The Social Costs and Benefits of Migration into Australia

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<td>Australian Broadcasting Corporation</td>
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<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
</tr>
<tr>
<td>ACDE</td>
<td>Australian Council of Deans of Education (Incorporated)</td>
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<tr>
<td>ACE</td>
<td>Adult Community Education</td>
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<tr>
<td>ACT</td>
<td>Australian Capital Territory</td>
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<tr>
<td>AES</td>
<td>Australian Electoral Studies</td>
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<td>AHURI</td>
<td>Australian Housing and Urban Research Institute</td>
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<td>AIC</td>
<td>Australian Institute of Criminology</td>
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<tr>
<td>AIHW</td>
<td>Australian Institute of Health and Welfare</td>
</tr>
<tr>
<td>AMES</td>
<td>Adult Migrant English Service</td>
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<tr>
<td>AuSSA</td>
<td>Australian Survey of Social Attitudes</td>
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<tr>
<td>CALD</td>
<td>Cultural and Linguistic Diversity</td>
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<tr>
<td>CARSS</td>
<td>Centre for Applied Research in Social Science</td>
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<tr>
<td>CURF</td>
<td>Confidentialised Unit Record Files</td>
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<tr>
<td>DEST</td>
<td>Department of Education, Science and Training (Commonwealth)</td>
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<tr>
<td>DET</td>
<td>Department of Education and Training (NSW)</td>
</tr>
<tr>
<td>DEWR</td>
<td>Department of Employment and Workplace Relations</td>
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<tr>
<td>DFAT</td>
<td>Department of Foreign Affairs and Trade</td>
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<tr>
<td>DIAC</td>
<td>Department of Immigration and Citizenship</td>
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<tr>
<td>DIMIA</td>
<td>Department of Immigration and Multicultural Affairs (now DIAC)</td>
</tr>
<tr>
<td>DIMIA</td>
<td>Department of Immigration, Multicultural and Indigenous Affairs (now DIAC)</td>
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<tr>
<td>ENS</td>
<td>Employer Nomination Scheme</td>
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<tr>
<td>ERFP</td>
<td>Estimated resident female population</td>
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<tr>
<td>ESL</td>
<td>English as a Second Language</td>
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<tr>
<td>FaSCIA</td>
<td>Department of Families, Community Services and Indigenous Affairs</td>
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<tr>
<td>FECCA</td>
<td>Federation of Communities’ Councils of Australia</td>
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<tr>
<td>FYR</td>
<td>Former Yugoslavia Republic</td>
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<tr>
<td>FYROM</td>
<td>Former Yugoslav Republic of Macedonia</td>
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<tr>
<td>GSS</td>
<td>General Social Survey</td>
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<tr>
<td>HREOC</td>
<td>Human Rights and Equal Opportunity Commission</td>
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<td>ICVS</td>
<td>International Crime Victim Survey</td>
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<td>ISSP</td>
<td>International Social Survey Programme</td>
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<td>LOTE</td>
<td>Languages Other Than English</td>
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<td>LSIA</td>
<td>Longitudinal Survey of Immigrants to Australia</td>
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<td>NESB</td>
<td>Non-English Speaking Background</td>
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<td>NOM</td>
<td>Net Overseas Migration</td>
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<td>NSW</td>
<td>New South Wales</td>
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<td>NT</td>
<td>Northern Territory</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Cooperation and Development</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<td>RAC</td>
<td>Research Advisory Committee</td>
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<td>RSMS</td>
<td>Regional Sponsored Migration Scheme</td>
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<tr>
<td>SAR</td>
<td>Special Administrative Region (of China: Hong Kong and Macau)</td>
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<td>SBS</td>
<td>Special Broadcasting Service</td>
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<tr>
<td>SCARC</td>
<td>Senate Community Affairs Reference Committee</td>
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<td>SDAS</td>
<td>Skilled Designated Area Scheme</td>
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<tr>
<td>SLA</td>
<td>Statistical Local Area</td>
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<tr>
<td>SMS</td>
<td>Short Message Service</td>
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<tr>
<td>TAFE</td>
<td>Tertiary and Further Education</td>
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<tr>
<td>TFR</td>
<td>Total Fertility Rate</td>
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<tr>
<td>TPV</td>
<td>Temporary Protection Visa</td>
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<td>TUS</td>
<td>Time Use Survey</td>
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<tr>
<td>UK</td>
<td>United Kingdom</td>
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<tr>
<td>USA</td>
<td>United States of America</td>
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<td>VWS</td>
<td>Voluntary Work Survey</td>
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Executive Summary

