



CENTRE FOR  
DEVELOPMENT  
AND ENTERPRISE

# CDE comments on the Green Paper on International Migration

## Main Document

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# CENTRE FOR DEVELOPMENT AND ENTERPRISE (CDE)

## RESPONSE TO THE GREEN PAPER ON INTERNATIONAL MIGRATION OF JUNE 2016

### MAIN DOCUMENT

#### INTRODUCTORY COMMENT

##### **CDE and migration policy**

CDE's interest in the Green Paper arises from a 20-year background in researching, writing and publishing about the importance of skills to growth, and the importance of immigration to expanding South Africa's skills pool. Building on all this research, engagement and our recommendations, we contributed to the public processes leading up to the Immigration Act of 2002 and its amendment three years later.

Our position has been consistent and is most recently summed up in the 2016 document, Skills in CDE's recent Growth Agenda series of publications:

*The only way out of the cycle of unemployment, poverty and inequality, which is undermining South Africa's future, is to achieve higher and more labour-intensive levels of economic growth. Among other things, this requires dramatically expanding the pool of skills available to the South African economy.*

*There are two main ways of achieving this. The first and most important is to equip South Africans with a solid foundation of knowledge and skills, and the ability to use them productively. This will enable them to reach their full human potential and contribute to national development. The second is to compensate for South Africa's existing skills shortage by recruiting skilled people from abroad.<sup>i</sup>*

This orientation shapes our commentary on the Green Paper, and in particular the specific comments on policy proposals in the document that relate to the issue of skilled immigration.

##### **Areas of agreement and CDE's focus on skilled immigration**

CDE applauds the Green Paper's view that policies to manage international migration must be holistic. We broadly welcome the Green Paper's proposed initiatives on asylum-seekers and economic/irregular migrants, the more so because of the document's stated commitment (p.16) to constitutional values in managing them.

However, we will leave detailed comment and possible criticism to those that are more expert in these aspects of international migration.

CDE's response will focus mainly on the analysis and options in the section of chapter four of the Green Paper, 'Management of international migrants with critical skills and capital' (pp.42-46). This is in line with the emphasis in our research on the importance of immigrant skills for South Africa's growth prospects. In our response to the treatment of skilled immigration issues, we point to areas of agreement with the Green Paper and welcome changes of tone and orientation in official attitudes. We also welcome the effect of criticisms that we (and others) have made in the past of the 'critical skills' approach to managing skilled immigration.

We will draw attention to two general tendencies in the document: the first is to propose an apparently progressive initiative and then promptly strangle it with a list of bureaucratic requirements. The suggestion of introducing a points system is a case in point, though by no means the only one. A second, and related problem is to hint at changing attitudes – to recruit skills rather than merely permit them to enter for instance – and then to offer tepid proposals or no proposals at all about how to do this. When the country is, in the Green Paper's own words, 'desperately short of skills', policies need to be much bolder than the Green Paper allows, and we would hope that a subsequent White Paper will address this deficiency.

Before offering our views on these matters, however, it will be important to set the context for policies on skilled immigration with some preliminary discussion of the politics of immigration. This draws on CDE's research as well as recent political developments in developed countries, which provide warning examples for South African policy makers. Migration management policies are not made in a vacuum. It is a general rule of policy making that the best policies will fail if policy makers pay insufficient attention to political presentation.

Migration management, including skilled immigration, is a politically sensitive issue. For this reason, policies need to be carefully framed, but must also be introduced with committed political leadership. One of CDE's consistent criticisms of immigration policy in South Africa, reaching right back to 1994, has been that well-intentioned policy proposals have not been followed through with determined political leadership.

## **THE POLITICS OF IMMIGRATION: THE NEED FOR LEADERSHIP**

All forms of international migration have to be managed well, including economic and irregular/undocumented migration, asylum seeking and the claiming of refugee status.<sup>ii</sup> When they are managed badly – as the Green Paper acknowledges they have been in South Africa up to now – the popular belief takes hold that control of borders cannot be relied on, whether through lack of capacity or corruption. This leads to a sense of unease and insecurity, often driven by badly informed media coverage, as well as the manner in which officials at a local level (police officers, for example) talk about and manage migrants and refugees. This in turn makes the positive benefits of immigration

hard to communicate and the contribution of skilled immigration to economic growth harder to realise. The politically disruptive effects of poorly managed migration management, and leadership failures to convert policy intention into delivery have made themselves felt in both South Africa and other countries.

In South Africa, popular distrust of government's ability to manage migration has been a contributing factor to endemic xenophobia, which from time to time erupts in intense public violence and has cost many lives.

The politically disruptive effects of poorly managed migration and failure to communicate (and share) the benefits of immigration, especially of skilled people, have become obvious in the United Kingdom (Brexit), the USA (Donald Trump's presidential candidacy) and Europe (the rise of extreme right-wing parties).

### **The Green Paper on 'consensus'**

In the light of current political developments in other countries, it is worth looking at the Green Paper's take on developing a new policy for migration management. The real lesson of immigration policy in developed countries is twofold: the danger of failing to understand that immigration is a *political* and not purely a *technocratic*<sup>iii</sup> issue and, closely related, the danger of communicating about migration policy only within interlocking elites of government, business and organised civil society. The politics of immigration in developed countries in recent years have shown that there are few, if any, subjects on which there is a greater danger of disconnect between elite and popular perceptions of facts, values and goals.

