follow.

Recommendation 10: Temporary migration is a pathway to permanent migration so, to the extent temporary and permanent migration are considered together, they should be viewed as complements rather than substitutes. Liberalising one form of migration does not require further restricting the other.

office@mcot.org.au | www.mcot.org.au | 65 Hopkins Street Moonah TAS 7009 | 03 6170 9196