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Assessing the effectiveness of skilled migrant programs for the Northern Territory

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1. BACKGROUND

Population growth is a political and economic imperative for the Northern Territory, not least because its fast growing economy and high-churn population has translated to a persistent shortage of skilled workers. Although leveraging skilled and temporary international migration inflows has become a mechanism for meeting labour demands in the national context, for remote areas like the NT there has been at best mixed evidence on the effectiveness of national policies for the settlement and retention of migrants. This brief reports on a study conducted in 2012 to assess the effectiveness of the Regional Skilled Migration Scheme and State and Territory Nominated programs for the NT. Surveys were conducted with around 400 recently arrived international skilled migrants to assess rates of retention in sponsored occupations, with sponsoring employers and within the NT. Respondents were also asked about why they left the NT, if they had done so, and what their long term settlement intentions regarding locations were.

2. INTRODUCTION

Population issues are at the forefront of policies for regional development in Australia (Golebiowska and Carson, 2009). In the Northern Territory (NT) growth is not merely seen as a catalyst for development. There are both economic and political imperatives for maintaining a critical mass and growing the population size. First is the need to maintain revenue shares from national transfers under the Horizontal Fiscal Equalisation Scheme. The Scheme distributes the proceeds of the Goods and Services Tax to States and Territories and population size is an important factor in the algorithms determining distributions (Taylor and Barnes, 2010). Similarly, NT representation in the lower house of Australia’s Parliament (the House of Representatives) is based on meeting a population threshold. In the early 2000s, the NT’s population declined to below the threshold required to sustain a second seat, effectively halving its political representation at the national level (Wilson, Beneforti and Barnes, 2005).

Like most ‘frontier’ regions, the NT has an atypical population structure and composition when compared to most of Australia (Carson et al, 2011). It has long faced skills shortages in critical industries like education, healthcare and mining. The sourcing and transfer of labour has been described as inefficient (much labour is sourced from outside) without evidence of a tangible or systematic system of internal labour distribution, such as core-periphery flows (Carson, 2011). Labour force turnover is a perennial, critical and costly issue for the NT (Hall et al, 2007; Garnett et al, 2008) and employment and participation rates remain very high compared to other jurisdictions. Even in the face of the Global Financial Crisis, the NT maintains a ‘tight’ labour market which may further compress from the advent of an emerging oil and gas sector with associated ‘mega projects’ under construction (Taylor and Winter, 2012).

In light of these trends, the NT is becoming increasingly dependent on international skilled migrants and other non-resident workers. While this is the case across the nation, in the NT, like other rural and remote jurisdictions, the shortage is acute. The NT Government has limited autonomy to determine the sources, size and composition of the intake because, since 1945, when the first federal immigration portfolio was created, Australia’s migration program has been tethered to its national political considerations and socioeconomic needs. And although economic imperatives prevailed during the 1990s to grow the skilled migrant stream to meet sustained economic ‘good times’ (Collins, 2002), there is little evidence to suggest that regional and remote areas have ye benefited substantively.

3. THE NATIONAL CONTEXT

Prior to the mid-1990s, skilled migration streams comprised just 20% of Australia’s migration intake (Khoo, 2002). But in the 1990s and 2000s the Howard government dramatically increased international migration intakes, primarily to alleviate building labour shortages from ongoing and relatively high national levels of economic growth. Subsequently the skilled migrant intake grew 360% from 25,000 in 1995-96 to 115,000 in 2010-11 (and from a 29% share of the national intake to 67%) (Productivity Commission, 2006) (DIAC, 2011). Despite this, regional economies continued to struggle to attract and retain sufficient skilled labour (Withers and Powell, 2003). In line with this the Australian and State and Territory governments enacted...
and progressively modified a suite of State Specific and Regional Migration (SSRM) schemes from 1996 forward. Designed specifically to encourage skilled migrants to locate to regional Australia, these offered sponsorships by family or employers and reductions in eligibility points required to enter Australia if the migrant was willing to initially reside in a rural or remote region.

