

## Submission to the Productivity Commission of Australia

### *Labour markets including distributional and other social dimensions (status)*

This is a submission to the joint Australia and New Zealand (NZ) review of the strengthening of economic relations between the two countries. I wish to initially apologise for the lateness of this submission and request that it be considered nonetheless. I have only just become aware of the compiling of this report and also of the issue about which I write.

My submission concerns a matter that affects me and my family and also other New Zealand citizens who have come to work in Australia. The matter directly affects those New Zealanders who have a non-NZ spouse or partner, who also may have non-NZ dependants, and who rely upon the unprotected Subclass 444 New Zealand Special Circumstances visa, (444 visa) in conjunction with the Subclass 461 visa ie New Zealand Family Relationship (461 visa). The 461 visa exists to allow the families of NZ citizens, who are themselves non-New Zealanders to enter, stay and work in Australia. The 461 visa has to be reapplied for every five years. It places few conditions or restrictions upon the holder and is therefore helpful in allowing the movement of families into Australia. It does though provide fewer benefits than those received by the SCV. The 461 visa makes no provision for any of the social security arrangements that are available to holders of the 444 visa. These include among other things, Medicare, Family Tax Benefit, Child Care Benefit, Maternity payment, Rent assistance, a low income Health Card, Parenting Payment and Commonwealth Senior's Health Care Card. I think that these differences in eligibility are bound to create difficulty, particularly with regard to family finances. Regardless of these disadvantages I am grateful for the existence of the 461 visa. It has allowed me and my non-NZ wife to live in Australia and also the opportunity to endeavour to fulfill the requirements needed to obtain permanent visas for ourselves. For us this depends largely upon the success of our business and we continue to work toward this objective.

The issue that I wish the Productivity Commission to consider is potentially a more serious one for us and also for other families who may or may not have a plan to obtain permanent residency in Australia. One condition placed upon a holder of the 461 visa is that they must hold current comprehensive medical insurance. This is because of their inability to access Medicare, This requirement sounds reasonable and probably is, as long as the 461 visa holder remains able to insure against health issues. Unfortunately it is usually not possible to acquire such insurance indefinitely. As people age they eventually will be unable to find cover. For example in our case, if our efforts to gain permanent residency fail, when my wife as she inevitably must becomes unable to insure herself, she would be unable to renew her 461 visa. She would then be required to leave Australia. My wife has no automatic right of entry to NZ, nor I to China. We might end up being separated in later life.

Assuming that most of the people who rely upon the 461 visa (I read that numbers are on average 1-2000 per year, although I haven't been able to find again that information, to verify) cannot enter Australia as permanent residents, and assuming large numbers of them do not gain permanent residency during their time here, then it can be foreseen that many of these people may be detrimentally affected by what is de-facto, a change of status to one or more members of their family. Aside from the personal tragedies that this could cause, the effect on labour mobility and economic activity where these people are employed within Australian industry might be substantial.

A solution could be to formally adjust the 461 visa so that it provides at least the Medicare entitlements available to the NZ citizen on the 444 visa. To reduce any negative fiscal effect of this change, a requirement that 461 visa holders maintain medical insurance could remain, along with an accompanying waiver that would allow the renewal of the visa should the holder become unable to insure themselves.

The issuing of a Medicare card to the 461 visa holder would immediately make available to them a wider selection of health insurance policies; those that are normally only available to Australian residents, as opposed to visitors. This would make it easier for the 461 visa holders to maintain private insurance for a longer period and at a reduced cost. With proper management this change might approach fiscal neutrality.