



Australia China Business Council
澳大利亚中国工商业委员会

INTERNATIONAL EDUCATION, MIGRATION SETTINGS AND JOB CREATION

Positioning Western Australia
to be the best

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INTRODUCTION

Education exports are Australia's 3rd largest export, after Iron Ore and Coal¹. Western Australia on the other hand struggles to keep Education exports in the top 5 for the state,² often being dwarfed by the massive export volumes in the Mining and Resources industry. It is well-known that the potential for growth for the State's international export revenue is a prospective game-changer for WA's economy.

Yet international student numbers into WA have recently been the focus of much criticism and media attention, with WA struggling to maintain its share of Australia's international student visa market, with Study Perth's recent "IMPACT" report showing WA's market share as being 7.8% of the nation's total numbers.

Yet, even at that number, according to the IMPACT report, the international education sector brings into the WA economy:

- 1 \$1.551bn of revenue
- 2 Contributes 35% of all the money (\$3.974bn) earned from international visitors
- 3 Jobs for 9,000 West Australians, with
- 4 5 international students creating 1 job in Western Australia

It should therefore be no surprise that there is concern at a recent decline in international student enrollment numbers in Western Australia.

1 <http://dfat.gov.au/trade/resources/trade-at-a-glance/pages/top-goods-services.aspx>

2 DFAT data, Based on DFAT STARS database and ABS catalogues 3101.0, 5220.0, 5368.0, 5368.0.55.003/4 and 6202.0.

It is our belief that

the flow-on benefits from a vibrant international student community in WA could be further maximized should we provide further education and training to retailers and service providers on ways to be 'ready' and 'connect' to the international student community.

The Australia China Business Council (South Australia Branch) has provided thought-leadership research on connecting South Australian businesses to it's international student market in the past, and such thought leadership should be explored in Western Australia to realise value not previously realized.

The purpose of this document is to introduce the potential to use Western Australia's state migration program as a part of the State's attraction strategy for international students.

The key issues being:

- A) The signal (or lack thereof) to international students of having a sense of being 'welcome' to come to Western Australia to study
- B) The opportunity to use state-based migration policy settings as an attraction, benefit and selling point of studying in Western Australia, enlivening powers in the hands of DTWD to set state-based migration policy settings in accordance with state-based priorities and agendas. This includes a specific focus on the use of 489 and 190 state-sponsored visas, and a more sophisticated approach toward the use of the WASMOL.

It is recognized that the WA State Government has taken significant steps to meet its election promise of:

"A McGowan Labor Government will:

- On day one tear up the current list of occupations that fast tracks overseas workers to WA.
- Seek to immediately have Perth removed from the Regional Sponsored Migration Scheme.³

It is recognized now, in the outset of this document, that migration settings in themselves are not the total answer for Western Australia's attraction strategy for the international student market. Further opportunities such as internship and buddy programs should be considered, as are presented later in this paper.

However, we believe the WA State Government has an unprecedented opportunity to overhaul the look and feel of WA's migration policy settings, in line with another promise that Premier McGowan made before the election, which was that he would:

- "Work with industry to develop a new list that reflects WA's changed economic circumstances."⁴

In preparing this report, we have combined information and input from the Migration Institute of Australia, the Australia China Business Council, Study Perth, Unions WA, and have established 6 main recommendations (expanded later in the paper):



Policy Recommendation #1 – Replace the WASMOL with a new and improved WASMOL



Policy Recommendation #2 - Introduce a new WASMOL 'List A' – available for both 489 and 190 visa applicants



Policy Recommendation #3 – Introduce a new WASMOL 'List B' – available for both 489 and 190 visa applicants



Policy Recommendation #4 – Workplace Safety Inductions



Policy Recommendation #5 – Industry summit



Policy Recommendation #6 – Endorse further education initiatives focused on connecting WA business with international students

It is with the intent that Western Australia continues to sharpen its competitiveness in this sector that we present this report to you for consideration, along with the recommendations therein.

Regards

James Clarke

FEDERAL MIGRATION PROGRAM IN 2018 — a background and need for change

According to the Department of Home Affairs, Australia's Skilled Migration Program is aimed at enabling the government of the day to "select people who will achieve positive labour market outcomes, make a contribution to the Australian economy, assist Australian business to access new skills and technology and address skills needs that cannot be met from the local labour market."⁵

In July 2012, the federal government 'cut the umbilical cord' that bridged international students to a direct pathway for permanent residency in Australia. It removed the ability for students to lodge a 'direct' visa application through the General Skilled Migration ("GSM") program (and in some instances the ability to stay in Australia indefinitely on a bridging visa), and replaced it with an expression of interest ("EOI") system that requires a nomination by a state or territory government and / or an invitation from the federal minister.