Current policy settings mean the national intake heavily influences not only who can settle in Australia but also for many, the regions in which they initially settle in. The skilled migration program, for example, is ‘...focused on selecting highly skilled people to deliver a more responsive and targeted migration program, particularly in the areas of the Australian economy still experiencing skills shortages.’ (DIAC, 2011: p7). The program prioritises employer sponsored, State or Territory Government sponsored and independent skilled migration, in line with occupations on the Skilled Occupation List (SOL) (DIAC, 2011).

However, while governments might be able to influence initial settlement locations, rural-settled international migrants appear to be poorly retained (Hugo and Harris, 2011). Concerns about the leakage of skilled migrants (in particular) are longstanding yet, as Birrell (2003) notes, no government has yet been prepared to legislate to enforcing extended residential requirements. Key amongst the proposed causes include the relatively poor standard and availability of housing, education, health, cultural and social networks in regional and remote Australia (See O’Neil et al, 2009 and Griffiths et al, 2010). In addition, geographically specific studies point to high rates of leakage once residential obligations associated with individual visa types expire (DIAC, 2007; Hugo, 2008a). Other studies have suggested there are low rates of actualisation of the settlement intentions of migrants (DIMIA, 2005; Griffiths et al., 2010). These factors mean there is a general flow of settlers out of remote and regional areas towards urban hinterlands and metropolitan centres (Hugo, 2004a; Hugo and Harris, 2011).

4. THE NT CONTEXT

Nearly all studies on international skilled migrants to the NT relate to specific occupations such as nurses (Garnett et al, 2008) and dentists (Hall et al, 2007). Despite this, the NT Government has over time paid explicit attention to the role of skilled migration in fulfilling its economic aspirations (NT DBIRD, 2004; NT DBIRD, 2005; NT Government, 2009). However, alongside the ACT and Tasmania, the NT has consistently received the lowest share of the national intake at less than 2% (Productivity Commission, 2006). There is also a long-standing perception of significant leakage of migrants from the Territory to other States as well as back overseas. Indeed, Golebiowska and Carson (2009) go so far as to suggest that, while overseas migrants have supported high levels of population growth in the past, in reality their role in the population system has simply been to augment high rates of out migration to other States.

Anwar and Prideaux (2005) suggest environmental factors may be at play ‘...because of the harsh climate and lack of opportunities most skilled migrants accepted by the Federal Government tend to stay away from the NT (preferring) to settle in metropolitan cities such as Sydney and Melbourne.’ (Anwar and Prideaux, 2005: p.203). The NT has other potential detractions for those considering longer-term settlement. Its small population is sparsely distributed into small and isolated settlements and the distance between Darwin and other capital cities exceeds for many the distance from Darwin to the source country. High costs of living, shortages of housing, and the transient nature of the population have also been identified as deterrents (DEEWR, 2011).

These conditions deliver an imperative to better understand the role which international migrants play in meeting the longer term demand for skilled labour in the NT and regional Australia more broadly. In particular there are questions about the effectiveness of national skilled migration schemes in the NT context. These include whether and why the turnover of international migrations for the NT may be greater or less than for the general workforce; whether skilled migrants stay in their nominated occupations; whether they stay in the NT after meeting their visa requirements or obtaining permanent residency; and what factors influence their intentions and decision to stay in or leave the NT.
5. METHODS

These research brief reports on surveys conducted in February 2012 with around 400 skilled migrants who had recently arrived in the NT and were sponsored to work under the:

1) State and Territory Nomination (STN) visas (subclass 176/886 and 475/487) or
2) Regional Sponsored Migration Scheme (RSMS) visas (subclass 119/857).

Two separate surveys were conducted on behalf of the Northern Territory Department of Business and Employment (DBE). DBE maintains a register of skilled migrants who have obtained sponsorship under the STN and those nominated by employers under the RSMS. Contact details were provided to the researchers for 1,279 migrants. Of these, 947 were deemed valid for the proposed methodology – an online survey electronically distributed via email. Recipients could also request participation by phone and a translator if required. The research was approved by the Human Research Ethics Committee at Charles Darwin University.

