

11 ‘Fair Dinkum’ migration policy

Lessons from Australia

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Introduction

Australia is one of the world’s major immigrant destinations, attracting settlers, labour migrants, students and refugees who, by and large, have successfully integrated into the country’s economic and social fabric. From the early days of its European settlement, this island-continent has embraced *large-scale immigration* as an imperative of population growth and a development opportunity. This migration-based growth potential was to be realised in a controlled and selective manner through a comprehensive migration governance regime combining evolving immigration strategies, policies and procedures. Favouring particular categories of newcomers while discouraging others and a commitment to the smooth integration of new arrivals into the country’s socio-economic fabric have been the dominant features of Australia’s immigration policy.

Temporary and permanent *migration streams* provide two major entry points for different categories of newcomer to enter Australia. As of early 2019, the current, unmet annual cap on *permanent immigration* is fixed at 190,000 (proportionally about three times the US rate of annual admissions), although there are political pressures to reduce this intake to 160,000. Nevertheless, even if the cap is reduced well below the current target figure, *pro rata*, given its total population of 25 million, Australia remains one of the most immigrant-welcoming societies in the world.

This hospitable approach, however, has been restricted to those migrants who seek and are granted *formal (authorised) visa entry* into the country. In contrast, Australia applies a very harsh regime of border controls by refusing entry and reticulating to offshore detention centres all entry-seekers whom it regards as unauthorised and illegal. As a result, despite its enviable record of immigrant acceptance and assimilation and refugee assistance, Australia has attracted a great deal of international opprobrium as a country that turns away boatloads of asylum-seekers and detains unauthorised boat arrivals in offshore confinement facilities to stop them applying for asylum and to deter mass inflows of asylum-seekers.

Since 1945, about 7 million immigrants have come to Australia; as a result, about one in four Australian residents has been born overseas and nearly half of the population have at least one parent born overseas. Immigration keeps the

population growing at over 1.5 per cent per annum, lowers its aging rate and contributes 0.5–1.0 per cent to the long-term annual GDP growth rate of about 3 per cent (PC 2016). A modelling commissioned in the mid-2010s by the Migration Council of Australia¹ shows the likely increase in GDP per capita attributed to immigration at roughly the present rate to be nearly 6 per cent by 2050 (MCA 2015). While apparently modest, the figure implies that immigrants, in their totality, not only pay their way as new community members but also enhance the wellbeing of the existing population.

For much of its history, Australia's immigration strategy has been framed as its de facto population policy, at times elevated to a 'populate-or-perish' policy imperative. This is not surprising given the country's geographic isolation as a remote island-continent inhabited by a relatively small population of largely European origin, spread along the southern edge of the land mass and mostly confined to a few, large urban agglomerations. The vast, inhospitable and arid interior, the lack of fresh water and the extreme weather conditions have always proven a constraint on the scale of human settlement in Australia. This explains why the *First Australians* – the original inhabitants who settled in Australia some 50,000 years ago and numbered some 750,000 people in the late-eighteenth century – have lived mostly a nomadic existence and have been dispersed over large land areas, lacking the capacity to resist more effectively the relatively late and initially modest European colonisation of the continent. This also explains why, for the first 150 years of European settlement of Australia, border controls were largely absent (Withers 2016). The geographic remoteness of the continent and its harsh environment provide a degree of natural protection – before the advent of cheap intercontinental air travel, the notorious 'tyranny of distance' and the associated high cost and long duration of sea voyages had deterred many potential European settlers.

Historically, Australia has evolved over its 200 years of European settlement from a cluster of British colonies at the far end of the British Empire into a modern federal entity in the Asia-Pacific region. Despite its focus on primary industries, the region is able to support high levels of socio-economic development and provide superior living standards for its residents, combined with effective national security, stable liberal-democratic political regimes embedded in British parliamentary and legal traditions and a generally friendly and tolerant multi-ethnic population. Not surprisingly, Australia has become one of the world's favourite migrant destinations, with a long history of government-sponsored immigration underpinned by easy pathways to residence and naturalisation.

The successful migrant integration has often been attributed to the *policy of multiculturalism*, which encourages 'migrants', especially those from non-Anglo-Saxon background, to retain and cultivate their distinct ethnic identity (Pakulski 2014). This policy of mutual tolerance and acceptance of diversity was intended to accelerate the two-way dynamics of social integration between 'migrants' and 'locals'. However, the efficacy of this policy has recently been questioned, as concerns for the social cohesion, adaptability and employability of different migrant groups have dulled the appetite for high levels of ethnic and cultural diversity.

Additionally, the policy of social integration has been far less effective in relation to the country's Indigenous population – some 800,000 people or about 3 per cent of the Australian population claim Indigenous ancestry – who often feel resentful towards the country's history of accelerated immigrant settlement and see themselves as the dispossessed victims of European colonialism. For a long time, too, successive Australian immigration policies have marginalised Pacific Islanders – those inhabiting small island states in Australia's vast maritime neighbourhood – who critically depend on opportunities offered by Australia and New Zealand for their economic wellbeing.

Inevitably, all forms of migration governance, even those generally regarded as highly successful, have their particular failings and unintended moral hazards (perverse responses to policy incentives) that partially offset their otherwise substantial accomplishments. It is therefore instructive to consider both the declared drivers of success and the apparent causes of failure. From the perspective of this book, the Australian migration governance experience is interesting for three reasons:

- the evolving history of immigration and integration strategies, policies and procedures has been a rich source of positive and negative lessons for other countries. The lessons cover such diverse policy options as the controversial White Australia policy, government-sponsored immigration, the progressive opening of the country to immigrants from Southern Europe, East Asia and now all parts of the world, the policy of multicultural integration of immigrants and the controversial policy of offshore detention and reticulation of unauthorised immigrants (the so-called Pacific Solution);
- the progressive transformation of the traditional settler immigration scheme into the competitive sourcing of human and social capital through a two-step programme of temporary work permits and educational opportunities (based on 'merit points') which subsequently funnels short-term migrants into the pool of permanent immigrants and naturalised citizens (Withers 2016); and
- the 'idiorhythmic' regional migration governance of Australia has been an interesting, albeit only emerging, alternative to the top-down, centralised EU model of migration governance (Chand and Markowski 2018).

Consequently, the present chapter focuses on:

- the history of Australian immigration strategies, policies and procedures and, especially, their evolution from the country's early commitment to selective European settlement under the White Australia policy to the present-day focus on a large-scale and increasingly competitive immigration regime aimed at attracting to Australia globally footloose skilled labour as well as the human, social and cultural capital needed to keep the country in the first division of the world's most prosperous nations;
- the effectiveness of the current migration policy, in particular as a means of funneling temporary, mostly skilled, labour migrants and foreign students

into permanent residents and citizens, and their subsequent integration into the social and cultural fabric of Australia;

- the moral hazards and adverse selection problems posed by different migration policy options;
- the challenges associated with Australia's broader engagement in regional migration governance; and
- the lessons to be drawn from the Australian experience for member-states of the European Union.

Historic overview

'Australia is a nation of immigrants' declared the Committee for Economic Development of Australia in its 2016 assessment of the economic costs and benefits of Australia's in-bound migration (Taylor 2016: 14). As the population of the First Australians was small, nomadic and dispersed over a vast land mass, Captain Cook – who claimed possession of the eastern part of the mainland for the British Crown in 1770 – declared the continent to be an uninhabited territory (*terra nullius*) ready to attract settlers and explorers. The perception of Australia as a nation of immigrants began with the arrival of the British First Fleet in 1788, followed by an influx of about 10 million settlers, with 70 per cent of them arriving after 1947 (CEDA 2016: 6). During the colonial period (1788–1900), immigrants came to Australia as British transported convicts or as beneficiaries of (British) subsidised- or assisted-passage schemes as well as self-funded, mostly European, free settlers (PC 2016).²

In 1901, when the former British colonies federated to form the Commonwealth of Australia, the share of those Australia-born in the total resident population was about 77 per cent. By 1905, the resident population numbered 4 million, increasing to 6 million by the 1929 Great Depression. Between 1905 and 1929, a further 700,000 new settlers arrived in Australia, mostly from the United Kingdom, of whom many were subsidised under the assisted-passage arrangements. After the Great Depression and until the end of the Second World War the rate of annual net overseas migration to Australia was negligible (PC 2016). Thus, by 1947, the ratio of the Australia-born in the total population increased to 90 per cent and it took the following 70 years to lower it again to about 72 per cent in 2015. Not surprisingly, in its 2016 overview of the significance of mass immigration for the Australian economy and society, the Productivity Commission – a government think-tank assisting with policy evaluation – opined that 'Australia's immigration policy is its de facto population policy' (PC 2016: 3).

