



Australian Government
Department of Home Affairs

REVIEW OF THE MIGRATION SYSTEM

FINAL REPORT 2023

Review of the Migration System

Final Report

MARCH 2023

The Reviewers

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The Hon Clare O'Neil MP
Minister for Home Affairs
Minister for Cyber Security
Parliament House
Canberra ACT 2600

Dear Minister

Review of the Migration System – Report of the Expert Panel

I am pleased to present to you the report: Review of the Migration System (the Review).

In developing the Review, the Panel's deliberations were informed by the views of a diverse range of organisations and individuals, all of whom had a desire to help build a better migration system for Australia, now and in to the future.

We considered 483 public submissions from individuals, corporations, unions, think tanks and other interested parties. Amongst a number of individual consultation sessions, we held eight roundtable discussions at which over 50 organisations and individuals took part, representing state and territory government agencies, unions, community and business groups. We would like to express our thanks to every individual and organisation for their contributions and the advice provided to us.

This Review outlines a series of directions and options for the future of Australia's migration system for the Government's consideration. My colleagues and I hope that this report can contribute to the Government's development of a multi-decade migration strategy that will help grow Australia's economic prosperity and strengthen our social fabric, building upon the prosperous, productive, multicultural society we are today.

On a personal note, I would like to express my sincere thanks to my fellow Reviewers, Professor Joanna Howe and Mr John Azarias, for their insightful contributions and commitment to this Review.

My colleagues and I would like to express our appreciation for the collaboration and alignment of effort between the Reviewers and the Department of Home Affairs Migration Reform Taskforce (containing secondees from the Department of the Prime Minister and Cabinet, Treasury, Foreign Affairs and Trade, and Jobs and Skills Australia, and Boston Consulting Group), all of whom worked diligently in a sustained and collegiate manner to support the Panel.

I would specifically like to highlight the work of Ms Alison Larkins PSM. Alison's deep knowledge and expertise in the myriad issues associated with the migration system has been invaluable. Her leadership of the Taskforce has been critical to our ability to deliver this Review.

I hope that our contribution will assist the Government in managing the difficult decisions and trade-offs it faces in undertaking a once in a generation reform of the migration system – this is a critical task and must be done well if we are to protect and advance Australia's national interests.

Yours sincerely



Dr Martin Parkinson AC PSM

6 March 2023

EXECUTIVE SUMMARY

The Reviewers begin by acknowledging the Traditional Owners of the lands and waters on which Australians live and work, and pay respects to their Elders.

From the moment they arrive, migrants encounter the lands and the waters of Australia's First Nations peoples. Whether here temporarily, or establishing new lives in Australia, migrants live on Country belonging to First Nations peoples.

As Noel Pearson wrote, the three great influences on our society, the things that have shaped our nation, are: our First Nations heritage, our system of government transported from the United Kingdom, and the achievements of multicultural Australia.¹

Migration is a central element of Australia's national identity. As a country, we actively seek new members of our community from across the world, welcoming a disproportionately large component of the world's migration flows.

Despite Australia comprising only 0.3 per cent of the world's population, 2.8 per cent of the world's immigrants live here.² There are now, as a proportion of the population, more people living in Australia who were born overseas than at any other time in the last 130 years. This is part of the Australian success story and deserves to be celebrated. The contribution of migrants has built the richly diverse, dynamic and multicultural Australia of today. It is no easy feat to incorporate people from all over the world into one country and for the end result to be socially cohesive and economically prosperous.

Migration has also been critical to driving economic prosperity. From the mid-1990s to the mid-2000s, the share of skilled migrants in our annual intake doubled. This coincided with Australia's economic miracle: from 1991 onward, Australia enjoyed the longest running period of continuous economic growth on record anywhere in the world.

Coming out of the COVID-19 pandemic, Australia faces many challenges and opportunities where migration can play a role. Stagnating productivity, geopolitical risks and an ageing population are all critical issues for government to address. Shifting to a clean energy economy will present many opportunities. Migration will not solely help us address these problems or seize these opportunities, but a well-designed migration program is part of the solution.

Yet today, Australia's migration program is not fit for purpose. The objectives of the program are unclear, and successive governments and policymakers have responded to challenges through piecemeal reforms which have not addressed fundamental underlying issues.

¹ Noel Pearson (2014) 'A Rightful Place – Race, recognition and a more complete commonwealth', *Quarterly Essay* 55.

² Committee for Economic Development of Australia (CEDA) (2016) [Migration: The Economic Debate](#), CEDA, accessed 7 February 2023.

Australia's migration system is broken, it is unstrategic, it is complex, expensive, it's slow ... It's not delivering for migrants and it's not delivering for the nation.³

Australia now has a migration program that fails to attract the most highly skilled migrants and fails to enable business to efficiently access workers. At the same time, there is clear evidence of systemic exploitation and the risk of an emerging permanently temporary underclass. Cumulatively, these factors erode public confidence.

While we have long prided ourselves on the focus on permanent residence in our migration program, we now have more than 1.8 million temporary migrants living in Australia with the legal ability to participate in our labour market. They are working in all parts of our economy, in some cases supporting key sectors and the delivery of critical services.

Many of these people wish to make Australia home but too often face tangled and lengthy pathways to permanent residence. They deserve clarity about their opportunities to remain. It is not in Australia's national interest to maintain a large proportion of temporary entrants with no pathway to citizenship as it undermines our democratic resilience and social cohesion.

However, not all temporary migrants will want to remain, and some have come on visa programs that clearly never offered the prospect of permanent residence. Getting the balance right between our traditional emphasis on permanent migration and the valuable role played by ethical temporary migration will be important.

Our approach to migration planning hasn't properly accounted for the impact of large and uncapped temporary migration on infrastructure. We need a long-term horizon that supports stable and predictable population growth and allows more effective planning of infrastructure, housing and services to meet the needs of all Australian residents.

This Panel, tasked with reviewing the migration program, has sought to take a balanced view of the challenges presented. We have had to consider the entire program in all its complexity. While some complexity is inevitable, the design of the system, with around 100 visa subclasses, is overly complex and its operations opaque.

The first task of the Panel has been to clearly delineate the objectives of the migration system. This is critical to ensuring the design of the migration system is anchored in strong and cohesive agreement as to what it is striving to achieve.

³ The Hon Clare O'Neil, Minister for Home Affairs (22 February 2023) [How Australia broke its migration system, and what we can do to fix it](#) [media release], Australian Government, accessed 7 February 2023.

We identified five objectives, discussed in further detail in this report, on which to build the program:

1. Building Australia's prosperity by lifting productivity, meeting labour supply needs and by supporting exports
2. Enabling a fair labour market, including by complementing the jobs, wages and conditions of domestic workers
3. Building a community of Australians
4. Protecting Australia's interests in the world.
5. Providing a fast, efficient and fair system.

Taken together, these objectives ensure the migration system will operate in Australia's national interest. The objectives recognise the centrality of migration to Australia's economic success, geopolitical position and social fabric.

The second task of the Panel has been to identify the characteristics of the migration system that will ensure these objectives are achieved.

We have been greatly concerned by the way the current system heightens the risk of exploitation faced by temporary migrant workers in Australia's labour market as well as its inadequacies in identifying the role for migration in meeting Australia's actual skills needs, now and for the future.

Conscious of temporary migration being the greatest reform challenge, the Panel proposes a risk-based approach to ensuring a fair labour market for Australian workers, supporting employers who are growing the economy and protecting migrant workers' welfare. This approach should operate within a new set of labour migration guardrails. The suggested guardrails recognise the importance of:

- a **tripartite approach**, involving perspectives from industry, unions and government in determining the role of migration in meeting identified gaps in the labour market and delivering fair and efficient outcomes. The migration program must operate in the interests of employers and workers. They are the people who interact with the migration system every day. But migration must also serve the national interest which is not just the simple accumulation of these individual interests.

A failure to deeply engage with the core constituencies of employers and workers has led to a system that is slow, burdensome and produces unfair and inefficient outcomes. The Panel sees tripartite involvement in the migration system as facilitating stakeholder buy-in and building broad-based support for migration settings that are sustainable over the long term. This deep tripartite involvement can be achieved through using a reformed Ministerial Advisory Council on Skilled Migration (MACSM) and the expertise of Jobs and Skills Australia (JSA). Jobs and Skills Councils will feed their expertise into Jobs and Skills Australia, who have the primary role to provide advice to Government.

- **universality**, means that all skilled temporary migrants engaged in the labour market should be governed by the same regulatory framework. This does not mean that the system cannot be flexible – the framework can provide a risk-based approach to the assessment of different groups of temporary migrants based on their attributes and risks. In particular, it can support the use of expedited processes for high-skill, high-wage individuals.
- **evidence-based approaches to identifying labour market need**, connecting domestic skills, training and migration. Addressing an identified and established labour market need is critical to ensuring public support for the migration program. Labour migration must complement – not supplant – local labour, and the link between wages and conditions must be understood.

The Panel sees a pivotal role for a reformed MACSM and JSA in providing critical information, data and input to allow consideration of whether migration is an appropriate and necessary solution to domestic skills needs and training gaps. This reform will position Australia as a world leader in best-practice migration program design and allow us to dispense with unnecessary and ineffective red tape such as employer-conducted labour market testing.

- **mobility for temporary visa holders in the labour market.** Employer sponsorship, although enabling a temporary migrant to be employed on-arrival, has created the opportunity for exploitation in the labour market because it stifles the ability and willingness of an employee to report non-compliance with labour standards or to move to another employer.

The Panel seeks to maintain the centrality of employers in the system in being able to select highly skilled migrants from overseas through making a job offer, whilst ensuring temporary migrants have mobility in the labour market to exit exploitative conditions and to thrive at work.

- **integrity of the system.** The migration system needs to be transparent and accountable so that users understand how their application is being managed, and why and how decisions are made.
 - The industries and occupations that are eligible for migration should be based on evidence of a labour market need rather than special interests. The Migration Program must not be capable of being gamed by unscrupulous actors and there needs to be more effort deployed to weeding these actors out of the system and to protecting workers. Automatic transmittal by Department of Home Affairs to the Australian Taxation Office (ATO) of an individual's visa application details, to enable the ATO to issue the applicant with a tax file number (TFN); light-touch employer registration when hiring migrant workers – with employers in serious breach of migrant or employment laws being ineligible to remain a registered employer; worker induction within one month of arrival; preventing the deduction from wages of benefits-in-kind that cannot be effectively audited; stronger regulation of migration agents; a focus on the practices of labour hire companies; and greater resources for the compliance functions of the Department of Home Affairs and the Fair Work Ombudsman will go a long way toward addressing these concerns.

This would allow us to balance our current reasonable focus on ensuring migrants meet visa criteria with a much stronger focus on ensuring we effectively monitor what happens once migrants reach Australia.

The challenge of redesigning Australia's migration program is significant. It is a highly complex and ambitious endeavour. The Panel believes these objectives and

guardrails, as well as a set of principles that articulate values to be upheld across the whole system, will assist governments to develop a migration program that enables Australia to grow and thrive in the decades to come.

Beyond the guardrails, the Panel has identified approaches to re-target our programs to ensure we bring to Australia migrants with attributes that will boost productivity, foster innovation, add to Australia's skill base, and contribute to our economic growth over the long term.

This can be done by recalibrating the points test, taking a wider approach to attracting highly skilled migrants, and encouraging high potential international students educated here to remain.

However, Australia only benefits from these programs if migrants are welcomed into, and able to contribute to, communities and work places. While most migrants do well, there is considerable lost potential and more that can be done, particularly to support migrant women, through settlement and other government services and supports, access to networks and local experience, and a more coordinated approach to skills recognition.

The unique complexities of migration and the gaps in our understanding of the effects of our migration system – on migrants and Australia – highlight the critical need for better data, more program evaluation and research to inform better program design. We can't stay on track if we don't know how we are going, nor can we drive improvement or share data with stakeholders who are trying to make a difference too.

The Review received nearly 500 submissions, hosted eight round tables, and met with a number of individual stakeholders. We reviewed an enormous amount of data, while observing that data was sparse in relation to many critical questions. We express our appreciation for all who participated in and contributed to the Review.

Our work reinforced that, while there often was strong agreement between stakeholders about broad objectives and high-level issues, putting migration into practice involves making difficult decisions about trade-offs and balancing competing, equally valid, concerns.

The report consists of 19 chapters

Chapter 1 – *Over coming decades, Australia's migration system will need to respond to challenges and opportunities.* This chapter discusses the social, economic, geopolitical and environmental challenges and opportunities Australia – and its migration system – will confront in future.

Chapter 2 – *Australia needs an explicit migration strategy, with clear objectives and principles.* This chapter outlines a set of proposed objectives and principles for the migration system over the next two decades.

Chapter 3 – *The Panel has assessed the system's ability to deliver over coming decades.* This chapter includes an assessment of the existing migration system against the objectives and principles the Panel has proposed.

Chapter 4 – *A lack of data inhibits effective assessment of the system.* This chapter discusses the absence of any evaluation plan or data strategy to underpin the migration system’s ability to improve, and the ability for it to be reviewed.

Chapter 5 – *Australia needs long-term and holistic migration planning.* This chapter discusses how Australia plans and manages migration as a whole and the limitation of the current approach, particularly in the context of a large and growing population of temporary migrants.

Chapter 6 – *Australia’s skilled migration programs have delivered substantial economic and demographic benefits but may not be positioned for success in the future.* This chapter outlines and assesses outcomes from the current permanent and temporary skilled migration visas.

Chapter 7 – *There is growing international competition for highly skilled migrants and Australia will need to sharpen its approach to attract migrants able to meet our future needs.* This chapter identifies approaches to re-balance the permanent skilled migration intake and re-calibrate selection criteria to maximise economic outcomes.

Chapter 8 – *The occupation lists underpinning the employer sponsored visas are unresponsive and outdated.* This chapter outlines an improved approach to identifying skills needs in ways that reflects all dimensions of the labour market, and the use and indexing of salary thresholds.

Chapter 9 – *Current settings for temporary skilled migration are inefficient and create the risk of migrant worker exploitation.* This chapter proposes a risk-based approach, operating within a set of guardrails, to achieve an appropriate balance between regulation and simplified systems to deliver both economic prosperity and prevent harm to migrant and local workers.

Chapter 10 – *Migration of lower skilled and lower paid migrants presents complex issues and risks.* This chapter outlines relevant issues and risks that need to be balanced.

Chapter 11 – *Australia has a significant population of long-term ‘permanently temporary’ migrants without a certain pathway to permanent residence.* This chapter explores relevant economic and ethical issues relating to temporary migration and access to permanent pathways.

Chapter 12 – *Australia is not focused enough on capturing high potential international students.* This chapter considers the success of the Student visa in supporting the export of Australian education, but also the missed opportunity to better support and select the best and brightest students as skilled migrants.

Chapter 13 – *Families are waiting for parent visas that never come.* This chapter discusses difficult questions that arise in relation to Australian families wanting to invite their parents to join them here on a permanent basis.

Chapter 14 – *Migrants are strong contributors, but have unrealised potential.* This chapter considers the enablers of migrant success in the Australian labour market and where underinvestment or eligibility settings may see migrants fail to fulfil their full potential with costs to themselves and to Australia as a whole.

Chapter 15 – *Skills recognition is complicated and burdensome.* This chapter explores skills recognition in more detail, finding a fraught system which contributes to some migrants failing to reach their potential.

Chapter 16 – *Challenges in regional Australia cannot be addressed purely by migration.* This chapter explores the limits of regional visa programs, and the migration system more broadly, in fully addressing the challenges in regional Australia.

Chapter 17 – *Protecting Australia’s interests in the world.* This chapter outlines how the current migration system is undermining opportunities to strengthen ties in our region and explores ways this can be turned around.

Chapter 18 – *The Department of Home Affairs needs the capability to deliver.* This chapter describes an aged information and communications technology (ICT) backbone and problems with technological adoption and use of data within the Department of Home Affairs. It also observes that strong capability across the board – including people, business processes, leadership and culture – is needed for future success in migration. This will require considerable investment and a commitment over time to deliver.

Chapter 19 – *The legislative framework reflects the complexity of migration policy.* This chapter engages with the feedback the Panel received that the migration system, particularly its legislative framework, is overly complex and considers how best to address those concerns.

Reform directions for Government to consider

Through the course of the Panel’s deliberations, we arrived at a set of reform directions that could be considered by Government as it decides on its approach to the migration system. These are set out below, and described in greater detail throughout the report.

Possible reform directions:

Possible reform directions

Develop a clear migration strategy to guide Australia over coming decades

Measures supporting possible reform directions

1. Adopt a clear set of objectives and principles to guide the migration system and form the foundation of a migration strategy for the next two decades.
2. Ensure a single area of government, with deep-expertise, is charged with stewarding the migration system, with all visa products to be designed and delivered by that department.
3. Develop an evaluation plan for the migration system, based on the outcomes government wishes to achieve through migration.
4. Develop a data strategy to support the migration evaluation plan. The data strategy should cover all migrant settlement and integration outcomes (not just economic) and support investment in better program and outcome data.

Possible reform directions

Measures supporting possible reform directions

Redefine how Australia determines the size and composition of the migration program

5. Move to planning migration over a long-term time horizon (e.g. 10 years).
6. Plan migration based on net overseas migration (which accounts for both permanent and temporary residents), rather than simply relying on permanent migration caps.
7. Work across government – and with states and territories – to consider how best migration can help meet place-based objectives, particularly in regional Australia.

Better target permanent skilled visas to maximise economic outcomes and remain internationally competitive

8. Revisit the allocation of places across the permanent skilled program. In particular, reconsider the size and role of the Business Innovation and Investment Program (BIIP), noting more positive outcomes from the Significant Investor Visa. Consider how to manage the allocation of places to state and territory nominated and regional visas, including possible consolidation of these programs.
9. Recalibrate the points test to select migrants with high human capital who will make the greatest long-term economic contribution.
10. Consider changes to the existing Global Talent visa to improve clarity in the selection criteria and remove the need for a nomination.

Be led by the evidence, in temporary skilled migration

11. Rely on the expertise of JSA to identify labour needs and market salary rates and provide deep insights and input in a way that links migration with skills and training.
12. Remove the requirement for labour market testing.
13. Renew and strengthen the role of the Ministerial Advisory Council on Skilled Migration (MACSM) as a tripartite advisory body.
14. Draw on advice of the JSA to further inform this tripartite approach.
15. Increase the Temporary Skilled Migration Income Threshold (TSMIT), index it to the Wage Price Index, and consider the adoption of age adjusted thresholds.

Possible reform directions

Measures supporting possible reform directions

Adopt principles and guardrails to manage risk in temporary skilled migration

- 16 Adopt risk-based regulation of temporary labour migration, with three tiers:
1. a 'light touch' high salary cohort;
 2. a 'mid-level cohort' (above the TSMIT, below the high-salary threshold of cohort 1); and
 3. subject to further consideration across government, a lower wage cohort in sectors experiencing persistent shortages and who are most at risk of exploitation and displacing Australian workers with similar skills.

Regulatory effort should be highest for cohort 3 and lowest for cohort 1.

17 Allow temporary migrant workers to move from their current employment to find work with another employer within the same sector or job family. Migrants could have up to 6 months to find new employment.

18 Require all employers of temporary visa holders to register that employment through a light-touch process; those with a history of serious workplace breaches would be deregistered and ineligible to employ visa holders.

19 Require employer fees and charges to be paid monthly, rather than up-front, to facilitate mobility between employers and increase access for small business by reducing up-front costs.

20 Provide migrant workers with targeted training on workplace laws and conditions based on the Pacific Australia Labour Mobility (PALM) scheme model.

21 Improve post-arrival monitoring and compliance including through coordination with the tax system, using tax file numbers (TFN) and single-touch payroll.

Resolve and avoid 'permanently temporary' migration

22 Review the drivers that have created a continuing 'permanently temporary' cohort with a view to ensuring future cohorts do not emerge.

Restore the Working Holiday Maker program to its original intention

23 Ensure the primary focus of the Working Holiday Maker program is cultural exchange and does not operate to tie migration outcomes to the performance of work. Subject to Australia's obligations under trade and other international agreements, consider limiting Working Holiday Maker (WHM) visas to one year.

Review approach to Parent visas

24 Introduction of a Parent visa lottery to prevent further application backlogs.

Possible reform directions	Measures supporting possible reform directions
Strengthen international student outcomes and transitions	25 Introduce a cheaper, more attractive temporary visa product for parents that might in the long term replace a permanent parent program.
	26 Review the Student visa working hours cap, including whether unpaid work-integrated-learning, internships and work experience are counted towards the cap.
	27 Provide a Temporary Graduate visa automatically upon study completion.
	28 Align the duration of the Temporary Graduate visa with the time required to identify high potential graduates who will succeed on a permanent skilled visa. Within these parameters, minimise the time former students can remain in Australia on a temporary basis.
	29 Explore options to provide a certain and direct permanent residence pathway for a very narrowly defined group of students.
	30 Align the English language requirements of the Student and/or Graduate visas with skilled visa English language requirements.
Unlock all migrant potential	31 Move from the Genuine Temporary Entrant criterion to a Genuine Student test.
	32 Revisit the scope of settlement and integration support programs, with a view to making them more responsive to local differences in settlement location, and migrant need.
	33 Review the Newly Arrived Resident Waiting Period (NARWP) to help improve government understanding of the impacts of this policy measure on migrant outcomes.
	34 Invest in social enterprises and others that focus on the drivers of migrant economic integration, including for cohorts who face particular barriers in the labour market (e.g. migrant women, and humanitarian entrants).
	35 Lead alongside states and territories a strategy to oversee efforts to streamline skills recognition, particularly for those occupations that can deliver the most benefit to Australia.
Improve and restore clarity to the role of migration in international relations	36 Examine visa processing arrangements for South-East Asia and the Pacific, to ensure we are presenting a welcoming face to our region, while balancing risk.
Invest in policy, service delivery and enabling capabilities	37 Invest in the Department of Home Affairs' capability to deliver the migration system, including through ongoing investment in ICT systems, technological adoption and data capabilities.
	38 Undertake a phased program of legislative review and reform.

1. OVER COMING DECADES, AUSTRALIA'S MIGRATION SYSTEM WILL NEED TO RESPOND TO CHALLENGES AND OPPORTUNITIES

As Australia looks to the decades ahead, a variety of social, economic, geopolitical and environmental challenges and opportunities await. A well-designed and delivered migration system can help us prosper from the opportunities and navigate the challenges.

The Panel identified some of the key challenges and opportunities Australia will face in the coming decades. These challenges and opportunities are the critical context that must drive decisions about our future migration system.

Australia faces key challenges in relation to our prosperity

Our productivity growth is in decline

Australia is a mature economy. Relative to previous decades, Australia's productivity growth has slowed (Figures 1 and 2).⁴ This is not a problem unique to Australia; other developed countries such as the United States of America, Japan, and Korea have also experienced slowed productivity growth — but the extent of the slowdown risks the prospects of sustained and sustainable growth in living standards in the future.

The reasons for Australia's productivity slowdown are complex and interrelated and are not all specific to Australia alone. But the message is the same — Australia needs to boost its productivity.⁵ This can be done by:

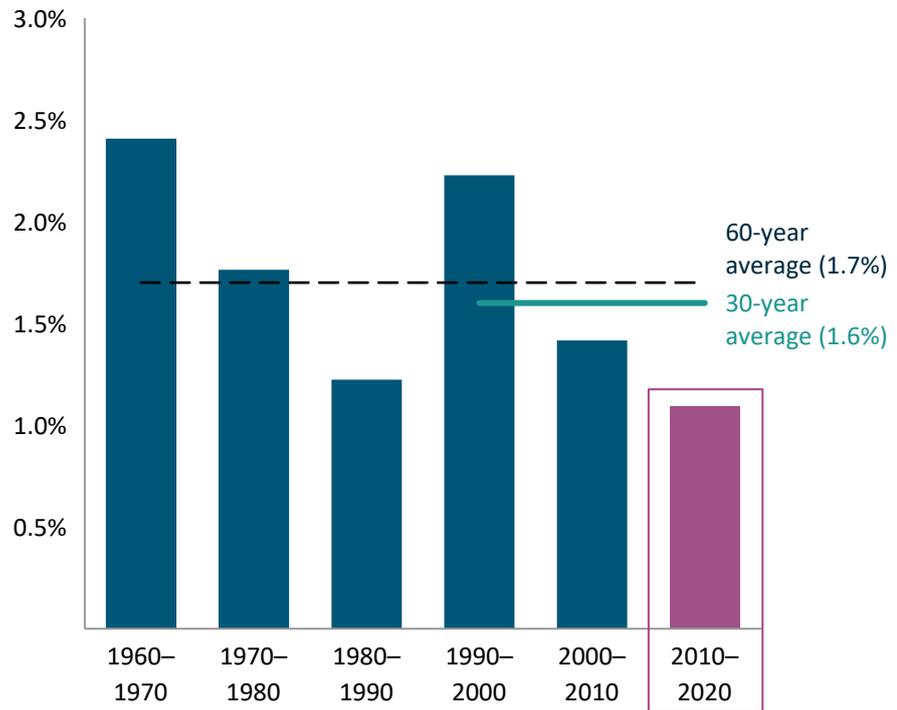
- increasing our human capital, by growing skills in high demand now which are likely to be in demand in future;
- removing barriers some groups face to workforce participation; and
- boosting competition and fostering economic dynamism.

⁴ Annual labour productivity growth averaged 1.2 per cent from 2010 to 2020 — below the 30-year average of 1.6 per cent. Productivity Commission (2022) [5-year Productivity Inquiry: The Key to Prosperity](#), Productivity Commission, Australian Government, accessed 7 February 2023.

⁵ Wood D (1 September 2022) '[Keynote address to Jobs and Skills Summit](#)' [Speech], Jobs and Skills Summit.

Recent labour productivity growth has been the slowest in 60 years

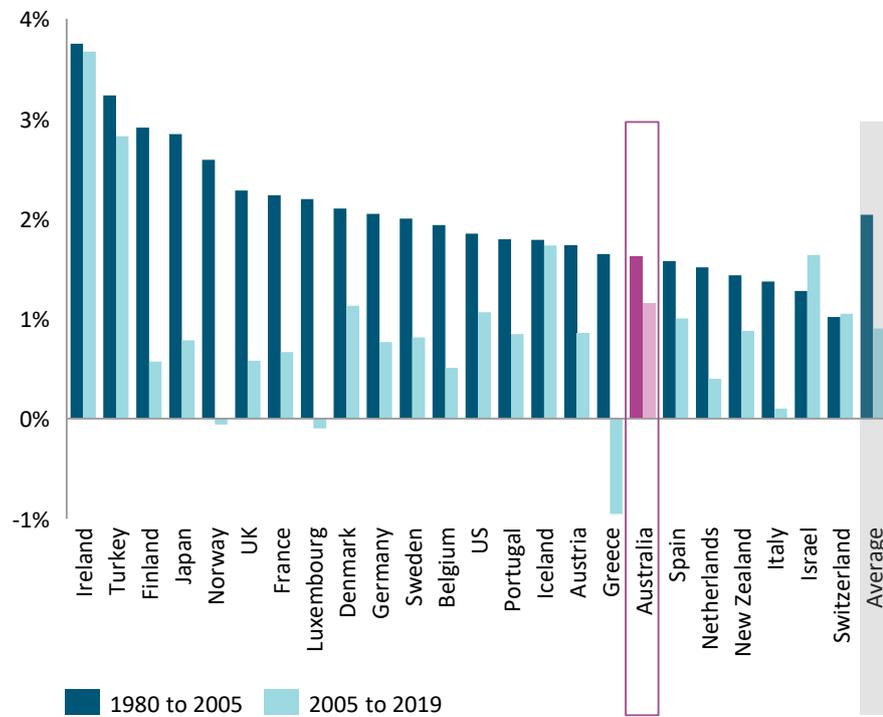
Figure 1: Australia's average annual labour productivity growth



Source: Productivity Commission (2022), 5-year Productivity Inquiry: The Key to Prosperity

Australia's labour productivity growth lags behind our peers

Figure 2: Annual labour productivity growth (per cent)



Source: Productivity Commission (2022), 5-year Productivity Inquiry: The Key to Prosperity

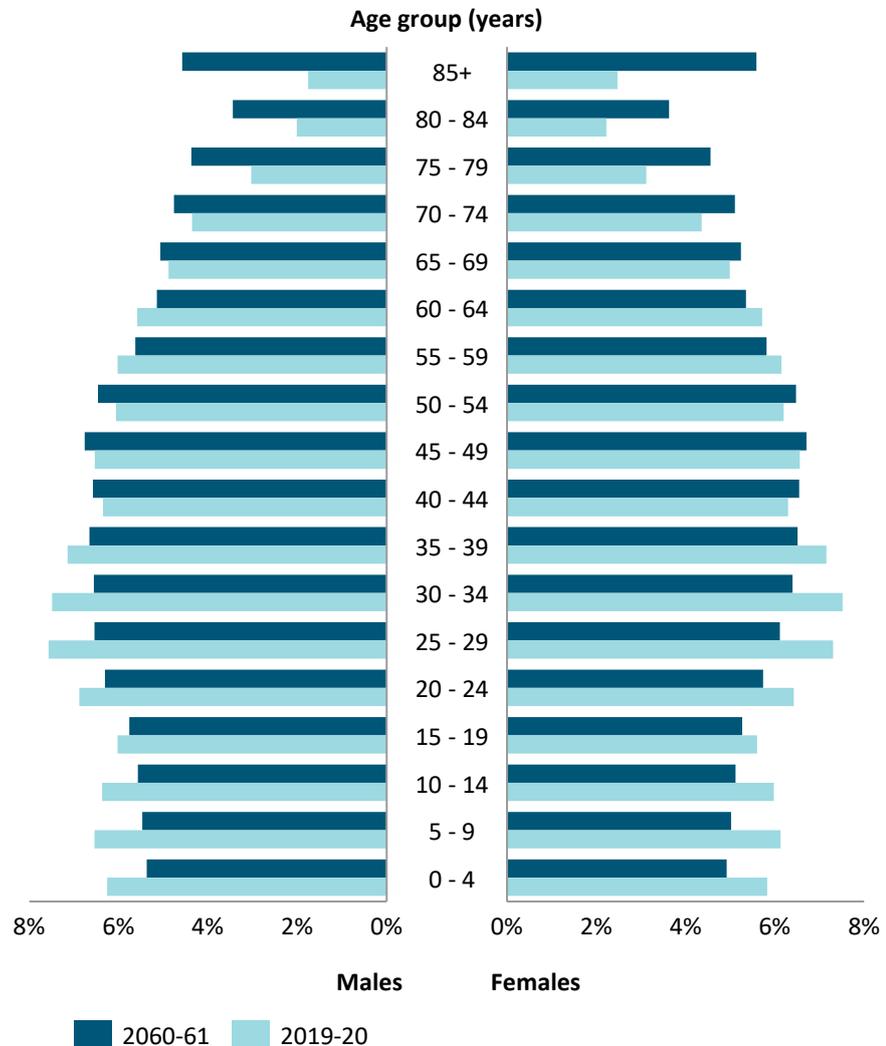
Our population is ageing

By 2060, 23 per cent of Australia’s population will be older than 65, up from 16 per cent today (Figure 3).⁶ Population ageing will slow growth in average living standards unless productivity improves or the working age population expands. Given fertility trends, the future of the working age population is reasonably foreseeable: any significant growth in this population can only come through migration.

As Australians (and migrants) get older, they will also need more health and specialised care. The ratio of working age people to older people (referred to as the age dependency ratio) is set to decline in Australia. This means proportionately fewer Australians of working age will be available to help pay for services through taxes or debt.⁷

Australia will have a lower proportion of working age people by 2060

Figure 3: Australian population age structure



Access to early learning and care is vital to supporting Australia’s productivity by allowing parents and especially mums to return to work but we are experiencing an unprecedented workforce crisis. Public Submission: Goodstart Early Learning

Source: Treasury (2021), Intergenerational report

⁶ Treasury (2021) [2021 Intergenerational Report](#), Treasury, Australian Government, accessed 7 February 2023.

⁷ *ibid.*

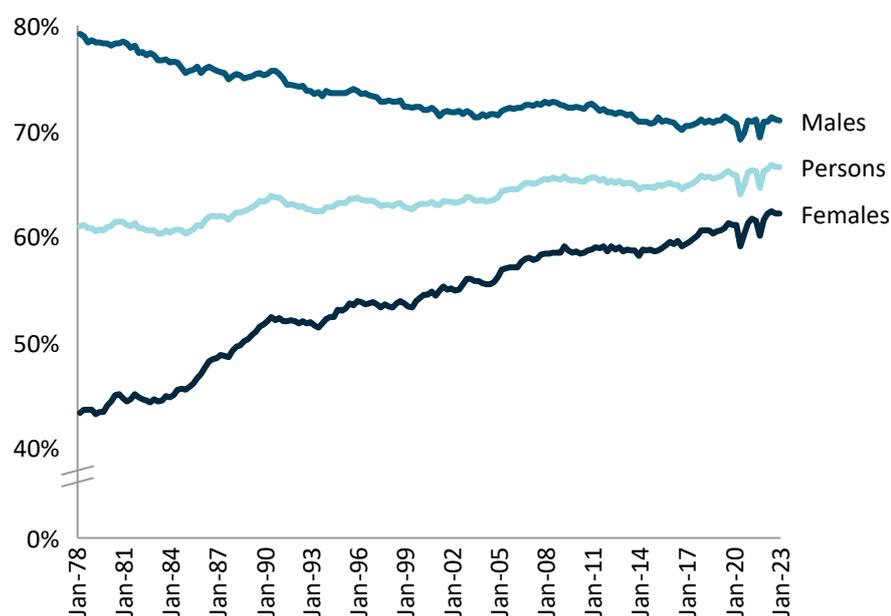
Australia may face declines in labour force participation

As shown in Figure 4 below, total labour force participation in Australia has gradually increased for several decades. This has been driven by increasing female participation – over the last four decades, the gap between female and male participation has narrowed from almost 35 percentage points to just 8 percentage points.⁸

At some point, however, this ‘gap closing’ effect may become insufficient to counter the long-term decline in male participation. Increasing provision of unpaid care to a growing number of ageing family members might also reduce economic participation rates. As a result, without the migration of skilled working age individuals, Australia faces the challenge of stagnation or decline in overall participation.

Participation rates have plateaued

Figure 4: Labour force participation rates (per cent)



Source: ABS Labour force, seasonally adjusted (2023)

Australia will face labour shortages – in higher skilled and lower paid roles – which the domestic workforce may be unable to quickly meet alone

Employment projections indicate Australia’s long-term structural shift towards service industries will continue in the medium term. Four service industries – Health Care and Social Assistance, Professional, Scientific and Technical Services, Education and Training, and Accommodation and Food Services – are expected to generate almost two-thirds (or 65.4 per cent) of the total projected employment growth to 2026.⁹

⁸ Vandenbroek P (2022) *Snapshot of women in Australian workforce 2021*, Parliament of Australia, accessed 8 February 2023.

⁹ NSC (National Skills Commission) (2022) *Australia’s current, emerging and future workforce skills needs*, NSC, Australian Government, accessed 7 February 2023.

Australia needs to secure sovereign capabilities and make the transition to net zero

Over coming decades major, long-term, and structural influences will drive transformative change in Australia. Significant trends include: adapting to climate change — including a move toward a leaner, greener society and economy; increasing digitisation and the move towards an information-based economy; geopolitical shifts; and an escalating need to increase preparedness for our national health and security.¹⁰

To prosper in this environment, Australia will need a highly skilled workforce, one that is equipped with skills we can identify today and skillsets that are yet to emerge. Notwithstanding the skill and commitment of today's workforce, developing this workforce of the future will take time and sustained focus on our education and training systems. Even then, navigating global and domestic trends will require the transfer of emerging technology and ideas from overseas, and the augmentation of our current and future skill base.¹¹

The nature of work is changing

Since the mid-1980s employment in Australia has shifted away from transactional and rules-based jobs towards non-routine jobs, with the share of each changing by about 0.45 percentage points per year.¹²

Over coming decades, it is projected that many high skill roles will also be subject to automation including through artificial intelligence (AI). The OECD reports white-collar occupations are at the greatest risk.¹³ Conversely, lower skilled service jobs – for example, in the care sector – may not be able to be automated or done remotely.¹⁴

Global competition for highly skilled migrants is likely to increase

It is clear other countries are also anticipating these changes and the benefits of attracting migrants into their labour market, particularly those with high skill levels. As a result, Australia will face competition for highly skilled migrants from both traditional and newer competitors as the destination of choice for migrants.¹⁵ Recent reforms introduced by comparator countries to attract highly skilled migrants can be seen in Box 1.

Intra-company transfers [could be used] to help build Australia's sovereign capabilities, in areas such as Defence, Renewable Energy, Hi-Tech and Cyber security.

Public Submission: South Australian Government

¹⁰ CSIRO (Commonwealth Scientific and Industrial Research Organisation) (2022) [Our Future World: Global megatrends impacting the way we live over coming decades](#), CSIRO, accessed 7 February 2023.

¹¹ Migrants with high human capital and experience gained overseas in emerging fields or technologies assist in training local workers on the job, so that new skills and knowledge disperse through Australia's local industries. This process complements domestic innovation and assists in structural change.

¹² Borland J (2022) 'Labour supply and policy', *The Australian Journal of Labour Economics*, 25(2):11-126.

¹³ OECD (The Organization for Economic Cooperation and Development) (2021), [Artificial Intelligence and Employment: New evidence from occupations most exposed to AI](#), OECD, accessed 8 February 2023.

¹⁴ *ibid.*

¹⁵ CIA (Central Intelligence Agency) (2022) [The World Factbook Country Comparisons: Net Migration Rate, CIA](#), accessed 8 February 2023.

At the same time as Australia and others are increasing efforts to attract highly skilled migrants, the global working population is getting more skilled overall, and the nature of who is willing to migrate is changing:

- The global population of university graduates is expected to nearly double over the next decade, reaching 300 million by 2030, with graduates from China and India accounting for about half of this pool.¹⁶
- Economic development in emerging markets is at the same time reducing the imperative for skilled individuals to relocate.¹⁷

Box 1 Recent reforms in competitor countries to attract skilled migrants

Canada

- Increased its permanent migrant intake target to 500,000 people by 2025 (from around 406,000 in 2021), and its skilled migration share from around 56 per cent (2022) to around 60 per cent (2025).
- Shifted from a points-based nomination criteria for Express Entry (permanent residence) classes to more targeted attributes based on occupation, language, and/or education to better prioritise workers that address persistent and longer-term skills shortages (from 2023).

United Kingdom

- Introduced a Scale-Up worker visa, which targets specific highly skilled migrants (including scientists, engineers, and programmers) in approved fast-growing UK businesses (from 2021).
- Introduced a High Potential Individual visa automatically granting a 2-year stay for graduates of top 50 global (non-UK) universities (introduced 2022).

United States of America

- Added 22 fields of study to the STEM Optional and Practical Training Program to encourage post-study work in additional climate, computer science, and analytics fields (2022).

Singapore

- Introduced a points-based system for employment passes to attract skilled foreign professionals (2022).
- Plans to launch an Overseas Networks & Expertise (ONE) pass for top talent, with a longer duration of 5 years and high job portability (from 2023).
- Launched Tech Pass for migrants in technology-related roles that meet a high-income threshold (2021).

[W]e must not lose sight of what citizenship means to both the nation and the broader community and the many migrants and humanitarian entrants – strengthening the sense of belonging and acceptance.
Public Submission: Australian Multicultural Council

¹⁶ OECD (2019) [Benchmarking Higher Education System Performance](#), OECD, accessed 8 February 2023.

¹⁷ Kovács-Ondrejko O, Strack R, Baier J, Antebi P, Kavanagh K and López Gobernado A (4 March 2021) [Decoding Global Talent, Onsite and Virtual](#), Boston Consulting Group, accessed 8 February 2023.

Australia will need to focus on maintaining our socially cohesive, multicultural society

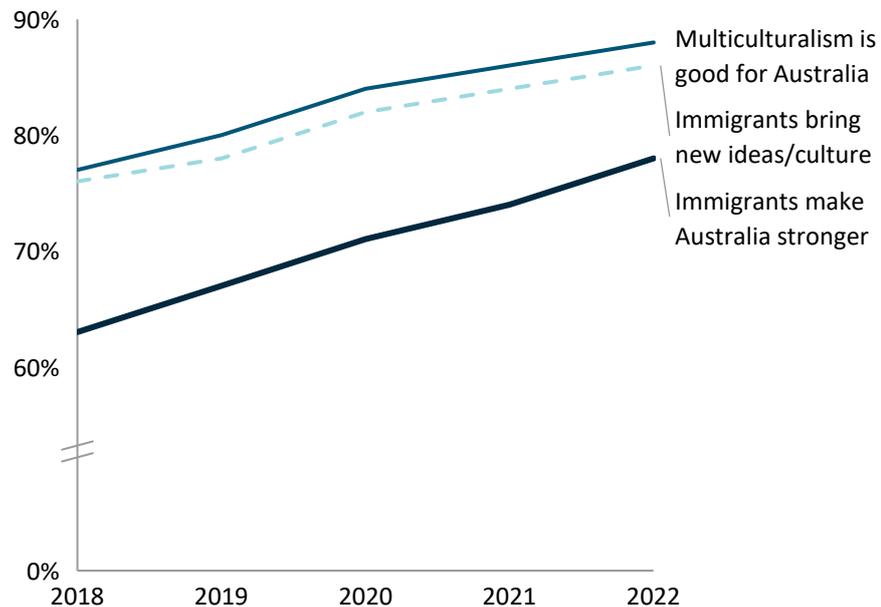
Australia's social cohesion today is relatively high: an international comparison of OECD countries from 2009 to 2012 found Australia ranked fifth out of 34 comparators in its social cohesion.¹⁸ There will however, be both domestic and global pressures on social cohesion over coming decades, including as a result of sources of health, financial, environmental and geopolitical stress in our communities.

Australia's strong multicultural community has built resilience to social cohesion threats through embracing and including migrants. A key finding of the Scanlon Institute's *2022 Mapping Social Cohesion Report* was: 'Australia's population-wide support for multiculturalism is high and growing, and it is an enormous advantage in responding to the pressures placed on social cohesion'.¹⁹ This is clear in Figure 5.

Fostering a greater sense of belonging, including through encouraging migrants to take up the common bond of citizenship, will be important over coming decades. The Scanlon Institute also reported:

'the proportions of people reporting a great sense of belonging in Australia and pride in the Australian way of life and culture have declined over the past 15 years and are now lower than at any point in the Mapping Social Cohesion series'.²⁰

Figure 5: Attitudes to immigration (agree or strongly agree)



Source: Scanlon Foundation (2022), Mapping Social Cohesion

¹⁸ Dragolov G, Ignacz Z, Lorensz J, Delhey J and Boehnke K (2013) [Social Cohesion Radar Measuring Common Ground – An International Comparison of Social Cohesion](#), Bertelsmann Stiftung, accessed 7 February 2023.

¹⁹ O'Donnell J (2022) [Mapping Social Cohesion](#), Scanlon Institute, accessed 7 February 2023.

²⁰ *ibid.*

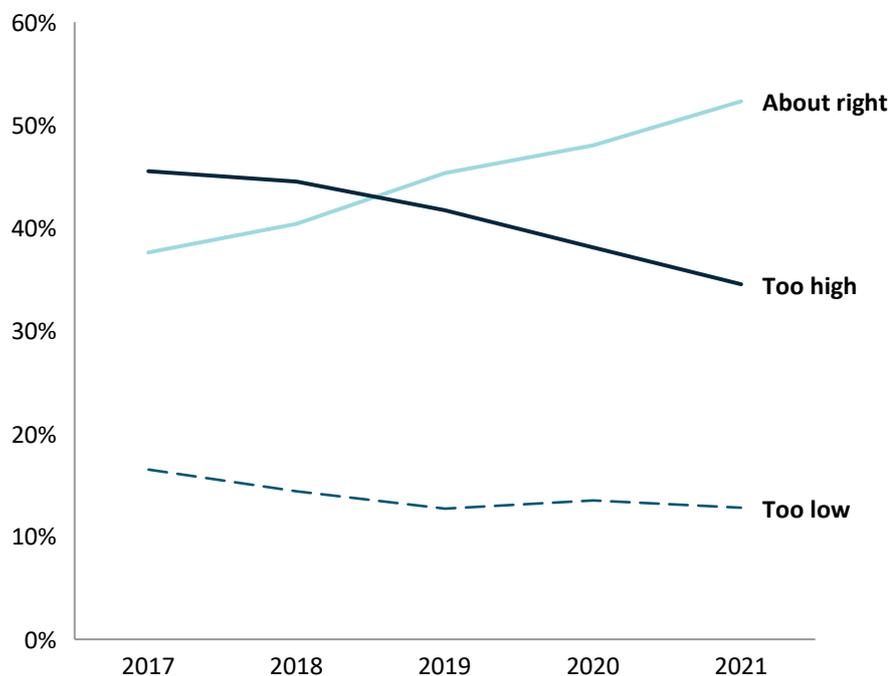
But this requires that Australians maintain trust and confidence in the migration system

We are a nation of significant urban primacy, meaning much of our nation's population lives in a few of the major capitals. At the same time, regional Australia has the capacity and desire to grow and sustain a larger proportion of our nation's population, with untapped potential in regional economies awaiting to welcome those with the skills and experience to fill the many job vacancies on offer.
Public Submission: Regional Australia Institute

Trust and confidence in the migration system have fluctuated over the years. Fluctuations in trust and confidence affect perceptions of migration being 'too high' or 'too low' (Figure 6). An important – but not the only – driver of trust and confidence in migration is the extent to which migration is seen to negatively affect (as opposed to complement) the domestic workforce, and the degree to which migrant worker exploitation arises. Drivers of trust and confidence are discussed in more detail in Chapter 2.

In coming decades, it will be crucial for migration settings to support the maintenance and cultivation of trust and confidence in the system. The loss of such trust and confidence would be a sign of system failure.

Figure 6: Perceptions of the number of immigrants



Source: Scanlon Foundation (2022), Mapping Social Cohesion

The pace and distribution of migration affects the prosperity of our communities

In recent years, Australia's capital cities have generally experienced much faster population growth than non-capital cities²¹ and have sometimes struggled to plan for the infrastructure and services needed by rapidly growing populations.

²¹ Sherrell H (18 April 2019) 'Population Policy and the Budget', *Parliament of Australia*, accessed 7 February 2023; Centre for Population (2022) [2022 Population Statement](#), Centre for Population, Australian Government, accessed 10 March 2023.

The population of regional Australia has grown at only half the national rate, with remote areas of regional Australia experiencing population declines.

In coming decades, the population challenges faced by urban centres and regional Australia alike will be affected by migration flows.

Our international context is changing

Australia's region is going through transition

The region that will have the greatest impact on Australia's future prosperity and security is the Indo-Pacific. Australia's location, institutions and endowments position us well to continue to benefit from the region's economic dynamism. At the same time, the Indo-Pacific is undergoing a profound transition, as economic and strategic weight shifts, and previously accepted global norms come under increasing pressure or are abandoned.

Within the Indo-Pacific, Southeast Asia is an especially important part of our regional landscape. Australia shares deep family, business, education, and tourism ties, as well as a common vision for a region that is stable, prosperous, and respectful of sovereignty. But Australia's proximity to – and relationship with – Southeast Asia will only fully deliver on its promise and opportunity by remaining relevant to this region of almost 700 million people.

The Pacific migration programs, particularly the Pacific Australia Labour Mobility (PALM) scheme, are building larger, more diverse Pacific diaspora communities in Australia and strengthening community links with the Pacific. These programs recognise that the economic prospects of our neighbours in the Pacific have long been constrained by their small size and remoteness. Now, unsustainable public debt is a growing concern – health and education outcomes are already being affected. Climate change also poses a serious threat to communities across the Pacific.

How we manage these changes, working with and supporting our regional partners, will have profound effects for Australia's economic prospects and the security of our region.

The rules-based order faces new threats

Australia's history of successful migration and humanitarian programs provides us with a platform to pursue our interests in multilateral fora, including on issues of conflict and displacement, humanitarian responses and human rights.

Australia has long been active in supporting and sustaining the multilateral institutions that emerged after World War II. This global engagement is perhaps more critical now than ever, given challenges to that rules-based international order.

We believe Australia must find its security in Asia, not from Asia. And that means, above all, in South East Asia ... [W]e need to continue to build alignment together and with others to help shape outcomes in ways that support our collective interests.²²

We will stand shoulder to shoulder with our Pacific family in response to this crisis. We understand that we need to work together like never before – for our peoples and for generations to come.²³

²² The Hon Penny Wong, Minister for Foreign Affairs (6 July 2022) '[Special lecture to the International Institute for Strategic Studies – A shared future: Australia, ASEAN and Southeast Asia](#)' [Speech], Singapore.

²³ The Hon Penny Wong, Minister for Foreign Affairs (26 May 2022), '[Speech to the Pacific Island Forum Secretariat](#)' [Speech], Suva, Fiji.

There are record levels of forced displacement globally

The United Nations High Commissioner for Refugees (UNHCR) estimates more than 100 million people are now displaced by conflict, violence, fear of persecution and human rights violations – the most since the end of World War II. Of these, more than 21 million people are refugees.²⁴

In the past decade, the level of forced displacement has dramatically outpaced the solutions available for displaced people. Climate change will increasingly affect where people can live and the resources they can access.

By 2050, a reduction in the availability of arable and inhabitable land, combined with increasing scarcity of water and other resources, will likely be a further source of displacement, triggering significant cross-border and internal migration.²⁵ Countries in our region will be particularly vulnerable and Australia will need to be ready to respond.

Responding to the issues raised in this chapter will require a holistic, sustained, multi-pronged approach built on our economic and social success and using all the soft and hard power levers available to Government. The question for this Review is: what role can migration play in assisting in the pursuit of these opportunities and managing these challenges?

²⁴ UNHCR (The office of the United Nations High Commissioner for Refugees) (2021) [Global Trends Report 2021](#), UNHCR, accessed on 8 February 2023.

²⁵ *ibid.*

2. AUSTRALIA NEEDS AN EXPLICIT MIGRATION STRATEGY, WITH CLEAR OBJECTIVES AND PRINCIPLES

A lack of clarity on what Australia has been trying to achieve through migration is at the heart of the problems the system faces today. Australia needs a migration strategy that sets clear objectives and principles that can guide the migration system for the next two decades.

... [T]here has been a complete loss of any sense of purpose or direction for immigration policy as a whole. This has to be restored ... in order to provide a pathway to the future.

Public Submission: Peter Hughes
PSM

The previous chapter outlined some of the challenges and opportunities Australia will face over coming decades. In this chapter, the Panel proposes a set of objectives and principles for migration to form the basis of a migration strategy over coming decades. The Reviewers have derived these objectives and principles from an understanding of how migration can best serve the national interest as Australia responds to the challenges and opportunities ahead.

Box 2 Public policy literature tells us: clear objectives are critical

Clear objectives are fundamental to all good policy design and implementation.²⁶ They are particularly essential when managing a large and complex system that has significant impacts on the country.²⁷ At their highest, objectives are set by the Government's policy agenda. Their detail should be shaped by thorough analysis of the challenges and opportunities of the time.²⁸

Clear objectives have three significant functions, to:

1. drive strong delivery – clear objectives ensure programs are designed, reformed and implemented with a clear line of sight to what it is they are trying to achieve²⁹
2. ensure improvement – measuring and evaluating success to provide lessons on what is working and where performance needs to lift requires clear objectives that define what success is; and³⁰
3. build trust and confidence – clear objectives are part of the story Australians tell about why the country is taking certain action; when that story is lost sight of or stops being told, trust and confidence is weakened.³¹

Make structural changes to migration policies for the longer term to reap their full benefit, avoiding short term, reactive, patchwork decisions.

Public Submission: Australian
Multicultural Council

²⁶ Davis G and Althaus C (2018) *The Australian Policy Handbook. A Practical Guide to the Policy Making Process*, 6th edn, Routledge; PM&C (Department of the Prime Minister and Cabinet) (2018) *Independent review of the Australian public service*, PM&C, Australian Government, accessed 7 February 2023.

²⁷ Department of Finance (2022) *When to evaluate?*, Department of Finance, accessed 7 February 2023.

²⁸ Davis G and Althaus C, above n26. Davis et al describe a process of understanding the Government's policy agenda (what we have called broad objectives), then defining the problem that needs solving with more precision, to arrive at clear objectives or goals.

