
A2 Skilled Migration in and out of New Zealand: Immigrants, Workers, Students and Emigrants

*Richard Bedford
University of Waikato*

A2.1 The brief for this paper

At the outset, it is useful to recall the terms of reference for this briefing paper for the Symposium on the Evaluation of General Skilled Migration. Contributors have been asked to provide:

- Discussion of the policies in their own countries regarding skilled migration. This would include analysis of the role that skilled migration is seen to play in the economic, social and demographic context of their home country.
- Description of the way in which skilled migrants are chosen in their countries. This would include:
 - types of skilled visas and selection criteria
 - terms and conditions of skilled visas
 - how the selection process is managed by the appropriate agency/s (e.g. how applications are received and processed)
 - any available analysis of the economic social and demographic benefits of skilled migration.
- Short description of the way in which skilled migrants are chosen in Australia.
- Comparison of the strengths and weaknesses of the skilled migration selection processes of the home country and Australia.
- Analysis and conclusions regarding the strengths and weaknesses of the Australian approach to selecting skilled migrants.

A2.2 A point of departure

This paper accepts, as its initial premise, Graeme Hugo's (1999) argument that a new paradigm of international migration is needed if we wish to address effectively the patterns and processes of cross-border population movement in the late 20th and early 21st centuries. In a detailed examination of population flows into and out of Australia,

Hugo suggested that there are qualitative as well as quantitative differences in recent international migration flows, as well as in the academic and policy discourses about these flows, from the patterns of movement and the debates that prevailed through much of the 20th century. Until recently there has been a tendency to differentiate quite sharply between “permanent” or “settlement” migration (usually termed “emigration” in source countries and “immigration” in destination countries) on the one hand, and “temporary” migration of workers (“labour migration” or, sometimes, “labour circulation”) on the other. In the contemporary setting, the conceptual boundaries between “permanent” and “temporary” migration have become very blurred, both as a result of the behaviour of movers, as well as through the actions of policy makers.

From the late 1990s in Australia, Canada, New Zealand, the United Kingdom and the United States, there has been an important shift in emphasis in immigration policy to allow people at their destinations to seek approval for a different type of visa/permit status while onshore, rather than requiring them to return to their countries of origin before making application. New Zealand has allowed people here temporarily and lawfully to change to permanent status from the mid-1960s, but there was little encouragement through explicit policy settings for such changes in residence status. Recently, opening up opportunities to negotiate such changes as part of the regular process of holidaying, studying, or working in a country has resulted in new approaches to seeking skilled people who can be encouraged to take up residence and become on-going members of the labour force in the host country.

A prevailing stereotype of “immigrants” in the five countries mentioned above is people who have been granted approval for residence. Yet the numbers approved for residence tend to be matched if not greatly exceeded (at least in New Zealand’s case) by people entering the country for 12 months or more for work or for study (or for both). The latter are usually not treated as “immigrants” by policy makers; they are “temporary” residents. To a member of the public walking through down town Sydney, Melbourne, Toronto, Vancouver, Auckland, London, Los Angeles or New York, it is impossible to tell precisely who is an immigrant and who is a temporary resident; if the people they observe are from different cultural or ethnic backgrounds to the majority populations, there is often a tendency to assume they are immigrants. The rapid growth in numbers of people who “look different” in recent years contributes to a public perception of extensive “immigration” and, at times, some strong criticism of the magnitude of the official migration programme that is linked to residence approvals. It makes much more sense, therefore, on the street as well as in the context of the changing policy settings referred to earlier, to acknowledge that “immigration” includes the temporary workers and the students who are studying for several years in their host countries. The latter “sojourners” are often indistinguishable from immigrants in terms of their impacts on demand for retail and professional services, as well as access to public utilities (including transport) and accommodation requirements.

New Zealand’s current skilled migration policy extends across residence approvals, temporary work visas/permits, and student visas/permits. There is a skilled migrant category in residence policy; one that was reviewed extensively in 2003 and a

substantially revised policy came into operation from January 2004. There are several specific work-to-residence visas: the talent visa, the long-term skills shortage list, the long-term business visa, as well as a skilled migrant component to the temporary work visas/permits – the labour market tested work permits. A recent change to the open work permit for recent graduates migration policy allows partners of students in areas of absolute skill shortage to apply for a work permit. These are the “direct” components of contemporary skilled migration policy in New Zealand.

Perhaps more important than the specific temporary visa categories that prioritise labour market skills in demand, are the provisions for accumulating points required to qualify for residence under the skilled migrant category through temporary work in New Zealand. Employment experience in the host country makes a very positive contribution to the transition to residence. Indeed, as will be shown below, a two year open work permit is an integral part of one of the pathways to residence approval in New Zealand – a pathway for applicants who do not have a firm job offer on application and whose scores on some of the other settlement criteria are not as strong as they might become after some time working in the country.

Temporary visas/permits cannot be separated from the residence approval process; they are now an integral part of the transition to residence. An holistic approach, that incorporates the flows for residence, temporary work and study, must be adopted in New Zealand at least, if one wishes to capture both the policies regarding skilled migration, as well as the types of visas and permits for people with skills that are having an impact on the economy, society, demography and environments of the host countries.

A2.3 The approach

There are three parts to the substantive content of this paper. The first contains an overview review of four contextual factors that are relevant for understanding the current immigration policy settings. These are:

- the nature of the contemporary nation state with its unitary political structure, its bi-cultural heritage and its multicultural population;
- the reality of a country of emigration as well as one of the “traditional countries of immigration”, and the role of immigrants in replacing New Zealanders who move overseas, especially across the Tasman to Australia;
- the “browning” of New Zealand’s labour force as the population ages, and the role of a short-lived “baby blip” in the structural transformation of this labour force over the next two decades;
- the revolution in immigration policy since the 1986 review that provided the framework for a new Immigration Act (1987), the introduction of a points-based migrant selection system (1991), and a very belated and slowly evolving

emphasis on settlement and labour market outcomes for both the migrants and the host society from the mid-1990s.

The discussion of these factors will be brief; they have all been examined in the recent literature on international migration in New Zealand that is comprehensively documented in Trlin, Spoonley and Watts (2005).

In the second section attention is focused on the current skilled migration programme, with particular reference to developments and approvals for residence, work and study between June 2004 and July 2005. Reference is made here to some recent trends in particular categories of skilled migrants, drawing on Immigration New Zealand's Management Information System (MIS)⁵⁰. I gratefully acknowledge here the access provided to unpublished information for the purposes of preparing this report. There is a brief discussion of the labour market and settlement outcomes that can be associated with skilled migration. However, the primary data base for evaluating outcomes - the Longitudinal Immigration Survey: New Zealand (LisNZ) will not be available for another 5 or 6 years - the first wave of interviews of migrants who have been in the country for around 6 months is currently in progress.

The third section addresses the extent to which New Zealand's skilled migration programme is similar to and different from the Australian one as described in the literature provided by DIMA. There are many similarities and this is not surprising; New Zealand's immigration policy makers monitor closely policy developments in Australia and Canada especially. Australia's immigration policy analysts also keep a close eye on how New Zealand's policy settings are evolving, especially given a concern in Australia that New Zealand can be used as a "back door" for entry of people who do not meet Australia's immigration selection criteria. There are also some important differences as well, especially with regard to the extent to which labour market demand is used regularly to fine-tune all aspects of skilled migration into New Zealand. To someone working on immigration in New Zealand, skilled migration to Australia appears to be more regulated and micro-managed in the interests of clear economic outcomes that have some immediate benefit for the host society. New Zealand retains some labour market-related categories of temporary migration that are not within the current Australian stable of categories, such as the Pacific Access Category, as much for socio-political as for economic reasons.

⁵⁰ There have been some changes in the way the immigration function is referred to in New Zealand. Until July 2004 this function was undertaken within the Department of Labour (DoL) by its New Zealand Immigration Service (NZIS) business unit. Since then immigration has been part of the responsibilities of the Workforce Group within the Department of Labour. Within New Zealand a single "Department of Labour" brand is used, while offshore the "Immigration New Zealand" (INZ) brand is used. In this paper the INZ label is the most appropriate one to use, given its overseas focus.

