PEOPLE AND PLACE

THE 1998-99 IMMIGRATION PROGRAM

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The Australian Government has maintained its commitment to reform the Australian immigration program in the program year 1998-99. This article assesses the implications of the proposals for the parent category, explores the extent to which the removal of fraudulent applications explains the striking downturn in spouse/fiancé(e) visas, and examines the impact of applying a two-year waiting period to labour-market payments made to New Zealand citizens settling in Australia.

The Australian government announced its 1998-99 immigration program targets on 8 April 1998. This was the third occasion on which the Coalition government has been able to put its stamp on Australia's migration planning. It has sought to 'rebalance' the migration intake by reducing the family reunion component and increasing the numbers selected under the skilled categories. The Department of Immigration and Multicultural Affairs (DIMA) has also been required to scale back the overall size of the program. This has been achieved. The settler program has been reduced from 97,610 in 1995-96 (the last year of the Labor Government's direction) to a projected outcome of 80,000 in 1997-98.

This simultaneous 'rebalancing' in a context of reduced program size has required a series of radical reforms to the family reunion component involving restrictions on eligibility, tougher administrative procedures on applicants' bona fides and limits on access to welfare benefits on the part of recently arrived family members.[1] Australia's policies on family reunion are now more in accord with the restrictive patterns evident in Western European nations than with those of Canada and the USA, the 'settler' societies which Australia's migration program used to parallel. The statistics tell the story. The number of visas issued under the Preferential Family program (mainly spouses, fiancé(e)s, parents and dependent children) stood at 48,720 in 1995-96. They have since fallen to a projected 32,000 in 1997-98 (see Table 1).

However, the immigration planning statement for 1998-99 occurred in a context of renewed debate within Australia about the merits of restoring a vigorous 'nation-building' immigration program, which one might think would arrest the reform process. The debate has been led by corporate interests, initially funded and promoted by the Housing Industry Association, a building-industry lobby group with a long history of pushing high migration. In recent months the cause has been taken up by peak business groups, including the Business Council of Australia, and propagated by some major national newspapers, including *The Australian* and *The Age*.[2]

Table 1: Australia's migration program, planning levels and outcomes 1995-96 to 1998-99

Category	1995-96	1996-97		1997-98		1998-99
	Outcome	Planning level	Outcome	Planning level	Projected outcome	Planning level
Family stream						
Spouse	27,790	21,000	22,130	25,600	23,200	21,000
Fiancé(e)	5,760	3,000	3,000	1,800	3,320	3,000
Child [a]	2,830	2,500	2,200	2,400	2,400	2,000
Parent	8,890	7,800	7,580	1,000	1,000	2,500

Preferential – other [b]	2,800	2,000	1,930	1,000	1,700	1,700
Interdependency	650	400	400	200	380	300
Total Preferential Family	48,720	36,700	37,240	32,000	32,000	30,500
Concessional Family [c]	8,000	8,000[d]	7,340	n.a.	n.a.	n.a.
Sub-total family	*56,720*	*44,700*	*44,580*	*32,000*	*32,000*	*30,500*
Skill stream						
Independents	10,600	15,000	15,000	14,700	14,000	14,700
Skilled Australian-Linked	n.a.	n.a.	n.a.	8,000	8,600	8,200
Other	13,540	13,000	12,550	12,560	12,400	12,100
Sub-total skill	*24,140*	*28,000*	*27,550*	*35,260*	*35,000*	*35,000*
Special eligibility	*1,700*	*1,300*	*1,730*	*740*	*1,000*	*2,500*
Total non-humanitarian	82,560	74,000	73,900	68,000	68,000	68,000
Humanitarian	15,050	12,000	11,910	12,000	12,000	12,000
TOTAL	97,610	86,000	85,810	80,000	80,000	80,000

a Includes child adoption

b Includes aged dependent, special need, orphan unmarried and last remaining relatives.

c Includes brothers, sisters, nieces, nephews, non-dependent children, working-age parents. From 1997-98 Concessional Family has been transformed to the Skilled Australian-Linked reflecting the category's objectives.

d Includes 700 in Regional Family category.