Australia is one of the most multicultural countries in the world. Statistics indicate that around one quarter of the Australian population were born overseas and almost half (around 40%) have at least one parent born overseas. This is the broad context that frames the importance of comprehending the scale and nature of the social costs and benefits of migration into Australia. Using the four capitals framework for measuring Australia’s progress, this study has synthesised a vast amount of evidence relevant to the topic. It has consolidated material from 49 different data sets and a large volume of existing although disparate research. Furthermore, original empirical material has been gathered through four community studies, two in regional Australia and two in metropolitan cities on the East Coast of the continent.

The main conclusion to be drawn from this study is that the social benefits of migration far outweigh the costs, especially in the longer term. The evidence that is available overwhelmingly supports the view that migrants to Australia have made and continue to make substantial contributions to Australia’s stock of human, social and produced capital.

Most migrants have come to Australia to work, produce, and fill skills shortages. In addition, migrants are generally healthier than the resident population providing a further boost to human capital stocks. The migrant presence has also substantially increased the range and viability of available recreational and cultural activities for all Australians. Australia is characterised by relatively high levels of inter-marriage between migrants and the Australia-born, and this fact alone is evidence of the success of migration outcomes. These factors encourage most migrants to embrace Australian society, its political and cultural norms and to participate in various aspects of community life.

Migration has been critical to building the nation’s stock of social capital. Over the past decade, social capital has received increasing attention by government policy makers because it is transferable within and between communities and many public and private benefits are thought to be derived from its nourishment. While social capital is difficult to measure the results contained in this research suggests that immigration has been critical in the development of Australia’s world standing in part through its ability to enhance this nation’s share of global bridging social capital. Australians are keen to develop bridging capital between those with different cultural heritages although some seek these opportunities more than others. With respect to bonding capital, migrants from particular ethnic groups also act as bonding agents for the next wave, assisting their cultural and economic integration in a multitude of ways that are immeasurable and hence largely invisible.
Migrants contribute in positive ways to the productive diversity of Australia through investment in housing, in the transformation of urban areas, the creation of new businesses, the supply of products, the provision of new and different skills, and through other types of entrepreneurial activities. From the perspective of the host country, migration contributes substantially to Australia’s capacity for innovation, productive diversity and economic prosperity, opening up valuable cultural and business opportunities with the rest of the world. As an island continent in the southern hemisphere the benefits to Australia, while incalculable, clearly have been enormous. Although most migrants initially settle in metropolitan areas, those who move elsewhere help to ameliorate critical skills shortages and replenish the stock of social and human capital in regional Australia facing widespread rural population decline.

Most social costs associated with migration are short term and generally arise from the integration phase of the settlement process. While issues such as lack of English proficiency, cultural integration, infrastructure inadequacies and religious fundamentalism were raised as matters of concern to the host community in the focus groups, it is difficult, on the basis of the interview data, to gauge the actual social costs involved. Other matters raised were mostly short-term integration issues or cultural conflicts that understandably arise from the chasm between migrating from a refugee camp or war-torn part of world to the comparative security of Australia, and the time it takes to learn new ways of living, speaking, and relating with members of the host culture. However these are issues that tend to fade in the longer term.

