



Submission to Australia-China Joint Economic Report (hosted by the East Asian Bureau of Economic Research and the China Center for International Economic Exchanges)

Dear Professor Drysdale and Mr Xiaoqiang,

The Migration Council Australia is pleased to be able to provide a submission to the Australia-China Joint Economic Report.

The Migration Council Australia (MCA) is an independent, non-partisan, not-for-profit body established to enhance the productive benefits of Australia's migration and humanitarian programs.

MCA brings together corporate Australia and the community sector to provide a national voice to advocate for effective settlement and migration programs.

We believe that the success of the migration program is critical to Australia's future prosperity. Managing migration policy and assisting new migrants and refugees to settle is an investment in the future of the Australian community, our economy and our prospective workforce.

Our aim is to promote greater understanding of migration and settlement and to foster the development of partnerships between corporate Australia, the community sector and Government.

The following submission provides background and a general overview of the migration trends from China to Australia. Today, China is amongst the top countries of immigration to Australia through a wide variety of different visa programs. While migration trends will ebb and flow, Chinese migrants to Australia look set to remain a mainstay of migration to Australia, contributing socially, culturally and economically.

Kind regards,

Henry Sherrell

Acting CEO
Migration Council Australia

General overview

Chinese migration to Australia has a history longer than federation. In the 19th century, migrants from China were part of a booming Australian population. This culminated in the mid-1850s where the Victorian gold rush attracted migrants the world over. By 1861, about seven percent of the Victorian population was estimated to be Chinese. This was despite widespread discrimination and legislation specifically targeting Chinese migrants.

The formal introduction of the White Australia policy in 1901 saw a reversal of the Gold Rush era. It was not until the removal of discriminatory policies that Chinese migrants once again began moving to Australia in a larger numbers.

Table 1: Period of arrival for Chinese migrants, in Australia at 2011

Arrived 1895 - 1940	298
Arrived 1941 - 1950	1199
Arrived 1951 - 1960	3271
Arrived 1961 - 1970	3734
Arrived 1971 - 1980	6367
Arrived 1981 - 1990	44149
Arrived 1991 - 2000	62974
Arrived 2001 - 2010	172971
Arrived 1 Jan 2011 - 9 August 2011	9864
Not stated	14142

(Census 2011)

Australian migration policies have changed considerably over the past forty years, corresponding with the trend of increasing Chinese immigrants. As seen in the table above, over 50 per cent of the total Chinese migrant population born in Australia arrived between 2001-10.

The emphasis by governments on skilled and temporary visas has seen the composition of the Chinese population in Australia shift from mainly family-related migrants to become dominated by international students. These students are not homogenous; some return to China, others migrate elsewhere while some remain in Australia as temporary and permanent residents. This has occurred, as a 'two-step' migration pathway has emerged combined with the deregulation of higher education as an export market.

According to the United Nations, 87,633 Chinese-born migrants lived in Australia in 1990. This was equivalent to 2.4 per cent of migrants in Australia and China ranked 8th as a country of origin for Australian migrants. A decade later, the figure had increased to about 163,000 and equivalent of 4 per cent of migrants in Australia. By 2011, the Chinese population was a quarter of a million people, ranking only behind the United Kingdom and New Zealand as a country of birth for migrants.