An initial email, explaining and providing the link to the relevant survey, was sent to 335 recipients for the STN and 612 for the RSMS. Of these, 21 bounced back, and 2 ‘opted’ out. Three follow up emails were sent after a period of 7, 14 and 19 days respectively. The surveys closed 21 days after the initial email was sent out. Over the course of data collection a further 28 recipients were deemed ineligible for the surveys and removed from the data. In total we received 166 completed responses for the STN (a 50% response rate) and 278 for the RSMS (47%). The two surveys canvassed recipients’ backgrounds and demographics, places of residence, employment and familial details. The RSMS survey had an additional section aimed at assessing various aspects of employee satisfaction.

The surveys were not without limitations or the potential for bias. As they were distributed in English this may, for example, have discouraged respondents with limited English skills or influenced their responses. Secondly, although recipients were repeatedly reassured of the confidentiality and anonymity in participating, those who had not fulfilled their obligations under the STN or RSMS, or felt vulnerable for other reasons, may have been uninclined to respond. Overall the risk of bias in the data resulting from the potential influence on the data from these issues was assessed to be minimal.

6. RESULTS

Results are presented separately for the STN and RSMS surveys due to their slightly different formats.

6.1. State or Territory Nominated Program Results

6.1.1. Source, demographics and place of settlement

The average age of STN migrants was 32 years. The most common countries of origin were India (19%), Nepal (13%), the Philippines (11%) and China (10%). Consequently, more than half of all GSM respondents were from South Asia or South-East Asia. Almost two thirds (59%) said they were in a serious partnered relationship (married, engaged or de-facto), and 79% of these said their partner also resided in the NT. Almost three quarters of respondents said they did not have children. Of those who did 82% had one or more children residing in the NT. Upon arrival 30% held a Family or STN sponsored visa, 29% a Student visa and 12% a Temporary Business (Long Stay) visa. Most (81%) have since obtained permanent residency. The majority (88%) stated they first settled in Darwin and its surrounds on arrival.

6.1.2. Employment experiences

A majority (60%) of STN respondents said they gained employment immediately or were already employed in their nominated occupation on arrival. Of those who took some time obtaining employment, most said they still did so within 3 months, with only 6% not working at all. Those unemployed had worked
on average for 15 months prior to ceasing work. Main reasons for unemployment varied and 42% said they are continuing to look for work.

Over 50 different types of occupations were nominated by migrants under the STN. When grouped by industry, white collar professionals (i.e. accountants, business managers etc) accounted for 26%, the accommodation and food services industry (hotel managers, chefs/cooks etc) 21% and the trades (mechanics, technicians, electricians, hair-dressers etc) 13%. Of those still working, 74% stated they were still employed in their nominated occupations, while 20% stated they had changed occupations.

The STN is also making an impact on labour shortages through spousal employment. Of the skilled migrants whose partners reside in the NT, 83% stated their partners were working 20 hours or more per week in the NT. Most employed partners worked in either the healthcare and social assistance industries (26%), the administrative and support services (15%), education and training or retail trade (both 10%).

6.1.3. Settlement intentions

The overwhelming majority of respondents (90%) stated they still lived in the NT, of which 83% had no intentions to leave. Perceived employment opportunities (33%), followed social considerations of lifestyle (21%) and to be with family and friends (15%) were the primary reasons, along with climate (14%). Within the NT, Darwin was the dominant place of residence with 93% stating they reside there.

Nevertheless, 10% of respondents stated that they had already left the NT at the time of the survey, and 17% of those still resident had plans to settle elsewhere in future. For both groups, capital cities in other States were the most attractive destinations. Melbourne and Sydney were the most popular destinations for those who had already left (31% each) while those considering leaving listed Perth (29%), Brisbane (22%) and Sydney (21%) as preferred destinations.

For respondents who had already departed the NT, there was a two year gap between the modal year of arrival (2009) and departure (2011). In terms of exact months the recorded range was between 1 to 43 months, with a median of 22 months; slightly less than the two year obligatory visa period. Respondents who had already left the NT cited being with family and friends (23%) and employment opportunities elsewhere (19%) as key pull factors, while a perceived lack of suitable employment (16%) and further study options (15%) in the NT, as well as prohibitive cost of living/housing (15%) were the main push factors (Figure 1). For those considering leaving the NT, costs of living, housing costs and remoteness were prominent (15% each). Other reasons included better job opportunities elsewhere (12%), the chance to be with family and friends (11%) and better climate and lifestyle options elsewhere (11% each).