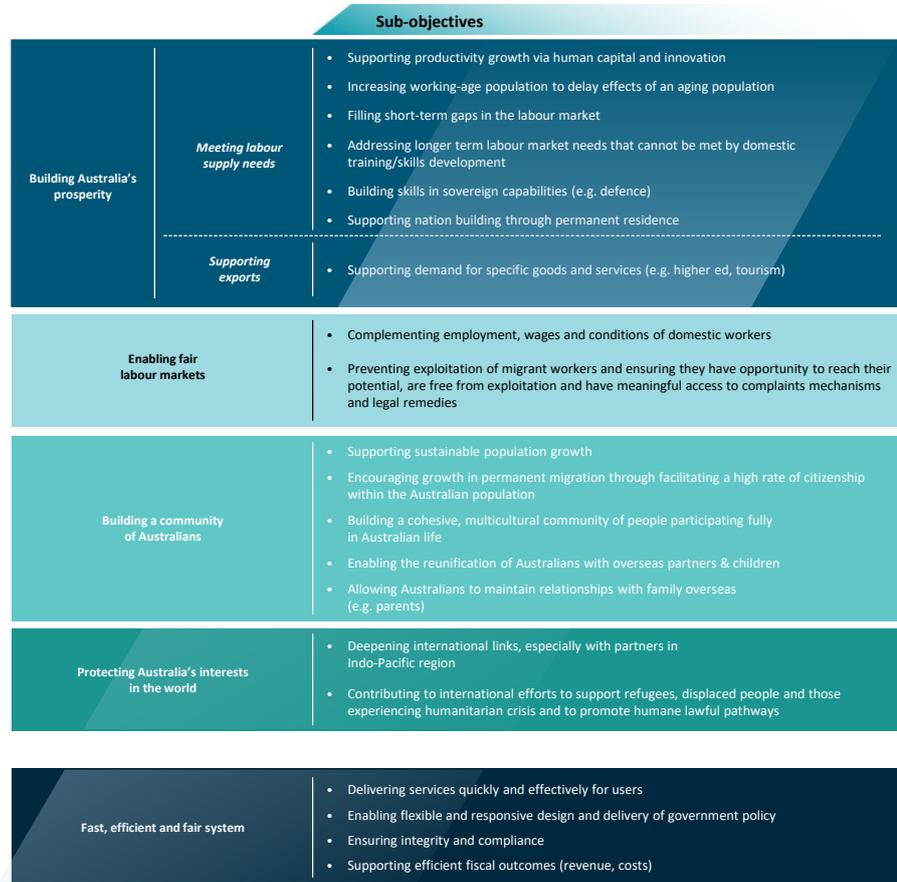
²⁹ Davis G and Althaus C, above n26; PM&C, above n26.

³⁰ PM&C, above n26; Bray R, Gray M and t'Hart P (2019) *Evaluation and learning from failure and success*, ANZSOG, accessed 7 February 2023.

³¹ Davis G and Althaus C, above n26.

Migration needs to always be in the interests of Australia and Australians. In Figure 7 the Panel spells out our view of the core objectives that should drive our future migration system.

Figure 7: Core objectives that should drive Australia’s future migration system



Source: Department of Home Affairs

Migration should build Australia’s prosperity

The migration system should facilitate the migration of young, highly skilled people who can help lift **productivity** and **increase the working-age population** while helping to delay the effects of Australia’s aging population. Specifically:

- By focusing on younger workers, migration can increase the size of the working-age population, thereby increasing the overall size of the economy.
- Growth in the working-age population can also increase participation in the labour force relative to population, and slow or delay the effects of population ageing on the economy.

[A] well-targeted, skills-focused Migration Program can better support our ageing population by supplementing the stock of working-age people, slowing the transition to an older population ...³²

³² Treasury, above n6, accessed 7 February 2023.

- Attracting higher skilled migrants can improve productivity by bringing skills that take years to develop and are in relatively short supply in Australia. Attracting such workers raises the overall level of skill in the labour market and enables growth in high skill and high productivity industries. The limited available evidence from the Australian literature suggests that *high skilled migration* can have a positive effect on domestic workers through higher employment or wages (often used as a proxy for productivity).³³
- Skilled migrants who are able to introduce and use the latest technologies also bring great benefit to Australia by facilitating the transfer of new technology to Australian industries and enabling more rapid structural change.

Migration should also play an important role in responding to **labour shortages**. Labour shortages – at high skill levels and lower paid levels – can emerge due to structural change, new technological advances, or global trends.

Australia should use migration to meet labour shortages in the short term, to take advantage of commercial opportunities and to facilitate skills transfer to the local workforce. Migration should not be the answer though when a perceived shortage is in fact due to recruitment difficulties, including arising from the terms and conditions offered.

Ultimately, education and training systems should adapt to meet skills needs to the maximum extent possible, recognising there is likely to remain a residual demand for labour that can only be met by migration.

Where skills gaps persist over the long term, or where the shortage relates to lower paid roles, the use of migration (particularly temporary) as a lever to alleviate shortages should be considered carefully.

Sector-specific, as against economy-wide, shortages can persist due to a lack of capital investment or poor wages and working conditions in the sector. In such situations, alternative policy levers may be more appropriate or effective, either alone or in conjunction with migration.

There is also a trade-off in selecting migrants as Australia's ability to absorb new migrants is ultimately limited by its ability to accommodate faster population growth. Social cohesion and acceptance of migration would ultimately be stretched too far if all perceived labour shortages were addressed through increases to the population, without any recourse to the appropriateness of wages and conditions, education and training, and capital investment.

³³ Parham D, To H, Ratna N, Regan S and Grafton Q (2015) 'Migration and productivity in Australia', *Crawford School of Public Policy*, Australian National University.

³⁴ Productivity Commission (2022) [5-year Productivity Inquiry: A More Productive Labour Market](#), Interim report no. 6, Productivity Commission, accessed 20 February 2023.

The nursing workforce is facing a global shortage, with many areas of Australia's health care system feeling the strain.
Public Submission: Australian College of Nursing

*The scarcity of labour can provide businesses with further incentive to find more efficient ways to use their workforce, including by investing in productivity-enhancing capital.*³⁴

Box 3: Migration can create opportunities in the transition to a net zero economy

The transition to net zero will challenge governments and industry globally to innovate to reduce their carbon footprints. This is a good example of an opportunity Australia has to develop its capability through importing technology and migrants with complementary skills (alongside new education and training pathways, including for new occupations).

New jobs created in the green economy will fall into three categories:³⁵

Green increased demand occupations where demand for jobs increases but there is no change in the skill set, for example electrical power line installers and repairers required to upgrade infrastructure.

Green enhanced skill occupations – where an existing occupation is significantly transformed due to changes in technology or knowledge – for example, an architect designing green housing using enhanced knowledge of new green technologies and design.

Emerging green occupations – requiring a new skill set such as solar installers using knowledge of the technology to design a solar array for a specific site at scale.

Migration can assist the Australian economy in adapting to this structural change – not only by meeting potential short-term skills shortages, but through the transfer of knowledge of new technologies and new skill sets to the Australian workforce. Australia is also likely to compete with other nations for migrants with these emerging skills.

Migrants who bring specific skills or technologies in **sovereign and critical capabilities** can ensure Australia grows or maintains strength in these areas.

In some cases this will dovetail with work to attract skilled migrants who can boost productivity, or address skills shortages. But given the significance of these capabilities, and the fact that some may be still emerging, it is worth focusing attention on how Australia's future migration system can attract these migrants when needed.

Migration should also help Australia prosper by supporting the **export of services**, in particular:

- International students provide a key source of revenue for Australia's education sector contributing approximately \$8 billion to the VET sector and \$26 billion to the university sector in 2019-20.³⁶
- Tourists and business visitors. While this sector continues to rebound post-COVID, in normal years it is a critical export sector. Pre-COVID, there were 6.5 million tourism and business visits each year, contributing 17 per cent of Australia's total exports and creating approximately 600,000 jobs.³⁷

³⁵ Dierdorff EC, Norton JJ, Drewes DW, Kroustalis CM, Rivkin D and Lewis P (2009) [Greening of the World of Work: Implications for O*NET-SOC and New and Emerging Occupations](#), The National Center for O*NET Development, accessed on 22 February 2023.

³⁶ ABS (Australian Bureau of Statistics) (2022) [International Trade in Goods and Services Australia](#), ABS, accessed 7 February 2023.

³⁷ ABS (2022) [Tourism Satellite Accounts: quarterly tourism labour statistic, Australia experimental estimates](#), ABS, accessed 7 February 2023.

Migration should help ensure fairness in the labour market

Australia's strong community is built upon foundations of fairness, diversity and inclusion. This extends to our approach to the labour market. Maintaining a labour market that does not exclude or marginalise Australians, nor lead to migrant worker exploitation, is critical for maintaining social cohesion and public support for migration.

Ensuring migration is **complementary to the Australian working community** is also critical to Australia's future. This means ensuring migrants' skills are complementary to, rather than a substitute for, those of Australians, and that migration contributes to a fairer and more prosperous Australia with better opportunity for all.

Fairness in the labour market also requires that **migrant workers can achieve their potential, are free from exploitation, and can access complaints mechanisms and report exploitation**, alongside Australian workers.

In recent years, Australia has failed to ensure all migrants are free from exploitation, particularly those in lower paid work. This was a strong theme in the submissions the Panel received, and it is clear that all stakeholders do not want to see migrant worker exploitation continue.

Engineering exploitation risk out of the migration system where possible, and supporting a regulatory and compliance regime calibrated to the different levels of risk faced by different groups of migrants, need to be clear objectives of the system going forward.

Migration should build a strong and inclusive community

Migration has been a longstanding contributor to Australia's national identity and the makeup of its people. The Panel sees a critical role for a modern migration system in continuing to build a strong and inclusive community. This requires:

- **Ensuring migration supports sustainable population growth.** By increasing the population, migration may place additional pressure on housing services and infrastructure such as schools, hospitals and transport. If investment in these areas does not keep pace with population growth it may undermine the economic and social benefits that migration brings. If migration is unexpected, governments, businesses, service providers and communities may be unprepared to meet additional demand for goods and services, or unable to offer employment to absorb the additional supply of workers.
- **Building a cohesive, multicultural, community of people participating fully in Australian life.** Successful migrant settlement and integration – meaning migrants are able to fully participate – is important for migrants and has benefits for Australia, including in strengthening our socially cohesive and multicultural society. The diversity migrants bring is also recognised as enriching Australia; Australians have lived experience of this.

That fact that visa holders and migrants are overrepresented in the FWO's work, even though the problem is likely underreported, underscores the systematic nature of migrant worker exploitation and why this cohort is prioritised by the FWO.

Public Submission: Fair Work Ombudsman

[H]igh and growing support for multiculturalism in Australia is a sound platform for a future migration system and can be the driver for strengthening opportunities to build social cohesion by creating a sense of belonging and trust.

Public Submission: AMES

Social aspects of migration, such as family reunion, are complementary to economic aspects and are crucial to creating a society where everyone can belong and thrive.

Public Submission: Federation of Ethnic Communities Councils of Australia

- **Reunification of Australians with overseas partners and children, and allowing Australians to maintain relationships with family overseas.** There is also strong, longstanding support for the role of migration in allowing reunification of Australians with overseas partners and children. The growing proportion of Australians born overseas also want to maintain their bonds with other family members remaining overseas, including by inviting relatives, particularly parents, to join them here. Providing fair opportunity for Australians to maintain relationships is important.
- **Encouraging a high rate of citizenship within the overall Australian population.** Australia benefits when there is high take up of citizenship in the community because of the significance and value citizenship entails:
 - it confers important rights and obligations (to enter and remain in our community, to serve on a jury if required);
 - it is the foundation of political participation (it is required to vote, and to run for political office); and
 - it is a source of identity – it contributes to a sense of belonging, a sense that ‘I am an Australian’.

Migration should protect Australia’s regional and global interests

Migration has had a longstanding role in deepening Australia’s international engagement, particularly through **people-to-people links and economic ties in the Indo-Pacific region.**

Australia’s migrant diasporas positively affect trade and investment ties and export industries. And migration affects Australia’s access to overseas markets; mobility clauses feature in many of the international trade agreements signed by Australia.

Migration can be a powerful channel for development – migrant remittances increase incomes and investment in the source country while adding to human capital when migrants return home.

Lastly, and perhaps most importantly, a strong migration relationship fosters mutual understanding and shared interests that can help us navigate and find common ground on sensitive issues that can arise with Australia’s international partners.

Migration can also protect Australia’s interests in the world by **contributing to international efforts to support refugees, displaced people and those experiencing humanitarian crisis, and to promote humane lawful pathways.**

Australia’s longstanding Humanitarian program is a tangible demonstration of its commitment to multilateral efforts to provide solutions – to protect refugees, respond to global humanitarian need and help stabilise displaced populations and reduce irregular movement. In an environment of unprecedented need, Australians must be confident that humanitarian efforts are as effective as they can be.

*For Pacific countries and Timor-Leste, sending migrant workers to New Zealand and Australia is a way to relieve unemployment pressures and generate cash remittances, upon which many origin-country households depend.
Public Submission: the Migration Hub, ANU*

Maintaining trust and public confidence is critical and requires consideration of what the migration system does and *how* it does it

What drives trust and confidence in migration?

Public trust and confidence in migration is driven by both factors within the direct control of the migration system, and factors outside of it to which the system must nevertheless respond. A brief summary of the evidence, including what the Panel heard from stakeholders, suggests the following factors are important:

- **Economic conditions and how migration affects Australia’s labour market.** Evidence suggests that when there is increasing or high unemployment, support for migration weakens. In times of economic growth and relatively low unemployment, there is more support for migration.³⁸ Similarly, when certain sectors largely rely on temporary migrants who are employed in breach of Australian workplace law, this fuels public perception that migration is being used to erode local wages and conditions.³⁹ When migration is perceived as substituting Australian labour rather than complementing it, trust and confidence goes down.
- **Community discourse, makeup and perceptions of migrants.** This includes media and political discourse, contact and mixing between ethnic groups, and perceived links between migrants and social issues (e.g. crime).⁴⁰
- **Integrity of the migration system,** including confidence in the migration system’s ability to manage flows, minimise ‘illegitimacy’ and having effective monitoring and compliance mechanisms in place for the benefit of both migrants and employers.
- **Full and successful participation by migrants in the community.** This includes the rate and degree to which migrants are seen to have become full members of the community, feel themselves to belong, and take up citizenship. Conversely, *harm* to migrants, including migrant worker exploitation, *negatively* affects trust and confidence. Faster and successful migrant integration into Australia’s multicultural society contributes to social cohesion and greater support for migration.⁴¹
- **Transparency and fairness,** including procedural fairness and timeliness, and access to remedies when the migration system lets people down.
- **Individual characteristics, circumstances and values in host communities.** Deeply held values, education, lifestyle, political attitudes, age, gender and individual economic security all influence how likely a person is to support migration.⁴²

[T]rust in public institutions and governments is crucial to garner and strengthen public confidence in Australia’s migration program ... openness and integrity are key drivers of and confidence in government. Public Submission: Settlement Council of Australia

³⁸ Van Kooy J (2022) [Support for immigration](#), Scanlon Foundation Research Institute, accessed 7 February 2023.

³⁹ Howe J and Owens R (2016) *Temporary Labour Migration in the Global Era*, Hart Publishing, Oxford.

⁴⁰ European Commission (2010) [Handbook on Integration for policy-makers and practitioners](#), European Commission, accessed 28 July 2021.

⁴¹ Collier P (2013) *Exodus: how migration is changing our world*, Oxford University Press.

⁴² Van Kooy J, above n38.

How Australia achieves its objectives is important to maintaining trust and confidence

Many of the factors that drive trust and confidence in migration are picked up in the objectives the Panel has proposed above. For example, *helping enable a fair labour market* focuses on migration complementing the Australian workforce and not eroding working conditions, which is important for maintaining trust.

However, other drivers of trust and confidence speak to a broader set of values or factors that go to *how* Australia should go about achieving its migration objectives.

Migration principles set out how Australia will develop and implement its migration policies

Determining a set of principles could demonstrate the values the Australian Government is committed to upholding across the entire migration system. The principles would articulate *how* the system should pursue *all* of its objectives.

Operationally, principles could be used as a guide by policy makers and program managers developing and implementing visa programs.

Principles also provide a benchmark to assess new initiatives and to guide responses to emerging issues that require changes to the migration system or its architecture.

Submissions to the Review expressly called for government to commit to migration principles.

The Panel suggests the following six principles

1. First and foremost, migration should support the social and economic wellbeing of Australians and Australia

This is a longstanding principle of Australia's migration system, and recognises the fact that the preeminent consideration in policy design and delivery is the best interests of Australia and Australians. In application, this means when objectives are in tension, the approach that will maximise the social and economic wellbeing of Australians is prioritised.

2. Australia recognises and celebrates the role migration has played in shaping who we are as a multicultural, cohesive, democratic nation rich in opportunity

This principle is about driving trust and confidence in migration, by supporting strong and positive storytelling about the value of migration in the Australian community.

3. Australia's migration system is non-discriminatory in terms of race, religion, ethnicity

This principle is about migrant selection. It is a firm commitment by government to non-discrimination on these criteria in the selection of migrants. Importantly, it allows Australia to preference people from particular countries, such as special treatment offered to our New Zealand cousins or members of our Pacific family.

4. Migrants are treated equally before the law and have meaningful access to legal remedies

This principle is about ensuring migrants share in the legal protections and workplace rights accessible to all workers in Australia. It is a firm commitment by Government to support mechanisms that facilitate and empower migrants to access complaints mechanisms and legal remedies.

5. Australia's migration system is underpinned by effective and proportionate compliance and border control measures, and the orderly and efficient movement of people across our borders

This is a commitment by government to ensure effective monitoring, compliance, and clear and transparent enforcement activities when rules are broken. In practice, it means people who qualify for a visa can expect to receive it, and those who do not qualify, will not. People who do not qualify to remain in Australia will be treated humanely and with respect for their dignity, but are expected to cooperate in resolving their status and identity, including being prepared to depart Australia when required to do so.

6. Australia's migration system is transparent, easy to navigate and decisions are made quickly

This principle encompasses the importance of timeliness, simplicity and transparency. It recognises that long wait times for decisions are harsh and that complex, hard to navigate systems can fundamentally undermine the benefits of the migration system to both migrants and Australia. It underscores the importance of transparency and accountability in migration decision-making. This principle would be a commitment by the Government to minimising these harms.

In a timely migration system, people know how long their application will take to be processed because maximum timeframes are established, processing is efficient, bridging visas are not overused when timing blows out, and citizenship is achievable.

Public Submission: Federation of Ethnic Communities Council of Australia

Government needs a migration steward to coordinate expert advice to avoid future drift

Migration is inevitably looked to as a tool to solve many different policy objectives, including those within the remit of other Commonwealth departments, such as employment, foreign affairs, and industry (including industry specific portfolios, such as health, aged care and education). Migration is also looked to by other levels of government as a tool to address different issues in states or territories, or in Australia's regions, sometimes as a substitute for actions they have within their own remit.

However, migration is more than a 'tool'. It is a complex system, with wide-ranging effects on Australia. Significantly, the varied objectives of different areas of government inevitably come into conflict in relation to migration settings. Migration cannot be an effective 'tool' for everyone, all at once.

To ensure Australia's migration system remains focused on the objectives government has set, one area of the Australian Public Service (APS) must hold an in-depth understanding of the workings of the system and advise Government on how best to address inevitable trade-offs between competing objectives. This area needs to provide a strategic and coordinated view that cannot be provided if responsibility is instead devolved.

The devolution of responsibility for the design of visa products to other areas of government, and an erosion of migration expertise, has contributed to where the migration system is today: running an excessively complex system without a clear strategy or objective, with a disconnect between visa products managed by different departments, and with little knowledge of the consequences of what has been done. Shifts in the administration of the system have weakened the chance for a coherent and efficient approach to migration across government, and downplayed the importance of migration system knowledge in designing products to meet the objectives of government.

Box 4: The 2019 Review into the APS made findings relevant to migration administration

The 2019 Independent Review into the Australian Public Service, led by David Thodey AO, found that a focus on efficiency, immediate delivery and short-term responsiveness has, over recent decades, left many government functions disconnected from clear, strategic policy objectives.⁴³

Deep expertise has been lost, and too much devolution has resulted in poorly integrated advice on complex government priorities.⁴⁴

Thodey's analysis is a good description of what has happened in the migration system. The Panel's recommendation – a single area of the APS should be responsible for stewarding the migration system – is also consistent with major findings of the APS Review, which recommended clearer accountability for outcomes, with strong mechanisms in place to support coordination.⁴⁵

Reform directions

The Panel suggests the Government adopt clear objectives and principles for the migration system, and have these shape and guide design, delivery, evaluation and public narratives about migration in Australia. In this chapter, the Panel has proposed a set of objectives and principles for Government to consider.

The Panel also suggests Government consider ensuring one area of the APS has in-depth understanding of migration and acts as steward of the migration system. This might mean bringing visa products currently administered by other agencies (for example, PALM) into the immigration portfolio and ensuring that, going forward, visa products are not developed elsewhere. It also requires re-building and valuing capability and expertise of immigration within government, a subject discussed in greater detail in Chapter 18.

⁴³ PM&C, above n26.

⁴⁴ *ibid.*

⁴⁵ *ibid.*

3. THE PANEL HAS ASSESSED THE SYSTEM'S ABILITY TO DELIVER OVER COMING DECADES

Using our proposed objectives and principles, the Panel assessed the migration system's capacity to deliver over coming decades. While aspects of the migration system are performing well, key areas of the system are broken. Creating a fit for purpose system will require major reform, it cannot be achieved by further tinkering and incrementalism.

An overview of the major issues the Panel identified with the migration system, as well as where we believe performance remains strong, is set out below. Our assessment of the ways in which the system is broken and the significant step-change therefore required to reap the opportunities and navigate the challenges of the next two decades forms the basis of more fulsome discussion in the chapters that then follow.

Building Australia's prosperity by lifting productivity and meeting labour supply needs (Chapters 6, 7 and 8)

Skilled migration has been an important driver of Australia's economic growth: filling skills gaps, supporting increased labour force participation, and contributing to productivity growth. However, the program is not effectively targeted to either current or future needs.

- The Skilled occupation lists underpinning the Employer Sponsorship programs are outdated and lack a strong evidence base. They do not reflect current or anticipated skilled labour needs, including to support the transition to a net-zero economy or to build critical and sovereign capabilities.
- There is growing international competition for highly skilled migrants and Australia risks falling behind without more innovative and attractive visa products and service delivery.
- The points test used to select skilled migrants without an existing job offer is not designed to identify applicants with the best potential to contribute to Australia over the long term.
- There is evidence of growing labour shortages in lower paid occupations, particularly in the care sector. Australia lacks an explicit migration policy focusing on lower paid workers and has taken a piecemeal approach that is not meeting our needs or protecting vulnerable migrant workers.

Enabling a fair labour market (Chapter 9)

There is widespread evidence that temporary migrant workers are exploited and aspects of the migration system heighten this risk.

- The salary threshold for employer sponsored visas is too low and neither the migration system nor other supporting architecture have been effective in protecting migrant workers from underpayment.
- While the majority of employers aim to do the right thing, sponsorship arrangements that tie temporary workers to their sponsoring employer create a power imbalance that facilitates exploitation by the unscrupulous.
- The current approach to determining labour market need is insufficient to ensure migrant workers are used to complement and not displace domestic workers.

Building Australia's prosperity by supporting exports

Australia is not focused enough on capturing the best and brightest international students. (Chapter 12)

- The migration system has supported strong growth in the education export sector. The Student visa program should be an important source of high performing skilled migrants but has not delivered on its potential.
- Various Student and Temporary Graduate visa settings inhibit students' opportunity and ability to show they can succeed in the Australian labour market.
- International students struggle with the transition into the labour market post-study and are often employed below their skill level. Extending the duration of graduate work rights may not fully address the underlying reason many struggle to transition.
- There is value for migrants and Australia in having certainty of permanent residence as early as possible. Australia is letting too many former students become 'permanently temporary' by not identifying those with the greatest potential for success.

Building a community of Australians

Australia needs longer-term and holistic migration planning. (Chapter 5)

Australia's annual migration planning process lacks a comprehensive long-term perspective.

- Smooth and predictable migration enables Australia to plan housing, infrastructure (such as schools and hospitals), and the supply of goods and services by business, government and communities.
- While successive governments have closely managed the permanent program (195,000 people in 2023), the temporary migrant cohort has been demand driven and has doubled in size since 2007 and now stands at 1.8 million people.

Australia does not want to become a nation of 'permanently temporary' residents. (Chapter 11)

- While there is a place for genuinely temporary migration in Australia, there has been a rise in 'permanently temporary' migration. That has caused harm to Australia and to migrants, and undermined community confidence in the migration system.
- The rise in 'permanently temporary' migration has come about in part because:
 - temporary migration has risen substantially since 2007, while permanent places have remained stable and limited in number;
 - there has been a reduction in clear pathways to permanent residence for key cohorts (particularly students); and
 - the system has granted longer temporary stays (e.g. to graduates), including through issuing more bridging visas (especially during COVID-19).
- Had they been asked, it is hard to conceive of Australians willingly agreeing to the creation of a 'permanently temporary' cohort of workers, akin to guest-workers seen in some other countries.

Families wait for Parent visas that never come. (Chapter 14)

- Family reunion is an important component of a strong and stable community. Australia facilitates family reunion for partners and dependent children. However, migrants can wait up to 40 years to have their parents join them in Australia on a permanent basis.

Migrants are strong contributors, but they have unrealised potential.
(Chapter 15)

- Economic participation enables migrant settlement and integration. Migrants already make strong contributions to Australia's labour market, our communities and society.
- While Australia supports migrants through a range of services, eligibility is restricted in ways that have not been closely examined. For example, the Newly Arrived Resident Waiting Period (NARWP) has progressively grown but its impacts on migrant outcomes, and migration attractiveness, is unclear.
- Migrants take time to settle in and migrant women, in particular, want more opportunity. Failing to facilitate secondary skilled migrants and family program migrants into the workforce or to social ventures means Australia fails to use often highly skilled and effective potential contributors to society.
- The greatest challenge for a large proportion of humanitarian entrants is that their low English and skill levels mean there are relatively few roles they are suited to in our advanced economy. The Economic Pathways to Refugee Integration grants program is a good investment trying to address this challenge, but it needs to be properly evaluated and supported by good data collection.
- Skills recognition is complicated, expensive and lengthy. Different requirements imposed by the migration system, and in states and territories regulating occupations, create barriers for migrants. These requirements have adverse impacts on migrants and are further evidence Australia fails to use all the capabilities available in our community. (Chapter 16)

Challenges in Regional Australia cannot be addressed purely by migration.
(Chapter 13)

Migrants are less likely than Australians to live outside of our major cities, yet regional migration is often seen as a way to address declining population growth and fill labour shortages.

- Regional visa programs, and the migration system more broadly, have not been effective in encouraging migrants to settle in regional Australia.
- Migration should be part of a holistic approach to addressing regional population and labour needs. Better planning, housing, infrastructure and service provision will make regions more attractive to both Australians and migrants.

Protecting Australia's interests in the world (Chapter 17)

- Migration is central to the image Australia presents to the world of a diverse and welcoming society. However, elements of the migration system are undermining opportunities to strengthen ties in our region.
- Regional business and political leaders report they find it too difficult to travel to Australia, undermining Australia's influence and trade connections within the Indo-Pacific region.
- The migration system has not assisted Australia to build diaspora communities from our closest neighbours in Southeast Asia and the Pacific, again limiting people to people connections.
- Temporary migration to Australia can be a source of strong remittance flows, boosting income and creating economic opportunity in the Pacific region. But care needs to be taken to ensure migration does not encourage a 'brain-drain' that robs Pacific Islands of capability and erodes their further prospects.
- Australia must prepare for the effects of climate change displacement in the Pacific region, including by fostering economic and social resilience in Pacific Island countries.

Providing a fast, efficient and fair system

The migration system is neither fast nor efficient and is often perceived as unfair. Users, current and potential migrants and businesses find the system unnecessarily complex and difficult to navigate at all levels.

ICT systems lack flexibility and responsiveness, and new technology has not been adopted. (Chapter 18)

- The migration system needs high performing ICT systems to meet Australia's needs. However, the Department of Home Affairs' ICT systems are outdated. 'Big bang' reform efforts have failed because they tried to do too much, too quickly, while putting everything else on hold.

Incremental reforms to ICT systems have delivered efficiencies, including through the adoption of new technology into parts of the system. However, the Department of Home Affairs' incremental reform program is oversubscribed and will not provide the rethink and re-engineering of ICT systems required to compete, improve user experience or reduce cost.

The legislative framework reflects the complexity of migration policy. (Chapter 19)

- Migration legislation is complex and difficult to navigate, reflecting the complexity of policy settings. This complexity raises user costs and incentivises the use of migration agents.
- The interaction of outdated ICT architecture, cumbersome processes and legislative complexity erodes the capacity of departmental staff to deliver high quality service and erodes morale.

4. A LACK OF DATA INHIBITS EFFECTIVE ASSESSMENT OF THE SYSTEM

Australia today mainly relies on two broad concepts to assess migration's success or otherwise: assessment of the fiscal costs/benefits of different classes of migrants, and the overall impact of migration on the population, known as net overseas migration. This approach is flawed. Australia lacks the data needed to properly evaluate the migration system's performance and understand the full range of migrant outcomes.

Before going into detail on the ways the current system is broken and unprepared to meet challenges and opportunities, the Panel thought it worth remarking on the significant data limitations they discovered.

The lack of good data is troubling, frustrating Australia's ability to:

- measure how well the migration system achieves all of its objectives; and
- understand the full range of migrant outcomes.

As such, lack of data prevents needed policy interventions being developed and targeted, inhibits our ability to compete for highly skilled migrants, and means we fail to assist migrants to contribute their full economic and social potential.

Australia needs a program to enable evaluation of the migration system to drive its improvement

Today Australia mainly relies on two broad concepts to assess migration's success or otherwise: assessment of the fiscal costs/benefits of different classes of migrants, and the overall impact of migration on the population, or net overseas migration. For some migrant cohorts – for example, those invited to achieve an international relations objective – these are particularly limited tools of evaluation.

Evaluation is important in all areas of government action. In recognition of this, the Government will soon appoint an Evaluator-General to drive high quality evaluation across government.

A robust, comprehensive evaluation framework for the migration system is sorely needed. The framework should enable government to measure and report on the effectiveness of migration programs at meeting the specific objectives for which they are established.

For some migration programs, measures of economic and fiscal impact will remain important sources of data. In other cases, government will need to develop new metrics in order to better understand the success or otherwise of its efforts.

Data collection, evaluation practices and public use of evaluation findings should also take into account relevant ethical, cultural and privacy considerations.⁴⁶

⁴⁶ Department of Finance (2022) [Commonwealth Evaluation Policy](#), Department of Finance, Australian Government, accessed 7 February 2023.

Strong program evaluation, including of settlement and integration programs

Because the migration system has not valued and prioritised evaluation, it is rarely done. When it has occurred, the Panel also observed design flaws that reduced the ability to make robust findings.

There is a need for improved data collection on multicultural communities to provide the evidentiary base to guide policies, programs and service delivery.
Public Submission: Victorian Multicultural Commission

In evaluation, government should care deeply about *how much difference* a program makes. This requires examination of the difference between a participant's outcomes and what outcomes would have occurred if the person had not participated in the program.

Some of Australia's current approaches to evaluation in the migration program are far from this standard.

For example, the major administrative tool relied upon by government to collect 'outcomes' data is a standardised outcome reporting tool called SCORE, which is used for all grants administered by the DSS Community Grants Hub.

Programs select from a pre-defined list of ‘circumstances, goals and satisfaction’ the areas they want to measure, such as employment, education and training, housing, and mental wellbeing.⁴⁷ SCORE then asks grantees to make a ‘pre-service’ and ‘post-service’ assessment in connection with their client’s relevant circumstances, goals and satisfaction.

Box 5: Migration is behind comparator policy areas and countries, in its data

The absence of good data puts migration, settlement and integration behind international comparators and other areas of social policy.

Data underpins housing policy,⁴⁸ policy for supporting First Australians,⁴⁹ people with a disability,⁵⁰ and people accessing social support.⁵¹ Innovation, including through data linkage, is enabling these policy areas to be informed by ever richer data and evidence. International comparator countries (Canada,⁵² the UK⁵³ and New Zealand⁵⁴) have all invested in measuring migrant outcomes.

This context makes the state of migration data particularly troubling. Evaluation and data capabilities are growing across government, and there is opportunity for the migration system to leverage these. For example, tools like the Specialist Homelessness Information Platform used by homelessness services could, with modification, support good data collection in settlement and integration programs. And strategic investment in data linkage could help governments understand migrant outcomes beyond the fiscal and economic.

The Australian Government should invest in building the evidence-base for the migration program (beyond economic analyses) so that the social, cultural and environmental impact of temporary migration policy are more readily known.
Public Submission: Settlement Services International

Commonwealth entities and companies are expected to deliver support and services for Australians by setting clear objectives for major policies, projects and programs, and consistently measuring progress towards achieving these objectives.⁵⁵

This data collection methodology is limited. For example, a program like the Economic Pathways to Refugee Integration program – which is primarily focused on employment outcomes such as improving participation, employment rate, and human capital – must mainly rely on the one employment ‘circumstances’ data field (Table 1). Relevantly, there is also no facility in SCORE to measure English language levels. While guidance is often given to different providers on how to score, it is unclear the extent to which this drives standardisation.

The issues with outcome measurement are somewhat different in administered programs (as opposed to grants), though arguably just as pronounced. The consequence of this is that independent evaluators tell government that it is very difficult to measure what difference, if any, government investment has made.

⁴⁷ There are also a set of ‘community’ SCORE’s relevant where programs target communities, rather than individuals.

⁴⁸ The AIHW (Australian Institute of Health and Welfare) and ABS have been supporting the collection and reporting of housing outcome and program data since the 1990s.

⁴⁹ The Closing the Gap targets and outcomes are high-profile indicators governments regularly report on, and which inform First Australians policy.

⁵⁰ Disability program and outcome data has been collected, in one way or another, since 1991. The National Disability Data Asset today aims to give Australians and governments a comprehensive picture of the experience of peoples with a disability in Australia.

⁵¹ The Department of Social Services is exploring ways of linking data to better measure social impact.

⁵² Statistics Canada regularly conducts and publishes advanced analysis of migrant outcomes that enable evidence-backed decision making, for example: Crossman E and Hou F (2022) [International students as a source of labour supply: Pre-immigration study in Canada and post-immigration earnings](#). Statistics Canada, accessed 7 February 2023.

⁵³ The UK has developed an Indicators of Integration framework, with each indicator mapped to a data source: Home Office (UK) (2019) [Home Office Indicators of Integration framework 2019](#), Home Office, United Kingdom Government, accessed 7 February 2023.

⁵⁴ New Zealand’s Migrant Settlement and Integration Strategy is supported by monitoring and a reporting dashboard against outcomes: New Zealand Immigration (n.d.), [How we measure success](#), New Zealand Government, accessed 7 February 2023.

⁵⁵ Department of Finance, above n46.

This makes it difficult for policy-makers to decide what actions need to be then taken to improve settlement and integration outcomes.

Table 1: SCORE employment 'circumstances' scale

1	Significant negative impact of lack of employment on independence, participation and wellbeing
2	Moderate negative impact of lack of employment on independence, participation and wellbeing
3	Progress towards improving employment to support independence, participation and wellbeing
4	Adequate short-term employment to support independence, participation and wellbeing
5	Adequate ongoing employment to support independence, participation and wellbeing

Australia needs a migration data strategy to ensure understanding of all migrant outcomes

As described above, the broad migrant settlement and integration outcomes are critical for migrants' and Australia's prosperity. Again, while economic outcomes such as employment and economic participation rates are an important part of this story, a broader range of factors are relevant to successful migrant settlement and integration.

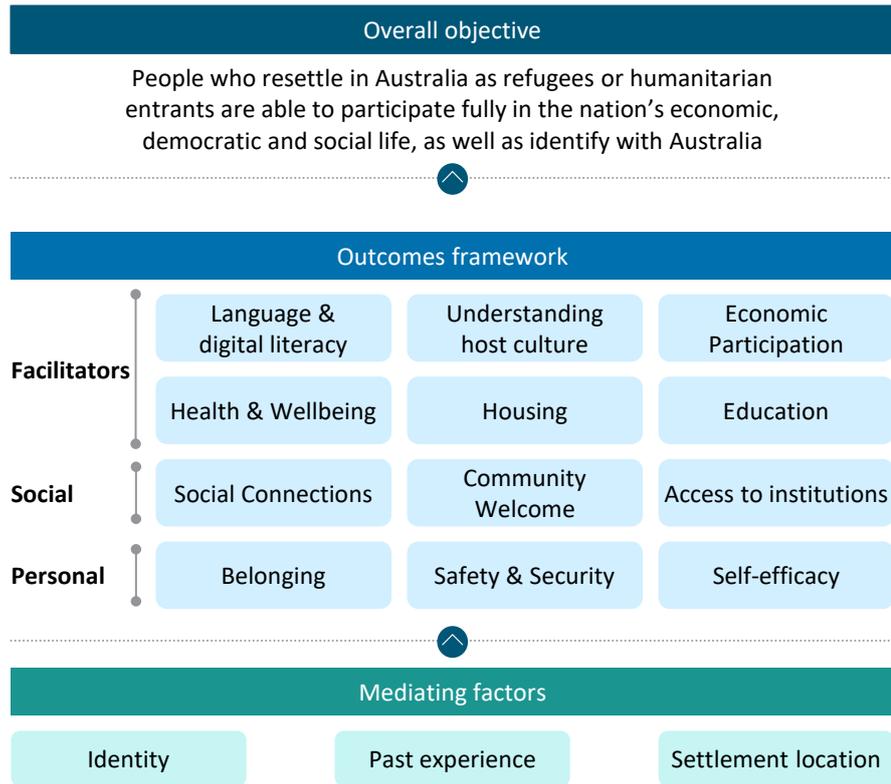
However, Australia does not have good data beyond the economic. This also limited the Panel's ability to assess the current migration system. While stakeholder reflections were an important source of data, it is clear Australia needs a more systematic approach to data collection and measurement of these important indicators.

The *Refugee and Humanitarian Entrant Data Plan*, developed by the Department of Home Affairs in 2020, was a good step in the right direction for this migrant cohort. The Plan, based on the UK's *Home Office Indicators of Integration Framework 2019* and Canadian academic research, set a framework for measuring the full range of outcomes relevant to refugee integration (Figure 8).

Government should consider building upon this plan, to create something relevant to all migrants, thereby allowing Australia to truly understand the effects of migration.

An intermediate step that is fundamental to the operation of a more transparent system is investment in relevant, high-quality data that can help design, implement and evaluate selection and integration policies.
Public Submission: Settlement Council of Australia Policy

Figure 8: Humanitarian entrant integration framework



Source: Department of Home Affairs

Reform directions

The Panel suggests the Government develop an evaluation plan for the migration system, based on the proposed outcomes in this report. The evaluation plan could include, or be supported by, a data strategy, which covers all settlement and integration outcomes, as well as indicators to measure program objectives beyond the economic (for example, international relations objectives).

The quality of program evaluation within the Department of Home Affairs also needs to be improved. This could start with immediate investment in good evaluation for new programs, such as the Economic Pathways to Refugee Integration, and extend to uplift in the Department of Home Affairs' evaluation capabilities.

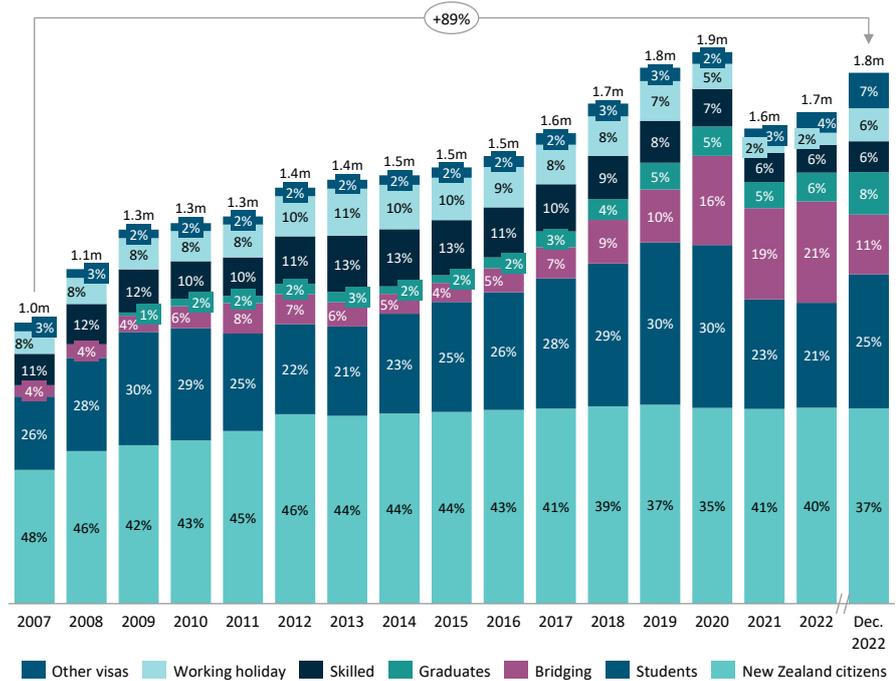
5. AUSTRALIA NEEDS LONG-TERM AND HOLISTIC MIGRATION PLANNING

Today, Australia mainly relies on the annual permanent migration cap to manage migrant numbers. This is a poor tool for driving predictability of overall migration flows. Government needs to consider the optimal size and composition of migrant intakes (temporary and permanent) over the medium to long term in the best interests of Australia.

Whereas Australia’s focus was once on permanent migration, and building a community of citizens, today temporary migrants make a significant contribution to Australia’s migration intake (Figure 15). The Australian population as at December 2022 includes 1.8 million more people (temporary residents)⁵⁶ residing here than are entitled to remain permanently in the country (Figure 9).⁵⁷ Successive governments have closely managed the size of the permanent migration program, in an attempt to manage the impacts of population growth that flow from welcoming migrants. In the Panel’s view this is insufficient in a situation with relatively low barriers to entry for temporary migrants.

The stock of temporary migrants has nearly doubled over the last 15 years

Figure 9: Total stock of temporary residents in Australia as at 30 June that year⁵⁸



Source: Department of Home Affairs. Note: Excludes Visitors, Crew and Transit. Other temporary also includes Temporary Resident (Other Employment) excluding Temporary Graduates.

⁵⁶ Temporary residents is an economic concept. The ABS measures temporary residents as those people entering Australia who are likely to be here for 12 out of the next 16 months. Temporary residents are not currently defined within the migration legal framework. However, it includes most temporary visa holders of temporary skilled, working holiday maker, student, graduate, New Zealand citizen, bridging and other temporary visa holders.

⁵⁷ There were also, at this time, around 0.5 million people in Australia on visitor visas, who are not here long enough to be included in the measure of population but nonetheless use infrastructure and demand goods and services while they are here in Australia.

⁵⁸ Refer to footnote 56.

The size and composition of the migration program affects Australian communities

Each new migrant both adds to the labour supply (for those who have work rights) and the demand for goods and services. As such the migrant population, irrespective of whether permanent or temporary, grows the size of Australia's economy, although the extent to which this occurs differs based on migrants' characteristics, such as age and skill, and on Australia's immediate demand for those attributes.

Box 6: Australia's economy today is heavily reliant on temporary migrants

As at 31 December 2022, there were 1.8 million temporary migrants in Australia with work rights.⁵⁹ Temporary migrants with work rights are now equivalent to around 13 per cent of Australia's labour market.⁶⁰

Temporary migrants also make up a large and growing proportion of Australia's community (Figure 10).

Importantly, if Australia's total migration intake is not taken into account in planning, imbalances between the demand and supply for labour and/or for goods and services may lead to negative outcomes for the economy, local populations and communities, and migrant integration.

- If the supply of infrastructure and housing does not keep up with demand created by migration, the quality of infrastructure and housing services may deteriorate, and prices may rise. As a result, material and non-material living standards of the local population and newly arrived migrants may be undermined.
- Without appropriate policy responses, large and unanticipated increases in labour supply, or sharp falls in demand, can lead in the short run to both falling real wages and higher unemployment.
- Social cohesion can also be undermined if the pace of migration is greater than the time it takes for migrants to settle, integrate and become part of the community. Costs imposed on local communities (housing, labour market impacts) can also reduce cohesion and have an impact on migrant integration and prosperity.

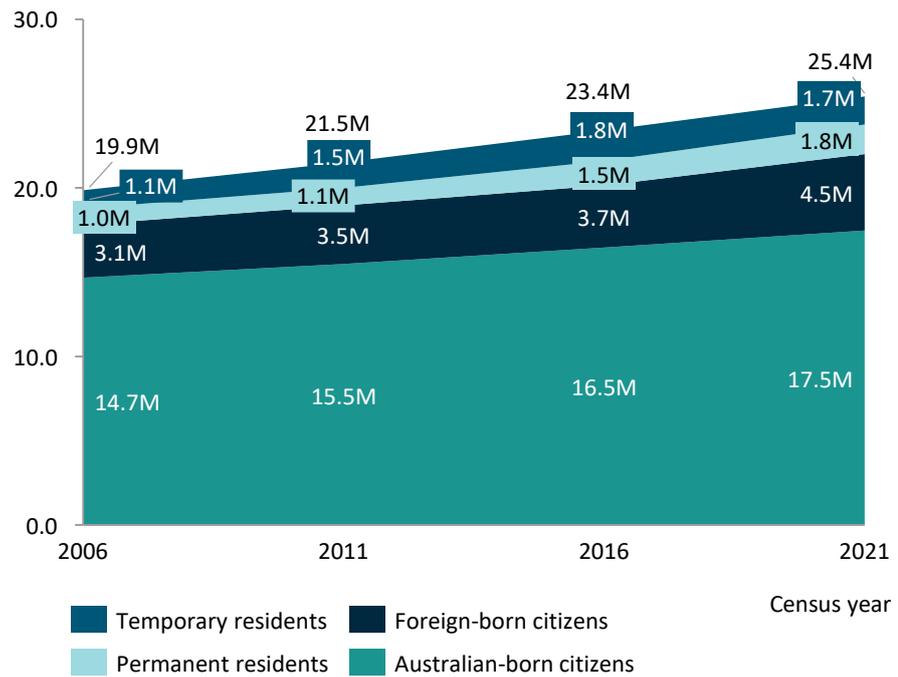
Housing and accommodation in particular is currently a major barrier to attracting and retaining migrants across all visa programs and maintaining a social license for a large scale migration program.

Public Submission: Tasmanian Government

⁵⁹ This excludes visitors, crew and transit, and Temporary Protection visa holders.

⁶⁰ The total size of the Australian labour market is around 14.2 million persons: ABS (February 2023), [Labour Force, Australia: February 2023](#), ABS, Australian Government, accessed 7 February 2023.

Figure 10: Australian population by visa and citizenship status



Source: ABS Census 2006, 2011, 2016, 2021; Department of Home Affairs. Note: Not stated values in the Census have been imputed. Permanent resident stock for 2006 to 2016 is calculated based on the difference between the total Australian population and total for the other categories.

Australia only plans permanent migration, but its population growth that has an impact

Permanent migration to Australia is managed in order to drive predictability and stability in population growth (Box 7). The first cap on permanent migration was introduced at a time when temporary labour migration was almost non-existent and most temporary migrants had a distinct pathway to permanent residence. This meant the permanent migration cap effectively acted as a cap on total population growth.

Box 7: Current approach to setting and managing migration levels

The permanent migration cap is currently set annually by Government in the form of planning targets for the Migration and Humanitarian programs. Budget papers include permanent planning levels for each year over the forward estimates, but both caps are reviewed annually.

Temporary migration is largely demand driven and not considered in the annual planning process.

Temporary migrants now contribute significantly to Australia's population

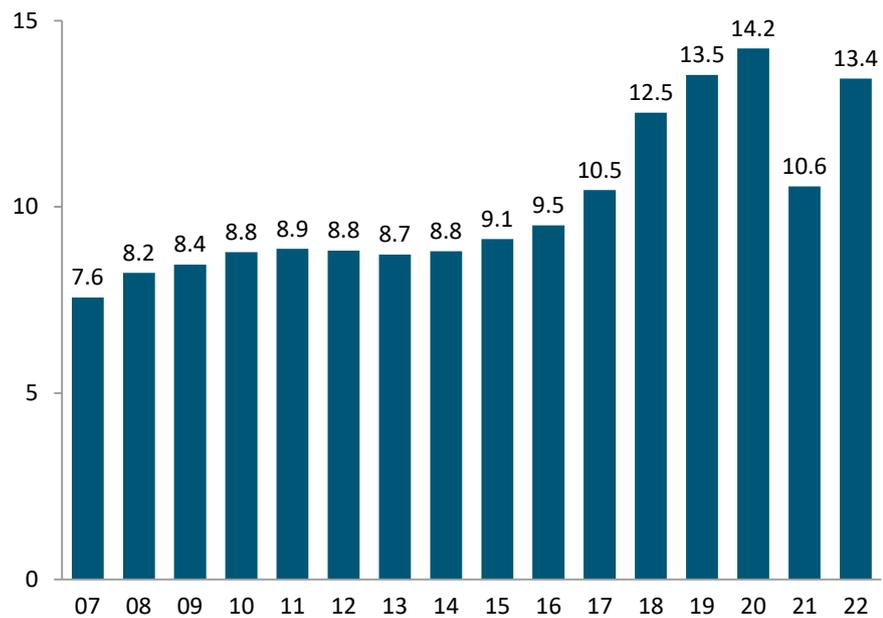
More recently, there has been significant growth in the number of temporary migrants in Australia, while pathways to permanent residence have been reduced (pathways to permanent residence are discussed in more detail in Chapter 11).

The stock of temporary migrants has nearly doubled over the last 15 years (Figure 9). Growth in temporary migration has been enabled by demand-driven visas – not only temporary skilled migrant visas but particularly student and graduate visas.

Previously, the permanent cap was effective at controlling the number of temporary migrants entering, and staying in, Australia as migrants who sought permanent residence had clear pathways. Today there are proportionally fewer pathways to permanent residence available to the growing number of temporary visa holders entering through demand-driven temporary visa streams, causing the pool of temporary migrants living in Australia to increase substantially. In this context, the permanent migration caps are no longer sufficient to manage population growth – the link that once existed between the permanent migration cap and the stock of temporary migrants in Australia has been broken (Figure 11).

There is no longer a link between the permanent cap and the stock of temporary migrants

Figure 11: Temporary migrants per permanent program outcome (thousand people)



Source: Department of Home Affairs

Temporary migration is also less predictable

Migration drives around two-thirds of Australia’s population growth and is inherently more volatile than natural increase (i.e. births and deaths).

While the stock of temporary migrants has mostly trended upwards (Figure 9), the annual flow of temporary migrants has fluctuated significantly (Figure 12), largely due to the demand- driven nature of most temporary visas and, recently, the impacts of COVID-19 travel restrictions.

Over the last two decades, fluctuations in net overseas migration (NOM) (Box 8) have mostly been above the permanent migration outcome level (Figure 15), leading population growth to exceed permanent migration planning levels and the population to increase. While permanent migration is expected to continue to be the main driver of population growth over the long run, temporary migration is now playing a larger part in Australia’s population growth.

Where unpredicted changes in temporary migration are large, there is a risk of imbalance in demand and supply for labour and for goods and services and less effective planning for infrastructure and services.

The permanent migration cap is therefore insufficient to drive predictable, stable migration flows and plan Australia’s population

It is clear that the permanent migration cap is a limited tool for driving predictability and stability in migration flows. It is also a limited tool for managing the proportion of temporary and permanent residents in the best interests of Australia’s economy and society.

Net overseas migration (NOM) – which accounts for both permanent and temporary resident flows – is a more useful metric for measuring migration’s impact on population growth (Box 8).