The Green Paper (p.14), quite properly, aims at consensus, saying:

*The Green Paper proposes that SA should adopt an approach to immigration that is strategically managed and which involves the whole of the state and civil society led by the elected government.*

This statement is welcome evidence that policy makers have learned from South Africa's own experience of xenophobic violence of the dangers inherent in policies for migration management that are not well grounded. However, in a profoundly political issue such as immigration, consensus does not appear without political leaders who are determined to convince not only those with voice and interests in the issue, but citizens and voters as well.

It is not enough to invoke 'the whole of the state and civil society': the constituents of organised civil society are for the most part members of an elite, just as capable of being out of touch with popular opinion as policy makers. This is partly because they have at their disposal a shared base of facts (such as statistics and economic indicators) as well as values (about human rights for instance) with which they are comfortable and which they take as self-evident. They are also generally least affected by less skilled migration and the competition around resources and employment that follows.

None of these things can be taken for granted in the wider population. Facts and values are not decisive in politics unless they are closely linked to shared interests and experiences on the widest possible basis.

The experience of the UK and other developed countries is that a 'consensus' that is brokered solely among government, civil society and business, and which does not engage or convince the whole

electorate and citizenry in a much wider general agreement, risks a potent backlash. A building block of such a wider general agreement should be communicating to the electorate at large why South Africa needs more skilled people and that attracting skilled foreigners can accelerate the development of more skilled professionals, entrepreneurs and workers. This should not be a difficult 'sell': South Africa needs skills to grow more quickly, and increasing the supply of skills would lower the skills premium, reducing the cost of skill-intensive goods and services, and lowering inequality.

In some respects, it is not surprising that political leadership on migration issues has been lacking in many countries. Migration is a divisive subject, on which public views are often sceptical and sometimes hostile. Put bluntly, democratic governments, which face regular electoral tests, are generally hesitant about introducing policies that increase migration, seeing them as potential vote losers. Nevertheless, migration in a globalised world is a fact of life and skilled immigration a vital necessity. The difficulties and dangers inherent in the politics of migration in a democratic society can only be overcome with informed arguments about uncomfortable realities. In South Africa's case, these include the nature and causes of, as well as the prognosis for, our skills shortages. Realism on this score will require political leadership and courage.

## **THE GREEN PAPER**

The Green Paper is motivated by the belief that the present dispensation for migration management: *'...does not enable SA to adequately embrace global opportunities while safeguarding our sovereignty and ensuring public safety and national security'*.

CDE certainly agrees that present policies do not enable South Africa to exploit the potential of the global movement of skilled people. However, there is room for scepticism as to how far failures of migration policy really compromise public safety and national security. Certainly the Green Paper does not produce substantial evidence (for instance crime figures and actual or threatened terrorist incidents) to link migration to such concerns.

Without such evidence there is room for suspicion that, rather than showing leadership, the Green Paper is following popular prejudice about migrant issues rather than engaging with it.<sup>iv</sup> Framing debate on migration management in this way, without solid factual evidence to justify the choice, is an unhelpful way to begin. This is especially so when the document itself (p.9) deplores *'unproductive debate'* that is based on *'strong emotions, stereotypes and contested statistics.'*

Having summarised what is wrong with the present policy approach, the Green Paper defines its purpose as, 'a managed migration approach in pursuit of common goals', to be found through debate and a hoped-for consensus. It approaches this in the following way:

**Chapter one: Overview of international migration in South Africa**

**Chapter two: Evolution of international migration policy in South Africa**

**Chapter three: Statistical profile of international migrants**

## **Chapter four: Policy and strategic options**

### **Chapter five: Capacity for managing international migration**

As noted earlier, CDE will comment on aspects of all of the above, but will concentrate on one of the seven issue areas in chapter four: *'Management of international migrants with critical skills and capital'*.

## **CDE COMMENTS**

### **Chapter one: Motivations for Policy Change**

*CDE comments on the Green Paper's repetition of government commitments to skilled immigration that are more than a decade and a half old and on the paper's failure to offer a systematic treatment of the economic context of South Africa's migration issues, especially the central importance of growth to all important social and economic goals.*

1. Under the heading *Limitations of the current policy and approach*, the Green Paper notes (p.10) that despite the National Development Plan (NDP) mentioning acquisition of skills internationally: *'SA has not put in place adequate policy, strategies, institutions and capacity for attracting, recruiting and retaining international migrants with the requisite skills and resources.'* If the NDP (published in 2011) were indeed the original inspiration for foreign recruitment, then government might be allowed some leeway in putting a policy regime in place to secure foreign skills in five years. However, this is not the case. In our 2010 report on the subject, CDE pointed out in some detail how acknowledgment of the need for foreign skills by government at the highest level goes back at least to the approval by Cabinet of the first post-apartheid White Paper on immigration, and was at its height in the 2005/6 Accelerated and Shared Growth Initiative for South Africa (Asgisa) and its associated programme, the Joint Initiative on Priority Skills Acquisition (Jipsa).