While most migrants entering Australia are skilled, some humanitarian or preferential family groups from refugee camps, upon arrival in Australia, may lack education and English language skills. Development of social capital in the form of linkages between migrant groups and the host community is inevitably influenced by the extent to which people share a common language. The evidence amassed in this report suggests that the ability to communicate with the host community is absolutely vital, not only for practical reasons of attaining employment and attending education, but also for building cross cultural understanding, social cohesion, and social capital networks. A lack of proficiency in English presents barriers to participation not only in employment but also in education and training and in leisure, cultural and sporting activities. However, most migrants, including those arriving through the humanitarian intake, have over time learnt English, acquired qualifications and done well. Furthermore, they are generally ambitious for their children to achieve and to have better opportunities in life. Most cherish Australian values of political freedom, justice and equality and express immense appreciation for the security and wellbeing they enjoy in this country. Hence many of the benefits of migration accrue to the second generation, while most of the personal costs of migrating are born by the first generation. These costs may include cultural isolation, separation from family and friends left behind, problems with acquiring English literacy, lack of recognition of overseas qualifications, under-employment, unemployment and welfare dependency.
There seems to be no doubt that policies of multiculturalism have encouraged the right sort of environment for cultural diversity to be generally not only accepted but also enthusiastically embraced by migrants and host communities alike. This does not mean that tensions do not exist and that racism and prejudices are not experienced at times but there seems to be wide-ranging acceptance within Australian society of the cultural and religious diversity that migration brings.

Governments in Australia and around the world only have a limited capacity to control factors influencing immigration patterns through planning intake quotas of various visa streams. Immigration is a dynamic policy field, where outlooks can be rapidly superseded as international settings unfold. Migration is no longer confined to poor people seeking a better life but relates to a large and growing cohort of people living as global citizens seeking careers and personal development across the world. The notion of immigration as a form of permanent relocation may itself become superseded. Progressively more employers have a global view of labour recruitment, recognising sponsored temporary skilled workers as essential for successful operations. The ability to attract migrants will probably be influenced by their perceptions about Australian society in general and the ease with which their re-settlement and acceptance can be accomplished. To date, Australia has, on the whole, been a beacon to the rest of the world but more research into how local factors impact upon the success or otherwise of the settlement process warrants further research.
1: Introduction

1.1 Background to the project

Australia is one of the most culturally diverse societies of the 21st century. Over six million migrants have entered Australia since 1945 and almost a quarter of all Australians today were born overseas (ABS 2004d). Since the 1958 Migration Act, immigration to Australia has become increasingly planned through migrant intake targets, caps and quotas for various visa streams. In the financial year ending June 2006, permanent settler arrivals to Australia through migration Programmes totalled 106 495 people, mostly through Skilled Migration and Family Reunion Programmes.1 The total number of settler arrivals included 12 113 through the Humanitarian Programme.2 A further 48 214 onshore applicants were granted permanent settler status3 (DIMA 2006g). Having a planned immigration Programme is especially important in a globalised world where the reduction of national barriers to trade and financial investment has spawned cross-border flows of goods, financial resources, information and people.

The economic impact of immigration has been studied extensively in Australia (see Access Economics 2004; Garnaut et al. 2003) as it has in other western countries (for example, Coleman and Rowthorn 2004). Of course, the effect of migration extends well beyond its economic impact and yet the social impact of migration is less well understood. Consequently, the research team was asked by the Department of Immigration and Citizenship (DIAC) to examine the social costs and benefits of migration to Australia.

1.2 Project scope and framework

An inherent difficulty in assessing the social costs and benefits, or social impact, of migration to Australia is the problem of conceptualising and measuring these. ‘Social impacts’ are clearly multidimensional as this report illustrates. The research team sought guidance on how to conceptualise social impact from a range of other authoritative sources (notably several ABS publications: Measuring Australia’s Progress 1370.0; Measuring Wellbeing 4160.0; and Australian Social Trends 4102.0). Similarly, the OECD’s List of Social Concerns Common to Most OECD Countries provides insight into what might be deemed fundamental social concerns from an international perspective.