Box 8: Definition of Net Overseas Migration (NOM)

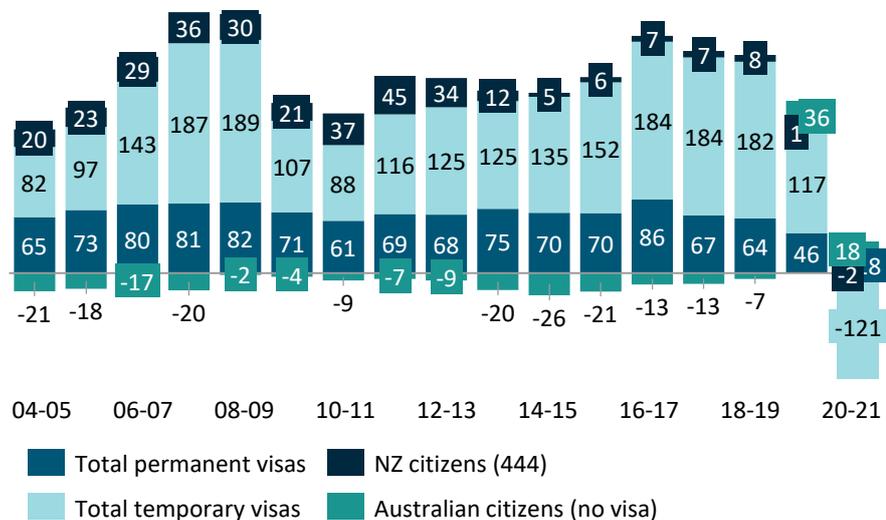
NOM is the standard measure of migration’s contribution to population growth. It considers the net gain or loss of population through immigration to Australia and emigration from Australia.

NOM uses the ‘12/16 month rule’ – the number of international travellers (including all visa holders, and New Zealand and Australian citizens) staying inside or outside of Australia for 12 months or more within a 16-month period. It is calculated using the net of:

- the number of incoming international travellers who stay in Australia for 12 months or more within 16 months, who were not previously counted within the population, and are now added to the population (NOM arrivals); and
- the number of outgoing international travellers (Australian residents and long-term visitors to Australia) who leave Australia for 12 months or more within 16 months, who were previously counted within the population, and are now subtracted from the population (NOM departures).

Visitors generally do not meet the economic definition of resident (as they stay in Australia for fewer than 12 months). While visitors also make demands on Australian infrastructure, visitors are here for a much shorter period of time and demand services in a very different way to residents. For this reason, visitors should be monitored separately from residents for planning purposes.

Figure 12: Changes in net overseas migration (thousand people)



Source: ABS (December 2022), Overseas Migration

Government could develop new tools for managing temporary as well as permanent migration

While legislative authority exists to limit the growth of most visas (Box 9), this power has not been used on a large scale. Currently, the *Migration Act 1958* (Migration Act) allows capping of a particular visa class, but there is no ability to cap at the visa stream level (many visas are comprised of multiple streams). Were government to attempt to manage NOM, developing a mechanism to allow capping at this level could allow a more targeted approach. Consideration could also be given to introducing a new capacity to suspend the ability for prospective migrants to make new applications where there is a risk of a large, unmanageable backlog developing in conjunction with a cap.

Box 9: Legislative tools to limit temporary migrant growth exist, but are not being used

The Migration Act (s85) provides the power to use a legislative instrument to set a cap for individual visa programs, including most permanent and temporary programs. This would allow for more tightly limiting the number of visas issued.

However, this capping instrument is currently not widely used, with Parent visas being the only notable use.

The development of new tools to manage temporary migration will need to be considered carefully. Competing demands within a NOM focused program will require managing complex trade-offs – for example growth in the student visa program may need to be offset by a reduction in the temporary skilled program were the NOM target to be unchanged. Additionally, any expansion of permanent residence pathways needs to consider impacts on overall planning levels.

In considering where to cap temporary migration flows, regard has to be given to Australia's trade agreements. A number of bilateral free trade agreements commit Australia to not limiting the total number of temporary business visas to be granted. A move to limit temporary entry places may need to provide explicit exemptions.

Another way to manage flows within a demand-driven program is to set targets and control eligibility requirements. For example, if there is significant additional demand for student visas, eligibility requirements could be restricted to reduce numbers (while arguably improving the quality of the student pool).

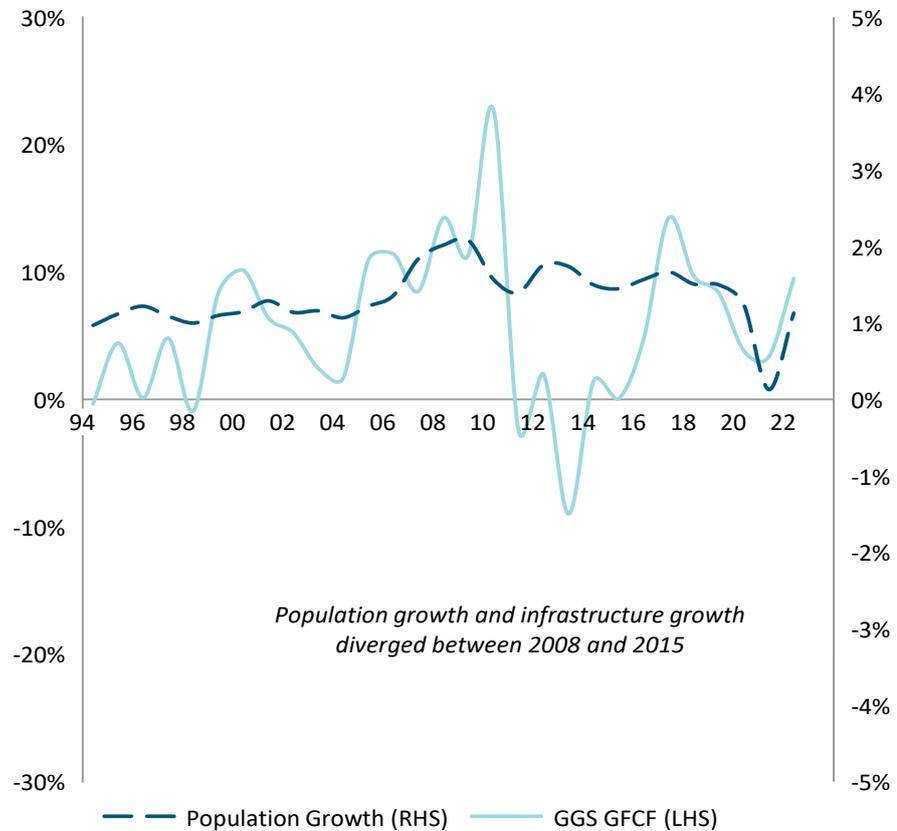
Annual planning does not give enough foresight

Planning should also focus on a longer time horizon than the current annual cycle. Economic and social infrastructure, land zoning and release, and private sector investment are all projects that take time. However, as described above (Box 8), migration planning today – despite its big impacts on population – is done on an annual basis.

Moving to a longer-term planning horizon of say 10 years would better align migration planning with the long-term nature of investment planning and the Budget framework used by the federal, state and territory governments (covering the forward estimates and medium term)(Figure13).

The level of public investment for infrastructure needs to consider the level of population growth.

Figure 13: Public infrastructure spending and migration



Source: ABS (2022), Government Finance Statistics; ABS (2022), Population. Notes: GGS GFCF stands for the General Government Sector Gross Fixed Capital Formation. It indicates the net investment in public physical infrastructure such as roads, rail, hospitals, schools (for example) by federal, state/territory and local governments, including in such things as roads, rail, hospitals, schools and training facilities.

Migration planning needs to remain flexible to changing economic environments

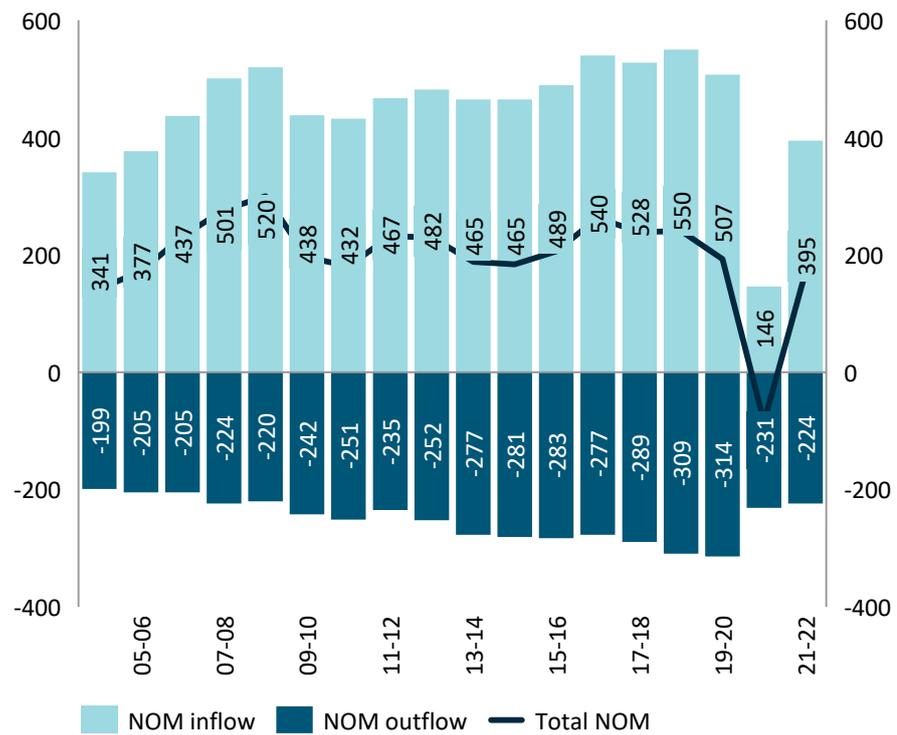
Flexibility in migration planning brings some benefits, and government should seek to retain these if it does move to a longer-term planning horizon.

The economic cycle – which can include periods of economic expansion and contraction, and encompass periods with dramatically different growth rates – needs to inform the level and composition of migration. During periods of economic expansion, a larger migration program might be more suitable to help meet growing labour market needs. If economic conditions deteriorate, the ability of migrants to integrate and prosper and the potential for competition for scarcer employment opportunities would justify slowing the rate of migration.

Furthermore, Australia has already made commitments to demand-driven flows, such as the Trans-Tasman Travel Arrangements,⁶¹ which mean it will be hard to precisely manage migration flows. Finally, government can really only control the inflow of persons to Australia – the outflow of Australians also affects NOM (Figure 14).

⁶¹ A long standing arrangement between Australia and New Zealand that allows for the free movement of citizens between countries.

Figure 14: NOM inflows and outflows (thousand)



Source: ABS (December 2022), Overseas Migration

To both maintain flexibility and adopt a longer-term time horizon, government may need to consider a long-term migration target with upper and lower bounds. Such an approach might help balance the need for certainty with the need to respond to changing economic and social conditions. An upper bound ensures migration remains linked to infrastructure and planning. A lower bound ensures the benefits from migration are still captured during an economic downturn.

Box 10: Historical NOM level and economic growth

Reviewing Australia’s economic experience provides some guidance on a NOM range that captures the benefits of migration without stretching the supply of goods and services like infrastructure.

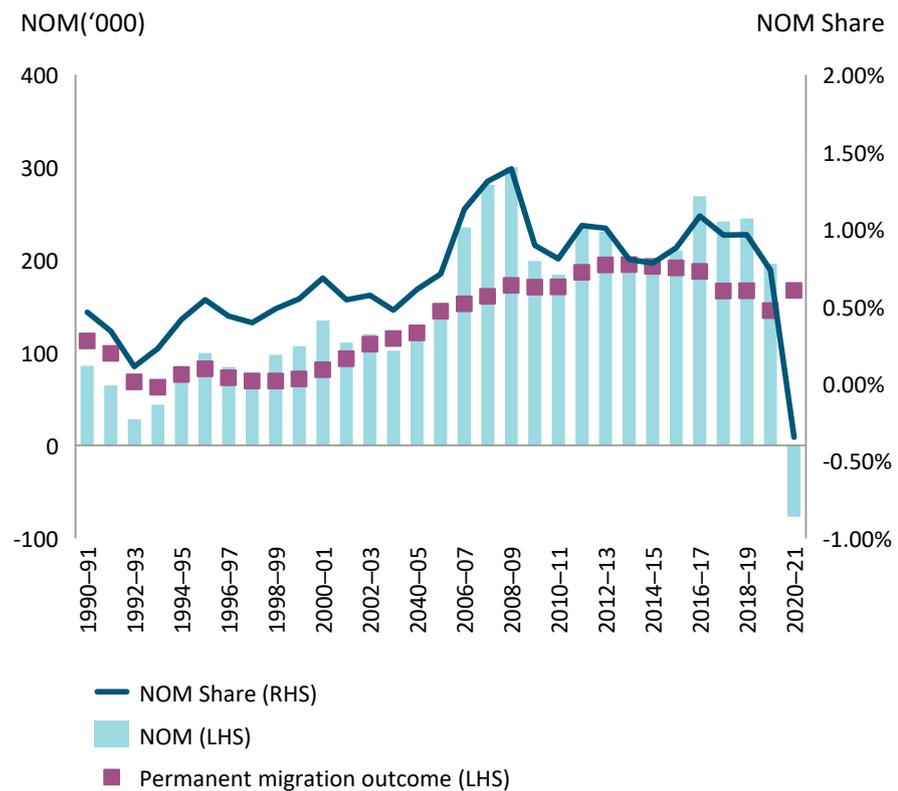
During periods of high NOM, like 2006–09 and 2016–19 (Figure 15), there were increased concerns about congestion in cities, as infrastructure and other support did not keep pace with population growth in some areas. This led to falling support for the migration program.⁶²

This experience helps provide guidance for a recommended NOM level relative to population growth, given the current levels of investment.

Deviations from this historic range, particularly due to an increased NOM rate, would need to be accompanied by increased investment to maintain public services at current levels and control congestion. However, there is likely to be a constraint in how quickly public investment can increase. Further work would be required to develop the population planning targets, metrics and processes.

⁶² Sherrell H (18 April 2019) ‘Population Policy and the Budget’, *Parliament of Australia*, accessed 7 February 2023.

Figure 15: Historical annual NOM, net inflow and as share of population



Source: ABS (March 2022), National, state and territory population

Reform directions

The Panel suggests Government consider **moving beyond reliance on the permanent migration cap** as the only tool for managing migration flows. Specifically, there might be value in developing ways of better managing temporary migration, alongside permanent migration. This likely means government would be attempting to manage NOM – which is the truer measure of migration’s impact on population growth, communities and the economy.

The Panel notes that bringing all migration together (temporary and permanent) for Cabinet consideration at a single point in time aligned with the Budget cycle would allow more holistic decision making. Government would be deciding on the total impact of both the temporary and permanent Migration and Humanitarian programs.

The Panel considers **longer-term migration planning** would bring more stability and predictability: a longer-term planning cycle (for example, 10 years) sets expectations for businesses and provides certainty to the local population that both permanent and temporary migration will be monitored and well managed. Long-term planning will also be required if the government wants to make significant shifts: for example, today’s economy is heavily reliant on temporary migrants, and some sectors are particularly dependent on these people – a move to a different temporary/permanent composition will require measured and considered change.

In considering a move toward longer-term migration planning, it will be useful for government to consider:

... [A]ll governments have a role in supporting the migrant workforce through investment in housing, infrastructure and essential services.

Public Submission: Council for the Australian Federation

- a methodology for setting an upper and lower bounded migration ‘target’, which takes account of likely future demand for labour, and other metrics and indicators that capture the effects of migration on the domestic population including: the availability of settlement services; congestion levels; and access to essential services like education and health; and
- involving state and territory governments in the long-term planning process. One option could be to bring consideration of migration into the population planning process being developed through the Council on Federal Financial Relations (CFFR). Doing so would create a whole-of-government discussion on population, investment in infrastructure and workforce planning, and migration, thereby allowing for better informed decision making across all tiers of government.

6. AUSTRALIA NEEDS TO SHARPEN ITS EFFORTS TO BOOST PROSPERITY AND ENSURE A FAIR AND INCLUSIVE LABOUR MARKET

Australia's skilled visa programs have delivered substantial economic and demographic benefits. However, aspects of the program are not well-positioned to deliver these benefits in the future and there are substantial risks of exploitation associated with temporary skilled migration. We propose a substantial program of reform across permanent and temporary visas.

It is clear to the Panel that substantial reform is needed to Australia's skilled visa programs. Measures to strengthen the labour market contributions of these programs, while systemically addressing the risk of exploitation too often faced by migrant workers, are at the core of our thinking and of stakeholder feedback to the Review. We have also identified additional approaches to strengthen the demographic and economic contributions of the permanent skilled programs over the long term.

This chapter assesses outcomes from the current array of skilled visa programs. While these existing programs are traditionally referred to as 'skilled', the concurrent existence of staff shortages in both higher skilled and lower paid roles suggests a better way to conceive of these programs for the future may be as broader labour migration programs, potentially encompassing skills at all levels. As discussed in the preceding chapter, beyond the explicit skilled labour programs, Australia's economy depends on a pool of 1.8 million⁶³ temporary visa holders with work rights contributing both high skilled and lower paid labour. Despite this, we have poor visibility of their participation and role in the labour market. Within this context, the Panel has identified five broad issues requiring reform or more deliberate, whole-of-government consideration. These issues are discussed further over the following chapters.

1. Australia's permanent and temporary skilled visa programs were designed to select highly skilled workers capable of making a particularly strong contribution to the economy. Over time, through piecemeal policymaking and largely unchecked growth in temporary migration, this focus has been lost and the level of skill diluted.
 - Chapter 7 identifies approaches to better target the permanent skilled visas to better select migrants with high human capital and cutting-edge skills and capabilities, with a view to maximising economic outcomes and remaining internationally competitive.
 - We also consider whether the temporary visa programs are providing a high-quality pool of applicants for permanent migration.
2. Our approach to identifying skills needs is narrow, outdated and unresponsive to changes in the labour market. Australia needs a more evidence-based approach that encompasses all skill levels, allowing us to better understand both higher skilled and lower paid occupation needs.
 - Chapter 8 proposes a fundamental rethink in how we identify Australia's skills needs now and in the future to inform our permanent and temporary programs, based on a tripartite approach.

⁶³ As noted in chapter 6, the number of temporary visa holders actually participating in the labour market is uncertain. The most recently available Census data, from 2016, indicates that about 60 per cent were working.

3. We need to better target risk and, to the extent possible, ‘engineer out’ the problem of temporary migrant worker exploitation. While compliance and monitoring are critical, it is important to also minimise risk at the outset. The Panel acknowledges the Government already has underway other streams of work on this issue.
 - Chapter 9 outlines guardrails that would place recognition of the vulnerability of temporary migrant workers at the core of policy and program design.
 - We propose a risk-based approach to the temporary labour migration program.
 - We also identify new approaches for consideration regarding the portability of visas, payment of fees and charges, and strengthened monitoring and compliance through coordination with the tax system.
4. As a country, we haven’t sufficiently considered the role for migration in meeting lower paid labour needs. Chapter 10 examines the merits, complex trade-offs, and the risks that might arise from the introduction of more explicit temporary and permanent programs.
5. Within the pool of temporary visa holders, many wish to make Australia their home, with varying capacity to contribute to our economy over the long term. Difficult decisions need to be made about access to permanent residence for those wanting to remain in Australia to avoid creation of a ‘permanently temporary’ cohort and provide clear pathways. These issues are examined in Chapter 11.

The remainder of this chapter provides an overview of the current labour migration framework and assesses outcomes for these programs.

Australia has a complicated program of permanent and temporary skilled visas

Australia’s skilled visa programs encompass temporary, provisional⁶⁴ and permanent visas that are intended to provide for the entry of relatively young migrants with high labour force participation and productivity. Individual visa streams have been developed with a particular focus on:

- building Australia’s population and human capital through the entry of migrants with skills and attributes that will allow them to contribute to the Australian labour force and economy over the long term: **permanent Skilled Independent** stream;
 - This is a points-tested visa intended to select young, highly skilled migrants. Applicants are not required to have a job in Australia on arrival.
 - New Zealand nationals living in Australia also have a pathway to permanent residence through the Skilled Independent visa if they satisfy residence and income thresholds (they do not need to meet skill requirements).⁶⁵

⁶⁴ **Provisional** visas are temporary visas that provide a clearly established pathway to permanent residence. For planning purposes, provisional visa grants are included in the permanent Migration Program.

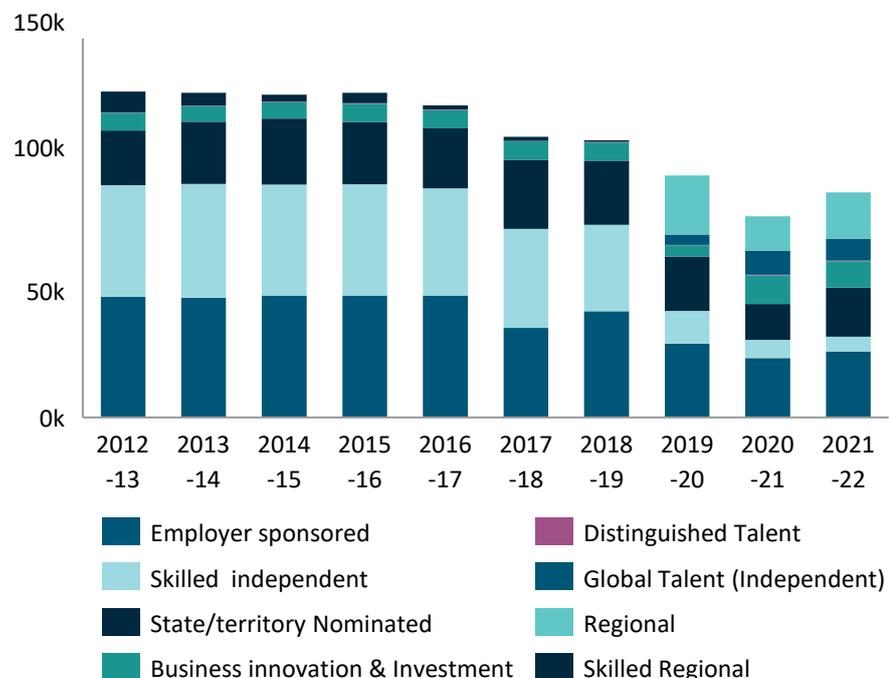
⁶⁵ The Skilled Independent visa also includes a pathway to permanent residence for a smaller cohort of Hong Kong and Hong Kong British National Overseas passport holders who have lived and worked in Australia.

- addressing long and short term skill shortages and undertaking skilled jobs that cannot be filled from within the existing Australian labour force: **Temporary Skill Shortage (TSS)** and permanent **Employer Nominated** programs;
 - Concessions to standard requirements – such as skill, age, English proficiency or salary level – can be negotiated for particular sectors or locations through **Labour Agreements** and **Designated Area Migration Agreements** (which can provide access to temporary and permanent visas).
- providing a place-based approach to addressing demographic and labour force needs: permanent **State and Territory Nominated** and provisional **Regional** streams (with access to permanent residence after three years);
- attracting highly skilled individuals with cutting-edge skills in target industries to share their skills, provide connections to global markets and drive innovation and creation of local jobs in these industries: permanent **Global Talent visa**; and
- encouraging entrepreneurs and business people to develop new business opportunities in Australia and support the innovation ecosystem through investment: provisional and permanent **Business Innovation and Investment Program (BIIP)**.

A new permanent visa open to lower skilled workers, the **Pacific Engagement Visa**, will commence in July 2023 with 3,000 places available. Primarily intended to build Australia’s ties with our Pacific neighbours, entrants must meet English language and age requirements and have a job waiting on arrival in Australia.

An overview of visas granted under the permanent and provisional skilled migration program over the past 10 years is included in Figure 16.

Figure 16: Permanent Skilled Migration visa grants by stream 2012–13 to 2021–22



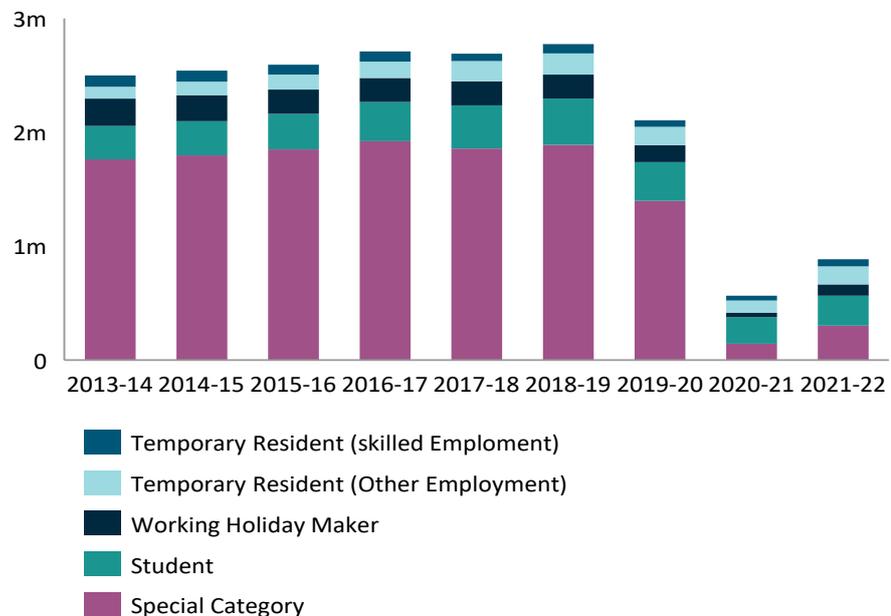
Source: Department of Home Affairs

In addition to the TSS, there are a number of temporary visas that provide explicit or implicit access to the labour market without any requirement of skilled work:

- The **Pacific Australia Labour Mobility (PALM)** scheme allows Australian businesses to employ workers from 9 Pacific countries and Timor-Leste for lower and semi-skilled roles mostly in the agriculture sector and in regional Australia. The scheme has grown rapidly in the past three years and there are currently about 35,000 PALM visa holders working in Australia.
- The **Temporary Graduate** visa allows international students, who have recently graduated with skills and qualifications that are relevant to occupations Australia needs, to live, study and work in Australia temporarily.
- The **Working Holiday Maker (WHM)** visa allows young adults from certain countries to have a 12-month holiday in Australia, during which they can undertake short-term work and study. Extensions are available to WHM holders who undertake certain work in regional Australia.
- **Student** visa holders are able to work up to 48 hours per fortnight while their course is in session and unlimited hours when out of session.⁶⁶
- **New Zealand** Citizens (Special Category visa holders), Bridging visa holders, Temporary Protection visa holders and unlawful non-citizens are also participating in the labour market.
- An overview of temporary migration visas granted over the past 10 years is included in Figure 17.

With the exception of the PALM scheme, the Department of Home Affairs does not generally have visibility of whether these visa holders are actually working or the nature of any work they undertake.

Figure 17: Selected temporary visa grants 2013–14 to 2021–22



Source: Department of Home Affairs

⁶⁶ From 1 July 2023 work restrictions for student visa holders will be re-introduced, after being suspended in response to COVID-19, and capped at the increased level of 48 hours per fortnight.

Our skilled migration programs have built prosperity for all Australians

The mix of immigrants also matters. Younger and more skilled immigrants are best placed to make a positive economic contribution to Australia. These types of immigrants provide a demographic dividend by increasing the proportion of people in the workforce, thus reducing the negative impacts associated with an ageing population.

Public Submission: The Productivity Commission

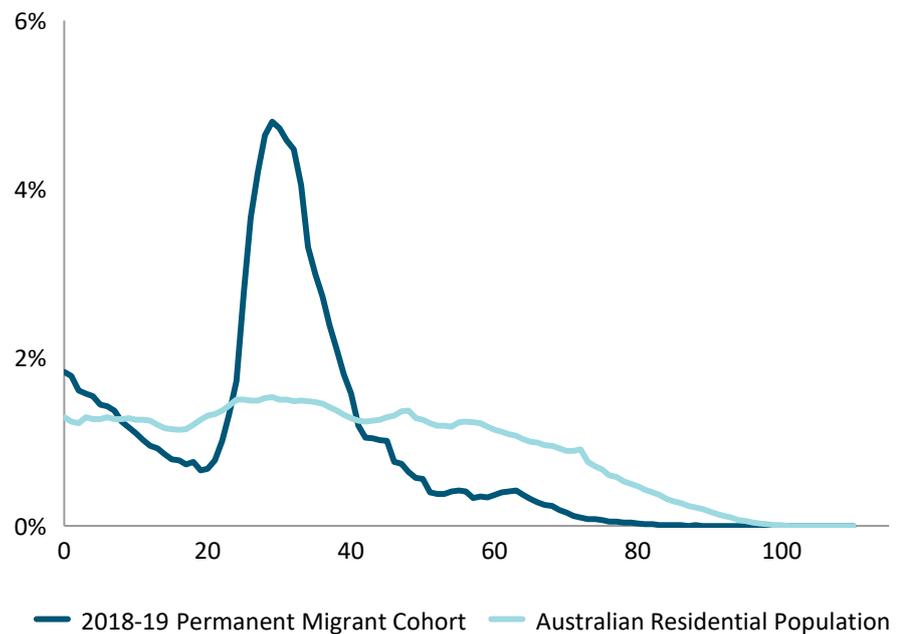
Migration can have a profound impact on the three components of Australia's economic potential – population, participation and productivity. It is clear by any measure that Australia has become a more prosperous country as a consequence of our longstanding focus on the migration of young, highly skilled people.

Skilled migration has seen Australia's population age more slowly than other OECD countries

Population growth is a key driver of economic growth, and migration is now the main driver of Australia's population growth. Migration, particularly skilled migration, has increased the size of the working age population and the level of labour force participation, as well as slowing the economic and social effects of population ageing.

Our skilled migration programs have deliberately selected relatively young migrants who will make a contribution to Australia over the long term. On arrival, migrants as a cohort are much younger than the existing Australian community (Figure 18).

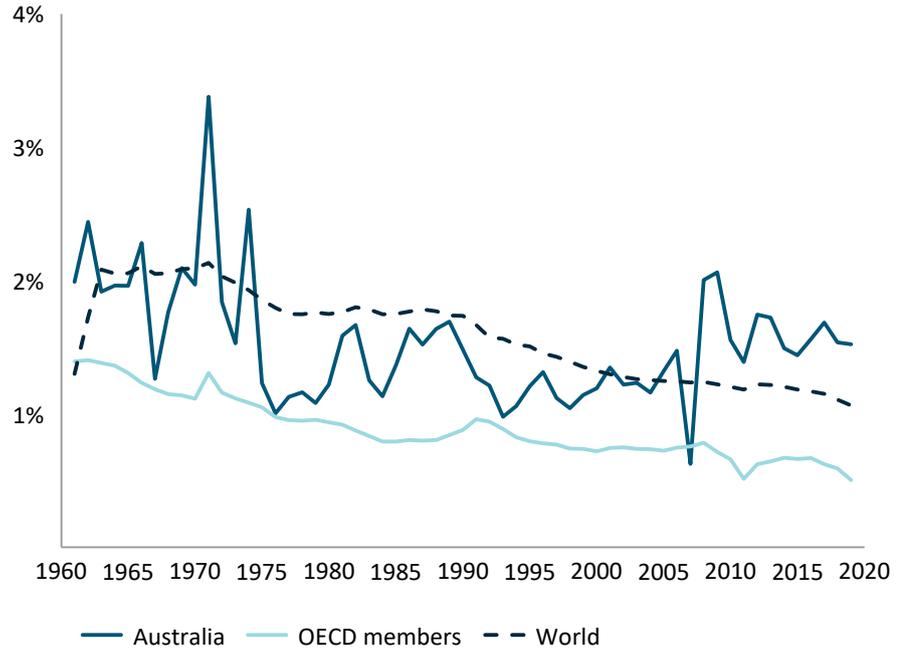
Figure 18: Age distribution of migrants compared to Australian population, 2018–19 permanent cohort



Source: Australian Treasury (2021), FIONA working paper

As a consequence of consistent, relatively high intakes of young migrants, Australia's population has grown faster, and aged more slowly, than most other OECD countries (Figure 19).

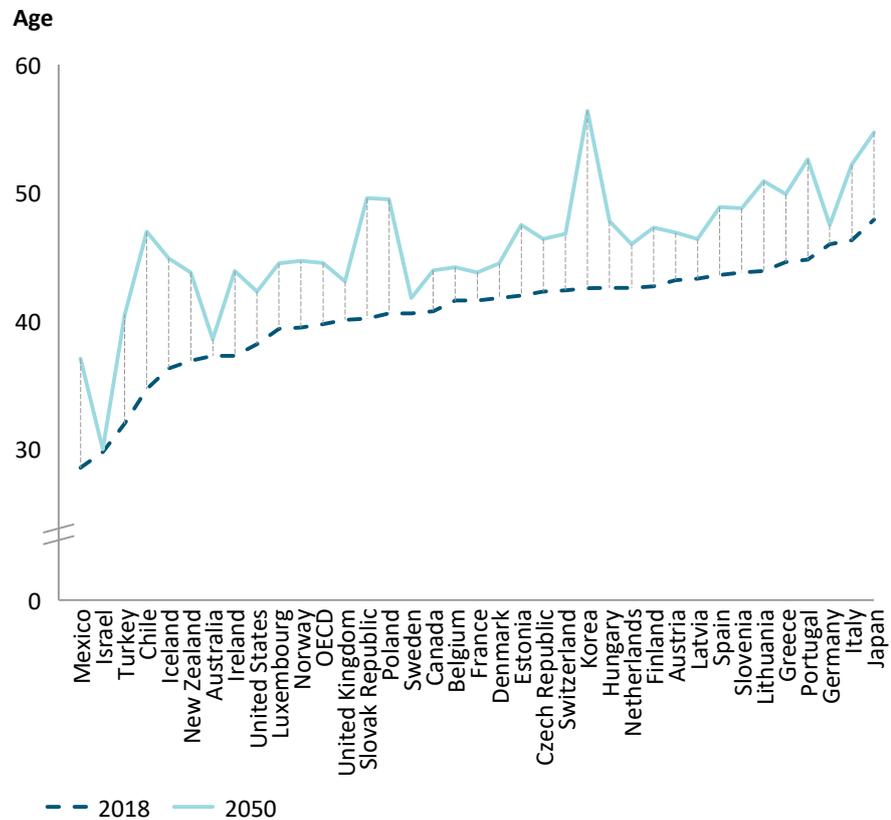
Figure 19: International comparisons of population growth



Source: The World Bank (2021), Data Bank

The OECD has forecast the median age of Australia’s population will rise slowly from 37.3 to 38.6 by 2050. This compares well to the majority of OECD countries where the median age in 2018 was already 40 or above and was forecast to rise to 45 years or above by 2050 (Figure 20).

Figure 20: Comparison of median age in OECD countries

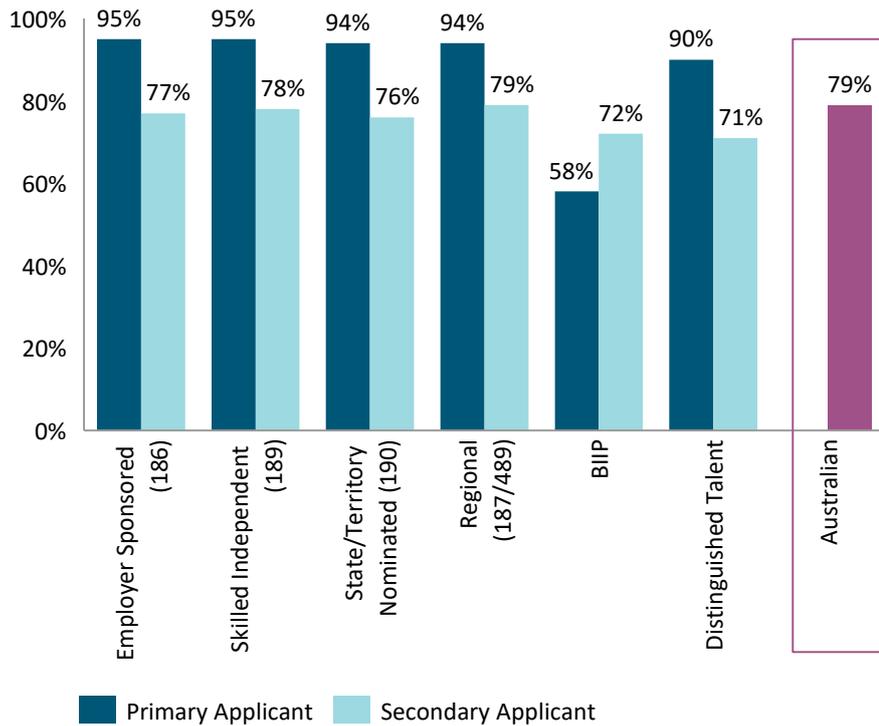


Source: OECD (2019), Working Better with Age.

Young, skilled people are also more likely to participate in the labour force and, in most cases, this has been true for the skilled visa programs. With the exception of the BIIP, primary skilled migrants of working age are much more likely to be in the labour force than the existing Australian working age population (Figure 21).

The Panel notes the gender balance of the migration intake is, overall, fairly evenly balanced, with some variation between visa streams. A larger proportion of primary skilled entrants have been male; this is reversed in the Partner stream of the Family Program.

Figure 21: Labour force participation skilled migrants aged 25 to 64



Source: Australian Census and Migrants Integrated Dataset (ACMID) 2016, ABS Census 2016

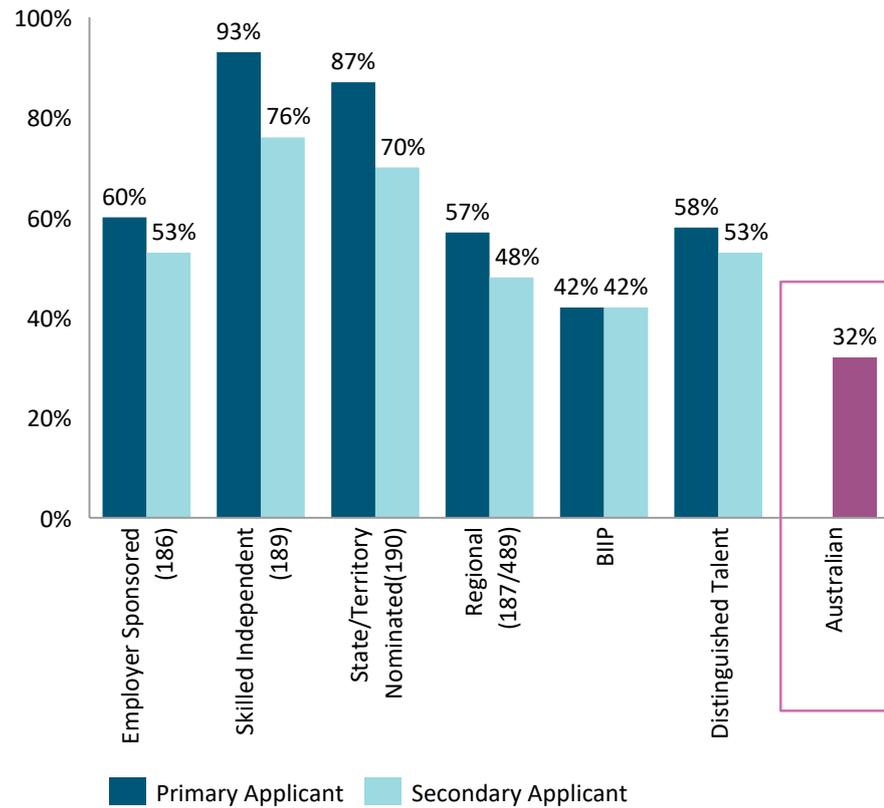
Migration has boosted productivity

The migration of highly skilled people can help increase Australians' standard of living by contributing to higher productivity levels in the economy. Skilled migrants bring education, training and experience that would otherwise involve considerable time and cost for Australia to develop in its existing workforce.⁶⁷ When these skills are in relatively short supply, migrants who bring them complement the domestic workforce, facilitating greater opportunities for local workers and helping them to work more productively.

Growth in the workforce that is skewed toward highly educated and skilled individuals (Figure 22) also enables growth in high skill and high productivity industries. Where skilled migrants introduce and use new technologies, Australian industries benefit from the transfer of these skills, which can enable more rapid structural change.

⁶⁷ This is true whether the skilled migrant gains their skills and training overseas, or whether they come to Australia for a fee-paying education and gain their skills and training here. In the former case the costs are incurred in or by other countries, in the latter Australia is paid to provide the education. In either case it is beneficial for Australia.

Figure 22: Highest educational attainment bachelor's degree or above, aged 25 to 64



Source: Australian Census and Migrants Integrated Dataset (ACMID) 2016, ABS Census 2016

While limited, the evidence from Australian academic literature suggests high skilled migration has had a positive effect on the productivity and wages of domestic workers. Parham et al. (2015) found migrants' effect on Australia's productivity was positive, accounting for about 7 per cent of labour productivity growth and 10 per cent of multi-factor productivity growth over the period 1994–95 to 2007–08.⁶⁸ A survey of the literature undertaken by Boucher, Breunig and Carmel (2022) found that the available evidence points to skilled migration having a positive effect on the wages of local *higher skilled* workers.⁶⁹

⁶⁸ Parham D, To H, Ratna N, Regan S and Grafton Q, above n33.

⁶⁹ Boucher A, Breunig R and Karmel C (2022) 'A Preliminary Literature Review on the Effect of Immigration On Australian Domestic Employment and Wages', *The Australian Economic Review*, 55(2):263-272; Crown D, Faggian A and Corcoran J (2020), 'High skilled immigration and the occupational choices of native workers: the case of Australia', *Oxford Economic Papers*, 72(3):585-605.

However, there remains concern that migration policy focusing on lower paid workers can have negative effects on the local population's employment and wage outcomes.⁷⁰ The Productivity Commission has highlighted the potential negative impact of a de facto temporary lower skilled migration (of students and working holiday makers) on youth unemployment.⁷¹ Some international studies also suggest there can be negative effects (in the short run) of large inflows of lower skilled migrants on local employment.⁷²

Skilled migrants make a strong contribution to the budget bottom line

The Treasury has undertaken modelling to better understand the economic outcomes and contribution of different cohorts of migrants (Box 11).

The Overlapping Generations Model of the Australian Economy (known as OLGA) provides an estimate of the average contribution of migrants to GDP over their lifetimes. This modelling estimates that primary migrants in the Skilled stream contribute almost three times more to GDP over their lifetimes than skilled secondary migrants and over four times as much as Family stream migrants. Consistent with the analysis of fiscal impact below, the two key factors underpinning these results are the age of the migrant and their income level.

The Fiscal Impact of New Australians model (FIONA) estimates the fiscal impact of permanent migrants over their remaining lifetimes in Australia. Based on the characteristics of the 2018–19 permanent migration cohort, the model found that the estimated fiscal impact of the overall permanent migrant cohort is \$127,000 per person more positive than that of the Australian population overall. This positive fiscal impact is driven by the strongly positive contribution of skilled migrants.

⁷⁰ Boucher A (2016) '[Chapter 2: Australia's de facto low skilled migration program](#)', in *Migration: the economic debate*, CEDA.

⁷¹ Productivity Commission (2016) [Migrant Intake into Australia: Productivity Commission Overview & Recommendations](#), No. 77, Productivity Commission, Australian Government, accessed 23 February 2023.

⁷² Migration Advisory Committee (2012) [Analysis of the Impacts of Migration](#), Migration Advisory Committee, accessed 23 February 2023.

Box 11: Economic and fiscal impact of the skilled permanent visa streams

The long-term economic and fiscal impacts of migrants have been examined by the Treasury through its OLGA and FIONA models.

The OLGA model estimates the *lifetime economic contribution* of a migrant as the discounted value of their direct labour contribution combined with indirect benefits and costs, such as additional investment undertaken by businesses. It is best measured as relative to an average Australian rather than as an absolute contribution.⁷³ These estimates are for the average migrant of this type, actual results will vary between migrants.

Fiscal impact measures the *net* government revenue from a migrant over their lifetime from the point they arrive in Australia, capturing tax revenues and government expenses incurred by Commonwealth, State and Territory Governments that are directly attributable to migrants.⁷⁴ A higher fiscal impact provides for more sustainability in government finances over time. Again, it is best to consider the relative contributions of different groups.

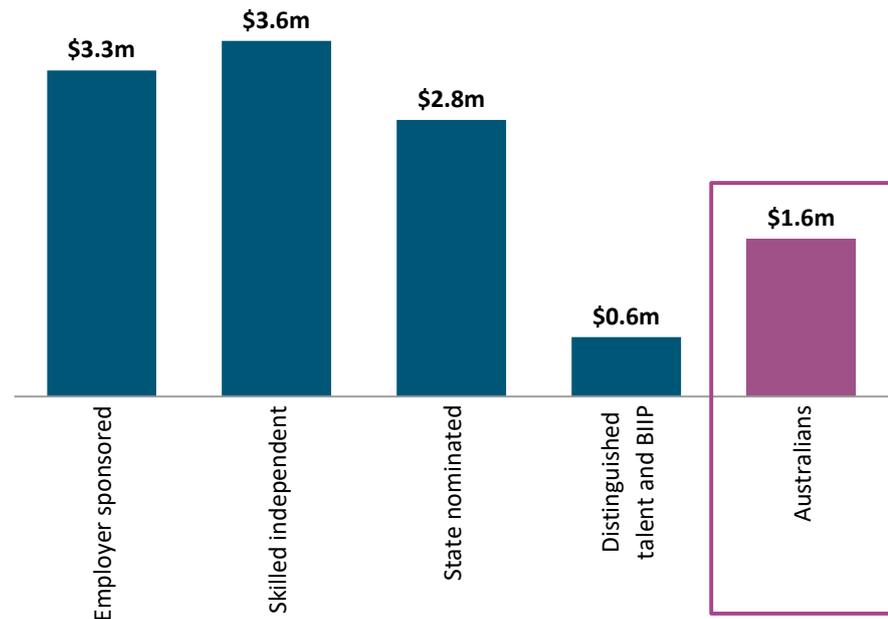
Economic contribution and fiscal impact are highly correlated as they are both driven by the migrant's age on arrival and their level of income. The longer a person contributes to the labour force and the higher their wage (which is associated with higher skilled employment), the greater their economic and fiscal contribution.

- Migrants entering under the *Employer Sponsored* and *Skilled Independent* visa programs make more strongly positive contributions than other migrants. Secondary migrants in these streams also tend to make higher economic and fiscal contributions.
- *State and Territory Nominated* and *Regional* stream migrants make a positive economic and fiscal contribution but perform less well than the categories above because entrants tend to be older and have lower skill levels.
- Unlike the other skilled streams, the *BIIP* makes a lower economic and fiscal contribution per primary migrant than the average Australian, reflecting a much older cohort who earn lower incomes (mostly from capital returns), despite their relatively high wealth. While these models are not likely to capture the indirect benefits of the investment these visas are designed to provide, the relatively poor results are consistent with other economic indicators for these migrants (page 65).
- On average, secondary skilled migrants have a fiscal impact similar to the average Australian.

⁷³ This is because the relativities are robust to modelling choices, while the estimated absolute contributions are not.

⁷⁴ Treasury (2021) [The Lifetime Fiscal Impact of the Australian Permanent Migration Program](#), Treasury, Australian Government, accessed 7 February 2023.

Figure 23: Lifetime per person economic contribution of skilled migrants by Visa Stream (\$ million)



Source: Australian Treasury (2021), Overlapping Generations model of the Australian economy (OLGA).
 Note: Primary and secondary applicants' impacts have been aggregated using a weighted average on their relative share.

Temporary visa holders make more varied economic contributions

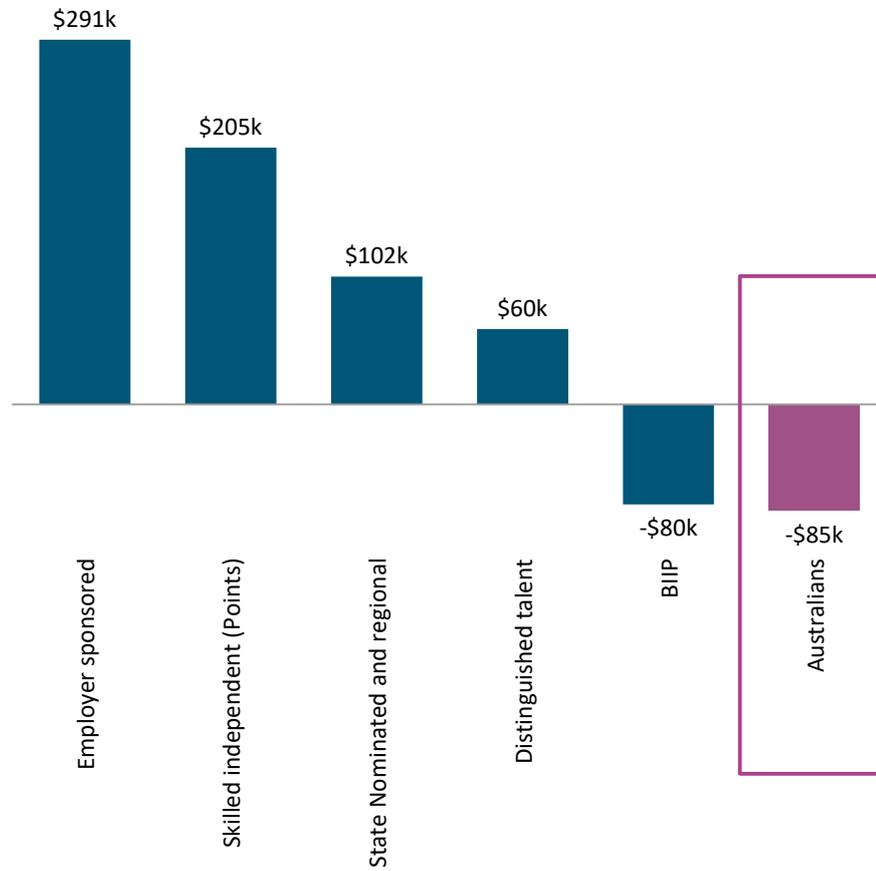
While FIONA is designed to estimate the fiscal impact of permanent migrants, Treasury has undertaken analysis of the impact of some cohorts of temporary migrants, finding the most positive outcomes for TSS visa holders and small positive impacts for WHM, Students and Temporary Graduate visa holders.

There are currently about 105,000 TSS visa holders in Australia. Conditions on the TSS visa require visa holders to remain in skilled employment, with only short periods of unemployment permitted, so participation and employment outcomes for this program are close to 100 per cent. Outcomes are much more varied when it comes to skill level and salary. The estimated median salary for this cohort is above \$85,000 and the average above \$100,000.⁷⁵ However, migrants working in health, ICT and mining roles have much higher income profiles than those working in the agriculture, hospitality and tourism sectors.

⁷⁵ Analysis of Department of Home Affairs' data 1.7.2020 – 30.06.2022.

Temporary Graduate visa holders are the largest group of long-term temporary labour migrants and are intended to be a source of skilled workers. Analysis of the labour market outcomes for these visa holders is included in Chapter 7, which finds that many perform poorly.

Figure 24: Average per person fiscal impact of skilled migrant visa streams



Source: Australian Treasury (2021), Fiscal Impact of new Australians (FIONA) model

Note: Primary and secondary applicant's impact have been aggregated using a weighted average on their relative share.

7. AUSTRALIA NEEDS TO SHARPEN ITS EFFORTS TO BOOST PROSPERITY AND REMAIN COMPETITIVE

There is growing international competition for highly skilled migrants. Australia will need to sharpen our permanent skilled migration settings to attract migrants able to meet future needs, maximise economic outcomes and capitalise on opportunities for growth in a changing economy. The Panel has identified approaches to re-balance the skilled intake, overhaul the points test for the Skilled Independent program and provide a new temporary visa for highly skilled young people.

Despite past successes, we risk not delivering on our objectives for future prosperity

Australia's permanent and temporary skilled visa programs were originally designed to select highly skilled workers capable of making a particularly strong contribution to the economy. The Panel is concerned that over time, as a consequence of piecemeal policymaking, the introduction of concessional arrangements and largely unchecked growth in some temporary migration programs, this focus has been lost and the overall level of skill is being diluted.

While outcomes for the temporary labour programs have been more mixed, Australia's permanent skilled labour programs have historically delivered clear economic benefits. There is evidence that the economic impact of the skilled migration stream has weakened in recent years and the Panel considers there is scope to sharpen our settings, both in relation to the overall composition of the Migration Program and in the selection of individual migrants. Critically, Australia will only continue to reap the benefits of skilled migration if we remain an attractive and rewarding destination for migrants themselves.

Across both permanent and temporary programs, the Panel believes more can be done to ensure Australia is able to capitalise on key opportunities for growth in a changing economy. The transition to a net-zero economy is an important example. Australia will need new skills, some of which we will need to source from overseas, to both deliver on this critical commitment and to capitalise on the opportunities for economic and employment growth it presents.