But, far from being distracted from its reform course, the Government has asserted that further reform is to come. On 18 March 1998 Ruddock addressed the National Press Club. In a speech entitled 'Immigration Reform: the Unfinished Agenda' the Minister implicitly rejected calls to revive high level immigration. Instead, he emphasised the Government's intention to press on with its reform agenda — the main objective of which is to restore the 'loss of confidence on the part of the wider community in migration' which he claimed was a product of the previous government's policies and programs.[3]

In this paper we explore the impact of the continuing reform agenda on the family reunion categories. In its April 1998 immigration planning statement for the program year 1998-99 the Government announced that the program would be maintained at 80,000 and that the Preferential Family component would be reduced slightly to 30,000 (see Table 1). We also analyse the implications of a proposal to apply a two-year waiting period for labour market payments to New Zealanders. (This waiting period was introduced for other migrants in 1997.) The Coalition also intends to 'fine tune' its selection polices for skilled migrants, but details of this tuning were not available at the time of writing and will be examined later.

In the case of the spouse/fiancé(e) category no new reforms are proposed. Our interest here is in analysing which aspects of the Government's changes have been responsible for the striking downturn in visa numbers. The DIMA Minister, Mr Philip Ruddock has consistently claimed that the spouse/fiancé(e) category was subject to serious fraud under Labor. Sufficient time has now elapsed to explore whether the outcomes resulting from the reforms which the Coalition Government has introduced are consistent with this assumption. In the case of the parent category, new reform measures were proposed as part of the planning statement. We begin with a discussion of these reforms.

THE REFORM AGENDA AND THE FAMILY REUNION CATEGORIES

Parents

The parent program has been subject to the toughest reform measures since the Coalition came to office. The turning point was the Labor Party's agreement, early in 1997, to give the Government the power to cap the numbers of aged parents (it already held authority to cap working-aged parents). To the surprise of many, the Government immediately used this power to cap the total parent component for the 1997-98 program year at 1,000 visas. This was just a fraction of the numbers visaed in 1996-97 (7,580) and, to judge from the 10,384 applications for parent visas in 1996-97, was even further below the underlying demand for this category.

Not surprisingly, the sharp drop in parent numbers has generated criticism within the ethnic communities. The political problem for the Coalition Government focussed around the dilemma that, despite the 1,000 quota, the Government did not have the legislative authority to stop people applying under the parent category if sponsored by their children. This they continued to do throughout 1997-98 at the rate of almost 500 per month. Applications flowed in despite the $1,055 per person application fee, the accompanying $940 per person Medical fee and despite the growing backlog of applicants, which by April 1998 had reached 15,000. Clearly, those encouraging their parents to apply were hoping for a policy retreat on the issue. For the program year 1997-98, only applicants who met the Government's top processing priority had any chance of selection within the 1,000 quota. (To qualify for top-processing priority, applicants had to be sponsored by Australian citizens and had to have the majority of their children resident in Australia.)

The Government sought a long-term solution to this unstable situation via an internal inquiry into the parent category, which began with the distribution of an 'information paper' in February 1998 entitled 'Entry of parents and other aged relatives'. The paper stressed the high costs to Australian taxpayers resulting from parent migration, particularly the welfare and health care costs, though no estimates of these costs were provided. It also canvassed some broad options for dealing with the problem. The principle behind most of these options was that, should parent settlement be permitted in the future, the immigrants' Australian sponsors would carry more of the financial burden.

On 8 April 1998 the Government announced its proposals for the parent category in the course of its immigration planning announcement. Australians who sponsor their overseas parents as immigrants already had to pay a bond to underwrite their Assurance of Support (AOS). This bond was increased from $3,500 to $4,000 for the principal applicant and from $1,500 to $2,000 for each accompanying applicant. (This is refunded after two years if the parent has not required welfare support.) A second policy change was to increase the health charge from $940 per person to $5,000. This charge is a non-refundable amount which must be paid before the parent can enter Australia. The person putting up the Assurance of Support (who need not be one of the children sponsoring the parent) also now has to meet an income test. This is to be pitched at the same relatively low level at which income testing cuts in for recipients of above minimum Family Payments.[4] The threshold for these above minimum Family Payments is a taxable income of $23,400 per annum for families with one child.

Eligibility for parent migration is also to be restricted to aged parents who must apply off-shore. The elimination of working-aged parents will, on past patterns, reduce the numbers of applications by half. On the other hand, the quota for parents, at least for the 1998-99 program year, was raised to 2,500. Processing priority is to be given to those who have paid the new, higher health charge.

These proposals require new regulations which must be placed before the Parliament. They can therefore be disallowed if any Party or individual Senator can rally a majority vote to oppose them. The outcome will probably depend on the stance of the Labor Party, since it has proved to be more sensitive to arguments about the budget costs of the parent intake than the other opposition parties or the independent Senators, Harradine and Colston. The following information on the extent of the welfare cost component may have a bearing on the debate.