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1 This comprised 34 771 family migrants sponsored by family members in Australia; 59 507 places for skilled migrants; and 104 places for special eligibility migrants who have lived in Australia for 10 years (Resolution of Status Visa) (DIMA 2006g).
2 The Humanitarian program comprises 5190 places for refugees from overseas and another 6923 places within the special humanitarian program.
3 Of this total, 11 172 were family sponsored; 31 994 were skilled; and 197 were special eligibility migrants. A further 4851 were granted permanent settler status under the Humanitarian Program (DIMA 2006g)
Following the ABS framework used in Measuring Australia’s Progress, national assets can be viewed as comprising several forms of capital. In each case, the capital in Australia as a destination country can be augmented, remain unchanged, or diminish as a result of the impact of migration. It is common to differentiate four sorts of ‘capital’: (1) human capital (incorporating the knowledge, skills, health status and recreational lifestyle of the population); (2) social capital (including attachment to social groups and trust in government and business); (3) produced and financial capital or productive diversity (to be seen in such things as the money, machinery and infrastructure which help the economy and society to function) and (4) natural capital (as evidenced primarily in the condition of the biophysical environment). These ‘capitals’ can be divided into different components, thereby providing a conceptual schema for the evaluation of the social impact of migration (Table 1.1). This conceptual schema has fundamentally shaped our analysis of the social costs and benefits of migration to Australia, and the organisation of this report into discrete chapters that address how migration impacts on each of these capitals. (Limits to this study’s capacity to assess the social impact of migration to Australia are listed in Appendix 1A)

**Table 1.1: Assessing the social impact of immigration**

**Human capital – Chapter 3**
- Work, welfare payments, workplace skills and education
- Physical and mental health
- Leisure and recreation

**Social Capital – Chapter 4**
- Community life and civil society
- Social networks and neighbourhood
- Culture and diversity
- Crime and justice

**Produced and financial capital – Chapter 5**
- Housing
- Infrastructure
- New businesses, goods and services

**Natural capital – Chapter 6**
- Environmental impact
- Population impact
- Sustainability

*Definition of a migrant*

There are legal, social, academic and commonsense ways of defining who constitutes a migrant. In this study the scope has been confined to lawful migration to Australia through four main streams: skilled, business, family and humanitarian streams. DIAC definitions are included at the end of this chapter.
The study excluded from its scope: unlawful migrants and temporary visa holders including students and skilled visa entrants (such as subclass 457) which together comprise the bulk of nonpermanent migrants. Also excluded are onshore applicants who have been successful in their bids for permanent residence status (i.e. overseas students who apply for permanent residence onshore). The research team encountered difficulties in implementing this approach in the communities studies as some participants did not (or could not) distinguish between temporary or permanent migrants.

Taking a longer term view, around 98 per cent of Australians are descendents of migrants to Australia. Much of the analysis in this report relates mostly to the first generation of new and emergent migrant communities, yet many second, third and fourth generation Australians will have strong links to migrant communities and ancestral homelands in other parts of the world. Information about ancestry has only very recently been collected in national data sets like the census, yet it clearly has a large bearing on the social impact of migration and feelings of national belonging and identity. In an increasingly globalised world where individuals (perhaps increasingly) can be citizens of more than one nation state, the link between country of birth and one’s identity is likely to become even more complex. Until such data are available, much about the social impact of migration over successive generations will remain unknown.

Whose cost and Whose Benefit?

The social costs and benefits have been investigated mostly as they relate to the broader Australian community, but also to the individual (the migrant and the Australia-born). In some cases, the benefits or costs are predominantly realised by individuals. A case in point is the stress related to separation from a familiar culture as well as from family and friends that occurs with relocation to a different country. In this instance, most of the cost is initially born by the individual migrant. Nevertheless, if migrants cannot find work appropriate to qualifications and perhaps suffer, for example, social stigma or mental ill-health as a result, some of that cost (economic as well as social) is also born by the wider community. In contrast, mutual benefits to individuals and to Australia are realised when human capital is enhanced through new skills bought to Australia by migrants and when social capital is enriched due to stimulation provided through increased cultural diversity.

