



The 2019 election and the impending migrant parent deluge

Bob Birrell

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Summary

An alarmist headline? Not really. This judgement follows from an analysis of Labor's proposed temporary visa for parents of existing migrants, entitled, a 'Fairer Long stay parent visa for Australia's migrant and multicultural communities'. The proposal was announced on 22 April, 2019.

Labor's proposal is for an uncapped, low cost, temporary parent visa open to all migrant families who are citizens or are permanent residents. It will cost \$2,500 for five years regardless of sponsors' income or capacity to provide for their parents. All four parents in each household can be sponsored. The children eligible to sponsor their parents include all those who are permanent residents or citizens of Australia.

The visa will be renewable thus enabling parents to stay in Australia for ten years without having to leave. This means it is a de facto permanent entry visa since, as sponsors will know, it is highly unlikely that parents who have lived here for a decade will be required to return home.

Labor's 'temporary' parent visa is an unprecedented offer. No other western country provides any similar parent visa. The trend across Western Europe is to tighten already stringent rules on parents' access to obtain permanent residence status. The US, though it allows adult migrant children to sponsor their parents, has many hurdles, including that the sponsor must be a citizen and must meet financial capacity guidelines. Even Canada, the most overtly welcoming migration country in the west, has an annual cap of 17,000 on parent visas and, as with the US, sponsors must prove that they can meet stringent financial capacity criteria.

As we will see, Labor's parent proposal dismantles all the careful rules successive Australian governments have, over thirty years, put in place to control parent migration. The door is now wide open for parent sponsorship. This is an especially attractive prospect of Australia's more recently arrived Asian and Middle-Eastern communities. And here it should be noted that Australia's Asian-born population (at just over 10 per cent) is higher than any other western country.

Australia is an enticing destination to migrants from Asia because of the large gulf between the political, social and cultural conditions here and in most Asia countries. Given that many immigrants would welcome in-house help with child care and that most Asians recognise obligations to care for their parents, the potential for Australia's Asian and Middle-Eastern population to take up Labor's offer is huge.

At present most permanent entry parent visas are from China, mainly because there is a balance of family rule in place. This requires that half or more of siblings are resident in Australia. Many readers will be aware that there is a waiting list of Chinese applicants for Australia's existing permanent entry parent visa of near 100,000. They will likely take up Labor's proposed temporary parent visa. However, many more Chinese will also become eligible. (These are people who don't meet the present financial criteria for sponsorship, which are outlined below.)

The really big change in eligibility will come from Australia's Indian subcontinent and Middle Eastern communities. They constitute a larger group of potential sponsors than the Chinese. Most do not currently meet the balance-of-family test or the financial requirements of the existing permanent entry parent visa.

Labor's proposal will make them eligible to bring their parents to Australia. They will have at least as powerful a motive to avail themselves of this opportunity as the Chinese.

Labor's proposal could easily generate at least 200,000 parent applications, mainly from Chinese, Indian subcontinent and Middle Eastern country residents of Australia, over a three-year period.

The number depends, of course, on how the visa is implemented. This is explored below. The information we have at this point on Labor's proposal is that it will be open-ended.

Background

To grasp the significance of Labor's proposal it needs to be seen in the context of Australia's present rules governing the issuance of permanent entry parent visas. There are two subclasses for parent visas in operation. One is a contributory parent visa where the parents have to pay some \$43,600 as an upfront contribution to the likely public costs of their stay. In 2017-18 6,015 of these visas were issued. By June 2018 there was a backlog of applicants of 44,886. The other entry point is a non-contributory parent visa with much lower up-front fees. In 2017-18 1,356 of these visas were issued. For this non-contributory visa there was a backlog of 50,642 and a wait time of over thirty years.

In effect, together the current permanent-entry parent visas are capped at less than 8,000 a year.

Moreover, both permanent-entry parent visa subclasses are only available to pension-aged parents who can meet the balance of family test. This is why most of the parents visaed are from China – since most Chinese residents are from one, or at the most, two sibling families.

However, there is another parent visa option, soon to be available for those wishing to sponsor their parents. This is a temporary parent visa which the Coalition legislated in November 2018. Residents can apply from 17 April 2019 to establish their eligibility as sponsors of their parents.