Social security take-up rates amongst recently arrived older migrants

The rules on the access of recently arrived migrants to the full range Australian welfare benefits remain very generous despite the two-year waiting period. In the case of parents, after the two-year bond period elapses, as long as the parents possess limited income or assets, they can access almost all the benefits available to Australian citizens. This is without any contribution by way of an insurance or tax payment on the part of the recently-arrived parent or the sponsoring child. There is undoubtedly personal satisfaction in family reunion. But, for parents coming from poor societies with limited welfare systems and no portable pensions, a move to Australia also offers a far more benevolent and secure environment than the homeland.

In Table 2 we indicate the proportion of older migrants who arrived in Australia over the three years 1991-92 to 1993-94, who those were in receipt of a pension or benefit as of December 1996. Of these migrants, all who had entered in the parent category would have passed through the two-year waiting period. (This was introduced in 1992 for those visaed under the parent and preferential family categories.) Any receipt of a benefit from the Department of Social Security (DSS) during the waiting period would be deducted from the bond money placed by the person providing the original Assurance of Support. Older migrants are defined as those who were in the pre-pension ages (identified as those aged 45-59 for women and 45-64 for men) or post-pension ages (60 plus for women and 65 plus for men) as of December 1996. The numerator for these calculations is DSS pension and benefit data held by the Centre for Population and Urban Research (CPUR). This information indicates the date of first permanent legal residence in Australia for all overseas-born recipients of benefits or pensions. Information for the denominator is taken from settler arrival and on-shore change-of-status data collected by DIMA.

Table 2: People granted permanent residency between 1 July 1991 and 30 June 1994, numbers and percentage

receiving DSS support by selected countries of birth and totals for agreement and non-agreement

countries of birth, 1996

	Country of birth										
	Agreement			Non agreement							
	NZ	UK & Ireland	Total[a]	Fiji	Philip-pines	Viet-nam	China	Hong Kong	India	Sri Lanka	Total[b]
Female pre-pension age (45-59 yrs)											
Number granted permanent residency	1,023	1,626	2,928	343	706	1,208	1,152	790	363	276	10,897
% receiving DSS support	45%	40%	46%	35%	35%	45%	23%	3%	21%	29%	32%
Female pension age (60+ yrs)											
Number granted permanent residency	876	2,040	3,268	147	389	1,121	1,102	200	435	298	7,557

% receiving DSS support	73%	50%	55%	59%	69%	69%	37%	13%	51%	66%	57%
Male pre-pension age (45-64 yrs)											
Number granted permanent residency	1,175	2,417	4,016	353	374	1,035	1,512	1,062	576	403	12,504
% receiving DSS support	45%	33%	42%	23%	15%	65%	15%	2%	13%	16%	30%
Male pension age (65+ yrs)											
Number granted permanent residency	511	1,247	1,930	54	116	615	626	96	257	139	3,656
% receiving DSS support	72%	44%	51%	70%	94%	79%	40%	21%	54%	60%	58%

a Includes those born in all other agreement countries.

b Includes those born in all other non-agreement countries.

Source: Department of Immigration and Multicultural Affairs, unpublished; Department of Social Security, unpublished

Because the DSS data do not indicate the visa category of the recipient we cannot calculate the proportion of the welfare recipients who were sponsored for permanent residence as parents or preferential family. Therefore the calculations refer to all migrants in the two age groups identified. However, we know from DIMA arrival data that about 67 per cent of those in the post-pension age group entered Australia under these two family categories, though only about 17 per cent of those in the pre-pension age-group entered under these visa classes.

The recipients, shown in Table 2, are divided into two categories. The first consists of those who were born in a country with which Australia has a social security agreement. In this case pension payments are usually immediately available on arrival and are mostly paid for by the country of origin. The largest groups of migrants in this first category are those covered by agreements with the New Zealand and British Governments. These agreements generally cover most pensions other than Sole Parent pensions. However, the Australian Government pays the bill for other allowances, including unemployment benefits (Newstart), which are not covered by the agreements but are paid to pre-pension aged recipients from New Zealand and Britain who have completed the relevant waiting periods. The second, and much larger, category is those recipients who were born in non-agreement countries. All of the pensions or benefits paid to people who are not covered by social security agreements are funded by the Australian government. This second category also includes a minority of older persons entering under the humanitarian part of the immigration program. They can apply for the full range of benefits and pensions in Australia immediately on arrival, on the same terms as Australian citizens.