This chapter discusses approaches to better target permanent skilled visas to maximise economic outcomes and remain internationally competitive. The link between these programs and the calibre of temporary visa holders is also considered. Options to reform temporary and permanent employer sponsored visas are examined in the following chapters.

The permanent skilled program has been skewed too much to visas that perform more poorly in economic terms over the long run

The permanent Skilled visa programs operate within a cap on the overall number of visas that can be granted each year. The number of visas available and the allocation of places between the various components of the Skilled stream is determined by Government on an annual basis.

The review could consider ways the skilled migration program could better support wider Government objectives, by streamlining processes for businesses operating in priority areas, such as net-zero, critical technology in the national interest and building sovereign capability.
Public Submission: Austrade

Currently, the permanent skilled program is 142,400 people in a total permanent Migration Program of 195,000. The remainder of the permanent program is predominantly Family migration (52,500 places). However, within the Skilled program, only around 64,000 (45 per cent) are primary applicants (that is, have had their skills and other economic attributes assessed in the visa process). While many secondary applicants (spouses and partners) are also highly skilled, they tend to have lower rates of labour force participation and to be less likely to work in highly skilled roles (with labour force patterns more similar to the Australian working age population). It is therefore essential that we maximise selection of primary applicants able to make the best contribution.

As discussed in Chapter 7, there are substantial differences in the economic benefits provided by different elements of the Skilled stream. In the context of a cap on the size of the program, the allocation of places between visa programs can have a large effect on how well the program as a whole supports our prosperity.

The permanent Employer Sponsored and Skilled Independent programs, which allow direct entry to permanent residence – as well as, more commonly, providing a pathway to permanent residence for existing temporary residents – perform well against all economic indicators and have delivered substantial benefits to Australia’s economy.

The Panel considers that a recalibrated points test within the Skilled Independent program should form the core of a future permanent Skilled migration program.

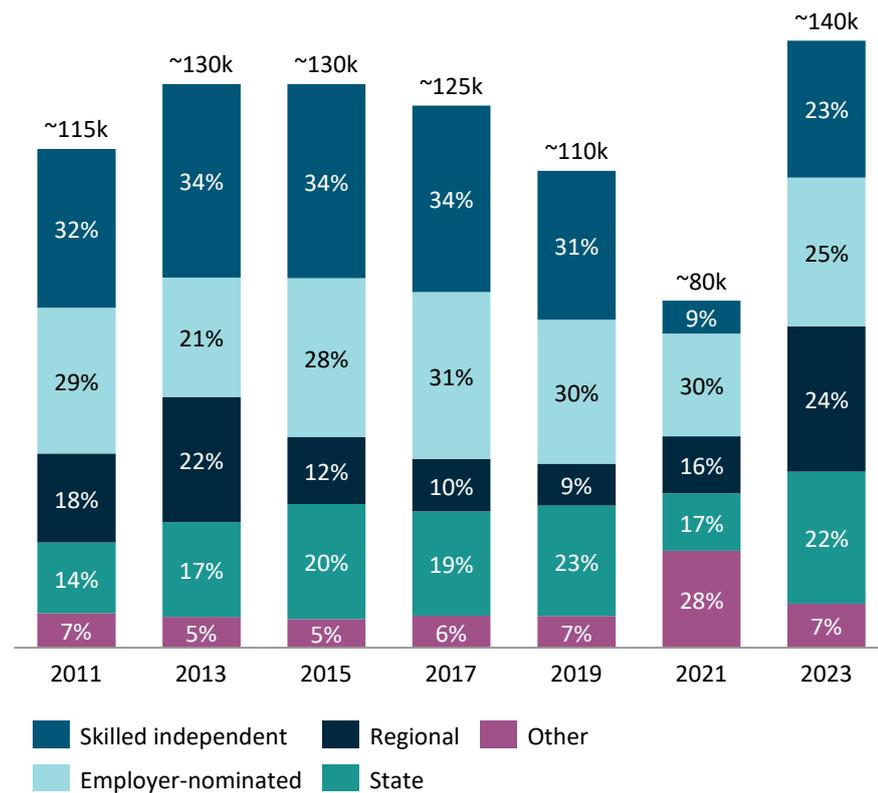
The permanent employer sponsored visa is highly valued by employers as it allows them to recruit people with needed skills directly from overseas.

However, we are concerned that, where Employer sponsorship provides a pathway from temporary to permanent residence onshore, this visa is underpinned by a model that introduces a substantial level of exploitation risk. In the case of Employer Sponsored direct entrants (that is, people overseas who are sponsored for immediate permanent residence without any period of ‘temporariness’) the risk of exploitation is minimal.

Figure 23 and Figure 24 illustrate the relative weakness of the BIIP in relation to the skill level of entrants and their labour force contribution. This is reflected in Treasury’s analysis of the fiscal impact of migrants, which finds a lifetime negative impact of this cohort. Treasury’s analysis also finds a relatively weak fiscal contribution by the State and Territory Nominated and Regional visas compared to the strongly positive contributions of the Employer Sponsored and Skilled Independent visas, although this may partly reflect differences between metropolitan and regional labour markets.

In recent years (Figure 25), the proportion of places allocated to the visas providing the greatest economic benefit has declined. In the 2020-21 Migration Program only 39 per cent of places were allocated to the Employer Sponsored and Skilled Independent Programs. While this has increased to 48 per cent in the 2022-23 Migration Program, a majority of places continue to be provided for less highly performing visas in economic terms – the State and Territory nominated visas, regional visas and other niche visas, including the BIIP. The Panel notes that migrants bring social as well as economic benefit and that this may account for decisions affecting the composition of the program.

Figure 25: Breakdown of the permanent skilled program



Source: Department of Home Affairs

The State and Territory Nominated and Regional visas are examined in Chapter 13. While the Panel recognises these programs are highly valued by state and territory governments in achieving regional population goals, meeting skill shortages in regional areas and helping build stronger regional communities, we recommend further consideration be given to whether the overall impact of these visas can be improved.

The BIIP has poor economic outcomes

The Panel is more concerned by the outcomes of the BIIP, which made up 28 per cent of program allocations in 2021-22. The number of places allocated for this visa has been significantly reduced in the 2022-23 Migration Program.

The BIIP is designed to attract investors, entrepreneurs and innovators. However, outcomes for migrants entering under this program are weaker than in other streams and we are concerned the program may not be attracting migrants who will engage in the types and level of economic activity that the visa was designed to achieve. The available evidence suggests that:

- consistent with the negative fiscal impacts identified in the previous chapter, data from tax returns show that average incomes, including from investments, are lower than other Skilled visas;
- for those holding an Investor stream visa, the minimum investment tends to be made into the required asset classes to meet the criteria for grant of the visa, and the remainder invested passively or into low productivity businesses such as retail and food services; and

- for those in the Business Innovation stream who are required to own and operate a business, business turnover results tend to be poorer for migrant-owned businesses than those owned by longer-standing residents and investment is predominantly in lower productivity sectors.

The Panel also observes that capital is highly mobile. It is unclear whether investments made under the BIIP were additional or simply displaced investments that would have occurred in any case.

A caveat on this analysis is that the data used pre-dates changes made to the BIIP in July 2021 that were intended to maximise the economic impact of high value investors, business owners and entrepreneurs. These changes were made to encourage early stage entrepreneurs and innovative startups supported by state and territory governments, to lift asset and turnover thresholds, and refine the quality of investments through the Complying Investment Framework.

Reform directions – BIIP

The Panel suggests consideration be given to whether the BIIP is retained as a substantial program.

We note that outcomes for the small Significant Investor stream have been stronger than for the remainder of the BIIP. If there is a desire to retain some element of the BIIP, consideration could be given to drawing on the relative strength of this stream in designing a niche investment visa product, much more sharply targeted to select migrants able to drive innovative investments or play a valuable role in the venture capital industry.

We are at risk of missing out on highly skilled migrants

For a long time, Australia was one of only a small number of countries with planned, skills-focused migration intakes. However, there is now increasing competition to attract young, highly skilled migrants as other OECD countries also seek to address the effects of aging populations and labour and skill shortages through new migration opportunities.

Australia's attractiveness as a migration destination will depend on a mix of push and pull factors and migration settings. The push factors are typically unable to be influenced by Australia, whereas the pull factors and migration settings are within our control.

These pull factors will typically include things such as employment opportunities and conditions, salaries and tax rates, our position as a stable democracy, access to housing, health services and education as well as perceptions of lifestyle and social cohesion. A survey of potential migrants with strong digital skills, for example, indicates that income and tax settings were regarded as the factors of most concern.⁷⁶

Migration settings also have an important role to play in supporting Australia's attraction of highly skilled migrants and, critically, they should not detract from, or present a barrier to, our attractiveness.

The Significant Investor Visa (188C or SIV) can play a significant role in growing Australia's financial services sector and providing much needed capital to new and growing Australian businesses, supporting innovation, and creating new jobs.
Public Submission: Financial Services Council

Emerging occupations, such as product managers, cannot be incorporated into statistical systems like ANZSCO fast enough under the current approach to statistical system revisions. This means that an occupation-based system is inherently biased against emerging occupations.
Public Submission: Technology Council of Australia

⁷⁶ Lavian S, Lovich D, Klier O, von Szczepanski K and Kempinsky P (2022) [Digital Workers Are on the Move. Here's What They're Looking For](#), BCG, accessed 7 February 2023.

The Panel has identified a number of aspects of the existing migration system and settings that may be affecting Australia's competitiveness, including:

- **clients' service delivery experience**, including system complexity, ease of application including through a user friendly digital interface and processing times;
- **visa cost**, including application charges and levies on employers, costs associated with obtaining required third party assessments and, for about 60 per cent of permanent Skilled migration applicants and just over 50 per cent of TSS applicants, the cost of retaining a migration agent; and
- **family reunification policies** – the possibility of reuniting with family can be an important consideration for potential skilled migrants. While Australia's family reunification opportunities are generous compared to most of our international competitors, few migrants will be able to reunite with their parents.

For migrants who want to, or are required to, first work in Australia as *temporary* residents, a lack of **certainty about pathways** to permanent residence and limited **job mobility** while on an employer sponsored temporary visa are also likely to reduce Australia's attractiveness as a migration destination. These issues are discussed further in chapter 7.

More clearly and effectively targeted visa settings will enhance both attraction and selection

The Panel considers that the reforms identified below in relation to the key permanent high skill visas will better support the objectives we have set out in Chapter 2, while also enhancing Australia's competitiveness in attracting the permanent migrants we most want. In particular, this would be achieved through clearer, less complicated visa requirements with greater certainty about eligibility, access to permanent pathways and likely visa waiting times.

We also propose a new temporary program to attract young, highly skilled migrants (see page 71).

Our Skilled Independent visa points test is not well calibrated to long-term migrant success

Points tested approaches to selecting migrants with high human capital are utilised by a number of countries and a first version of Australia's points test was introduced in 1979. The points test that currently underpins the Skilled Independent visa⁷⁷ for permanent residence is intended to select migrants who may not already have a job in Australia but who have skills and attributes (i.e. human capital or capabilities) that will allow them to contribute to the labour force and economy over the long term. Where demand is high, the points test should provide a transparent method for selecting the highest quality candidates (i.e. those with the most points).

Under the current approach, migrants are selected on the basis of 10 different attributes given varying weight (Box 12).

⁷⁷ The points test is also utilised in the Skilled Nominated visa (State and Territory nominated program) and the Skilled Work Regional (Provisional) visa to impose threshold requirements.

Box 12: Points available for different attributes in the skilled independent points test

- Age: up to 30 points
- Work experience: up to 20 points
- English proficiency: up to 20 points
- Qualifications: up to 20 points
- Partner skills: up to 10 points
- Specific education (i.e. STEM): up to 10 points
- Australian study: up to 5 points
- Regional study: up to 5 points
- Professional year: up to 5 points
- Credentialed community language: up to 5 points

While the labour market outcomes of Skilled Independent migrants have been relatively strong, the Panel is concerned that the current test is not sufficiently calibrated to effectively distinguish between candidates. As currently structured it appears to differentiate on factors likely to be poor indicators of success in the labour market. As an example, because of insufficient differentiation, many applicants score the maximum available points on the core criteria (skills, age and English proficiency), leaving criteria of less obvious benefit (such as regional study and community language skills) to be the primary determinants of individual rankings.

Reform directions – points test for Skilled Independent migration

The Panel proposes further work be undertaken to understand which characteristics contribute most to migrants' labour market success in order to inform a recalibration of the test. We make a number of observations to inform this work:

- Overall, the current points test is not sufficiently granular to effectively differentiate between applicants or to give applicants a realistic sense of the likely success of their application. This is discussed further in Box 13.
- Further consideration should be given to the emphasis placed on a spouse's attributes. Secondary migrants make up 55 per cent of the overall Skilled migration intake. Australia benefits most when both partners have attributes that will allow them to succeed in the labour market.
- The current approach of providing more points for a long period of Australian work may be interacting with the temporary visa program to encourage weaker applicants to remain in Australia for an extended period, contributing to the growing pool of 'permanently temporary' migrants.
- The value of skilled occupation lists in selecting migrants and the quality of those lists is also relevant to points-tested visas. This issue is discussed in Chapter 8 in the context of our examination of identifying labour needs and the employer sponsored visas.

Box 13: The Skilled Independent points test could benefit from more granularity

Greater granularity and increased weight on the key markers of success would help differentiate between candidates and target the program toward those who offer the greatest long-term economic benefit.

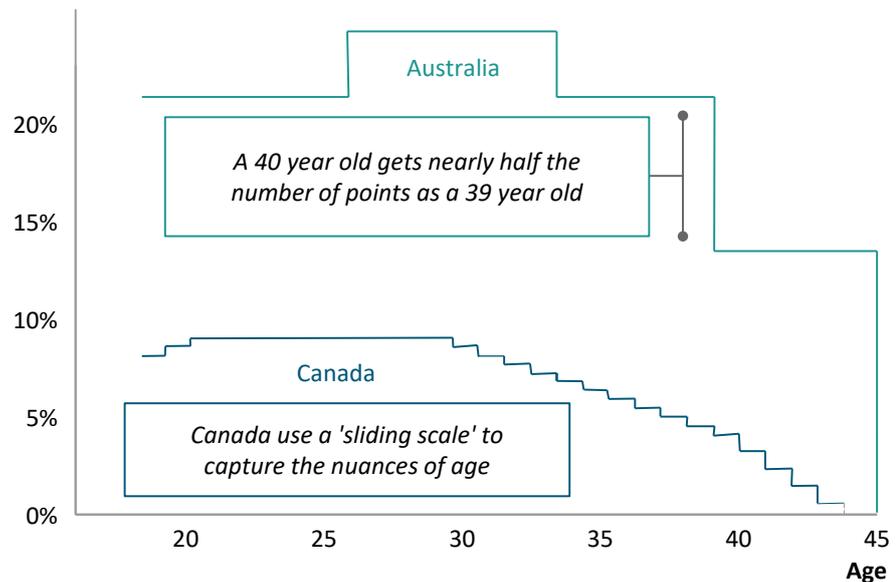
Treasury analysis indicates that the age at which a migrant comes to Australia is the most important driver of their fiscal impact over their lifetime. The other major determinant is the amount of personal income tax paid, which in turn is driven by expected labour market outcomes.⁷⁸ Analysis of linked migrant data from the Census suggests English proficiency is a key determinant of migrant labour market outcomes.

Canada's points test offers an example of how increased granularity could improve Australia's approach to these core factors.

Under Canada's approach, the number of points available for an applicant's age gradually reduces above 30 years to zero at 45 years. In Australia's test, there are four broad age brackets: 18-25 years (25 points), 25-35 years (30 points), 35-40 years (25 points) and 40-45 years (15 points) with candidates above 45 years of age being ineligible (Figure 26).

As a result, Australia allocates the same number of age points to a 24-year-old applicant and a 39-year-old applicant, even though the younger applicant is likely to contribute many more years to Australia's workforce and the older applicant will be separately rewarded by additional points for their longer period of work experience.

Figure 26: Proportion of total available points allocated to age: Australia vs Canada



Sources: Department of Home Affairs and Government of Canada

We can be more strategic in our approach to attracting highly skilled migrants

Getting the settings right for Employer Sponsorship and the Skilled Independent program is likely to have the greatest impact but the Panel also sees significant value in attracting highly skilled migrants to Australia.

⁷⁸ Treasury (2021) [The Lifetime Fiscal Impact of the Australian Permanent Migration Program](#), Treasury, Australian Government, accessed 7 February 2023.

High-skilled migrants have an important knowledge diffusion role, as they share their skills with local workers and can help Australian firms adopt global best practices and new technology. They can be particularly important in filling specialised roles in high demand and emerging areas, such as in advanced manufacturing, cyber security and climate change transition, to name a few.
Public Submission: Western Australia

Highly skilled individuals can bring benefits that lead to an out-sized impact, such as spill-over productivity benefits and the ability to support critical sovereign capabilities.

Broadly, there are three groups of highly skilled migrants that we believe should be considered:

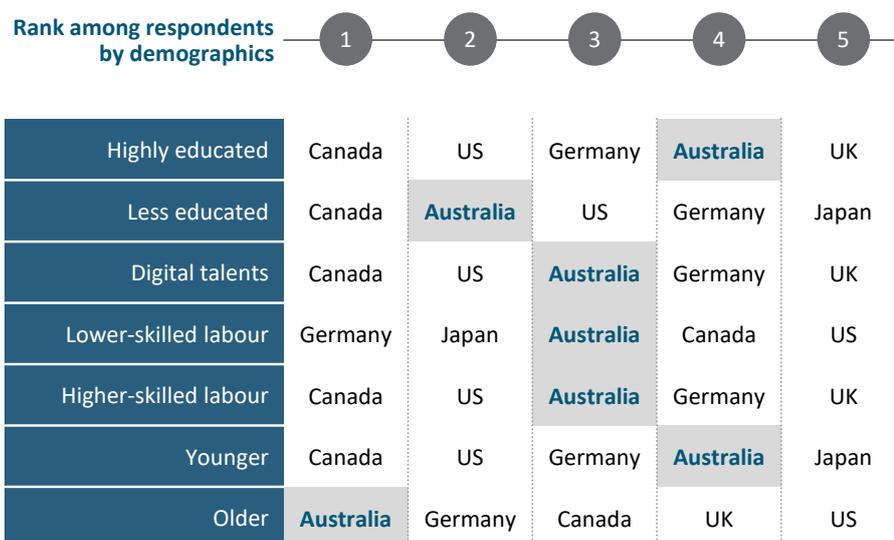
- **in-demand skills:** those with top skills in high demand globally (for example, a mid-30s STEM professional who earns \$300,000 a year at a large global technology company);
- **high human capital:** those with particularly desirable human capital attributes, not necessarily related to specific skills needs (for example, a 26-year-old graduating with a PhD from a top global university); and
- **'exceptions cases':** those who do not 'fit the mould' across many standard attributes, but have specific exceptional characteristics (for example, an older prize-winning academic).

International competition for labour is increasing

Globally, competition for this group is intense and increasing. As we have already observed, migration settings are just one of many pull factors relevant to highly skilled individuals. For the most highly skilled cohort, the presence of world-leading companies or research opportunities, as well as salaries and tax rates will influence their willingness to move to Australia.

There is evidence that Australia is relatively weak in attracting younger and more highly educated migrants (Figure 27). Countries such as the UK, Singapore, and Canada, are competing with new and innovative approaches to highly skilled migrants. These innovations have focused on simplified eligibility criteria, generous visa conditions (such as broad work rights), accelerated processing, a seamless application journey and deliberate marketing. The UK has recently introduced an innovative program to highly skilled migrants through its *High Potential Individual* visa product, which offers 2 or -3 years of residence for graduates of one of the 50 top ranked universities.

Figure 27: Relative attractiveness of different countries for different potential migrant segments



Source: Boston Consulting Group (2021), Decoding Global Talent, Onsite and Virtual

Our current offering may not be meeting our needs

Currently, Australia's offering for very highly skilled migrants is the Global Talent program, which commenced in July 2019. The program is intended to attract migrants with a record of outstanding achievement, with entrepreneurial ideas and cutting-edge skills who can contribute to the economy by driving innovation and supporting the creation of local jobs. The program targets migrants in several key industry sectors: resources; agri-food and AgTech; energy; health industries; defence, advanced manufacturing and space; circular economy; Digitech; infrastructure and tourism; financial services and FinTech; and education.

As this is a new program there is limited data available on its outcomes to date. Submissions to the Review, including those from the Law Council of Australia and Fragomen Migration Lawyers, have highlighted its opaque application process and extended application timeline.

Reform directions – Highly skilled migrants

There are different approaches available to attracting highly skilled migrants

The Panel suggests three new approaches to attracting the most highly skilled migrants be considered:

- First, that attracting the most highly skilled migrants be considered in developing other broader areas of reform. This could include recalibration of the points test, improving service delivery (detailed later in Chapter 18) and moving towards a more streamlined eligibility approach for high-skilled and highly paid migrants (discussed later in this chapter).
- Second, that changes be considered to the existing Global Talent visa to improve clarity in the selection criteria and remove the need for a nomination (while managing integrity risks).
- Third, that creation of a non-sponsored temporary offering focused at attracting younger highly skilled, high human capital migrants be explored, modelled on the UK's approach. This could include broad, clear eligibility criteria (for example, degree studied) and an accelerated pathway to permanent residence for those who have demonstrated success in the Australian labour market.

The quality of our permanent programs is largely determined by the quality of our temporary programs

A large majority of people now granted a permanent skilled visa are existing temporary visa holders working in Australia (Figure 32). This trend may increase if the stock of temporary migrants continues to grow or if more expansive pathways to permanent residence are offered in the future.

The Panel recognises that we must be confident in the quality of our temporary programs – particularly the TSS and the Temporary Graduate visa – to be confident of having access to a high-quality pool of applicants for permanent migration. In this regard, we observe:

- While many TSS visa holders are highly skilled and their skills are valued in the labour market (reflected in relatively high salaries), a small, but increasing, proportion are lower skilled (Table 2 and Table 3) and entering Australia through Labour Agreement concessions. Within the standard skilled stream, there has been a small decline in the proportion of the most highly skilled (Skill Level 1) entrants and an increase in entrants at Skill Level 3. The reforms proposed in Chapter 8 would allow streamlined access for the most highly skilled.
- Labour market outcomes for the Temporary Graduate visa are mixed, with about half of all visa holders working in lower skilled roles. This issue and proposed approaches are considered further in Chapters 10 and 12.
- In many cases, Temporary Graduate visa holders will only have Australian qualifications and experience. A further risk associated with increasing reliance on this cohort to fill permanent skilled migration places is that Australia will be selecting fewer migrants who bring diverse and innovative skills and experience from overseas. This has potential to reduce some of the productivity benefits associated with skilled migration.

Table 2: Number of TSS Primary visas granted by Nominated Occupation Skill Level, 2020–21 to 2021–22

Skill Level	Total	Per cent of total
Not Specified	508	0.92
Skill Level 1:	40,305	72.99
Skill Level 2:	7,018	12.71
Skill Level 3:	6,867	12.44
Skill Level 4:	504	0.91
Skill Level 5:	18	0.03
Grand Total	55,220	100

Source: Department of Home Affairs

Table 3: Skill level composition of TSS primary migrants, 2018–19 compared to 2022–23

Skill Level	2018-19 Per cent of Total	2022-23 Per cent of total	Difference
Skill Level 1	73.2	66.8	-6.4
Skill Level 2	10.9	12.0	1.1
Skill Level 3	13.8	18.6	4.8
Skill Level 4	0.5	1.2	0.8
Skill Level 5	0.0	0.1	0.1
Not specified	1.7	1.3	-0.4
Total	100	100	

Source: Department of Home Affairs

8. THE CURRENT SYSTEM IS NOT TARGETING THE SKILLS AUSTRALIA NEEDS

The employer sponsored visas are driven by short to medium term employer interests and underpinned by unresponsive and out of date occupation lists that do not reflect emerging and future labour needs. The Panel proposes an evidence-based approach to identifying skills needs based on economy-wide analysis, reflecting all dimensions of the labour market, to replace labour market testing by individual employers.

The Panel is also concerned that the Temporary Skilled Migration Income Threshold (TSMIT) no longer serves its intended purpose and should be updated.

The employer sponsored visas are a key element of the Panel's concerns about the existing migration system. We have found:

- they are too strongly driven by short-term employer interests rather than the national interest, which must take account of the evidence on all dimensions of the national labour market;
- current regulation of these visas is not well-designed to ensure migration complements our domestic labour force as well as our education and training initiatives and priorities; and
- they may heighten the risk of exploitation of temporary sponsored workers.

The Panel is of the view that fundamental reform is needed to ensure the system targets the skills the nation needs.

Temporary skilled sponsorship has long been contentious

Australia provides temporary, provisional (regional) and permanent visa options that allow employers to sponsor skilled workers from overseas where no suitable Australian worker is available.

The Temporary Skill Shortage (TSS) visa (formerly the subclass 457 visa) has been subject to considerable change since its introduction in 1996 but retains problematic regulatory features that can make it difficult to access, cumbersome to use and create a workforce susceptible to exploitation.

The program makes up only a relatively small proportion of temporary migrants – as at 31 December 2022, there were 105,319 TSS visa holders in Australia, making up about 5 per cent of temporary visa holders. Many progress from the TSS to a permanent visa, most commonly the Employer Sponsored and Skilled Employer Sponsored Regional visas.

The current approach is overly complex

The process for obtaining an employer sponsored visa involves multiple steps and the feedback provided to the Panel is that it is complex, costly and often slow.

An Employer Sponsor must:

- apply to be an **approved sponsor**, based on their business activity and history;
- ensure the position they are seeking to fill is included on the relevant **skilled occupation list**;
- demonstrate a labour market need to fill the position they have nominated through mandatory **labour market testing**;
- demonstrate they will pay a **salary above the TSMIT** and at least equivalent to the annual market salary rate; and
- **pay charges** for the sponsorship and nominated position as well as the Skilling Australia Fund (SAF) levy.

Applicants:

- if applying for a permanent or provisional visa, need to complete English and skills assessments; and
- pay a visa application charge of up to \$4,200.

The Panel agrees that this process is overly complex and has concerns about the effectiveness of some elements of the process.

Skilled occupation lists are out of date and unresponsive to changes in the labour market

Employer Sponsored migration is primarily intended to support the entry of migrants who have skills that will complement the Australian workforce. Where this occurs, we ensure employment and productivity outcomes are positive and the wages, employment and training prospects of local workers are not harmed.

Skilled occupation lists are a mechanism that Australia and many countries use to try to achieve complementarity (Box 14). Employers may only sponsor a migrant worker for an occupation included on the relevant skilled occupation list. The lists also underpin access to the Skilled Independent, Regional and State and Territory Nominated visas.

Australia currently employs three separate lists, the Short Term Skilled Occupation List (215 occupations), the Medium and Long-term Strategic Skills List (212 occupations) and the Regional Occupation List, which includes 77 additional occupations available to regional employers.

The occupation lists were previously reviewed annually based on advice from the then Department of Jobs and Small Business, which conducted labour market analysis and consulted with key stakeholders including industry and government. The lists have not been updated since 2019, prior to COVID-19. The Minister for Immigration, Citizenship and Multicultural Affairs determines the actual composition of the lists.

Occupation lists based on outdated ANZSCO codes limit eligibility for higher salary positions in fast changing fields like technology, advanced manufacturing and professional services, which deliver strong economic benefits and are critical to Australia's future economy.

Public Submission: Business Council of Australia

Stakeholders have been critical of the process for determining and updating the occupation lists, which is seen as being:

- slow and unresponsive to skills shortages in emerging industries and occupations as they are drawn from the Australian and New Zealand Standard Classification of Occupations (ANZSCO) from 2006 (which was based on Australia's 2001 industry structure)⁷⁹;
- an inaccurate reflection of genuine labour market needs, including because they take insufficient account of Australia's skills and training system and rely too heavily on recruitment difficulties identified by employers as prima facie evidence of a shortage – without reference to wages, conditions, location or employer reputation;
- insufficiently targeted to high salary occupations to maximise the economic contribution of skilled migration;
- opaque, with a perception that the Minister may include occupations in response to stakeholder lobbying and vested interests rather than on the basis of independently assessed need; and
- a driver of complexity and uncertainty for employers and migrants if they change frequently, particularly when migrant eligibility for a visa changes part way through their time in Australia in response to changes in the list.

The Panel also observes that as workplaces change and the economy becomes more dynamic, and as workers have multiple roles and occupations over their careers, generic skills such as reasoning capability and communication, along with the ability to transfer skills across occupations, will be more relevant to longer term labour market success than current labour shortages. The current approach fails to recognise that skills are often transferable between related occupations or job clusters, rather than being confined to narrowly defined occupations.

⁷⁹ The Australian Bureau of Statistics is currently leading a comprehensive progressive review of the ANZSCO.

United Kingdom

- The Migration Advisory Committee (MAC) – an independent public body of experts in labour migration – provides advice to government, including occupation list recommendations.
- The MAC publicly releases the data and formulae involved, making them available for external scrutiny.

United States

- Although skills or occupation shortage analysis is not released, the Bureau of Labor Statistics does publish employment growth projections and its underlying methodology.

Singapore

- Scheduled for release in 2023, the Shortage Occupation List (SOL) will contain occupations requiring highly specialised skills that are currently in shortage in the local workforce.
- The SOL will be developed through an evaluation process involving tripartite partners, using both quantitative and qualitative evidence.
- Current processes do not take advantage of the benefits of a tripartite approach to identifying workforce gaps and projected growth.

Canada

- Uses the National Occupation Classification (NOC) to manage its Federal High Skilled migrant intake through the Express Entry system. The NOC is also used in its Atlantic Immigration Program and Provincial Nominee Program.

The prolonged time to fill a job vacancy with a skilled overseas worker is compounded by the onerous and costly requirement to complete labour market testing (LMT). Practically, there is no policy rationale for requiring a business to demonstrate that it has exhausted attempts to find an Australian worker. Given the time and cost involved in engaging an overseas worker, clubs do not have any commercial interest in overlooking local workers to engage overseas workers.

Public Submission: Clubs Australia

Labour market testing is an ineffective method for identifying shortages.

Labour market testing requires an employer to advertise a vacant position domestically to demonstrate it cannot be filled by an Australian worker before seeking to sponsor a migrant worker. The Panel considers this approach to be:

- an ineffective tool for identifying true labour market need; and
- the cause of unnecessary delays in recruitment in genuine areas of skills shortage that have already been identified by Jobs and Skills Australia (JSA).

Australia needs a more evidence-based approach to identifying skills needs.

The Panel has concluded that Australia needs a new approach that is endorsed by key stakeholders and provides a more forward-looking, data-driven model for identifying skills needs that also takes account of domestic training and workforce planning efforts.

We suggest that the newly established JSA should have an important role in any new approach. JSA is to be a trusted source of evidence, research and analysis on the labour market and workforce skills and training needs. Already tasked with providing analysis and advice to support targeting of migration to current, emerging and future labour market need, JSA should be able to take an economy-wide approach that considers the impact of vocational education and training, higher education and other relevant factors in providing this advice.

The Panel recognises that implementation of the approach we have proposed will occur over the long term as it will require capacity not currently available in JSA.

- The definition of skills shortages will need to be settled for the data approach to be effectively designed.
- Currently robust data is only readily available for all occupations at the national level, noting that for some larger employing occupations that robust data may exist at the state and territory level.
- Use of cutting-edge data methodologies to identify emerging industries and occupations will require significant time and resources to establish and then validate trends. Even with a specialised data source, statistical robustness of the findings is not guaranteed, particularly where smaller samples are pursued.

Other countries have drawn on a broader range of expertise to inform decisions on the role of migration in meeting labour force needs and the composition of skilled occupation lists. The United Kingdom's Migration Advisory Council (MAC), which has been described as the 'gold standard' for this approach, is discussed in Box 15 below.

It has become increasingly apparent that Australia would greatly benefit from a national coordination mechanism... A cross-portfolio, cross-jurisdictional coordination mechanism would enable a joined-up approach, ensuring both consistency as well as the ability to share key data and learnings.

Public Submission: Australian Chamber of Commerce and Industry

Box 15: How labour migration advice is managed in other countries – an advisory body case study

The United Kingdom's MAC was established as an independent public body composed of experts in labour migration, which autonomously researches, prepares and publishes expert responses to remits from government.

- The MAC is an independent, non-statutory, non-time limited, non-departmental public body that advises the government on migration issues. It is sponsored by the Home Office.
- Work is primarily led by commissions from the Home Secretary. The MAC uses its internal analysis teams and conducts its own stakeholder consultation. Along with their findings and conclusions, policy recommendations are made, usually within 3-6 months. Recommendations are based on the best interests of the resident population.
- The UK Home Secretary receives the commissioned report on the day of publication. The Home Office publishes an official response to the recommendations.

The independent experts provide advice on updating occupation lists, proposed policy reform and specific policy issues. While the MAC is independent, helps set migration policy and provides advice on specific questions, the Government maintains the decision making power.

The MAC has gained a reputation for addressing gaps in knowledge and providing a more objective view on migration policy, especially on more politically sensitive issues.

Whether Australia should expand lower-skilled migration numbers is the sort of question an Australian MAC might consider.

Reform directions – Increasing the TSMIT

The TSMIT must be updated and remain current

It is clear to us the TSMIT is too low, and does not protect migrant workers from underpayment or protect lower paid local workers from international competition.

The TSMIT is the threshold minimum wage that can be offered to a sponsored skilled migrant (noting migrants must be paid the market salary if it is higher). Currently \$53,900, it has not been indexed since 2013. While many temporary skilled migrants earn considerably above the threshold, there has been a drift towards lower average wages, particularly in the TSS.⁸⁰

Nearly all stakeholders support an increase in the TSMIT, with many suggesting a level between \$70,000 and \$90,000, a significant increase from today (Figure 28).

⁸⁰ The Grattan Institute reports that after adjusting for inflation the average TSS visa-holder in 2022 earns about \$75,000, which is no more than the average 457 visa holder did in 2005, despite the wages of the average full-time Australia worker rising by about 20 per cent above inflation in that time: Public Submission: Grattan Institute.

Figure 28: Stakeholder views on a suitable level for the TSMIT

TSMIT level	Example submissions	Example occupations earning near this level ¹	% FT workers below level ²	% visas below level ³
\$90k (Avg. full-time earnings)	ACTU	Auto electricians & mechanics; ICT professionals, engineering trades; midwifery and nursing	60%	50%
\$70-75k	Grattan Institute	Health & welfare support workers, hairdressers, hospitality workers, child carers	40-45%	30%
\$65k (Indexed from 2013)	CEDA	Clerical & admin. workers, call centre workers, receptionists, accounting clerks and bookkeepers	35%	25%
\$55-60k (Below indexation)	NFF, CCIWA, Goodstart Early Learning	Cleaners & laundry workers; delivery drivers; farm workers; construction & mining labourers, food process workers	20%	10-15%
No TSMIT	Migration Institute, Primary Industries Skills Council	N/A	N/A	N/A

We have also considered an approach under which TSMIT would be adjusted for age. Under this approach, used in Singapore, salary threshold requirements would vary with age to reflect the empirical relationship between age and income. This would allow the TSMIT to be set at a higher level to protect the wages of older workers while not excluding younger migrants with high potential.

Importantly, the Panel believes that, if a revised TSMIT and a high wage threshold are adopted, they should be automatically indexed in line with annual movements in the Wage Price Index (WPI). This requirement should be specified in legislation to prevent any future freezing of the level.

- It is important that indexation be at the rate of change of the WPI, as rising productivity means that average real wages rise over time.
- The Panel notes that indexing by the Consumer Price Index would maintain the real wage thresholds but lower the relative position of the thresholds in the wage stack. Indexing automatically by the WPI would maintain the relative position of the thresholds within the wage stack.

Employers have questioned the role of the SAF levy

The Skilled Australia Fund (SAF) levy is paid by employer sponsors of permanent and temporary skilled migrants to fund state and territory managed domestic training and apprenticeship programs. Sponsors have criticised it for being too opaque, with employers seeking more information about how funds are actually used, including whether they are expended in the sectors from which they were raised.

Others have argued the SAF is too expensive for small businesses. The Panel does not accept the merits of this argument to the extent that the people being recruited to come to Australia are substitutes for employers investing in the employment and training of domestic apprentices and trainees.

Indeed, to the extent this is the case, it is arguable that the SAF could be justifiably higher. However, given that the issues with Australia's apprenticeship and trainee programs are outside the scope of this Review, the Panel does not propose any increase be made to the level of the SAF at this stage. Rather, we encourage the Government to consider the aims, effectiveness and transparency of the SAF.

The SAF levy also contributes to the high upfront cost of sponsorship. The Panel is of the view that these high upfront costs have driven the current restrictions on portability of visas between employers for temporary sponsored workers. This issue is considered further on page 85.

Table 4: Cost of the SAF levy to employers

Business size	Temporary Skill Shortage visa	Permanent employer sponsored visas
Small (annual turnover less than \$10 million)	\$1200 per year or part thereof	\$3000 one-off
Other business (annual turnover of \$10 million or more)	\$1800 per year or part thereof	\$5000 one-off

Source: Department of Home Affairs

9. CURRENT SETTINGS HEIGHTEN THE RISK OF MIGRANT WORKER EXPLOITATION

Temporary migrant workers are vulnerable to exploitation and current settings for the TSS have heightened the risk of exploitation. The Panel has identified a range of measures to reduce workers' vulnerability, including allowing them to more easily leave an employer and move to a new job, enhanced provision of information on workplace rights and conditions and improved capacity to undertake monitoring and compliance activities.

In conjunction with the evidence-based approach to identifying skills needs outlined in Chapter 6, the Panel proposes a risk-based approach to managing temporary labour migration to achieve an appropriate balance between driving economic prosperity and preventing harm to migrants and local workers.

The Panel has not been specifically requested to consider the issue of how to combat the apparent widespread exploitation of temporary migrant workers and is conscious that the Government has other processes underway in this area.

- The issues of migrant worker exploitation and exploitation of Australia's visa system are being separately examined by Christine Nixon AO APM.
- The Department of Home Affairs is also undertaking work to support the Government's commitment, made at the Jobs and Skills Summit, to bring forward a package of reforms to address migrant worker exploitation.

However, in considering the redesign of Australia's migration system, it is incumbent upon us to seek to engineer-out opportunities for exploitation.

For temporary migrants, exploitation presents the risk of harm beyond the loss of income or mistreatment itself. For local workers, the exploitation of migrant workers in the form of wage theft can provide a competitive edge for unscrupulous employers, undermine local wages and conditions, and negatively affect workplace and community morale and cohesion. For the migration system as a whole, exploitation affects perceptions of Australia as an inclusive and welcoming society.

Migrants are inherently more vulnerable to exploitation in our labour market. This does not mean that all migrants are exploited, nor that all migrants face the same level of exploitation risk. The available evidence indicates that more highly skilled migrants are less vulnerable, but not invulnerable, to exploitation (Box 16).

The Panel sees three main factors driving vulnerability:

1. Temporary status means a migrant does not have an ongoing right to stay in Australia and can be subject to visa cancellation and deportation if visa conditions are breached or become ineligible for a further visa if visa settings are changed.
2. Visa conditions can increase the risk of migrant exploitation by regulatory conditions driving power imbalances between employers and migrants. Restrictions on a visa holder's ability to change employers and dependence on an employer's continued support to access the Australian labour market and, perhaps, eventual pathways to permanent residence, limit a migrant worker's capacity to resist, report or leave exploitive situations.

3. Migrants' characteristics, including a lack of local networks, potentially lower English proficiency, a lack of familiarity with Australian workplace laws, remedies, or standards of behaviour also make them potentially more vulnerable.

In their submission to the Review, Associate Professors Chris Wright and Stephen Clibborn,⁸¹ refer to their analysis of the reasons employers sponsor temporary skilled migrants. This found that, while many did so to address shortfalls of suitably qualified local workers, large proportions of employers in industries reliant on skilled trades workers used the scheme to recruit workers perceived as having certain behavioural traits, related to perceptions that temporary skilled visa holders had better attitudes, stronger work ethics, and were more loyal and harder working than other groups of workers. The authors identified the single-employer sponsored nature of the TSS as a reason for these perceptions.

To be clear, the Panel does not believe that the bulk of Australian employers act in ways that exploit the potential vulnerability of migrants. But unfortunately the evidence suggests there are sufficient unscrupulous employers to make this a real, systemic, problem that needs to be tackled.

Box 16: Case study of employer sponsorship driving exploitation

Mr Farzady, an electronic technician on a 457 visa, was found by the Fair Work Commission to have been unfairly dismissed. While the 457 visa has since been replaced by the TSS visa, the relevant employer sponsorship settings remain largely the same.

The Commission accepted Mr Farzady's evidence that his employer took advantage of him, including by: reassigning him to unskilled tasks; requiring him to work long hours, including weekends without additional pay; having him chauffeur friends and business associates after hours, and work on the employer's farms on many Sundays without pay. The Commission found:

As a sponsored 457 visa worker, the Applicant was in a position where it is apparent that he was vulnerable to exploitation by virtue of his strong desire to remain in Australia and the need to maintain sponsorship to do so. The apparent actions of the Respondent to exploit the Applicant's vulnerability by compelling him to work unpaid overtime; as well as likely failing to pay his superannuation entitlements and making substantial deductions from his wages is disgraceful. To then terminate the Applicant's employment when he has taken a stand against these unreasonable actions is appalling.⁸²

In all of the circumstances I find that the dismissal was most certainly harsh as the end result is that the Applicant has lost a sponsored opportunity to stay in Australia. It is unjust as there was simply no basis for the termination. It was unreasonable as it appears, on the balance of probabilities that the dismissal was ultimately a response to the Applicant making complaints about how he was being treated at work. The dismissal was harsh, unjust and unreasonable.⁸³

In this case, the employer's promise of sponsorship for permanent residence was withdrawn following dismissal.

⁸¹ Public Submission: Wright C and Clibborn S (University of Sydney Business School).

⁸² *Farzady v Monochromatic Engineering Pty Ltd* [2015] FWC 7216 (20 October 2015) [64].

⁸³ *ibid* [66].

Current measures to address the risk of exploitation by a sponsor have been ineffective and insufficiently resourced.

Sponsoring employers of temporary visa holders are subject to a range of obligations, including keeping reproducible records and providing them where requested, cooperation with inspectors, and advising the Department of Home Affairs of changes relating to the employment of the visa holder, or of the business itself (including changes to structure or entering insolvency).

Enhanced sanctions were introduced in 2018, and between 1 July 2022 and 31 August 2022, the Australian Border Force sanctioned 76 businesses for breaching their sponsorship obligations. Stakeholders have, however, criticised the enhanced sanction measures as ineffective given the nature of the risk. In its supplementary submission to the review, the ACTU commented that:

'...the number of proceedings commenced against those [2018] provisions are negligible, precisely because the key witnesses in such proceedings, the sponsored workers, would risk visa cancellation and their pathway to permanent sponsorship if they were to report breaches by their employer'.⁸⁴

There has been criticism of the enforcement of sponsorship and employment law requirements since the inception of the subclass 457 visa. Noting the disincentives to reporting flagged above, the Panel considers appropriate prioritisation and resourcing of these activities to be critical to ensuring a fair system.

A fundamentally different approach is required.

The Panel proposes a new way forward to address the serious problems we have identified with the current system of employer sponsorship for temporary migration. This would involve taking a risk-based approach to balancing the interests of migrant workers, employers and the Australian labour force.

One that is underpinned by principles and guardrails

Our proposed approach would operate consistently with the principles for Australia's migration system we have identified in Chapter 2. We have developed a further set of guardrails for temporary sponsored migration, to be incorporated in the proposed model, to help achieve an appropriate balance between driving economic prosperity and preventing harm to migrants and local workers.

These guardrails involve recognition of the importance of:

- a **tripartite approach**, involving representation from industry, unions and government through a reformed Ministerial Advisory Council on Skilled Migration (MACSM) with an independent chair, to determine the particular role of migration in meeting identified gaps in the labour market, supported by expert advice from JSA. A suggested model for a reformed MACSM has been set out at Attachment C;

⁸⁴ Public Submission: ACTU (Australian Council of Trade Unions), *Supplementary*.

- allowing **greater migrant worker mobility**, which would decrease the inherent risk of exploitation. We believe an employer’s obvious right to choose their own employee should not oblige the employee to continue to work for that employer irrespective of how they are treated;
- an **evidence-based system** for identifying labour needs that is data driven. This would include an important role for JSA in identifying future labour supply and demand in conjunction with an assessment of local wages and conditions in different industries. This would also allow the identification of opportunities for domestic education, training and development. Migration could then be considered to fill the residual gap;
- increased **transparency and accountability**, which is critical for integrity and public confidence. Migrants and employers should have clarity about the system and their journey within it. The Australian community should be confident that the Government is monitoring outcomes including through better access to data, and enforcing sponsorship and visa requirements;
- the **universality of the application of the other guardrails** – the guardrails apply to all temporary skilled migration. Within this framework:
 - there would be a robust approach to identifying skills needs to replace the current occupation lists;
 - JSA would exercise its designated role to advise on all labour market needs, using the tripartite Jobs and Skills Councils, and undertaking regional analysis and market-wage assessments to the extent possible;
 - employers would no longer be required to undertake labour market testing; and
 - temporary visa holders would be able to move more readily to a new job without requiring a new visa, with a reasonable period available for them to find a new employer.

Reform direction – a risk-based approach to regulation

Under our suggested approach, the level of effort and scrutiny applied to an application would be determined by the level of risk presented by (or to) the applicant or by a cohort with similar characteristics. In the model we have proposed:

- a **high salary cohort**, which would present minimal risk of displacement to the Australian labour force and be at relatively low risk of exploitation due to their inherent agency (itself a function of their unique or highly demanded skills and income levels). A streamlined assessment process would apply to this cohort;
- a **mid-level cohort** would present and face somewhat greater risks of displacement of Australian labour or erosion of wages, and of exploitation, although in both cases these are likely to be limited. An intermediate level of effort would be directed to ensuring applications align with Australia’s skills needs and involve consistency with the workforce plans developed through JSA, using improved occupation lists in the short term or skill lists in the medium to long term, and that an appropriate market-based salary would be paid; and

- a **lower paid cohort** would be at increased risk of both exploitation and of displacing similarly skilled Australian workers. If a pathway for lower paid workers is to be made available, in addition to the requirements on cohort 2, this should involve tripartite engagement on areas of priority. Applications from this cohort should be highly scrutinised with increased post-arrival monitoring.

There are complex issues and risks associated with any expansion of migration for lower paid workers which are discussed further in Chapter 10. While we propose further consideration be given to these issues, the Panel suggests there may be a role within this framework for the use of a sector or industry-based tripartite Labour Agreement model for lower paid occupations that includes enhanced protections.

Reform direction – allowing migrants to change jobs more easily

Visa portability is critical in reducing exploitation

The Panel believes that allowing temporary migrant workers to be able to move from their current employment to find work with another employer within the same sector or job family, is central to the model we have proposed.

Migrants must be given a reasonable opportunity to find a new job without risk of their visa being cancelled. The available evidence suggests it takes local workers three months, on average, to find a new job. Given temporary migrants' lack of local networks, we suggest a time frame of six months may be more appropriate for this group.

A new employer would be required to undertake a light touch registration of the migrant's employment and provide details in relation to the role and salary. This data, suitably aggregated or anonymised, should be shared with JSA to assist in assessing labour market needs and market salary rates. The data should also be shared with the Fair Work Ombudsman to assist it in monitoring compliance with labour standards. Monitoring salary rates paid to temporary skilled migrants is critical to preventing exploitation and harm to Australian labour markets.

This registration requirement should apply to all employers of temporary visa holders with work rights. Employers who are found to be in knowing and serious breach of either migration or employment laws should be struck from the register.

Allowing mobility would provide greater agency to employees and significantly reduce the incentive for unscrupulous behaviour on the part of a minority of employers. It may also strengthen the economic outcomes of the program as employees would be able to move in order to maximise their contribution to the labour market and achieve higher incomes.

Fees and charges would no longer be imposed upfront.

The Panel recognises creating the capacity, or agency, for migrant workers to move to new employers would disadvantage initial sponsoring employers, who are required to cover high upfront costs within the current framework. We suggest this be addressed by requiring fees and charges to be paid in monthly instalments with liability resting with the then-current employer, similar to an approach adopted in Singapore.

There is a significant level of constrained mobility as migrants are tied to regions and employers which can leave them isolated and vulnerable ... [We recommend] Less constrained mobility for migrant workers and more options, choices, flexibility and support for small businesses seeking to employ them.
 Public Submission: Council of Small Business Organisations

Submissions to the review have advised that high upfront costs present a barrier to small businesses in being able to recruit workers from overseas. This approach may also assist in addressing this concern.

Salary requirements would help distinguish between cohorts and must be adjusted through a regular, transparent process

Additionally, the Panel suggests further work be undertaken to identify appropriate salary levels for distinguishing between cohorts within the proposed model.

We suggest that cohort 1 would need to receive a high salary of at least 1.X times Full Time Average Weekly Ordinary Time Earnings (currently about \$98,000⁸⁵).

- The Panel expects that this group would include the majority of high-paid, highly skilled intra-company transfers, who typically bring global skills that are non-existent or in short supply in Australia and often come to deliver specific projects, without any intention of staying longer term.
- It is not our intention that this group encompass skilled employees brought in under labour-hire arrangements – they would need to be genuine employees of the parent company.
- It is our expectation that this group be limited to professional occupations and not generally include the skilled trades. Any exceptions for skilled trades should be on a case-by-case basis following consultation with the relevant unions.

Applicants in the mid-level of the labour market (Group 2), would be in receipt of a salary below the high threshold and above a revised and increased the Temporary Skilled Migration Income Threshold (TSMIT).

As flagged in the previous chapter, the Panel sees considerable merit in applying age adjusted income thresholds, subject to further exploration of this option.

We suggest that salaries and conditions would be considered on a sector or industry basis for any lower paid temporary work arrangements.

As noted in Chapter 8, the Panel is strongly of the view that all salary thresholds must be indexed, with that indexation specified to occur automatically in legislation in line with movements of the Wage Price Index.

Reform direction – enhanced provision of information on rights and protections

Migrant workers should receive targeted training on workplace laws and conditions

In addition to the measures suggested above, we consider that migrant worker exploitation could be further reduced through more effective provision of information on workplace rights and conditions and how to deal with any issues that arise. The in-person information sessions offered as part of the Pacific

[Ensure] all migrant workers receive an on-arrival induction from a representative of the relevant unions and/or peak union body to provide them with information about their workplace rights ...
Public Submission: ACTU

⁸⁵ ABS (2022) [Average Weekly Earnings - November 2022](#), ABS, Australian Government, accessed 7 February 2023.

Australia Labour Mobility (PALM) program might provide a useful model for consideration.

In particular, the Panel believes induction sessions, preferably in person, within one month of arrival would be extremely valuable. Such sessions could introduce new migrants to relevant community support, networking opportunities, workplace rights, and pathways to legal remedies if necessary. Government sponsorship of this engagement, with the participation of the Fair Work Ombudsman, community groups, and relevant unions, would legitimise migrants engaging with these entities in the event of issues emerging.

Combined with the proposed mobility between employers, the Panel believes this would enhance migrant agency and increase the likelihood of engagement with the community in which they are living and working.

Reform direction – Improved monitoring and compliance

Monitoring and compliance could be improved through coordination with the tax system

The Panel also considers there to be potentially significant advantages to the monitoring of pay and conditions for temporary migrants via the Australian tax system. Were government agencies to work together and facilitate re-use of visa application information to support migrants to seamlessly apply for a tax file number (TFN), this would reduce the transactional friction of a migrant establishing themselves in the formal economy and lift the proportion of migrant workers who hold a TFN.

There are benefits to using TFNs in monitoring and compliance:

- Encouraging visa holders with work rights to acquire a TFN improves monitoring of wages and conditions for these visa holders through the single touch payroll system.
- More frequent data sharing arrangements would support timely investigations into issues of concern. In particular, it would help root out cases of ‘bait and switch’, whereby approval is gained for a migrant to enter Australia on the promise of a high wage but the wages actually paid fall far below this, and perhaps fall below market salary rates.

The Panel’s proposed changes would require the ATO to be resourced for undertaking this additional monitoring function given privacy provisions would appear to prevent the ATO reporting individual discrepancies to the Department of Home Affairs.