In the years pursuant to these changes, we have seen all states and territories adjust their own state migration settings to constantly seek to strike the greatest balance between attracting and keeping hard-to-find talent, whilst also ensuring that the local workforce is only complimented and not disadvantaged by prospective migrants.

Significant state/territory-based controls exist for two main visas in the GSM category: subclass 190 and subclass 489 visas (ACT aside).

It is important to note that under Ministerial Direction Number 74 (s.499 of the Act), the Department of Home Affairs is required to process applications received in the following order:

MINISTERIAL DIRECTION NUMBER 74

Priority Processing Order #1	Visa Type
#1	Regional Sponsored Migration Scheme visa applications. Within this priority, SkillSelect subclass 187 applications have precedence
#2	Employer sponsored applications either through SkillSelect or through other channels. Within this priority, subclass 186 applications have precedence
#3	Applications nominated by a State/Territory government. Within this priority, SkillSelect subclasses 190 and 489 have precedence
#4	Applications with nominated occupations on the Medium and Long-term Strategic Skills List and applications of subclasses 885, 886 and 487 visa applications. Within this priority, SkillSelect subclass 189 (Points-tested Stream) and subclass 489 visa applications have precedence
#5	All other applications

“Significant state/territory-based controls exist for two main visas in the GSM category: subclass 190 and subclass 489 visas”

With the pathway for international students to access GSM pathways being largely determined by policies of each state and territory, 489 and 190 application numbers rise and fall depending on the policies of the day. The following table provides some insight on this, with the number of intending migrants who received nominations from State and Territory Governments from 1 July 2017 to the end of December 2017 being:

NOMINATIONS BY STATE AND TERRITORY GOVERNMENTS – 2017/18 TOTAL ACTIVITY⁶

Visa subclass	ACT	NSW	NT	Qld	SA	Tas.	Vic.	WA	Total
Skilled – Nominated (subclass 190) visa	286	937	113	571	475	228	1368	0	3978
Skilled – Regional (Provisional) (subclass 489) visa	0	483	113	188	1094	302	6	0	2186
Business Innovation and Investment (subclass 188) visa	5	299	1	2 12	71	7	1038	70	1703
Business Talent (Permanent) (subclass 132) visa	0	50	0	115	287	3	23	48	526
Total	291	1769	227	1086	1927	540	2435	118	8393

⁶ See <https://www.homeaffairs.gov.au/busi/Empl/skillselect#tab-content-2>

The only State to have 0 nominations for both the 190 and 489 visa subclasses is WA (ACT has 0 for the 489, as they have no ability as per current legislation to facilitate this).⁷ It needs to be noted that the State / Territory - sponsored migration list, together with the 489 / 190 visas, provides an un-equalled and unique opportunity for State and Territory governments to choose the specific occupations / industries that they believe are uniquely important to their region; and send a strong signal to aspiring migrants that they are 'welcome'.

489 / 190 visas allow the State and Territory Governments to choose from any of the occupations listed under Legislative Instrument IMMI 18/007, which broadly speaking, are the:

- (a) Medium and Long-term Strategic Skills List; ("MLTSSL") and
- (b) Short-term Skilled Occupation List ("STSOL").

These two 'lists' equal to a total of 432 occupations (180 and 252 occupations respectively).

Where States and Territories have not set attractive policies for their 489 and 190 visas, it is not uncommon for students to seek 'alternative pathways' to permanent residency, such as employer-sponsored visas; to provide for their further stay in Australia at the conclusion of their studies.

"The state-sponsored migration list, together with the 489 / 190 visas, provides an un-equalled and unique opportunity for State and Territory governments to choose the specific occupations / industries that they believe are uniquely important to their region"

Given the tightening around employer-sponsored visas federally, the numbers of graduating students applying for skilled visas in the first 6 months of the 2017-2018 Migration Program (1st July 2017 – 31st December 2017), have been in decline. However, in contrast, graduating students applying for tourist / holiday visas has been in strong growth for the same period;⁸ signifying that some students may make ill-informed decisions and apply for a visa that is not fit for purpose.

It is therefore important that clear signals are sent to international students as to what their options are for further stay upon graduation.

From March 2018, the employer-sponsored pathway will be effectively 'closed' to international students / graduates, with the 457-visa being abolished and replaced with the Temporary Skills Shortage ("TSS") visa; requiring that all applicants have at least 2-yrs 'post qualification' work experience. This brings the TSS visa into the same structure as the subclass 186 ENS visa which always required relevant work experience.