That said, from the very beginning of the British settlement of Australia, the nature of immigration that should drive population increase has been hotly contested. While the early settlement was underpinned by shipments of convict labour from the United Kingdom, by the early 1840s, grassroots opposition to convict transportation had sprung up throughout Eastern Australia with the *Australasian Anti-Transportation League*, formed in 1851 (Creighton 2019).³ As the *Sydney Morning Herald* proclaimed in 1850, not to end the transportation of convicts

would condemn Australia to 'the scorn of mankind as the willing – the abject – the self-polluted receptacle and home of felons and criminals of every hideous class, grade and order of depravity' (cited in Creighton 2019). This passionate opposition to further convict arrivals followed the then-British government's intention to revive their transportation to New South Wales (NSW) which had been suspended in 1840.⁴ Arguably, this populist, anti-convict sentiment was the earliest attempt to influence the selectivity of the Australian immigration strategy. However, the strong anti-convict sentiment of the free settlers largely ignored the economic fundamentals of Australian colonial existence, where much of the early labour was provided by convicts and emancipists (freed or pardoned former convicts). Not surprisingly, rich squatters favoured continued convict transportation as a source of cheap labour, although some were willing to compromise and establish a strict ratio (say, one in three) of transported convicts to free-settler arrivals (Creighton 2019).

This polarisation of settler sentiment also had its roots in the deep layer of social antipathy between the two 'founding ethnicities' of Australian colonies: the economically dominant Anglo-Scottish and mostly Protestant 'upper class' of big farmers, graziers, merchants and professionals, and the Irish-Catholic 'working class' of labourers, tradesmen and small farmers (Goldlust 2009).⁵ By the late-nineteenth century, the latter group became dominant and gave much of its cultural identity to the emergent Australian nation – in particular, its strong sense of 'mateship' and egalitarianism, its ethos of social fairness and its firm resentment of the dominance and privileges of the Anglophilic elite (Goldlust 2009). Arguably, it is this increasingly middle core of Australian society rather than its 'upper class' privileged class that has mostly shaped the subsequent 100 years of Australian politics, and, thus, the changing social and political attitudes to new cohorts of immigrant settlers and the immigration strategies, policies and procedures of the emerging federation of Australian colonies. On the other hand, despite the undercurrent of tension between the two 'founding ethnicities', the social identity of the new federal state had been overwhelmingly 'British Imperial'. Until 1948, when the passing of the *Nationality and Citizenship Act 1948 (Cwlth)* introduced Australian citizenship, Australians could only hold the status of British subjects (PC 2016). Thus, well into the late 1950s,

The maps of the world on every schoolroom wall (in Australia) showed in vivid red the Empire on which the sun never set. Empire Day for most was celebrated as a sacred occasion; Australia Day by contrast was a secular picnic. . . .

In Australia, unlike Britain, at the beginning or end of most public occasions, concerts, plays, films, dances, even sporting finals, the 'National Anthem', namely 'God Save the King' or 'God Save the Queen', was played and everyone stood to show respect for the crowned symbol of the British peoples. The first visit of a reigning monarch to Australia in 1954 was an unparalleled quasi-religious national event which brought huge crowds of people into the streets to pay homage to the one whom the *Sydney Morning*

Herald declared was the symbol of ‘the supreme achievement of the British race’.

As late as 1947, 65 per cent of Australians, when asked in a public opinion poll whether they wished to have British or Australian nationality, opted for being British.

(Meany 2013: 26)

Not surprisingly, the scale and composition of non-British immigration emerged as a major issue during the first election campaign of the newly formed Australian Federation. The *Immigration Restriction Act (Cwlth)* was passed in 1901 (Taylor 2016), restricting opportunities for people of non-European ethnicity to settle in Australia by demanding that they pass a written ‘dictation test’ in *any European language* of an examining customs official’s choosing (PC 2016). In 1905, the Act was amended to allow for a dictation test in any language at all.⁶ These two Acts which, together with the *Naturalisation Act 1903 (Cwlth)*, precluded people from Asia, Africa and the Pacific Islands from seeking naturalisation in Australia, became the foundation for the notorious White Australia policy, which continued to influence the selectivity of immigration until the early 1970s. As expected, the scale of migration declined and the proportion of the overseas-born in the Australian resident population reached its lowest point in 1947 (Taylor 2016). Unlike the more-devolved Canadian federal structure (Ongley and Pearson 1995), the Australian Federal Parliament has been solely responsible for all strategic and policy management of immigration although, as with all nations, the domestic governance of human flows is partially attenuated by the country’s obligations and responsibilities under various international treaties and agreements.

Australia emerged from the Second World War with a deep sense of national insecurity. The war demonstrated that the British Empire could not defend its distant outposts such as Australia. It was the United States rather than the United Kingdom that became the de facto guarantor of Australia’s national sovereignty but, to be more economically and militarily self-reliant and to reduce the country’s dependence on its new ‘big protector’, the nation of 7.4 million people inhabiting an island-continent about the size of the US had to ‘populate’ at an accelerated rate. Mass immigration was an obvious choice. In 1945, Australia established the world’s first Department of Immigration and, within the restricted scope of White Australia policy, embarked on its first programme of large-scale, government-sponsored immigration (DIBP 2015).⁷

This involved the acceptance of over 2 million displaced people from post-war Europe and the subsidised arrival – under the so-called £10 assisted-passage scheme – of about 1 million immigrants from the UK, referred to by local wits as ‘£10 Poms’ (Taylor 2016).⁸ Many of these new immigrants were encouraged to work on big nation-building projects such as the Snowy Mountain Scheme (electricity generation), so there was little waste of the newly arriving human capital through long periods of involuntary unemployment.

In 1958, the White Australia policy was partially relaxed, with the removal of the dictation test and the introduction of a new universal visa scheme which, in

principle, allowed non-Europeans to settle in Australia. The universal visa conditions required potential immigrants to demonstrate their capacity to 'contribute to Australia' as well as their ability to integrate into the country's social fabric (Taylor 2016). However, the 1958 amendment notwithstanding, the White Australia policy continued to be administered through *informal and largely arbitrary selection procedures*, which favoured European immigrants and discriminated against putative Asian, African and Pacific settlers. Nevertheless, even though the White Australia policy was increasingly hard to sustain, by 1970, the Australian population had increased to over 13 million, to which the postwar surge in immigration contributed over 3 million (Taylor 2016).

The new immigrants who settled in Australia between the late 1940s and the early 1970s – the first wave of *mass* immigration – arrived at a time when contemporary political and intellectual debates around the question of what Australian identity was or what it might and should be had barely begun to surface (Goldlust 2009). The new arrivals – or 'migrants', as they were described by the locals – were expected to fit into the existing British Imperial social and institutional structures regardless of their particular ethnic, economic or religious background. However, for the vast majority of these new immigrants, Australia was a 'promised land' – they were accepted as equal 'club members' regardless of their socio-economic or religious background. By international standards, the Australian host society was tolerant and 'fair', and it was these basic British-Australian qualities of inherent fairness and tolerance of diversity which, in our view, provided the foundation for the later policy of multiculturalism.