A2.4 The national context

Unlike Australia, Canada and the USA, and with some important differences from the UK, New Zealand has a single level of government. There are no State/Provincial governments in New Zealand that have the authority to make policy in areas such as immigration. New Zealand's local authorities (Regional and District Councils) are charged with a range of responsibilities relating to the well-being of their communities, but they are all subject to the same sets of national policies and laws. There is only one "immigration policy" in New Zealand, and the debates about policy tend to be conducted at a national, rather than a sub-national level. This does not mean that there are not local/regional concerns about immigration and its role in development, but the policy debate remains very much a national one. There is limited consultation with local authorities and special interest groups when policy is being reviewed. The determination of immigration policy remains the responsibility of the Minister of Immigration and the Executive under an Immigration Act that provides a legal and administrative framework without specifying admission policies.

While there is no requirement under law for there to be consultation over immigration policy with Maori, the indigenous people of New Zealand, the major policy documents and the information provided to prospective new settlers, all make reference to the Treaty of Waitangi (1840) that established the relationship between the tangata whenua (people of the land) and the new settlers. The preamble to the Treaty is sometimes referred to as New Zealand's first immigration policy (Walker, 1995). There is much more explicit acknowledgement of a foundational "bi-cultural" heritage in New Zealand (indigenous people/others) than there is in Australia, Canada and the United States, and this does impact on the discourses about immigration. However, despite attempts at times to issue separate official documents (passports, driving licences, for example) in the name of the Maori partner to the Treaty, there is one law and one immigration policy that applies to all groups in New Zealand.

New Zealand does not have an official policy of multiculturalism, such as those in Australia and Canada. Multiculturalism, in the form of diverse cultural groups retaining their distinctive cultural heritages but accepting that others have different heritages that must be tolerated and respected, is recognized as a reality in contemporary New Zealand society, but the official discourse is couched in terms of a bicultural heritage, not a multicultural one. It is useful to keep this in mind when comparing the immigration policy contexts for countries like Australia, Canada and New Zealand; it perhaps helps explain why New Zealand has been so slow to adopt a specific policy for dealing with settlement of migrants in the host country. The tendency until quite recently has been to assume that all immigrants, no matter where they are from, will be able to adjust to their new homeland without specific support from the state. The bicultural focus of much of the policy debate over the past 30 years in particular has diverted attention from the emerging multicultural reality, especially since the major review of immigration policy in 1986 when the traditional source country preference for immigrants was abandoned.

Another important contextual difference between Australia, Canada, the UK and the USA is that immigration policy, especially since the 1990s, has been developed in the knowledge that immigrants from overseas are essentially replacing New Zealanders who are leaving to live and work offshore (Bedford and Ho, 2005). The extent to which immigration has been essentially a process of “replacement migration” is summed up very simply in the table below where the people entering and leaving New Zealand for 12 months or more (“permanent and long-term” (PLT) migrants) are aggregated for a 50 year period (Table A2.1).

Table A2.1: PLT migration: a 50 year summary (1955-2004)			
	PLT arrivals	PLT departures	Net migration
New Zealand citizens	839,700	1,538,300	-698,600
Citizens other countries	1,485,000	578,400	906,600
Total	2,324,700	2,116,700	208,000

The net loss of almost 700,000 New Zealand citizens over the 50 years is more than matched by the 906,600 citizens of other countries who stayed in New Zealand. The overall net gain of 208,000 from more than 2.3 million PLT arrivals is a very small direct contribution to population growth over a period when New Zealand’s population increased by more than 1.4 million.

This is not the place for an extended discussion of international migration in the context of population growth (see Pool and Bedford, 1997); it is sufficient to note here that New Zealand is clearly both a country of emigration as well as a country of immigration. The emigration of New Zealand citizens, as well as the re-migration of a significant number of citizens of other countries, is a critical dimension of the country’s international migration system that has been given much greater recognition by government in recent years. Tapping the skills of New Zealand’s “diaspora” became an explicit focus of policy of the Minister of Immigration in 2004 as part of the Labour Government’s drive to increase the human capital required to further its Growth and Innovation Framework.

A sizeable part of this overseas “talent pool” is in Australia where over 400,000 New Zealand citizens now reside. New Zealand and Australian citizens have retained reciprocal rights to live and work in the other country, and this has resulted in a very significant flow of New Zealanders into the larger economy and labour market on the other side of the Tasman. There is considerable circulation of New Zealanders from bases in New Zealand and Australia across the Tasman and, in general, this is viewed positively in both countries. The free movement to Australia is restricted to New Zealand citizens. Australian policy gives no preference to New Zealand permanent residents as far as temporary or permanent entry is concerned; they are subject to Australia’s immigration requirements for people traveling on the passports of the

respective countries. In the case of flows from Australia to New Zealand, however, New Zealand admits, as permanent residents, both Australian citizens and the holders of Australian Resident Return Visas. Notwithstanding the restrictions governing entry of permanent residents who do not hold New Zealand passports, Australian officials became increasingly concerned during the 1990s about the numbers of immigrants who were moving across the Tasman to Australia soon after gaining New Zealand citizenship (Birrell and Rapson, 2001; Bedford et al. 2003a). Until June April 2005 migrants could qualify for a New Zealand passport after 3 years of residence, as in Australia. This changed in 2005 following amendments to the Citizenship Act and a minimum of 5 years of residence in New Zealand is now required before a passport can be issued.

In common with Australia, Canada, the UK and the USA, the labour force age groups are undergoing significant structural change as the population ages. There are also some major changes in ethnic composition as a result of both differential fertility as well as international migration. In New Zealand there are two dimensions to the demographic changes in the labour force that have relevance for skilled migration policy. The first is that labour force entrants from the Maori and Pacific Island populations in New Zealand will become more important as a proportion of the total labour force entrant population over the next two decades. This is because of the different fertility schedules that have prevailed in the Maori, Pacific and pakeha (white, or European) populations over the past three decades. Maori and Pacific peoples have lower tertiary education participation rates than are found in the pakeha population, although these differentials have been narrowing in recent years.

The net effect of these progressive changes in the ethnic composition of New Zealand's younger labour force will be to exacerbate the falling numbers of "complex problem solvers" that McDonald and Temple (2005) stress are so important for retaining a competitive edge in the economy in the context of an ageing population. Maori and Pacific students at tertiary institutions have not been gravitating to those programmes that produce graduates for the jobs requiring the skills McDonald and Temple associate with complex problem solving in a knowledge economy. Filling the skills gaps in these areas will therefore rely more heavily on immigration, and possibly the international student market, at least in the short to medium term.