Further to this, and contrary to common belief, the subclass 187 RSMS was never going to provide a long-term option for international students in Western Australia either, with the Federal Department of Home Affairs changing the RSMS to require 3 years post-qualification work experience before being able to be sponsored on the visa. For this reason, we do not believe that the removal of the Perth metropolitan area from the RSMS legislative instrument (under Legislative Instrument IMMI 17/059) in itself ought to have any long-term impact on international student numbers in Western Australia, however the optics of the seeming 'closure' of WA's migration program at the same time as the removal of the Perth metropolitan area from the RSMS has led to negative messaging and provided a competitive advantage in promotional activity of other states.

A separate discussion could be had on some high-demand, skill-shortage areas in the Perth metropolitan area that have been adversely affected by the amendment to IMMI 17/059, however it is not the purpose of this paper, nor will it serve well in an international student attraction strategy. It is our belief that a strategic and sophisticated approach by WA to the settings around general skilled migration will provide a greater chance of success in sending a positive message to the international student market.

"contrary to common belief, the subclass 187 RSMS was never going to provide a long -term option for international students in Western Australia"

THE DILEMMA FOR WA

The Department of Home Affairs has established a number of visa 'products' that are intended to provide options for applicants in different circumstances.

Up until recently, international students had a number of options open to them following graduation if they wished to stay in Australia for the long term, which they no longer have access to (or are about to lose access to). Those particularly worth mentioning include the 187 RSMS, and the 457 visa.

Consider, that in the 2016-2017 migration program year (1st July 2016 – 30 June 2017), the following numbers of students applied for a 457 or 187:⁹



STUDENT VISA HOLDERS APPLYING FOR

457: 10,685

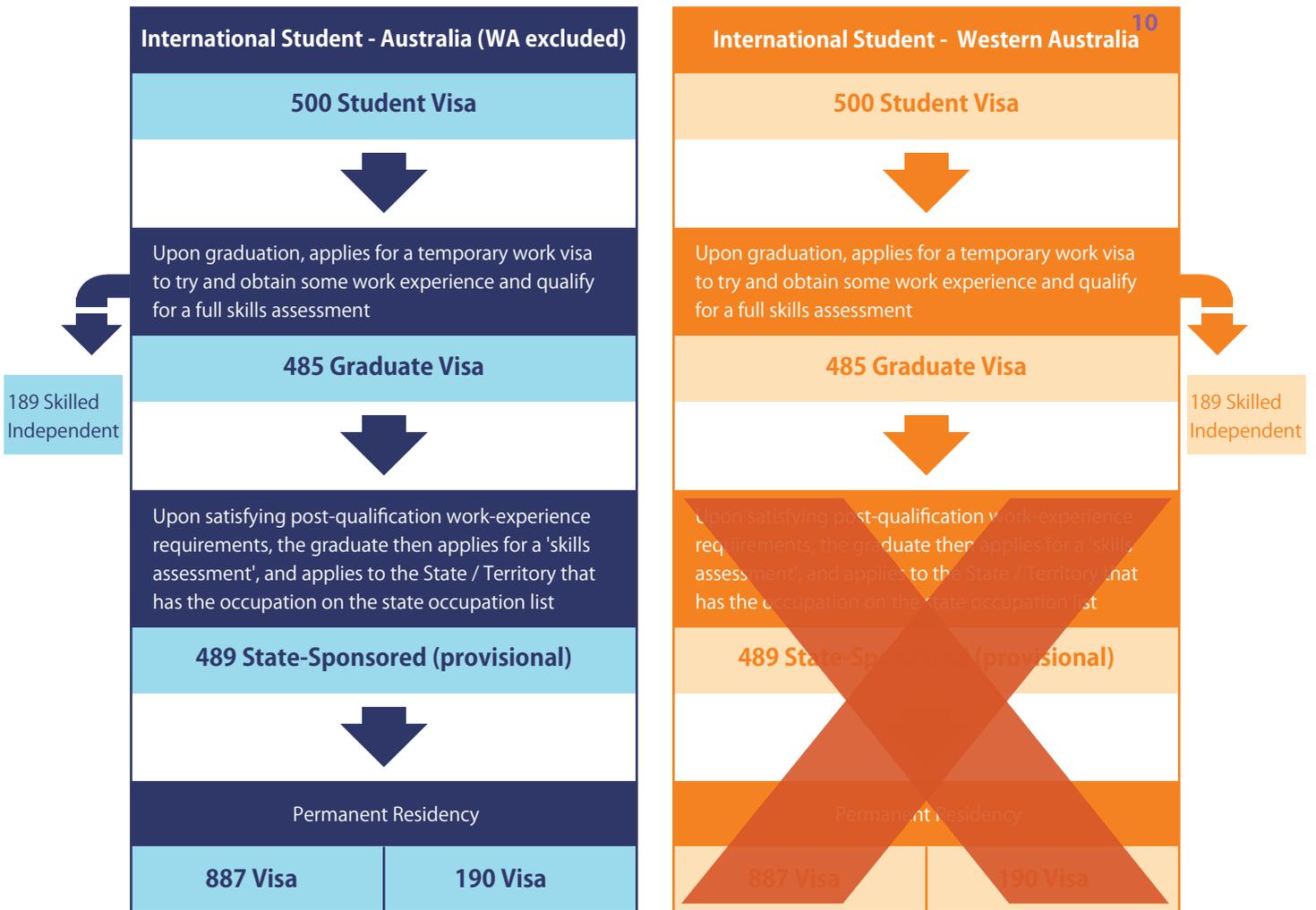
STUDENT VISA HOLDERS APPLYING FOR

187: 2,087

If all of these students were in Western Australia, they would no longer have either of these visa options upon graduation.