Like the earlier resentment towards continuing convict transportation to Australian colonies, the selectivity of the White Australia policy focused on the social rather than the human capital of potential settlers. That is, the policy was less concerned with the importation of skills per se and the net economic benefits associated with the increased availability of skilled labour in Australia and focused, instead, on migrants' social compatibility with earlier vintages of British-Irish settlers and the ethno-European balance of new arrivals. The social capital to be contributed by potential *European* immigrants was deemed to be desirable as such and, thus, inherently importable, while that of Asian (especially Chinese), Middle Eastern or African settlers was not. This was to prevent what was then perceived to be a potentially adverse selection of immigrants from undesirable parts of the world. Thus, before the 1970s, it was mostly taken for granted that the arrival of working-age 'displaced persons' from Eastern and Northern Europe, Southern Europeans and the £10 Poms provided nearly all that was needed in the way of in-bound human and social capital in order to secure the supply of skilled labour across the wide range of occupations demanded by the expanding and urbanising Australian economy. Any additional skills in short supply could be targeted specifically within the remits of the restrictive immigration strategy.

Restrictions on the immigration of non-Europeans were relaxed in the form of a ministerial directive in 1966 and effectively dismantled between 1973 and 1978, when Australia abandoned its White Australia policy and its associated discriminating procedures, and adopted and rigorously applied a non-discriminatory

immigration regime, albeit one with more-stringent migrant entry requirements (PC 2016: 63–64). In particular, Australia abandoned its commitment to immigration as a target of population policy and begun to view it as a means of enhancing the wellbeing of the existing Australian community. In other words, the annual immigration intake was to be driven by the economic circumstances of the country, especially the rate of unemployment and the migrant absorptive capacity of the Australian community.⁹ Immigrants were deemed to be settlers and future nationals and were expected to apply offshore for entry and to arrive with valid entry visas. In response to the challenges posed by the influx of some 90,000 post-Vietnam War refugees from Indochina, the humanitarian programme was introduced in 1977 which allowed for the protection of *refugee* rights (PC 2016). Although the family settlement stream continued to account for some 80 per cent of the migration programme in the early 1980s (Taylor 2016: 25), immigration priorities shifted from the broadly targeted immigration of people (population policy) to the importation of skills and human and social capital specifically required by the Australian economy under the ‘skilled migrant stream’. By the mid-2010s, these proportions were nearly reversed, with the family stream reduced to 25 per cent of the total intake.

With the new focus on the management of human capital intake, Australia’s first points-based system – the *Numerical Multifactor Assessment System* – was introduced in 1979, with points allocated to applicants for permanent settlement on the basis of their family links to Australia and their youth, skills, command of the English language, literacy in the applicant’s own language and prospects for successful in-country integration (PC 2016). After further refinement of migration policies in response to various government reports (e.g. the FitzGerald Committee in 1988), a new migration act was introduced in 1989 that:

- capped the level of immigration through the points-tested components of the family and skilled migration streams;
- changed the previously fixed pass mark under the points system into a ‘floating pass mark’ (to make the capped intake work);
- changed the conditions of transfer from temporary to permanent residency;
- restricted opportunities for illegal migrants to be granted permanent residency; and
- reduced ministerial discretion in immigration matters (PC 2016: 63–65).

In 1992, a universal visa system was introduced under the *Migration Reform Act 1992 (Cwlth)* to regulate the entry of legal migrants and the detention and removal of illegals under one visa system (PC 2016). Further reforms occurred in the 1990s to regulate the total intake by imposing caps on the various immigration streams and adding English-language proficiency into the points test for family immigration in order to enhance the skilled component of the family stream. Access to welfare benefits was also delayed, with a two-year waiting period for new arrivals; various procedural measures were introduced to reduce the scope for abuse of the different visa provisions (e.g. spouse or fiancé(e) visa entitlements).

In 1996, the eligibility criteria were further changed to facilitate the temporary labour immigration of those whose skills were needed in Australia (the so-called 457 visa) and to add a new visa category for long-term temporary business entry (PC 2016). In 2008, the skill stream of the immigration programme was again reformed to make it more demand-oriented by increasing the proportion of temporary entrants sponsored by employers and state and territory governments. In 2012, business entry visas were changed to introduce two new types of immigrant entry: *Business Innovation and Investment* and *Significant Investor* visas. The student visa programme was also simplified and the conditions of entry eased in order to attract a larger proportion of foreign full-fee-paying students (PC 2016).

In the 2000s, unauthorised boat arrivals and post-9/11 international terrorist activities added a new emphasis on border control. This emphasis involved, *inter alia*, the reticulation of authorised migrants seeking refugee-cum-immigrant status in Australia to offshore detention centres, such as Christmas Island, deemed to be partially 'ex-territorial' and, later, to foreign detention centres (e.g. Nauru, Manus Island) under the so-called Pacific Solution.

The current migration system

The Australian Government aims to manage immigration to benefit (increase the wellbeing) of the existing Australian community and, given this broad goal, it sets specific policy objectives and restrictions for each immigration stream (DIBP 2015). As the governance of migration is a federal responsibility, the Federal Minister for Immigration and Border Protection is vested with various powers to cap the different visa (immigration) streams, set annual targets under various programmes and delay or fast track different categories of applicant. However, as temporary skilled visa streams have been uncapped and the permanent immigrant intake has been strongly influenced by employers and state/territory governments, the Australian government's ability to control and cap overall migrant numbers has been limited. In this section, we review various aspects of the current migration policy regime and the associated moral hazards of the different policy options.

The present merit-based migration system started to consolidate in 1996 and has largely been associated with the shift from traditional, permanent settler arrivals to temporary work and student visas. Temporary visas now outnumber permanent residence visas by three to one, with over 80 per cent permanent (residence) visas granted on-shore to temporary migrants already in-country. In this context the in-country stock of temporary residents is an important policy variable, as permanent residents are now mostly drawn from the resident pool of temporary arrivals. In the late 1990s and 2000s, there was also a shift to a *two-step immigration strategy*, which aimed:

- at *Step 1*, to attract skilled or potentially skilled migrants to seek temporary residential status to work or study in Australia, with migrant numbers uncapped, lightly regulated and driven by market conditions; and

- at *Step 2*, to induce temporary migrants with skilled employment and/or study experience in Australia to apply for permanent residence via the skilled migrant stream with annual numbers capped and more tightly regulated (Gregory 2014).

Step 1 can be described as ‘for the market competition’, aimed at attracting internationally mobile human capital and young foreign talent to work and/or study in Australia. Step 2 can therefore be labelled ‘in the market competition’, aimed at retaining the ‘market-tested’ segments of the temporary resident pool before they flow out again as internationally mobile human capital. Thus, a defining attribute of the two-step immigration management framework is the *pathway from temporary to permanent residency*. For example, it has been estimated that over 70 per cent of those granted temporary 457 skilled employment visas and between 15 and 30 per cent of student visa-holders ultimately obtain permanent residency (PC 2016). In principle, this for-and-in-the-market-competition framework enhances Australia’s ability to compete in the increasingly globalised and competitive market for internationally footloose human capital. There is also a strong focus on ‘brain utilisation’ to prevent ‘brain waste’ through demand–supply mismatches. Nevertheless, some moral hazards are inherent in this approach.

Net overseas migration (NOM) is the most commonly used method for measuring external migration flows into and out of Australia. In essence, it measures a net difference between immigration and emigration based on a duration of stay in or away from Australia of at least 12 months out of the preceding 16 months (PC 2016: 66). NOM increased from about 97,000 in 1996 to peak at over 300,000 in 2008 (at the outset of the Global Financial Crisis), to decline to 184,000 in 2014 (PC 2016). During the 20-year period 1996–2015, the net natural increase of the Australian population (births minus deaths) fluctuated between 120,000 and 160,000. Since the mid-2000s, NOM added to it more than half the annual population increase (67 per cent in 2008). Given the two-step immigration strategy, the increase in NOM since the mid-2000s has largely been associated with a surge in temporary migration – i.e. foreign students, temporary skilled visa 457 holders and New Zealand citizens (PC 2016: 68). By attracting immigrants of working age (usually under 50), NOM delivers a demographic dividend to Australia – i.e. it increases the number of people in the workforce and reduces the age dependency ratio (of those over 65 to those aged 15–64). This is expected to reduce the impact of population aging.

