

**Submission to Productivity Commission: *Strengthening trans-Tasman economic relations*
discussion paper**

This submission relates to Section 4.6 of the Discussion Paper - more specifically the impact of the non-protected Special Category Visa (SCV) arrangements on long term trans-Tasman residents. I have both a personal and professional interest in this important issue and welcome the opportunity to provide input.

My family has lived in Australia for 10 years and are among the estimated 60% of long-term Australian residents with no pathway to permanent residency or citizenship. On a professional level, I am well informed about the trans-Tasman relationship having completed a PhD on New Zealanders in Australia (awarded in 2007)¹. In addition, I am aware of the limiting effect of New Zealand citizens' lack of access to student loans on young people's life choices through my job at a Brisbane university.

My family moved to Australia in July 2002 and we have lived, worked and made a positive contribution to Australian society ever since. In 2002, both my occupation (university lecturer) and my husband's (illustrator) were on the Skilled Occupation List and we both had the required number of 'points' to qualify for the general skilled migration program, however, as we were over 44 years of age we were unable to apply. At the time we thought our daughters, aged 13 and 10 (now 23 and 20) would be able to become permanent residents once they were young adults but even though they have now studied at university this is not the case. Our older daughter, a Film and Television graduate, does not have a clear pathway to permanent residency and our younger daughter who will graduate with a Bachelor of Biomedical Science at the end of the year needs to undertake post-graduate studies, which we cannot afford to fund, to have any chance of qualifying for permanent residency.

Since 2002, I have been continuously employed in university roles (both teaching and professional) where I have made a positive contribution to the next generation of Australians. I have also completed my PhD. My husband has shared his artistic talents in an unpaid capacity with the local school and library communities. We bought our home freehold (contributing overseas funds to the Australia economy in the process), and by the time we retire will have paid taxes in Australia for over 20 years. Our daughters (who now identify as Australian, rather than New Zealanders) are high achieving; civic-minded young women. Both received 'citizenship' awards for services to their school and wider community and are actively engaged in voluntary work.

We consider we have the attributes to be good Australian citizens; however, this is unlikely to become a reality unless alternative pathways to Australian permanent residency and citizenship are established. As you are aware our rights and entitlements are also limited in other ways. The following outlines the personal and wider impact of the current situation in relation to: (1) lack of access to HECS-HELP (Government student loans); (2) lack of voting rights; (3) uncertainty over entitlements in old-age; (4) lack of access to welfare payments and; (5) lack of pathways to permanent residency. In several instances I highlight anomalies where, it appears that we 'fall between the cracks' on both sides of the Tasman.

¹ One of the papers from this research: *Trans-Tasman migration: New Zealanders' explanations for their move*, is cited in your Discussion Paper.

Lack of access to HECS-HELP

In my view, lack of access to Government student loans (HECS-HELP) is one of the most serious flow-on effects of New Zealand citizens' non-protected visa status. Tertiary education is becoming increasingly important as economies become more knowledge-based. It is also widely acknowledged that education is a key factor in people from low socioeconomic backgrounds breaking the cycle of poverty².

My husband and I have paid approximately \$40,000 in fees and textbook costs for our two daughters' undergraduate education at the same time as paying their living expenses while they continued to live at home. We are unable to pay for post-graduate study on top of this outlay. This is affecting our high achieving younger daughter who will complete her Biomedical Science degree this semester. She aspires to become a doctor. We had assumed that she would have the option of returning to New Zealand to study medicine and, as she has *Ngai Tahu* ancestry (South Island Maori *iwi*/tribe), that the University of Otago would be the logical place for her to study. However, our investigations indicate that she is ineligible to study medicine in New Zealand as post-graduate entry is only open to New Zealand citizens who have completed their undergraduate studies in New Zealand. Thus, she is in the anomalous situation of being unable to be granted a student loan for her chosen course in either Australia or New Zealand. Ironically, she cannot afford the fees (currently approximately \$40,000) for the very program that would be likely to provide her with a route to Australian permanent residency.

My current job relates to programs aimed at widening the higher education participation of people from low socioeconomic backgrounds (a Federal Government priority). These programs involve aspiration-raising and capacity building activities with students at a number of schools in disadvantaged areas. Several of these schools have high numbers of students who are New Zealand citizens. These students face huge barriers to higher education participation because they cannot afford to pay their fees upfront. As you would appreciate, families with limited financial resources are unlikely to be able to pay their children's university fees, particularly if there are a number of children in the family. It is not just low income families that are in this position. I know of several middle-income families who cannot support their children in this way. Some parents tell their high achieving children to not even consider university because there was no way they can afford to attend. Other families have had to choose which of their children to support through university and which will miss out - while some young New Zealand citizens are attempting to put themselves through university by deferring their study every second semester to earn the money for their next semester's fees. This is not the optimum way to study.