We draw attention to this, not to score points off the government, but to raise the question of *why* a Green Paper in 2016 should be repeating commitments that are over a decade and a half old. It may well be that the lack of capacity in the Department of Home Affairs, as well as the absence of provision for cross-government action, to both of which the Green Paper refers, are to blame. However, another possibility is that political opposition in and around government by interests opposed to skilled immigration has also played its part. This would underline the need for committed political leadership across the cabinet to champion skilled immigration and make policy first mooted 17 years ago a reality in the near future.

2. Under the heading, *Motivation for a new White Paper on international migration* (pp13-14), the Green Paper lists ten *'significant changes'* in the country, the region and the world. A significant omission is the country's poor growth performance in recent years and the poor prognosis for growth in the medium term future that is shared by the Treasury, the South African Reserve Bank, international finance institutions (IFIs) and private sector economists.

Another serious omission is failure to refer to the things that have stayed the same – arguably more important than those that have changed – such as high unemployment, poverty levels and skill shortages. There are a very few scattered references throughout the Green Paper’s nearly 80 pages to the economic context of migration issues, especially skilled immigration, but there is no systematic treatment of this economic context.

3. Pages 16-18 set out the *Principles that define our approach to international migration*. Economic growth as an essential precondition for addressing South Africa’s crippling burdens associated with poverty and unemployment simply does not appear in a lengthy list that gives generous space to ‘*human rights, peace and security*’, ‘*African orientation*’, ‘*nation building and social cohesion*’ ‘*regional integration*’ and many other desirable but vaguely-expressed things. There is a reference to ‘*National priorities such as national security and development*’, but what is required is explicit recognition that without growth, none of the desirable things listed will be achievable. Any conceptualization of the national interest that fails to put growth squarely at its centre is seriously deficient and flawed.

We have to wait until three pages before the end of the document (p.73) to find growth given a mention, almost as an afterthought, in a chapter devoted to *Capacity for managing international migration*:

*‘SA must address massive structural inequality and unemployment challenges through social and political transformation linked to restructuring and growing the economy. That is the most urgent national priority and must inform all policy and strategy development.’*

If growth is the country’s most urgent priority – which it should be - this should be reflected much more forcefully in the document and its implications acknowledged. There may be times when the pursuit of growth and other priorities conflict. As the country’s most important priority growth should trump these other priorities.

## **Chapter two: Historical background**

*CDE comments on the inaccuracy of the Green Paper’s claims that immigrants from Europe and other developed regions are favoured in current policy frameworks and on omissions from the narrative of policy evolution of key features of the provisions for skilled immigration*

1. As part of its treatment of *Post-1994 international migration policy* the Green Paper states that: ‘In essence, the current policy framework is based on rules that in practice disadvantage Africans and favour immigrants from Europe and other developed regions over African countries.’ This is puzzling, because, as the Green Paper itself points out in the next chapter (p.27), ‘SA is attracting international migrants from a relatively small group of countries out of over 200 countries that constitute the global community.’ However, this small group is not made up of ‘Europe and other developed regions’, but of Zimbabwe, China, Nigeria, India and Pakistan, who between them made up over 65 per cent of temporary work related visas between 2011 and 2013. The same pattern is true of permanent residency: in 2013, the UK

(1.7%) and Germany (1.8%) were the only developed countries in the top ten countries of origin for permanent residency.<sup>v</sup> It is hard to see how this misconception about the 'disadvantage' of Africans came about, but the passage in the Green Paper that highlights it risks discrediting the whole idea of skilled immigration with an implicit but wholly false slur of neo-colonialism.

2. The Green Paper offers something less than an analysis of post-1994 policy making, contenting itself with a partial narrative on the subject. In particular, the shortcomings of the system of quota permits, which was central to the prevailing philosophy governing the entry of skilled immigrants throughout the period, are glossed over. Quotas for skills categories - a defined and limited number of applicants to be allowed - including 'critical' skills are based on what are usually inaccurate predictions of demand, inadequate methodologies and faulty databases. As a result, throughout most of the post-1994 period, South Africa's ability to attract skilled immigrants was hampered by a cumbersome scheme of manpower planning whose principal components – the National Master Scarce Skills List and Work Permit Quota List – were incoherent, unstable, and contradictory. It is true that there are some critical remarks on the subject elsewhere in the paper, but the issue is never confronted systematically and, as we shall see, there is a reversion to 'critical skills' thinking later. CDE believes that a clear cut choice should be made in favour of extending an inclusive welcome to immigrant skills and that any attempt to micromanage categories of 'critical skills' will be fatal to the essential project of attracting skills for growth.

### Chapter three

*CDE agrees that more and better research on migration must inform policy, but notes that it is not enough to inform policy makers better, but also to conduct a vigorous campaign of public information to dispel misconceptions and misinformation about migration and migration policies. Facts do not speak for themselves but have to be communicated. CDE also raises questions as to why there are such marked fluctuations in the granting of work visas.*

1. Chapter three notes '*... the lack of the systematic research and the collection of statistics related to international migration and migration in general*' and points out that this, '*... limits knowledge and analysis that could inform policy and strategy and help identify risks and opportunities.*' CDE associates itself with these points and in particular with one of the priority areas identified for production of more and better information, that is, '*... analysis of trends in migration in terms of local, regional and global labour demand and supply.*' However, there is a further point that we would like to emphasise. That is, more and better information is not enough on its own to support good policy. Especially in a policy and political area as sensitive as migration, facts do not speak for themselves and they are not convincing without being deployed in support of powerful and committed arguments that illustrate and convince different audiences from citizens to policy makers and frontline officials that skilled immigration is good for all South Africans.