Permanent immigration visa grants also provide a good measure of immigrant input to the pool of Australia’s long-term residents and citizens as, normally, a large percentage of permanent visa-holders remain in-country for good and seek citizenship by naturalisation.¹⁰ Applications for permanent residence can be lodged on- and off-shore under Family, Skill and Special Eligibility streams of the Migration Programme. A separate and small Humanitarian Programme also feeds the stock of permanent residents. Permanent immigration under the three streams of the Migration Programme increased from over 82,000 in 1996 to 190,000 in 2015, while visas under the Humanitarian Programme fluctuated at about 15,000 a year

during this period, although the number was nearly doubled in 2015 to accommodate an additional 12,000 Syrian refugees (PC 2016: 69). Increased immigration under the Migration Programme has largely been driven by skilled visa-holders who increased from 24,000 in 1996 to 130,000 in 2014, so the share of skilled permanent immigrants in the programme increased from 29 per cent in 1996 to 68 per cent in 2014 (PC 2016: 70). Given the growth in the permanent component of NOM and permanent immigration visas, it can be argued that, since the mid-1990s, Australia has experienced another wave of mass immigration. Since 2008, this inflow of new permanent visa-holders has also been more tuned in to labour-market requirements as the 'demand-driven', employer-sponsored component of the skilled stream increased from 17 per cent in 2008 to 37 per cent in 2014.¹¹

The stock of temporary migrants, excluding tourists, stood at over 1.5 million in the middle of 2015 and included 653,000 New Zealand citizens on 'temporary' 444 visas, who are free to remain in Australia to reside and work permanently under the Trans-Tasman travel arrangement, unless they are involved in criminal activities that warrant their deportation. The Trans-Tasman category of 'temporary' migrant is broadly similar to the 'freely moving' (transnational) EU citizens who are entitled to reside and work in any member-country within the EU. Thus, the contingent of 'temporary' New Zealand residents in Australia should better be described as NZ transnational immigrants. In 2015, other temporary categories of migrant comprised some 375,000 foreign students, 188,000 skilled 457 visa-holders,¹² about 144,000 working holiday-makers,¹³ around 102,000 bridging visa-holders,¹⁴ over 26,000 temporary graduates and more than 49,000 otherwise-defined temporary visa-holders. Excluding New Zealand transnational immigrants, the stock of temporary visa-holders almost doubled between 2003 and 2015 (PC 2016: 71). In 2013–14, student visas accounted for 40 per cent of temporary visas granted, holiday-makers for 33 per cent and temporary skilled workers (visa category 457) for 13 per cent (PC 2016).

All permanent and temporary visa applicants have to meet a range of age, character and health requirements as well as other conditions specific to the different visa categories.¹⁵ Fees and immigrant visa application charges may also be set quite high in some cases to reduce/deter the demand for applications.¹⁶ Overall, however, the immigrant intakes are controlled administratively, particularly on the supply side, by applying the points system and quantitative caps to determine the immigrant flows and stocks and their composition. On the demand side, they are controlled by the market-mediated employer sponsorship of temporary visa-holders and state/territory visa sponsorship. The Productivity Commission (2016) describes this arrangement as the 'hybrid system'; however, only some visa streams have been rationed by price so that it is mostly administrative restrictions which have only been supplemented by the use of a price mechanism. Generally, non-price rationing is preferred as it allows administrators to target particular outcomes (e.g. demographic dividend) which might otherwise get diluted or lost if only those who have the ability to pay qualify for entry. This objection also applies to unauthorised migrant entry facilitated by so-called people smugglers, who deliver only those unauthorised migrants who have the ability to pay high

agent (smuggling) fees and associated travel costs. This is normally associated with boat arrivals targeted by Pacific Solution border controls; however, far more significant and difficult to handle (in Australia and many other countries) are the aspiring immigrants arriving on tourist visas arranged by bogus tourist agencies or temporary workers and students funneled into Australia by shady market intermediaries to be employed by equally shady entrepreneurs as virtually ‘indentured labour’ (Rizvi 2019).

In its assessment of the likely economic impact of immigration on the Australian economy, the Productivity Commission (PC 2016: 8–17) suggests that:

- as in several OECD countries, new immigrants have a lower employment-to-population ratio than their Australia-born peers;
- an all-immigrant unemployment rate is relatively higher during recessions than that of Australia-born natives but about the same at other times (this is not surprising, as newly arrived immigrants find it harder to secure and retain jobs during recessions and migrant inflows are restricted by governments);
- permanent skilled-stream immigrants outperform those from family and humanitarian streams in terms of labour-force participation rates, unemployment rates, hours of work and earnings;
- within occupations, there is no apparent difference in earnings between those born overseas and Australia-born natives. Median earnings by age group show that the permanent skilled-stream immigrants outperform, across most age groups, the general population as well as family and humanitarian streams. As expected, the humanitarian stream lags considerably behind the general population for all age groups, as many refugees arrive with little human capital and lack the ability to accumulate it when in-country;¹⁷
- while, on average, immigrants, especially those from the permanent skilled stream, have higher formal qualifications than their local equivalents, in 2012–2013, about 30 per cent of ‘highly educated’ immigrants were considered to be overqualified in their current employment relative to 22 per cent for those Australia-born. This difference is surprisingly small though;
- contrary to popular myth, there is little evidence of immigrants reducing wage levels and displacing the incumbent workers. Such effects are usually confined to particular market niches (e.g. unskilled youth labour) and tend to be temporary. Given the great size of the Australian continent and its small population, population-related *agglomeration economies* (combining *scale* and *scope* effects) are important sources of job growth (see also Withers 2016). Overall, though, in line with various overseas studies, the Commission found a negligible effect from immigration on aggregate workforce participation, employment, wages or the propensity to invest in skills and education (PC 2016: 10);
- notwithstanding occasional claims of technological spill-in effects associated with immigration and anecdotal evidence of immigrant entrepreneurship and innovation, the empirical evidence regarding the impact of such activities on the GDP level or productivity growth is limited (but see Parham and Regan 2016);

- the net fiscal impact of immigration (contributions to government revenues less the value of government services and benefits received) is likely to be positive but small (2 per cent of GDP). Overall, young, skilled immigrants and temporary migrants generate a larger net fiscal surplus than family-stream immigrants, while humanitarian immigrants are net beneficiaries of government service provision and welfare benefits;
- the Commission's general equilibrium modelling of the Australian economy implies that Australia's population would reach 27 million in 2060 with zero NOM, and the real GDP per capita would be 42 per cent above the 2014 level. With positive NOM at the present level, the in-country population would reach 40 million by 2060 and the real GDP per capita would be 50 per cent above the 2014 level. The projected effect is relatively small. Most studies indicate that, overall, immigrants 'pay their way' but they also capture the most benefits from their economic activity, especially if one allows for an implicit subsidy from skilled immigrants to family and humanitarian immigrant streams and for external effects and congestion associated with immigrant locational preference for the largest urban conurbations;
- there is also a possibility that positive NOM may increase the long-term growth rate of the total factor (all-input) productivity, but that the evidence is scant and any such effect is likely to be small, especially as the probable labour-saving effects of the Fourth Industrial Revolution are taken into consideration. However, with increased inflows of capital and technology, the rate of growth of labour productivity, measured, say, in GDP per person employed, is likely to increase; and
- the demographic dividend associated with the immigration of younger settlers will lower the age dependency ratio and, thus, potentially moderate the economic pressures associated with long-term population aging.

Some of the benefits of Australia's immigration actually flow directly offshore when immigrants remit part of their earnings back to their home countries – in 2013, remittances were estimated at AUD 7 billion at current prices and exchange rates (PC 2016).

Overall, the Australian immigration system works well as it is flexible enough to adapt to changing domestic and international market conditions and robust enough to compete internationally for footloose human and social capital. It is also reinforced by broad support from the Australia-born public, who generally perceive the inflow of immigrants as welfare enhancing.¹⁸ Unsurprisingly, the projected growth in jobs and potential budget surpluses depend on future inflows of temporary skilled labour migrants, which may be vulnerable and unpredictable during economic downturns.