At the aggregate level, pay data should be shared with JSA to allow effective oversight and monitoring of the level of wages and conditions in industries in which larger numbers of temporary migrants are employed.

A package of additional measures could further improve integrity.

All migrants with work rights should have a tax file number. Employers should not be able to claim tax deduction for labour expenses unless they cite the tax file numbers of the workers, to dissuade employment of illegal migrants and to check payments to labour hire workers.

Public Submission: Sustainable Population Australia

At present, the migration system focuses almost exclusively on pre-arrival requirements, which present considerable bureaucratic hurdles. Little effort is devoted to post-arrival risk-weighted monitoring. Solutions could involve:

- facilitation for migrants to receive a TFN, as described above;
- strengthening the compliance functions of the Department of Home Affairs and the Fair Work Ombudsman;
- stronger regulation of migration agents;
- a focus on the practices of labour hire companies; and
- preventing the deduction from wages of benefits-in-kind that cannot be effectively audited.

Box 17: International comparator countries coordinate with the tax system

- In Canada, a Social Insurance Number (SIN) is required for anyone to work or receive payments. It is illegal to hire anyone without a SIN. The SIN can be applied for online after visa grant.
- In the US, a Social Security Number (SSN) is required for work. The SSN application is made concurrently with the visa application. The Department of Homeland Security collects the visa applicant's data and passes it on to the Immigration and Naturalization Service and the Social Security Administration, who then issue the SSN within three weeks of arrival.
- In the UK, all employees (including migrants) require a National Insurance (NI) number. Migrants can work without an NI, but at a higher tax rate. Applications can be made online, but are not included in the migration process.
- New Zealand uses an Inland Revenue Department (IRD) number for tax purposes. The IRD number is not required for someone to work, instead tax is deducted at a higher rate. Applications for the IRD number are often done onshore as they require a NZ bank account and a customer due diligence (a type of identity check).

This proposal provides a balanced approach for migrant workers and employers

It is conceivable that some employers might reject the proposed framework if they perceive it as undermining their role and level of control over migrant workers.

We stand by our earlier proposition – the vast majority of Australian employers are committed to doing the right thing and have productive long-term relationships with their migrant employees. Our proposals would free them from ineffective labour market testing and outdated occupation lists, would provide for a speedier, less costly process for employing an existing temporary sponsored migrant and would ensure employers retain their right to employ whom they see fit.

In exchange, employees would have the right to change employers within a reasonable time, employers would no longer be subject to high up-front costs but rather would pay an all-up monthly trailing fee, and good employers would gain a competitive advantage within the market for migrant workers.

The current temporary migration program exacerbates the potential for migrant worker exploitation. Left unchecked, this has the potential to undermine the social licence of the entire migration program.

Public Submission: United Workers Union

Other temporary visa holders are also vulnerable to exploitation

Exploitation is not unique to the TSS visa. There are also significant concerns in relation to the widespread exploitation of other temporary visa holders, including international students, working holiday makers (WHMs), Pacific Australia Labour Mobility (PALM) scheme participants, bridging visa holders, and unlawful non-citizens.

In particular, the Panel encourages the Government to consider the following areas for reform:

- The 88-day work requirement to create eligibility for a second or third visa within the **WHM program** has been the subject of numerous inquiries and reviews which have established this element of the program as a key driver of exploitation.⁸⁶ Subject to Australia's obligations under trade and other international agreements, the Panel is of the view that the Government could consider limiting the WHM program to one year. The primary focus of the program should be cultural exchange and it should not operate to tie migration outcomes to the performance of work. If WHM participants wish to work longer term in Australia, they should apply for explicit employment-related pathways.
- The sponsorship component of the **PALM scheme**, which ties low skilled and low wage workers from the Pacific to their employer (or another approved employer where approval is given by the Department of Foreign Affairs and Trade).
- The cap on working hours for **international students**, seeks to ensure students are focused on their education rather than using the student visa as a backdoor into the lower paid labour market. The cap has been found to create vulnerabilities for students who wish to work longer hours and fear their employer may report them to the Department of Home Affairs.⁸⁷ The Panel suggests the cap's role in the Student visa program be reviewed.

⁸⁶ Inquiries and reviews include:

FWO (Fair Work Ombudsman) (2016) [Inquiry into the wages and conditions of people working under the 417 Working Holiday visa program](#), FWO, Australian Government, accessed 1 March 2023.

FWO (2018) [Harvest Train Inquiry](#), FWO, Australian Government, accessed 1 March 2023.

Azarias J, Nettle R, and Williams J (2020) [National Agriculture Workforce Strategy, Learning to excel](#), National Agricultural Labour Advisory Committee, Australian Government, accessed 3 March 2023.

Senate Standing Committee on Education and Employment (2016) [A National Disgrace: The Exploitation of Temporary Work Visa Holders](#), Commonwealth Parliament of Australia, accessed on 1 March 2023.

Howe J, Clibborn S, Reilly A, van Den Broek D and Wright CF (2019) [Towards a Durable Future: Tackling Labour Challenges in the Australian Horticulture Industry](#), accessed on 1 March 2023.

⁸⁷ Migrant Worker Taskforce (2019) [Report of the Migrant Workers' Taskforce](#), DEWR (Department of Employment and Workplace Relations), Australian Government, accessed on 3 March 2023.

10. MIGRATION OF LOWER SKILLED AND LOWER PAID MIGRANTS PRESENTS COMPLEX ISSUES AND RISKS

Australia's labour migration programs have traditionally focused on meeting high skilled labour needs. However, there is a large migrant workforce entering Australia under other programs that is engaged in lower paid work.

The Panel recognises that labour needs are growing in some lower paying sectors, particularly the care sector, and may not be able to be fully met from within the domestic workforce. However, any shift to increase lower paid migration presents complex economic and ethical challenges. The Panel suggests further whole-of-government consideration be directed to these issues to determine a future role for migration in meeting lower paid labour needs.

The labour shortages that arose during, and subsequent to, the border closures in response to COVID-19 opened many Australians' eyes to the critical role played by lower paid migrants in some key sectors of our economy, including parts of our food supply chain, in tourism and hospitality, and across the rapidly growing care sector.

With the exception of the PALM scheme, which is primarily designed to strengthen ties with our Pacific neighbours, Australia does not have an explicit low skilled labour visa program.

Access to permanent and temporary skilled visas is intended to be limited to migrants in highly skilled occupations (ANZSCO levels 1-3) and with salaries above the TSMIT – although, as we can see with Temporary Graduate visas, some higher skilled people are not working at skill levels commensurate with their qualifications.

Exceptions to these requirements have been negotiated through Labour Agreements and Designated Area Migration Agreements (Box 18).

Box 18: Labour Agreements and Designated Area Migration Agreements

Labour Agreements are concessional visa arrangements for business and industry where the standard skilled visa requirements would prevent the business from filling critical skill shortages. Concessions may be provided in relation to skill level, age, English and salary (including allowing salaries below the TSMIT).

- There are currently 1187 Labour Agreements, including nine industry agreements covering: Dairy, Fishing, Meat, Pork, Horticulture, Restaurant (premium dining), Onhire, Advertising, and Minister of Religion.
- Between 2018-19 and 31 January 2023, there were 12,177 temporary and 5,903 permanent employer sponsored visas granted through a Labour Agreement.

All Labour Agreements require that overseas workers be provided with pay and conditions no less favourable than Australian employees in equivalent roles. Migrant workers must hold appropriate qualifications and experience and meet any registration or licensing requirements.

Labour Agreements can include pathways to permanent residence.

Designated Area Migration Agreements (DAMAs) are tailored agreements that enable designated regions to respond to their unique economic circumstances and workforce shortages by access skilled and semi-skilled migrant workers.

- DAMAs consist of two tiers, an overarching five-year deed of agreement between the Government and a Designated Area Representative and individual Labour Agreements with employers using the overarching agreement.

Twelve DAMAs are currently in place.

Australia already has a large migrant workforce engaged in lower paid work

However, Australia has a large migrant workforce outside of these explicit programs. Some 1.8 million temporary visa holders are entitled to work in Australia, including 456,000 students, 112,000 working holiday makers, 666,000 New Zealand citizens and 204,000 Bridging visa holders as at 31 December 2022.⁸⁸

While some are in skilled employment, many undertake lower paid work as do many permanent migrants who have arrived under the family and humanitarian streams or as secondary migrants within the skilled stream. In most cases, there is no independent assessment of labour market need for this employment.

Even with this large pool of migrant workers, stakeholders have raised concerns that they are not able to source the workers they need in some lower paid roles.

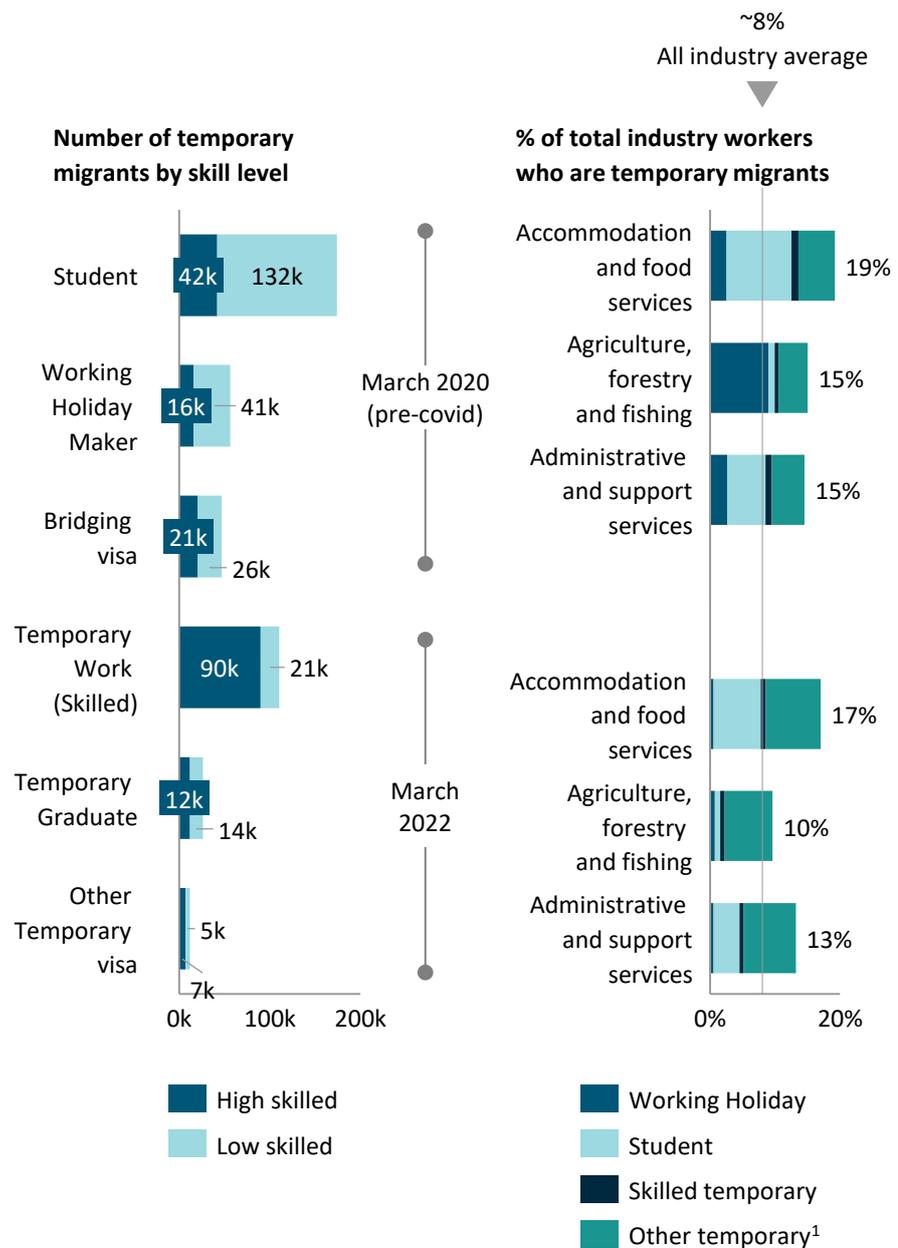
The Panel anticipates that some of these shortages will continue to ease as the numbers of international students and working holiday makers return to pre-pandemic levels. Figure 29 refers.

It cannot be overstated just how important that source of worker is ... it's no exaggeration to say that the sector [horticulture] was brought to its knees when borders closed.

Public Submission: National Farmers Federation

⁸⁸ Department of Home Affairs (2022).

Figure 29: Temporary migrant workers by skill level and industries



Source: Treasury (2022), Analysis of ATO and Department of Home Affairs microdata

Growing shortages are forecast in low paid occupations but the evidence is weak and unclear

Most, but not all, current and forecast jobs growth and shortages relate to skilled occupations.

There are challenges in identifying reliable data on shortages in lower paid occupations and the available analysis does not take account of the impact of possible improvements to wages and conditions on the number of Australians engaging in these occupations. However, a small number of sectors are expected to face persistent lower paid labour shortages that may not be able to be met from within the existing workforce even with better wages and conditions.

- Jobs and Skills Australia projects the largest employment growth by 2026 to be in aged and disabled care⁸⁹ with a possible shortfall of more than 400,000 workers by 2050.⁹⁰
- The agriculture sector has also claimed a substantial ongoing shortage of workers, although the 2020 national Agricultural Workforce Strategy identified gaps in the availability of reliable data on actual labour needs.
- The 2021 Infrastructure Market Capacity Report forecasts growing demand for skilled and unskilled labour to ensure delivery of major infrastructure and construction investments.

When we add in industry-identified shortfalls in multiple sectors there is an impression that Australia faces a permanent growing demand for additional labour. This highlights a key finding in Chapter 4 above – Australia’s data systems lack the robustness, resilience, granularity and focus to allow sensible and consistent estimates of future labour need.

Shortages should be identified using a robust, evidence-based process involving labour market data, alongside consultation with unions and industry. In addition to identifying shortages, this process should seek to determine the various levers - including but not exclusively temporary migration – to attract more applicants to sectors in shortage in the short-, medium-, and long- terms. This could include greater investment in training, improving wages and conditions, and/or providing more career development opportunities.

Public Submission: Australian Manufacturing Workers Union

Determining the appropriate role for migration in addressing lower paid labour shortages presents a range of complex issues and risks

Australian community support for increased migration for lower paid workers is uncertain

In considering an appropriate role and pathway for migration focusing on lower paid workers, the Panel has been very conscious that any expansion of lower paid labour migration presents an increased level of risk to migrant and domestic workers in the form of exploitation and labour force displacement respectively. Additionally, while community recognition of the benefits of high-skilled migration is strong, public confidence in increased migration of lower paid workers is less clear.

Particularly given the evidence of extensive worker exploitation

As we have discussed above, temporary sponsored migration carries with it an inherent risk of exploitation and this risk is greatest for lower paid workers. In this regard, the Migrant Worker Taskforce report⁹¹ observed that exploitation was widespread among international students and working holiday makers, often working in jobs that were generally low paid and physically demanding, such as agriculture and hospitality. The Productivity Commission’s inquiry into the Migrant Intake into Australia⁹² also found that exploitation risks were highest among temporary workers engaged in low- and semi-skilled work.

⁸⁹ National Skills Commission (2022) [Projecting employment to 2026](#), National Skills Commission, Australian Government, accessed on 1 March 2023.

⁹⁰ CEDA (2021) [Duty of care: Meeting the aged care workforce challenge](#), CEDA, accessed 1 March 2023.

⁹¹ Migrant Workers’ Taskforce, above n87.

⁹² Productivity Commission, above n71.

There is a risk of negative economic impacts for existing residents

Migration of lower skilled workers can present risks to non-migrant workers through negative impacts on employment and wage growth. At an economy-wide level, the available evidence does not suggest wages have been negatively affected by Australia's migration programs.⁹³

However, international and Australian studies have suggested particular cohorts, including young people and lower skilled, workers may experience higher unemployment or slower wage growth as a result of competing with temporary migrant workers.⁹⁴

It is likely this occurs because lower skilled migrants have a less positive impact on aggregate, sectoral or even firm-specific productivity, and may in fact provide a disincentive to innovation and investment in technology by providing cheap labour that displaces higher-cost Australian labour. That is, employing lower paid temporary workers might be seen by some employers as an appropriate substitute for sensible investment in new capital equipment.

While the Panel realises that lower paid temporary labour is more likely to compete with, rather than complement, the existing workforce in many sectors, we also realise Australia may not be able to supply the required labour in these sectors, even with better wages and conditions. Carefully identifying in which sectors this may be relevant will also be central to ensuring there is widespread support for the migration program.

A balance needs to be struck between social and economic objectives

There are also complex trade-offs to be considered in relation to pathways to permanent residence for lower paid migrants.

Temporary migration linked to continuing employment in an occupation or sector can help create a more stable workforce but may increase the risk of exploitation and, if not for a genuinely limited period, risks creating a 'permanently temporary' underclass of lower paid guest workers which is unlikely to be acceptable to the Australian community.

However in the context of a cap on permanent migration, access to permanent residence for low paid temporary migrants would reduce the number of places available for highly skilled migrants and therefore the economic benefit to Australia of our migration intake, notwithstanding any social benefit of that lower paid migration.

Further, some commentators argue that, in the long-term, permanent migration may not effectively assist in addressing roles that are in shortage in large part due to poor conditions or wages in the sector. Migrants working in these sectors will leave to find alternative work with better pay or conditions once they gain permanent residence, much as existing Australian residents do.

⁹³ Boucher A, Breunig R, and Karmel C, above n69; Crown D, Faggian A and Corcoran J, above n69.

⁹⁴ Productivity Commission, above n71; Migration Advisory Committee, above n72.

This question requires further consideration over a longer period

Determining whether there is a role for an explicit migration program targeting lower paid workers in meeting Australia's needs and how any new program should be designed requires consideration over a longer period than the Panel has been given. The Panel believes this question warrants whole-of-government consideration, particularly drawing on the work being undertaken for the *Employment White Paper* and Jobs and Skills Australia. Consideration should also be given to the potential impact of any new program on the value of the Pacific labour programs to our partners in the region.

Additionally, more time is needed to understand the impact of wage increases on labour supply in the care sector and as a consequence of any changes to other elements of the migration system following this review.

The framework and guardrails we have outlined in Chapter 9 are designed to accommodate a lower paid cohort and would provide suitable mechanisms for identifying labour needs and protecting migrant workers. In conjunction with this framework, the Panel sees value in considering the use of sector level tripartite Labour Agreements.

If migration is an appropriate response to the need for lower paid labour, it will need to be supported by other interventions for all workers in that sector that address employment conditions, career pathways, training, workplace health and safety, and pay rates.

11. AUSTRALIA DOES NOT WANT TO BECOME A NATION WITH 'PERMANENTLY TEMPORARY' RESIDENTS

Temporary skilled migration can play an important role in Australia's economy but the Panel is concerned by the emergence of 'permanently temporary' migrants in Australia. Hard choices are required to ensure this does not occur in future.

Concern has been expressed in the course of this review about the creation of a 'permanently temporary' cohort of migrants within the Australian community. Some of this concern initially stemmed from the particular circumstances of TPV/SHEV holders and New Zealanders.

Stakeholder concern has now broadened to a focus on the ethics of having a significant population of people living in Australia who have no pathway, or no clear pathway to permanent residence, and from there to Australian citizenship.

In the review the Panel has focused on the issue of permanent residence pathways from temporary skilled visas (i.e. TSS and Temporary Graduate) into the permanent skilled migration program.

The Panel notes that many temporary migrants access permanent residency through the family stream, and that other parts of the temporary migration program (New Zealanders, TPV/SHEV holders) were outside the scope of the review.

What do we mean by permanent pathways?

All migrants are able to apply directly for a permanent skilled visa. Under current settings, migrants may be granted that visa if they meet its threshold conditions (i.e. are eligible to apply) and perform well against visa selection criteria.

Permanent pathways prioritise temporary migrants by either:

- **Providing a specific avenue to permanent residence dependent on temporary status.** For example, we might have specific permanent visas for which eligibility depends on residence in Australia for a certain period, or on holding a specific visa (a regional visa for example).
- **Indirectly privileging temporary migrants in the tests for permanent visas.** For example, providing additional 'points' for Australian work experience or study, a relationship with an Australian employer, having held a particular temporary visa, or having lived in Australia for a certain period.

Proportionally fewer temporary entrants today transition to a permanent skilled visa

Over the past decade Australia has built an economy based on temporary migrants. Working holiday makers, students, TSS, Bridging visa holders and New Zealanders all have work rights and Australians have benefited from their contribution.

However, in many instances Australia offers unclear or no pathways to permanent residence. This situation has evolved iteratively:

- Australia had an almost exclusive focus on permanent visas until 1996. **Temporary labour migration** was initially expanded in 1996 with an implicit pathway to permanent residence for most. In 2017, pathways to permanent residence were significantly constrained with the introduction of the TSS visa, which includes a short-term visa with no pathway to permanent residence.
- The availability of pathways to permanent residence for **international students** has also grown in complexity and uncertainty over time. In 2009, 'would-be' migrants and educational institutions had realised there was an almost seamless pathway for international students to attain permanent residence if they enrolled in a course of study which would qualify them for an occupation featuring on the Migration Occupations in Demand List'.⁹⁵ In response to issues this implicit pathway was found to have created – with the quality of the skilled migration program, as well as with social cohesion – in 2010 the Government sought to more clearly separate the student and the skilled migration programs.

Growth in the overall number of temporary migrants to Australia has also meant that the *proportion* of temporary migrants transitioning to permanent residence has fallen (Figure 30).

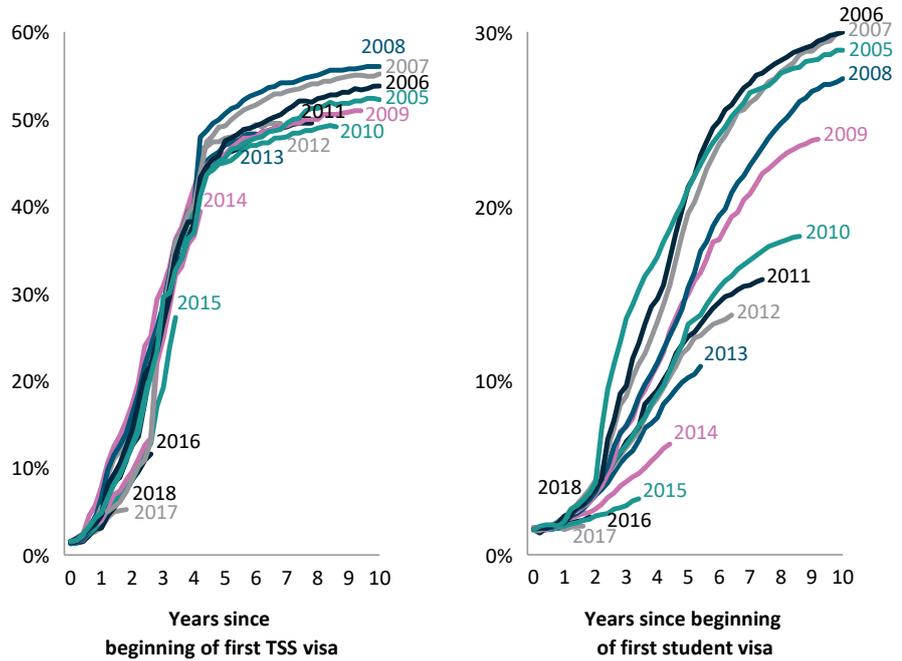
The 'stock' of temporary migrants (all visa categories) has increased almost two-fold over the past 15 years, while the (capped) permanent program has not grown commensurately (broader implications of this are discussed in Chapter 5). As a result, demand for permanent residence among temporary entrants far exceeds the (limited) supply.⁹⁶

⁹⁵ Spinks H (2016) '[Overseas students: immigration policy changes 1997-2015](#)', *Research Paper Series: 2015-16*, Parliament of Australia, accessed 7 February 2023.

⁹⁶ Coates B, Wiltshire T and Reysenbach T (2022) '[Australia's migration opportunity: how rethinking skilled migration can solve some of our biggest problems](#)', Grattan Institute, accessed 7 February 2023.

Fewer temporary migrants are transitioning to permanent residence

Figure 30: Share of temporary visa holders transitioning to permanency



Source: Grattan Institute (2022), Submission to the review of Australia's migration system

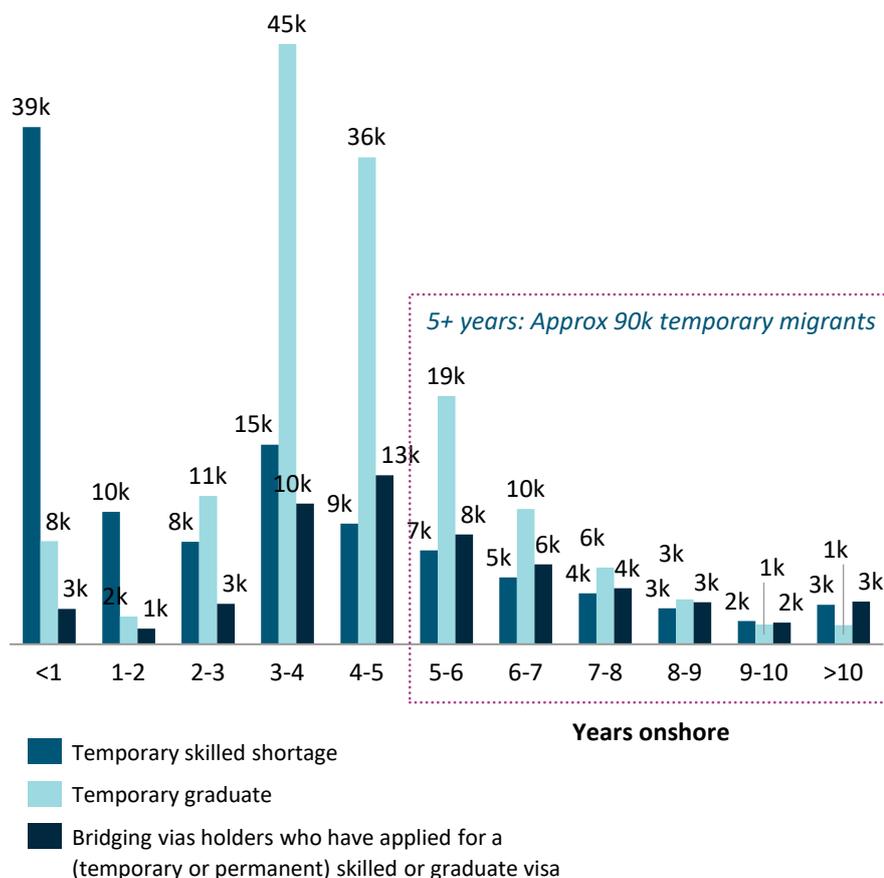
The rise in permanently temporary migration has caused harm

The Short-Term Skilled Occupation List provides no pathway for a skilled migrant to access permanent residency... Prospective skilled migrants are generally unwilling to relocate to Australia for only two years without the potential to become a permanent resident. Public Submission: Tourism Accommodation Australia, Australian Hotels Association and Accommodation Association of Australia

Australia's visa settings have unintentionally enabled a cohort of migrants to become permanently temporary. These people have been working in Australia for long enough to integrate into the community, but remain temporary.

There is a larger group of migrants who have been in Australia longer than 5 years than under 3 years

Figure 31: Labour migrants in Australia 31 Dec 2022 by number of years onshore⁹⁷



Source: Department of Home Affairs. Note: days spent offshore removed

It is clear that there is little support within the community for the growth of a ‘permanently temporary’ cohort in Australia, and in particular a sense that Australians don’t want a ‘guest worker’ society. Countries where workers stay for extended periods, with no pathway to permanent residence, little access to state support and limited family reunion rights, are not role models for Australia.

Submissions to the Review highlight what the ethics literature confirms. Over time (usually after 3 to 5 years) migrants lose their connection with their home countries and become embedded in the Australian community.⁹⁸ After this point, sending migrants home has the potential to cause harm both to the migrant and to Australia’s social cohesion.⁹⁹

Stakeholders are also concerned about the lack of certainty

Individual stakeholder submissions and migrant advocacy groups also discuss the frustration and mental cost of the uncertainty that surrounds whether a pathway to permanent residence will be available.

It is also critical that Australia rebalances its migration program towards permanent migration away from temporary migration, to ensure that we are building a workforce for the future rather than creating a self-perpetuating cycle of reliance on low-paid migrant workers.

Public Submission: United Workers Union

⁹⁷ Analysis of holders of visas: 485, 482, 020, 030, 050, examining first recorded visa arrival, removing dates spent offshore.

⁹⁸ Carens J (2013) *The Ethics of Migration*, Oxford University Press.

⁹⁹ *ibid.*

But is there a place for genuinely temporary skilled migration in Australia?

The Panel is agreed, as are the majority of stakeholders, that long-term ‘permanently temporary’ migration is neither in Australia’s nor a migrant’s best interest. However, there may still be a role for genuine, fair and truly temporary migration in our skilled migration program.

Temporary migration can play an important role in Australia’s economy

Temporary migration can be to the advantage to the migrant, host country and home country. This can be referred to as the ‘triple win’ if it provides opportunities for genuine skills development and exchange for the migrant, and allows them to contribute to their home economies through remittances while in Australia, and return home with new skills and investments.

Australia benefits from temporary migrants’ labour and their participation in our community.¹⁰⁰ Temporary migration can help with short term labour shortages; when we need highly specialised skills that may be in high demand in other countries; and when there are long term skills shortages that cannot be met by our domestic labour force.

Australia also has more capacity to direct where and in what industries temporary entrants work. This can help Australia ensure, for example, a migrant invited to help fill a short-term labour shortage is working in the industry or sector where the shortage exists and is therefore complementing the Australian workforce.

Temporary migrants can also provide an important source of permanent skilled migrants

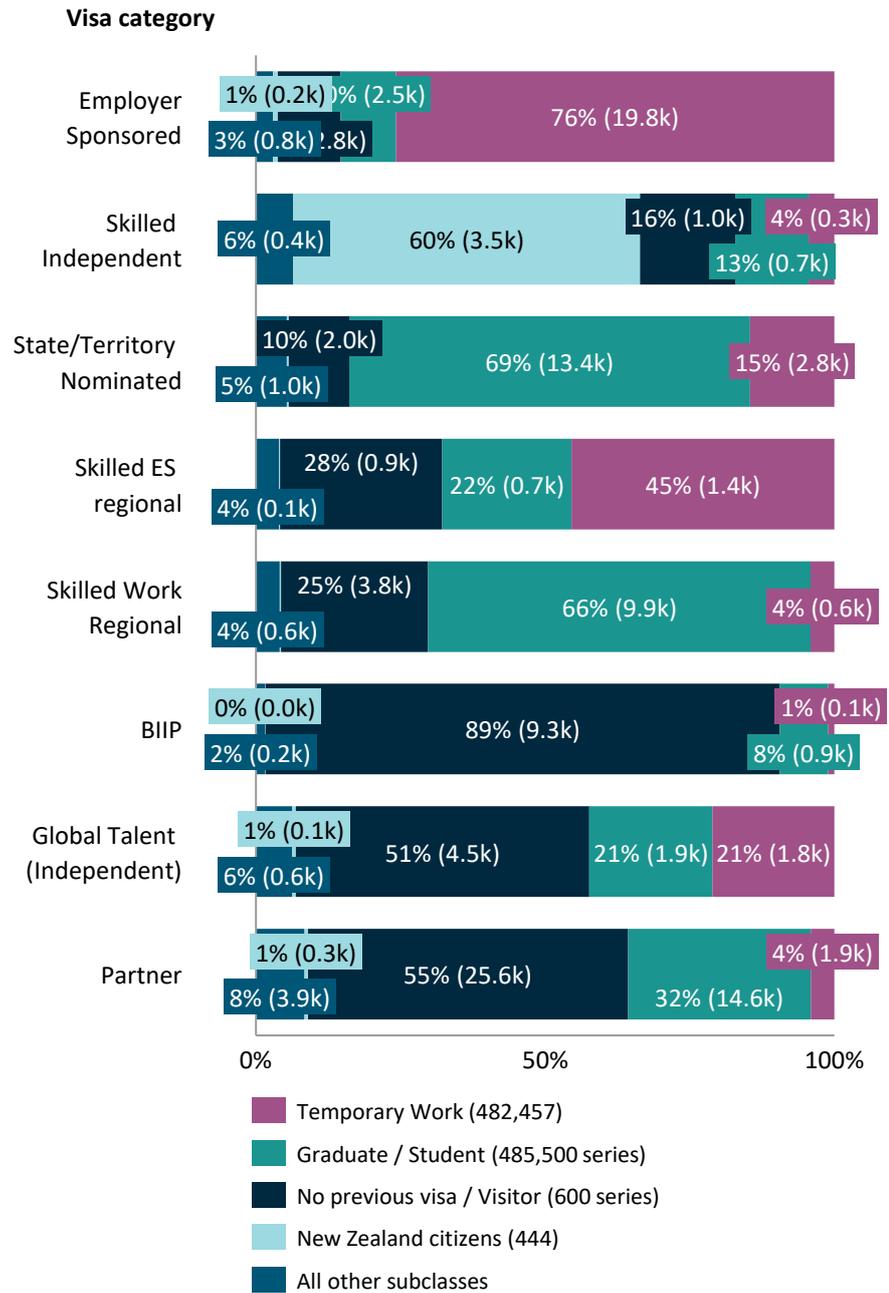
Temporary entrants can also help create a pipeline of potential applicants for the permanent program. Temporary migrants who have the option to migrate permanently can test out working and living in Australia before making a bigger commitment. At the same time, Australia has the opportunity to test a migrant’s fit – for example, Australia can evaluate a migrant’s capacity to contribute to our economy over the long term as a permanent labour migrant based on their employment success as a temporary skilled entrant. Where a temporary migrant has struggled to succeed in Australia’s labour force, it is probably in the best interests of Australia and the migrant for them not to remain as a permanent skilled migrant.

Indeed, despite fewer temporary migrants – as a proportion – transitioning to permanent residence, Australia’s permanent skilled migration program draws heavily on temporary migrants (Figure 32).

¹⁰⁰ Collier P, above n41.

Temporary migrants are a significant source of Australia’s permanent skilled migrants

Figure 32: Previous temporary visa proportion of permanent grants, 2021–22



Source: Department of Home Affairs

Resolving a way forward will be a balancing act

Providing clarity about Australia's approach to pathways to permanent residence within our skilled program will require consideration of different factors that are inherently in tension. In particular, it will require Australia to balance:

- keeping the growth in our migration to a reasonable level (the rationale for which is discussed in more detail in Chapter 5);
- maximising the benefits of our skilled migration program, both temporary and permanent (the rationale for which is discussed in more detail in Chapter 11); and
- ethical obligations to migrants, including maximising pathways to permanent residence for all migrants who have contributed to Australia for some time.

It became evident to the Panel, during the course of this review, that achieving these three things at the same time is challenging. For example, if the migration system maintains a fixed permanent intake, and aimed to maximise the economic benefits of a temporary skilled migration program, this could lead to a 'guest worker' society.

It is therefore clear that Australia needs a strategy to balance these factors.

Reform directions

The Panel is firmly of the view that the migration system needs to ensure Australia does not continue to allow cohorts of permanently temporary migrants to emerge. In relation to some specific temporary cohorts, we note:

- Chapter 12 considers students and graduates in more detail, applying the concepts outlined here.
- In terms of other temporary skilled migrants (e.g. TSS, or potentially a cohort of lower-paid migrants), the Panel is of the view that maximising pathways to permanent residence should be prioritised, so long as this is in Australia's economic interests and supports social cohesion. We note that infusing temporary skilled migration criteria with factors that drive long-term economic value to Australia could improve the 'pool' of temporary migrants' suitability for permanent skilled migration.

12. AUSTRALIA IS NOT FOCUSED ENOUGH ON CAPTURING HIGH POTENTIAL INTERNATIONAL STUDENTS

Australia has grown a prosperous education export industry. However, the Panel has three key concerns in connection with migration settings relevant to students and graduates:

- Government needs to consider the impact of migration settings on the quality of education in Australia;
- migration settings contribute to international graduates not reaching their potential in the labour market, which means Australia misses the opportunity to support and retain the best and brightest; and
- too many former students have been allowed to stay long term on a temporary basis, to the detriment of these migrants and Australia.

The Student visa has facilitated the growth of Australia's fourth largest export industry – international education. International students make an important contribution to our labour force while they are studying (see Chapter 6 where we mention the implicit labour force). They are also educated in Australian institutions and should be well-placed to make a contribution to our society and economy, providing a stream of strong candidates for permanent residence.

But our current settings do not allow all students and graduates to demonstrate or reach their labour market potential, and Australia is not selecting those most likely to make a good transition to permanency early enough. Together, these factors undermine the attractiveness of graduates in the eyes of employers and leave them facing ongoing uncertainty, contributing to a significant under-utilisation of their skills and attributes.

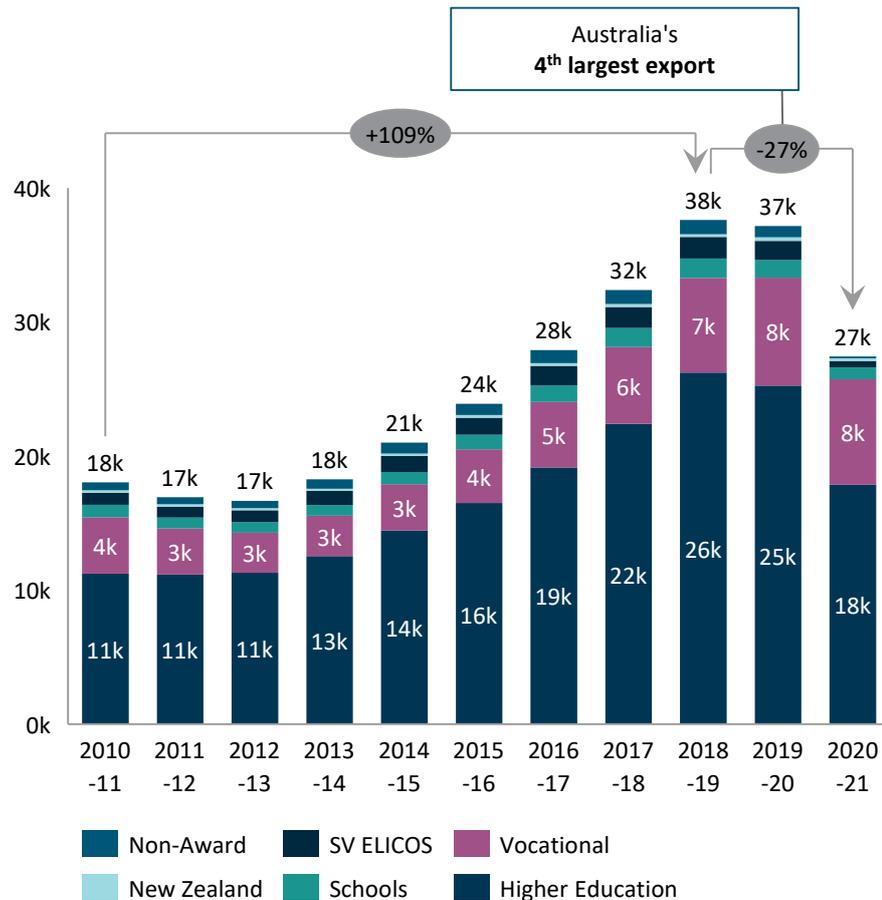
The student visa does a good job of supporting our education sector

International students' fees provide a source of income for schools, English language, vocational and higher education providers. International education is Australia's fourth largest export, growing at 10 per cent per year¹⁰¹ between 2010 and 2019 – more than double that of the broader economy (Figure 33).

¹⁰¹ Compound annual growth rate (CAGR).

International education is Australia's fourth largest export

Figure 33: International education export value (thousand dollars)



Source: ABS (2022), International Trade: Supplementary Information. Note: using 2019–2020 as source year due to impacts of Covid-19. Education goods and services includes costs of food, accommodation, transport, entertainment.

International students are a particularly significant source of income for the higher and vocational education sectors. They:

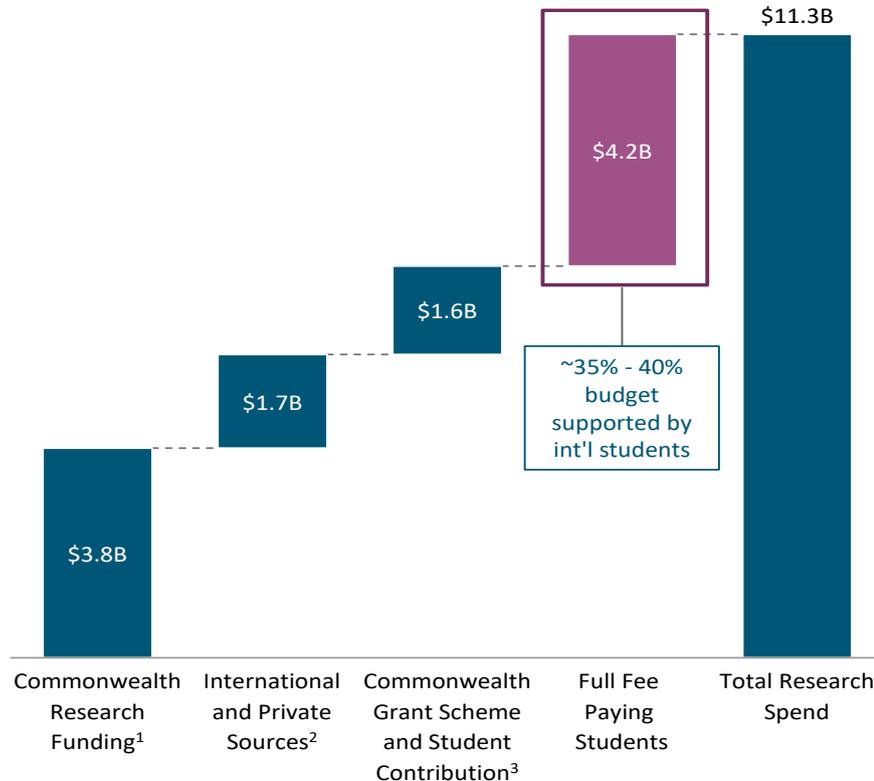
- make up 5 per cent of vocational education and training (VET) students and 27 per cent of university students; and
- contribute approximately \$8 billion to the VET sector and \$26 billion to the university sector per annum.¹⁰²

Notably, the profits generated from international student tuition fees are the largest component of universities' research funding (Figure 34).

¹⁰² This includes the direct exports (mainly tuition fees) and indirect exports (the goods and services consumed by international students such as food, accommodation, transport and entertainment). The education sector income is mostly captured by the direct export component, around 45 per cent of the export value for the university sector and 28 per cent of the export value for the VET sector.

International student tuition fees make up around 35-40 per cent of universities' research spending

Figure 34: Indicative annual university research spending based on triangulation of estimates from 2016–2018



Source: Grattan Institute Report (2018), Mapping Australian higher education 2018; BCG Research Note:

1. Based on ABS Research and Experimental Development, Higher Education Organisations (2018);
2. Includes industry contracts and donations, based on Department of Education and Training (2017);
3. Based on Deloitte Access Economics (2017).

The student and graduate visas also bring other economic and international relations benefits

The Panel also notes the value Australia's international Student and Temporary Graduate visas bring in:

- cultural capital and 'soft-power' for Australia¹⁰³ – Australia gains great international relations value from international students having an unambiguously positive experience while in the country;
- trade relations¹⁰⁴ – the professional networks built by international students and graduates in Australia translate into international trade benefits; and
- contributing significant labour in certain sectors of the economy (see Chapter 12 on the economic contribution of students/graduates).

¹⁰³ Australian Government (2017) '[Chapter 8: Partnerships and soft power](#)', in *2017 Foreign policy white paper*, accessed 7 February 2023; Conley Tyler M and Van Leuven B (10 March 2020) [The soft power of education, Pursuit](#), accessed 7 February 2023.

¹⁰⁴ Council for International Education (2017) [2017 Report to the PM: sustaining growth and excellence in Australian international education](#), Department of Education, Skills and Employment, Australian Government, accessed 7 February 2023.

Box 19: Overview of the Temporary Graduate visa

Temporary Graduate visas (hereafter called the graduate visa) are available to bachelor's degree graduates (2 years), Masters graduates (3 years), Doctoral graduates (4 years) and VET sector graduates (24 months as part of COVID-19 concessions). Hong Kong and British National Overseas (BNO) passport holders can access a graduate visa for five years, while regional graduates are eligible to apply for a further 1-2 year extension of their initial graduate visa. A two-year extension of post-study work rights is also available for international graduates with select degrees that are in areas of verified skill shortage.

Australia should be focused on providing all students – domestic and international – the highest quality education

The education sector and its regulators are responsible for ensuring our education is of the highest quality. However, the Panel notes the migration system creates incentives for non-genuine students and unscrupulous profit-seeking education providers:

- The student visa can be used by international students who seek a credential, rather than an education, or can be used solely to gain access to the Australian labour market.¹⁰⁵
- Some institutions have a profit motive to enrol greater volumes of international students at the expense of quality applicants or learning outcomes. At its worst this includes institutions who use the system to sell student visas as a way of accessing Australia's labour market.¹⁰⁶

Incentives for non-genuine students and profit-seeking education providers are highest when:

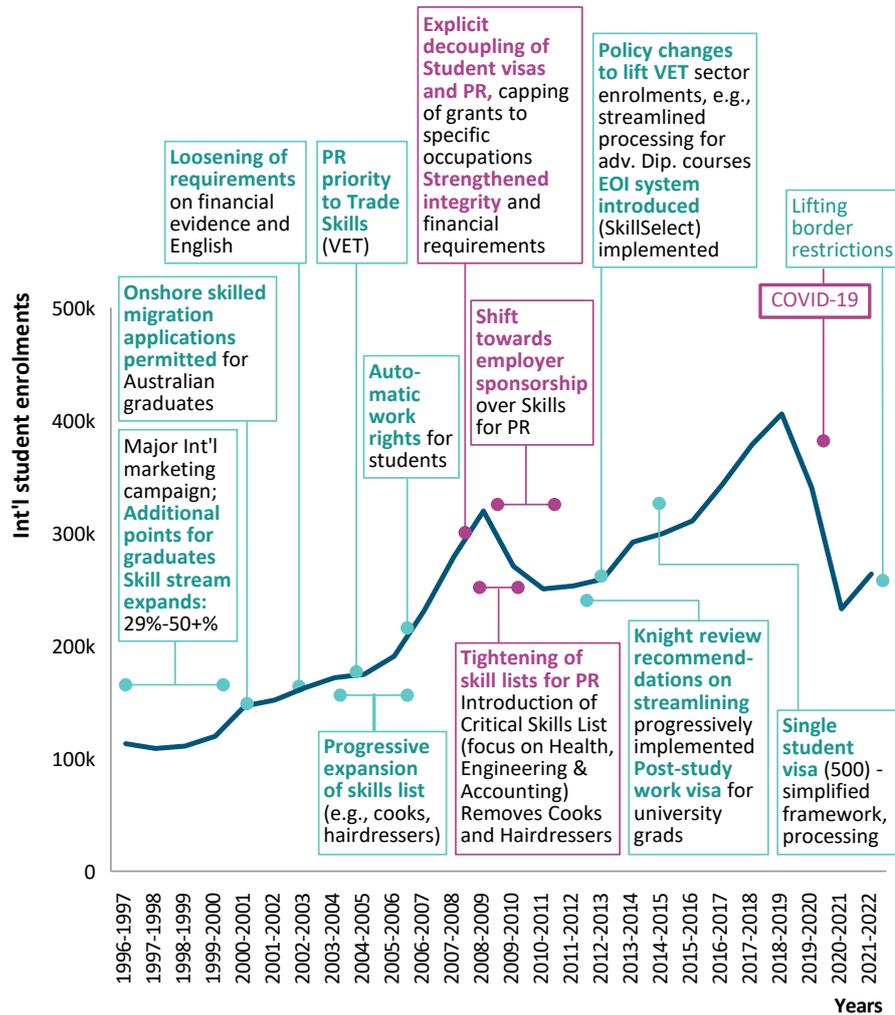
- the financial costs of entry (to a course, or to the international education market) are low;
- regulatory oversight is low; and
- the benefits are high. For example, access to permanent residence or greater work rights including post-study for students and high profit-margins for providers.

¹⁰⁵ ASQA (Australian Skills Quality Authority) (2019) [Protecting the quality of international VET and English language education](#), ASQA, Australian Government, accessed 8 February 2023.

¹⁰⁶ *ibid.*

Policy changes to broaden or tighten students' access to permanent residence have greatly influenced international student enrolments in the past few decades

Figure 35: Number of student visas granted, 1996-97 to 2021-22



Source: Department of Home Affairs

Significant reforms were introduced in 2012 to reduce incentives that were undermining education quality, particularly in the university sector. These reforms followed the *Strategic Review of the Student Visa Program 2011* (the Knight Review). Their impact on student enrolments is readily evident (Figure 35). Today, the Panel is most concerned about the private VET market, where course costs are relatively low (e.g. \$4,000-10,000 for a Certificate III, compared with \$20,000-45,000 for a bachelor's degree)¹⁰⁷ and where many small providers have entered the market (Australia has 533 VET providers, of which 271 or 51 per cent have fewer than 100 students).

Migration system settings have a material effect on the international education market. Given this, it is important migration settings provide the right environment for high quality education offering to flourish. These efforts need to be driven by education departments, providers and regulators.

¹⁰⁷ PRISMS data as at November 2022; National Skills Commission 2021; Study Australia.

Box 20: The Knight Review recommended the Genuine Temporary Entrant requirement, which is now a source of frustration for education providers

Replace the genuine temporary entrant visa requirement with a genuine Student visa requirement ...
Public Submission: Universities Australia

The policy intent of the Genuine Temporary Entrant (GTE) requirement is to ensure students come to Australia primarily to study, and therefore have appropriate ties to their country of origin and reason to return.

In an environment where Australia provides graduate work rights, and some students can stay permanently, the GTE requirement has been criticised by some in industry, the education sector and state and territory governments. Submissions to the Review also suggested the GTE is subjective and arbitrary in its application.

Several submissions suggested the GTE criterion could be replaced by a new Genuine Student (GS) criterion, which would require the applicant's main migration purpose to be study in Australia. That is, a student visa should not be used simply to gain access to the Australian labour market or to establish residence for other purposes. But nor should an intention to work part-time to support genuine study be a reason to prevent a genuine student from accessing Australian education opportunities.

It would be a missed opportunity if Australia didn't attempt to keep international students with high potential

With their Australian university qualification, and having already participated in Australian society, international graduates are ideal candidates for skilled migration.
Public Submission: Universities Australia

For the Panel, the most pressing issue with the Student Program is that migration settings are not calibrated to identify and support students well suited to transition to our permanent skilled program.

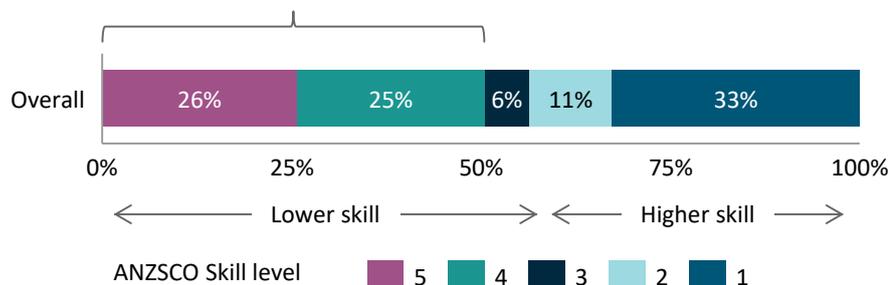
International students should be good candidates to move from study into Australia's permanent skilled visa stream. However, international graduates do not perform as well as might be expected in our labour market (Figure 36).¹⁰⁸ Former students are among the largest cohort of 'permanently temporary' migrants. Generous temporary work rights, unclear pathways to permanent residence, and variable support to succeed in our labour market lead to uncertainty, distress and confusion.

¹⁰⁸ QILT (Quality Indicators for Learning and Teaching) (2021) [2021 International Graduate Outcomes Survey](#), QILT, accessed 7 February 2023.