2. Chapter three also notes that over 91 000 applications for work visas were made between 2010 and 2013 (the latest years for which official figures are available). There are difficulties in interpreting these figures (which comes from StatsSA: see notes 5 and 7): firstly they do not differentiate between general work visas, which carry burdensome conditions such as employers having to prove that no suitably qualified South African is available, and critical skills visas which are free of such restrictions; secondly, since June 2014, critical skills visas have not required an offer of employment, and successful applicants now have twelve months to find employment in South Africa. For these reasons, it is not possible to say with any confidence how the visa regime is working today and in particular how the relaxation on critical skills conditions has affected the entry of skilled people. What the data do show is that permits granted on work grounds nearly doubled from a low base of 11 781 in 2003/4 to 21 848 in 2007/8.<sup>vi</sup> There has been less certain progress since. In 2011-2013 an average of 26 000 temporary work visas and an average of 1 600 temporary business visas were granted. Permanent residence permits granted on work or business grounds were far fewer, with the latter numbering only in the hundreds annually, an indication of only tiny numbers who would be making a long-term investment to South Africa's growth. Numbers of both temporary and permanent visas fluctuated greatly from year to year between 2010 and 2013, and the trend was not uniformly upwards. CDE has two causes for concern about these numbers:
- a. Reasons for fluctuation: according to StatsSA (though on what grounds it is not quite clear), fluctuations in number of permits granted appear to have nothing to do with supply and demand. 'The fluctuations in the approved permits per year are largely a reflection of the processing procedures and regulations in place at the time of considering the applications. Despite the changes in the numbers per type of permit and the total number of permits issued, the pattern of types of permit remained virtually the same'.<sup>vii</sup> This is a disappointing conclusion, given that the DHA has undergone several 'turnaround' processes and its capacity is widely believed to have improved as a result. Similar features mark the granting (in much smaller numbers) of permanent residence permits (PRPs). The number of work-related temporary permits issued in 2013 was ten times greater than the number of work-related PRPs.
  - b. Source of applicants: noting the small number of countries from which the bulk of applications for both temporary and permanent permit applications come (Zimbabwe, China, India, Pakistan, Nigeria), the document draws the inference that, '*permanent residency and citizenship are, to a large extent, granted to international migrants with relatively low levels of skills and little capital.*' How the authors of the document come to this conclusion is not clear, and it may be that they are failing to do justice to skills levels, ranging from qualifications to entrepreneurial experience, in the countries named. It is worth noting for instance that the main sources of skilled immigrants to Australia in recent years have been India (22 per cent) and China (15 per cent). Moreover, over 80 per cent of skilled immigrants to Australia in recent years were born in countries that are not predominantly English speaking. However, much greater depth of information on the people entering South Africa on work grounds would obviously be a good thing.
  - c. Low numbers of business permits: between 2011 and 2013, an average of just over 1 600 temporary business permits a year were granted (an average of 1.4% of all temporary permits); in the same years, an average of 195 permanent residence

permits were granted annually: however, the numbers declined from 316 in 2011 to 94 in 2012, rising again to 176 in 2013. Given the scale of the challenges of unemployment and job creation, and South Africa's chronically low rates of entrepreneurship, these are disappointing figures.

#### **Chapter four: Management of international migrants with critical skills and capital**

*CDE welcomes signs in this section of an official change of approach to skilled immigration and a willingness to take into account criticisms of current policy. The section proceeds from the position that 'the economy is desperately short of skills'. This is true, but some more detail would help to make the case more cogently.*

CDE's comments:

- Provide more detail on the shallowness of South Africa's skills pool, challenging mistaken perceptions that South Africa is well-endowed with skills;
- Welcome indications of change in official attitudes to recruiting, rather than merely admitting skilled immigrants, as well as broadening the type of skills sought beyond the quota and critical skills models;
- Note that there are too few and insufficiently detailed proposals to take forward this welcome change of attitude; and
- Register concern at the neglect throughout the document of public sector skills shortages and of the shortage of entrepreneurs in the South African economy.

#### *South Africa's skills pool*

Perspective on the need for skilled immigration can be achieved by comparing the depth of South Africa's skills pool with the resources of other countries. It would be wrong to overlook the fact that there has been substantial progress in increasing the numbers of South Africans with tertiary qualifications (a useful indicator of the depth of the skills pool). In the case of the number of university graduates in the workforce, numbers increased from 571 892 in 1995 to 1 227 607 in 2011 (115 per cent): over the same period, the number of diplomas awarded rose by 99 per cent to 2 109 425. Nonetheless, it should be noted that the percentage is still very small for a country with South Africa's aspirations to a skilled growth path and the enormous need for skilled immigrants persists.

In 2015, there were about 4.1 million people aged under 64 who had tertiary qualifications of some kind. This represented about 11.4% of the working age population. Because of the rapid expansion of tertiary education in recent years, the number of adults with degrees and diplomas had grown more than twice as quickly as the number of adults as a whole, generating a very rapid change in the educational profile of South Africa's workers. This is one of the unsung successes of South Africa's post-apartheid transformation. Nevertheless, some perspective is in order: 33% of adults in the OECD have tertiary qualifications, a figure that reaches over 50% in some countries.