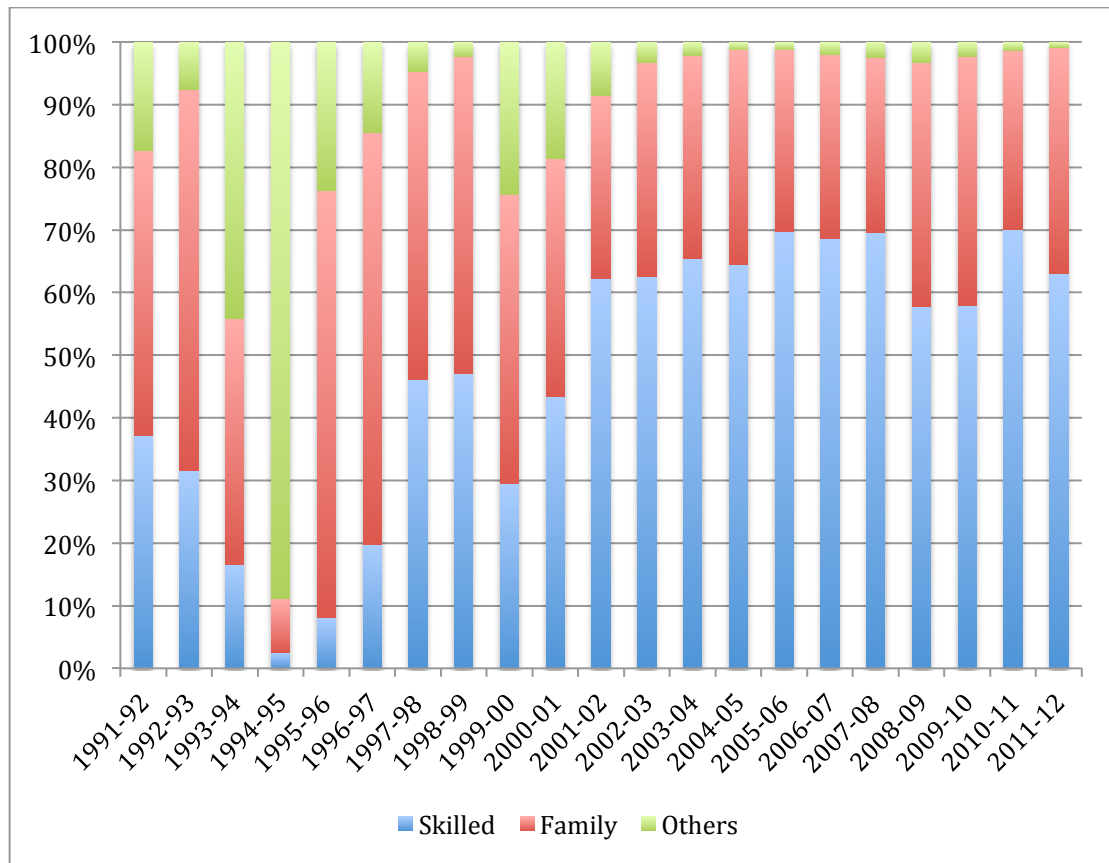
This three-fold increase over two decades reflects the changes in Australia’s migration. In June 2015, Chinese migrants were the largest country of origin for several major temporary visa categories, including visitor visas, international student visas and temporary graduate visas¹:

Table 2: Population of selected temporary visa categories in Australia as at June 2015

	Visitor	Student	Temporary Skilled	Temporary Graduate
Total	227,160	374,570	188,000	26,260
Chinese	44,960	82,570	11,650	8,210
Share of Chinese	19.8%	22.0%	6.2%	31.3%

This trend in temporary visas is mirrored in permanent visas. In 2013-14, about 14 per cent of all permanent visas were granted to Chinese migrants. The graph below shows how Australian migration policy has changed over the last two decades. The shift towards skilled migration is reflected in the composition of permanent visas granted to Chinese migrants²:

Table 3: Composition of Chinese permanent visa grants to Australia



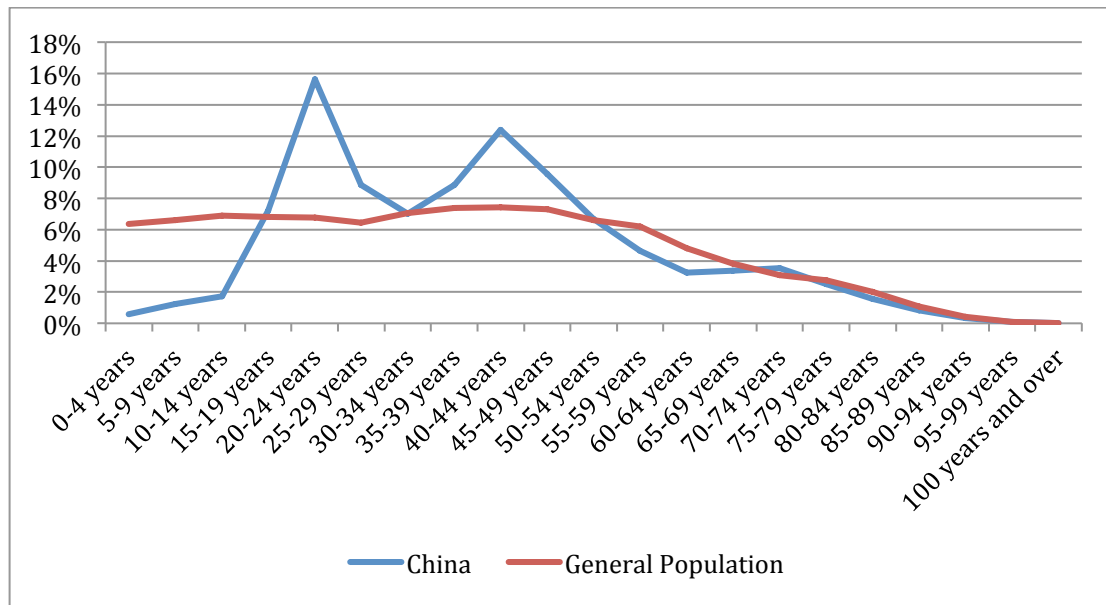
¹ Temporary Entrants and New Zealand Citizens in Australia As at 30 June 2015 by DIBP (2015)

² Settlement Database, Department of Social Services

(Source: Settlement Database, DSS)

The demographic features of Chinese migrants to Australia reflect visa policy settings. For example, the age structure is split into two major cohorts, young international students and older family migrants:

Table 4: Age profile of Chinese migrants in Australia (2011)



There are also significant geographic implications of Chinese migrants in terms of settlement. NSW and Victoria are overrepresented when compared to the general population trends. As migrants in general are generally more urban than existing residents, Sydney and Melbourne attract higher shares within their respective states also.

Table 5: Chinese population by State residency

State	Population	Chinese share	General population
New South Wales	156034	48.9%	33.0%
Victoria	93897	29.4%	24.8%
Queensland	27037	8.5%	19.7%
South Australia	15933	5.0%	7.6%
Western Australia	16692	5.2%	9.9%
Tasmania	1914	0.6%	2.4%
Northern Territory	865	0.3%	1.0%
Australian Capital Territory	6592	2.0%	1.6%
Total	318969		

(Census 2011)

Visas, the labour market and social cohesion

Visitor visas

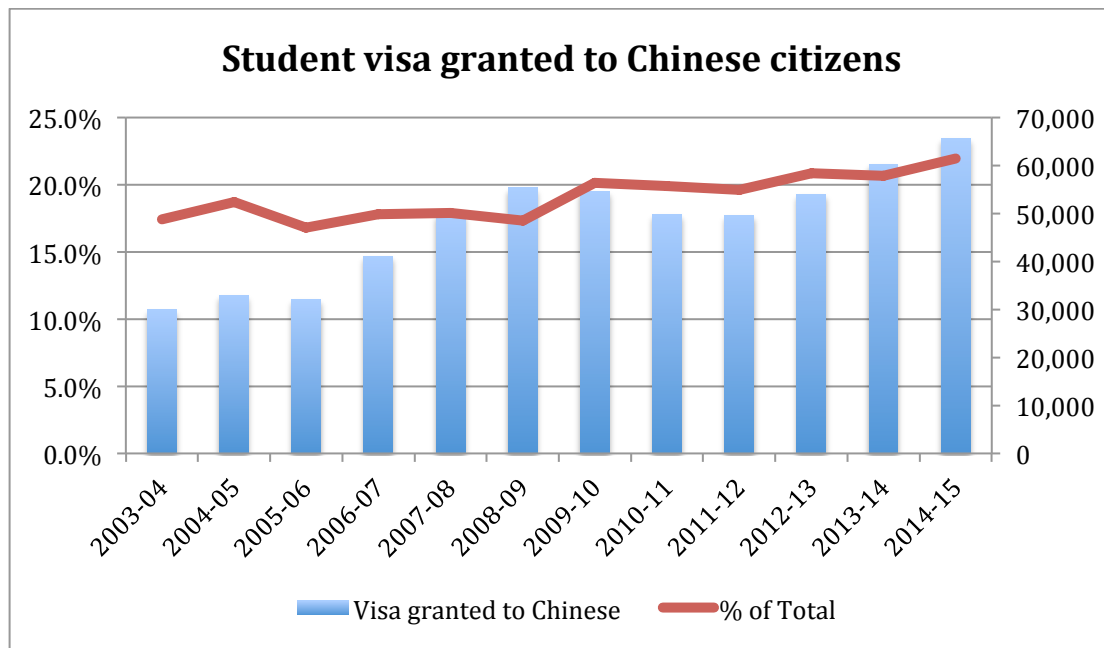
In 2003-04, China was the 5th largest visitor visa country of origin. By 2014-15, China was the largest country of origin for visitor visa grants. This translated into a four-fold increase in total visa grants, from 162,000 to 661,000. While other countries have experienced similar relative increases, the scale of Chinese visitor migration to Australia is unparalleled.