There is an annual cap of 15,000 parents and accompanying dependent for this new visa. It is for five years, and will cost \$10,000. There is a limit of one set of parents for each sponsoring household. To qualify as a sponsor, the Australian resident family's annual taxable income must exceed \$83,000.¹

The visa can be renewed, once, for another stay of up to five years, but the parents need to leave Australia before applying for this renewal.

There was no official statement of the likely number of applications at the time. However internal departmental sources indicate that the 15,000 annual quota is likely to be filled.

Labor's proposal

Labor's temporary parent visa proposal was announced in response to the Coalition's temporary-parent-visa legislation. In response to lobbying from migrant communities, the Coalition promised prior to the 2016 election that it would establish a new temporary visa for parents. As is evident, it took some time for the proposal to be legislated.

When the Labor leader, Bill Shorten, announced Labor's proposed visa on 22 April 2019, he declared that the Coalition's temporary parent visa option was 'heartless, callous and cruel'. It was claimed that the Coalition's visa was far stricter than originally promised, thus justifying Labor's much more generous alternative.

As indicated, Labor's initiative potentially opens the flood gates for parent migration. It appears to be a reckless and irresponsible policy bid put forward to garner migrant votes.

Did the Labor leaders consider the possible implications? It is doubtful that they did.

The proposal came from out of the blue. There was no mention of the temporary parent visa in Labor's 2018 policy statement. When the Coalition's temporary parent visa initiative was debated in parliament in late 2018 Labor gave no indication that it was considering a counter initiative.

When Labor's spokesman on immigration, Shane Neumann, presented a long overview of the party's immigration policy on 19 March 2019, the question of parent visas scored one sentence: 'The Liberals have failed to deliver a fair temporary sponsored parent visa for Australia's multicultural and migrant communities despite promising it back in June 2016.' That's all. No elaboration.

Since 19 March there have been statements addressed to Chinese voters indicating that Labor would make it easier to bring their parents to Australia, but that is all.

The policy announced in April seems to have been generated in the heat of the current election battle. The Labor policy experts who dreamt it up appear not to have thought through the implications. Nor, apparently, did the Labor leaders who must have signed off on the policy.

The political focus at the time was on a few seats with high concentrations of Chinese voters, including Banks, Bennelong, Reid and Barton in Sydney and Chisholm in Melbourne, all of which (except Barton) are narrowly held by the Liberal party. For Labor, the Chinese may have seemed to be the most responsive target for their new policy because Chinese-born residents have shown a high propensity to sponsor their parents.

The new proposal must have seemed like a wonderful carrot to attract wavering migrant voters. It offered them something patently more generous than the Coalition's two permanent parent visas and its new temporary parent visa. Labor leaders, could and did contrast their generous offer with that of the Coalition and its allegedly unfeeling, iron fisted, guardian of Australia's borders, Minister of Home Affairs, Peter Dutton.

The new proposal also allowed Labor's leaders to display their commitment to a multicultural Australian future. This commitment is no doubt genuine. As the April 19 statement put it: 'Labor knows that modern Australia and multicultural Australia are the same thing – which is why we value families being able to spend time together and help each other'.²

If anyone in the leadership ranks cautioned about the downstream welfare costs, the Labor leaders may have been reassured that the parent visa proposal was a temporary visa and that, in Australia, temporary visa holders do not have access to Australia's welfare and health entitlements. As we will see, this is an illusion.

The likely response to Labor's temporary parent visa proposal

In order to estimate the take-up of the parent visa proposal we need to know what the rules governing access will be. At this stage, we do not have any fine print, because, as indicated, there seems to have been no careful consideration of what might be needed to avoid an avalanche of applications.

Nor can we know whether the open-ended eligibility of Labor's parent visa, implied in the initial statement of its terms, will survive in the post-election situation, should Labor be elected.

It may well be that hard heads in the Treasury and other economic agencies will argue against the proposal. They will be appalled by the prospect of a spike in the arrival of large numbers of older, dependent migrants. Migration is supposed to modify the effects of population ageing (that is the impending rise in the ratio of retired to working-age residents) not exacerbate it.