### *Welcome change in official attitudes*

Previously, official attitudes to skilled immigration seemed to assume that it would be enough to *permit* selected categories of people to enter, without any thought that they might have to be persuaded to come. Much more of policy makers' energy was devoted to thinking of reasons for keeping people out than of ways to attract skilled people to enter. Among the signs of a belated but welcome change in official attitudes is the frequency with which the word 'recruit' and expressions such as 'compete for skills internationally' appear. The Green Paper is short of practical suggestions of how and where recruitment might take place (although it has detailed suggestions for retaining foreign students at South African universities when they graduate, which is a useful start). And while the principle that competitive recruitment may be needed is appearing in official documents, putting this into practice may be another matter. If, as is eminently possible, these progressive attitudes are for the moment confined to a small official elite, then a first step would be to ensure that attitudes to 'recruiting' and 'competing' are broadly disseminated and well entrenched in the future. At the same time, businesses should be encouraged to act on the basis that recruitment is now officially approved.

Also welcome is some indication that the Department of Home Affairs is aware of criticisms of the current system for admitting skilled immigrants for being too closely aligned to the conception of 'critical skills' shortages and the (mistaken) belief that the needs of the economy for categories of skills that can be defined and enumerated in fine detail. As the Green Paper puts it (p.42), *'In a dynamic global economy workers or entrepreneurs with generic skills are valuable because they can respond to changing needs'* and, *'international experience shows that value is gained by granting visas to migrants with a high level of artisanal or professional qualifications and experience regardless of field'*. This attitude better reflects the needs of our near-stagnating economy, in which an injection of skills could help increase growth, rather than waiting to fill vacancies for a list of 'critical skills' in an already growing economy. As we have already noted above, the government has already relaxed the 'critical skills' conditions by allowing applicants who qualify to enter without a job offer. The bolder step of extending this to *'workers or entrepreneurs with generic skills'* as well as *'migrants with a high level of artisanal or professional qualifications and experience regardless of field'* should be the next move.

### *Confusion and lack of boldness*

However, CDE's welcome to signs of changing official attitudes comes with two qualifications. Firstly, the Green Paper is inconsistent on how inclusive to be in defining skills for the purpose of immigration. In the quotation above, the definition is unmistakably inclusive (*'a high level of artisanal or professional qualification regardless of field'*). Later however, the document reverts to 'critical skills' thinking, in which it is assumed that the needs of the economy can be defined in detailed categories and only minutely calculated types and numbers of skills should be encouraged to enter.

The confusion is illustrated by the fact that the title of chapter 4, in which proposals for skilled immigration are put forward, is *'The management of international migrants with critical skills.'*

This unfortunate confusion could indicate differences of philosophy between different parts of government who were consulted on the Green Paper. Whatever the reason, CDE urges a speedy resolution of the confusion and very strongly supports the adoption of an inclusive and expansive definition of what skills we need. In a country where growth is stagnant, skilled unemployment is

negligible, and unskilled unemployment is rampant, all skills are 'critical' to increase the growth that will create opportunities for both skilled and unskilled people. Certainly, it would be foolish to allow an inappropriate set of migration policies to continue to hold back growth.

Secondly, the specific policy options mooted in the Green Paper to expand and open out skilled immigration do not, in CDE's view, go nearly far enough. There is little in these proposals that CDE would actually oppose; but facing the sheer size of the country's skills shortage – both government and unofficial estimates tend to be around half a million skilled people - and the length of time it will take to deepen the skills pool from our own resources, they disappointingly lack ambition.

Before dealing with each policy option that is in the Green Paper, we draw attention to two pressing concerns that are in one case wholly and in the other largely absent from it. These relate to the needs of the public sector and the South African economy's shortage of entrepreneurs.

#### *The public sector also needs skills*

The Green Paper completely neglects the skill needs of the public sector. Our policies should aim to do more than just fill existing skills gaps in the corporate sector; we urgently need immigrants to revitalise our faltering public health, education and skills production systems. Given the political power of organised labour in the public sector, boosting public sector skills through immigration would be a stiff political challenge, involving determined leadership to communicate a wider understanding of what, for example, Zimbabwean and Indian doctors, nurses and teachers could do to improve health and education outcomes.

It is well known that a serious obstacle to the successful development of national health insurance in South Africa is shortage of medical professionals of all types in the public sector. Britain's National Health Service (NHS) – which provides the kind of universal coverage and high quality care to which backers of NHI aspire – depends greatly on immigration of skilled health professionals. (See box: **The UK National Health Service (NHS) as a case study in skilled immigration**).

Immigration of medical professionals presents its own political challenges. The Department of Health's long-standing ban on recruitment of medical professionals from developing countries amounts to pointless self-harm: it merely encourages practitioners from developing countries to seek careers in affluent OECD countries. There are in any case innovative possibilities for dealing with the moral issues of recruitment from developing countries. One is to target the African diaspora of medical professionals in OECD countries; their skills have already been lost to Africa and they might be susceptible to offers to return to the continent via employment in South Africa.