This anecdotal evidence on the effect of lack of access to student loans is supported by statistics on the number of New Zealanders in higher education in Australia. The 2009 Survey of Education and Work³ indicated that 18-24 year-old New Zealand-born Australian residents were half as likely as the overall population to be studying (22% compared with 44%). This is evident from New Zealand citizens' participation rates at Brisbane universities which are considerably below their population share. In 2011 New Zealand citizens comprised 1.85% of Griffith University domestic students⁴ while

² See, for example, Vinson, T. (2007) *Dropping off the edge: The distribution of disadvantage in Australia*. Jesuit Social Services/Catholic Social Services Australia.

³ Australia Bureau of Statistics (2010). *Australian Social Trends September 2010: New Zealanders in Australia*

⁴ DEEWR 2011 Higher Education Statistics Table 2.10 Available at:

<http://www.deewr.gov.au/HigherEducation/Publications/HEStatistics/Publications/Pages/Students.aspx>

approximately 7% of the population in their catchment area were New Zealand-born⁵. The situation was similar at the University of Queensland where New Zealand citizens comprised 1.82% of domestic students while their population share was 5% and the Queensland University of Technology where New Zealand citizens comprised 1.2% of domestic students in a catchment area with a 5% population share⁶.

It would benefit both Australia and New Zealand for New Zealand citizens in Australia to have the same access to higher education as their Australian counterparts and for this reason I consider this issue is best considered in isolation from welfare entitlement issues. I understand that the Australian Government might be reluctant to extend HECS-HELP to New Zealand citizens in Australia in case these students moved back to New Zealand (and therefore avoided repaying their student loans). However, as it would potentially enhance the productivity of both the Australian and New Zealand economies if New Zealand citizens in Australia had the same access to higher education as their Australian counterparts, perhaps a bilateral arrangement might be possible where Government student loans from both New Zealand and Australian governments would be repayable in either country. This would presumably be attractive to the New Zealand Government which is currently concerned about retrieving student loan repayments from the considerable number of New Zealanders who move to Australia after completing their studies⁷.

Lack of voting rights

Supplementary Paper D: *Cross border movement of people* (p.28) noted that current arrangements surrounding eligibility to vote mean that “a proportion of New Zealand citizens living in Australia is not eligible to vote in either country’s elections”. Our family falls into this category. My husband and I cast early votes for the 2002 New Zealand general election, before we moved to Australia. We have not voted since. While I made trips back to New Zealand to visit my mother until her death in 2009, I did not consider it ethical to vote in New Zealand as I was not an active member of New Zealand society. My husband is ineligible to vote as he has only returned to New Zealand once (in 2008). Thus despite paying rates, taxes and contributing to Australian society in other ways for over 10 years we do not have the democratic right to have our say in how we would like our rates and our taxes to be used. We have had to sit on the sidelines and watch three local body, three State and three Federal election outcomes.

It greatly concerns us that our daughters have never had the opportunity to vote and unless alternative pathways to Australian permanent residency and citizenship are made available may never have the right to vote. Surely this is unacceptable when both Australian and New Zealand societies take pride in their democratic and egalitarian roots?

Uncertainty regarding old age

The situation regarding what we might, or might not, be entitled to after we retire is unclear and it is difficult to obtain accurate information. It appears that we may be eligible for an Australian Aged Pension (subject to the usual conditions) as the current bilateral Social Security Agreement between Australia and New Zealand states that New Zealanders who have lived in Australia for more than 10

⁵ Cited in Australian Bureau of Statistics. *2011 Census of Population and Housing: QuickStats – Greater Brisbane, Gold Coast, Logan*. Available at: <http://www.abs.gov.au/census>.

⁶ Note: These percentages are not directly comparable: (1) 37% of NZ migrants have become Australian citizens (although the figure will be lower in the Brisbane-Gold Coast area as a high proportion have moved to Australia since 2001) and; (2) the New Zealand-born figure does not include New Zealand citizens born elsewhere.

⁷ See Binning (1 June, 2011). *No escape for student loan expats*. The New Zealand Herald online edition

years qualify. However, we do not know what our entitlements will be in relation to Australian in-home and residential aged care should this be required.

It appears that we would not have the option of receiving New Zealand Superannuation if we did return to New Zealand as the Discussion Paper (p.139) states that eligibility is conditional on having lived in New Zealand for at least 10 years of which at least five years must be after the age of 50. This seems inconsistent as surely the Social Security Agreement between Australia and New Zealand should apply in both countries?