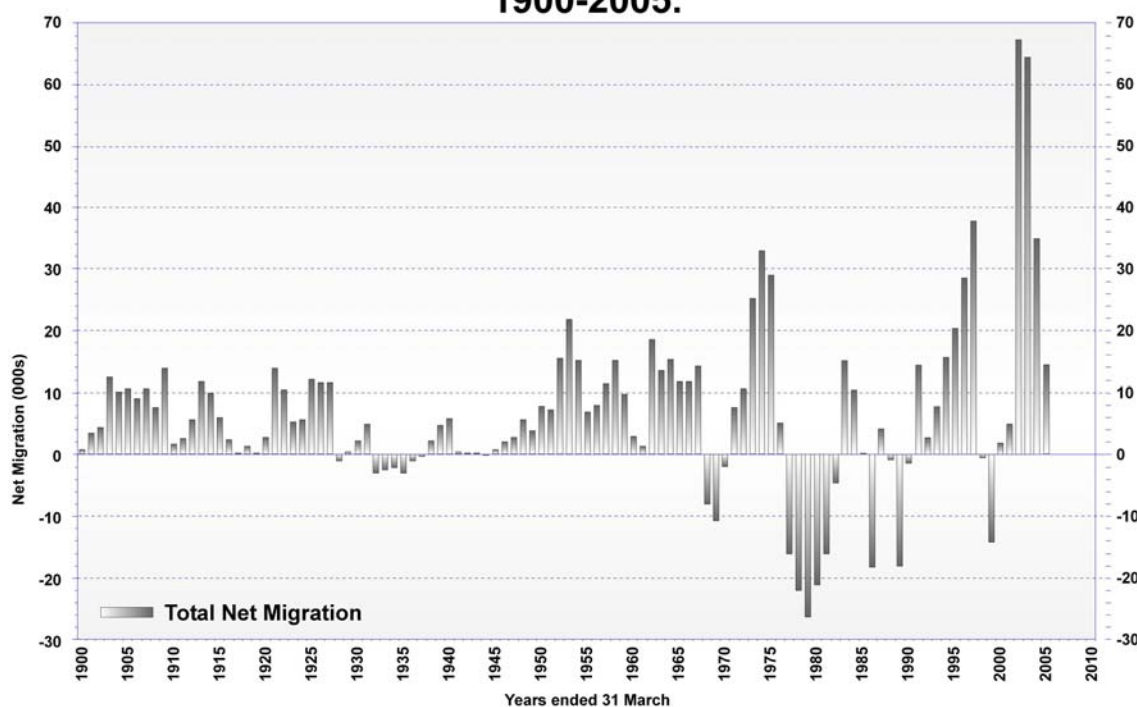
The other demographic development that has relevance for New Zealand's skilled migration in the near future, is the progress through the age structure of a short-lived, but distinctive "baby blip" - a cohort of births between 1989 and 2004 that is significantly larger than the cohort that preceded it, and larger than the ones that follow. This particular "wave" in New Zealand's highly irregular age-sex transformation will reach the labour force entrant age groups around 2010 (Pool, 1999, 2005). Assuming it is a cohort that has had a high level of tertiary participation, it will be a well-skilled young population that has opportunities for employment locally as well as overseas. Given the well-established history of young New Zealanders seeking some "overseas experience" (OE) of work, it is likely many of them will move offshore. A challenge for New Zealand's employers will be to make work conditions at home attractive enough to encourage them to stay, thus retaining skills in the country, rather than "donating" them mainly to the Australian and the UK workforces. Emigration of

New Zealand's skilled labour is a critical component of the setting for policy relating to skilled migration into the country, and will become even more important as the younger domestic labour force shrinks absolutely with on-going structural transformation in the population.

Notwithstanding the much better appreciation that the New Zealand public and policy community have of the country's quite complex demographic development over recent decades, and the projected changes for the next 30-50 years, there is not the drive to "grow the population" through immigration that is found in contemporary political discourse in Canada especially, and to a lesser extent in Australia. There are groups, especially with business interests, who view New Zealand's current population of 4.2 million as being far too low, but the more general consensus is that New Zealand does not need a much larger population if lifestyle is to be one of its most attractive features as a migrant destination. There is no official New Zealand population policy, although the Labour Government has placed considerable emphasis on sustainable development within a defined demographic context (Ministry of Economic Development et al., 2004). The expectation is that New Zealand's population will grow to a maximum of around 5 million people during the 21st century; indeed it will begin to decline absolutely from around 2040-2050 depending on the scenario for net migration gains.

Immigration policy in recent years has been framed, therefore, in a context of endeavouring to achieve an average medium term net gain of around 10,000 people per annum to the population. An annual net migration target of 10,000 was only an explicit policy setting between 1998 and 2001, but it remains frequently mentioned favoured outcome from international migration in the public and political discourses. This is quite an ambitious target when one considers that the average net gain to the population over 50 years from the PLT migration shown in Table A2.1 was only 4,160 per annum. However, during the 1990s, a decade when there were much more significant net migration gains to New Zealand's population than in earlier decades (Figure A2.1), the average annual net gain did reach 10,000 over the decade. High net gains prevailed through the first few years of the new century, and the latest Statistics New Zealand national population projections use an annual net gain of 10,000 as the basis for their "medium" variant projections through to 2050. This is the first time such a high net gain has been used in the "medium variant"; between 1971 and 2004 an annual net gain of 5,000 was associated with the SNZ's "medium variant".

Figure A2.1: Net migration gains and losses, 1900-2005.



Migration Research Group, Department of Geography, Tourism & Environmental Planning
University of Waikato, Hamilton, New Zealand
Te Whare Wānanga o Waikato

The last 30 years of the 20th century were very dynamic ones in terms of net migration gains and losses (Figure A2.1). Some of this volatility can be explained by changes in immigration policy, but the most significant underlying drivers of the alternating peaks and troughs in net gains are linked to globalization and the nature of business cycles in New Zealand and Australia (Bedford et al., 2002; Bedford, 2005; Bedford and Poot, 2005).

A2.5 Developments in immigration policy, 1986-2004

The key developments that have particular relevance for contemporary immigration policy were initiated in 1986 when a major review international migration to and from New Zealand led to the abandonment of the traditional source country preference (20 years after Canada and almost 15 years after Australia) are:

- 1986: The Review of Immigration Policy, August 1986 that allowed for immigration from anywhere in the world, subject to applicants meeting certain language, employment and settlement criteria, as well as some more generous provisions for family reunification under a “centre of gravity” principle. There was also an extension of visa-waiver privileges to a number of Asian countries, as well as a very short-lived experiment with visa-waiver with some Pacific countries (see Burke (1986) and Bedford et al. (1987) for details of the policy review, Bedford (1994) and Bedford and Lidgard (1998) for reviews of Pacific migration and New Zealand’s visa-waiver system, and Trlin (1992) for an examination of the impact of the policy changes on migration between 1986 and 1990). In 1987 a new Immigration Act was passed to provide a more effective and relevant legal and operational framework for the policy introduced in 1986.
- 1991: The introduction of a points selection system, modeled on the Australian and Canadian ones, which prioritized qualifications and had a relatively low threshold for English language competency. New Zealand’s international migration system was transformed very quickly by massive increases in immigration from countries in northeast Asia, and in October 1995 the English language requirements were raised in order to improve settlement outcomes (see Trlin (1997) for an assessment of the early points system, and Bedford and Lidgard (1997) for a review of the changes in migration patterns in the late 1980 and early 1990s).
- 1997: The first Government-sponsored national population conference, with a focus on the role of immigration in the transformation of New Zealand’s society, where the dismal employment record for Asian migrants admitted under the points system, as revealed in the 1996 Census of Population and Dwellings, generated considerable discussion and concern (see Pool and Bedford (1997) for the substantive paper on population change and migration; Bedford and Ho (1998) on the significant outcomes of the population conference, and Ho et al. (1997, 1998 and 1999) for a review of the employment experiences of recent Chinese and Korean immigrants). One outcome of the Conference was the development of better information sources on services that could assist migrants to adjust to life and work in New Zealand.
- 1999: Election of the Labour Government and the beginnings of a quiet revolution in immigration policy associated with the introduction of the New Zealand Immigration Programme (NZIP) with its more obvious and deliberate focus on “economic” migrants (60 per cent of the target for residence approvals), rather than the “social” categories of family reunion (30%) and international assistance (10 per cent). Also the beginning of a much stronger

focus on skilled migration, partly as a result of the net losses of New Zealanders in the late 1990s (another cycle of “brain drain”), mainly to Australia, and partly to foster the Government’s Growth and Innovation Framework (see Bedford et al. 2003c for some comments on international migration at the time of the recent New Zealand elections). The Labour Party’s Minister of Immigration between 1999-2004 (Hon. Lianne Dalziel) took a close interest in the development of policy in this area and there were major changes in the mix of migrants in the residence, temporary work and student streams (see Bedford (2004) and Bedford et al. (2005a and b) for reviews of this very important transition period in the development of New Zealand’s contemporary immigration policy).