### **The UK National Health Service (NHS) as a case study in skilled immigration<sup>viii</sup>**

The number of work permits issued to foreign health workers in 1995 was 1 623: by 1999 the number had risen to 10 736. The numbers have increased every year since, reaching 44 443 in 2013. 'Most of last year's international recruits came from the Philippines, closely followed by India. Other countries playing a key role are South Africa, Zimbabwe and China.'<sup>ix</sup>

In 2013 the NHS employed 147 087 doctors and 371 777 qualified nursing staff. Between 2003 and 2013, 37 843 additional doctors were employed. There were 23 531 more NHS nurses in 2013 compared to ten years earlier.<sup>x</sup>

- People from more than 200 countries are employed in the NHS;
- According to the Health and Social Care Information Centre (HSICC), 11% of all NHS and community health services staff are not British;
- The proportion of foreign nationals increases for more professionally qualified staff: 26% of doctors are foreign nationals: these figures do not include general practitioners (GPs) who do not work for the NHS;
- Under the government's points system for non-EU migrants, health workers would not gain entry unless there was a vacant post for them;
- India provided the highest number of non-British staff: 18 424 out of a total of 1 052 404: this included 2 708 consultants, 7% of the total whose nationality was known; and
- India is the second most common country of qualification for GPs (after Britain) with 25 122 doctors registered in Britain

#### ***Rank order of countries providing NHS staff:<sup>xi</sup>***

1. India
2. The Philippines
3. Ireland
4. Poland
5. Nigeria
6. Zimbabwe (more than 5 000)
7. Portugal
8. Pakistan
9. South Africa (2 786: 0.3% of the total of 1 205 000 employees)
10. Spain
11. Germany

**CDE 2016**

### *Innovators and entrepreneurs*

The Green Paper makes only token acknowledgment of innovation and entrepreneurship and ignores the importance of immigrant entrepreneurial skills for boosting growth. This is a major omission, since the value of immigrant entrepreneurs has been demonstrated over and over again:

Entrepreneurs are innovators by nature, willing to take chances and pursue opportunity. In the United States immigrants are twice as likely to start businesses as their native-born peers. Generations of hard-working immigrant entrepreneurs have founded iconic American companies such as AT&T and Kraft, along with new billion-dollar tech startups like Dropbox and SpaceX. They've made the United States—which already ranks a competitive seventh on the global list of business-friendly countries—globally synonymous with startup success. And in launching companies here versus tackling the red tape and bureaucracy they often encounter at home, their efforts pay off for the United States with job creation.<sup>xii</sup>

In August 2016, the USA made it easier for immigrant entrepreneurs to start businesses.<sup>xiii</sup> However it is not only the USA that seeks to encourage entrepreneurs (*see box below: Countries welcoming immigrant entrepreneurs*). Again the challenges are political. There is a widespread belief in South Africa, doubtless a hangover from a history of colonially owned extractive industries, that anyone who comes here to do business is intent only on taking resources out of the country and excluding South Africans from the fruits of enterprise. There is an urgent need to communicate what traders from across the African continent and Asia, factory managers from China, and investors from West Africa can do for our skills pool and for our levels of economic activity.

## Countries Welcoming Immigrant Entrepreneurs

**Canada** introduced its Startup Visa program in 2013, which offers permanent residence to individuals who have either venture capital backing (up to \$118,000), an angel investor (\$45,000), or acceptance by a Canadian incubator or accelerator program. (NB: South Africa has a similar scheme but with a higher investment requirement of R5 million or \$370 000 at current exchange rates. Only a few hundred permanent residence permits are granted annually on business grounds.)

**Chile** launched its “Start-Up Chile” program in 2010, which offers temporary visas to individuals with special skills who are deemed to be a potential value-add to the country. The government-funded program selects promising entrepreneurs and gives them \$40,000 in startup capital, and a one-year visa to develop the idea in Chile. To date, the program has incubated over 800 companies.

**Ireland** unveiled its Start-up Entrepreneur Programme in 2012, designed to attract individuals with start-up ideas that show high growth potential and to attract foreign direct investment. It requires these immigrants to have raised \$85,000 in start-up capital and to show a business plan.

**The United Kingdom** offers three visa options for entrepreneurs. Entrepreneur visas are for individuals that have raised \$77,000 in start-up capital from a qualified investor or \$309,000 from another source. Graduate entrepreneur visa are granted to students with a letter of support from a university. Finally, a prospective entrepreneur visa is for individuals with a start-up idea but no capital who will be admitted to the UK to further develop the idea.

**Singapore** has become a start-up haven. Though it offers a number of funding schemes, its most important asset in attracting entrepreneurs is its visa system. The EntrePass is for foreigners who want to set up their own company. The application process takes five weeks and requires a business plan. The entrepreneur must be ready to start or already own at least 30 per cent of a registered company less than six months old with capital of at least \$39,000. The EntrePass is given for 12 months and can be renewed if the business continues its operations.

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## Comments on specific proposals for management of international migrants with critical skills

### *Establishing an inter-departmental capacity*

The Green paper argues, ‘*What is lacking in South Africa is an institutional arrangement that ensures that information is analysed and used to make strategic decisions on the recruitment and retention of skills within an agreed and responsive framework.*’ (p.43)

**Comment:** This is only superficially attractive. The proposal carries echoes of the ‘critical list’ approach and previous examples of cooperation between the Departments of Education, Labour, and Home Affairs, all of whom had quite different perspectives on immigrant skills, are not encouraging. Unless the ‘*agreed and responsive framework*’ amounts to a pre-determined non-negotiable mandate to increase the supply of immigrant skills, and this mandate has a champion of ministerial rank and political weight and preferably consensus across key ministries in the cabinet, ‘*inter-departmental cooperation*’ could quickly degenerate into bureaucratic obfuscation and in fighting.