Costs of living and housing costs were an issue for most respondents and were repeatedly mentioned as a significant concern in the free text question at the end of the survey:

‘I expect that if housing is affordable many people will settle here. But housing is very expensive and personally I cannot afford.’ and

‘Living and working in the NT is lovely and close to what I expected (but) accommodation is expensive and having your own home remains a big challenge.’
6.2. Regional Skilled Migration Scheme Results

6.2.1.1. Sources, demographics and place of settlement

RSMS respondents had an average age of 36 years. Main countries of origin were the Philippines (31%), India (19%), South Africa (8%) and the UK (6%). More than 80% said they were in a partnered relationship (married, engaged, or defacto), with 62% having a partner also residing in the NT. Over two-thirds had children and 80% of these had one or more child residing in the NT. Most respondents (69%) stated they held a Temporary Business (Long Stay) visa prior to applying for the RSMS. The majority of RSMS migrants (69%) recorded that they settled in Darwin on arrival, followed by Alice Springs (20%).

6.2.1.2. Employment experiences

Only 2% of RSMS respondents said they were unemployed at the time of the survey. Those employed listed over 70 different occupations with nursing the most frequently reported (25%). The health and social assistance industry (25%), the mining industry (15%) and the accommodation and food industry (14%) were the most reported industries. The majority (94%) stated they are still employed in the same occupation they were nominated for.

Employer sponsored migrants appear to be satisfied with their sponsoring employers with 84% still working for their original sponsoring employers. On average, they scored their employers as ‘Good’ (on a scale of Very Good, Good, Average, Bad, Very Bad) regarding ‘Pay and Conditions’, ‘Future Opportunities’, ‘Training/Skills Development’, and ‘Interactions with Staff’. On average respondents had been with their initial employer for 3 years and 3 months (15 months beyond the two year minimum stipulated by their visa). The majority (52%) intended to remain with their initial employer for between one year and ‘Indefinitely’, 44% were unsure, and only 4% planned to stay for 6 months or less with their (initial) employer.
RSMS respondents who stated they were currently working for a different employer (16%) and those who were unemployed (2%) had worked for an average of 1 year and 7 months with their initial sponsoring employers. Better conditions, pay and careers prospects elsewhere (58%) as well as migration away (11%) and employer-caused reasons (9%) featured as reasons for leaving their initial sponsor. Levels of dissatisfaction with their initial employers were not high. On average, respondents scored them as Good in terms of ‘Pay and Conditions’ and ‘Interactions with Staff’, and Average in terms of ‘Future Opportunities’ and ‘Training/Skilled Development’. Since leaving, 73% stated they had only held one other job and were satisfied with their current employers, scoring them as ‘Good’ in the categories outlined above.

Of those who stated their partners reside in the NT, 74% had partners who were working 20 hours or more per week in the NT. The majority of these worked in the Healthcare and Social Assistance industry (22%) the Accommodation and Food Services (15%), Education and Training, and Retail Trade (9% each).

### 6.2.2. Settlement plans

Like those in the STN stream, RSMS migrants also reported a very high propensity to settle in the NT in the long-term. The majority (93%) were still resident in the NT and more than three quarters of these (78%) had no intention to leave. Employment opportunities (32%), the lifestyle (18%) and climate (14%) were the main reasons for wanting to stay in the NT. Within the NT, Darwin was the dominant place of settlement with 69% of RSMS respondents living there, followed by Alice Springs with 20%.

As with the STN scheme, there was a moderate level of leakage from the NT by RSMS migrants. At the time of the survey 7% recorded they had already left, and 22% of those still resident indicated plans to leave in future. In both cases capital cities of other States were the most attractive as destinations with Perth (40%) and Brisbane (25%) the most common places of residence for those already departed. Those considering leaving listed Perth (29%) and Melbourne (17%) as preferred destinations. Migrants who had already departed recorded a mean of 30 months residence in the NT and a median of 38 months. They cited employment elsewhere (17%) the chance to be with friends and family (15%) as significant pull factors. The cost of living in the NT was a significant push factor for 17% (Figure 2). Those considering leaving cited the cost of housing (22%), cost of living (17%) and remoteness (11%) as reasons for along with job opportunities (10%), climate (10%).