Table 2 indicates that, after two years residence in Australia, 57 to 58 per cent of the males and females in the pension age group who had been born in non-agreement countries were, as of December 1996, DSS recipients. Apart from humanitarian immigrants and a few other minor exemptions, none of these recipients is eligible for the age pension, which requires ten years residence in Australia. Despite this, most successfully applied for the Special Benefit which is available for permanent residents not residentially

qualified for the Age pension or any other pension. To qualify for this benefit the applicant must meet a 'long term available funds test', which for persons resident in Australia more than two years is set at less than $5,000. The very high rates of dependence on the DSS for pension-age persons from Vietnam and the Philippines simply confirm what is well known; few migrants from these countries bring significant financial assets with them. Special Benefit is paid at the same rate as the age pension. Once in receipt of this Benefit most remain on it until after ten years residence. At this point they then convert to the age pension.

Table 2 also indicates high recipient rates for agreement-country migrants in the pension age group as well. This is a consequence of their rights to receive a pension funded by their country of origin immediately on arrival here if they are eligible.

The situation of migrants of pre-pension age from non-agreement countries is different. Australia is responsible for their support, not their country of origin, and about 30 per cent are receiving a benefit after two years residence. The most common payment is unemployment benefits. Surprisingly, the rates for New Zealand and British migrants in the pre-pension ages exceed those for their counterparts coming from the major non-English speaking origin countries shown in the table, apart from Vietnam.

As noted, these data cover all those in the older age groups identified, many of whom did not enter in the parent category. The high benefit rates identified are thus a problem related to older persons — not just a product of the parent category. However, it is likely that if we had been able to isolate parents, their recipient rates would have been even higher than the levels cited in Table 2, since many of the migrants in the pre-pension ages, as of December 1996, included business migrants and employment-sponsored migrants, few of whom would be welfare recipients.

Policy implications

There is no doubt that the high intakes of parents over the decade to 1996-97 have created a major financial burden for the Australian taxpayer. Unlike younger migrants, who may need initial assistance but then find employment, older migrants tend to be lifelong beneficiaries, as well as heavy users of the public health system (like other older Australians). The Government's proposals get to the heart of the problem in that, if implemented, they would cut out more than half the potential parent applications (simply because of the prohibition on working-aged parents). Given present application rates, there still could be some 5,000 applicants for aged-parent visas per annum. However, DIMA officials believe that the accumulated costs of the health, application and other fees may deter a significant proportion of potential applicants. We are sceptical, given that for an initial outlay of around $10,000 in fees and travel expenses, a parent who settles in Australia and becomes eligible for the Special Benefit could, after two years, receive the equivalent of full pension benefits ($9,200 p. a. in 1998), plus Medicare from time of arrival.

In these circumstances, if the present or future Governments were to remove the quota on parents, the potential is for the number of aged parents migrating to increase substantially. This would have serious financial ramifications for the Australian taxpayer because the problem still remains that the Government's proposals do not address the long-term financial costs of providing for the numbers likely to come. As of August 1997 there were 8,850 (mostly elderly) migrants who were receiving Special Benefits on account of having resided in Australia for less than ten years. The two biggest birthplace countries were Vietnam (1,692) and China (1,343). Most received this benefit because they were not eligible for the Age pension.

As the rules stand at present (and no changes are proposed), after the initial two years residence, there is no obligation on the part of the sponsor (whatever his or her resources) to provide for the parent. The parent can apply for the Special Benefit payable to those not residentially eligible for the age pension on the conditions described above. There is no means test applied to the income of the sponsor. It does not matter even if the parent lives in a mansion owned by the sponsor. The only account the Australian Government pays to these circumstances of the sponsor is this: if the applicant receives free board and lodging the amount of the Special Benefit is reduced.

Table 2 shows that most parents do successfully apply for the Special Benefit, thus indicating that their children in Australia are either unwilling or unable to provide financially for their parents. Unlike long-term Australian residents whose taxes contributed in the past to pay for the Age pension and the public hospital system, recently arrived parents have contributed nothing. Nor have most of their sponsors, since the most rapidly growing sponsor groups are those who have recently arrived from Asian nations. By 1995-96 by far the largest single group of sponsors were China-born Australians. The implication is that, if the proposed legislation is passed, it should be accompanied by measures requiring sponsors with means to contribute to the costs of providing for their parents after they settle in Australia.