The Department of Immigration and Border Protection's annual report 2014-15 states, "Visitor numbers are expected to increase by almost 20 per cent each year due to China's rising middle class."

To remain a competitive destination for Chinese tourists, the Australian government plans to introduce a ten-year multiple entry visitor visa for Chinese visitors from 2016. This will be the first of its kind. This will be complemented by a fully electronic visa application system.

Student visas

Chinese students make up over one in five international students in Australia, the single largest country of origin destination.³



Chinese international students are also the major source country that support the current education services industry. For the decades starting from 2003-04,

³ Source: Student Visa Program Trends 2003-04 to 2009-10 by DIAC, Student Visa Program Trends 2006-07 to 2012-13 by DIAC, Student Visa and Temporary Graduate Visa Programme Quarterly Report: Quarter Ending at 30 June 2015 by DIBP (2015)

the Chinese international students had increased for both absolute and relative terms. The annual visa granted almost doubled and the proportion was more than one-fifth of total visa granted. Today, there are 82,570 Chinese student visa holders in Australia and it is about 22 per cent of the student visa program.⁴

The Significant Investor Visa

A relatively new form of visa, the Significant Investor Visa, was designed specifically to attract Chinese investment. This went as far as numbering the visa subclasses 188 and 888, an explicit reference to Chinese culture.

The SIV is granted after an investment of \$5m is made in eligible financial products.

Top five source countries	Percentage of total visas granted
China	88.7
Hong Kong	3.3
Malaysia	1.5
South Africa	1.1
Japan	0.7