In addition to the tightening of the 457 and RSMS programs, the GSM visa pathway to permanent residency is becoming increasingly narrow in Western Australia. To summarize this as an international student sees it, we have provided the following graphic:

STUDENT GSM OPTIONS IN 2018



Whilst all international student applicants are required to provide a 'genuine temporary entrant' statement that effectively states that they do not have an intent to stay in Australia permanently, we know that many students have the hope to find work and stay in Australia to pursue the Australian way of life. It is for this reason that we believe, and recommend that Western Australia has to overhaul the state sponsored migration list (WASMOL), and fill the vacuum with positive messaging.

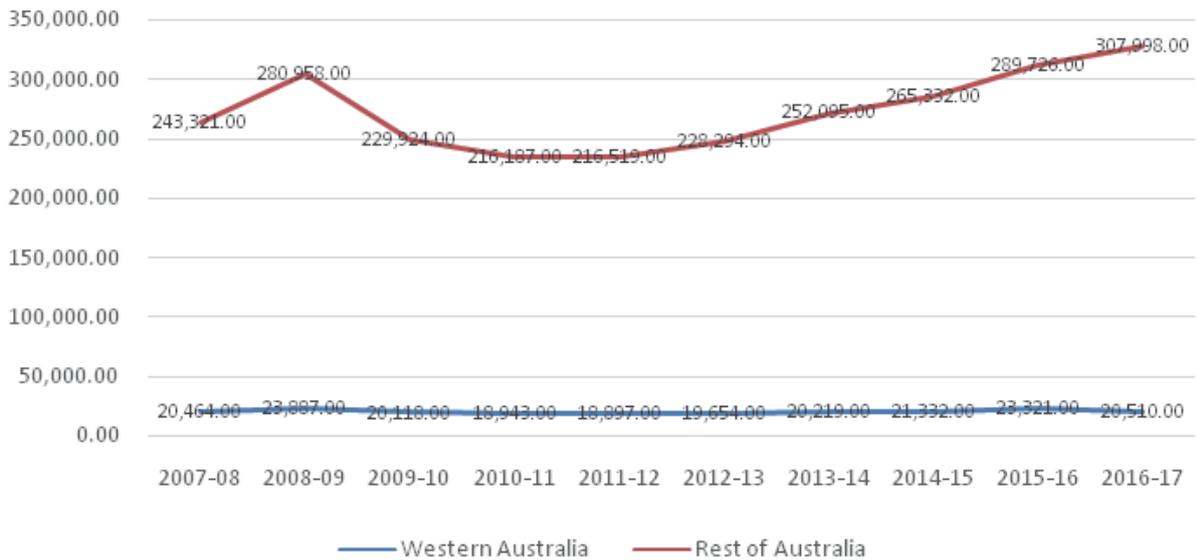
The statistics show that we began to have a slight drop in student numbers toward the end of the previous government in 2016, which we believe is due to a slowdown in post graduate employability prospects in the state, together with a range of other issues.

Statistics available from the Department of Home Affairs show that primary international student visas lodged to come and study in Western Australia were in growth for 5 financial (and migration program) years between 11/12 and 15/16, before a decrease in the 16/17 financial year of -12.05%; at the same time as the rest of the nation was in +6.31% growth. A number of extracts from the Department of Home Affairs statistics on **visas lodged** are shown below, as we believe it shows a better indication on trends than **visas granted**, given processing delays and other seasonal issues.