Spouses and fiancé(e)s

The 1998-99 program announcement did not include any legislative initiatives concerning the spouse/fiancé(e) category. Nevertheless, DIMA projects a further fall in the number of spouse and fiancé(e) visas from 26,520 in 1997-98 to 24,000 in 1998-99 (see Table 1). In stark contrast, the number of visas issued to spouses and fiancé(e)s sponsored by Australians reached 33,550 in 1995-96, by which time they made up 41 per cent of the non-humanitarian program. One can begin to appreciate the scale of this earlier figure by comparing it with the total number of marriages contracted in Australia in 1996, which was just 106,103.

Given the Coalition Government's anxiety to 'rebalance' the program, it had to look at ways of limiting further growth in this component. But how could reductions be achieved in a context where the notion of abridging Australians' rights to bring their spouse or fiancé(e)s here would be abhorrent to most voters? In a previous discussion of this issue we have argued that pressure for entry under the spouse/fiancé(e) program was likely to increase.[5] For one thing there is a high level of marital endogamy amongst many of the recently arrived migrant groups such as the Vietnamese and Chinese. This is accompanied by a propensity to choose a partner from the same ethnic community living in the homeland because so many wish to migrate (given the poor state of the Vietnamese, Chinese and other important source-country economies). Australian residents from these countries who are looking for a spouse can take the 'pick of the crop'.

Until 1996 a person entering as a spouse or fiancé(e) could immediately access almost all the welfare, educational and other benefits of Australian residence without any contribution from the Australian sponsor. This added to the attraction of the spouse/fiancé(e) entry point. Also, with the recent upsurge in the numbers of overseas students, working holiday makers and other temporary entrants visiting Australia, the possibilities for developing relationships which might lead to marriage (and incidentally to a secure pathway to permanent residence) have increased.

Marriage to an Australian resident can offer money as well as love. This possibility, as well as some anecdotal evidence of fraud on the part of persons anxious to find an Australian partner willing to sponsor them, has prompted concern that the category was being seriously abused. As noted, this has been a consistent theme of the current Minister, Philip Ruddock. It is difficult for outside observers to assess the matter. But the high crude rate of divorce amongst China-born residents (three to four times the rate of Australia-born persons in 1996[6]) suggests that some marriages in this group may have been contrived for immigration purposes. When DIMA has been challenged to document the Minister's concerns, as in recent hearings on legislation affecting spouses, it has responded by citing fraud prosecution data. There were some 200 prosecutions over 'contrived marriages' between 1993-94 and 1995-96, most of which resulted in convictions.[7] Was this the tip of the iceberg? Events that unfolded during 1997-98 suggest that it may have been.

Measures taken to control spouse/fiancé(e) visa numbers

The Coalition Government sought to tackle the problem of growing numbers in the spouse/fiancé(e) category and the potential for marriage fraud by initiating legislation which:

a. limited spouse/fiancé(e) sponsorship to Australian citizens;

b. required an Assurance of Support and accompanying bond for each spouse/fiancé(e) application; and, most radical of all,
c. sought the power to place a quota on spouses (it already possessed this power for fiancé(e)s).

All of these initiatives failed in the Senate. However, the following measures relevant to spouses and fiancé(e)s did pass into law (mostly in early 1997). They were:

i. the inclusion of spouses and fiancé(e)s in the two-year social security and Austudy waiting period;
ii. limiting spouse visas issued off-shore to two-year temporary entry visas pending the parties establishing after the two years that the relationship was 'genuine and continuing' (this requirement was already in place for on-shore applicants);
iii. prohibiting Australian residents from sponsoring more than two spouses or fiancé(e)s, with a minimum of five years between the first and the second;
iv. preventing persons who were themselves sponsored as a spouse or fiancé(e) from subsequently sponsoring a partner until at least five years after the original sponsorships;
v. requiring de facto spouse applicants to prove a pre-existing cohabitation relationship of at least one year.

Though a significant reform achievement, there was still room to doubt whether the changes would reduce spouse applications. It seemed at the time (mid-1997) that the attractions of permanent residence in Australia together with the (presumed) attractions of the intending Australian spouse would still persuade potential spouses to apply for permanent residence in Australia. Certainly it seemed that few would be put off by the temporary inconvenience of no access to welfare benefits for two years. However, there was potential for the two-year temporary entry provision to impact on those intent on using the spouse entry category fraudulently. The new rule required that the parties be able to prove to DIMA officials in Australia that their formal or de facto marriage was genuine after two years residence here before a permanent residence visa was granted. If fraud were prevalent this might prove to be a major deterrent.