But Labor's proposal must be taken seriously. It will not be easy to wind it back. We have the experience of the early 1980s (detailed later) to go on here, when there was a parallel opening up of family reunion eligibility in pursuit of the migrant vote. This led to years of competition between the major parties to use immigration policy to vie for this vote. It took thirty years to undo the consequences.

Also, having aroused the expectations of the migrant community for open-ended family reunion with parents, it will be difficult politically to backtrack.

Thus it is important that Australian voters know what is being offered to the migrant communities and, as well, what the potential numbers and costs will be.

Who is eligible for the parent visa and how will applicants be assessed?

The Labor proposal refers to parents without any qualification. There is no distinction made between those who are of working or retirement age. We have to assume that both are included. If so, the proposal will vastly expand the pool of eligible parents, since the existing permanent-resident parent visas are only accessible to aged parents, as is the Coalition's new temporary parent visa.

It may also be that grandparents will be eligible. The Labor policy statement explicitly refers to the need to allow Australia's migrant and multicultural community families 'to reunite with parents and grandparents still overseas'.³

The policy statement also implies that all adult children with parents overseas will be eligible to sponsor their parents. There appears to be no period-of-residence requirement. There is also no reference to any required assessment of the financial capacity of the sponsoring children to provide for their parents once in Australia. Indeed, the emphasis in the proposal on the restrictiveness of the Coalition's parent options strongly implies that Labor considers the absence of any financial condition to be one of their policy's key selling points.

Will there be any check on the medical condition of the sponsored parents before the new parent visa is issued? It is hard to believe that this would be the case. Yet, there has been no indication that there will be any such evaluation.

All that we have is an indication that the parents will have to take out a private health insurance policy.

As acknowledged, it may be that the Labor elites saw no need for elaborating on any such restrictive conditions because their proposal is for a temporary parent visa.

However, it is unlikely that the sponsoring children, their migration agents and their respective communities will see it this way.

The proposal is for a renewable five-year temporary visa. After ten or even five years in Australia the parents sponsored will have largely severed ties with their home country and, in most cases, be totally dependent on their sponsoring children. For the sponsoring families and their parents (and maybe grandparents) their stay here will be seen as permanent.

All the families and communities involved will resist any attempt by an Australian government to enforce the return home of parents when their temporary visa elapses. Policy makers will be aware that any such move will generate an outcry from the migrant community. Sponsors are likely to claim that their parents have become de facto permanent residents and should be treated as such.

This would mean access to the full age-related health and welfare entitlements available to Australian residents.

If Labor is still in power when these issues come to a head, its leaders are also likely to see the issue in these terms. Labor has made it clear that it objects to temporary visas that leave migrants, whether here on humanitarian, skill or family visas, in an uncertain position. It will abolish temporary visas for asylum seekers here as result of boat arrivals during the Rudd era. Given this stance, it seems highly likely that temporary parent-visa holders will be granted a pathway to permanent residence – thus adding to the incentive to take up the temporary parent visa in the first place.

The forthcoming parent deluge

Let's start with the Chinese. We don't have to speculate whether the Chinese resident community in Australia – the largest of the non-western origin communities – will sponsor their parents. They are already doing so in very large numbers.

There is a backlog of near 100,000 applications, a high proportion of whom are Chinese born applicants. The Chinese-born population in Australia was estimated to be around 650,700 as of mid-2018 – or some three hundred thousand households. This means that nearly one in three of these households has started the process of bringing their parents to Australia. This represents an extraordinary high propensity to sponsor parents.

How could this be? A crucial factor, noted earlier, is that most Chinese residents are eligible for one of the current parent permanent-entry parent visas because their parents can meet the balance of family test. Most Chinese young adults come from one-child families. Even if there are two siblings and one is still in China they would still meet the balance of family test.

In China, children are expected to take responsibility of their aged parents' welfare. So it is not surprising that so many of those who have immigrated have sought to bring their parents to Australia.

The motivation to do so if the new parent visa comes into effect will increase. This is because, as explained, it will be immediately available, cheap and open to all potential sponsors regardless of their capacity to provide for their parents.