- 2003: A new skilled migrant category (SMC) was announced in July 2003 and introduced in December of that year along with a different process for making applications for residence under a substantially revised points system. This new approach also included further changes to policy to facilitate transition to residence via temporary work permits, including people on study visas/permits. An official, government-sponsored migrant resettlement strategy was also approved by Cabinet late in 2003 and launched in 2004 (DoL, 2004a). A major review of New Zealand’s citizenship law commenced in 2004, along with moves to regulate the activities of immigration consultants. In 2005 work began on a new Immigration Bill and a major review of the New Zealand Immigration Programme. These recent developments are examined in the next section of the paper.

A2.6 Contemporary skilled migration policy

Immigration New Zealand (INZ, the new overseas brand name for the former New Zealand Immigration Service which is located within the Workforce Division of the Department of Labour), introduces its latest annual report on trends in approvals for residence, temporary work and study in the following way:

New Zealand benefits from the temporary and permanent entry of citizens from other countries as visitors, skilled workers, international students and migrants. Over the past year there has been a strong focus on meeting New Zealand’s acute skills needs. Immigration has enabled skilled migrants, both temporary and permanent, to participate in New Zealand’s workforce, reducing skill shortages and benefiting New Zealand’s workplaces with their skills and knowledge (DoL, 2005a).

These opening sentences express clearly the view within the Labour Government that meeting demand for skills in a very tight labour market is the most urgent immigration policy priority, and that the most efficient and effective way of achieving this requires a mix of migration for residence as well as temporary entry for work and study. Since the Department of Labour began producing these reports in 2000, increasing attention has been directed at the different flows that contribute to skilled migration, and at the transition to residence from temporary work and study (see, for example, DoL, 2004b).

In this section, attention is focused on the three key elements of contemporary skilled migration policy. The first is the skilled/business stream within the New Zealand Immigration Programme (NZIP) for permanent residence. This is followed by a brief discussion of policy relating to labour market tested work permits – a particular group of temporary permits that have been specifically designed to meet skill shortages where no New Zealanders are available. The third element is the policy introduced in 2002 to facilitate the transition from work to residence, which is becoming an increasingly important avenue for employers as well as temporary residents to explore as a route to meeting labour market demand.

There are other components of both the NZIP (the family sponsorship stream, and the international/humanitarian stream) as well as provisions for temporary entry, but these do not address specifically the skilled migrant focus that is the brief for this report. A full assessment of New Zealand's immigration policy, and its outcomes in terms of approvals for residence, temporary work and study, can be found in The Department of Labour's Migration Trends Reports that are available at www.immigration.govt.nz. These are the key source of readily accessible and readable information on New Zealand's immigration policy and visa/permit/residence approvals.

Skilled/business migration

The current skilled/business migrant categories, that are contributing residence approvals to the Government's annual target of 27,000 (+3,000) for this stream, are defined briefly below, followed by a summary of the numbers of principal applicants (applications) and total number of people approved (people) for residence in this stream. This information is drawn from the Migration Trends Report, 2004/05 (DoL, 2005a).

Skilled Migrant (from 17 December 2003 until 31 December 2005): Applicants must meet a minimum threshold of 100 points to register an expression of interest into a pool. Expressions of interest are selected from the pool based on a selection point that can currently change fortnightly. After initial verification, selected applicants are invited to apply through the Skilled Migrant Category (SMC). Late in 2004 the Labour Government approved an increase in the minimum points required from 100 to 140. The new points threshold applies from 1 February 2006.

General Skills (closed 1 July 2003): Applicants were required to meet a minimum level of points earned through a combination of their qualifications, work experience, offer of skilled employment in New Zealand, age (no older than 55 years), and settlement factors.

Interim General Skills (closed 12 November 2003): Replaced the General Skills Category (GSC) from 2 July 2003 until its closure of 12 November 2003. Policy requirements were the same as they were under the GSC with the exception that applicants were required to have a skilled job offer in New Zealand.

Entrepreneur: Established for people who can demonstrate they have successfully set up and operated a business in New Zealand. This is a category that allows for a transition to residence from the Long Term Business Visa (LTBV) which is a three year permit for people aiming to set up a business in New Zealand. They qualify for residence under the Entrepreneur policy after three years of operation in New Zealand.

Investor (from 4 July 2005): Applicants must first submit an expression of interest, after which they may be invited to apply for residence. The minimum amount of investment is NZ\$2 million, and these funds are held by the New Zealand Government for 5 years. Applicants may withdraw up to \$1 million after two years to invest in a business that will benefit New Zealand. Applicants must be no older than 54 years and have at least 5 years' business experience. Conditions apply to the first 5 years post-residence.

Investor (closed 13 June): Based on the principal applicant meeting a minimum level of points, earned through a combination of money they have available for investment (minimum of NZ\$1 million), age and business experience.

Employer of relocating business: Established for key people in a business relocating to New Zealand who do not qualify for residence under any other residence category. There is a two year employment period before the residence permit is endorsed.

Work to residence: This category provides a pathway to residence for holders of permits granted under three specific work policies: Talent (Accredited Employers), Talent (Arts, Culture and Sport), Long Term Skill Shortage List occupations (LTSSL, formerly the Priority Occupation List). These are discussed later in the section on work to residence; they are mentioned here because reference to approvals for residence under these policies is contained in the statistics for the skilled/business stream.

During the year ended June 2005, the following applications and people were approved for residence through the skilled/business stream:

Table A2.2 Skilled Visa Applications 2004-05		
Category	Applications	People
Skilled migrant	10,054	23,854
General Skills/Interim GSC	878	2,089
Talent (Accredited Employer)	129	336
Long Term Skill Shortage List	13	24
Talent – Arts and Culture	5	7
Talent – Sports	9	15
Sub-Total Skilled Categories	11,088	26,325
Entrepreneur	661	2,132
Investor (pre-June 2005)	404	1,361
Employees of businesses	3	8
Sub-Total Business Categories	1,068	2,132
Total Skilled/Business	12,156	29,826

As noted above, the target for residence approvals in this stream was 27,000 (+3,000), or 60 per cent of the total target for the NZIP (48,000 +5,000) for 2004/05. The number of people approved for entry was 29,826, which is within the target range, and they comprised 61 per cent of the 48,815 residence approvals for the year. The number of principal applicants approved under the skilled/business stream was 12,156 – 41 per cent of the 29,826 people approved. It is important to appreciate that the majority of people approved in this stream are secondary applicants – spouses/partners and children of the principal applicant. They are not necessarily direct contributors to the labour market or to business activity, as might be assumed by the label of “skilled/business” for the stream.

The skilled migrant category (SMC) is currently by far the most important contributor of skilled migrants through the NZPI. It accounted for 91 per cent of the 11,088 principal applicants seeking residence approved for skilled migration between July 2004 and June 2005. A major reason for this dominance can be found in a general instruction issued by the Department of Labour in September 2004 to prioritise SMC applications over other skilled residence categories, in order to increase the number of skilled migrants available to meet the changing needs of the labour market. In December 2004 several changes were made to the points allocation system to enhance selected employability and capacity building factors (especially a recognition of a wider range of trade qualifications, and a broader definition of skilled employment) as well as the applicant’s ability to settle in and contribute to New Zealand’s society and economy (the key change here was additional points for having close family in New Zealand). These factors are over and above the health, character and English language requirements for all people approved for residence (see www.immigration.govt.nz/migrant for further details).

The key employability and capacity building factors taken into account in the current points system, and the percentages of skilled migrants approved in 2004/05 who gained points on these factors, are summarized below.

Applicants need to meet a minimum threshold of 100 points to submit an expression of interest (EOI) into the pool of potential applicants for residence under the SMC. EOIs are ranked from the highest to the lowest points and those that meet the selection point are selected from the pool and are assessed for suitability to be invited to apply for residence. Selection points are determined fortnightly. After the SMC opened early in 2004, selection points were initially set at a high level, but reduced gradually to 100 points by September 2004. The 100 points threshold was held through to the end of 2005 when it was announced that it would increase to 140 from February 2006 given the number of EOIs entering the pool.