Trends in spouse/fiancé(e) visa numbers since 1996

After the original temporary entry provision was introduced for on-shore spouse applicants in April 1991, the number of such spouse applications dropped sharply from 9,500 in 1990-91 to 4,500 in 1994-95. At the same time there was a parallel increase in off-shore applications. The DIMA officers whom we interviewed believed the two trends were related in that many applicants applied off-shore to avoid the rigorous screening for on-shore applicants after two years residence. On-shore applicants at that time had to provide substantial documentary proof that they were living as a couple after two-years temporary residence before gaining permanent residence. In these circumstances, to maintain a fraudulent relationship would have been onerous and costly. It appears from statistics on approval rates of the on-shore marriages after April 1991 that almost all of those who pursued their application in Australia met these conditions. In 1995-96, out of 5,117 such on-shore reviews, just 20 were rejected and 18 were withdrawn. In other words, those with fraudulent intent must have applied off-shore where, until recently, assessment was limited and permanent residence granted immediately. The best opportunity to test this hypothesis came in 1997 when off-shore spouse applicants, too, were initially limited to a temporary entry visa. This point is explored below.

The Coalition dealt with the problem of growing numbers entering as fiancé(e)s by setting a quota of 3,000 for the 1996-97 program year. Since some of those who missed out could be expected to get married and apply as spouses, this change could be expected to add to the spouse application pressures.

As it turned out, the number of spouse applications unexpectedly fell from 31,707 in 1995-96 to 25,837 in 1996-97. There was a roughly parallel fall in the number of spouse visas issued from 27,790 to 22,130. However, much of this downturn in applications and visas issued occurred in the two Chinese posts of Beijing and Shanghai. The first round of spouse reunion resulting from the granting of permanent residence in 1994 and 1995 to most of the some 20,000 Chinese students who arrived in Australia after Tien an men (mid-1988) would have been completed by June 1996. The 1996-97 fall could be attributable

to this. But the downturn in spouse applications has continued into 1997-98 and has spread across a diverse range of overseas posts including Hanoi which, until recently, was one of the major growth points. For the period July 1997 to December 1997 the number of spouse applications at off-shore posts fell by 27 per cent relative to the July to December period in 1996. This fall was only slightly offset by a small increase in on-shore spouse applications over the same period.

The continued downturn in spouse applications surprised DIMA officers, too. When the 1997-98 planning level for spouses was first announced in May 1997 it was set at 25,600 (see Table 1), well above the actual number of visas issued for 1996-97 of 22,130 cited above. This short-fall was a direct result of fewer applications, As a consequence, the Government is projecting the spouse visa outcome for 1997-98 to be 23,200, some 2,000 below the original planning figure. An unexpected consequence for fiancé(e) applicants waiting in the backlog (because of the previous cap on this category) is that the Government did not have to place a cap on fiancé(e)s during 1997-98. Further to the point, DIMA officers obviously do not anticipate an upsurge in demand for spouse entry because the Government has put its planning level for spouse visas in 1998-99 at 21,000, well below the 23,000 anticipated for 1997-98.

Is reduced fraud the explanation for the downturn in spouse/fiancé(e) numbers?

As indicated, the downturn appears to extend across a range of posts and thus is not simply a consequence of the reduced movement from mainland China. Clearly, the various measures introduced by the Coalition which affect the spouse/fiancé(e) category have had an impact. But which measures? The limitations on serial sponsorship and tighter de facto rules appear to have had an impact on some posts, but seem unlikely to explain the scale of the recent drop in applications. Given our doubt that many intending spouses would be put off by the two-year welfare waiting period this prompts further consideration of the fraud hypothesis outlined above.

There appear to be two main possible linkages between Coalition action and reduced opportunities for fraudulent abuse of the spouse/fiancé(e) category. The first concerns the requirement that all spouses and fiancé(e)s (not just those applying on-shore), since early 1997, have been subject to the temporary entry provision which entails a serious bona fides check on the 'genuine and continuing' nature of the marriage after two years residence in Australia. It seems likely that one of the motives of the thousands of persons who moved off-shore to apply as spouses was to avoid the rigours of this check. Such persons, as well as prospective applicants already resident off-shore, can no longer avoid these rigours. Unless they are highly committed and well-funded, there would be no point in any of these persons now applying as spouses. This situation is consistent with the recent substantial decline in spouse/fiancé(e) applications.