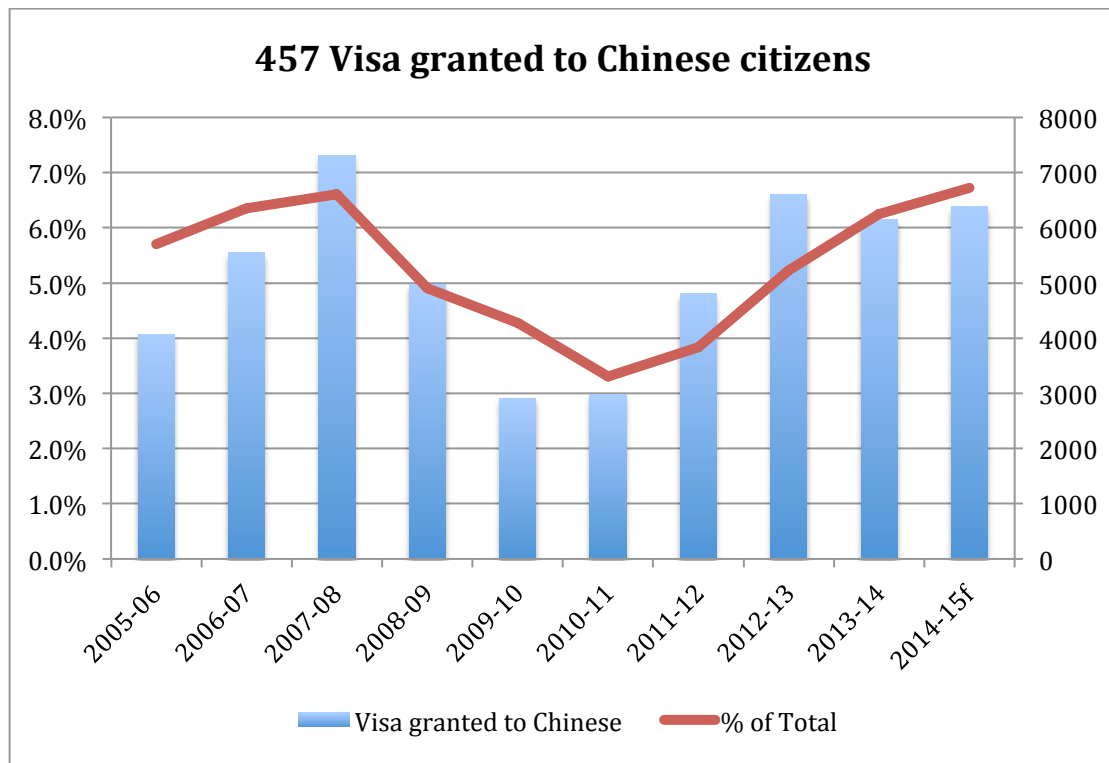
(Note: approximately 750 visas had been granted in relation to the figures above. The number of visas granted is expected to grow quickly in the coming years)

The SIV is a wholly unique visa for Australia. Investment is generated in exchange for residency. Given the short history, it is difficult to say whether this experiment has been a success to date. Further, it is worth considering whether a specific visa targeted so closely at one country of origin is in the long-term interest of either country. Continued interest in the SIV should remain in the following years, particularly by governments of both countries.

Temporary skilled work (457 visa)

Compared to other temporary visa categories, the number of Chinese migrants holding a 457 visa is small. There were about 6700 primary visa holders in Australia at March 2015, with another 4400 secondary visa holders (secondary visa holders are spouses and children). This makes up just under seven per cent of the program as a whole, as seen below:

⁴ Temporary Entrants and New Zealand Citizens in Australia As at 30 June 2015 by DIBP (2015)



Chinese migrants on 457 visas skew towards high skilled occupations. 84 per cent of primary visa holders are either skill level one or two occupations, many of which are managerial and professional. Chinese migrants are largely under-represented in trades-related occupations.

One policy barrier to Chinese migrants applying for 457 visas is the English language requirement. This has been a source of contention in the past, particularly around major infrastructure projects.

Labour market outcomes of Chinese migrants

There are some differences between Chinese migrants in the labour market and the general population:

	China (excludes SARs and Taiwan)		General Population	
	Male	Female	Male	Female
FT Emp/Pop	38.6%	26.5%	47.9%	25.9%
PT Emp/Pop	14.1%	16.7%	11.5%	23.5%
FT/PT	2.7	1.6	4.1	1.1
Emp/Pop	55.7%	46.1%	63.1%	53.0%
Unemployment rate	10.0%	11.8%	5.6%	5.6%
Participation	62.5%	52.8%	71.2%	59.2%

(Source: 2011 Census)

In general, the share of Chinese migrants working part-time compared to full-time is higher than the general population. Chinese migrants also have a lower employment to population ratio. This is explained by two factors. The first is a higher share than average of family migrants who tend to be older and work less. The second is the very large population of international students, many of whom will not work.

These labour market outcomes should be expected to improve over time as so many of the Chinese-born population in Australia have arrived recently. Labour market experience in Australia, together with improving average English proficiency, will underpin further gains in employment and a higher participation rate.

Language is particularly important. In a previous Migration Council report analysing recent arrival Census data, there was a substantial difference between all migrants from English-speaking countries and those from non-English-speaking countries. Chinese migrants are not an exception to this general rule.