1.3 Conduct of the project

Methods of Investigation

Some aspects of the social impact of the migration experience to migrants have received attention in the literature and are measured in national data sets such as the Longitudinal Survey of Immigrants to Australia (LSIA). This study has also drawn upon existing research and data sets (national, state and territory) where available to present a picture of the social impact of migration. By contrast only limited robust research exists with respect to the social costs and benefits of migration to host communities – especially at a
local level – although anecdotal material abounds. Additionally, many of the social costs and benefits of migration to Australia are either unquantifiable, or not systematically measured. To address this shortfall the research team undertook community studies in regional Australia (Toowoomba and Shepparton), and in the capital cities of Brisbane and Melbourne, to explore the social costs and benefits of migration to host communities. The focus groups interviews were combined with local sources of evidence, such as local publications, Council reports and community directories to distil a picture of the local social costs and benefits of migration. This permitted rich qualitative data – particularly from a grass roots perspective – to be added to the broad quantitative findings. More details about the methodology are provided in Chapter 7. Interviews with federal government officials, peak industry body representatives and other key stakeholders were undertaken to further inform the scenario planning stage of the study. The research team also benefited from feedback as a result of regular teleconferences with members of the Commonwealth, State and Territory Research Advisory Committee.

There are contradictory and mutually reinforcing sources of evidence about the social impact of migration. The report makes a genuine attempt to wrestle with and balance these. Importantly there is a time lag between the lay person’s understanding of these impacts and any policy initiatives that may be in place to address these. For many people their perceptions frame their reality and shape their attitudes to migration – regardless of evidence or policies to the contrary. Hence the main aim of the community studies was to capture a snapshot of how key stakeholders and a cross section of ordinary Australian perceive and experience the social impact of migration at a local level. This report is not a piece of policy evaluation, nor an appraisal of how well ordinary Australian’s understand government policy, or recent shifts in policy.

The research team’s empirical analysis has sought to provide a better understanding of how the social costs and benefits of migration affect migrants, the Australia-born, host communities and the wider Australian community. It has also sought to examine more closely the various influences at work across different states and territories and within specific geographic localities. The analysis has been informed by the latest data, where possible – although many gaps exist and this has limited the analysis possible.

1.4 Comments on data quality

Significant data quality issues with respect to social impacts of immigration are generally recognised. For instance, there is no standard definition of migrant status used in national data sets. Hence there is a great deal of variation which makes robust comparative analysis difficult. Some data sets choose country of birth to define a migrant, while others use language spoken at home. There are also significant issues arising from the small numbers in some data sets with standard errors of between 25 and 50 per cent or more. Hence reliable interpretations are limited to a few national data sets although many others have been explored. This has meant that the report has had no choice but to rely heavily in places on the Longitudinal Survey of Immigrants to
Australia (LSIA). LSIA is by far the superior source of data on the social costs and benefits of migration. This data set provides not only insights into migrant early settlement experiences that have not previously been available in any other national data set but also is comparatively robust. However where possible this data has been triangulated with another 48 data sets to produce evidence about the social costs and benefits of migration to Australia. Data quality issues relating to the large number of data sets used by this study are detailed in Appendix 1B.

Despite these shortcomings and the lack of focussed attention around social impacts of migration, substantial amounts of relevant material both in the literature and in data sets are available. A major undertaking of this study has been to track down and synthesise this material into a coherent analysis guided by the four capitals framework.

1.5  Structure of the report

The report is divided into three parts. Part I, which includes this chapter, provides readers with the essential background information for assessing the social impact of migration to Australia. This chapter has outlined the report’s conceptual approach to assessing the social impact of migration, source data and data quality issues, as well as the methods of investigation used by the research team. Chapter 2 provides an overview of Australian migration and settlement patterns. This chapter, more than any other, has had to rely heavily on the LSIA data.