The second, and probably equally important, element is the Government's implementation of a set of 'enhanced bona fide tests' for off-shore spouse, fiancé(e) and interdependent (same sex) applicants. These measures were announced in mid-1996 but only implemented fully by 1997, following the training of existing and new staff in the second half of 1996. An additional $6.6 million per annum was allocated on a continuing basis to finance the measures.[8]

The impact of the bona fides tests can only be understood in the context of the previous arrangements for the assessment of spouse and fiancé(e) applications off-shore. Essentially, prior to 1997, all that spouse applicants needed to do to obtain a permanent residence visa after they had been sponsored by an Australian resident was to produce a marriage licence. Though officers could ask for further documentary proof that they were living together as a couple if they were suspicious about a marriage application, in practice the limited investigative resources available at overseas posts, and the generally 'facilitative' attitude prevailing in DIMA under Labor while Senator Bolkus was the Minister for Immigration, meant that few officers were prepared to challenge applicants with marriage licences. As result, even at high risk posts like Ho Chi Min city and Manilla where document fraud was rife, only a tiny percentage of applications were rejected.

Things are different now, particularly at the 'high risk' posts. These are currently defined by DIMA as posts where there is evidence of significant levels of fraudulent documentation and deception in

statements about marital status. They include most of the major Asian posts, plus Athens, Beirut and Cairo in the Middle East, Belgrade, Moscow and Warsaw in Eastern Europe, plus Auckland; in other words the posts where the bulk of spouse applications now originate. At these posts the interview rate for applicants has increased from about 25 per cent in 1995-96 to 96 per cent in 1997. In addition all de facto spouse applicants are now interviewed. More emphasis is also being placed on the checking of the applicant's documentation.[9] As noted, the Government has allocated additional human resources to ensure the job can be done.

As a direct result of these enhanced bona-fide tests there has been a slow down in the processing of applications and a striking increase in the percentage of rejections especially at 'high risk' posts. According to DIMA estimates, the overall rejection rate for all off-shore spouse, fiancé(e) and interdependent applicants in 1995 was around seven per cent. It increased to about 21 per cent in the third quarter of 1997. The rejection rate for on-shore applicants has increased from three per cent in 1995 to around nine per cent in the third quarter of 1997.[10]

It is hard to separate the impact of the two measures under discussion, though both point to the discouragement of fraud as an important factor in the continued decline in spouse visa numbers in 1997-98. While the loss of the off-shore option to gain immediate permanent residence very likely contributed to the decline in spouse applications, it is probable that the enhanced measures for checking bona fides did so too. The fee for lodging an application is now A$1,055. This, combined with the welfare restrictions and the new bona-fides testing, may have meant that, since early 1997, potential off-shore applicants whose 'marriages' were not bona-fide have abandoned their applications. This possibility is consistent with the widespread presence of 'immigration' brokers or advisers in most high risk posts and the likely rapid transfer of intelligence about the sudden toughness of the Australian processing system.

WELFARE ELIGIBILITY AND THE MOVEMENT OF NEW ZEALANDERS TO AUSTRALIA

The movement of people from New Zealand to Australia is not part of the migration program. But, especially during periods when the Australia's economy is waxing and the New Zealand economy waning, the population flow of New Zealanders into Australia can be substantial. This has been the case since the early 1990s as Australia recovered from the 1990 to 1992 recession. Birthplace statistics, published by the Australian Bureau of Statistics (ABS), show that, by 1996-97, New Zealand had become the largest single birthplace source for settlers (13,070 persons) and the second largest source (following Great Britain) of net permanent and long term movers to Australia.[11]

A better guide to the New Zealand demographic impact is the movement of New Zealand citizens, for which the Australian Bureau of Statistics not does publish any statistics. In an earlier study we showed that the proportion of persons moving to Australia as settlers who were born in third countries but who had New Zealand (NZ) citizenship and thus were eligible to move freely to Australia, increased significantly from 17 per cent of NZ settler arrivals in the 1980s to 23 per cent by 1994-95.[12] As a result, the NZ citizen settler movement to Australia is considerably higher than that of the NZ-born. Table 3 shows that 17,508 NZ citizens came to Australia in 1996-97 as settlers, well above the NZ-born number of 13,070. There are substantial numbers of long-term arrivals as well, indicating that the flow of NZ citizens has reached major proportions. Awkward questions about whether NZ is exporting its labour market casualties need to be asked, especially given the increasing number of Pacific Islanders amongst the third-country group, some of whom have found difficulty in finding work in Australia.