Table A2.3 Points test for Skilled PAs		
Category	Points	%
Skilled employment		
Skilled employment 12 months or more	60	31
Skilled employment under 12 months	50	37
Offer of skilled employment	50	19
No employment	0	13
Bonus points for employment or offer of employment		
Identified future growth area	5	11
Identified cluster area	5	1
In an area of absolute skill shortage	10	25
In a region outside Auckland	10	62
Partner employment or offer of employment	10	6
Relevant work experience		
2 years	10	13
4 years	15	12
6 years	20	11
8 years	25	9
10 years	30	35
Bonus points for New Zealand work experience		
2 years	5	10
4 years	10	2
6 years	15	0
Additional bonus points for work experience		
Identified future growth area or cluster (2-5 years)	5	3
Identified growth area or cluster (6 years or more)	10	4
Area of absolute skills shortage (2-5 years)	10	8
Area of absolute skills shortage (6 years or more)	15	17
Qualifications (all must be recognised in NZ)		
Basic qualification (trades and tertiary)	50	71
Postgraduate qualification (Masters/PhD)	55	12
Bonus points for recognized qualifications		
NZ qualification (and at least 2 years study in NZ)	10	10
Qualification in an identified future growth area	5	7
Qualification in an identified cluster area	5	1
Qualification in an area of absolute skills shortage	10	29
Partner qualifications	10	18
Close family support in New Zealand	10	2
Age (20-55 years)		
20-29	30	31
30-39	25	43
40-44	20	15
45-49	10	7
50-55	5	4

With regard to the points received by applicants submitting EOIs during 2004/05, INZ notes:

On average, principal applicants submitting an EOI onshore claimed a higher number of points than those residing offshore (150 compared to 120). This reflects the higher proportion of onshore applicants claiming points for a skilled job or job offer compared with those residing offshore. Principal applicants with a job or offer claimed, on average, 155 points. For those with neither a job or an offer the average was 115 points (DoL, 2005a)

They went on to report that in total 22,117 EOIs, covering 54,458 people (principal plus secondary applicants) were selected from the pool during the year. Of these, 16,505 principal applicants (representing 40,043) people received an invitation to make formal applications for residence under the SMC. This invitation remains open for 4 months.

The great majority (87 per cent) of the SMC principal applicants approved, who did follow up their invitations, were awarded points for a job or an offer of skilled employment in New Zealand in 2004/05. Just over two-thirds of these gained points for current employment (they made their applications on-shore), while a further 19 per cent had an offer of skilled employment. Only 13 per cent of those approved had neither a job nor a job offer at the time of approval. They were likely to need to proceed through a work to residence transition before being finally confirmed for residence. Almost two-thirds (65 per cent) of the principal applicants gained bonus points for having a job or a job offer outside the Auckland region, or for employment in an area of absolute skills shortage.

Most approved applicants (80 per cent) gained points for work experience, with 25 per cent getting these points for work in areas of absolute skill shortage. A further 29 per cent had qualifications relevant for a specific skill shortage area. In the case of points for a recognized New Zealand qualification, 10 per cent of approved applicants were awarded these, with 88 per cent being aged 20-29 years (57 per cent from China). Most of these people are likely to be students who have sought work at the end of their training in order to build up the points required for residence approval under the SMC.

Just under half (49 per cent) of the people approved for residence under the SMC during the 2004/05 year were UK citizens. EOIs from UK citizens that meet the points thresholds and other criteria for invitations have dominated the pool throughout the year. Approvals for residence for citizens of South Africa accounted for a further 12 per cent of the SMC total, followed by China (6 per cent), India (5 per cent) and the USA (4 per cent). The new selection system, coupled with extensive marketing by INZ in the UK, Europe and the USA for skilled migrants, has contributed to a significant shift in the mix of skilled migrants approved for residence. This can be seen clearly in the summary below, which compares the total numbers of citizens from these five countries approved for residence in general skills category (GSC) between July 2000 and June 2003, with the numbers approved in the SMC between July 2004 and June 2005.

Table A2.4 Country of Citizenship of Skilled PAs				
Country of citizenship	2000-2003		2004-2005	
	No.	%	No.	%
United Kingdom	12,167	15	11,665	48.9
South Africa	9,182	11.3	2,770	11.6
China	9,255	11.4	1,396	5.9
India	17,709	21.8	1,209	5.1
USA	1,478	1.8	916	3.8
Other countries	31,430	38.7	5,898	24.7
Total	81,221	100	23,854	100

The new points system and associated thresholds and application procedures has resulted in a very significant reduction in the number of approvals for residence of skilled migrants from China and India, especially, as well as the 'other countries' not listed separately above. Sources of predominantly "white" migrants, and especially the UK which has long been the traditional source of immigrants for New Zealand, have become more prominent. Of the five countries listed above, only South Africa had similar shares of the total residence approvals in the GSC and the SMC during the years shown.

The age and gender characteristics of the residence approvals for the SMC in 2004/05 revealed that 31 per cent of the principal applicants claimed the maximum points for age (30 points for being between 20 and 29 years), and 65 per cent were male. Of the 23,854 people approved (including secondary applicants), 30 per cent were under 20 years of age, 19 per cent 20-29 years, 31 per cent 30-39 years, and 19 per cent 40 years and over. The sex ratio was pretty balanced with 104 males per 100 females. There was no bias towards female immigration in the skilled migrant category, notwithstanding the recent rhetoric in the New Zealand and Australian media about a "man drought" in the age groups 20-49 years (Callister, Bedford and Didham, 2005).

In summary, the nature and composition of the skilled migrants approved for residence in New Zealand has been transformed by changes to the points selection system announced in July 2003 and implemented from the beginning of 2004. The current system has one similarity with the Australian skilled migration programme in that it is deliberately focused on meeting real demand in the labour market. However, like all programmes targeted to immediate needs it has one potential weakness: it can be several months before the selected migrants living overseas actually arrive in the country to work. Only those selected onshore are likely to be in work that is linked to skill shortages, and they are already filling a gap rather than being a potential new member of the labour force. In 2004/05 79 per cent of the SMC approvals were for principal applicants already in New Zealand.

INZ point out in the Migration Trends Report, 2004/05 that 47 per cent of the principal applicants approved with a job offer had a main occupation on the Long Term Skill Shortage List (LTSSL), and 14 per cent had a main occupation on the Immediate Skill Shortage List (ISSL). Overall, almost two thirds of those approved with job offers had occupations in skill shortage areas. The skilled labour needs of businesses in 2005 need to be filled in 2005, not in 2006 or 2007, and in order to meet this immediate demand a range of temporary work permit categories have been developed to complement and, over time, to augment through transfers from work to residence, the skilled residential migration programme. These temporary categories are now outlined briefly.

Temporary skilled migration and work to residence policies

The aim of temporary work policy, as expressed by INZ, is to contribute to building New Zealand's capability base by facilitating access by New Zealand employers and industry to global skills and knowledge, while complementing the Government's education and employment policies. Work permits, which have been a feature of New Zealand's immigration policy for many years, allow employers to recruit temporary workers from overseas to meet particular or seasonal work shortages that cannot be met from within New Zealand, while protecting employment opportunities for New Zealand citizens and residents.

During the year ended June 2005, 82,497 principal applicants were issued with temporary work permits - up by almost 10,000 on the preceding year (73,597) and over three times the number issued in 1997/98 (26,336). Almost a quarter (23 per cent) of all of the work permits went to UK citizens, with citizens of China and Japan each accounting for 8 per cent, followed by the USA (6 per cent), India and Germany (5 per cent each). Some of these permits are "open" in the sense that they do not require a labour market test to establish whether there is a New Zealander available to take up the job.