Many international graduates work below their skill level

Figure 36: Occupational skill level of primary Temporary Graduate visa holders with at least a bachelor's degree

>50% of Temporary Graduate visa holders end up in jobs at lowest 2 skill levels despite being qualified for top level (vs 20-30% for domestic students)



Source: ABS (2016) Australian Census and Temporary Entrants Integrated Dataset (ACTEID) 2016; QILT (2022) Graduate Outcomes Survey - Longitudinal 2022. Note: Proportion of undergraduate domestic students working in managerial or professional roles 3 years after graduation, noting the typical Temporary Graduate visa duration for bachelor's is 2 years.

Most of the overseas student graduates are in fields with no relevance to Australia's urgent skill needs. Nearly half are in Management and Commerce (Table 1), despite there being no domestic shortage of such graduates. By 2020, 63 per cent of all graduates (both domestic and overseas) in this field were overseas students.

Public Submission: The Australian Population Research Institute

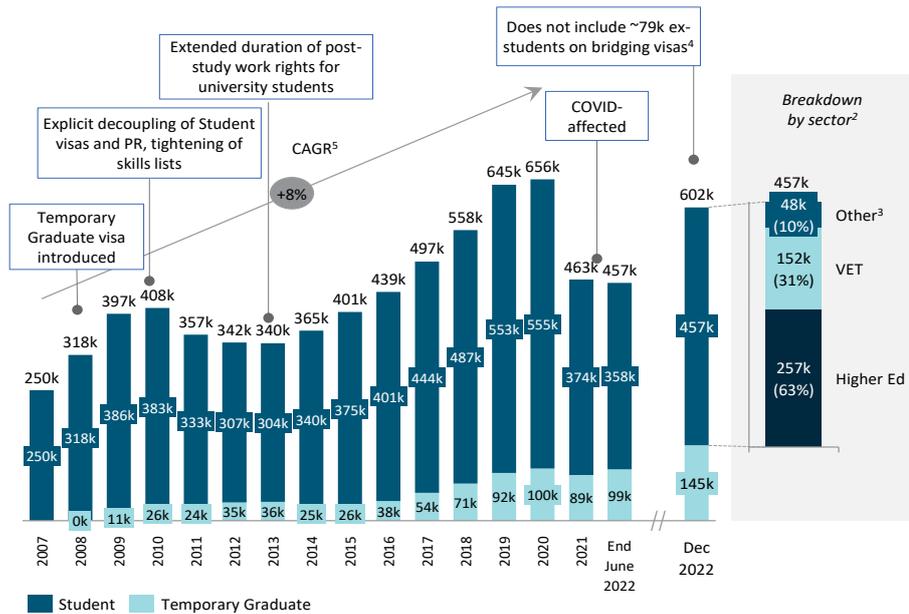
Not all international students can become permanent labour migrants

The size and composition of the student cohort today is determined chiefly by the education products offered by providers and student demand for those products (Figure 37). It is not driven by our need for skilled migrants. As a result, Australia has many more students than could be accommodated in our permanent skilled migration program. It would benefit Australia to identify and support those international students with the greatest potential to contribute to Australia as labour migrants.

We have more international students than we have permanent residence places

Figure 37: Student and graduate visa holders in Australia

[C]onsideration should be given to further increasing the post study work rights of international students on the Graduate Work stream of the 485 visa ... A four-year work visa would greatly benefit industries such as automotive, tourism and hospitality, where the majority of qualifications are below degree-level and which are currently experiencing significant workforce shortages.
Public Submission: Australian Chamber of Commerce and Industry



Source: Department of Home Affairs¹⁰⁹

The question is how to select those best suited to permanent labour migration

International evidence shows that, long term, former international students can perform better in the labour market than labour migrants who obtained qualifications in other countries prior to migrating.¹¹⁰

The Panel is of the view Australia should be selecting international students for the permanent skilled program based on their demonstrated potential to succeed in our labour market. The question then becomes: how can Australia ensure international students have the best opportunity to demonstrate their potential?

This is not a question that can be answered by the migration system alone. It requires consideration of how Australia can best support international students (alongside domestic students) to translate their Australian-earned qualifications into a skilled job within our labour market.

¹⁰⁹ Note: 30 June has been selected as a snapshot date instead of the end of the year as many international students return home during summer holidays. Education sectors are defined by their course level in the Australian Qualifications Framework (AQF), with the exception of ELICOS (English Language Intensive Course of Study) and Non-Award (individual courses not contributing to a degree, diploma, or certificate). Other includes ELICOS (7.7 per cent), Schools (1.6 per cent), Non-Award (0.7 per cent), and Foreign Affairs or Defence (0.4 per cent). Bridging visa-holders whose previous visa held was a Student or Temporary Graduate visa 5. Compound annual growth rate.

¹¹⁰ Crossman E and Hou F, above n52.

[Work Integrated Learning (WIL)] that is effectively promoted and with strong industry and education sector engagement has the potential to lay the groundwork for closer interactions with education institutions, employers and industry. Ensuring that international students are supported to take part in WIL exposes them to a broader Australian working environment and exposes Australian employers to a highly skilled pool of potential future employees. Public Submission: Australian Government Department of Education

The transition from study to work is a significant milestone for all graduates, domestic¹¹¹ and international.¹¹² It is difficult to predict who will do well in the labour market, partly because changes in economic conditions affect demand for graduate labour.

There is evidence that certain interventions help students transition well into work. However, the Panel is concerned that migration settings frustrate international students' ability to take advantage of these opportunities and demonstrate their potential.¹¹³

Box 21: Supporting students' transition is about more than migration

The discussion below highlights ways in which the migration system facilitates or inhibits international students and graduates' success in our labour market. Non-migration factors play a significant role, and action in these areas may be needed to lift the performance of international students.

For example, in sectors where there are strong entry-level programs (e.g. graduate programs), work-integrated learning (WIL), unpaid internships and work experience, all graduates (domestic and international) see better outcomes. The fact that some sectors with long-term labour shortages do not have entry-level programs to grow their pipeline of workers cannot be addressed by supplying more international graduates.

International students face many of the same barriers other migrants encounter in the labour market. As discussed in more detail in Chapter 15, this includes issues like structural racism. Overcoming this will require cultural change.

Work experience and networks are essential, but the Working Hours Cap inhibits opportunity

Opportunities to gain relevant work experience and build networks are important for labour market success for graduates, both international¹¹⁴ and domestic¹¹⁵. WIL, unpaid internships and work experience all provide students with these opportunities.¹¹⁶

¹¹¹ Productivity Commission (2017) '[Chapter 3 Future skills and work](#)', *Shifting The Dial - 5 Year Productivity Review*, Inquiry Report No. 88, Productivity Commission, Australian Government, accessed 7 February 2023; Productivity Commission (2020) '[Climbing the jobs ladder slower: Young people in a weak labour market](#)', Productivity Commission, Australian Government, accessed 7 February 2023.

¹¹² Tang A, Perales F, Rowe F and Baxter J (2022) '[From bad to worse: examining the deteriorating labour market outcomes of international graduates in Australia](#)', *Journal of Population Research*, 39:441-473, accessed 7 February 2023.

¹¹³ Tran LT, Phan HLT, Tan G and Rahimi M (2020) '[I changed my strategy and looked for jobs on Gumtree: the ecological circumstances and international graduates' agency and strategies to navigate the Australian Labour market](#)' *Compare: A Journal of Comparative and International Education*, 52(5):822-840, accessed 7 February 2023.

¹¹⁴ Tang A, Perales F, Rowe F and Baxter J, above n112.

¹¹⁵ Jackson D and Collings D (2018) '[The influence of Work-Integrated Learning and paid work during studies on graduate employment and underemployment](#)', *Higher Education*, 76:403-325, accessed 7 February 2023.

¹¹⁶ See, for example: Sachs J, Rowe A and Wilson M (2017) '[2017 Good practice report – work integrated learning \(WIL\)](#)', Department of Education and Training, accessed 7 February 2023; Bridge J and Twaddle J (n.d.) '[Scaling up work integrated learning in higher education](#)', PwC, accessed 7 February 2023.

While the evidence base is still emerging regarding the value of WIL, available evidence suggests WIL contributes to stronger employment outcomes. Note: International students

...[F]ortnightly work hours limit should only include paid work, so that unpaid WIL experiences are exempt, irrespective of whether they are CRICOS-registered experiences or not.
Public Submission: Universities Australia

International students are exposed to the threat of their visa being cancelled, because, in part, they have limits on the hours they are allowed to work. Some employers take advantage of this, by locking those students into working for below minimum pay or working additional hours without pay.
Public Submission: Sydney University Postgraduate Representative Association

However, student visa holders are only allowed to work a certain number of hours in any given fortnight.¹¹⁷ At the moment, unless they are an approved element of the student's course, unpaid work (including WIL, internships and work experience) are all counted towards the cap on working hours. International students are forced to choose between undertaking paid work or taking advantage of opportunities that could enable better success in their field of study or training and a more seamless transition into the labour market post-study (Figure 38).

Box 22: The working hours cap also drives exploitation

Migrant worker exploitation is discussed in more detail in Chapter 9 including discussion of the exploitation of students in the Australian labour market.

The Panel thinks it is worthwhile making some additional comments here on the student visa working hours cap and its role in driving exploitation.

In 2019, the Migrant Workers' Taskforce, chaired by Professor Allan Fels AO and Dr David Cousins AM, identified the working hours cap as a key driver of exploitation of Student visa holders.

The cap provides a potential threat that unscrupulous employers can hold over migrants to ensure their compliance with unfair wages or conditions – they can threaten to report the student for working hours over the cap.

It is a complex problem. There are some good reasons for motivating limits on student work hours, including to ensure the principal reason these migrants are in Australia is the attainment of educational qualification. There are risks that without proper checks and balances the Student visa could become a de facto demand-driven labour visa that negatively affects (primarily lower skill) sectors of the labour market.

The Panel has not had the opportunity to consider this issue in the level of depth required given the wide scope of our Review. We are of the view that Government should specifically review the working hours cap, given it does clearly create an avenue for exploitation. In the meantime, we were convinced by the arguments put forward by the 2019 Taskforce that, at the very least, this is an issue requiring significant monitoring, compliance and regulation, including by the migration system.

also benefit more from their work experience if it is in a role that requires English skills: International Education Advisory Council (2013) [Australia – Educating Globally. Advice from the International Education Advisory Council](#), International Education Advisory Council, Australian Government, accessed 7 February 2023.

¹¹⁷ Public Submissions: Universities Australia; Macquarie University; Australian Government Department of Education (DESE); International Education Association Inc. (ISANA); International Education Association of Australia (IEAA).

Time has proven that having the right level of English proficiency is critical to meeting academic requirements, achieving a fulfilling study experience, and effectively building skills necessary to achieve successful career outcomes in Australia ... Having the right level of English proficiency is critical to achieve successful career outcomes long-term, particularly in jobs that require a high level of language capacity like teaching, nursing, allied health, medicine and law.
Public Submission: IDP Education

Student English language requirements may not set students up to succeed

English proficiency has a clear and direct relationship with good education and labour market outcomes in Australia.¹¹⁸ However, student visas require a lower English language proficiency than do labour migration visas.¹¹⁹ There's an underlying expectation that at the end of a degree in Australia a student's English will be enhanced. However, many students are starting from a low base – International English Language Testing System (IELTS) 5.5 is relatively low (somewhere between 'modest' and 'competent').

There is an open question as to whether the English proficiency requirement of student and graduate visas should be raised. IELTS itself views 5.5 as a sufficient bar for the least linguistically demanding courses, rising to 7.5 for linguistically demanding courses. Some universities already impose a higher standard on students – de facto recognition that levels required by the migration system may be too low for students to complete their studies in English.¹²⁰

It would be worth examining whether raising the level of English proficiency required under these visas would help ensure that graduates have better chances of success in our labour market. Such a move might also help safeguard educational quality.

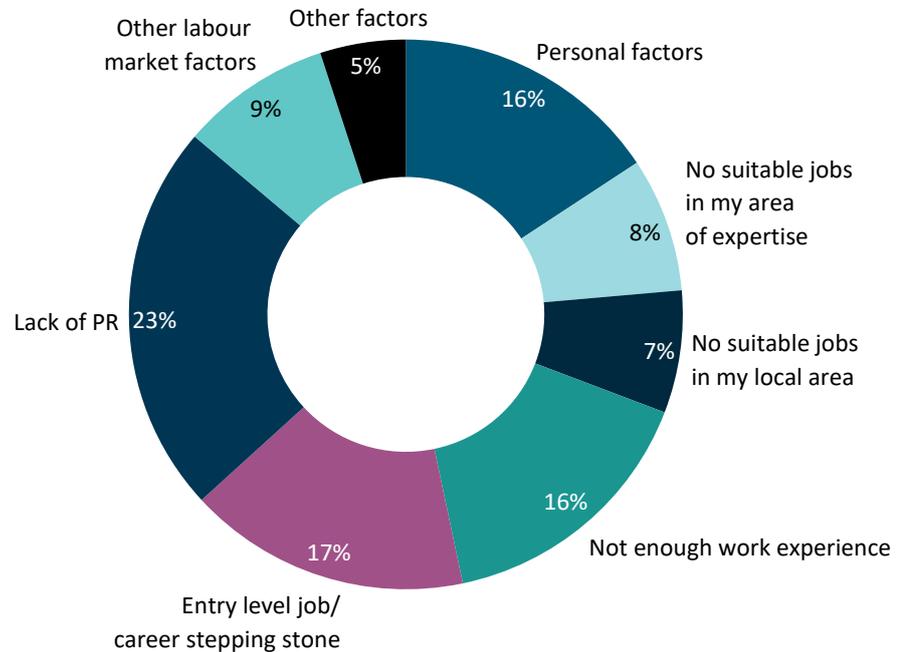
¹¹⁸ Tang A, Perales F, Rowe F and Baxter J, above 112.

¹¹⁹ Prospective students must reach Vocational English (IELTS 5.5) to be eligible for a Student visa. If a student obtains a lower IELTS score, they may still be able to gain entry if also undertaking English Language Intensive Courses for Overseas Students (ELICOS). The standard required for a labour migration visa is Competent (IELTS 6).

¹²⁰ IELTS (n.d.) [Setting IELTS Entry Scores](#), IELTS, accessed 7 February 2023. Under the simplified student visa framework (SSVF), a student's financial and English evidentiary requirements are guided by a combination of the immigration risk outcomes of their education provider and country of citizenship. This approach is designed to provide an incentive for all education providers to recruit genuine international students. While the single immigration risk framework is generally considered to be simpler than its predecessor, feedback suggests it is sometimes misunderstood. Some mistake its purpose as denoting the quality of education and misuse it as a marketing tool.

More than half of international graduates cite limitations in temporary visas or vocation-aligned work as the main reason for not working in a job that fully utilises their skills and education.

Figure 38: Self-reported main reason international graduates work in a job that does not fully utilise skills and education



Source: QILT, Graduate Outcomes Survey 2021. Note: 1. Other factors Include changing jobs/careers (2 per cent), working in own/family business (1 per cent) and others (~2 per cent).

Graduate work rights – provided under our graduate visa – help Australia identify who transitions well.

Graduate work rights allow Australia to identify whether a student is likely to perform well in our labour market over the longer term. There is good evidence that a graduate’s initial labour market performance (international or domestic) can be an enduring indicator of their long-term success:

- Productivity Commission analysis of graduate outcomes found that 75 per cent of young people remained within the same occupational score quartile for each of their four years after graduation. This means relatively few graduates move up the ‘occupational ladder’ over their first four years.¹²¹
- Graduates who experience an initial negative outcome (a period of unemployment, underemployment, low-wage work or a job using not all of their skills) (Figure 39) are likely to have longer-term ‘scarring’ effects on their labour market outcomes.¹²²

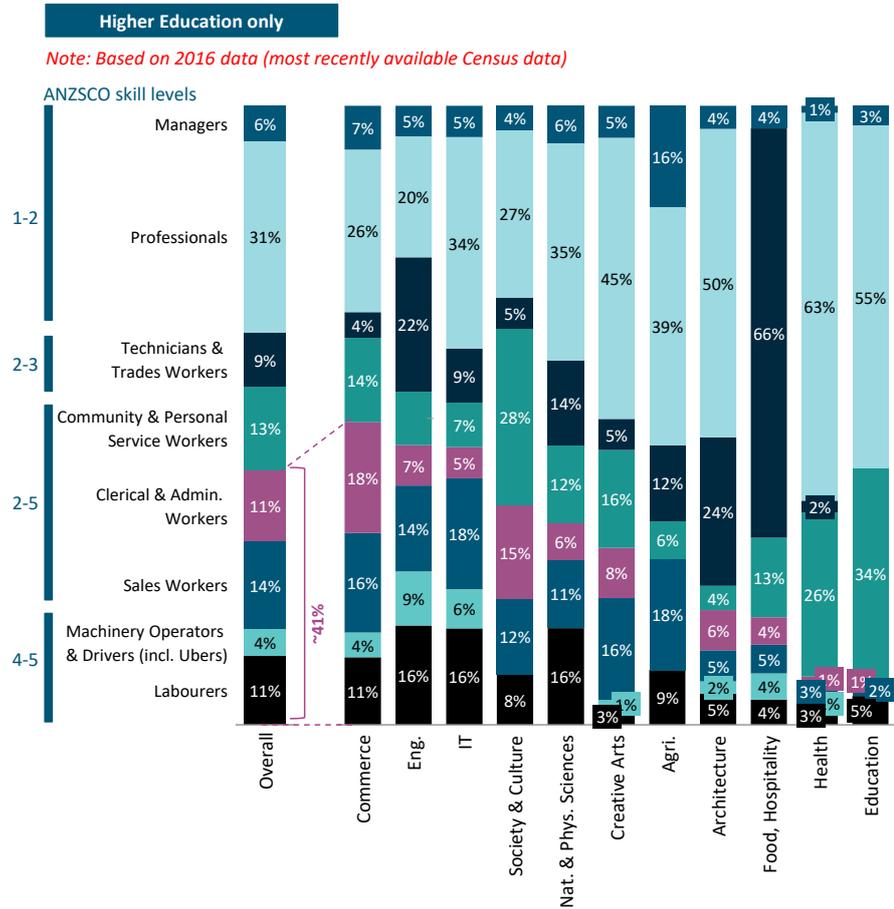
¹²¹ Productivity Commission, above n111. In the study, the occupational score broadly represented an ‘occupational ladder’, with the score being a function of the average education required for an occupation and the average earnings of that occupation.

¹²² Borland J (2020) ‘Scarring effects: A review of Australian and international literature’, *Australian Journal of Labour Economics*, 23(2):173-187. Note: there is some evidence that scarring effects ‘fade’, with negligible effects 10 years on: Andrews D, Deutscher J, Hambur J and Hansell D (2020) *The Career Effects of Labour Market Conditions at Entry*, Treasury, Australian Government, accessed 7 February 2023.

- International graduates have, on average, lower wages than their domestic peers both initially and after three years (Figure 40). As the gap does not close, early graduate outcomes seem to be a strong indicator of international students' ability to integrate into Australia's labour market.

More than 40 per cent of international graduates work in lower skilled roles post study, including many with qualifications in areas of shortage (e.g. ICT and engineering)

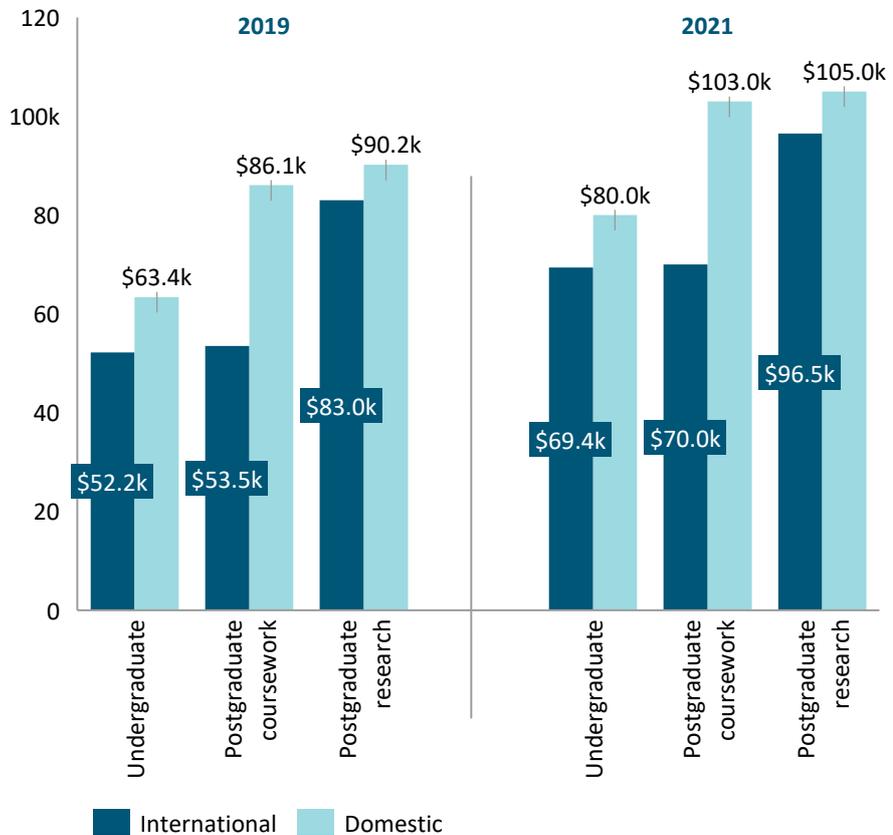
Figure 39: Graduate occupation skill level outcomes by field of study



Source: Australian Census and Temporary Entrants Integrated Dataset (ACTEID) (2016)

Domestic graduates' median income is higher than their international student counterparts, this gap largely remains after these graduates have spent three years in the Australian labour force

Figure 40: Median salary of graduates in full time employment



Source: Graduate Outcomes Survey - Longitudinal (October 2022), Quality Indicators for Learning and Teaching (QILT)

Graduate visa processing arrangements put international students at a disadvantage

While there is good evidence that a graduate's first step into the labour market is particularly important, and could be a good indicator for permanent labour migration selection, the migration system inhibits international students' chances of early success.

Employers are not confident that an international student will have access to a graduate visa with work rights. This is because student visa holders are unable to apply for a graduate visa until after they have graduated. The processing time of a graduate visa is typically 5 months but can be up to thirteen months.

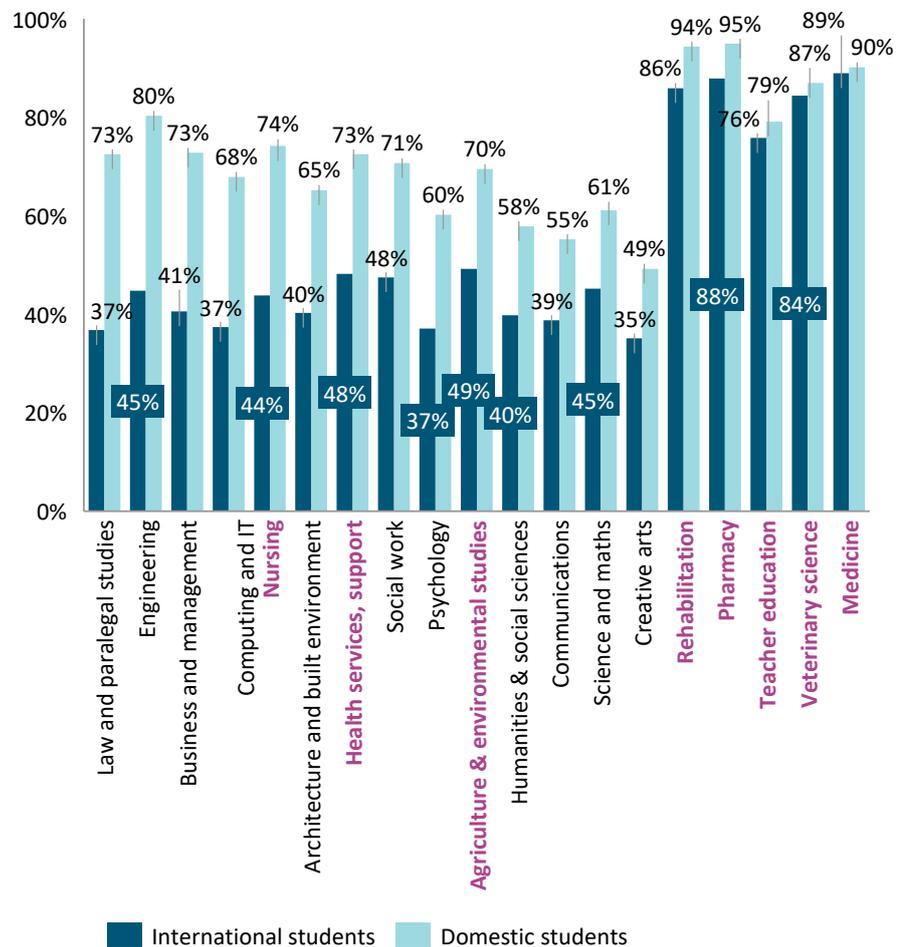
Prospective employers often make graduate offers to students before they have completed their studies. This means international students are at a distinct disadvantage at this important point of transition. Employers who are not confident a student will have the right to remain and work in Australia take a significant risk in making an employment offer to an international graduate.

Australian employers are reluctant to hire post-graduate visa holders, usually from a lack of understanding of work rights and the possibility that the applicant cannot stay further.
 Public Submission: International Student Education Agent Association

Graduate transition to full time employment is strongly associated with vocationally aligned fields of study and work-integrated learning.

Figure 41: Graduate transition to full time employment by study area

Automatically grant post-graduate visas to students who meet course and character requirements.
Public Submission: Universities Australia



Study area: **bold** indicates disciplines with >50% participation in WIL²

Source: QILT, Graduate Outcomes Survey 2021

For some, the length of the graduate visa is not long enough to obtain the accreditation necessary to transition to permanent residence

Many international VET students graduate with a qualification in an area of identified labour market shortage, that is, a qualification relevant to an occupation on the current Medium and Long-term Strategic Skills List. However, some of these graduates do not have access to a visa with long enough work rights to obtain the experience necessary to be eligible for a skills assessment, which is required for a skilled migration visa in their nominated occupation.¹²³ This is the case for international students who complete study to be an electrician or a plumber, for example.

Significantly, this means Australia is missing the opportunity to harness the skills of international students in areas of labour market shortage.

¹²³ Skills assessment and recognition is discussed in further detail in Chapter 16.

There is value in selecting those most likely to benefit our labour force as early as possible

Selecting those students and graduates with the best chance of making a good transition to our labour market early will be key to the migration system's success over coming decades. This is something Australia has not done well over recent years, as evidenced by the significant number of former students who are 'long-term temporary' migrants in Australia today (Figure 31, in Chapter 11).

There are good reasons to select students and graduates for permanent residence early

Earlier in this report the Panel outlined the need to:

- as a matter of ethics, limit migrants' temporary stay by either facilitating a permanent pathway or requiring temporary migrants to leave Australia; (Chapter 11)¹²⁴
- ensure migration-driven population growth does not place too much strain on our community; (Chapter 5) and
- ensure our skilled program maximises economic benefits to Australia (Chapter 6).

These three imperatives suggest there is value in selecting students and graduates for permanent residence as early as possible and, conversely, requiring those students without any possible pathway to return home or migrate elsewhere.

The above evidence underscores the benefits of early decision making:

- **Certainty of stay leads to better outcomes.** Providing early certainty to high-performing students and graduates can give employers the confidence to invest in these migrants long term and ensure Australia does not lose those students and graduates who may have opportunity elsewhere.
- **International student numbers are large and growing,** meaning this cohort of temporary migrants contribute significantly to costs associated with population growth and the proportion of temporary migrants in Australia, as compared with permanent residents and citizens (Box 23, see also Chapter 5).
- **Many graduates do not do well in our labour market,** suggesting the best thing for Australia and these migrants¹²⁵ may be for them to return home (Figure 40).

Each year Australia graduates hundreds of international students in health-related programs. Increasing the opportunities for these graduates to complete graduate placements/internships and early career development in Australia at a time when the demand for health graduates exceeds supply could deliver benefits for both Australia and countries of origin.
Public Submission: Australian Private Hospitals Association

¹²⁴ Chapter 11 (pathways) discussed ethics literature, which suggests that after approximately five years, migrants lose connection with their home and become enmeshed in the host community. The Panel came to the conclusion that it is possible to allow students a *slightly* longer stay, in limited circumstances. Those limited circumstances are: when a course of study and opportunity to 'try out' the local labour market require a migrant to remain more than five years. In these circumstances, it will still be critical to: (1) maximise certainty and (2) minimise length of stay.

¹²⁵ By allowing graduates to stay in Australia for long periods of time (before requiring them to leave), Australia reduces a graduate's chance of building a career pathway at home or somewhere else. This is particularly significant given we know that poor transition to the labour market for graduates can have a 'scarring' effect.

Box 23: The benefits and costs of international students and graduates are felt unevenly

While international students and graduates bring many benefits to Australia, those benefits are distributed differently to the costs associated with these migrants.

Through their **contribution to population** growth, international students place pressure on housing and local infrastructure. These population costs are borne by communities that might not benefit from the value international education exports bring to the economy, which are often concentrated with education providers.

International students increase the **competition for work** for their domestic peers. While studying, both cohorts seek low-skill part-time jobs in retail, accommodation and food services industries. Post-graduation, both cohorts compete for entry-level positions in various professional occupations. While international students create more jobs than they take, many of the new jobs created are not in areas that international students typically work (low-skill part-time jobs).¹²⁶ This may result in worsening employment outcomes for domestic students while studying and after graduation.¹²⁷

Early selection requires a smarter approach to graduate visa length

One way to drive earlier selection of students and graduates may be to limit the length of graduate work rights to the time required to identify migrants who have the potential to succeed. Such an approach would ensure the pool of international graduates, at the very least, does *not* include those who have been here for some time but have not been able to sufficiently demonstrate they should remain here permanently.

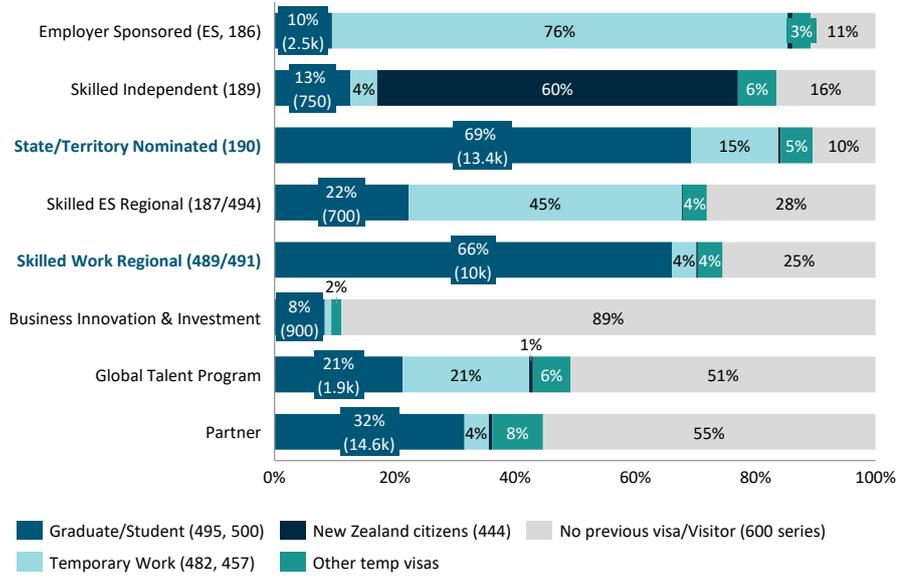
In some cases, this might require aligning length of stay with time taken to obtain a relevant occupational licence, or otherwise working with licensing authorities to ensure graduates in fields of shortage are not precluded from a permanent residence pathway because they cannot stay long enough to obtain a licence.

¹²⁶ Crase A (n.d.) [Fact check: Do international students take jobs away from locals?](#) *International Education Association Australia*, accessed 7 February 2023; Department of Education and Training (2019) [Jobs supported by international students studying in Australia](#), Department of Education and Training, Australian Government, accessed 7 February 2023.

¹²⁷ Borland J and Coelli M (2021) [Is it 'dog days' for the young in the Australian labour market?](#) Melbourne Institute Applied Economics & Social Research, Working Paper No. 5/21, accessed 7 February 2023.

How do students currently transition to permanent residency?

Figure 42: Proportion of permanent visas granted where a temporary visa was previously held (2021–22)



Source: Department of Home Affairs

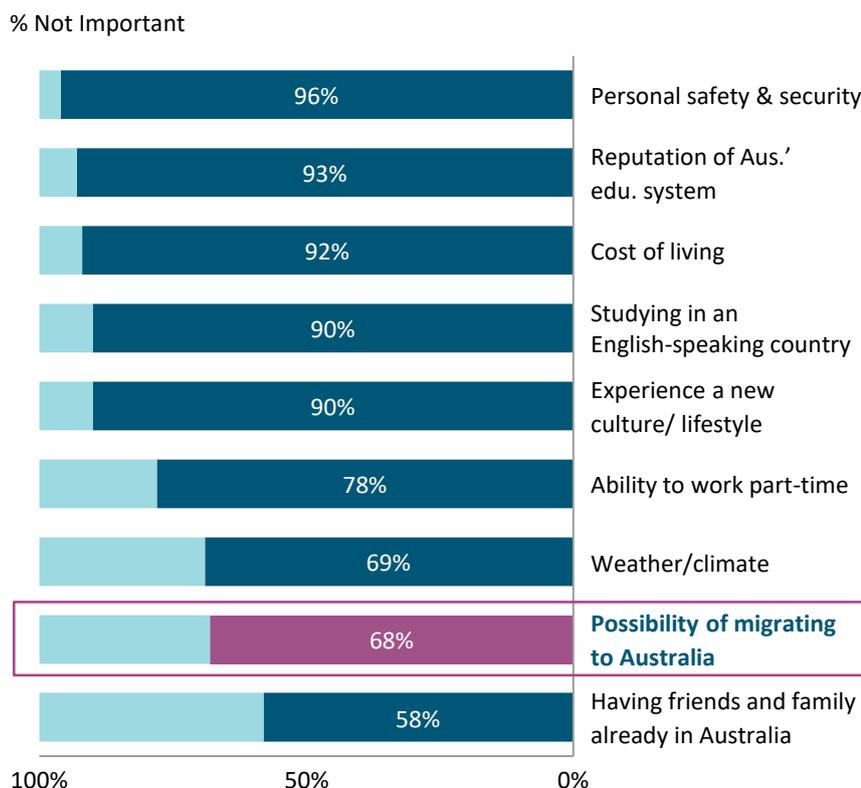
The Panel considered providing some students a guaranteed pathway to permanent residence – it seems beneficial only in very limited circumstances

The Panel considered whether there would be value in guaranteeing some students a pathway to permanent residence. The Panel found this is probably only valuable on a small scale, for select students and graduates (Figure 43).

As is clear from history (Figure 35), providing more certain pathways to permanent residence will affect the international student market. As such, the Panel is of the view that a clear and certain pathway to permanent residence should only be provided to students pre-graduation if Australia has a high degree of confidence in students' success and can minimise risk, including of decline in educational quality. In the context of the capped permanent skilled migration program, Australia would need to be confident such students would bring greater benefit than other labour migrants.

Access to permanent residence would drive up international student numbers.

Figure 43: Undergraduate student reasons for choosing to study in Australia (2021), per cent rating as important or highly important



Source: QILT, International Student Experience Survey 2021

The Panel considered different ways of segmenting students and whether any could viably support a clear, guaranteed student pathway. Reviewing the evidence, we found that all approaches would have limitations:

- **Subject of study (e.g. a subject where we have a skills shortage).** Notably and contrary to widely held perceptions, given labour market shortages generally require workers with 3–5 years of work experience recent graduates are not automatically well-suited to filling short-term labour market shortages (Figure 41).
- **Level of study.** There is some evidence that postgraduate research students perform relatively well in our labour market. These international student graduates of Australian institutions are only slightly behind their domestic comparators (Figure 40). Conversely, postgraduate coursework and undergraduate students both perform less well. For domestic students, there is a strong link between level of education attainment and labour market outcomes.¹²⁸

¹²⁸ Department of Education (n.d.) [Benefits of educational attainment](#), Department of Education, Australian Government, accessed 7 February 2023.

- **Tertiary institution attended (e.g. top-ranking universities).** This is a poor indicator of likely success in the labour market. The evidence suggests different institutions do well against different indicators (employability, starting salary, employment rate, lifetime earnings).¹²⁹ This reflects the fact that aggregated institution-level outcomes mix up many different factors, including attributes of individual students, course of study, areas of higher wages, and local labour market demand.

Reform directions

There are a range of reform directions available to Government to address the challenges identified above.

First, improve students' chances in our labour market. This could extend to removing barriers to students building networks and gaining work experience, for example through revisiting the working hours cap (particularly whether WIL, unpaid internships and work experience count toward the cap). It might also include increasing English language requirements associated with the student or graduate visa.

Second, there is opportunity to focus the graduate visa on better supporting international students to demonstrate their potential in our labour market. The graduate visa might, for example:

- be provided automatically to student visa holders (with some exceptions) upon study completion; and¹³⁰
- have its total duration tied to how long it takes to identify high potential graduates who will succeed on a permanent labour visa. Noting the discussion in Chapters 5 and 11, graduate visa duration should –within these parameters – be minimised (so former students do not become 'permanently temporary', or contribute to growing Australia's temporary population).

Third, there would be an option to, in a very narrow set of circumstances, provide a more certain direction to permanent residence pathway. It would be best to constrain this opportunity using a mix of indicators, including student attributes, performance and level of study (e.g. postgraduate research).

Fourth, the Panel considers it is time for the Government to specifically review the student working hours cap.

Fifth, more work needs to be done outside of the migration system to support international students to transition to work and access legal remedies in response to exploitative wages and conditions in the labour market. This could be done through working with education providers to support students.

Finally, a move from the Genuine Temporary Entrant (GTE) criterion to a new Genuine Student test could reduce mixed-messaging while maintaining the basic policy intent of the GTE.

¹²⁹ Cherastidham I and Norton A (2014) [Effects of university prestige and courses on graduates' earnings](#), Grattan Institute, accessed 7 February 2023.

¹³⁰ As is the case today, we expect it would still be useful to exclude from this opportunity students with very poor chances of success (i.e. graduates of certain VET courses).

13. CHALLENGES IN REGIONAL AUSTRALIA CANNOT BE ADDRESSED PURELY BY MIGRATION

While migration can play an important role in supporting the vitality and prosperity of regional Australia, expectations of what migration can achieve on its own are often unrealistic. More effective outcomes could be achieved by linking migration targets to specific regional economic and community development plans.

Part of our goal here will be to create a system that helps deliver skills to our regions ... which are struggling to access our migration system today.¹³¹

Many of the economic and demographic challenges facing Australia as a whole are more starkly present in some parts of Australia, particularly regional Australia (Box 24). Migration is often touted as a solution.

Box 24: Issues affecting Regional Australia

Regional Australia faces many of the same challenges Australia faces as a nation but often to a greater degree.¹³²

- **Population:** Regional Australia's population has grown at around half the rate of the rest of the country over the past 10 years. Remote areas of regional Australia are seeing population declines;¹³³
- **Participation:** Regional areas have lower workforce participation rates than the rest of Australia, with the population of regional Australia on average around 5 years older than the rest of Australia;¹³⁴
- **Productivity:** Lower wages in regional areas have been attributed to a gap between urban and rural areas in productivity;
- **Skills:** The current national skills priority list identifies 8 occupations with shortages that are unique to regional areas and are concentrated mainly in medical practitioner positions; and
- **Transition:** Regional areas face challenges associated with emerging trends, including the impacts of climate change, the need to develop new industries and the ongoing attraction of urbanisation.

South Australia's relatively low population growth rate, combined with an ageing population, is placing considerable pressure on the state's ability to provide a skilled workforce that meets the needs of employers and enables businesses to expand and grow. Public Submission: Government of South Australia

It is clear migrants, across all visa programs, have been less likely than Australians to live in regional areas (Figures 44 and 45). While visa settings offer pathways to encourage migrants to live and work in regional Australia, there are limited migration levers available to incentivise people to remain long term.

Factors such as infrastructure, employment opportunities, housing and access to services are likely to be more important in attracting and retaining regional populations, whether they are new migrants or existing Australians, than the provision of regionally-focused migration pathways.

¹³¹ The Hon Clare O'Neil, Minister for Home Affairs, above n3.

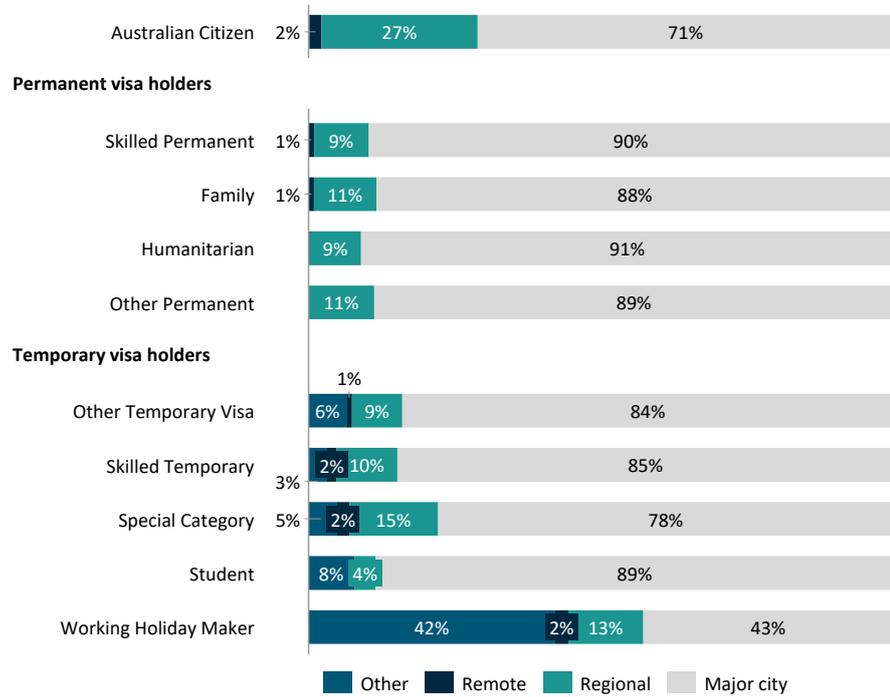
¹³² ABS (2022) [Regional population – statistics about the population for Australia's capital cities and regions](#), ABS, Australian Government, accessed 7 February 2023.

¹³³ ABS (2022) Regional population, 2021, Table 2. Estimated resident population, Remoteness Areas (ASGS 2016), ABS, Australian Government, accessed on 28 February 2023.

¹³⁴ ABS (2023) [Labour force, Australia, Detailed](#), ABS, Australian Government, accessed 7 February 2023.

Australian citizens are twice as likely to live in regional or remote Australia as permanent migrants

Figure 44: Citizens and migrants by visa type and remoteness of place of usual residence

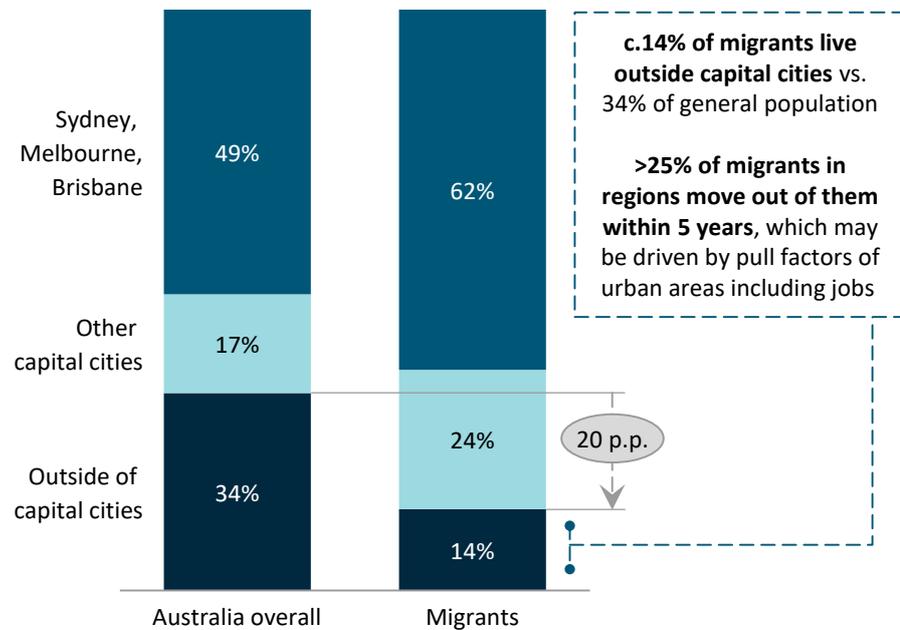


[We recommend increasing] regional attractiveness for skilled migrants with more infrastructure investment in regional housing, internet connectivity, schools and hospitals; including investments in diverse centres of worship, faith-based schools and multicultural community support.
Public Submission: Australian Multicultural Council (AMC)

Source: Grattan Institute (2021), Rethinking permanent skilled migration after the pandemic

There are proportionally fewer migrants in smaller capitals and fewer still outside of capital cities

Figure 45: Location of general population vs. migrant population



Source: ABS Census 2016

Regional migration programs have had little success to date

The Great Southern Coast DAMA program provides certain flexibility to our region to respond to its unique economic and labour market conditions.

Public Submission: Warrnambool City Council

... in regional and remote Western Australia... the establishment of four Designated Area Migration Agreements (DAMAs) fill[ed] critical labour shortages for businesses and industry in the Goldfields, Pilbara, East Kimberley and South West regions.

Public Submission: Government of Western Australia

Specific skilled migration initiatives for regional Australia have been in place since 1994, with the introduction of the Regional Sponsored Migration Scheme. A separate 'regional category' within the Skilled Stream of the annual Migration Program has been in place since 2019-20.

Box 25 below outlines the range of permanent and temporary visas programs currently available for regional and place-based (State and Territory nominated) migration, as well as mainstream visas that include regional concessions.

The Panel has heard differing views on the value and effectiveness of the regional visa programs. Many submissions strongly supported the continuation of specific regional visas and concessions.

Others have questioned the effectiveness of these programs and whether they are the best use of limited migration places. In its submission, the Grattan Institute recommended the regional visa streams be abolished, commenting that:

'migration is often seen as a way to support population growth in regional Australia. Yet diverting skilled migrants to regional areas, especially when granting permanent visas, is likely to reduce the net benefits the community derives from skilled migration'.¹³⁵

The Panel is concerned the current regional programs are poorly utilised and Australia is not achieving its objectives for regional migration.

¹³⁵ Public Submission: Grattan Institute.

Box 25: Migration programs supporting regional Australia

The ACT considers it is critical to retain regional status for migration purposes and seeks a renewed effort to incentivise migration to and retention of migrants in regional areas across Australia, including the ACT, supported by initiatives to promote and welcome migrants within these communities.

Public Submission: ACT Government

Dedicated regional visas: Regional migrants are required to live and work in a regional Australia for three years before becoming eligible for permanent residence:

- Skilled Work Regional (Provisional) visa (subclass 491)
- Skilled Employer Sponsored Regional (Provisional) visa (subclass 494)

Permanent Residence (Skilled Regional) visa (subclass 191)

Designated Area Migration Agreements (DAMAs): DAMAs enable states, territories and designated areas to negotiate concessions to standard temporary and permanent sponsored visa requirements to attract skilled and semi-skilled workers to a particular region. There are currently 12 DAMAs in place throughout Australia (Figure 46).

The Skilled Nominated (subclass 190) visa: A points tested permanent visa used by state or territory governments to nominate migrants to address skills needs in their respective jurisdictions. Applicants may be granted a permanent visa with no provisional period of visa grant.

The Skilled Independent (subclass 189) visa provides an additional 5 points to applicants who have studied in regional Australia.

The Temporary Graduate (subclass 485) visa (graduate visa): Includes an incentive for holders who have graduated from a regional educational institution to remain and work in regional Australia. Those who have lived in regional Australia on their first graduate visa are eligible for a second graduate visa and must remain in a regional area for the duration of that second visa.

Other relevant temporary visas:

- The Working Holiday Maker (WHM) program includes incentives for participants who undertake regional work by providing access to a second or third year in Australia.
- The Pacific Australia Labour Mobility Scheme (PALM) allows eligible Australian businesses to hire workers from nine Pacific islands and Timor-Leste. It is designed to fill labour gaps in regional Australia, while also fulfilling the Government's international objectives. PALM workers can undertake seasonal or longer-term semi-skilled and lower skilled employment, most commonly in the agriculture sector.

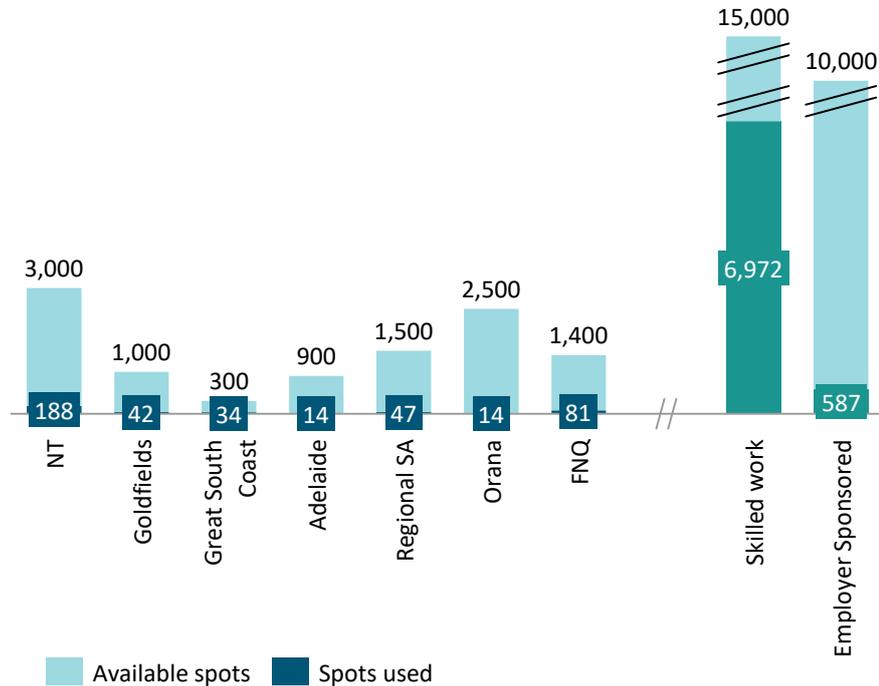
Census data indicates that a large majority of recently arrived migrants (86 per cent) live in capital city areas.¹³⁶ Where migrants choose to settle in a regional area, their labour market outcomes are sound and only a minority (about 25 per cent) move to a capital city area within five years of arrival.¹³⁷

¹³⁶ ABS (2016) *Australian Census and Migrants Integrated dataset - Census of Population and Housing*, ABS, accessed 7 February 2023.

¹³⁷ ABS (2016) *Australian Census and Migrants*, ABS, accessed 7 February 2023.

Regional migration programs are poorly utilised

Figure 46: DAMA and Regional Skilled visa uptake



Available spots Spots used

Designated Area Migration Agreements (DAMAs)

- Migration agreements negotiated w/ individual regions
- Significantly broader list of available occupations
- Available as a priority to category 3 areas

Low take-up is due to relative recency of some agreements and the fact that processes within the agreements are very hard for employers to navigate

Provisional visas

- Streamlined processing
- Broad occupation list
- Available outside of Sydney, Melbourne & Brisbane

Source: ABS Census 2016

Regional visas are overly complex without clear objectives

Stakeholders told the Review that some visa programs are too complex and slow to use, such as the DAMAs, and that the period of provisionality for the regional migration visas is unattractive to potential migrants.

The complicated and frequently changing definition of 'regional' used for migration purposes (Box 26) is also a source of criticism and confusion. Responding to pressure from state and territory governments and other stakeholders seeking access to concessional arrangements, the definition now encompasses all of Australia with the exception of the three major metropolitan centres.

Widening the definition of 'regional' appears to the Panel to be primarily intended to slow rapid population growth in cities *outside* of the regional definition, rather than address the particular needs of regional and remote areas of Australia. Depending on the Government's broader urban and regional objectives, there are alternative approaches that could be considered, including using the Australian Statistical Geographic Standard's index of remoteness.

The definition of 'regional' introduced in 2019 rendering locations outside Melbourne, Sydney and Brisbane regional has been problematic. The definition, regulation and products have, however, inhibited the effectiveness of this system in supporting attraction and retention of migrants in many regional areas of Australia. Public Submission: Tasmanian Government

Box 26: Definition of regional Australia¹³⁸

The definition of 'regional Australia' for skilled migration purposes changed on 16 November 2019 to comprising the following three categories:

Category 1 – 'Major Cities' of Sydney, Melbourne and Brisbane do not receive regional incentives.