The system's success has also been attributed to the proactive policy of multiculturalism as investment in social capital to complement the accumulation of human capital. As noted earlier, the policy of multiculturalism encouraging the proactive sustainment of ethnic diversity to smooth the absorption of new immigrants into the host community was adopted in Australia in the early 1970s

following the dismantling of the overtly racist White Australia policy of the 1950s and 1960s. This new migration policy of the 1970s paralleled Australia's strategic re-orientation towards Asia after the Vietnam War. It was also broadly endorsed by the then-pre-dominant group of Australians of British-Irish ethnicity who were generally well-disposed to newcomers from very diverse cultural backgrounds. The *cumulative experience* of the post-1945 mass immigration was also broadly positive (Markus 2016).

Professor Jerzy Zubrzycki of the Australian National University – a war refugee who arrived in Australia following a distinguished military service in the Polish Armed Forces and an early academic career in the United Kingdom – came to be regarded as the inspirational and intellectual ‘father’ of the down-under version of multiculturalism. This meant that new immigrants did not have to hide their cultural baggage and could retain and cultivate their cultural and religious heritage. Ethnic diversity was to be embraced as a social opportunity rather than divested as an impediment to one's successful integration into the host society. In this respect, Australian multiculturalism was also a part of the broader social sentiment that emerged quite spontaneously in many parts of the world in the late 1960s. As immigrant destination countries rebuilt and liberalised after the devastation of WWII, they embraced mass secondary and tertiary education, grew wealthier and more socially tolerant and progressively integrated into the rapidly globalising world economy. Greater tolerance and acceptance of social differences was the new *Zeitgeist* as baby-boomers reached adulthood. By the late 1970s, especially after the arrival of Vietnamese war refugees, the idea of multiculturalism gained social traction in Australia and the declaratory rhetoric of ‘Australian multiculturalism’ was soon enthusiastically adopted by the Australian political, cultural and administrative elites. The new rhetoric was soon followed by new, government-funded institutions (such as ethnic councils or departments of multicultural affairs) as the federal and state governments pump-primed their bureaucracies to be more ‘inclusive’, adopted the new language of social diversity, and increased budgets to facilitate the growing ethnic and cultural heterogeneity (e.g. multilingual assistance and ‘multicultural’ radio and television). By and large, Australia has been associated with successful immigrant integration if measured by the various economic indicators reported in this chapter and, given the scale of immigration and the diversity of migrant source countries, by the absence of striking social pathologies such as street crime.

It was only some twenty years later that the moral hazard of the multicultural policy and problems associated with adverse selection by certain migrant groups became apparent: while the policy was broadly successful, some immigrant communities set out to dismantle the institutional fabric of the all-inclusive and tolerant society, as it was that fabric of tolerance and acceptance that they found the most threatening to their parochial group identity. What was initially taken for granted was that the centripetal forces of social cohesion were strong enough to not be offset by the centrifugal forces of social diversity that were boosted by various multicultural initiatives. With hindsight, this assumption was rather over-optimistic as it became clear that some groups of immigrants were only too keen

to retain their home-country identity and openly hostile to the idea of identifying with Australia as their new home. It is only recently that more stringent requirements have been applied to those migrant residents who seek naturalisation. They are now expected to demonstrate a working knowledge of the English language and some basic familiarity with Australia's history and institutions. On balance, it is difficult to determine whether it is the proactive policy of multiculturalism that has been a necessary albeit an insufficient condition for Australia's integrative success of large-scale immigration or whether the credit is due to the relatively smooth absorption of mass immigration that has occurred regardless of various government multicultural initiatives. The jury is out to determine whether and to what extent the policy of migrant integration has made much real difference in this respect. Other factors that have also contributed to the formation of an immigrant absorptive capacity are:

- the long-term perspective, the high degree of bipartisanship and patience adopted by successive political elites. Absorptive/integrative processes may take two or three generations to work through when there are highly diverse migrant intakes – a long-term focus and planning are therefore necessary;
- social and welfare policies that minimise resource competition between immigrants and Australia-born welfare recipients;
- accessible educational opportunities for newcomers at all levels – from secondary through tertiary to higher degrees (e.g. the availability of repayable student loans at the tertiary level) – to reduce competition for educational resources between immigrants and the Australia-born;
- a state/private health care system with co-payments so that immigrants do not burden publicly funded health care and compete against the poorer natives;
- a private and partially compulsory superannuation system as the basis of old-age pensions, with state old-age pensions mostly intended to provide a social safety net – i.e. working age immigrants are expected to earn their old-age entitlements through their participation in compulsory and voluntary superannuation funds;
- steady long-term wage/salary growth, which has reduced competition between immigrants and the Australia-born by minimising potential displacement effects;
- no military conscription, which otherwise might have created tension between those drafted into national service and those staying behind (often non-nationals); and
- the effective policing of Australian borders, which has helped to sustain public support for controlled immigration. There appears to be strong public antipathy towards unauthorised immigrants who try to jump the queue or get in under the fence as visa overstayers or bogus refugees (however, this is also resented by a large part of the Australian public – see remaining sections of this chapter).

The present model of immigration emphasises a market-driven focus on permanent and temporary *skilled* migration with pathways to permanent residency.

Similarly, it aims to attract a large influx of fee-paying foreign students by offering a pathway to residency to retain much of the newly formed human capital in-country. The integrity and effectiveness of this approach depends on the efficient and flexible administration of migrant selection using the meritocratic points system which, in turn, depends on the effective system of border control that allows policy-makers to determine who comes to Australia as an immigrant, when and on what terms. It is also the strength of economic pull factors that is expected to provide the social bonding needed to underpin the successful integration of new arrivals into the existing social fabric of Australia. However, like all policy initiatives, the present economics-driven migration model creates its own *moral hazards* of unintended and sometimes perverse consequences and, thus, associated policy dilemmas.

First, the so-called Pacific Solution¹⁹ has been effective in preventing Australia from being inundated with unauthorised mass arrivals. This is the dilemma faced by all developed countries, particularly the European Union and the US, where a large number of de facto labour migrants seek asylum on humanitarian grounds to gain entry as refugees.²⁰ However, the Pacific Solution has attracted a great deal of international opprobrium as Australia's external obligations under the international system of migration governance (see the next section) tend to conflict with the full sovereignty of border control needed by the meritocratic system of human capital preferment. There is no easy way out of this dilemma, even if Australia opted out of its international treaty obligations. The influx of unauthorised immigrants is only deterred by the randomness of the reticulation system and the harshness and ruthlessness of the Pacific Solution.²¹ In turn, this sits rather uncomfortably with the Australian national psyche and its profound sense of fairness and 'fair go' for the underdog. Many Australians believe that the system of international migration governance should not be fundamentally different from its domestic counterpart, which aims to equalise opportunities for all citizens regardless of the geographic and social incidence of their birth. Thus, many Australians believe that unauthorised immigrants have an unalienable human right to settle in Australia as their preferred location, which should not be attenuated by the Westphalian concept of national sovereignty that restricts such rights to those entry-seekers who are authorised to settle on terms determined by the incumbents (Howe 2016). However, at the same time, opinion polls and elections results show that the majority of Australians approve of the Pacific Solution as a means of border control and an effective deterrent of mass unauthorised migrant arrivals. There is an element of contradiction²² in these conflicting social sentiments and, not surprisingly, the Pacific Solution has polarised Australian politics since its introduction in the early 2000s.²³

Second, the market-oriented approach to the management of skilled permanent and temporary migration pertains to the partial delegation of the administration of migrant selection to employers and state/territory governments. Under the current system, the Australian government uses market labour analysis and a public consultative process to compile the *Consolidated Sponsored Occupations List* (in 2016, CSOL comprised 649 occupations) and the *Skilled Occupations List*

(SOL, listing 191 occupations deemed to be in short supply) in a bid to guide the assessment of immigrant applications in employer-sponsored and independent points-tested categories respectively. As the Productivity Commission notes, the classification of occupations as skilled tends to be quite arbitrary and 'there is a strong case to move to a universal points system for the entire permanent skill stream – similar to the approach adopted in Canada [and] in doing so, it would deliberately raise the standard across the entire cohort of permanent skilled migrants and generate better economic and social outcomes' (PC 2016: 24–25). The actual application of the applicant sponsorship effectively shifts a large part of the selection process to those who have 'vested interests in unduly influencing outcomes' – i.e. shady employers, market intermediaries and local politicians (PC 2016: 24–25). This applied in particular to the uncapped stream of temporary 457 visa-holders, where conditions imposed on sponsoring organisations to demonstrate the necessity to attract temporary foreign workers due to market skill shortages were often very lax (Howe 2016). There is plenty of scope for the system to be 'gamed' by employers, market agents and 'ethnic network' operators and, thus, for some temporary foreign workers to be exploited by unscrupulous employers and market agents (see Rizvi 2019). For example, unskilled migrants may be funneled into the country providing that they comply with some bogus or vague skill requirements. Not surprisingly, there has been pressure to tighten these temporary arrangements. Temporary visas are also opposed by unions which resist the fragmentation of the labour market and the resultant erosion of their membership and bargaining power. In 2017–18, Australian Government started to implement a number of changes to temporary and permanent skilled-migration programmes, including the 457 temporary-visa programme.²⁴ There are also plans to contract out to the private sector some elements of migrant administration. This may easily backfire and add to tensions reported by Rizvi (2019) and Mares (2019).