¹⁰ 489 and 190 visa sponsorship is available in Western Australia, however only for a limited number of predominantly-medical occupations which are not being used, as the "Nominations by State and Territory Governments - 2017/18 total activity" table shows

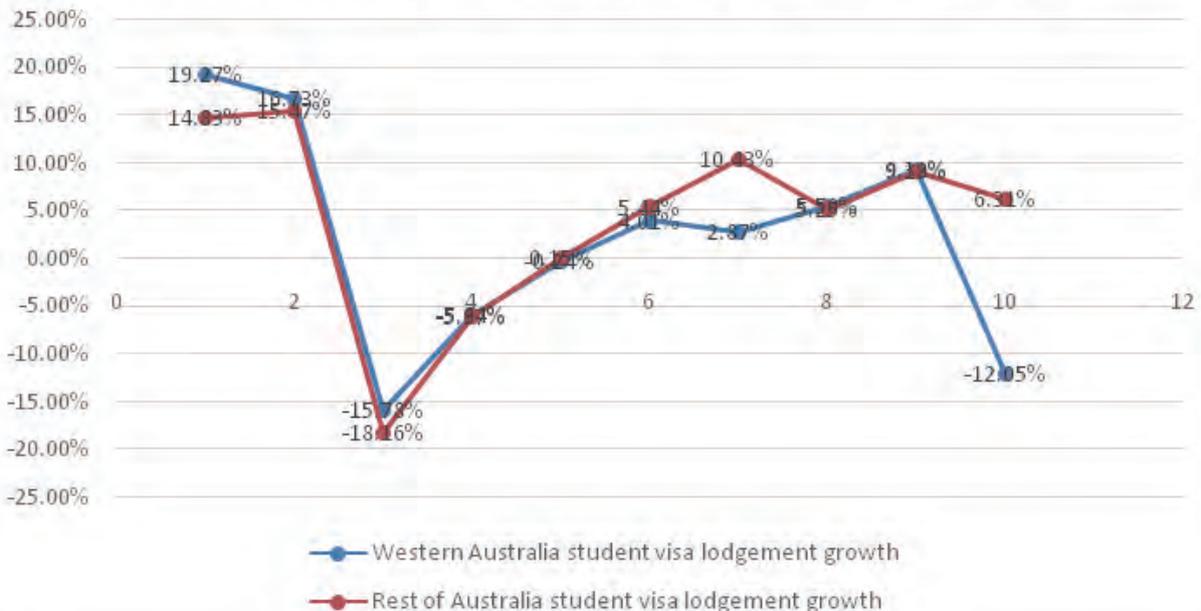
NUMBER OF VISA APPLICATIONS LODGED - WA VS. REST OF AUSTRALIA

Number of visa applications lodged —WA vs. Rest of Australia



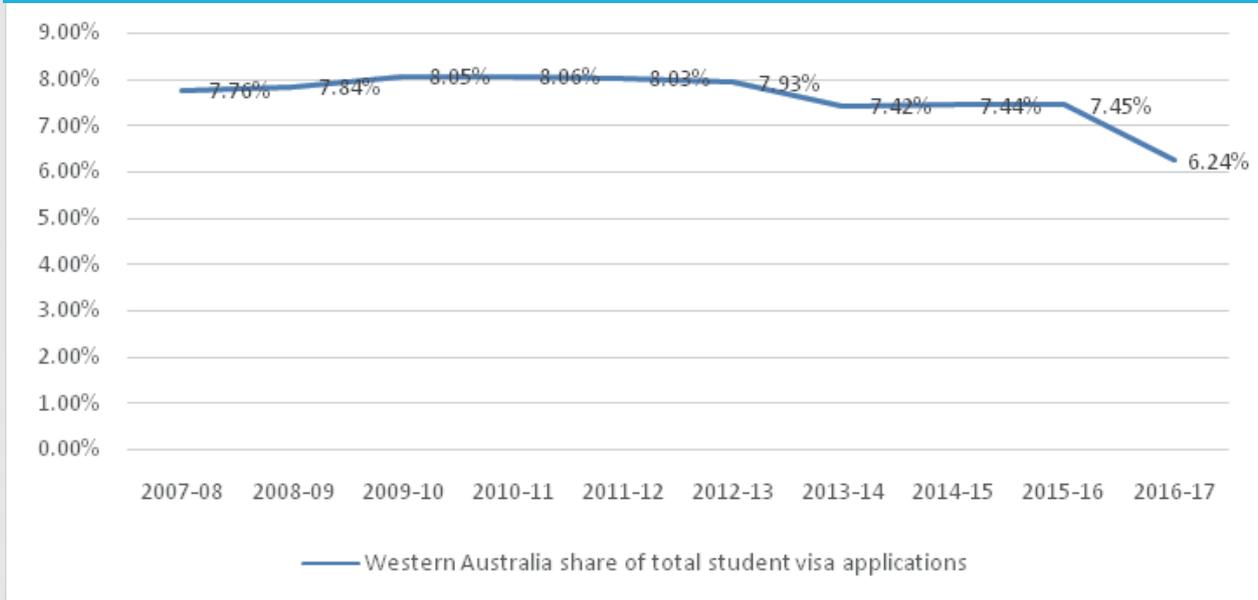
STUDENT VISA LODGEMENT GROWTH - WA VS. REST OF AUSTRALIA

Student Visa Lodgement Growth —WA vs. Rest of Australia



Of particular concern is Western Australia's market share of the total national international student 'pool'. With approximately 11% of the nation's population, and approximately 11% of the nation's MPs in the federal house of representatives, it is considered that a share of around 10% - 11% of the nation's student intake is a reasonable number. However, not only is WA off the mark, but it is also getting further away from a healthy share:

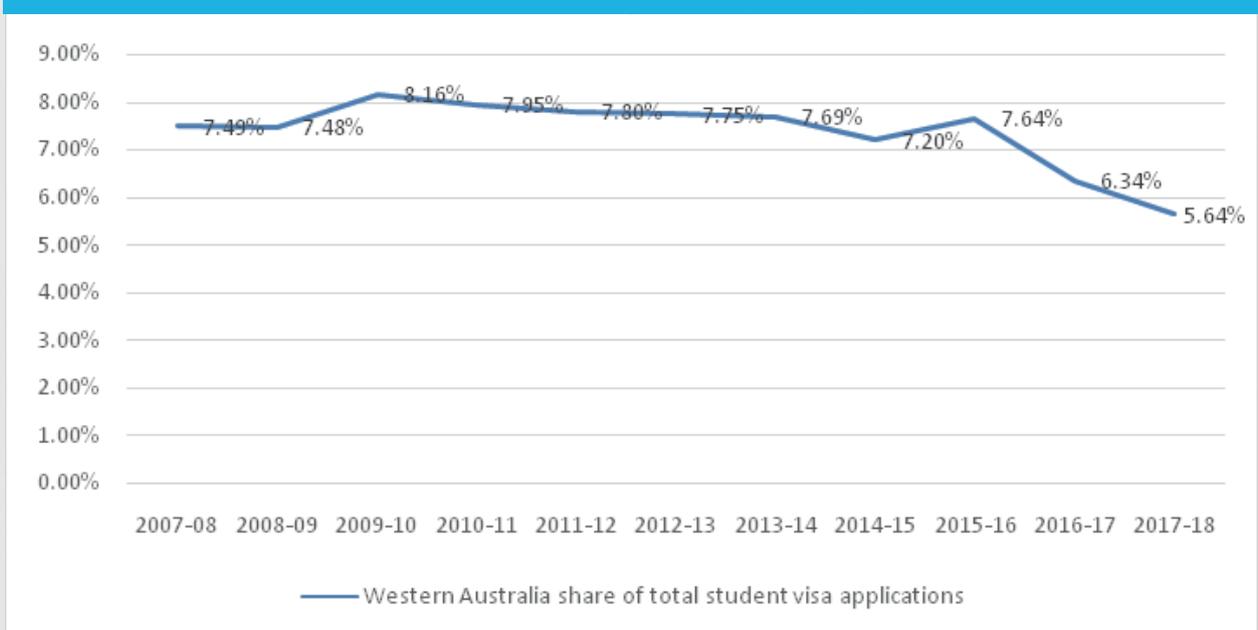
Western Australia share of total student visa applications --to 30 June 2017



When comparing year on year statistics between 1st July to 31st December, the message is more concerning, with WA's market share being further diluted by stagnated growth whilst the rest of the country sits at around 14.50% growth.

WESTERN AUSTRALIA SHARE OF TOTAL STUDENT VISA APPLICATIONS - 1ST JULY TO 31ST DECEMBER COMPARISON YEAR ON YEAR

Western Australia share of total student visa applications —1st July to 31st December comparison year on year