Clearly, we need to plan ahead with regard to where we reside to ensure that we are provided for in our old age should the need arise. However, the situation is complex and dependent on potential policy changes in not one but two countries between now and when we retire. It is possible that these changes may leave us ineligible for entitlements in either country. This would be an unfortunate outcome after a lifetime of tax payments in two countries which enjoy such a close economic relationship. At the very least, I would like to be able to access a website which outlines my entitlements in both Australia and New Zealand so that I can make informed decisions.

Lack of access to welfare payments

While my family has not been unduly affected by lack of social security entitlements I note that there has been considerable media coverage⁸ over the past few years, particularly in Brisbane's *Courier Mail* and Auckland's *New Zealand Herald* about the adverse effects of non-protected SCV holders lack of welfare access on both sides of the Tasman. Unsurprisingly, much of this coverage refers to hardship experienced by New Zealand citizens residing in the Logan-Gold Coast area. The New Zealand-born now comprise 8% and 9%⁹ of their populations respectively - considerably higher than their 2.2% national proportion - and a comparatively large proportion of these have arrived since 2001.

I believe that New Zealand citizens acknowledge that it is inappropriate for them to be eligible for social security payments on arrival in Australia. However, the current provision of one-off access to up to six months Centrelink assistance after 10 years residency is inadequate. While my family are now eligible for this assistance, the one-off nature of the payment means I would discourage my daughters from applying in case they were in greater need at some point later in their lives. As an interim measure, I would like the 'one-off' criteria removed so that, if necessary, assistance for 'up to six months' could be taken on different occasions.

Pathways to permanent residency

While DIAC estimated (Discussion Paper, p. 136) that 40% of New Zealand citizens who have moved to Australia since the 2001 legislative changes may be eligible for a permanent visa through existing skilled and/or family stream visa classes the proportion of New Zealand citizens who have actually been granted permanent visas is considerably lower. DIAC statistics (obtained by request) indicate that less than 11,500 New Zealand citizens were granted Australian permanent residency between 2006 and 2012. This represents less than 10% of New Zealand citizen arrivals during that period. I do not know the proportion of New Zealand citizens who applied but were denied permanent visas. I

⁸ See The Dominion Post, 6 October 2012 for three relevant articles: "Australia not so lucky for some Kiwis"; "Australian streets are tough for a growing Kiwi underclass" and; "Kiwi family wins battle for disability care in Oz"

⁹ Australian Bureau of Statistics. *2011 Census of Population and Housing: QuickStats – Gold Coast, Logan*. Available at: <http://www.abs.gov.au/census>.

therefore do not know if the disparity between these figures is because DIAC over-estimated the number of New Zealand citizens who were eligible for permanent residency or because large numbers of eligible New Zealanders have not made application.

The cost, lengthy waiting periods, and constantly changing, complex eligibility criteria might all be factors in the low take-up rate. It is too early to tell if more New Zealanders will gain permanent residency under the Skill Select program which came into effect on 1 July 2012.

Arguably, the ease with which New Zealand citizens can move to Australia disadvantages them with respect to obtaining permanent residency and its flow-on entitlements:

- Supplementary Paper D (p.23) noted that as New Zealand citizens can be employed by Australian businesses to meet labour market demand that some occupations may never be placed on the Skilled Occupation List
- Similarly, employers are unlikely to go to the effort and expense of sponsoring New Zealand citizens when they can legally employ them as SVC visa holders
- Because permanent residency is not a pre-requisite for living in Australia on a permanent basis New Zealand citizens are less likely to apply as a matter of priority when they first arrive. Some may subsequently find that their occupation is no longer on the Skilled Occupation List and that the route is no longer open to them.
- There is an age requirement (65-years) for on-shore Parents Migration applications while there is no age requirement for applications when parents are outside Australia
- The Newly Arrived Waiting Period (NARWP) of two years starts when a permanent resident visa is granted (Supplementary Paper, p.20) regardless of how long New Zealand citizens have already paid taxes in Australia. It is hard to understand how 'newly arrived' criteria can ethically be applied to families who have lived and paid taxes in Australia for years.

In conclusion, I consider the Australian economy benefits considerably from the labour provided by New Zealand citizens. In addition, in the main, New Zealanders fit seamlessly into Australian society due to shared values and the ANZAC tradition¹⁰. I appreciate the opportunity to provide input on this important issue and look forward to (1) the finalisation of alternative pathways to Australian permanent residence and citizenship based on a suitable period of continuous residency in Australia and; (2) clear, easy to access information regarding entitlements for New Zealand citizens on both sides of the Tasman.

Yours sincerely

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¹⁰ My PhD research supported this view