### *Points based system*

The Green paper proposes ‘*that the attraction of migrants with skills, investment and business interests should be linked to a points-based system. A points-based system, sometimes combined with*

*a critical skills list or quotas, is used to respond flexibly to demand in countries such as Canada, Australia and the UK and facilitate the proactive recruitment and retention of migrants with skills.'*  
(P.44)

**Comment:** The Green Paper's presentation of the points system option reflects a general tendency in the document: to signal a promising change of attitude and direction and immediately threaten to strangle it with bureaucratic requirements. A points system that relied on a simple set of qualifying rules of general application would be an advance on the general work permit system we have now. However, one that complicated the process with multiple requirements would be a nightmare to administer and potentially offer wide latitude for opponents of skilled immigration to block the entry of skilled people.

Points systems have been of greatest relevance to developed countries, which have quite specific skills and demographic needs. However, the Green Paper may be out of date in its enthusiasm for this way of managing skilled immigration (see box below: Points systems in developed countries). Far more important is the question of whether South Africa's broad spectrum and volume of skills needs would be best served by multiplying stringent categories of qualification. This is especially so because the Green Paper multiplies the potential factors to be considered: *'qualifications, work experience, age, amount of money to invest in the country, type of business to invest in'* are fairly standard benchmarks globally. However, South Africa's special requirements as conceptualized by the Green Paper add to the burden of qualification: *'ability and willingness to transfer skills; working in regions/sectors of high skill needs; South Africa's labour market and skills development strategies; and BEE requirements.'*

In some other countries, points systems may have been politically important as ways of demonstrating close management and control of numbers, thus addressing the concerns of citizens who regard immigration with suspicion, but South Africa is very different from rich countries with lower unemployment numbers and larger skilled populations than ours.

The proposal for a points system that incorporates so many qualifications is simply not good enough for a country that is massively short of skills and has only limited state capacity. Already there are inordinate delays in relatively simple tasks of assessing qualifications and criminal records. If special requirements such as those listed above are brought into play, we can be sure that the whole intention of launching skills recruitment initiatives will grind immediately to a halt. The very task of defining these extremely vague special requirements (such as *South Africa's labour market and skills development strategies*), aligning them with existing legislation and dealing with the demands of special interest groups in shaping them, will occupy an army of bureaucrats for several years. Instead we need a bolder, stronger approach that recognises our need to recruit skilled people across the board, as quickly, simply and in as large numbers as possible.

### *Long-term visa (family oriented)*

The Green Paper proposes (p.44) that '*Migrants with the needed skills investment and business interests must be allowed access to a long-term visa that will allow easy access to permanent residence.*' The proposal envisages a 'fast track visa', which allows the applicant and immediate family to apply as a unit and allows family members to work and study under its terms without the need to apply for other visas as currently required.

**Comment:** CDE strongly supports this proposal, especially in its acknowledgment of the importance of spouses and partners of principal applicants to contribute additional skills. It is worth noting in this context the importance of spouse/partner qualifications as a resource in Australia's skilled immigration programme. Forty per cent of skills stream immigrants and 30 per cent of their partners have bachelor degrees: the corresponding figures for master's degrees are 23 per cent of applicants and 13 per cent of partners.

### *Strategic use of visa and permitting to retain international students post-graduation*

The Green Paper (p.46) takes as its starting point for this proposal an NDP recommendation that all foreign students graduating from South African universities should be granted 7-year work permits. The Green Paper proposes two variations on this: permanent residence to all 'qualifying' international students that graduate from South African universities; and granting a post graduate visa for one or two years to seek work, similarly to qualifying students. Possible criteria for qualification are put forward for discussion. These are, whether to offer visas to all graduates or only to those in disciplines linked to the critical skills list, and whether to discriminate between graduates with first degrees only and those with postgraduate qualifications. The Green Paper does not at this point indicate a preference for either the permanent residence or two-year work seekers visa, but in outlining arguments relating to the qualifying issue, it clearly favours the inclusive (all disciplines and all levels of qualification) rather than the restrictive conditions.

Unfortunately, however, another element of confusion and internal inconsistency is introduced when the Green Paper returns to the subject of international graduates of South African universities (p.58), under the heading of 'Management of international migration in the African context'. Here, the *option* to grant permanent residence to international graduates becomes a *policy intention*: however, the inclusivity of qualifications which was previously at least implied, becomes limited, partly by favouring individuals from the Southern African region and also by their possession of 'particular qualifications and skills'. Such proposed discriminations threaten once again to introduce a cumbersome layer of bureaucratic regulation, and suggest that the framers of the Green Paper are divided into those who are wedded to the 'critical skills list philosophy' of skilled immigration and those who are prepared to see its limitations and favour the entry of all people with tertiary education, irrespective of field.

The most obvious way to clear up this confusion is to treat skilled immigration in one place in the document, and to have policies that are as far as possible of *general* application and as simple as possible. This should be done in later drafts and in the subsequent White Paper.