Some of the main categories of visa or permit, including those relating to students, that have implications for the provision of skilled workers in New Zealand are:

- People on working holiday schemes - reciprocal arrangements with 23 countries for young people, usually aged 18-30, to travel and work for up to 12 months (24 months in the case of UK citizens). A total of 31,000 places were available under this scheme in 2004/05, and 21,025 of these were taken up by working holiday makers during the year. The biggest groups were from the UK (7,375), Japan (3,270), Germany (2,288), Ireland (1,891) and Canada (1,132). The scheme is being extended to other countries in 2005/06, and enlarged to 40,000 in 2006/07. The overall gender balance across working holiday schemes was slightly in favour of females (54 per cent), with 40 per cent of those approved aged between 20 and 25 years.
- Students who have completed a graduate qualification (for up to two years) or who are undertaking long-term study (e.g. for a PhD) are allowed to work part-time. In 2004/05 a total of 77,563 people were approved for student visas or

permits, which are required for any course exceeding 3 months in duration. China remains the major source of overseas students, accounting for 44 per cent of the principal applicants granted student visas/permits in that year, followed by the Republic of Korea (South Korea - 15 per cent), Japan (6 per cent), the USA (4 per cent) and the UK, India, Germany, Thailand and Malaysia (each on 3 per cent). A number of changes to student work policy were introduced in July 2005 to make New Zealand a more competitive destination for international students, including: enabling students taking courses that would gain points under the SMC to build up work experience and thus extra points; allowing those taking courses for 12 months or more to work full-time through their summer teaching recesses; and enabling partners of students studying in areas of absolute skill shortage, and partners of all postgraduate students, to apply for an open work permit valid for the duration of the student's course of study.

- Labour market tested work permits, such as long-term business executives, Japanese interpreters, machinery installers/services, medical and dental personnel, the long term skill shortage list occupations, and the talent visas (accredited employers). In 2004/05 28,317 principal applicants were granted labour market tested work permits, with the biggest groups coming from the UK (22 per cent), China (12 per cent), India, USA and South Africa (7 per cent each), South Korea (6 per cent) and Japan (5 per cent). There has been a significant growth in these permits since the late 1990s when there were around 11,200 issued (1997/98; 1998/99) each year. The UK has always been the major source of principal applicants approved for these permits. Some of the specific categories are discussed further below.
- Work to residence policy facilitates the entry of people with skills in demand and provides them with a pathway from temporary to permanent residence via a work permit for two years as long as they have an offer of on-going employment. Since the work to residence policy came into effect in 2002, 3,530 people have been granted a work permit under either the talent visa or LTSSL policies, but only a small number of them have completed the two years of work in New Zealand that qualifies them to transition to residence. As at 30 June 2005, 916 principal applicants, who were in one of the approved work to residence schemes between 2002 and 2005, had been granted residence approval, and 70 per cent of these were in the SMC.

As at 1 July 2005, the Long Term Skills Shortage List (LTSSL) included 60 occupations, of which 24 were in the health area, 15 in information and computer technology, 10 in a range of trades, and 7 in a range of professions. Details of the qualifications required for these occupations, including New Zealand certification where relevant, are listed along with the regions where there are shortages in the specific skill areas. The Immediate Skills Shortage List (ISST) at 4 July 2005 included 108 specific occupations, identified by NZSCO number, along with the qualifications and work experience required, and the regions where there are vacancies. A surprisingly wide range of occupations are listed, including some that one would not usually associate with skills shortages in New Zealand such as shearers, shepherds, farm managers (all types of farms), bee keepers, land managers, heavy vehicle drivers, florists, chefs, builders and jockeys!

A talent visa scheme was introduced in 2002 as part of the work to residence policy. There are two categories of talent visa: one that enables accredited employers to seek skilled labour offshore directly when it has been established that no suitable New Zealanders are available to take up the jobs they have vacant, and the other that enables people with talents in the arts, culture and sport to obtain work in New Zealand, and to build up credit that can be used to assist them gain approval for residence under the SMC.

To qualify for a Talent Visa (Accredited Employer) an applicant needs to have an offer of employment in New Zealand for at least 24 months with an accredited employer and a minimum base salary of NZ\$45,000 per annum. Alternatively, an applicant deemed to have exceptional talent in a declared field of art, culture and sport can be sponsored by a New Zealand organization of national repute in the declared field. In 2004/05 1,182 principal applicants gained talent visas via the accredited employer route, while 54 were issued with work permits under the talent policy for the arts, culture and sport. Over half (54 per cent) of these talent-related work permits were issued to UK citizens, with South African applicants gaining 9 per cent, followed by the USA (4 per cent), Canada and Germany (3 per cent each).

Permits for work, study and visits/holidays are offering increasing numbers of temporary residents in New Zealand the opportunity to consider the option of gaining approval for long-term residence, and a route to citizenship. A powerful indicator of the strong link between temporary and permanent migration is provided when INZ point out that:

Eighty-eight per cent of all principal applicants approved for residence in 2004/05 had previously held a work, study or visitor permit at some stage since July 1997. Principal applicants approved through the skilled/business stream were more likely than principal applicants approved through the other two residence schemes [family sponsorship and international/humanitarian] to have held a temporary permit prior to residence (92 per cent). Of this 92 per cent, most (80 per cent) had previously held a work permit. (BZIS, 2005a)

The nationalities with the highest incidence of prior visits, work or study before applying for residence were South Korea (99 per cent), Japan (98 per cent), Germany (97 per cent), South Africa (96 per cent), the USA (95 per cent) and the UK (90 per cent). Almost half of the 15,174 principal applicants approved for residence in 2004/05, who had held a permit before applying for residence, had been issued with a labour market tested work permit. A further 30 per cent had been issued to immigrant partners or spouses of New Zealand residents and citizens.

The transition from work/study to residence

Through analysis of the movements in and out of New Zealand of principal applicants for work and study visas and permits between July 1997 and June 2005, INZ have established that around 31 per cent of principal applicants gaining temporary work or study permits had been approved for residence within 5 years of being issued a temporary permit. Overall, 37 per cent of people issued with work permits in 1997/98 had become permanent residents by June 2005, compared with 21 per cent of those issued with permits to study in New Zealand in that year. The move to residence seems to be most common in the year after the work/study permit was issued, and the proportions making this transition in the first and subsequent years after permit issue seem to be increasing over time, especially since the introduction of the new points system and SMC.

During the eight years since 1997, just under 855,500 principal applicants gained temporary work and study visas, including many of the 471,800 people approved for residence through the NZIP. By June 2005, 172,000 (20 per cent) of applicants for temporary work and study had gained approval for residence. Clearly, transfers from work and study are becoming a very important route to residence in New Zealand, and it is no longer advisable to treat temporary permits as a completely separate category of migration policy. Good employment and settlement outcomes for both the migrants and the host society are critical determinants of the success of contemporary immigration policy, and the work to residence transition provides one very effective route to building the experience and capability required to achieve these outcomes.

A2.7 Assessing the economic, social and demographic benefits of international migration

There have been few systematic attempts to assess the benefits of international migration for New Zealand's economy and society. Probably the most celebrated studies to date are those by Poot et al. (1988) who modelled the medium to long-term impacts of immigration and emigration for the New Zealand economy, with particular reference to the very significant trans-Tasman flows; Winkelmann and Winkelmann (1998) who have done one of the few analyses of the integration into the labour market of migrants from different sources, seeking to establish whether there is any convergence in labour market participation and incomes on the basis of census data for the period 1981 to 1996; and Nana et al (2003) who have endeavoured to measure the fiscal impact of immigration in New Zealand. Boyd (2003) updated the Winkelmanns' study using the 2001 census data. More recently, Bryant et al. (2004) have examined the relationship between migration and trade flows, the OECD (2003), in its Economic Surveys: New Zealand, has reviewed the economic impact of migration, and Cochrane and Poot (2005) have scoped a major new study of the economic impact of immigration. It is useful to draw on the OECD study for some general observations on the economic benefits of international migration because they did a comprehensive assessment of New Zealand's economy around the time of the major immigration policy changes in July 2003 (Bedford et al., 2005a).