The implication is that most of those in the queue of circa 100,000 are likely to take up the new parent visa option.

But that's not all. The new visa appears to be open to working aged parents as well. This will widen the range of Chinese households eligible to bring their parents to Australia.

Other Asian communities

The greatest potential of Labor's parent visa to generate additional parent migrants will emanate from other Asian communities, especially those from the Indian subcontinent, West Asia and from the Middle East. Hundreds of thousands of households from these countries, who have hitherto been excluded from the existing permanent-entry parent visas will become eligible under Labor's proposed visa.

This is because most immigrants from the Indian subcontinent, West Asia and the Middle East cannot meet the balance of family test or the financial requirements for permanent-entry parent visas.

At the present time, hardly any residents from these countries are accessing the permanent-entry parent visa subclasses. For the year 2017-18, of the 7,118 parents (and dependents) issued with a parent visa while in Australia or who arrived on a parent visa, most – 4,460 – were Chinese citizens.⁴

There were only 530 parent visas issued to Indian citizens. This is despite the large size of the India-born community in Australia, estimated at 592,000 in June 2018. This is not much short of the 650,700 Chinese residents.

Obviously Australia is a highly attractive destination for migrants of Indian origin. The same is likely to be true for their parents given the gulf in living conditions between India and Australia and the attraction of joining their children in Australia.

The response to Labor's new visa offer is likely to be even keener on the part of migrants from Middle Eastern and West Asian countries. In 2017-18 there were just 54 parent visas issued to parents from Iran, six from Iraq and fewer than five from Afghanistan. Yet by 2018 there were a large and rapidly growing stock of residents in Australia who were born in these countries, including 71,390 from Iran, 87,750 from Iraq, and 59,730 from Afghanistan. They have a compelling motive to bring their parents from war-torn, poverty stricken and unstable countries.

Labor's temporary parent visa makes this a realistic possibility. It appears to apply to all migrants interested in sponsoring their parents, regardless of how long they have resided in Australia.

What an offer! It is, as stated earlier, unprecedented amongst Western countries.

But how strong is the response likely to be? We can give an evidence based answer from the Australia's experience in the early 1980s when, for a few years, there was a similar absence of constraints on parent migration to those under the current Labor proposal.

As we will see, in those years the sponsorship rates for Australia's then small Asian communities were around 10 per thousand of the adult members of each community. If repeated currently for Australia's Indian subcontinent, West Asian and Middle Eastern communities there would be at least 30-40,000 parent visas issued each year. That's on top of the projected number of parent visas issued to the parents of Chinese residents.

This is why the scenario of 200,000 parent visas issued over just three years has to be taken seriously.

Competition for the migrant vote in the 1980s

In the early 1980s successive Coalition and Labor governments both used the immigration program to openly compete for the migrant vote. They introduced a suite of measures that facilitated family reunion to Australia, not just for parents, but for brothers and sisters and their partners as well. As I detail below, it took three decades before most of these measures were unwound.

Until the late 1970s Australia's immigration policy had been based on selection criteria aimed at recruiting skilled migrants with high settlement prospects, that is, those who were likely to integrate well and to generate few downstream welfare needs.

This changed in the late 1970s when the incumbent Fraser Liberal government challenged Labor's hitherto tight grip on the migrant vote. In May 1982 the Fraser government implemented new regulations on family reunion that made it much easier for resident Australians to sponsor their parents and brothers and sisters for settlement in Australia under the family reunion program.

Not to be outdone, when the Hawke government took office in 1983 it extended these privileges. It put the welcome mat out for migrants. New family reunion arrivals, as long as they entered Australia with permanent residence visas, could immediately access most of the benefits of full membership of the Australian community. This offer extended to parents, included those of working age and pension age. All new entrants could immediately obtain medical and hospital benefits on the same terms as other residents. They could also access most welfare benefits, including a special benefit (for those not eligible for the aged pension – which required ten years residence) if they could meet these relatively generous criteria.

Also, previous restrictions based on concerns about integration or the capacity of the sponsoring family to provide for their parents were swept away.