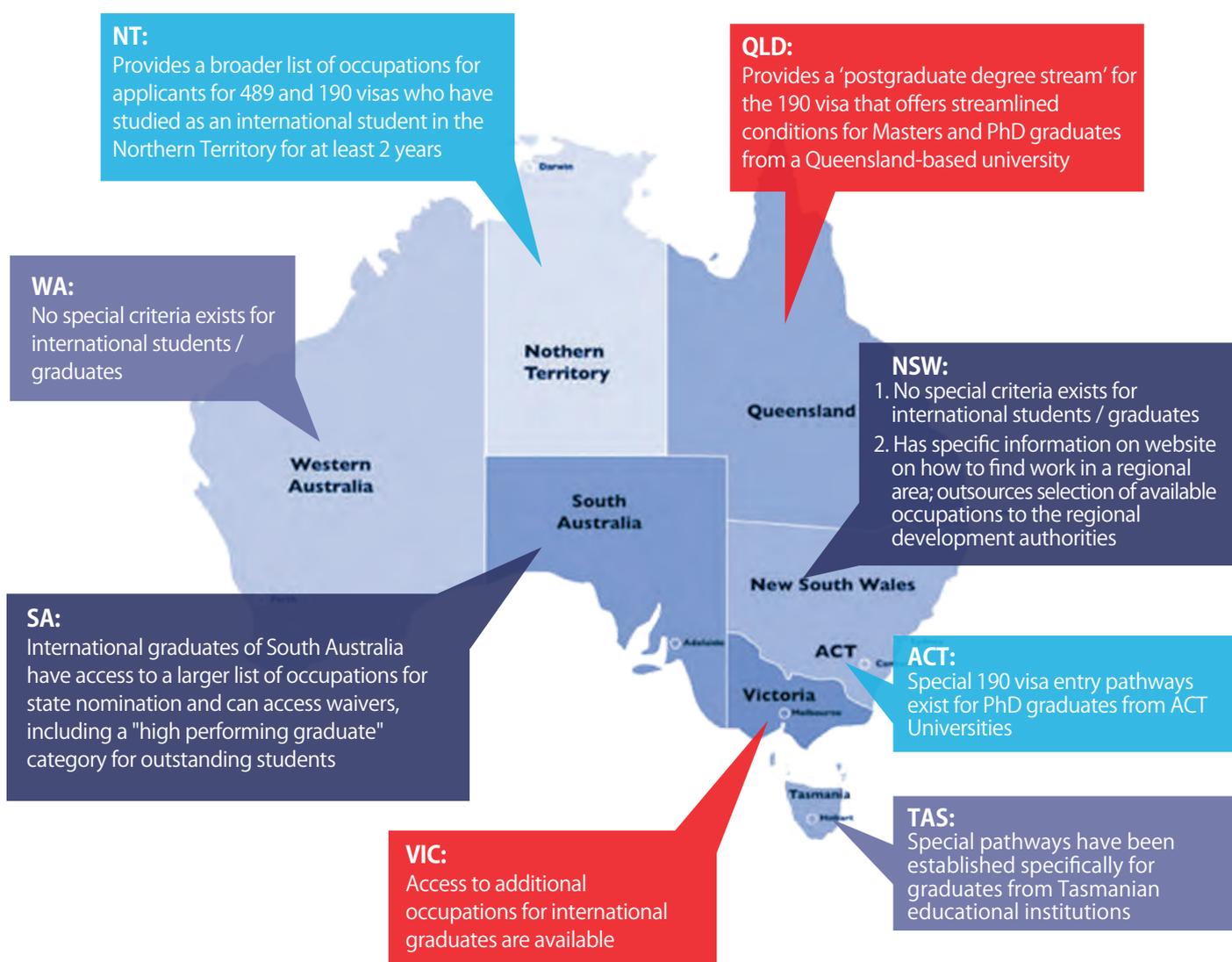


We believe there is an opportunity to change this, with a focus on the attraction and retention of the 'best and the brightest' international students by offering state nominations under the 489 and 190 visa programs.

For those international students graduating from Australian institutions, it is well documented that there is a need for relevant work experience on their resumes in order to be competitive in their home country recruitment market.

We will briefly explore how Australia's States and Territories use their migration lists, and the 489 and 190 visas to attract and retain the best and the brightest international students, and encourage people to move to the regions:

STATE BY STATE USE OF AVAILABLE MIGRATION POLICY SETTINGS



As can be seen from the above graphic, Western Australia is the least sophisticated of all states and territories in the way it employs its state migration policies.

AN INNOVATIVE CONCEPT AND OPPORTUNITY FOR WA

In improving the quality and demand of our premier export, ACBC has identified an opportunity to promote corporate internship programs as a value-add to the international education that an overseas student achieves during their time in Australia.

The media has published the issue of our Chinese international student overseas returnees, or 'sea turtles' (海龟) becoming 'seaweed' (海带) upon their return to China; meaning this once sought-after group of graduates are now finding it hard to find work in China. Having no experience on their resume means they cannot compete with local graduates who have a more 'discernible' background.

An internship program would be the value-added difference our education product will have in comparison to study programs being offered in other states and other countries. Through a formalised program, Western Australia can ensure that it remains competitive with the rest of the world.

ACBC plans to develop an internship 'buddy' program with the help of corporate organisations and WA tertiary institutions who are interested in being involved. Whilst we have developed our contacts for international students from reputable Australian education partners, our next step is to establish a database from ACBC members, demonstrating the benefits of participating in an internship experience.

MASTER CLASS

Australia and China have enjoyed a long relationship in training and upskilling across a diverse range of industries – however, this has often been "one-way traffic"; ie more Chinese managers, academics, students and business persons coming to Australia to learn and train, than there are Australians grasping opportunities to expand their skills vis a vis China.

To address this gap, the ACBC WA trialed a pilot "Masterclass" in 2017, targeted at the Oil and Gas Industry, and provided a one-day training program that encompassed practical Case Studies of business negotiation and meetings, cultural and linguistic understanding and nuances in engagement with China's very sophisticated and globally-oriented professionals.