The authors of the OECD study (2003: 59) observe that, unusually for an OECD country, issues for the economy and society relate to both immigration and emigration, as the causes and consequences of both these phenomena are important for New Zealand's policy makers. As has been shown earlier in this paper, immigration has been largely balanced by emigration when one takes a longer-term view over the past 30 to 50 years. However, as is clear from Figure A2.1, the net flow has been highly variable, with periods of both large net immigration as well as periods of net emigration. As a consequence the public debate about international migration oscillates between "invasion" and "brain drain" (Bedford et al., 2003b, 2003c). "Issues for policy include whether - and how - policy might seek to moderate this variability, the extent to which immigration policy should be linked to the labour market situation or to other factors, and whether emigration of New Zealanders should be seen as a problem or as an advantage" (OECD, 2003: 59).

In concluding their review of the economic impact of migration, the OECD study (2003: 82-83) suggested that the Government's recent changes to the points-based selection system are likely to improve overall labour market outcomes for immigrants. The results of the pilot for the LisNZ (the Longitudinal Immigration Survey: New Zealand) suggest that skilled migrants already have high employment rates within 18 months of arrival, but improving overall labour market outcomes amongst all immigrants will require attention to the experiences of other migrant categories as well (family sponsored, international and humanitarian, and some of the temporary work categories that lead on to residence) (DoL, 2004c).

A word of caution is expressed about a policy that focuses too closely on selecting for particular sectors of the economy - "this is subject to the same risks as the discredited industrial policy of 'picking winners': any skills that are currently only narrowly applicable in certain fields risk becoming much less valuable than more general skills" (OECD, 2003: 82). They are also dubious about the long-term value of the incentives being offered to migrants willing to take up jobs outside of the Auckland region, unless the movement generated by this policy "alters the underlying relative attraction of central and peripheral regions".

The authors complete their concluding remarks with two observations on immigration and emigration:

Although immigrants' labour market experience is fairly well documented through analysis of census data, there is no work on the specific impact of immigration on the labour market - in particular their impact on wages and unemployment levels. Current immigration policy settings, with the important weight attached to skills and labour market testing, and the significant capital inflows that tend to accompany immigration, make it unlikely that there are significant short-term negative impacts, such as depressing wages or employment among the existing residents; potentially some of this could be hidden by the response of emigration flows to these same effects, but there is no evidence to support this.

Emigration is as important as immigration to New Zealand. But its implications are even harder to establish empirically. Given that most of those who leave New Zealand to acquire "OE" appear to return, that most people appear to feel that they have acquired valuable experience while abroad, and that the current outflow of skilled people seems to be broadly matched by inflows of people to replace those skills, there is no obvious reason to fear a brain drain. However, the pattern of country origins of immigration does mean that changes in the ethnic make-up of the New Zealand population will continue (OECD, 2003: 83).

The changing ethnic make-up of New Zealand society is attracting increasing attention from the Ministry of Social Development (Peace et al., 2005) and Statistics New Zealand (2004) through research into social cohesion. Although New Zealand does not have an official policy to develop a multicultural society, there is considerable interest in the growing diversity of peoples in the society. There is a New Zealand Diversity Action Programme co-ordinated by the Race Relations Conciliator in the Human Rights Commission. Associated with this initiative are the New Zealand Diversity website, a Diversity Advisory Network, and an annual forum for those concerned with addressing the way forward for racial harmony in an increasingly diverse society. Statistics New Zealand produces ethnic projections for the major population components (European, Maori, Pacific, Asian) and these contribute to the debate on New Zealand's demographic future in an era when international migration is becoming an increasingly important driver of population growth (Bedford et al., 2003b; Ministry of Economic Development et al., 2004).

The following observations from the conclusion to a recent country paper on international migration and the development of economy and society in New Zealand provides a useful conclusion to this section:

Given a two-century history of recruitment of people from a narrow range of Anglo-Celtic backgrounds, it is even more remarkable that the drastic changes in immigration numbers and composition since the late 1980s have led to less political resistance than might be expected, if New Zealand followed the example of the difficulties countries in Western Europe are having in coming to grips with the implications of growing ethnic diversity and resistance to the implications of a multicultural society (Bedford, 2002). It is as if New Zealanders realise that the forces of globalisation, although not without problems, must be embraced by necessity in order for the country to maintain a high level of income, despite its small size and peripheral location. Immigration remains, however, tightly controlled and there is not the mass influx of unskilled workers that are such a dominant feature of immigration to other high income countries.

It is therefore perhaps not surprising that a recent survey that monitored New Zealanders' lives and opinions during the last decade concluded that the country is witnessing the 'rise of a tolerant society'. (New Zealand Herald, 5 February 2005). The survey found that in Auckland, the city where immigration is most noticeable in many aspects of life (and fewer than half of Aucklanders are locally-born people of European descent) the residents had become less

concerned about ethnic diversity. In addition, there is a growing pride among Maori in their own culture. It should be noted though, that New Zealand is going through a long phase of economic buoyancy with high economic growth and very low unemployment. The real test of this newfound tolerance will come as the business cycle will move into a recessionary phase, as it inevitably must in a market economy (Bedford and Poot, 2005).

A2.8 Skilled migration policy in Australia and New Zealand: similarities and contrasts

A comparison of Australian and Canadian immigration policies and labour market outcomes by Richardson and Lester (2004: 1) suggested that "Australia is an exception to the generally pessimistic picture of recent trends in labour market success for new migrants. Recent migrants to Australia appear to have performed well in the labour market compared to migrants in the early 1990s and to their Canadian counterparts (and to those in other OECD countries)." Although there are not comparable longitudinal survey data available in New Zealand yet to compare with the Australian LSIA2 data, it is clear from research done on labour market outcomes for migrants using census data that immigrants admitted under New Zealand's general skills category in the 1990s had not performed as well in terms of labour market participation and outcomes as their Australian counterparts. Partly in acknowledgement of the limitations of the GSC as an instrument for selecting skilled migrants who had a strong chance of gaining employment in New Zealand, and recognising that the more rigorous skill stream in the Australian Migration Program (AMP) was delivering better labour market outcomes for immigrants, both the points allocation and selection system and the skilled migrant category were significantly re-shaped in 2003.

The extent to which the re-shaping of the SMC in New Zealand's Immigration Programme has enabled migrants to achieve better labour market outcomes than those achieved by migrants entering under the GSC will not be able to be assessed conclusively until 2011 when the results of the LisNZ are available. In the interim there is a New Migrant Follow-up Survey (NMFS) that has been designed to capture a range of information about the early settlement experiences of skilled and business migrants. All migrants who enter under the skilled and business stream receive customized service from the Department of Labour as part of a strategy to support migrants after they take up residence. This customized service includes following up with these migrants on their settlement experiences. Migrants are sent a questionnaire seeking information on their settlement experiences between 3 and 5 months after arrival in New Zealand. A report on the findings from this survey is currently being prepared, and indications are that the labour market outcomes being reported by those who responded are very good - 95 per cent of the principal applicants who responded by the end of June 2005 were employed, and 65 per cent of the secondary applicant respondents (spouses/partners, children) were also employed. In the case of the respondents admitted under the SMC, the percentages for principal and secondary applicants were slightly higher: 96 and 69

per cent respectively. Most (90 per cent) of the principal applicants were working for wages or salary - only 9 per cent were self-employed.

Responses to this survey are voluntary and a greater proportion (56 per cent) of skilled migrants from the UK especially have replied than might have been expected in terms of their share of the total SMC inflow. This could have contributed to the good results given the stronger points scores and better settlement prospects for migrants from this part of the world. However, INZ notes in the Migration Trends Report, 2004/05 that although there was this strong representation from the UK, which reflects the high proportion of migrants from Great Britain in the SMC, there were over 60 nationalities represented in the respondent population. Good labour market outcomes, and high levels of satisfaction with residence in New Zealand were reported across the board for those new residents admitted under the SMC.