**Comment:** Despite these confusions, proposals for realising the potential of international graduates of South African universities represent the most fully worked out of the of the Green Paper's recommendations. Given that there are over 20 000 international students at post-graduate level in South Africa and nearly 36 000 at undergraduate level, this is potentially a rich source of skilled recruits. CDE has long advocated such initiatives and strongly supports the Green Paper's uptake of the suggestion. Because graduate unemployment is so low and skills needs are so great, CDE supports the permanent residence and inclusive qualification options. The risks would appear to be low, especially since 90 per cent of graduates are employed.

### *Training and transfer of skills*

The Green Paper proposes that *'The recruitment of skilled migrants must be linked to a mechanism that ensures the direct or indirect transfer of skills to citizens.'*

**Comment:** CDE opposes this proposal. The Green Paper talks of 'understudies' and mentoring, as well as forced contributions of funds to training schemes by employers of foreigners. Such requirements add layers of bureaucracy, raise costs to employers and to immigrant businesspeople and in general diminish the attractiveness of bringing skills to South Africa.

Mandatory fees paid into a training fund by employers of foreigners were a feature of draft immigration regulations up to 2004. The stipulation was dropped in the Immigration Amendment Act of October 2004 and the Draft Immigration Regulations of January 2005 because as CDE commented at the time<sup>xiv</sup>, it was, '... found to be constitutionally problematic because non-financial legislation cannot impose taxes of fees outside the proper budgeting processes in the Department of Finance'. Seen in this light it is extraordinary that this proposal should resurface in 2016.

## **Concluding Remarks**

### **South Africa needs skills to grow the economy**

While CDE applauds the Department of Home Affairs' attempt to open up debate on new policies for migration management, we believe that proposals for skilled immigration do not go far enough.

The central point is the need to grow the economy and not simply service existing needs. Instead of worrying, as in the past, about whether we might end up with too many engineers, we need to aggressively recruit skilled people in order to dramatically increase the size of the economy, remembering that skilled and entrepreneurial people, whether immigrant or local, create jobs for unskilled people too. This is vital for economic development, and must be based on a far better

understanding of the domestic and global labour markets, in particular that the more skills we have the bigger and more dynamic our economy will be, and people will find ways to use their skills productively.

In practice, this means that South Africa needs to welcome anyone with skills who wishes to migrate to this country, with a minimum of conditions. This should include anyone with formal tertiary qualifications from a recognised institution, as well as people with entrepreneurial abilities. Moreover, our need for entrepreneurs is not confined to large investors; we should also welcome smaller entrepreneurs who want to start new businesses in this country, and have the drive and expertise to do so.

Before any of this can happen, however, there has to be a commitment at the highest level of government to face up to the politics of skilled immigration and to understand why there is resistance – some overt, some covert – to it. Unless this resistance is acknowledged, understood and targeted for committed, well informed and patient persuasion based not only on factual evidence but an appeal to the resisters' own interests, then all the professions of the need for an increase in skilled immigration in the Green Paper will go the way of the same commitments of the last 17 years.

South Africa's most urgent priority is growth, which requires a much larger pool of skilled people immediately. Attracting large numbers of foreign skills will benefit all South Africans. Words in a document will not alone make this happen. Government needs to place this issue at the heart of a new national growth strategy and take the necessary steps to build the political coalition to really change the country's approach on this vital issue.

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<sup>i</sup> Skills: Report 5 in CDE's Growth Agenda series, April 2016, p.1

<sup>ii</sup> Indeed, CDE's major report on migration policy in 2010 deals with these at some length. See Skills growth and borders: managing migration in South Africa's national interest, CDE, November 2010

<sup>iii</sup> Technocratic: rational policy and decision making based on application of technical knowledge and perspectives with insufficient regard for political factors which may be irrational.

<sup>iv</sup> For a critical view of police claims that 'illegal' migrants are responsible for a large proportion of South Africa's crime, see A Hiropoulos and L. Landau: Fighting crime or using immigrants as scapegoats? *Daily Maverick* 2 October 2015.

<sup>v</sup> Figures for both temporary and permanent residence can be found in Statistics South Africa (StatsSA), Documented Immigrants in South Africa 2013, PO351.4, July 2014,

<sup>vi</sup> CDE, Skills: Report 5 in CDE's Growth Agenda series April 2016, p.12

<sup>vii</sup> Statistics SA (StatsSA), Documented immigrants in South Africa 2013, PO351.4, July 2014, p.16

<sup>viii</sup> This section is based on: Figures show extent of NHS reliance on foreign nationals, *The Guardian* 27 January 2014. All figures quoted in this context, unless otherwise attributed, are taken from this source.

<sup>ix</sup> 44 000 foreign staff join NHS in the last year, *Daily Mail*, 6 February 2015

<sup>x</sup> NHS figures for 2003 and 2013 from: Key statistics on the NHS, *NHS Confederation* 10.11.2014, [www.nhsconfed.org](http://www.nhsconfed.org)

<sup>xi</sup> Health and Social Care Information Centre: <http://www.hscic.gov.uk/suppinfofiles>: 'Nationality by main staff group, 2009-2014'.

<sup>xii</sup> The case for (permanently) welcoming immigrant entrepreneurs, *Global Insight*, Chicago Council on Global Affairs 31 August 2016

<sup>xiii</sup> Ibid

<sup>xiv</sup> Response to the Immigration Amendment Act of October 2004 and the draft Immigration Regulations of January 2005, CDE, February 2005, p.9.