The Australian Government's 1998-99 Budget did contain one measure which may influence future movement; henceforth, NZ citizens, like all other migrants with permanent residence status, will be subject to the two-year waiting period for labour market allowances. This mainly involves Newstart, but also includes Sickness and Partner allowances. (Currently, NZ citizens are subject to a six-month waiting period.) The NZ Government has agreed in principle to the measure, and there is no doubt that the Australian Senate will pass it. The Budget Papers project that in two years time (by 2000-01) the measure will, in that year, save $16.1 million in DSS payments.

Will the measure have any impact on movement to Australia? In order to assess this we tallied the number of NZ citizens as of August 1997 who were in receipt of labour market allowances and who had arrived in Australia over the period since 1 July 1995. Because the DSS file held by the Centre for Population and Urban Research is for beneficiaries as at 29 August 1997, we have analysed information on persons who arrived over a 26 rather than 24 months period. We identified 3,583 such persons. Given the existing waiting period, these recipients would have resided in Australia for at least six months. We have calculated the budget saving based on the benefit level which these New Zealanders would have received — given the income levels they reported to DSS — at $26.8 million. This is well above the Budget estimate. Perhaps the Department of Finance only counted the NZ-born in its calculations.

Whatever the financial saving, the measure could also have a significant demographic impact. We cannot identify how many of the NZ arrivals shown in Table 3 as having come here since mid-1995 were in the Australian labour market by August 1997. But to judge from ABS labour force estimates for the recently arrived NZ-born, their labour market dependency rate (that is the share of those in the labour market who are receiving unemployment or related benefits) would be around 20 per cent. Our DSS data simply provide a snapshot as at August 1997. Many more of the NZ group would have experienced bouts of unemployment after arrival here. If in future they cannot access labour market benefits they may well decide not to come or, alternatively, stay here for much shorter periods if finding work proves difficult. From the point of view of a young New Zealander, if no job can be arranged in advance or gained shortly after arrival in Australia, they might consider themselves to be better off financially if they stayed in, or returned to, New Zealand where they would be eligible for the NZ unemployment benefit.

Table 3: New Zealand citizen permanent and long-term arrivals and departures, 1990-91 to 1996-97

	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
Settlers	8,340	8,206	8,356	9,620	13,620	16,238	17,508
Residents returning after long term overseas	1,444	1,498	1,528	1,450	1,538	1,511	1,514
Visitors arriving for long-term stay	6,499	4,996	4,503	5,110	5,207	5,590	5,917
Total permanent and long-term arrivals	16,283	14,700	14,387	16,180	20,365	23,339	24,939
Permanent departures [a]	9,867	7,059	6,770	7,220	7,057	7,083	6,668
Residents departing for long term overseas	2,072	1,554	1,407	1,499	1,530	1,483	1,417
Visitors departing after long-term stay in Australia	5,312	3,751	2,768	2,850	2,644	2,897	2,962
Total permanent and long-term departures	17,251	12,364	10,945	11,569	11,249	11,463	11,047
Net permanent and long-term migration	-968	2,336	3,442	4,611	9,116	11,876	13,892

[a] Includes former settlers and other residents who did not arrive in the settler category (such as those who could not recall

their original category of arrival, or those who had settled permanently after arriving as short-term or long-term visitors,

or those who were children born in Australia to NZ citizens) departing permanently.

Source: DIMA, unpublished

The scale of the NZ movement is large. The budget measure under discussion may turn out to be one of many designed to come to grips with the continuing practice of making NZ citizens an exception to our immigration rules. The New Zealanders have struggled to come to grips with their decision to allow Pacific Islanders entry to NZ. We may follow a similar course — especially if the outcome of NZ immigration

decisions affecting third-country nationals increasingly turn up in Australia.

References

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2 N. Rothwell, 'Populate or Perish', *Weekend Australian*, May 23-24, 1998, p. 30

3 Hon. P. Ruddock, Minister for Immigration and Multicultural Affairs, 'Immigration Reform: The unfinished Agenda', Speech to the National Press Club, Canberra 18 March, 1998

4 Above minimum Family Payments are made to families who are either dependent on social security payments or have low earned income. The $23,400 threshold for one dependent child increases by $624 for each additional child.

5 B. Birrell, 'Spouse migration to Australia', *People and Place*, vol 3, no. 1, 1995, pp. 14-15

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9 Ibid.

10 Ibid.