Third, the effectiveness of the system of international student visas as a path to permanent immigration has also been questioned (see Boucher 2016). In principle, this allows talented international students from poor backgrounds to work and study in order to fund their education.²⁵ Visa numbers are uncapped and these temporary visa-holders have a right to work for up to 40 hours per fortnight during semester time and unlimited hours at other times. The temporary graduate visa-holders have a right to work for between 18 and 48 months after graduation. A very high proportion of foreign students avail themselves of these work opportunities.²⁶ Those who opt to remain in Australia, possibly up to a third of the stock, are effectively self-funding the formation of human capital, which will remain in country. However, the obvious moral hazard of this arrangement is that the system can be gamed by unscrupulous educational agents and service-providers to import bogus students, who pay educational fees for a right to work as unskilled workers in Australia. As critics point out, 'It's a relationship that involves the government effectively contracting out a big chunk of the migration program to self-serving educational institutions that elect to ignore the costs of the program while scooping up many of the benefits' (Sloan 2019a: 22). The obvious social opportunity cost of the programme pertains to the lowering of educational standards by

educational providers to target low-quality entrants, especially those with limited English-language skills, who would not normally meet admission requirements (Rizvi 2019; Sloan 2019b). However, to date, there has been no comprehensive cost – benefit analysis of the education sector as an exporter of Australia-based services.

Fourth, the unrestricted, market-oriented approach mostly funnels the new arrivals into the two major Australian conurbations: Sydney and Melbourne (Taylor 2016). This is where immigrant communities agglomerate and, thus, benefit from strong agglomeration economies, but where infrastructural congestion (e.g. roads, public transport) and other negative externalities experienced by the incumbents (e.g. access to housing, primary schools etc.) may offset the benefits associated with the arrival of new skilled immigrants. Most foreign students live and study in major cities, in particular Sydney and Melbourne (Sloan 2019a). Clearly, such location-specific issues should easily be addressed under the meritocratic points system by assigning higher points to those visa applicants who commit to living in designated areas. However, this needs to be contractually enforced and, under the present system, those contracts implicit in entry visas are highly incomplete. Once in-country, immigrants are practically free to settle where they wish even if they had previously committed to residing at a particular location.²⁷ Again, under the two-step system of entry regulation this should be easily remedied by making the pathway to permanent arrangements conditional on compliance with initial visa settings or by making subsequent naturalisation opportunities dependent on immigrant compliance with their earlier visa conditions. This remains to be implemented.

Fifth, the pathway to permanent residence has been formally reinforced by the policy of multiculturalism, which is intended to lower the absorption cost of the increasingly more socially and culturally diverse influx of immigrants. This is claimed to have worked well in Australia (Pakulski 2014), although the obvious moral hazard of encouraging high levels of ethnic and cultural diversity is the potential for increased social fragmentation and identity grouping, which per-versely increase the social opportunity cost of immigrant integration.

All in all, the Australian migration system is largely geared to labour-market outcomes. Migrants account for a significant proportion of net population change but they are largely pre-selected as skilled people of working age. In this respect, challenges posed by migrant integration are secondary. Temporary migrant workers and students are essentially foreigners allowed to stay in-country. It is intended that a significant proportion of them will opt to remain in Australia and will seek permanent Australian residency. It is at this point that they will be expected to integrate into the host society. Nevertheless, to obtain residency status they are first screened and assessed as potential Australians, so the migration policy paves the way to the migrant integration policy. Once accepted as permanent residents of Australia, immigrants are free to access state and federal public goods and services (e.g. the Medicare system, education, public housing) on the same basis as regular Australian citizens. They are also encouraged to naturalise and become Australian citizens. Given the in-country presence of large ethnic groups, many new migrants are also integrated through established ethnic channels.

Regional migration governance

Finally, Australian migration strategies, policies and procedures should also be seen in the broader context of Australia's participation in the international and regional governance of cross-border mobility. The UN defines international migration governance as 'the [totality of] migration policies and programmes of individual countries, inter-state discussions and agreements, multilateral forums and consultative processes, the activities of international organisations, as well as relevant laws and norms' (Chand and Markowski 2018: 2). Under this definition, the migration governance activities of sovereign nation-states account for the bulk of international migration governance as the sovereign Westphalian nation-state that is the basic building block and juridical territorial entity of the international legal order. It is therefore the nation-state which is recognised by other nation-states as the sovereign legal entity vested with the unchallengeable authority to govern its internal affairs, represent its territory and its inhabitants in relations with other nation-states, control the way they interact with other countries and, if need be, use force to protect its territorial integrity. However, some of that sovereignty is surrendered when a nation-state federates or clubs with other states to form a supranational entity, such as the EU, or when it becomes a signatory to bi- and multilateral treaties and agreements that attenuate its freedom to act as a fully sovereign nation.

Accordingly, Australia is a signatory to multilateral treaties, usually UN-mediated, such as the *1951 Convention Relating to the Status of Refugees* and its 1967 Protocol, the *International Covenant on Civil and Political Rights*, *International Covenant on Economic, Social and Cultural Rights*, *Convention Against Torture and Other Cruel, Inhuman and Degrading Treatment or Punishment* or the *Convention on the Rights of the Child*. In their totality, these international obligations restrict Australia's ability to defend its borders. All unauthorised immigrants landing on its shores can claim protection as refugees and asylum-seekers and, thus, are entitled to, at least, a formal review of their claims, temporary stay and shelter pending the outcome of screening and, if need be, appeal processes. Given the inherent inequalities between nation-states, a vast segment of humanity could claim asylum rights in prosperous democracies such as Australia. As noted earlier, the unauthorised arrivals of migrants from poor, oppressive and violent parts of the world can only be deterred by very harsh border control measures. For many, including a large part of the Australian electorate, the application of such harsh measures contravenes not only the spirit but also the letter of international treaties and agreements, which have idealistically sought to provide refugee protection in exceptional circumstances. However, these treaties have also been used by all those who refuse to have their cross-border mobility constrained by the accident of their birth and who seek to improve their life chances of living a reasonably secure and prosperous existence, normally taken for granted by inhabitants of rich democracies such as Australia.

The emergence of nation-states from the post-First World War ruins of old empires has also elevated the importance of international free trade and the

unimpeded mobility of factors of production such as capital and labour. As global free trade and factor mobility have been difficult to secure, federal states such as the US, Canada or Australia and regional, quasi-federal economic clubs such as the European Union have provided a means of securing regional agglomeration economies. Most of these entities have been structured as Buchanan-style, top-down economic clubs (Buchanan 1965), that is, as centrally managed entities that have been designed for geographically contiguous member-states operating as provinces or states. The federation of the former British colonies into the Commonwealth of Australia is an example of such an arrangement. However, this is geographically limited to the Australian continent and its offshore islands. In the vastness of the Pacific region, the federal model cannot be easily extended to include relatively small island-states dispersed over huge ocean areas. One model is to incorporate an archipelago such as Hawaii as an offshore state of the US. Another has been based on the special relationship between Australia and New Zealand, which Chand and Markowski (2018) describe as a self-regulating and relatively unstructured club – an alternative to the Buchanan-style arrangement – and label an *idiorhythmic economic club*.