Category 2 – 'Cities and Major Regional Centres' of Perth, Adelaide, the Gold Coast, the Sunshine Coast, Canberra, Newcastle/Lake Macquarie, Wollongong/Illawarra, Geelong and Hobart have access to the following regional incentives:

- Access to the dedicated 25,000 regional places;
- Priority processing of regional visas;
- Access to the Regional Occupations List more jobs compared to non-regional lists; and
- International graduates with a bachelor's degree or higher qualification from a regional campus of a registered institution are eligible to access an additional year in Australia on a post-study work visa.

Category 3 – 'Regional Centres and Other Regional Areas' will also have access to the dedicated 25,000 regional places, priority processing of regional visas, and the Regional Occupations List. Additional incentives include:

- International graduates with a bachelor's degree or higher qualification from a regional campus of a registered institution will be eligible to access additional two years in Australia on a post-study work visa; and
- Priority in negotiating region-specific DAMAs.

There is a great deal of historical legacy behind the seemingly disparate regional definitions being used for migration purposes. The various regional definitions could be re-examined by the review to ensure they remain evidenced-based and fit for purpose.

Public Submission: Western Australian Government

The incremental, patchwork approach to migration policy the Panel has noted previously in the report is evident in the many different approaches now in place to support regions.

These visas encompass inconsistent criteria, multiple occupation lists and bespoke arrangements, adding to the complexity of the migration system without serving a clearly articulated purpose.

Outcomes are mixed for migrants who do settle in regions

Data from the 2016 Census indicates migrants who settle in regional Australia have mixed employment and economic outcomes:

- Labour force participation rates (Figure 47) and employment rates (Figure 48) are high, with primary applicants exceeding the Australian average.
- However, migrants also tend to work in lower skilled roles and have lower median incomes than most other permanent visa cohorts (Figure 50 and 50).¹³⁹ Depending on comparative living costs, this may motivate some regional migrants (and existing residents) to seek out better employment and income opportunities in metropolitan areas.

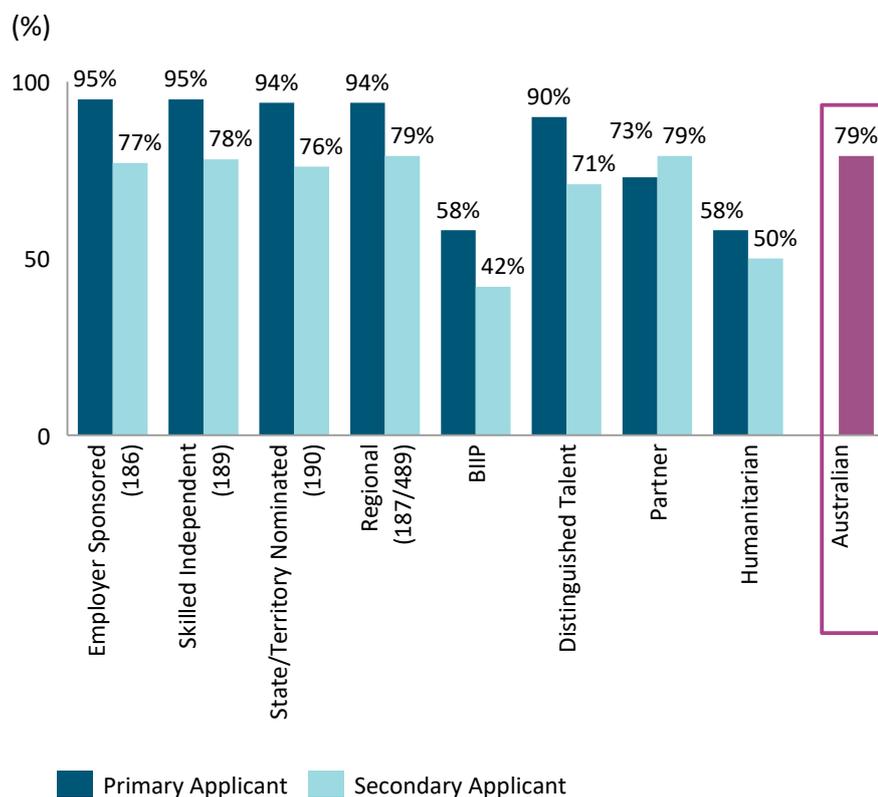
¹³⁸ Department of Home Affairs, 2022, [Regional migration: Designated regional areas](#), Department of Home Affairs, Australian Government, accessed on 27 February 2023.

¹³⁹ Wages in regional areas also tend to be lower than wages in major metropolitan areas. According to data published by the ABS (2022) wages in capital cities were 16 per cent greater on average, than wages in the regions: ABS (2022) [Personal Income in Australia: Table 2. Total income distribution by geography, 2019-20](#), ABS, accessed 7 February 2023.

- These outcomes are consistent with recent research, which found that skilled migrants, including regional migrants, are likely to settle in regions with strong employment where jobs can be found.¹⁴⁰ These migrants also tended to move away from regions in search of greater economic opportunities.

Regional migrants have excellent labour force participation rates compared to both Australians and other permanent migrants

Figure 47: Labour force participation

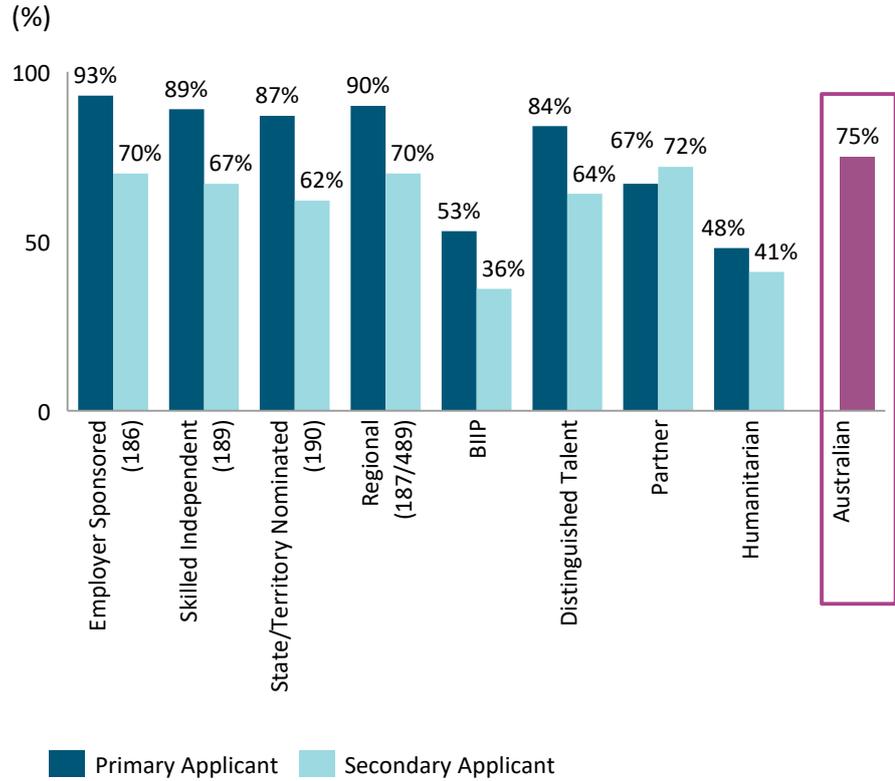


Source: Australian Census and Migrants Integrated Dataset (ACMID) (2016)

¹⁴⁰ Laukova D, Bernard A, Nguyen T and Sigler T (2022) 'The role of visa class in the location and choices of immigrants in Australia at the regional and neighbourhood scales', *Journal of Population Research* 39:201-231.

Regional migrants have strong employment outcomes compared to both Australians and other permanent migrants

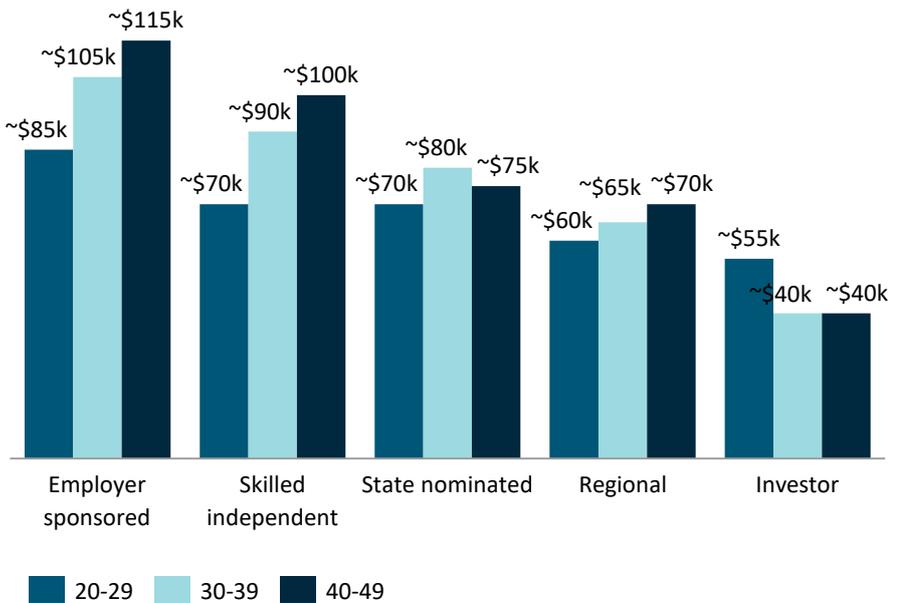
Figure 48: Migrant employment by visa category



Source: Australian Census and Migrants Integrated Dataset (ACMID) (2016)

Regional migrants have relatively low incomes compared to other skilled migrants

Figure 49: Migrant (primary applicants) income by visa category



Source: ABS Census (2016)

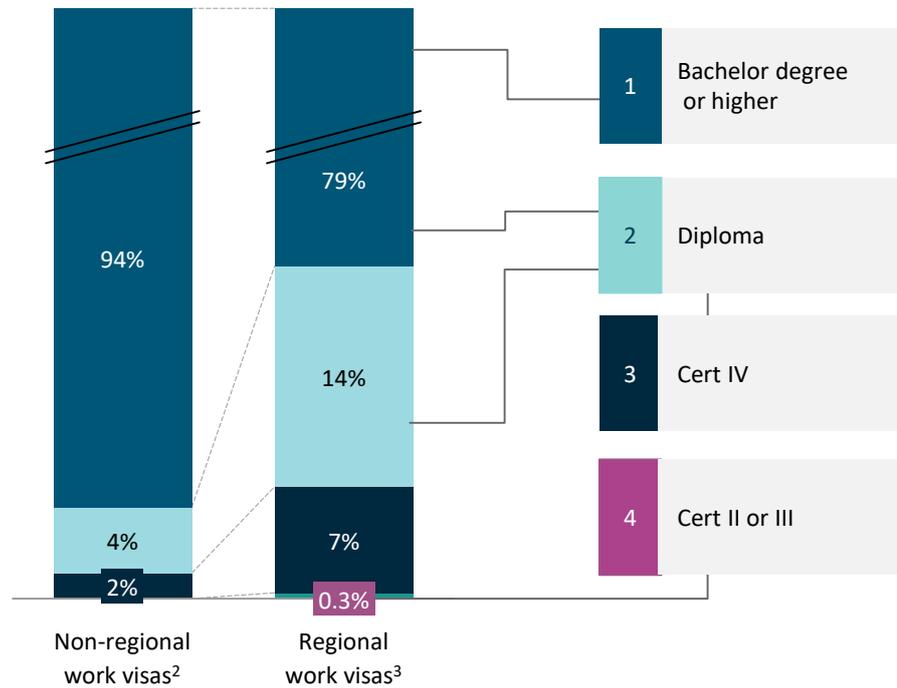
It is important that there be greater collaboration between all levels of government to ensure the needs and opportunities of different states and territories, and regions, are considered in the migration decision making framework.
 Public Submission: Queensland Government

The Panel notes the Grattan Institute has raised the concern that diverting skilled migrants to regional areas is likely to reduce the net benefit of migration to Australia.¹⁴¹ It argues that Australia’s major cities are more productive than regional areas, offer more diverse employment opportunities and provide greater economic certainty to skilled migrants. Grattan also suggests requiring migrants to settle in regional areas will not maximise the fiscal benefits of the Migration Program as it will reduce migrant incomes and taxes paid.

While the Panel notes the veracity of these arguments, it believes the objectives of these programs are broader than their narrow fiscal impact and should be judged accordingly.

Regional skilled migrants tend to work at lower skill levels than non-regional migrants

Figure 50: ANZSCO skill category of skilled migrants, 2021–22



Source: Department of Home Affairs. Note: 2. Includes subclass 189 and subclass 190 visas. 3. Includes subclass 491 and subclass 494 visas.

There remains a significant gap in some areas of health care, particularly in ... rural and remote areas.
 Public Submission: Australian College of Nursing (ACN)

¹⁴¹ Coates B, Sherrell H and Mackey W (2021) [Rethinking permanent skilled migration after the pandemic](#), Grattan Institute, accessed 7 February 2023.

State and territory governments have raised concerns about regional risks

States and territories are the primary investors in the regions and hold many of the policy levers for ensuring regional communities have the infrastructure and services they need. In submissions to the Review, state and territory governments identified a number of common concerns with the current approach to regional migration, including:

- the existence of too many, and often conflicting, objectives in the design of policy and visa settings for regional and state/territory driven migration, leading to a complex visa system that does not achieve its objectives;
- the use of provisional visa requirements, which bond migrants to regional Australia for at least three years, make regional visas less attractive to migrants; and
- threshold issues regarding the definitions of regional Australia for visa purposes, and conflicting views on which regions should be prioritised.

The Panel observes that state and territory criticism of the current migration system is primarily focused on visa constraints imposed by the Commonwealth. We consider there to be some merit in their view that states and territories often have a better understanding than the Commonwealth of their specific regional needs and capacities.

States and territories also hold many of the key levers to support effective regional migration outcomes, including for infrastructure, housing, transport and the delivery of services such as health and education.

As such, the Panel believes greater collaboration and coordination across and within jurisdictions is imperative if regional migration programs, and efforts to slow movement to the cities, are to be successful.

State and territory governments would like more involvement in migration planning

States, territories and regions share concerns about the population effects of migration, particularly the distribution and flow of migrants. They have told the Review they would like additional opportunities for consultation on migration settings and to canvass issues specific to their regions' needs. All states and territories want migration to be predictable so they can more effectively plan infrastructure and services, and seek more control over the flow and distribution of migrants.

The Commonwealth government should give state and territory governments greater input and involvement in migration system decision-making processes, including ... input into any new approach to identifying which skilled migrants enter our labour markets.

Public Submission: Council for the Australian Federation

And seek greater control over migrant selection for regional development purposes

Tailored labour agreements are complex and resource intensive to negotiate, limiting use to larger bodies or regions with the knowledge and administrative capacity to negotiate. This creates uneven competition between regions with similar workforce needs.

Public Submission: Tasmanian Government

Different jurisdictions are interested in achieving different goals through the selection of migrants. These priorities include supporting local labour markets and maintaining population viability, meeting critical skills gaps such as attracting healthcare workers or other essential services, or assuring skilled migrants are selected on the basis of their future economic contribution.

Criticism of the current Commonwealth approach includes:

- limited influence on occupations listed as eligible for skilled visas — states and territories argue individual regions have specific needs that the existing national occupation lists do not reflect;
- visa settings that are too restrictive, such as income thresholds and age limits, do not reflect regional circumstances and reduce jurisdictions' ability to fill positions or select the best candidate;
- current visa options provide limited and inflexible access to lower paid labour, particularly in the agriculture and tourism sectors; and
- the amount of the SAF levy is seen as a significant issue for regional employers, which are often small businesses.

Larger jurisdictions with more significant migrant intakes are investing heavily in developing their own selection tools, in some cases duplicating Commonwealth programs. Other jurisdictions have indicated that they highly value established migration products, such as DAMAs, however, data indicates these products are rarely used.

The Government of South Australia undertakes comprehensive labour market analysis to inform the policy settings, and distribution of planning levels, for its state-nominated GSM program.

Public Submission: Government of South Australia

The Panel notes that giving greater control of selection of migrants to states and territories would move Australia closer to Canada's approach, under which provinces have significantly more control over numbers and selection (Box 27).

Box 27: Canada's Immigration Policy¹⁴²

- The Canadian constitution requires the federal and provincial governments to share responsibility for migration.
- Under Canada's *Immigration and Refugee Protection Act*, the Canadian Government is responsible for defining migrant categories, setting immigration levels, and managing the program.
- This Act also allows the Minister to enter into agreements with Canada's 10 provinces and 3 territories that can grant further responsibility for immigration to provinces. As a result, Canada's provincial and territory governments have acquired a major role in the selection of migrants.
- Starting in the late 1990s, agreements with provinces and territories led to the creation of Canada's Provincial Nominee Program (PNP). Under the PNP, provincial governments have flexibility to shape their nominee programs to respond to specific economic and labour market needs.
- In 2023, planning levels for Canada's Provincial Nominee Program have been set at 105,500 places, or around one quarter of Canada's permanent migration program.

¹⁴² Government of Canada (2022) [Notice – Supplementary Information for the 2023-2025 Immigration Levels Plan](#), Government of Canada, accessed 7 February 2023.

Reform directions

The migration system also needs improved data collection, coordination and sharing mechanisms to better enable states and territories to leverage data and community relations to support these objectives.

Public Submission: Council for the Australian Federation

The Panel has proposed a better way to plan migration to meet Australia's long-term needs that will allow more effective engagement across all levels of government. This approach would draw on state and territory expertise and be supported by improved data collection and sharing between governments. A planned approach to place-based (that is, regional and state and territory nominated migration), may also allow movement away from the complex visa settings currently in place across these programs.

The Panel recognises the challenges facing regional Australia often apply to both migrants and existing residents. It is equally difficult to attract and retain new residents through internal and international migration. Both cohorts are looking for good jobs and access to high quality housing and services such as health care and education.

Regional development is a whole-of-government issue that can only be addressed in small part by migration. The role for migration should be considered as part of a broader Government consideration of Australia's regional goals.

One issue that could be considered as part of this broader approach would be to link the number of migration places open to any state or territory to specific regional economic and community development plans. Such plans could highlight how and when housing, infrastructure and services will be provided to support the existing community and proposed migration flows.

There could also be value in considering whether states and territories should be provided with greater flexibility to determine how to allocate permanent visas with respect to the needs of their jurisdiction. Under this approach, the State and Territory Nominated Category of the Migration Program could be increased by reallocating some or all of the places under the current Regional Category.

In conjunction with this measure, existing regional concessions in mainstream permanent visas (such as the additional points available for regional study) could be removed to ensure those programs are strongly focused on selecting migrants who will best meet national economic objectives.

The effectiveness of this approach could be supported by greater collaboration across governments around data-sharing, skills shortage evaluation tools and other capabilities.

14. FAMILIES ARE WAITING FOR PARENT VISAS THAT NEVER COME

A growing migrant population has driven demand for family reunion beyond the places available. This chapter focuses on the rationale for the cap on Parent visas and the resulting multi-decade backlog. There have been several unsuccessful attempts to manage this backlog in Australia. The Panel thinks that a new and fairer approach is required and has considered possible options including a lottery model for selecting parent migrants, improving the temporary parent visa and whether, in the long term, removing access to permanent residence might provide a fairer approach.

Demand for family migration has been much greater than the places available

Demand for family migration has increased as Australia's stock of migrants has grown. Since 1990, the number of Australians born overseas has increased by 3.8 million to 7.7 million, or from 22 per cent to almost 30 per cent of the population. There has not been a commensurate increase in the supply of family migration places during this period.

In the 2022-23 Migration Program, 52,500 places are available for the Family visa program, including 40,500 Partner, 8,500 Parent, 3,000 Child, and 500 other family visa places.

The Family program is not the only source of family members entering Australia. The largest cohort of 'family entrants' now come through other visa streams, particularly Skilled stream secondary applicants, and are counted as part of those programs. 48,041 places of the 89,063 places in the permanent skilled migrant stream were taken by secondary applicants in 2021-2022.

Box 28: Family unit definition

Across all permanent visas and most long stay temporary visas, primary applicants are able to include members of their family unit in their application and have them accompany them to Australia. They are known as secondary migrants. The existing 'family unit' definition, applying to visas other than those in the refugee and Humanitarian program, encompasses a commonly accepted view of a 'nuclear family' and includes the primary applicants:

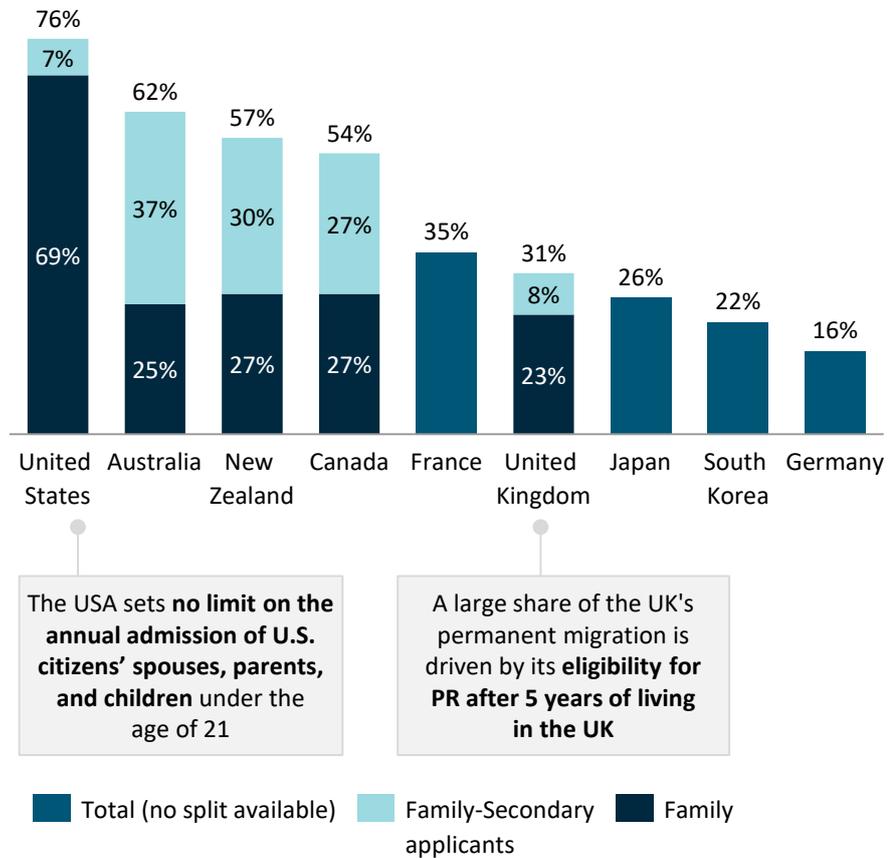
- spouse or de-facto partner; and
- children (including adopted children and step-children).
 - To be included as a child must be under 18 years old, or, if they are still dependent on the primary applicant (e.g. a full-time student), under 23 years old. Children aged 23 years old and over may be regarded as dependent in limited circumstances, including as a result of an ongoing disability.

Social aspects of migration, such as family reunion, are complementary to economic aspects and are crucial to creating a society where everyone can belong and thrive.

Public Submission: Federation of Ethnic Communities Council of Australia

Australia’s family migration intake is generous in comparison to most other countries, with a relatively high proportion of migrants entering on the basis of a family relationship (Figure 51).

Figure 51: Per cent of permanent migration that is family members



The USA sets **no limit on the annual admission of U.S. citizens’ spouses, parents, and children** under the age of 21

A large share of the UK's permanent migration is driven by its **eligibility for PR after 5 years of living in the UK**

Source: OECD (2022); Department of Home Affairs; BCG Analysis

We meet demand for Partner and Child visas through demand-driven programs but Parent places have been constrained

Within the designated Family visa category, places for the Partner and Child programs are now demand driven, and not subject to an annual ceiling. Processing times are largely determined by departmental resources and the complexity of the applicant’s circumstances.

However, the allocation of places for the Parent and Other Family visas has been tightly capped for many years. This has created very high levels of unmet demand for places and a large and growing backlog of applications. Between 2010 and 2022, the backlog of Parent visa applications increased from about 35,000 to 120,000, with some visa applicants facing wait times of 30 to 50 years.

Table 5: Permanent Parent visa options

Type of visa	Visa cost	Duration	Processing times
Parent visa	\$6,625	Permanent	Over 40 years
Contributory Parent visa	\$47,955	Permanent	15 Years

Source: Department of Home Affairs

Not meeting demand has created lengthy and untenable backlogs

Parent migration is highly valued by many stakeholders, whose consistent message was that current waiting times are untenable. A waiting period of 30-50 years, given the likely age of many parents, makes the probability of successful migration virtually non-existent for many applicants. Providing an opportunity for people to apply for a visa that will probably never come seems both cruel and unnecessary.

Opportunities for family reunion can also support the objectives of other visa programs, particularly the economic objectives of the skilled visa stream. It has also been suggested that this benefit may be particularly valuable for highly skilled migrants, although there is no evidence available to allow this proposition to be tested. Conversely, the current Parent visa application processing backlogs may be detracting from Australia's reputation as an attractive, welcoming, migration destination.

Several unsuccessful attempts have been made to manage the tension between migrants' desire to be reunited with their parents (and other relatives), and the cost of parent migration to the Australian community:

- The permanent **Contributory Parent subclasses were introduced in 2003** to reduce fiscal impacts and shift some of this cost to sponsors. At a cost of \$47,935, these visas have much a higher visa application charge (VAC) but otherwise comparable visa criteria to the non-Contributory Parent subclasses. More places, and accordingly shorter processing times, are provided to Contributory subclasses; the proportion of allocated places is generally around 80 and 20 per cent respectively for Contributory and Non-Contributory Parent visas. Given the demand generated by Australia's increasing migrant population, the Contributory visas have not reduced demand for Parent migration and, even with the large VAC, the lifetime fiscal cost to government remains very high (these issues are discussed in following pages).

The impact of the very slow processing is creating mental issues for both parents waiting overseas and permanent residents here in Australia.
Public Submission: Member of the Public

- In 2014, the Migration Regulations 1994 were amended to **repeal eight Family stream visa subclasses**: Aged Parent, Aged Dependent Relative, Remaining Relative and Carer visas. The amendments were **disallowed** by the Senate because of concerns about the compatibility of the amendments with Australia’s international commitments regarding the right to family unity and their negative impact on ethnic communities.
- The **Sponsored Parent (Temporary) visa (SPTV) was introduced in 2019** to relieve pressure on the permanent categories and reduce the cost of ageing entrants on Australia’s health care system. The SPTV allows multiple entries for up to 3 or 5 years over a 10-year period. Applicants must hold health insurance covering at least \$1 million in costs. Take up of the SPTV has been lower than expected and has not reduced demand for permanent visas.¹⁴³ The length of stay available on the visa has also resulted in concerns that it effectively allows elderly parents to become embedded in the Australian community, losing their ties with their home country and making it more difficult to expect them to depart.

Meeting all demand for permanent Parent visas would come at a high economic cost

[The Government should] see parents’ visas as an opportunity for a support system for youth migrants in Australia ... parents (elderly) migrate to support young families (young professional migrants with children) potentially to reduce the burden on childcare facilities, school before/after care, and professional growth of both youth parents.

Public Submission: Federation of Indian Associations in Victoria Inc.

Successive governments have chosen to limit the places available for permanent visa for parents because of their large negative economic and fiscal impact in the context of an ageing Australian population. The Treasury has estimated that each parent permanent migrant costs \$393,000 over their remaining lifetime in Australia.¹⁴⁴

Older migrants increase demand for services, particularly health and aged care, which are already under considerable pressure due to the rapid decline in Australia’s age dependency ratio.¹⁴⁵ While a demand-driven Parent program may be highly valued by sponsoring migrant families, this would be at a very high economic cost to the Australian community as a whole.

The Panel acknowledges that Parent migrants contribute in ways that are not reflected in Treasury’s analysis. Census data indicates about 24 per cent of Parent visa holders provide childcare to their grandchildren, which may also provide some economic benefits in allowing their child to re-enter the workforce. Available evidence suggests, however, this comes at a significant cost to Australia’s fiscal position (Figure 52).

¹⁴³ Reasons for this appears to be high cost of the program (\$5240 for a three-year and \$10,480 for a five-year visa) in comparison to other temporary programs options (e.g. visitor VAC is \$150).

¹⁴⁴ VACs are included in FIONA calculations. VACs paid by parent visa holders provide a significant upfront cost that may make them look fiscally positive in the short term. However, the VAC does not offset all of the remaining lifetime fiscal impacts incurred by this cohort: Treasury (2021) [The Lifetime Fiscal Impact of the Australian Permanent Migration Program](#), Treasury, Australian Government, accessed 7 February 2023.

¹⁴⁵ The rapid decline in the old-age dependency ratio between 2010-11 and 2029-30 is largely due to the baby boomer generation reaching age 65. A larger older population will require greater healthcare and end-of-life support, placing extra demand on a system already under pressure: *ibid.*

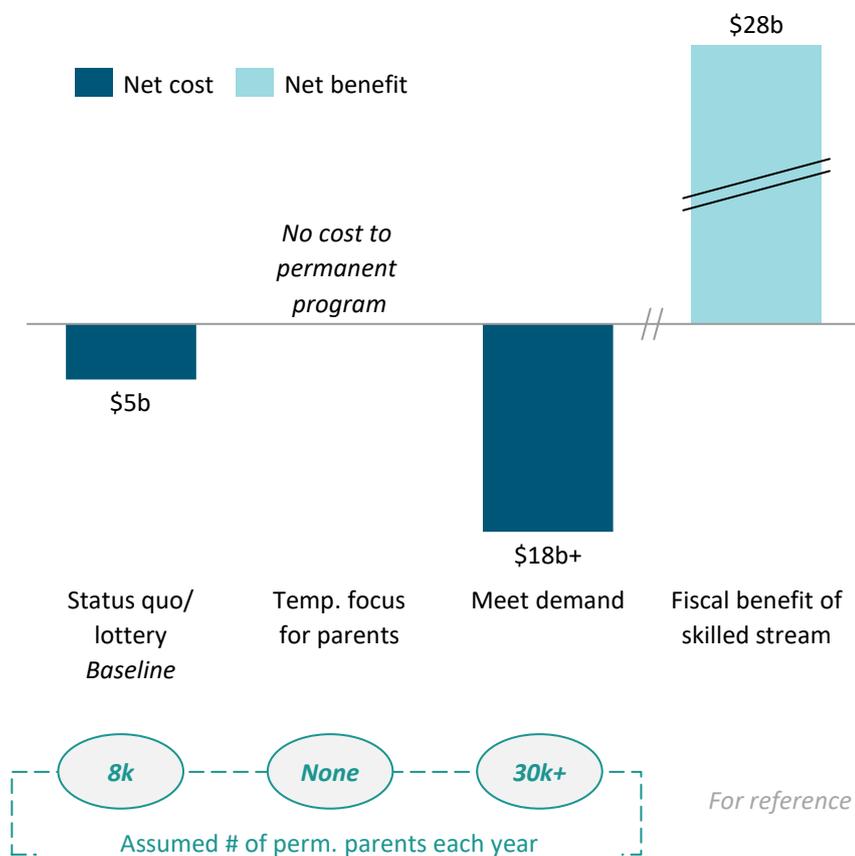
Box 29: Cost of a Parent Migrant

In considering the cost of a parent migrant within a capped migration intake, the lost contribution of the migrant they displace, likely to be a skilled migrant, should be considered.

On average, a skilled migrant has a lifetime positive fiscal benefit of around \$200,000. A parent, on average, costs \$400,000 over their lifetime due to their high use of government-funded services and limited taxes paid.

Taking both into account, a permanent Parent migrant effectively has a fiscal cost of approximately \$600,000 over their lifetime if they displace a skilled migrant within the capped program. If Australia were to meet the demand for permanent Parent visas (expected to be about 30,000 per year), it would come at a lifetime cost of approximately \$18 billion for each annual intake.

Figure 52: Lifetime fiscal impact of various parent processing models



Source: BCG analysis of Treasury's 2021 FIONA working paper

Internationally other approaches have been used to address this issue

Other migrant destination countries have faced similar challenges in managing the demand for parent migration. The United States has taken the most generous approach, with no limit set on the annual admission of US citizens' spouses, parents and children (under the age of 21). The UK, in comparison, does not offer a Parent migration program at all.

Possible reform options

Submissions to the Review consistently argue that our current approach to parent migration needs to be reset. However, any new approach will need to find a better and fairer way to meet demand without undue cost to the Australian community, given the displacement effects that arise within a capped permanent migration program.

A lottery approach could prevent visa backlogs

A lottery approach could be considered if a permanent Parent program is retained but continues to be smaller than demand. It offers an effective option for managing demand and avoiding further backlogs. Consideration would need to be given to whether and how to apply the lottery to existing visa applicants.

Box 30: Parent lottery models

Canada and New Zealand, like Australia, offer fewer Parent visa places than demanded. They use lotteries to manage access to these limited places, with responsibility for post-arrival support resting more heavily with the sponsor.

- Over the last 10 years Canada has significantly reduced its Parent visa application backlog by introducing a lottery system to manage demand. Canada offers 28,500 permanent visas annually for parents and grandparents. Fiscal impact is managed by placing a high level of financial responsibility on the sponsors, who must prove they can support their parents and commit to repaying any social assistance that sponsored family members receive for 20 years. Canada also supplements this program with a temporary parent visa.
- Like Canada, New Zealand also uses a lottery system for parent visas. It offers 2500 parent visas annually, with financial requirements similar to Canada's.

Lottery models involve potential applicants completing an online registration form and paying a relative low fee. Registrations must be made within a set period, after which a number of entrants are randomly selected through an electronic draw and invited to apply for the visa.

The number of applicants chosen from the lottery largely aligns with the number of places available for the visa – resulting in minimal to nil application backlog.

Our temporary parent visa can be improved

In addition to any option for managing permanent migration, an improved temporary visa product could help satisfy demand from migrants to spend time with their parents in Australia.

With the lower than anticipated take up of the SPTV, it may be possible to adjust settings for the visa to enhance its attractiveness without increasing costs or risks to the community.

Feedback received by the Review is that the cost of the SPTV is too high for a temporary visa. It may be possible to reduce the VAC, however the requirement to hold health insurance should be retained, noting that even with health insurance, parents will still place additional pressure on the health system.

A further concern in relation to the current temporary product is that parents are allowed to remain in Australia for an extended period – up to 3 or 5 years.

[T]he cost of parent visa holders significantly outweighs the visa fees, a partial remedy would be increasing the charge and tightening eligibility; and introducing a more flexible temporary parent visa where the sponsor meet the cost of health support during the period of residence.

Public Submission: Productivity Commission

This period is so long that people can lose their homes and connections in their country of citizenship, making it difficult for them to depart Australia.

Temporary visa settings should support the continuation of a parent's ties with their home country. This might better be able to be achieved by limiting each stay in Australia to a shorter period – for example, 12 months within an 18-month period – while allowing the visa to be used multiple times over 10 years and for a longer total period in Australia over the life of the visa.

Removing access to permanent migration – might this allow a fairer approach?

High costs and detrimental demographic effects mean it will not be in the best interests of the Australian community to provide demand-driven access to permanent Parent migration. However, continuing to provide access to permanent migration for only a very small proportion of those seeking it raises fundamental questions about the fairness of the program.

Consideration could be given to completely removing access to permanent residence for parents while improving access to temporary migration. The savings associated with this would allow a substantial reduction in the cost of a long-term temporary visa product, making it accessible for a larger cohort. While likely to be contentious, this approach might provide cheaper, fairer, faster and more certain access to a form of family reunification than is currently available.

Some migrant communities argue the definition of a family unit no longer reflects Australia's cultural diversity

When COVID-19 related border restrictions were in place, there were calls from some migrant communities to regard other relatives, particularly the parents of adult migrants, as members of the family unit.

Additional comments from the Greens in the report of the Senate Legal and Constitutional Affairs Committee's inquiry into *The efficacy, fairness, timeliness and costs of the processing and granting of visa classes which provide for or allow for family and partner reunions* argue the current definition is a:

'... limited view of family, which does not reflect the cultural understanding and experience of family in many of the countries from which people migrate to Australia ... The current, narrow definition of family is particularly problematic, and traumatic, for refugees'.¹⁴⁶

This view was supported by some submissions to the Review. Multicultural Youth Advocacy Network Australia (MYAN) encourages reform in this area, noting:

'The definition of 'immediate family' has a restrictive definition based on the Western concept of the nuclear family (husband, wife, and minor children). This does not reflect the family compositions of many migrant communities, where different societal norms and cultural dimensions make it common for a wider network of relationships to be recognised as integral to what is a family'.¹⁴⁷

Re-evaluate the concept of family. Many Africans consider their aunt, uncle, niece, nephew, and perhaps a childhood acquaintance to be family. They should be given some consideration.

*Public Submission:
The Organisation of African
Communities in WA*

¹⁴⁶ Legal and Constitutional Affairs Reference Committee (2022) [The efficacy, fairness, timeliness and costs of processing and granting of visa classes which provide for or allow for family and partner reunions](#), Commonwealth Government of Australia, accessed on 9 February 2023.

¹⁴⁷ Public Submission: Multicultural Youth Advocacy Network Australia (MYAN).

The Panel notes the definition of family unit and access to family reunion for the refugee and Humanitarian program are already much broader than for other programs, recognising the migration of this cohort is usually forced rather than a matter of choice.

Box 31: Recognising the special circumstances of refugees and humanitarian entrants

The settings for the Refugee and Humanitarian visa program recognise entrants under these programs have been forcibly displaced, rather than choosing to migrate, and that families are often reconfigured, through separation or by caring for relatives beyond their immediate family unit, when forced to flee.

After arriving in Australia, many humanitarian entrants remain very concerned about family members remaining in dangerous or insecure circumstances overseas. Access to family reunion in these circumstances can support positive settlement outcomes.

The refugee and humanitarian visas include a distinct definition of family unit that allows a broader set of dependent family members and relatives within a household to be included in a visa application. This might include, for example, a widowed parent or a young niece or nephew living with the family.

Once in Australia, refugee and humanitarian visa holders can also sponsor displaced relatives facing substantial discrimination amounting to a gross violation of their human rights for resettlement in Australia through the Special Humanitarian Program. Priority is given to closer relatives.

For other migrants, the current approach supports our economic priorities within a capped program

For other migration streams, the current family unit definition serves to limit the potential economic cost that would be associated with a broader approach.

Expansion to include other family members, such as elderly parents or unmarried and unemployed adult children living with the primary visa applicant could be considered in response to community requests.

However, these family members are less likely to contribute to Australia's labour force and would have a negative economic and fiscal impact.¹⁴⁸

In a capped Migration Program, making places available for these family members would also reduce the number of places available to highly skilled entrants, and the overall positive impact of the program, noting that secondary skilled migrants are already the largest cohort within the Migration Program.

¹⁴⁸ Parent visa holders have more negative fiscal outcomes on average than the population overall. This result is driven by their relatively short remaining working lives once they come to Australia, with the average age at grant being 61 years. VACs paid by parent visa holders are small compared to the costs of health and aged care services: Treasury, above n144.

15. MIGRANTS ARE STRONG CONTRIBUTORS, BUT HAVE UNREALISED POTENTIAL

Migrants make strong contributions to Australia's economy, which not only benefit the country's economic prosperity but also enable migrants to settle and integrate into the community. The Panel observed there are some areas of unrealised migrant potential. Australia could do much more to create opportunity.

All migrants need the opportunity to reach their potential

The economic contribution migrants can make through employment and self-employment is the primary objective of our skilled migration program. Australia measures the success of this program by looking at the fiscal and economic contribution of these migrants.

But the economic contribution migrants can make is not the only reason Australia welcomes migrants. In Australia's family and refugee and Humanitarian programs, for example, maximising economic benefits is secondary to family, community, and international partnership drivers. Secondary applicants in our skilled program are also not selected for their economic potential. These people are invited to Australia because they are the spouses and dependents of the primary skilled migrants Australia wants to attract.

Whatever the primary reason for migration to Australia, it is important to ensure all migrants have the opportunity to reach their economic potential, because participation in the labour market is a key enabler of migrant settlement and integration in Australia.¹⁴⁹

Migrants are strong contributors to our economy and this should be celebrated

It is clear to the Panel that all migrants make an enormous economic contribution to Australia. This contribution is reflected in the data and submissions to the Review.

Where migrants are selected for their economic potential, they have high employment and labour market participation outcomes and hence make net positive fiscal contributions over their lifetimes in Australia (Chapter 6).

Economic outcomes for secondary skilled migrants and partner visa holders are also strong. Over time, their economic participation and employment rate outcomes are comparable or exceed the Australian average (Figure 56).

On average, humanitarian entrants' outcomes take longer to reach the Australian average – approximately 10 years (Figure 53). This cohort is discussed in further detail below.

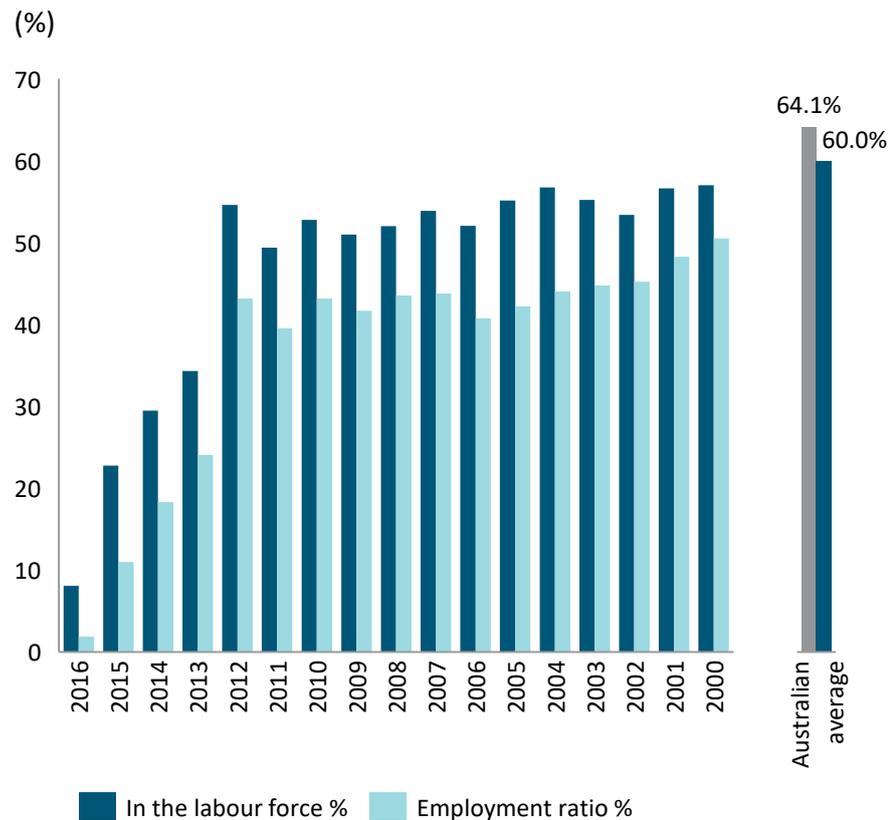
Migrants are undeniably highly motivated and capable of creating a prosperous life for themselves and their families in Australia.

However, it is in Australia's interest as well as migrants, to make this transition from arriving to thriving as quick and easy as possible.

Public Submission: Federation of Ethnic Communities' Councils of Australia

¹⁴⁹ Somerville W and Wintour P (2006) [Integration of new migrants: employment](#), *Refugees and other new migrants: a review of the evidence on successful approaches to integration*, Centre for Migration Policy and Society, COMPAS University of Oxford.

Figure 53: Labour force participation rate and employment ratio of Humanitarian entrants by year of arrival, as compared with Australian citizens' average¹⁵⁰



Source: Australian Census and Migrants Integrated Dataset (ACMID) (2016)

There are areas of unrealised migrant potential

Migrants take time to settle in, although outcomes do pick up quickly for most

Not surprisingly, it takes time for some migrants to establish themselves in Australia and in an unfamiliar labour market.

This is particularly the case for:

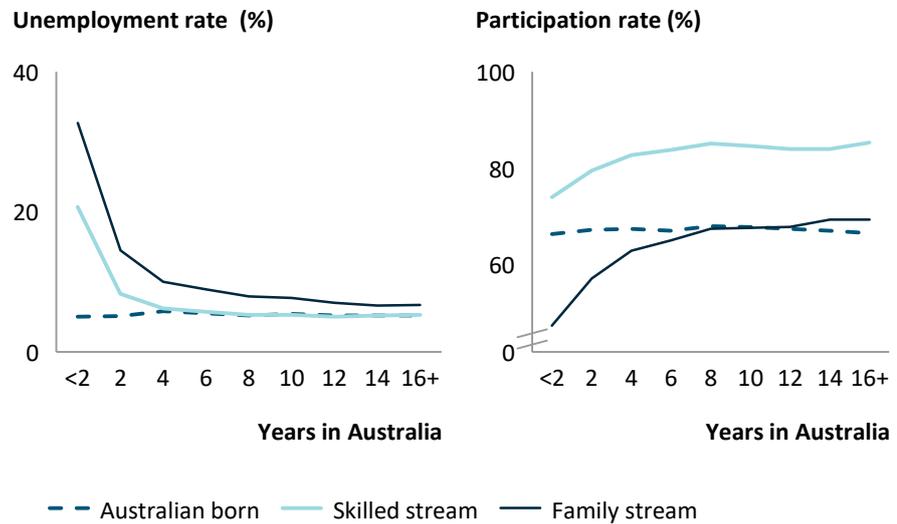
- family migrants and secondary skilled migrants (as well as humanitarian entrants); and
- labour migrants who do not have a connection with an Australian employer and have to find a job after arrival, for example, current independent points tested migrants who come from offshore.

If labour force participation outcomes lagged for a long time, or did not reach a level reflective of migrant potential, there would be cause for concern. But this is not generally the case (Figure 54).

¹⁵⁰ Data used for this chart comes from the 2016 Australian Census and Migrants Integrated Dataset (ACMID), the Australian Bureau of Statistics. 2016 ACMID figures only include permanent migrants that arrived in Australia between 1 January 2000 and 9 August 2016. Australian citizens' average excludes Australian residents that do not have citizenship, including temporary residents.

Having said that, both migrants and Australia would benefit if migrants transitioned into the labour market faster. The Panel acknowledge that the Department of Employment and Workplace Relations (DEWR) offers skills assessment pilots which are available to migrants who have never undergone a skills assessment and who have skills, qualifications and/or experience directly relevant to a priority occupation.

Figure 54: Unemployment and participation rates by time in Australia (2016)



Source: Australian Census and Migrants Integrated Dataset (ACMID) (2016)

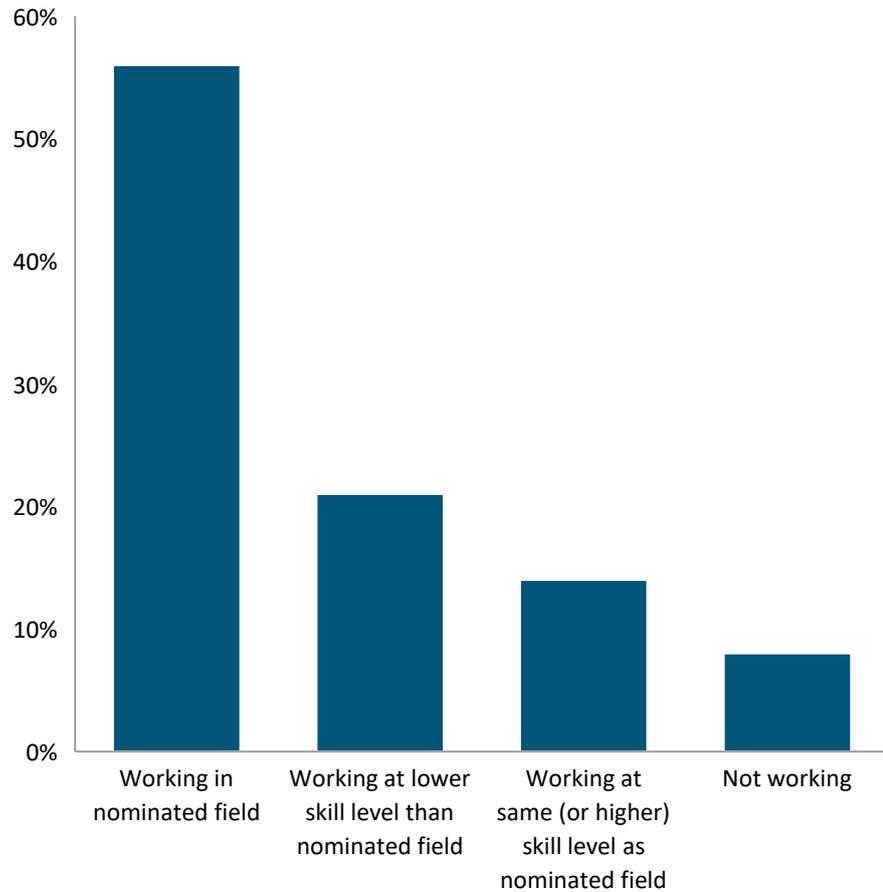
Skills mismatch is an issue

According to data from the *Continuous Survey of Australia's Migrants*, between 2013 and 2019, 23 per cent of skilled migrants reported they were working below their skill level (Figure 55).¹⁵¹ There is evidence that underused migrant skills (including family and humanitarian migrants) come at some cost to Australia.¹⁵²

¹⁵¹ Continuous Survey of Australia's Migrants (2021).

¹⁵² Deloitte Access Economics (2018) [Seizing the opportunity: Making the most of the skills and experience of migrants and refugees. A research report for Multicultural Affairs Queensland November 2018](#), Deloitte Access Economics, accessed 7 February 2023.

Figure 55: Occupation of permanent skilled migrants relative to their skills



Many of our clients want the opportunity to work, especially as they are ineligible for social security support and need to support themselves and their children.

Public Submission: Women's Legal Services Australia

Source: Department of Home Affairs (2020); Continuous Survey of Australia's Migrants 2013-18

Many submissions to the Review identified this as an issue. While skills mismatch is not uncommon for new labour market entrants, nor unique to migrants to Australia, skills mismatch carries costs for both migrants and Australia.^{153,154}

Migrant women want more opportunity

Migrant women in Australia have poorer labour market outcomes than migrant men and Australian women. This is common to other Organization for Economic Cooperation and Development (OECD) member countries.¹⁵⁵

¹⁵³ For comparison, 28 per cent of graduates report working below their qualification level.

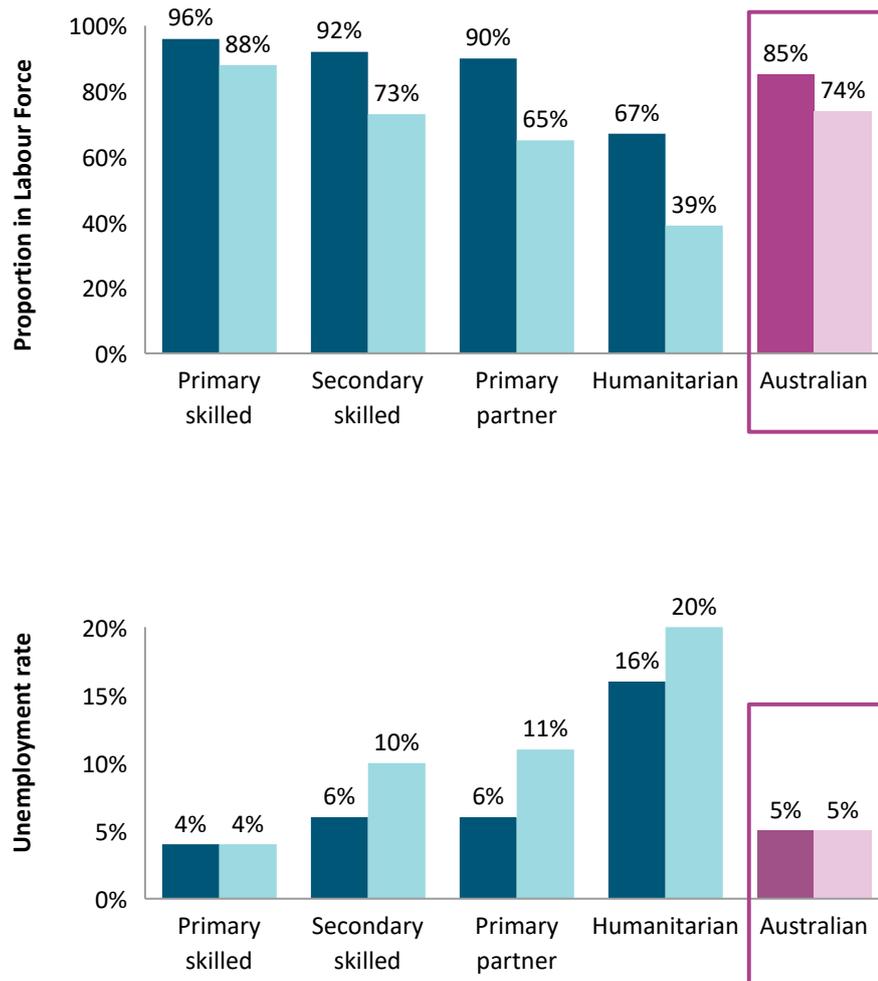
¹⁵⁴ OECD average over-qualification rate: 35.1 per cent: Brun-Schammé A and Rey M (2021) [A New Approach To Skills Mismatch](#), OECD Productivity Working Papers No. 24, accessed 7 February 2023.