Most of the leading advocates for these measures came from Australia's large southern European migrant communities. Those who took advantage of the new rules, however, were primarily drawn from Australia's relatively small Asian communities. By the late 1980s most family reunion entrants came from Asian countries. This is because the rate of parent sponsorship from Greek and Italian born residents in the 1980s proved to just be a tiny fraction of the rate for Australia's Asian-born communities.⁵

This conclusion flowed from research completed in the late 1980s on the propensity of migrant communities to sponsor their relatives. The metric used to make this judgement, in the case of parents, was the number of parent visas issued in 1987-88 per thousand of the adult population for each foreign born community resident in Australia as of 1986.

This research revealed that there were very high parent sponsorship rates for the small Asian communities, including those from Vietnam and the Philippines, of around 15 per thousand adults. By contrast there were only tiny sponsorship rates for parents of 0.1 per thousand for Italian-born adults and 0.4 for Greek-born adults.

At the time, there were hardly any mainland Chinese residents in Australia, but there were a substantial number from Hong Kong. They mainly originated from former overseas students from Hong Kong who had subsequently obtained permanent residence as skilled migrants. Their sponsorship rate for parents was amongst the highest at 15.7 parents per thousand. This interest in sponsorship is consistent with very high propensity of the current mainland Chinese-born residents living in Australia to sponsor their parents.

There were also relatively few Indian-born residents in Australia in the 1980s. Most of these came as professionals from relatively affluent families and their parents had little interest in moving to Australia. Their sponsorship rate was just 4.5 per thousand. Since the 1980s the make-up of the Indian-born population in Australia has been transformed. It has stemmed primarily from the influx of overseas students, many from the relatively poor Punjab region. Immigrants from these backgrounds are likely to have a high propensity to sponsor their parents into Australia if Labor's parent visa proposal is implemented.

The result of the welcome mat being put out for parents in the 1980s was that there was a rapid increase in the numbers visaed, from 7,744 in 1983-84 to 11,698 in 1988-89, with most being working aged parents who originated in Asia.⁶

The long retreat

By the end of the 1980s, concerns about the numbers and welfare costs of this open-ended family reunion policy had mounted.

The Labor government made the first decisive change. In 1989 Robert Ray, then Minister for Immigration, implemented a balance-of-family ruling for parents. To be eligible for a parent visa half or more of the children had to be resident in Australia.

This immediately curtailed the growth in parent migration. This is because the research cited above showed that none of the rapidly growing sources of parent migration from Asia, on average, met the balance of family test.⁷

After 1989, especially during the period when Paul Keating was PM, the Labor government introduced tougher rules on sponsors' obligations to pay for medical and welfare costs of their parents when in Australia.

This pattern continued when the Coalition took office in 1996. By this time the migrant lobby had lost some of its ascendancy, in part because the Australian mainstream response to the scale and costs of Australia's family reunion program was advantaging the Coalition.

During the Howard government era from 1996 to 2007 the Howard government made a number of attempts to limit the number of parent visas that could be issued each year and to put more of the financial obligation for their sponsored parents' wellbeing onto the sponsoring son or daughter. These measures were only partially successful. Nonetheless the number of parent visas issued in the late Howard years was limited to around 4,000 a year.

During the Rudd/Gillard government years these rules were softened a bit but the number of parent visas issued was limited to around 8,000 a year.

Under the current Coalition government the eligibility rules for the permanent-entry parent visas have been tightened again. The result, as noted, is that there were 7,371 parent visas issued in 2017-18.

All this is about to change if Labor's parent visa proposal is implemented. The pattern of the 1980s is likely to be repeated with huge increases in the number of parents settling in Australia.

Why worry?

The costs of Labor's parent visa will soon be evident as the total climbs towards the 200,000 level mooted above, in just three years.

Most of the parents will locate in Sydney and Melbourne, since that is where the bulk of potential sponsors reside. The initial concentrations will be in municipalities with high concentrations of Chinese-born residents. Some of these are relatively affluent, including Chatswood and Ryde in Sydney and Monash and Box Hill in Melbourne.

However, as the projected flow from the Indian subcontinent and the Middle East ramps up an increasing number of parents will locate in relatively low-income outer suburbs of Sydney and Melbourne.