On the basis of these early results from the NMFS it seems that New Zealand's new points system, and the more rigorous selection process that prospective migrants need to negotiate, will have the desired impact on migrant characteristics that Richardson and Lester (2004: 40) concluded were the main explanation for the superior labour market outcomes in Australia. The criteria used to assess skilled migrants in New Zealand and Australia are now very similar, with considerable weight in both countries' points systems being given to employment experience, qualifications, age and language competence. Two remaining differences between the two systems are in the higher age range for approval as a skilled migrant in New Zealand (points are awarded up to age 55 compared with 45 in Australia), and the formal testing of language capability and qualifications of all skilled migrants seeking residence in Australia (New Zealand exempts people from English speaking countries from IELTS tests, and the qualifications tests may not be quite so rigorous). The differences between Australia's skilled independent category (SIC) and New Zealand's skilled migrant category (SMC) are now much smaller than was the case when the GSC applied in New Zealand.

There are some other similarities in the skilled/business streams in the two countries. Both have a scheme whereby approved employers can recruit highly skilled non-citizens/residents directly where they have been unable to fill a vacancy from the local labour market - the Talent Visa (Accredited Employer) in New Zealand; the Employer Nomination Scheme (ENS) in Australia. A difference between these is that the Talent Visa (Accredited Employer) is a work to residence arrangement, requiring two years on a temporary permit before application for residence is possible, while the under the ENS employers can recruit on a permanent basis at the outset (DIMA, 2005a and b). Both have a small category for distinguished individuals with special talents in the sports, arts and culture - the Talent Visa (Sports, Art and Culture) in New Zealand, and the Distinguished Talent Visa in Australia (DIMA, 2005b).

There are some important differences in the programmes as well. There are several categories in the Australian skilled migration stream that do not exist in New Zealand's skilled/business stream. These include:

- The Skilled-Australian Sponsored (SAS) category, which is points-based like the Skilled-Independent category, with the additional requirements of family ties and sponsorship. This is a major category for skilled immigration to Australia - in 2003-04 14,500 visas were granted under this category (DIMA, 2004b).
- The Skilled-Designated Area Sponsored (SDAS) category under which applicants have to settle in a designated area, are not subject to a points test, can have lower work experience and, in some cases, lower English language competencies, than other skilled categories (DIMA, 2005c). New Zealand does not have provision for this sort of sponsored access in the skilled or business stream, although there are some special access categories for Pacific migrants included in the international/humanitarian stream. These PAC categories, along with the Samoan quota, are a form of "designated area" migration in terms of sources, rather than destinations, although Auckland is the place where most migrants from the Pacific Islands enter New Zealand.
- The Regional Sponsored Migration Scheme (RSMS) which enables employers in regional and low population growth areas in Australia to nominate employees for permanent entry where they are unable to fill skilled vacancies from the local labour market (DIMA, 2005a and b). New Zealand does not have a specific regional migration programme, although applicants for residence under the SMC can get bonus points for accepting job offers in regions other than Auckland.
- The State/Territory Nominated Independent (STNI) Scheme, which enables state and territory governments to sponsor skilled migrants and their families in the Skilled-Independent category. New Zealand does not have nomination schemes for particular administrative units within the country.

The other important component of the skilled migration programme in both countries is the transition to residence arrangements for students and for people on temporary work visas/permits. Both Australia and New Zealand have provisions for students, who have done qualifications that provide them with skills relevant for the labour market, to transition to residence. The detail differs somewhat, but the principle is essentially the same. Australia was more active in this area of recruitment of skilled labour much earlier than New Zealand; it is really only in the past few months that New Zealand's policy relating to students gaining local work experience that can count towards residence has been given more explicit emphasis.

In the case of temporary work, both countries have working holiday migrant schemes, and current policy in both allows for a transition to longer-term work permits and eventually to residence. The numbers approved for residence via this route are not large in New Zealand's case; again there is a longer history of this transition in Australia. As far as explicit work to residence schemes are concerned, it appears that these are more prominent in New Zealand than Australia. Australia's equivalent of the

Talent Visa (Accredited Employer), the Employer Nomination Scheme, allows for immediate recruitment for residence, while the New Zealand equivalent requires a specified period in work before the transition to residence. Australia's Labour Agreement (DIMA, 2005b), which enables employers to recruit specified numbers of workers from overseas in response to identified of emerging labour market (or skill) shortages has some similarities to the LTSSL and ISSL work to residence programmes in New Zealand, although it is not employers that do the recruiting in the latter case.

In summary, there has been some convergence in several aspects of the skilled migration programmes in the two countries, especially during the past three years. The Australian Government made it quite clear to the New Zealand Government in 2000 that it would not allow the privileged access of New Zealand citizens via the Trans-Tasman Travel Arrangement to persist if the risk of "back door" migration of new New Zealanders was going to be allowed to grow because of differences in entry requirements for residence. In addressing Australia's concerns, the New Zealand Government had to accept that automatic access to Australian social security payments by New Zealanders who moved across the Tasman from 1 March 2001, after the usual two year benefit stand-down period that applied to all new immigrants, would have to be forfeited (Birrell and Rapson, 2001). Over the subsequent two years steps were taken to tighten up on English language requirements for immigrants in New Zealand (November 2002), to require applicants for residence in the general skills category to have a firm job offer (July 2003), and to revamp the points system and the process by which immigrants were approved for residence (second half of 2003). These developments brought the quality standards for residence approval in the respective skilled/business streams into closer alignment.

It cannot be said that New Zealand is now a "soft touch" for residence approval via the skilled migration categories. With the passing of the Citizenship Amendment Act in 2005, gaining citizenship in New Zealand involves a much longer period of "apprenticeship" (5 years) than is the case in Australia (2 years). An important difference that could emerge between the two countries is in the extent to which onshore work to residence programmes become an important route to residence. The OECD study (2003: 82) hinted at this when they observed in their concluding remarks about New Zealand's immigration programme that: "The increased use of temporary entry as a qualifying period may put pressure on the annual quota in future if large numbers of temporary entrants successfully prove themselves".

A2.9 A concluding observation

There has been a fundamental shift in thinking by policy makers in New Zealand about international migration in recent years. At the time of the national Population Conference in 1997, the discourse about immigration was overwhelmingly couched in terms of permanent or long-term movement for residence. Temporary migration was considered to be a different process and topic altogether. Eight years later, there are virtually no reports being produced by the Department of Labour, or by the significant academic and private sector research providers who specialize in international migration, that do not make reference to temporary as well as permanent movements. The domain of international migration for policy makers, at least in New Zealand, has come to encompass a much wider array of movements than was common in the past.

In this sense, the official discourse has caught up with the “realities” of migration, as these play out in the lives of new residents, workers, and students in the two countries. A recent study of absenteeism overseas by migrants approved for residence between January 1998 and December 2004 reveals some fascinating patterns of movement after arrival in New Zealand (DoL, 2005b). This is not the place to examine these findings, but the evidence from an examination of over 1.43 million moves in and out of New Zealand by 257,230 recent immigrants trends to support Hugo’s (1999) argument in favour of a new paradigm of international migration. The old distinction between “permanent” and “temporary” movement is not a particularly useful one, especially when most of the so-called “permanent” movers continue to be engaged in various forms of temporary movement out of and back to their new host countries. Just over 4,000 (1.6 per cent) of the 257,230 migrants approved for residence between 1998 and 2004 in New Zealand had made no subsequent overseas moves after taking up residence. The links between temporary and permanent movement are inextricably interwoven in the lives of those approved for residence, and policy makers concerned about their settlement and labour market experiences need to be fully aware of this interconnectedness between forms of movement that tend to get treated separately for policy purposes.

Acknowledgements

Assistance with information on New Zealand’s current immigration policy, provided by Stephen Dunstan, Mary Adams, Betty-Ann Kelly, Paul Merwood and Anthony Moss of the Department of Labour, is gratefully acknowledged. The views expressed here are, however, those of the author. The research that underpins this paper was supported by the Foundation for Research, Science and Technology through the “Strangers in Town” programme that is being carried out by the Migration Research Group, University of Waikato. Assistance provided by my colleagues in the MRG – Dr Elsie Ho and Ms Muriaroha Muntz – is also gratefully acknowledged.