Further, there is increasing evidence of discrimination within the labour market in relation to non-English speakers. Booth, Leigh & Varganova (2012) find Chinese job candidates have to submit on average 50 per cent more job applications to receive the same number of callbacks as Anglo-Saxon candidates.⁵ Earlier evidence from James and Otsuka (2009) showed how Chinese international students with a tertiary degree in Accounting in Australia struggle to find relevant employment. This was particularly disappointing when the research considered high-achieving students.⁶

This evidence points to somewhat difficult waters ahead. With growth in Chinese migration being driven by young, educated international students, those who remain in Australia and seek opportunities in the labour market may increasingly be playing by different rules to existing workers. Given this research, thinking about long-term policy responses to these structural labour market issues is important.

Social cohesion

While not focusing exclusively on the experience of Chinese migrants in Australia, the Scanlon Foundation survey of social cohesion points to several areas of interest.⁷

Australian public opinion is, in general, extremely welcoming and socially cohesive. For a country where migrants make up over one in four of the

⁵ Does Ethnic Discrimination Vary Across Minority Groups? Evidence from a Field Experiment by Booth, Leigh & Varganova (2012)

⁶ Racial Biases in Recruitment by Accounting Firms: The Case of International Chinese Applicants in Australia by James & Otsuka (2009)

⁷ Mapping Social Cohesion National Report 2013 by Markus (2014)

population, this is positive. This is a positive foundation for future Chinese migrants who may choose to live and/or work in Australia.

However there are a couple of markers highlighting areas for concern. There is a strong difference in the experience of discrimination between English-speaking migrants and non-English speaking migrants, 16 per cent and 29 per cent respectively. When asking Chinese migrants specifically, 39 per cent said they experienced discrimination.

Second, and pertinent to many Chinese migrants, recent migrants report higher levels of discrimination compared to earlier arrivals. This is compounded when examining youth migrants. A full 34 per cent of migrants aged 18-24 had experienced discrimination in the previous 12 months. Given Chinese migrants are the largest group of younger migrants in Australia, this is important contextual information in relation to settlement in Australia.

These findings, together with the labour market outcomes and research, show the need for a heavier focus by governments and the community in smoothing the process of settlement of new migrants from China.

This may not be standard migration policy however the long-term effects are critical to how Chinese migrants experience their lives in Australia.

Future migration policy for China-Australian migration

There are a number of migration policy issues arising in the context of China-Australia relations likely to occur over the next decade. Some of these are discussed below.

China-Australia Free Trade Agreement

After thirty years of debating the merits of tariffs and quotas in relation to trade policy, the China-Australia Free Trade Agreement (ChAFTA) looked set to be positively received. However a small number of migration-related policy changes provoked strong opposition from a range of public voices, including many within the union movement.

ChAFTA had four primary migration policy effects:

- The removal of mandatory skills-assessment exams for Chinese visa applicants for a select number of trade-occupations. This aligned China with the majority of other countries.
- The removal of labour market testing for employers nominating Chinese workers on 457 visas.
- The introduction of 'Investor Facilitation Agreements', a streamlined labour agreement framework for infrastructure projects worth \$150m or more.

- The introduction of 5000 annual Work and Holiday visas for Chinese citizens.

It is debatable whether these migration policy changes would have a large effect on the number of Chinese people migrating to Australia for work, in particular the first two changes in relation to skills-assessments and labour market testing.

Away from the policy change, the public reaction to ChAFTA through a prism of migration was unique when compared to previous free trade agreements. The political framing of the Australia-China relationship through migration occurred without contextual information, such as how different visa policies operate and the trend in Chinese migration to Australia over the past decade. This made any policy change difficult to assess. Notably, both media and political speculation about the agreement was misinformed and presented a clear risk to the goal of concluding ChAFTA.

The debate around ChAFTA is a timely reminder that public acceptance of migration should not be taken for granted. While China is now the third largest country of origin for all migrants in Australia and consistently in the top two for permanent visa grants, the specter of Chinese migrants 'stealing Australian jobs' was a potent mix in a soft labour market.