The main initial stress point will likely emerge via competition between these recent arrivals and the established communities for access to already scarce medical and welfare services, especially within the public hospital network.

Problems within the health insurance system are certain to emerge. Labor's proposed visa will require parents to take out private health insurance. But how will the private insurance sector react to pricing this insurance? The sector will have to take on parents likely to need expensive hospital

treatment but who have made no lifetime contribution to the funds. As has been well documented, the sector is already struggling with low membership levels from Australia's younger residents.⁸

These parents will be locating in Sydney and Melbourne, the two cities that are already failing to cope with high population growth – growth which mainly derives from net overseas migration.

The projected parent inflow will add to this stress. The numbers are likely to greatly exceed those resulting from the Coalition's proposed streaming of skilled migrants into regional locations.

For migration advocates, the parent influx will deliver their worst nightmare. As noted earlier, many justify the current high net overseas migration numbers on the grounds that the migrant intake is ameliorating the effects of demographic ageing. This derives from the impending retirement of the large cohort of baby boomers born between 1950 and the mid-1960s. As these advocates have documented, this retirement will reduce the ratio of the working-age population relative to those of retirement age. Incoming migrants help to mute this effect, because they are currently younger, on average, than the resident population.

The impending parent influx will have the opposite effect.

For the hard-heads in the Treasury it will soon be apparent that the long-term costs of Labor's parent visa are mounting as it morphs into a de facto permanent-entry program. Governments will be forced to acknowledge that these 'temporary entry' parents are in fact here to stay. They will then have face the budgetary costs of providing them with the same aged person pension and health benefits as other aged residents receive.

It will not be easy to exit from Labor's proposal once it is legislated. The current reluctance of the Prime Minister, Scott Morrison, to even mention the issue is an indication. Since Labor's parent visa announcement on April 22, apart from an initial critique from David Coleman, the Minister for Immigration, neither Coleman nor the Prime Minister has had anything to say about the issue. This is presumably because the Coalition feels it has more electoral skin to lose by antagonising migrant voters than it has to gain by telling other voters about the serious consequences of Labor's proposal.

It took thirty years for the opening up of family reunion in the early 1980s to be wound back. The process eventually involved a mobilisation of mainstream voters concerned about the impact of migration and multicultural policies favouring the migrant constituency. This first occurred conspicuously at the time of 1996 Federal election.

It will probably happen again, but at what cost to community harmony in Australia? It would be nice to allow Australians of Asian descent to bring their parents here. But these residents knew what the rules were when they came to Australia. They know that no other Western country provides anything like the open-door policy that Labor's proposal offers.

As for Australia's majority non-migrant community, they will have good cause to be concerned about the proposal once they understand the likely numbers involved. The influx will add to the urban congestion and to the fiscal costs of accommodating Australia's rapidly growing population. Yet, under Labor's proposal, these parents arrivals will not be required to make any contribution to these costs.

Notes

¹ Peter Mares, 'How Migrants' Parents Became An Election Issue', *Inside Story*, 29 April 2019, <<https://insidestory.org.au/how-migrants-parents-became-an-election-issue/>>

² Labor's fairer Long Stay Parent Visa for Australia's migrant and multicultural communities, <https://www.nswlabor.org.au/labor_s_fairer_long_stay_parent_visa>

³ Ibid.

⁴ ABS, Permanent additions to Australia's population, 2017-18, Pivot Tables

⁵ Robert Birrell, *The chains that bind: Family Reunion Migration to Australia in the 1980s*, Bureau of Immigration Research, 1990, p. 37

⁶ Ibid.

⁷ Ibid., p. 39

⁸ Labor's elderly visas to worsen private health 'death spiral', *MacroBusiness*, 1 May, 2019. <https://www.macrobusiness.com.au/2019/05/labors-elderly-visas-worsen-private-health-death-spiral/?utm_medium=email&utm_campaign=Daily%20MacroBusiness&utm_content=Daily%20MacroBusiness+CID_1c405dff7faa06afe4b7174527e5691d&utm_source=Email%20marketing%20software&utm_term=Labors%20elderly%20visas%20to%20worsen%20private%20health%20death%20spiral>