In 2018, the ACBC plans to continue a series of "Master Class" programs for Australian Businesses and senior public-sector officials to develop practical and purposeful skills for engaging in business with China. The ACBC WA believes this is critical to address a much-needed business and professional skill in Western Australia.



CONSULTATION WITH UNIONS WA

It was understood that there was concern around potential oversupply or even abuse of the migration settings leading into the 2017 state election. We therefore took it upon ourselves to meet with representatives from United Voice, Australian Institute of Marine Engineers and the Construction, Forestry, Mining and Energy Union (“CFMEU”), coordinated by Unions WA.

The key area of discussion was around specific occupations that the various Unions felt concerned about, and occupations they felt should not be included in any new WASMOL that may be established by the State Government.

Given a number of redundancies in the Maritime area, the Institute of Marine Engineers noted a number of occupations they believe should not be included in any such list:

- ANZSCO 231212 Ship's Engineer
- ANZSCO 231213 Ship's Master
- ANZSCO 231214 Ship's Officer

Other occupations that the CFMEU noted should not be on any new WASMOL were discussed, and included:

- ANZSCO 331111 Bricklayer
- ANZSCO 331212 Carpenter
- ANZSCO 332211 Painting Trades Worker

The primary focus on the discussion was to look at occupations that should not have state-sponsorship available, however the conversation moved a number of times into concerns of abuse by unscrupulous employers.

Issues of abuse of temporary visas (primarily 457 temporary work visas and 417/462 working holiday visas) by unscrupulous employers around Western Australia, who appeared to be trying to engage ‘cheap’ and / or uninformed foreign labour; was a key concern.

There was also an unease raised by CFMEU representatives as to the lack of understanding international students may have concerning their rights to a safe workplace and their limitations on how many hours they can work on a student visa.

It is for these reasons that we devised Recommendation #4 later in this paper.

CONCLUSION & POLICY RECOMMENDATIONS

There are a number of policy recommendations we would like to draw from this paper:



POLICY RECOMMENDATION 1

Replace the WASMOL with a new and improved WASMOL 'List A', and WASMOL 'List B', as defined below.



POLICY RECOMMENDATION 2

Introduce a new WASMOL 'List A' – available for both 489 and 190 visa applicants

List A will be a primary list that allows the State to offer nominations / sponsorship for a subclass 489 or 190 visa to a range of occupations with genuine shortages and / or priority growth areas (i.e. occupations in the innovation and sciences space) across Western Australia.



POLICY RECOMMENDATION 3

Introduce a new WASMOL 'List B' – available for both 489 and 190 visa applicants

List B will be an expanded list of occupations (which may be a combination of 'List A' and other occupations) we wish to offer state sponsorship for, where the applicant can only access sponsorship if they fall into any of a number of pathways. 4-such suggested pathways include:

- If you are an international graduate of a Western Australian college / university (International Graduate Pathway)
- If you are a professional with a minimum of 2 years of relevant work experience in an occupation on the list, and have an offer of employment (or existing employment) in a Regional Area to access sponsorship by the state for (Regional Experienced Pathway)
- If you are committed to living and working in a Western Australian prescribed regional area for 2 years on a subclass 489 visa (Regional Development Pathway)
- If you have been working in an occupation on the WASMOL 'List B' in Western Australia for a minimum period of time (which the State can specify) (Existing Worker in WA Pathway).



POLICY RECOMMENDATION 4

Workplace Safety Inductions

It is suggested that all CRICOS-certified education providers in Western Australia be required to provide basic induction / information on workplace safety to all international students in their college / school induction process.

Information on their work rights / limitations, together with Union contact information, should be provided to ensure students both comply with their conditions, and are not taken advantage of by unscrupulous employers.



POLICY RECOMMENDATION 5

Industry summit

It is recommended that a program for education and migration agents be undertaken, informing them of the details regarding the new state migration policy settings, and how to use this as a tool to promote Western Australian education products in China.

The Migration Institute of Australia, together with Study Perth would be in a position to assist in facilitating such an 'industry summit' and ongoing training.



POLICY RECOMMENDATION 6

Endorse further education initiatives focused on connecting WA business with international students

It is recommended that the State Government support and endorse education products focused on connecting our WA business community with opportunities associated with the international student community. The Australia China Business Council can facilitate such an initiative for the China market.

11 The purpose of the 'Regional Development' pathway as different from the 'Regional Experienced' pathway, is that the 489 visa requires the visa holder to live and work in a regional area after obtaining the visa in order to change to permanent residency (887 visa) after a period of time. The subclass 190 visa does not have any such requirement by the Department of Home Affairs, and there is no guarantee of a commitment to a regional area

12 For this pathway, the 'List B' can be shortened further by a note on occupations that the State believes are priority occupations for the State