Temporary Graduate visas

Unlike ChAFTA, expansionary changes to the Temporary Graduate temporary visa stream, will likely have a significant effect on both the number of Chinese migrants in Australia at any one time and the average duration of time spent in Australia (and the labour market).

Temporary Graduate visas allow for eligible international students to remain in Australia after the conclusion of their qualification for between two and four years. In this period, they have full work rights and no employer sponsor is required.

Initial predictions of strong use of this visa have been proven false. There are currently less than 30,000 former international students on Temporary Graduate visas however this number is expected to rise over time. Chinese students are expected to be the largest country of origin.

While international students are primarily in Australia to study, Temporary Graduates are primarily about work. This shift in emphasis allows Australia to remain a competitive destination for higher education exports as many students value the opportunity to work after completing their qualification(s).

However very few people and employers are aware of this visa program. This presents a number of issues, both for migrants and policy makers. Former international students will face difficulties entering the formal labour market if employers are unaware of the intention of the program, as well as possible

discrimination outlined above. Some employers are loath to hire temporary visa holders, viewing the practice as a human resources risk.

Temporary Graduate visa holders who do not find standard employment in their field of qualification will find any transition to permanent residency more difficult, either through a sponsored pathway or the independent points-test where domestic experience in the labour market is rewarded.

Working holiday agreement

In the context of the China-Australia Free Trade Agreement, 5000 places under Australia's Work and Holiday program were made available for young Chinese students. This was a positive step forward as many of Australia's close foreign relationships include similar treaties. The opportunity to experience travel, holiday and work in Australia is a unique one. Given the importance of the China-Australia relationship, it was good to see this agreement signed, particularly given the existing large migration flow from China to Australia.

However these agreements have to date always been reciprocal and created in a context of mutual exchange. The previous 31 bilateral treaties have each provided an opportunity for Australian's to work and travel in the partner country. To our knowledge, this has not occurred under the China-Australia bilateral treaty governing Work and Holiday.

This is disappointing and a missed opportunity to foster knowledge and passion for China amongst the next generation of Australians. The Migration Council considers this a key part of the bilateral relationship that should be addressed at the earliest possible opportunity. As it stands, the appearance of a one-sided work and holiday visa program undermines the stated intention of a shared cultural experience and instead creates the assumption of a program more tilted towards labour.

Chinese migration in the context of temporary to permanent migration pathways

As raised earlier, Australian migration has changed drastically over the past two decades. For current and future Chinese migrants to Australia, there are some important questions around what this means for migrants living in Australia.

There is no current limit to the time a migrant may spend on temporary visas. For example, a Chinese student may undertake a degree, move to a Temporary Graduate visa and then become employed on a 457 visa. While the instances of this are rare to date, current migration trends do suggest this will be more common in the future. Temporary visas have restrictions to a range of public services and support. Further, citizenship cannot be acquired until after migrants are granted a permanent residency visa. Prolonged periods of time on temporary visas can disrupt the settlement process, particularly if Chinese migrants wish to remain in Australia over the long-term for work or family reasons.

Another issue is the proportionally lower availability of family places allotted in the permanent migration program. Given a majority of Chinese migrants are relatively recent arrivals, the opportunities to seek family reunion will remain for individuals but will be more competitive than it once was in the past. This is already occurring as seen with reference to the Parent visa category. In the 2014 Budget, the government removed the option to apply for a non-contributory parent visa as the waiting period was in excess of 10 years. A limited number of available places had squeezed applicants and created a queue. There is anecdotal evidence to suggest the waiting period for partner visas is also increasing, however the application period is usually a matter of months, not years.

Finally, there will always be those in the Australian community who are against migration in general and migration from non-English speaking countries in particular. This is lamentable however the Australian community and government must not forget. A growing acceptance of Chinese migration to Australia and an endearment for Chinese people and their cultural and social contribution to Australia must not be taken for granted. The promotion and advocacy of these benefits is critical for ongoing community support, particularly when short-term populist issues raise their head, such as the common – but completely erroneous – references to Chinese migrants stealing jobs and pushing up house prices. Allowing these sentiments to dwell in the public consciousness is a dangerous threat to the long-term bilateral relationship between China and Australia.