

## Immigration Policy

Australia is a nation of immigrants. About a quarter of Australians were born overseas and over 40 per cent are first or second generation immigrants. This makes Australia one of the leading immigrant societies in the world. There has been however, since European settlement, a series of different selection processes designed to influence who should enter the country. Initially the British settlement was established for convicts but economic considerations soon came into play. As Jupp notes-

‘For 150 years Australian immigration policy has been dominated by economic considerations’ (2007:137).

The White Australia policy, established at Federation, was designed to reduce competition in the labour market from cheaper immigrant labour. After the Second World War there was a significant expansion of the immigrant program aimed to develop a strong economy that would be able to defend the country against the risk of invasion from more populous nations. The White Australia policy was retained during this period. Immigration policy was therefore designed to address the long term needs of the Australian economy and the Australian taxpayer subsidised immigrants to come to Australia. Immigrants had mainly come from the British Isles but after the Second World War, immigrants were encouraged from throughout Europe. There were 1,729,000 assisted migrants to Australia between 1951 and 1980 (Withers, 1989).

Immigrants were seen as a significant potential source of long term economic growth-

- Immigrant labour was important in major infrastructure projects such as the Snowy Mountain Scheme.
- Increased population added to aggregate demand in the economy (eg housing, consumer durables) and enabled Australian firms to reap the benefits of economies of scale in production.
- Immigrants added to the innovative capacities of the economy.
- Immigrants from the war-torn countries of Europe brought a significant pool of skilled workers into the country.

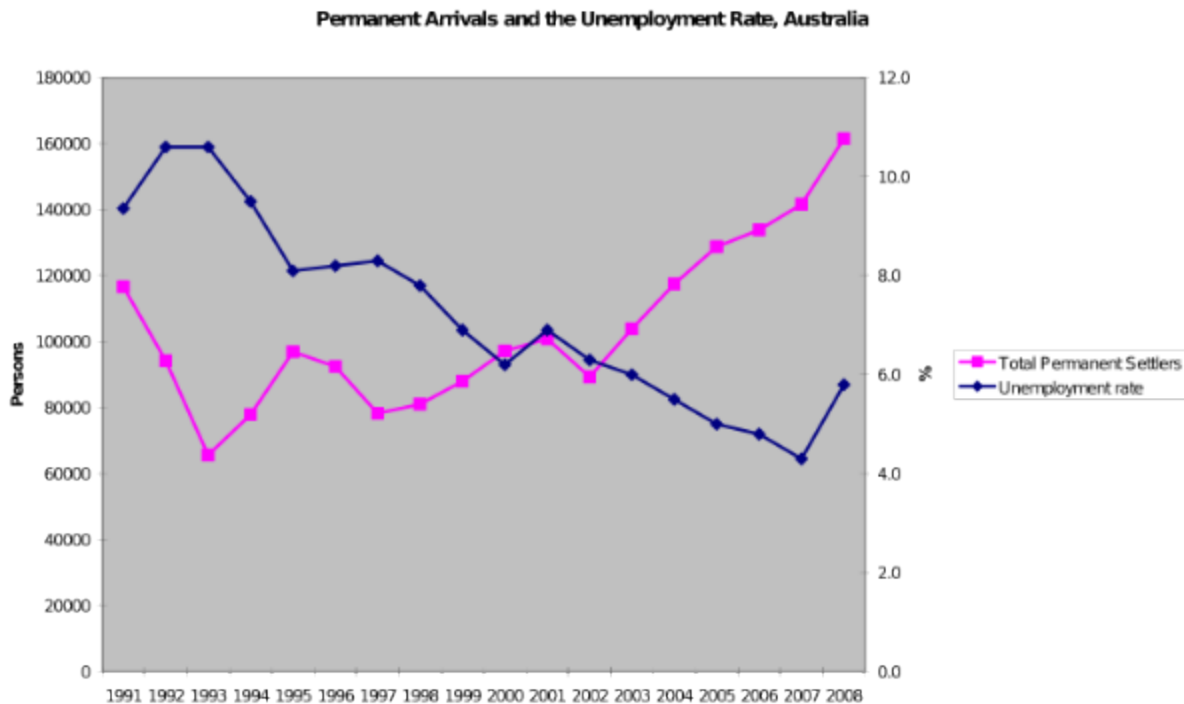
The source of immigrants started to change in the 1970s with the abolition of the White Australia policy but the United Kingdom (UK) and New Zealand (NZ) were still the major sources of immigrants. Criteria for selection of immigrants remained focused on family reunion and humanitarian criteria.

Beginning in the early 1970s there were two major changes to the initial Post World War Two migration program with potential implications for the labour market. The first was in the source countries of immigrants. While immigrants from the UK remained the largest group of new arrivals, there was a shift from other European sources to Asia. In 1981, 40 per cent of new permanent arrivals came from the UK, NZ, the United States (US) and South Africa (SA) but by 2004 the share arriving from these countries had almost halved to 21 percent. In 2004 the second largest country of origin for Australian immigrants was China, with India, Malaysia, Hong Kong, Indonesia, Japan and South Korea also in the top ten (Productivity Commission 2006).

The second major change followed the introduction of the points system in the 1970s and the marked shift, beginning in the 1980s, in favour of skilled immigrants who were expected to contribute to economic growth. In 1988-89 skilled visas were issued to about 38 percent of permanent migrants, the remaining were family reunion visas. By 2005 the position had been reversed with skilled visas accounting for about 70 percent of new entrants and family visas the remaining 30 percent (Productivity Commission 2006).

There was also an expansion of the temporary visa scheme (the “457 visas”) to enable employers to bring in skilled workers to meet the growing skill shortage beginning in the mid 1990s. Between 1996/97 and 2004/05, there was a 58 per cent increase in the number of temporary visas issued (temporary business entrants, overseas students and working holiday makers) to 670,000 visas, representing about 5.5 per cent of the workforce. Computer professionals, managers, registered nurses, business and information professionals and chefs were the main occupational groups entering under the Business Long Stay program (Productivity Commission 2006). The changing economic circumstances and increased uncertainty in 2008 has put pressure on the program and the government, against opposition from employer groups, announced a reduction in the number of temporary visas to be issued.

As the following graph shows, the number of permanent arrivals has varied inversely with the unemployment rate since the early 1990s. The Global Financial Crisis has prompted a further reduction in the number of permanent arrivals and the numbers entering on temporary visas. There has been a debate about whether it is appropriate to make these changes in response to short term changes in the state of the economy (see attached Canberra Times article).



## References

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Withers, Glenn. 1989. "The immigration contribution to human capital formation" In. David Pope and Lee Alston (eds) *Australia's Greatest Asset*. Annandale, NSW: The Federation Press.