The structured, top-down architecture of Buchanan-style clubs such as the EU experience a lot of friction as their Westphalian member-states find it challenging to surrender their national sovereignty to form working coalitions of members driven by some high-level vision of an ever-closer federal entity. In contrast, *idiorhythmic economic clubs* grow organically and bottom-up (through a series of new inter-state initiatives and partial reversals), using *self-regulating* management structures (e.g. regional coordination committees) that rely on weak, often discordant bonding mechanisms and makeshift forms of club governance as opposed to the overarching central design. An example of such an emergent design is the Australia – New Zealand Pacific (ANZPAC) migration governance system.

The outer boundary of the ANZPAC is provided by the *Pacific Island Forum* (PIF), which is the weak bonding force of this regional arrangement. The two largest and economically strongest nation-states within the ANZPAC system are Australia and New Zealand, with their dependent territories. Both Australia and New Zealand are immigrant destinations for inter-regional migrants that have long been integrated through the *Australia – New Zealand Closer Economic Relations Trade Agreement* (ANZCERTA) and the *Trans-Tasman Travel Arrangement*. The latter has provided the legal basis for the free mobility of workers and residents between Australia and New Zealand with largely unrestricted residential and employment rights. As Australia has been the larger and wealthier of the two foundation states of the ANZPAC, the New Zealand diaspora in Australia numbers well over 600,000 or more than 9 per cent of all foreign-born residents (Taylor 2016: 17). There are some non-reciprocal residential and labour-flow arrangements between New Zealand, the Cook Islands and Niue, which allow nationals of these island-states to emigrate to New Zealand (but not the reverse).

Most of the island-states in the Pacific are very poor and vulnerable. Temporary employment in Australia and New Zealand provides the most effective economic aid for Pacific Island economies (Berkelmans and Pryke 2016). In principle,

temporary workers from the Pacific Islands could have been employed in Australia under the uncapped 457 visa arrangements and in New Zealand under a similar but capped employer nomination scheme. However, the mainstream immigration strategies and policies of Australia and New Zealand are aimed at attracting skilled workers and human capital and the mostly unskilled Pacific-Island workers are unlikely to qualify. Thus, both Australia and New Zealand have separate seasonal worker programmes which aim to support economies of the neighbouring Pacific nations by offering limited seasonal work as a form of development assistance. In Australia, this is provided through the *Seasonal Worker Program* (SWP) and in New Zealand through the *Recognised Employer Program* (RSEP). It is these arrangements, together with the *Trans-Tasman Travel Arrangement*, that form the basis of the ANZPAC migration system (Chand and Markowski 2018).

While still largely embryonic, the concept of the ANZPAC as a self-regulating, bottom-up and idiorhythmic migration system provides some food for thought for countries seeking an alternative to Buchanan-style clubbing arrangements. This could be of interest to the post-Brexit United Kingdom as it will have to retain its united (federal) structure but also allow for flexible factor-flow arrangements with other states under free-trade agreements and limited market integration.

Concluding comment

In this chapter we have reviewed the history of Australian migration governance to highlight those aspects that should be of interest for EU member-states and the EU as a whole. This applies in particular to the enhanced understanding of the moral hazards that are inevitably associated with all migration strategies, policies and procedures. We also tried to emphasise that Australia is primarily a country of labour immigration. The system of immigrant selection mitigates against the acceptance of immigrants as such. Unlike the US, Australia does not aspire to attract the 'huddled masses of humanity'. The most obvious exceptions from the country's labour-oriented immigration policy are refugees under the humanitarian migrant intake and family members of accepted labour immigrants.

There are obvious limits to the portability of the Australian immigration experience. Ultimately, every country is unique and its particular experience is a product of many country-specific factors. There is, however, one strong element of similarity. Over the past few decades, Europe as a region has evolved from a source of mass emigration to become the highly desirable destination for mass immigration. It shares some similarities with Australia, which has been an immigrant destination for most of its modern history. Like Australia, but on a substantially greater scale, the European Union is confronted with pressures posed by the mass immigration of working-age people from poor countries who seek a better life in richer parts of the world. The benefits of these migrants for destination countries have been well documented (see, for example, PC 2016) and the experience of such inflows is broadly positive. It is the scale of the phenomenon and the rate of arrivals that are now posing problems for migrant destinations. Most of these destinations are democracies which face populist resistance to mass immigration

from various sections of the electorate, even if the inflow of migrants is broadly beneficial for the country as a whole. These populist movements are now significant enough to threaten the political stability of EU member-states. Thus, there is pressure to regulate mass migratory movements or they may otherwise destabilise the very social and economic fabric of wealthy democracies that has made them attractive as migrant destinations in the first place.

In this context, the Australian experience is instructive for three reasons. First, in Australia, unlike the European Union, there is a strong, bi-partisan political consensus that immigration is good for the country as a source of substantial demographic, cultural and economic dividend. There is also a political consensus that inflows of people have to be regulated to deliver this dividend. It is the mechanics of regulation where political interests diverge, often substantially. However, in a working democracy, the mechanics of regulation are the prerogative of the government of the day. In federal Australia, the responsibility for migration control is vested in the federal government. This is where the European Union is confronting an institutional ambiguity that has to be addressed sooner rather than later. Either responsibility for the regulation of cross-border migration has to be unambiguously assigned to the Union as a quasi-federal entity or it has to revert back to member-states, in which case the very concept of the EU as an 'ever closer union' is in doubt.

Second, to make the (cross-border) migration and subsequent migrant integration policies work, the territorial integrity and sovereignty of the decision-making entity have to be protected. This is the logic of the Australian Pacific Solution, where harsh border controls are enforced to stop the massive inflow of unauthorised immigrants. This stringent implementation allows Australia to determine the scale and scope of migrant inflows and secure public support for regulated mass immigration. It is this capacity to enforce border controls that the EU lacks at present and, in its absence, member-states are encouraged to deflect unwanted migrant inflows to other parts of the Union and free ride at the expense of the Community. In the longer term, this also threatens the integrity of intra-EU free movement and the Schengen system of unimpeded intra-EU mobility. We do not wish to suggest that the potential Mediterranean Solution should be modelled on the Pacific one. Clearly, there is plenty of room for innovation and the EU as a whole has much larger resources at its disposal and much greater economic leverage to find a way of regaining border control that could avoid the harshness of the Pacific Solution. Nevertheless, some radical initiative is in order if the European project is to regain its momentum and appeal.²⁸

Third, the Australian regional experience is also of value. For far too long, Australia and New Zealand have neglected the plight of Pacific Islanders and their dependence on the Australian and New Zealand labour markets. Admittedly, their numbers are small so there has never been a threat of mass migration from the Pacific. However, a wealthy country like Australia should accept some responsibility for its less fortunate neighbours and provide well-targeted economic assistance to lift people out of poverty. The schemes presently operated by Australia and New Zealand are far from adequate but do represent a step in the right direction. The EU

faces a much more demanding task in its African and Middle Eastern neighbourhoods. If massive flows of unauthorised labour migrants are to be brought under control, the EU must confront the sources and causes of recurrent mass emigration. There are many potential solutions that would inevitably involve substantial investment of European resources at the expense of current programmes of intra-EU assistance for new member-states. However, the potentially destabilising mass migration cannot only be regulated by means of border controls; economic capacity-building in source countries is a necessary, albeit not a sufficient, condition for the effective management of mass inflows of job-seekers.

Australia is also quite unambiguous with regard to the ultimate objectives of its immigration system. While it serves as a backdoor population policy, it is primarily an instrument for attracting inflows of skilled and relatively young labour migrants. The EU should similarly be more explicit as to why it wants to attract migrants as opposed to stopping the unauthorised job-seekers at its border. The policy of migrant integration is a secondary challenge. Unlike economically motivated immigration where quantitative policy targets could be specified, this is an area where it is easy to claim integrative success as well as to criticise the outcomes. Much of it is, in our opinion, a declaratory rhetoric of different vested interests. The main lesson, however, is that migration strategies and policies have to be designed with greater understanding and acceptance of the inevitable moral hazards of different policy initiatives. It is not that Australia has adopted a wiser and more anticipatory approach but it has learnt much faster from its mistakes and its *strategic agility* makes it more politically resilient, bipartisan and effective at addressing problems of mass, cross-border mobility as they emerge.²⁹

Acknowledgement

The authors wish to acknowledge the support of the Polish National Science Centre (NCN) under the OPUS 10 research support scheme (research project 2015/19/B/HS4/00364 'The impact of wealth formation by economic migrants on their mobility and integration: Polish migrants in countries of the European Community and Australia').