Part II (Chapters 3-6) presents reviews of the literature and data with respect to the social costs and benefits of migration for Australia. The chapters draw together existing research and available quantitative measure according to four capitals being used to assess the impact of migration: human capital; social capital; produced and financial capital (productive diversity) and natural capital (see Table 1.1). Issues identified and discussed are referenced in summary tables at the end of each chapter. Some assessments in these tables with respect to social benefits and costs have been objectively derived from quantitative data sets. However, many relate to issues explored in scholarly literature which may or may not be based on quantitative research. To enhance the readability of the report, most of the data supporting the report’s findings has been located in the appendices. Given the project scope is focused on the social impact of migration to Australia, the largest chapter with the most disparate array of sources, is naturally the one on social capital. Again it is important to point out that some of the evidence is contradictory. Where this is the case we have reported that the findings are mixed.

Part III presents the findings of the original empirical research undertaken by the field research team. Results of community studies conducted in four locations are described and analysed in Chapters 7-10 (one chapter for each location). Chapter 11 presents an overview of the common themes, issues, costs and benefits that arose across all four communities. Chapter 12 presents three scenarios which speculate upon three plausible migration futures for Australia: one assumes planning levels and other factors proceed
according to the status quo, another predicts migration scenarios based on a stress model of socio-economic down-turn and turmoil, the last contemplates a migration future based on an optimistic outlook for Australia as a country of choice for migrants in an increasingly globalised world and a growing shortage of skilled labour.

An overview of the social costs and benefits of immigration to Australia is distilled in Chapter 13. This final chapter also identifies and recommends further directions for research.

Endnotes

Visa Categories Included in this Study

Family Stream

There are a number of migration options for partners, children, parents and other family members of Australian citizens, Australian permanent residents or eligible New Zealand citizens. Partner migration options include:

- people intending to get married
- married (de jure) partners or de facto partners
- interdependent partners (including those in a same-sex relationship).

Parents may be able to migrate to Australia if they have a child in Australia who is an Australian citizen, Australian permanent resident or eligible New Zealand citizen. Dependent children, orphan relatives or adopted children of an Australian citizen, Australian permanent resident or eligible New Zealand citizen may also apply to enter Australia through family reunion. Aged dependent relatives, remaining relatives and carers of Australian citizens, Australian permanent residents and eligible New Zealand citizens may apply for visas to enter Australia permanently.

Humanitarian and Refugee Stream

The Humanitarian and Refugee Programme has two components: offshore resettlement; and onshore protection for those people already in Australia who claim protection under Australia’s international obligations. This latter group can usually only apply for temporary protection or temporary humanitarian visas. Permanent humanitarian visa categories cover the special humanitarian Programme and the refugee Programme which resettles people identified by the United Nations High Commissioner for Refugees (UNHCR) as subject to persecution in their home country. This study excluded from its scope on-shore applicants who arrived in Australia illegally seeking asylum.

Skilled Workers Stream

There are number of visas that allow skilled workers to enter Australia. Most skilled workers come to Australia as either a Skilled Independent migrant, or, if they have recently completed a tertiary qualification at an Australian university, as a skilled independent overseas student. These particular types of visas are preferred by skilled migrants as they have the least restrictions placed on them.
Other skilled visas include:

- Employer Nomination Schemes – Allows employers to sponsor and employ skilled workers who have recognised qualifications and skills or experience in particular occupations which cannot be filled from the local labour market.
- State or Territory Nominated Independents – A permanent visa for people unable to meet the Skilled Independent criteria. Applicants must be sponsored by a participating state/territory government, and their nominated occupation must be on the skills shortage list of the sponsoring state.
- The Regional Sponsored Migration Stream supports regional development by addressing the skill needs and shortages of regional employers. Skilled migrants can also migrate through formal labour agreements with an industry group, or through international business operations which make a significant investment in Australia.
- Skilled Designated Area Sponsored visas. These are provisional visas allowing people living in a designated area to sponsor their relatives as skilled migrants. The sponsored migrant will obtain permanent residence by living and working the same designated area as their sponsor.

This study excluded from its scope the newly created temporary work visas (such as sub-class 457).

**Business Stream**

These visas have been established for business people to establish a business in Australia, manage a new or existing business or invest in Australia. These are temporary visas that offer migrants a pathway to permanent residence once they have demonstrated a genuine commitment to participate in the management of a new or existing business in Australia.

Source: DIAC 2007