The cost of living and housing costs were also issues for RSMS respondents:

'It's a great place to live and work…The opportunities here for work are great. The downside is we would like to get a mortgage but are fearful of the huge costing, that is the only thing that might determine our future here in the NT.'
7. DISCUSSION AND CONCLUSION

The results indicate the STN and RSMS are delivering positive labour market outcomes and relatively high residential retention rates amongst the migrant cohort to the Northern Territory. Moreover, skills and labour shortages are being addressed by the primary applicants and also by their (employed) partners. The industries which appear to be most benefiting are healthcare and social services, and accommodation and food services. The results are encouraging in terms of migrant’s intentions to permanently settle in the NT, with 89% of respondents still resident after settling here initially, and 80% of all remaining respondents stating an intention to remain. For these migrants job opportunities were the prime motivator.

Overall the results provide some indication that the general pessimism and frustration in relation to retaining skilled workers as residents of regional areas may need reviewing. A number of factors may be at play such as the NT’s strong economy, high wages and location in relation to both South East and Sub-Continental Asia. Yet the moderate level of leakage out of the NT, coupled with cautions from existing studies on long term retention warn about over-reliance on the NT’s strong employment opportunities to induce long-term settlement. This study has not, for example, assessed the suitability of the match between employment and migrant’s previous experience and qualifications.

This study has also identified the cost of living and housing costs as crucial barriers to settlement in the NT, especially around decisions and intentions to move away. Housing shortages, the lack of suitable accommodation and uncertainty relating to the housing market, or an inability to enter it, can be a disincentive to settling long term in regional areas, especially in places like Darwin where these issues are well documented and where rents and purchase prices are high in the national context (Demographia, 2010; Taylor, 2010). Relatively lower costs in other States may continue to pull both internationally and domestically sourced NT residents and ongoing research on the impacts of these factors would be very desirable.

It is less easy to identify and propose solutions to some of the other barriers to settlement, such as remoteness, the climate and existence of social ties elsewhere, which cannot be mitigated by settlement programs or policies. It is also possible that some of the leakage may have always been intended with the
visas used as a pathway to achieving permanent residency and other residential aspirations, rather than due to settlement difficulties. The study also raises the question of whether the STN and RSMS schemes are achieving a real regional distribution (Wulff and Dharmalingam, 2008). Darwin, and its surrounds, dominated as place of residence. The ethnicity of migrants may also influence longer term settlement in regional areas, for both economic and social reasons. Migrants from Non English Speaking (NES) backgrounds, who, as this study shows, form the majority of the skilled cohort, have a higher tendency to settle in major metropolitans areas (Hugo, 2008b) where there are concentrations of NES communities. More peripheral and remote parts are seen as having potentially more barriers to NES integration and longer-term settlement (Khakbaz et al, 2004).

Despite the positive results in terms of retention, it would be difficult to argue that positive outcomes from are being distributed evenly across the NT and across all industries. Darwin dominates as the primary place of residence for migrants, although the RSMS program disperses more migrants away from Darwin and Alice Springs. The inclusion of major urban areas, like Darwin, within the regional skilled migration programs requires the development of appropriate policies to help encourage a more even distribution of migrants to circumvent competition for skilled labour between Darwin and elsewhere. Certain industries have also proved to be the primary beneficiaries, particularly the healthcare and social services industry and the accommodation and food services industry.

Ultimately the influence of immigration programs and policies in encouraging regional and remote settlement will always be constrained through remoteness. Without the introduction of stringent, coercive and long-term conditions upon visas, settlement decisions ultimately rest with migrants themselves. For the NT it’s worth questioning whether skilled migrants are likely to behave any differently from the general population in delivering net outflows from the NT in the long term. Further understanding about the success of skilled migration programs in remote areas requires longitudinal research which tracks the internal migratory flows, career pathways and residential aspirations for individual migrants.

References