Notes

- 1 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 programmes. It aims to enhance understanding of migration and settlement processes in Australia through commissioned migration-related research and to foster the development of migration-focused partnerships between the Australian corporate sector, the community and the government.
- 2 Some Chinese labourers came to Australia during the Gold Rush of the 1850s but their arrivals were soon restricted under colonial legislation such as the *Victoria's Immigration Act 1855 (Vic)* (PC 2016).
- 3 In Tasmania, for example, there were two convicts for every free settler (Creighton 2019).
- 4 By 1850, the NSW Legislative Council received 36,000 signatures opposing further convict transportation and only 525 in favour of it (Creighton 2019).

- 5 Arguably, an antipodean rehash of the centuries-old antagonism between the predominantly Catholic Ireland and the predominantly Protestant Great Britain (Goldlust 2009).
- 6 Inevitably, absurdities followed. For example, a Czech national was set a dictation test in Scottish Gaelic while an illegal Japanese immigrant was administered a test in Greek (PC 2016).
- 7 It targeted the annual population growth of 2 per cent of which half was to result from the immigration of new settlers. The settler intake was to be 'balanced between assisted and non-assisted immigrants, British and non-British immigrants, and between northern and southern Europeans within the non-British intake' (DIMA 2001: 4).
- 8 The term 'Pom' in Australia usually denotes an English person (or, less commonly, a person from another part of the UK).
- 9 As the economy stagnated in the early 1970s, the overall migrant intake was capped (e.g. at 50,000 people in 1975).
- 10 Of the 7 million immigrants who have settled in Australia since 1945, over 60 per cent have become Australian citizens (PC 2016: 4).
- 11 State- and territory-sponsored visas under the points-tested skill stream also increased sixfold between 2005 and 2014. Business Innovation and Investment visas have remained a small component of the stream and the so-called Distinguish Talent component is negligible (PC 2016).
- 12 These have to be nominated under one of the targeted occupations listed on the Consolidated Sponsored Occupations Lists. Sponsors of 457 visas must also meet minimum annual salary requirements of AUD 53,900 plus superannuation.
- 13 These are temporary holiday-makers-cum-seasonal workers aged 18–30 years who are allowed to stay and work for up to two years under bilateral arrangements with a number of countries. They provide a pool of unskilled labour services but this appears to be working well, with the programme both offering the holiday experience and channeling unskilled labour to agricultural jobs in rural areas.
- 14 Allowed to remain in Australia pending the outcome of a substantive visa application.
- 15 For example, permanent family-stream visas require applicants to be related to an Australian permanent resident, a citizen or a New Zealand citizen while skill-stream immigrants should normally be under 50 years of age. Applicants under the investor stream must buy state/territory assets worth at least AUD 1.5 million and must be nominated by the state/territory concerned, while the fast-tracked premium-investor visa may be granted to those who acquire assets worth at least AUD 15 million in asset categories chosen by the Australian Trade and Investment Commission (PC 2016).
- 16 For example, eligible Australian residents can sponsor parents to join them in Australia through a noncontributory stream – with application charges of AUD 7,000 per applicant and a waiting period of up to 30 years – or a contributory stream where the charge per applicant may exceed AUD 47,000 but the waiting period is reduced to up to two years (PC 2016: 77).
- 17 For example, of the 70,000 immigrants from the Middle East and North Africa who arrived between 2006 and 2015 as mostly humanitarian refugees, the 2016 census shows that 44,000 were either unemployed or looking for work in 2016. This compares with 31,000 mostly skilled and family-stream arrivals from Southern and Eastern Europe of whom only 3,900 were in the same category (Creighton 2019).
- 18 For example, in 2016, the Lowy Institute in Sydney found that over 70 per cent of its survey respondents agreed that, overall, immigration had a positive impact on Australia and that the absorption of immigrants from many countries makes Australia stronger. Only 35 per cent of respondents opined that immigrants take away jobs from other Australians (Berkelmans and Pryke 2016).
- 19 Whereby unauthorised immigrants – usually funneled into the Australian territorial waters in boatloads by black/grey market agents (often described as 'people smugglers') to claim, on arrival, refugee and asylum-seeker status – are reticulated to off-shore detention centres in the Pacific region (e.g. Nauru or Papua New Guinea Manus

- Island). The UNHCR-determined 'genuine refugees' are resettled in Australia but others are left behind to deter further inflows. Migrant-swapping mechanisms are also agreed with Canada, New Zealand and the US to increase the randomness of the final settlement destination – thus to deter people smugglers from targeting specific destination countries.
- 20 Given the present wording of international treaties and agreements governing such matters, most of those claiming asylum come from source countries which are defined not only as poor but also as politically and socially highly illiberal so that claims of oppression and human rights abuse can easily be sustained.
 - 21 Not surprisingly, the effectiveness of the deterrence factor is either misunderstood or deliberately undervalued by the critics of the Pacific Solution (Gordon 2017).
 - 22 Inevitably, in democracies such as Australia, migration strategies are formed by national political elites and as such reflect the prevailing elite consensus. However, as pointed out by Withers (2016), the Australian public's perceptions of immigration and immigrants are more influenced by opinion-makers (e.g. media personalities) than by experts – hence the oft-observed lack of transitivity between the different public strands of opinion as reflected in the various polls.
 - 23 The Australian Labor Party, which previously championed the relaxation of strict border controls, was severely beaten in the 2013 election that was fought largely on the issue of border control following the unauthorised arrival of 51,000 asylum-seekers in 800 boats and the deaths at sea, Mediterranean-style, of 1,200 people (Creighton 2019). It also lost the 'unlosable' federal election in 2019, which was also fought on issues related to border control. Prior to the election, the Independents-controlled federal parliament passed the so-called medivac bill, which was to facilitate the immediate evacuation on 'medical grounds' of the vast majority of unauthorised refugees and asylum-seekers from Nauru and their eventual resettlement on the Australian continent. It was feared that the medivac policy, supported by the-then Labor opposition, would trigger another wave of boat arrivals. Not surprisingly, the threat of the Mediterranean-style refugee scenario allowed the incumbent Coalition government to use it as a major part of their re-election platform.
 - 24 The changes result in a shorter list of occupations eligible for skilled migration visas and the introduction of a new *Temporary Skill Shortage* (TSS) visa (<https://immi.homeaffairs.gov.au/visas/getting-a-visa/visa-listing/temporary-skill-shortage-482>). The new visa conditions include tightened English language requirements, a minimum two-year work experience, stricter visa renewal procedures and a requirement that sponsoring employers pay the going market wage rate.
 - 25 In 2017, international students studying and living in Australia contributed AUD 30.3 billion to the Australian economy, making the educational industry the country's third largest export sector and its leading service export sector (*The Australian* 27 February 2019: 29).
 - 26 For example, the 2016 population census showed that 51 per cent of foreign students were in the labour force (i.e. either working or looking for work). Those who worked while studying were employed as cleaners and laundry workers, sales assistants, food preparation assistants, food-sector workers, carers and aides, road and rail drivers, sales support workers and factory process workers. Only in tenth place were 'educational professionals' – i.e. students employed as teaching and research assistants (*The Australian* 20 February 2019).
 - 27 Similarly, students can change their declared courses to reduce their academic workloads and fees and seek market-mediated employment opportunities.
 - 28 The lessons of Brexit should not go amiss in this respect, as the key 'red line' drawn by Mrs. Theresa May, the-then British Prime Minister, and her Brexit negotiating team related to the free movement of people.
 - 29 An example of this is the immediate post-2019 Federal election response of the opposition Australian Labor Party, which has set out to examine the implementation of government migration policy and the workings of federal administration machinery tasked with policy implementation (Rizvi 2019).

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