¹⁵⁵ OECD (2022) [The Contribution of Migration to Regional Development](#), OECD, accessed 9 February 2023.

Australia's skilled migration program needs to understand ... [it] frequently forgets female skills and disadvantages female applicants substantively ... [and] recognise that race and ethnicity play an important role in the underutilisation of skilled women secondary migrants.

Public Submission: Women in Adult and Vocational Education

Figure 56: Labour market outcomes of various migrants, compared to Australian average



Source: Australian Census and Migrants Integrated Dataset (ACMID) (2016)

There are complex reasons why women's outcomes are lower, including the significant unpaid work many migrant women undertake. Migrant women told the Review they want better opportunity to participate and increasing women's labour market outcomes would have positive impacts on Australia.¹⁵⁶

Unfortunately, there is no inherent labour market demand for humanitarian entrants who have low English language proficiency or have not finished school

The greatest challenge facing many humanitarian entrants in Australia is that their low skill level and/or low English language ability means they are suited to a very limited number of roles in our advanced economy without a significant investment to assist them to become work-ready.

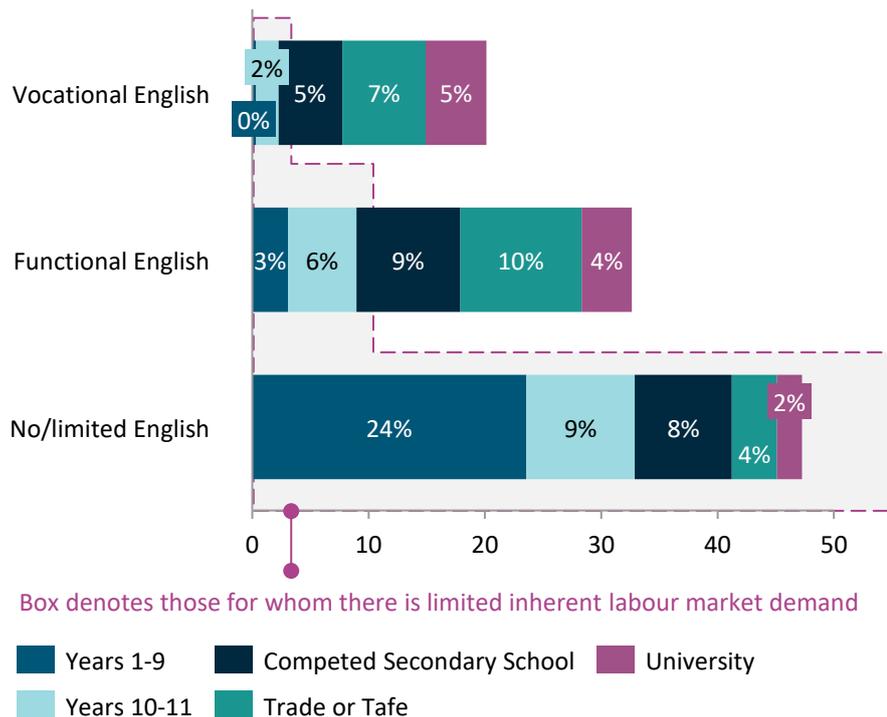
¹⁵⁶ Ziersche A, Due C, Howe J, Walsh M, Miller E and Flavel J (2022) *Pathways to Employment for Social Inclusion, Health & Wellbeing for Women from Refugee Backgrounds*, The University of Adelaide and Flinders University, accessed 28 February 2023; Public Submission: Multicultural Youth South Australia (MYSA).

Every week I attend Jobactive provider for two hours, sitting in front of the computer for two hours for nothing, cannot access the internet to search for a job because of poor English language and not one of the employees in the centre helps out. [The] Jobactive provider advised me to search in Arabic shops in Liverpool for a job because they don't need English they said. The owner of the Arabic shops requires English language, drivers licence and a lot of them prefer young people. Public Submission: Humanitarian migrant from Fairfield LGA

Analysis conducted by PwC in 2021 for the Coordinator-General for Migrant Services found that in September 2021 there were almost 42,000 Jobactive participants who self-identified as refugees. Just over 62 per cent of these self-identified refugee job seekers had either limited formal education and/or low levels of English language skill (Figure 57).¹⁵⁷

In Australia's advanced economy, refugees with these characteristics find it extremely difficult to find work. Even when there is little competition for roles, jobseekers may not become productive quickly enough to meet a business's needs. Moreover, given their background, refugees face other barriers to employment and self-employment that contribute to their slow engagement with the formal labour market.¹⁵⁸

Figure 57: English language ability and educational attainment of self-identified refugees in jobactive in 2021



Source: Department of Education, Skills and Employment (September 2021), jobactive caseload data¹⁵⁹

¹⁵⁷ Department of Home Affairs (2022) [A social entrepreneur's guide – Boosting refugees' economic participation](#), Department of Home Affairs, Australian Government, accessed 7 February 2023.

¹⁵⁸ *ibid.*

¹⁵⁹ Data excludes those who have not provided language or education level (total = 89 per cent).

While Australia supports migrants to settle, eligibility for services is limited and differences in location are not sufficiently considered

Domestic and international evidence suggest a number of factors drive the extent and speed of integration into Australian society. Attachment B provides an overview of the domestic and international evidence regarding barriers and enablers to migrant labour market outcomes. Government already invests in these drivers of success, by delivering specialist and mainstream programs to migrants (Box 32).

However, eligibility for services is limited and in some instances not sufficiently differentiated by settlement locations. Specific issues are discussed in Box 32 in relation to:

- settlement services;
- income support; and
- educational loans.

Box 32: Key government services and supports relevant to migrant economic integration

The **Adult Migrant English Program (AMEP)** is a free service to help eligible migrants and humanitarian entrants with low English levels to improve their English language skills and settle into Australia.¹⁶⁰

The **Humanitarian Settlement Program** provides on-arrival support (e.g. airport pickup, accommodation, referral to services) and orientation to Australia for humanitarian entrants. There is a Specialised and Intensive Services stream which provides more intensive support as needed, including for select other visa holders.¹⁶¹

The **Settlement Engagement and Transition Support (SETS)** program is largely delivered by small grass-roots community organisations and focuses on providing a range of supports, responsive to local need. SETS is available to humanitarian entrants as well as select other migrants in their first 5 years in Australia.¹⁶²

Study assist i.e. Commonwealth Supported Place (CSP), HECS-HELP income-contingent loans and VET student loans, and support. Permanent residents can access a CSP but not a HELP loan.¹⁶³ Humanitarian entrants can access both CSP and HELP. The Newly Arrived Resident Waiting Period (NARWP) applies, so most migrants are not eligible for Youth Allowance or Austudy in their first four years in Australia.

In recent years the majority of federal funding for settlement services has been for refugees and humanitarian entrants, however settlement is a process that all people who migrate to Australia go through. Therefore, we recommend the government expand settlement services to ensure all migrants who come to Australia are eligible for at least a basic level of support.
Public Submission: Settlement Council of Australia

¹⁶⁰ The AMEP is available to migrants and humanitarian entrants who hold a permanent visa or an eligible temporary visa and to Australian citizens who previously held a permanent visa. See: Department of Home Affairs (n.d.) [AMEP Eligible Temporary Visas](#), Department of Home Affairs, Australian Government, accessed 7 February 2023.

¹⁶¹ Migrants who hold a Refugee visa (subclass 200, 201, 203 and 204) or Global Special Humanitarian visa (subclass 202) are eligible to access the HSP on their arrival in Australia.

¹⁶² The SETS Program is available to humanitarian entrants, family stream migrants with low English proficiency, the dependent applicants of skilled migrants in rural and regional Australia and other selected cohorts. A full list of eligible visa subclasses can be found on the Department of Home Affairs website: Department of Home Affairs (n.d.) [Settlement Engagement and Transition Support \(SETS\) – Client services](#), Department of Home Affairs, Australian Government, accessed 7 February 2023.

¹⁶³ Permanent residents seeking to meet Australian standards in relation to a qualification gained overseas may be able to access HELP for bridging study.

NDIS is available to permanent visa holders and special category visa holders.

Social security payments i.e. Jobseeker payments, disability and carer payments, age pension, special benefit, rent assistance, family payments. The NARWP operates to prevent most permanent migrants from accessing most payment types in their initial 2-4 years in Australia.

Workforce Australia is Australia's main employment services program, supporting people to engage in job-seeking activities. Eligibility for Workforce Australia is also affected by the NARWP, with only limited permanent migrant eligibility in early years, except for humanitarian entrants.

Community Hubs provide health, education and settlement support to migrants from diverse cultural backgrounds. Community hubs are embedded in primary schools and help to connect migrants with the wider community.

Skills Assessment Authorities, including **Trades Recognition Australia** offer skills assessment programs based on factors including occupation, country of passport, place of study and the type of visa being sought. This facilitates migrants without Australian qualifications to acquire the licensing and registration necessary to work in certain occupations.

Eligibility for settlement support is tied to visa class, not need

No matter the visa a migrant enters Australia, the nation and the migrant benefit when settlement and integration is successful — when the migrant is able to fully participate in life in Australia, including in the labour market.

Most migrants are able to migrate and navigate settlement without assistance. However, some find certain settlement tasks difficult, including labour market entry.

Settlement services such as HSP and SETS are primarily focused on Humanitarian entrants in their first five years in Australia. But some stakeholders called for linking access to these services to need, rather than visa class or length of time in Australia.¹⁶⁴ The Panel notes this might involve enabling some humanitarian entrants to navigate settlement tasks with less prescriptive assistance, as well as providing services to other currently ineligible migrants who might need assistance.

Responding to migrant need, rather than visa class, could involve revisiting the support available to temporary skilled migrants

The Panel notes, while there are exceptions, temporary migrants largely do not have access to any services or supports. This has consequences for the ability of these migrants to succeed while in Australia. Government could consider whether providing temporary migrants – particularly temporary skilled migrants – with access to some forms of support could help speed up and maximise the labour market contribution of these migrants.

... many migrant women on temporary visas (particularly older women) face lower employment opportunity, greater concentration in low-paid, part-time and casual jobs, lower income and more poverty, higher risks of homelessness and a higher rate of disability which increases with age as well as experiences of family and domestic violence.
Public Submission: Government of Western Australia

¹⁶⁴ Public Submissions: Settlement Council of Australia (SCOA); AMES Australia.

Box 33: The AMEP is highly regarded

Submissions to the review highlighted the strengths of the Adult Migrant English Program (AMEP), a program which provides free English language tuition to approximately 50,000–60,000 eligible migrants each year.¹⁶⁵ In client survey results collected in May last year:

- 82 per cent of survey respondents said they learn the English they need for work in the AMEP and 83 per cent said they learn the English they need for further study;
- over 90 per cent said they are improving in their speaking, listening and reading skills, and 88 per cent said they are improving in their writing skills; and
- 88 per cent said that learning is flexible.¹⁶⁶

Responding better to migrant need might also require responding better to differences in settlement location

Greater differentiation of services between settlement locations could also drive services to be more responsive to migrant need. The Panel believes this is well illustrated by an example.

Fairfield local government area (within Sydney) and Armidale in regional New South Wales are both settlement locations for the purposes of our Humanitarian program.

Settlement services are largely the same for humanitarian entrants settling in both locations, despite the vast differences between them.

For example, at the 2021 census, 79.4 per cent of people in Fairfield spoke a language other than English at home compared to 12.2 per cent in Armidale.¹⁶⁷

Supports for migrants and to help host communities adapt to new entrants need to take into account these differences, as they will have a big impact on the ease of migrant settlement and integration.

The impacts of limiting migrant access to income support have not been measured

The Newly Arrived Resident Waiting Period NARWP is designed to incentivise early economic participation and self-sufficiency among migrants by limiting migrant access to various social supports. The range of payments the NARWP applies to, and the length of the waiting period, have both increased over time:

- In 1993 a six-month NARWP was first introduced for certain working age payments – Job Search Allowance (later part of Youth Allowance), Newstart Allowance (now JobSeeker Payment) and Sickness Allowance. The period of the NARWP was extended to two years in 1997.

Providing income support to migrants as they begin their life in Australia is essential to their economic participation and supporting this economic growth.

By providing migrants with support, we are providing them with an opportunity to effectively settle in Australia, including finding appropriate skilled employment.

Public Submission: Settlement Council of Australia

¹⁶⁵ Most permanent residents are eligible for AMEP, and a subset of temporary visa holders.

¹⁶⁶ AMEP Student Survey (2022).

¹⁶⁷ ABS (2017) *2016 Census of Population and Housing, General Community Profile, Armidale Regional LGA and Fairfield LGA (Catalogue number 2001.0 and 2003.0)*, accessed 14 March 2023.

- Further changes were made in 2019 to increase this waiting period to four years and to extend waiting periods to additional payment types. The NARWP for these new payments is one or two years. As a consequence, a NARWP applies to most social security benefits, including: JobSeeker Payment, Youth Allowance, Austudy, Special Benefit, Mobility Allowance, Pensioner Education Supplement, Parenting Payment, Carer Payment, Carer Allowance, Family Tax Benefit Part A, Parental Leave Pay, and Commonwealth Senior's Health Card and Health Care Card.

The expansion of the NARWP has delivered significant savings to Government budgets. For example, changes that were proposed by the previous Government to increase the NARWP for carer and family payments from 2 to 4 years would have saved around \$900 million over four years from 2022-23 (with ongoing savings beyond the forward estimates period)¹⁶⁸. The current Government decided not to proceed with this measure.

The NARWP has been described as driving migrants to work below their skill level and preventing them from up-skilling, both of which reduce migrants' long term contribution.¹⁶⁹

Stakeholders also pointed out the NARWP commenced at a time when most permanent migrants had not spent any time onshore, yet today many migrants have for some time already contributed to Australia through taxation etc as they commenced a temporary visa (Figure 42). There is a concern that the NARWP is unfair when migrants have made significant economic contributions to Australia.¹⁷⁰ Finally, the Panel observed that the increase in the scope of the NARWP – to more payments, for longer – has disconnected the measure from its clear original policy intention. While limiting a skilled migrant's access to job seeking supports might make sense for a short duration, it is less clear what the rationale is for limiting a partner visa holder from Parental Leave Pay if they have been working and paying tax.¹⁷¹

Overall, the Panel was struck by the limited systematic analysis of the impacts of the NARWP on migrant outcomes. While the NARWP creates significant savings for the budget, there is little data or analysis on its impacts on migrant outcomes, so there is no way of knowing whether its economic and fiscal impacts are positive or negative.

I am not "newly arrived". I have been resident in Australia for 7 years, so this descriptor is a misnomer, and unfairly excludes me from benefits that would hugely support me in my studies to become a social worker, particularly as I have to do an unpaid student placements of 1,000 hours over 2 years.
Public Submission: Jason Fernandez

¹⁶⁸ Parliament of Australia (2018) [Supplementary Explanatory Memorandum Social Services Legislation Amendment \(Encouraging Self-sufficiency for Newly Arrived Migrants\) Bill 2018](#), Parliament of Australia, accessed 7 February 2023.

¹⁶⁹ CEDA (2021) [A good match: Optimising Australia's permanent skilled migration](#), CEDA, accessed 7 February 2023; Public Submissions: Federation of Ethnic Communities' Australia (FECCA); Ethnic Communities' Council of Victoria (ECCV).

¹⁷⁰ Public Submission: Settlement Council of Australia (SCOA).

¹⁷¹ CEDA, above n169.

Education is critical, but migrants' opportunity to develop their skills are limited

Two issues emerged in relation to access to education.

First, some temporary migrants must pay for the cost of primary and secondary schooling for their children. Costs range between \$4,000 and \$16,000 per annum, depending on the state or territory and the year of schooling.¹⁷² It is unclear what the policy rationale behind this is, particularly in an environment where many temporary migrants, particularly temporary skilled migrants, transition to permanent residence and also make strong economic contributions. This makes Australia a less attractive and welcoming destination for temporary skilled migrants.

Second, much like the NARWP, migrant eligibility for student loans – particularly HECS-HELP loans – was restricted in a context quite different from today:

- In 1994, the Government became aware a high number of Australian permanent visa holders were accessing HECS loans (now HECS-HELP) to fund their studies, and then returning to their home countries upon completion of their degree. Under these circumstances, the student would not make any repayments towards their HECS loan through the Australian tax system, nor would they contribute to Australia as part of Australia's future workforce. In response to this, and to protect the long-term sustainability of HECS, permanent residents became ineligible for HECS loans.
- While the sustainability of HECS-HELP should remain a priority, migration flows and Australia's ability to recover student debts have advanced significantly since 1994. Notably, today, most permanent migrants have transitioned to permanent residence after a period of temporary residence (Figure 42) and fewer leave Australia.

The same eligibility restrictions that apply to HECS-HELP loans apply to VET Student Loans. While similar considerations apply to VET Student Loans, permanent migrants *are* eligible for State and Territory-funded VET subsidies and free TAFE in relation to some subjects of vocational study. The overall impact of eligibility restrictions on migrant outcomes is therefore probably less in the case of VET Students Loans compared with HECS-HELP restrictions.

Investment in big enablers – professional networks and local experience – could make a difference

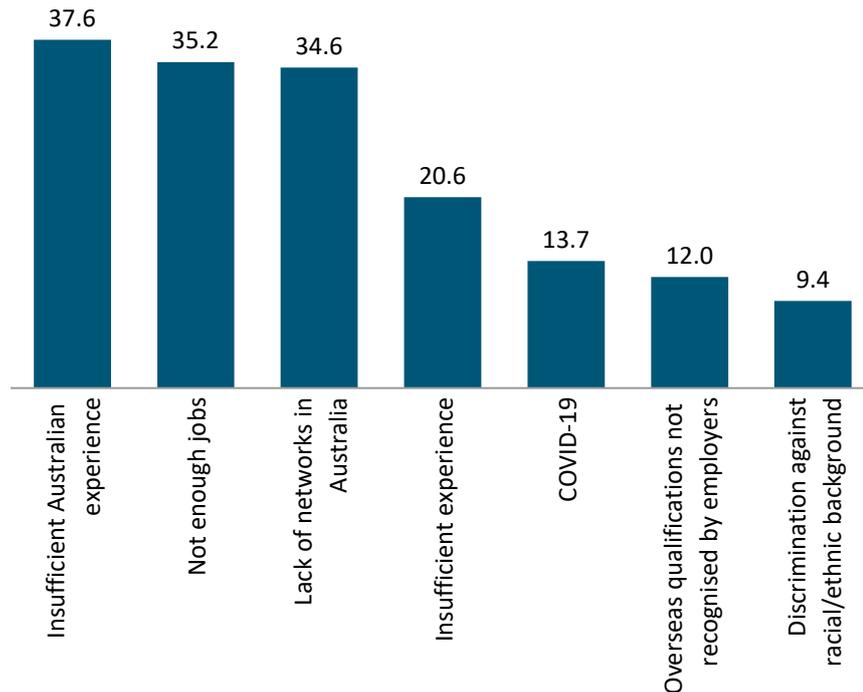
Migrants report that lack of local experience and professional networks are key reasons they cannot find a role, or work below their skill level (Figure 58). Unsurprisingly, this issue is particularly acute for migrants who are not sponsored by an employer to come to Australia.

¹⁷² Fees vary by state or territory and school year. For example, in New South Wales, annual fees for some temporary visa cohorts range from \$5,600 for primary school and \$6,400 for senior high school: NSW Government (n.d.) [Temporary Resident Program Fact Sheet – Education Fees](#), NSW Government, accessed 7 February 2023. In South Australia, the equivalent fees are \$5,900 and \$7,000, while in Victoria school tuition is free: South Australian Government (n.d.) [Student fees for subclass 457 and 482 visa holders](#), South Australian Government, accessed 7 February 2023.

Migrants and refugees have long experienced disadvantage in the labour market. Many find that they face barriers to sustainable employment such as employer demands for local experience, lack of local networks, non-recognition of overseas qualifications, difficulties navigating the employment services system, bias, and concerns by employers about their job readiness.

Public Submission: Ethnic Communities Council of Victoria

Figure 58: Self reported main barriers to finding work; all skilled migrants at 18 months



Source: Continuous Survey of Australia's Migrants (CSAM) (2021)

Mainstream employment services such as Workforce Australia, and specialist settlement and integration services both provide some support to enable some migrants to build local networks and access a work opportunity.

However, it is not clear that large-scale professionalised services have been delivering outcomes for migrants (and, notably, access to Workforce Australia is affected by the NARWP).

Box 34: Unlocking the potential of all migrants isn't a job for government alone

Building migrant networks and generating opportunities for migrants to gain local experience is difficult for government to deliver alone – industry groups, businesses and workers need to be involved. There is good evidence of the powerful role outreach by these groups can play in helping migrants succeed.¹⁷³ Joint efforts are also required to improve Australia's appreciation of all migrants have to offer and overcome unconscious biases.

There are good examples of targeted efforts, particularly by social enterprises (Box 35), which focus specifically on these enablers. For example:

- The Afghan employment coaching program provides Afghan humanitarian entrants evacuated to Australia in 2021 with an employment coach and links participants to mentors in their field of interest or expertise; and
- CareerSeekers supports mid-career professionals and university students from a humanitarian background to participate in internships to gain work experience (Box 38).

¹⁷³ Somerville W and Wintour P, above n149.

Box 35: Social enterprise could add value to Australia and migrants

Australian social enterprises had (in 2019) created jobs for an estimated 300,000 people and require a relatively small investment to deliver significant value.¹⁷⁴ Social enterprises generate their own revenue and receive private investments. However, according to the Centre for Social Impact, social enterprises that focus on the most disadvantaged job seekers are often unable to generate all the revenue required to cover the significant costs involved in supporting disadvantaged cohorts. For example, a very successful employment focused social enterprise working with refugees is able to generate 90 per cent of the funding they require to operate, but has a 10 per cent funding gap and has cited this as the most significant barrier to scale. While business models differ, the Centre for Social Impact estimates that this experience is common.¹⁷⁵

Establish a responsible body overseeing support programs which focus on re-accreditation and 'skills to job' alignment. Extend support programs to partners and family members, empowering workplace participation with access to childcare, pre-school, language acquisition and networks; enabled by flexible visa settings.
Public Submission: Australian Multicultural Council

Supporting migrant women is a worthwhile investment

Improving outcomes for migrant women not only helps women realise their economic potential and integrate more successfully into the community. It has profoundly positive effects on their children, particularly daughters.¹⁷⁶

Submissions to the Review pointed out the significant ways in which limited local networks and lack of transport, for example, stop migrant women from contributing in the labour market.¹⁷⁷

There are already some good (relatively small) investments made by the Government.¹⁷⁸ The Community Hubs program, for example, was independently evaluated by Deloitte in 2019 and found to have a high social return on investment, making a significant difference to migrant families' community engagement, English, and vocational opportunity.¹⁷⁹

However, it is clear to the Panel that there is more that could be done. The Panel notes this has been a neglected area of policy thinking, and there was relatively little focus on migrant women in the 2017 report *Towards 2025: An Australian Government Strategy to Boost Women's Workforce Participation*.

¹⁷⁴ Barraket J, Qian J and Riseley E (2019) [Social Enterprise: A people centred approach to employment services](#), Centre for Social Impact, accessed 10 February 2023.

¹⁷⁵ Qian J, Riseley E and Barraket J (2019) [Do employment-focused social enterprises provide a pathway out of disadvantage? An evidence review](#), Centre for Social Impact and Swinburne University of Technology, accessed 10 February 2023.

¹⁷⁶ OECD (2020) [How to strengthen the integration of migrant women](#), *OECD Migration Policy Debates*, accessed 9 February 2023.

¹⁷⁷ Public Submission: Multicultural Youth South Australia (MYSA).

¹⁷⁸ In 2019, the National Community Hubs Program received funding of \$15.2 million from a range of sources to fund its programs, including \$4.7 million (31 per cent) from the Commonwealth through the Department of Social Services.

¹⁷⁹ Deloitte Access Economics (2021) [National Community Hubs Program SROI Evaluation Report FINAL](#), Deloitte Access Economics, accessed 7 February 2023.

Targeting the significant and unique barriers humanitarian entrants face is worthwhile

As described above, Humanitarian entrants are somewhat unique in the Australian labour market.

The Economic Pathways to Refugee Integration program is a step in the right direction. It provides grant funding to social enterprises focused on creating employment and self-employment opportunities for the large cohort of Humanitarian entrants who have low English and low skill levels. In recognition of the concentration of refugee jobseekers in certain employment regions (75 per cent of refugee jobseekers live in just 11 employment regions), the program is also focused on investing in those geographical areas.

Measuring the effectiveness of the Economic Pathways to Refugee Integration program will be critical to ensure Government can learn from what works. As discussed in Chapter 4, the Panel is concerned current approaches to monitoring and evaluation in settlement and integration services are generally weak, and the impacts of good new initiatives like this one may be missed.

Reform directions

In light of the above, the Panel considers that there are a number of options that might drive better economic outcomes for all migrants, including:

- Revisiting the scope of settlement and integration programs, with a view to making them more responsive to:
 - local differences in settlement locations; and
 - migrant support need, including reconsidering whether visa class and length of time in Australia are appropriate eligibility constraints.
- Reviewing the NARWP, to help improve government understanding of the impacts of this significant policy measure on migrant outcomes.
- Investing in social enterprises and other organisations that focus on the big drivers of migrant economic integration, such as professional networks, local work experience and access to transportation. Such investment could have a particular stream or focus on migrant women, in recognition of this cohort's higher barriers to economic participation.

[Many young humanitarian migrants face pressure] to find work to support their parents and siblings in Australia as well as other family members left behind in refugee camps and conflict regions. Faced with this pressure, and given the high refugee unemployment rate, they will take whatever work they can get, making them vulnerable to wage theft, exploitation and unreasonable expectations by unscrupulous employers ...
Public Submission: Multicultural Youth South Australia

16. SKILLS RECOGNITION IS IMPORTANT BUT IS POORLY ACHIEVED IN THE CURRENT SYSTEM

Skills recognition can be required to obtain a skilled migration visa and to obtain an occupational licence. For migrants who need to obtain both, the financial cost and time required is significant. Occupational licensing also acts as a barrier to other migrants (who do not come in through the skilled program) reaching their labour market potential. Collectively, in these ways, skills recognition processes see Australia and migrants lose out.

Efficient and robust skills recognition is an essential component of a well-managed migration program. Australia needs a skills recognition system that:

- maintains safety and quality in ensuring skilled migrants are appropriately skilled;
- provides certainty in pathways for migrant workers; and
- maximises the user experience through enabling skills recognition in a timely and affordable manner.

However, there have been ongoing concerns with the way skills recognition occurs in the current system. Australia's skills recognition system contributes to skills mismatch and migrants not reaching their potential in the labour market.

However, the Panel also notes that skills recognition has been a site of frustration for some time, and there have been many (and recent) efforts to drive change. Reforming skills recognition in Australia is therefore unlikely to be a quick win. Because much responsibility sits outside of the Commonwealth, coordination with states and territories and professional bodies will be required.

*Not being able to have one's overseas qualifications recognised inhibits many migrants and refugees from gaining meaningful employment with career progression, severely impacting Australia's future prosperity.
Public Submission: Settlement
Council of Australia*

It is clear that the current approach to skills recognition is complex and burdensome

The problems with skills recognition are clearly illustrated by the case study below (Box 36).

Box 36: Case study: overseas trained general electrician on an employer sponsored visa via direct entry

To come as a skilled migrant: Overseas qualified tradespeople are required to undertake a skills assessment with Trades Recognition Australia (TRA). The applicant applies for a skills assessment via the TRA portal where they pick a registered training organisation (RTO) and pay the initial fee and upload Documentary Evidence Assessment documents.

The RTO assesses the documentary evidence of identity, skills and employment experience and, if successful, refers the applicant for the Technical Assessment (incorporating a Technical Interview and Practical Assessment). If again successful, the applicant will receive a migration outcome letter to provide to Home Affairs in support of a permanent or temporary visa application, and an Offshore Technical Skills Record ('OTSR').

To work in their occupation: migrants are separately required to be registered with the state or territory electrical regulator in the jurisdiction where they wish to work. The applicant takes the OTSR to the electrical regulator who may grant a provisional licence. Once the applicant has a provisional licence, the applicant will generally need to pay to undertake context gap training with an RTO to understand the Australian context of the electrical trade. At the same time, they will generally need to undertake 12 months of supervised work as an electrician. Once the applicant has undertaken the context gap training and supervised work placement, they can return to the RTO to be issued the Certificate III in Electro technology and then apply for a full electrical licence.

The whole process costs over \$9000 and takes up to 18 months.

As revealed by this case study, there are two points at which a migrant wanting to work in Australia in their field of expertise might need their skills recognised.

First, **to work in some occupations**, anybody, including migrants irrespective of their visa, must obtain an **occupational licence** or registration from a relevant industry body or government agency.

Occupational licensing ensures employers and consumers know a person can conduct their work at a certain level of quality and safety. Such licensing can be particularly important for migrants who have obtained skills and qualifications elsewhere, outside of the Australian regulatory context.

Second, **to access a labour migration visa**, a prospective migrant might need a skills assessment, completed by an Assessing Authority prescribed for their occupation. Whether or not an assessment is required depends on a combination of visa class, country of training, as well as occupation.¹⁸⁰

¹⁸⁰ Skills assessments are mandatory for General Skilled Migration visas (e.g. Skilled Independent and Skilled Nominated visa). They are not required under the Employer Nomination Scheme if a migrant applies via the Temporary Residence Transition stream or under the Labour Agreement stream. Certain TSS visa applicants must undertake a mandatory skills assessment, as must Temporary Graduate visa holders.

Skills assessments are imposed by the migration system to maintain trust and confidence. It is important migrants have the skills they claim to have and will be able to work in an industry identified as in shortage, if that's the reason they were invited to Australia. Eligible onshore migrants who reside in Australia may have access to free, fast-tracked skills assessments run by DEWR.¹⁸¹ The complexity and burden of the current skills recognition approach has adverse impacts on migrants

The Panel recognises skills recognition processes in Australia prevent migrants from realising their full potential.¹⁸² They might also deter migrants from coming to Australia in the first place.

Migrants themselves report skill and qualification recognition as an issue, though not as significant as other barriers to labour market success (Figure 58).

Attract skilled migrants by promoting Australia's reputation as a good international citizen, one that processes visa applications efficiently and expeditiously, has mechanisms in place to assess their skills and qualifications against Australian standards and affordable educational programs enabling them to adapt their qualifications if required.
Public Submission: Ann-Mari Jordens

As with domestic workers, there are benefits available to migrants who work in a licensed job. Indeed, benefits may be more pronounced for migrants: one study found migrant university graduates working in a licensed job enjoy about 20 per cent higher wages and about 30 per cent less over-education, compared with university graduate migrants working in non-licensed jobs.¹⁸³ Notably, effects were 10 per cent higher for migrants from a non-English speaking background. This suggests migrants stand to gain a lot from the signalling value of an occupational licence, which might indeed help them overcome other barriers to labour market success.

Box 37: Qualification recognition can be valuable, outside of occupational licensing

People with overseas qualifications who are already resident in Australia continue to face barriers to full participation in the labour market. Frequently, potential employers do not recognise or have confidence in the equivalency of non-trade post-secondary overseas qualifications.

To address this challenge, all state and territory jurisdictions have established Overseas Qualification Units. This is a free service which issues an official document that outlines the broad requirements of the qualifications and the equivalent Australian qualification.

Although this is a valuable service, it is only for residents. Visitors and aspiring migrants are generally ineligible.

Looking closer, the issues with skills recognition are different for different groups

For migrants in the **Skilled Migration Program** (Box 36), the multiple steps involved in skills recognition can mean it takes many years for labour migrants to work in their field of expertise, and some might never do so. A recent Productivity Commission report neatly summarises what the Panel heard from stakeholders:

¹⁸¹ DEWR (Department of Employment and Workplace Relations) (2023) [Skills Assessment Pilots](#), DEWR, Australian Government, accessed 15 March 2023.

¹⁸² Public Submissions: Settlement Council of Australia (SCOA); Canberra Multicultural Community Forum Inc.; Federation of Ethnic Communities Councils of Australia (FECCA).

¹⁸³ Tani M (2020) 'Occupational Licensing and the Skills Mismatch of Highly Educated Migrants', *British Journal of Industrial Relations*, 59(3):730-756.

- Lack of consistency between the outcomes of a skills assessment required to satisfy a visa requirement and the requirements for occupational licensing can leave a skilled migrant in labour market limbo – where they have been allowed to migrate to Australia but are unable to work in their chosen field. This can lead to skilled migrants working in relatively lower paid jobs, undermining productivity gains associated with the migration program.¹⁸⁴

The Council supports a migration system that recognises the diversity of skills and talent required to meet the future needs of diverse and sophisticated domestic economy and supports unmet community and social need. This includes unlocking the potential of our current migrant population.

Public Submission: Australian Investment Council

The Panel is of the view when migrants are invited to Australia because of their skills, the system should allow them to use their skills as quickly and efficiently as possible.

Submissions to the Review also highlighted the untapped skills of **non-labour migrants (family, secondary skilled and humanitarian)**, many of whom have skills that are unrecognised in Australia. The complexity and opportunity cost of skills recognition is a key issue for these migrants.

There are also additional complex questions that arise for migrants outside of the skilled migration program, including that some of these migrants are:

- highly skilled in an occupation that does not translate well to the Australian context, for example, a humanitarian entrant who was a judge in their country of origin;
- skilled in an area where there is little labour market demand;
- have a qualification or training that is regarded insufficient to meet Australia's quality or safety standards, even with a bridging course (in relevant skilled migration program, these migrants may be 'screened out' by a skills assessment at visa application stage); or
- at an age or stage of life (e.g. having caring responsibilities) that makes the opportunity cost of re-training in Australia particularly high.

More efficient and effective skills recognition processes might not solve all of these problems. But it is important migrants are still able to realise their full potential in Australia's labour market. In some cases, this might require efforts to ensure skilled migrants can effectively transition to a role that uses their level of skill, or specific skills.

Box 38: Case study: scaffolding skilled migrants into work

CareerSeekers provides people from a refugee background with opportunity to gain local work experience through an internship. There are two relevant programs:

- Mid-career professionals – those with tertiary qualifications and professional work experience from their country of origin, who strive to re-establish their careers in Australia. These participants undertake paid internships lasting 12 weeks that provide local experience, a local reference and help them establish a network within their chosen profession. Employers and refugee participants talk of the ways the program helps people translate their professional skills and experience.
- University students – full-time university students who undertake paid internships during university breaks in an effort to link their studies with practical work experience.

¹⁸⁴ Productivity Commission, above n34.

Reform directions

The Panel endorses two ways the Productivity Commission recommended Australia improve skills recognition:

1. Consider pursuing international mutual recognition of occupational licences from a broader range of countries. Automatic mutual recognition allows occupational licences obtained elsewhere to be recognised, without the need to formally apply for recognition. This drives efficiency and facilitates the flow of workers between jurisdictions.
2. Consider driving greater synchronisation between skills assessments and licence/registration processes. Where skills assessments are maintained as part of the migration system, migration system settings should be better informed by occupational licensing requirements. This means aligning skills assessment criteria with occupational licensing criteria. It also means considering migration system settings where occupational licensing, for example, requires Australian work experience.¹⁸⁵

There could also be value in the Commonwealth working with states and territories on a strategy to oversee efforts to streamline processes for those occupations that can have the most benefit to the economy.

The relevant strategy should:

- set out clear and agreed principles to guide the skills assessment and occupational licensing. This would help enable a coherent and strategic approach to balancing the need to unlock the full potential of migrants, while ensuring quality and safety is maintained in occupations where relevant;
- include a focus on data and evaluation, so Australia learns from the investments of today;
- include strategies to align skills assessments and occupational licensing, and improve international mutual recognition of qualifications and licences;
- drive better coordination between industry peak bodies (employer associations and unions);
- support additional investment in skills assessing authorities operated by the Commonwealth (e.g. Trades Recognition Australia) where this will drive better, faster outcomes; and
- link in with regulatory and compliance regimes (e.g. the Australian Skills Quality Authority) to ensure marketed courses match occupational licensing requirements.

¹⁸⁵ *ibid.*

17. MIGRATION NEEDS TO SUPPORT THE ROLE WE WANT TO PLAY IN THE WORLD

Migration is central to the image that Australia presents to the world. However, elements of the migration system are undermining opportunities to strengthen ties in our region.

The Humanitarian program provides a tangible demonstration of Australia's commitment to international efforts to protect refugees and respond to global humanitarian need.

Australia's migration legacy is central to the national image presented globally. The Refugee and Humanitarian program is of international significance, having resettled close to a million people since World War II. The high profile of this program provides substance and heft to Australia's advocacy on conflict issues, humanitarian response and human rights.

As outlined earlier, migration historically has also helped Australia make the most of our opportunities and manage emerging threats in our region. It has done this by building people-to-people links and economic ties. And it continues to be a key factor influencing the quality and depth of our foreign relations.

In the years ahead, Australia will need to navigate more complex and contested international terrain if it is to maximise our economic opportunity and maintain our security. Australia's migration program can play an important role in realising our international goals.

We are forgoing opportunities to deepen people-to-people links with our neighbours

As outlined in Chapter 1, the Indo-Pacific is critical to Australia's future prosperity and security. Australia's location, institutions and endowments position us well to continue to benefit from the region's economic dynamism.

At the same time, the Indo-Pacific is undergoing a profound transition, as economic and strategic weight shifts and global norms come under increasing pressure. Smaller states are prone to interference and coercion, in part due to size imbalances, but in part due to vulnerability created from unsustainable debt levels. Climate change poses a grave and growing threat to many.

Migration and labour mobility can help ensure Australia remains relevant to important economic and political actors as their attention shifts to our north. Importantly, they are key to ensuring that responsibility for Pacific security remains in the hands of the Pacific.

Indo-Pacific political and business leaders find it too hard to visit Australia

Key business and political figures from across the Indo-Pacific have long reported that they find it hard to visit Australia – and the visa system is blamed. A common concern is that processes are cumbersome, requiring a wide range of documents and other evidence to satisfy Australia's requirements, and leading to long processing times. Too often this can result in potential visitors seeking alternative travel destinations.

... migrants facilitate useful soft diplomacy through cross-border people-to-people links, adding another line of engagement to formal diplomatic relations in fostering international trade, investment, academic and technology exchanges, arts and culture.

Public Submission: Australian Multicultural Council

The visa system is often the first interaction a visitor has with Australia. We risk presenting an unwelcoming face to the region and reputational harm. The Panel believes it would be useful to examine visa processing arrangements for the region to ensure the value of facilitative visa access is appropriately balanced with risk assurance. There may also be a key role for enhanced technology to streamline processing and improve applicants' experience.

Near neighbours have tiny Australian diasporas

For permanent migration, Australia's nearest neighbours have not historically been major sources. This is reflected in especially small Melanesian and Indonesian diasporas (Table 6). Our neighbours notice this and it affects our standing in the region.

Table 6: Australia's Indo-Pacific diasporas

	In Australia	Per cent of country of origin population	
Pacific & Timor-Leste	Papua New Guinea	34,870	0.39
	Solomon Islands	3,330	0.48
	Vanuatu	5,340	1.78
	Fiji	80,070	8.90
	Samoa	34,380	17.19
	Tonga	16,880	16.88
	Nauru	780	7.80
	Kiribati	1,070	1.07
	Timor-Leste	10,670	0.82
	Southeast Asia	Indonesia	89,480
Philippines		310,620	0.28
Vietnam		268,170	0.27
Cambodia		39,390	0.25
Myanmar		40,460	0.08
Laos		11,130	0.15
Malaysia		172,250	0.15
Singapore		59,190	0.53
Thailand		81,740	1.08
Brunei		3,010	0.75
China ¹⁸⁶		703,530	0.05
India		710,380	0.05

Source: ABS, Estimated resident population, Country of birth - as at 30 June 2021; DFAT country factsheets

Looking ahead, Pacific diasporas can be anticipated to grow over time, in line with their participation in the new Pacific Engagement Visa (PEV), which will commence in July 2023.

The Panel considers there would be value in considering approaches to boost growth in key Southeast Asian diasporas. This could include actively encouraging students to stay on after completing tertiary study in Australia and promoting Australia's skilled migration opportunities. There may also be relevant measures developed as part of the Government's forthcoming *Southeast Asia Economic Strategy to 2040*.

¹⁸⁶ Includes Hong Kong and Macau.

¹⁸⁷ Howes S, Curtain R and Sharman E (10 October 2022) '[Labour mobility in the Pacific: transformational and/or negligible?](#)' *DevPolicyBlog*, accessed 7 February 2023.

While many of the markets that Tourism Australia targets have access to the ETA app, travellers from high potential markets like India and Indonesia are unable to access the ETA app resulting in a more costly and time consuming visa application process.
Public Submission: Tourism Australia

In three Pacific countries – Tonga, Samoa and Vanuatu – labour mobility has had an impact of the sort that foreign aid could never hope to have – and all to the benefit of the Australian economy as well.¹⁸⁷

Pacific labour migration – managing future uncertainty

Pacific partners value the work opportunities Australia provides for their young people under the Pacific Labour schemes – Pacific Australia Labour Migration (PALM) and PEV.

Average annualised remittance flows of around \$15,000 per worker¹⁸⁸ are making a difference to living standards and investment levels in their home communities. These programs are an increasingly important complement to Australia’s significant aid program and wider foreign policy work in the region.

Risks to viability

Among some Pacific governments, migration to Australia (and New Zealand) is a more complex issue. While some Pacific countries are keen to increase their participation in the PALM scheme, other Pacific governments fear their communities will be ‘emptied’ of prime age workers across all skill levels¹⁸⁹ – wage differentials are so great as to reportedly motivate teachers and civil servants to quit their jobs to pick fruit in Australia. Labour force depletion was the reason given for the Government of Samoa’s recent decision to suspend involvement in Australia’s and New Zealand’s labour migration programs.¹⁹⁰

Simultaneously, there is a need to track demand-side risks in Australia. Moreover, any consideration of other low-skill pathways needs to ensure the importance and value of PALM is not eroded.

One option, outlined by the ANU Development Policy Centre in its submission, would be to extend elements of PALM regulation – such as mandatory employer vetting, worker education and induction, and sanctions on non-compliant operators – to all temporary low skill migration programs.¹⁹¹ The Panel believes this proposal is of significant merit and warrants further consideration.

Australia will need to ensure the programs continue to be held in high regard in the Pacific, including not depleting human capital, and remain attractive to Australian employers to ensure the continuation of the current benefits.

ACN is looking towards Pacific Nations for skilled nurses to help re-build capacity in Australia’s nursing workforce but is also conscious of the ethical and moral issues related to depleting the nursing workforce within our region.
Public Submission: Australian Council of Nursing (ACN)

¹⁸⁸ The Hon Pat Conroy, Minister for International Development and the Pacific (16 February 2023) [Interview with Lisa Millar, ABC TV News Breakfast](#) [transcript], Australian Government, accessed 1 March 2023.

¹⁸⁹ Wilson C (17 January 2023) [‘Pacific Islands fear brain drain from Australia job scheme’](#), *Aljazeera*, accessed 7 February 2023.

¹⁹⁰ RNZ (23 January 2023) [‘Samoa govt fears labour drain after Canberra offers work visas’](#), *RNZ*, accessed 7 February 2023.

¹⁹¹ Public Submission: Development Policy Centre, Australian National University.

Helping communities facing climate change displacement

Climate displacement is no longer just a disturbing prospect – it is becoming a reality in our neighbourhood. The consensus among development and humanitarian experts is that preparatory work with at-risk communities and countries needs to start sooner rather than later.¹⁹²

But there are acute sensitivities that need to be managed, not just in relation to the risk of ‘brain drain’ as outlined above. Many Pacific governments understandably view climate change as an existential threat, with large-scale emigration having the potential to hasten its realisation.

Australia must be ready to respond in close engagement with Pacific governments,¹⁹³ potentially including through mobility offerings not only for young workers but also for more vulnerable members of Pacific communities.

Ensuring ongoing relevance of our Humanitarian program in a changing global context

Australia’s generous and long-standing Humanitarian program provides a tangible demonstration of commitment to international efforts to protect refugees; responses to global humanitarian need; and stabilisation of displaced populations.

The increasingly complex geostrategic environment also now sees more than 100 million forcibly displaced people globally.¹⁹⁴

Ensuring Australia’s international trade agreement and treaty position is upheld

Mobility clauses feature in all the trade agreements Australia enters into, at the World Trade Organization (WTO) and under most free trade agreements (FTAs). These clauses are the mechanisms by which Australia provides certainty to international stakeholders on market access for workers providing services, investors, business visitors and accompanying dependents. Non-treaty-level initiatives can also involve commitments on related interests of commercial significance, such as work and holiday programs, post-study work, or skills and training opportunities.

Trade agreements generally do not inhibit liberalisation of Australia’s domestic systems, including the migration system, but they do establish a barrier to additional mobility restriction.

For many of our trading partners, particularly those in the region, mobility provisions are a key interest in their trading relationship with Australia. As a result, it is not uncommon for countries to seek improvements in visa arrangements as a precondition for removing trade restrictions on Australia’s interests, such as agriculture exports. Australia’s international migration policy is thus linked to market access for our goods and services.

The review provides an opportunity to increase recognition and integration of mobility considerations (migration, displacement, and planned relocation) ... This includes reviewing dignified and voluntary pathways to safety for communities experiencing increasing climate risks before a disaster strikes or a place becomes uninhabitable, through labour migration, education and training, humanitarian entry and stay, complementary pathways to protection and family reunification.

Public Submission: Australian Red Cross

¹⁹² See, for example, McAdam J and Pryke J (2020) ‘[Climate Change, Disaster and Mobility: A Roadmap for Australian Action](#)’, *Kaldor Centre for International Refugee Law, UNSW, Policy Brief 10*, accessed 7 February 2023.

¹⁹³ Australia’s commitment to do so is reflected, for example, in the 2022 *Communique of the 51st Pacific Islands Forum Leaders Meeting*.

¹⁹⁴ UNHCR, above n24.

As such, Australia needs to be mindful that broader changes to the migration system in Australia may create a risk of non-compliance with international treaty obligations, such as those made as part of bilateral FTAs and as a member of the WTO. Areas of potential breach include (but are not limited to):

- visa stay periods, which may be affected by system reform measures dealing with the issue of 'permanently temporary' visa status (discussed earlier); and
- commitments not to cap temporary visas and numerical limits on temporary visas, which may be affected by any shift to cap temporary (as well as permanent) migration.

That said, these are potential risks and should not inhibit a careful examination of all elements of the migration program.

The Department of Foreign Affairs and Trade leads negotiation of Australia's trade agreements. Recognising their potentially important implications for migration and visa settings, the Panel suggests the Department of Home Affairs be consulted in the early stages of development of any future agreements.

18. THE DEPARTMENT OF HOME AFFAIRS NEEDS THE CAPABILITY TO DELIVER

The migration systems that underpin processes, procedures and the ICT backbone urgently need modernisation if Australia is to grasp the opportunities and face the challenges of the coming decades.

Taking a coherent and consistent approach to the modernisation of the migration system, policy reform, and reform of the full range of enabling capabilities, implementation and delivery architecture, will be critical.

The process of sponsoring and navigating through the immigration website is onerous and complex. Farmers [rely on] immigration agents to manage the complexity of the process, which adds costs without any guarantees of a successful outcome.
Public Submission: Australian Dairy Farmers

Strong enabling capabilities are required for success – the Panel focused on ICT, data and technology

The Panel has commented below on the Department’s ICT systems, as well as the Department’s adoption and use of technology and data. It is clear these systems are currently a source of frustration for many, including migrants, business and government itself, particularly its delivery officers.

In the context of the migration system, enabling capabilities are of course broader than these. They include business processes, policy rules and pricing, as well as the Department’s culture, people, leadership and delivery partners.

Investment in all departmental enabling capabilities will be critical to the success of the migration system in coming decades. During periods of transformation, holistic investment and planning is particularly important. The Department’s enabling capabilities will need to be fit for the purpose of delivering the reforms envisaged by this Review, and to ensure reform translates into an internationally competitive user experience, as well as an efficient and effective system over the decades ahead.

Reduce cost and reduce the complexity of visas, personally as a business operator I don’t have the time to spend to prepare a complicated visa application.
Public Submission: Alice Martino

High performing ICT systems and the use of data and digital technologies are key to the migration system’s success

ICT, data and technology are key enablers of an efficient and effective migration system. These capabilities underpin the visa application process for prospective migrants, the decision-making process for the Department, and the integrity of the system as a whole.

Access to contemporary systems and tools enables Australia to:

- **Attract migrants.** In an environment of rising competition for highly skilled migrants, a migrant’s experience with ICT systems when applying for a visa is important. Global competitors recognise this and are starting to modernise their systems, focusing on the user-experience.
- **Improve processing times.** More productive systems can make decision making more efficient, providing migrants, families and employers with much quicker decisions on visa applications.

Australia must continue to monitor trends and developments globally to ensure we keep pace with advancements in technology and are nimble in adapting to change
Public Submission: Australian Tourism Export Council

- **Maintain integrity and safety.** ICT and digital technologies are at the heart of the integrity of the migration system, including the Department’s ability to detect fraud, conduct monitoring and compliance, as well as protect sensitive data from cyber attacks depends on enhancing current capabilities.
- **Deliver reform.** Because ICT systems, data and technology underpin policies and programs, they need to be capable of adapting and responding quickly and flexibly when change is required.

Box 39: Overview of systems and processes supporting visa processing and delivery

Visa processing is supported by many systems, including identity and biometrics, border clearance, risk and intelligence, information, and corporate and financial systems. In addition to the core systems, the visa business operating model is supported by an ecosystem of almost 70 business systems.

Across the service delivery process, there are a range of third parties supporting efficient delivery. For example, offshore Service Delivery Partners and external health check providers feed directly into the visa ICT system. These partners play a role in the efficient operation of the migration system and need to be considered as key users, alongside clients and the Department.

Empowering applicants with digital self-service options will drive efficiency and ... delight visa applicants through an easy to use “user experience for all” on the device of their choice at a time of their choosing.

Public Submission: PwC

Yet current systems and technologies are far from high performing

Five issues are worth highlighting.

Public consultation highlighted the current client-facing part of the visa processing system is not delivering the modern standard of **service users expect**. In particular, the Panel heard visa applicants and clients of the system expect, but do not receive, a system that:

- is **client-centric**, rather than transactional, and gives clients better visibility of their visa application status;
- **‘nudges’ clients forward**, for example, student visa holders should be able to access pre-filled applications when applying for a Graduate visa;
- **facilitates integration** with other services, such as the use of myGovID to allow for biometrics captured by the Department to be shared with other agencies and reused for other government services; or the Department use of documents required and captured by other government services (e.g. evidence of skills or qualifications).

Second, it is worth separately highlighting that the task of visa processing is **slow and cumbersome**, for both potential visa applicants and visa processing officers, because systems are poorly set up and have not adopted technological efficiencies. As a result, businesses are waiting longer to fill labour shortages, and potential migrants become disengaged during the burdensome processes.

Third, reliance on manual processes misses an opportunity to use technology and data to better **manage risk**. Through using data to inform risk management, the majority of low-risk integrity and compliance issues could be automated. Visa processing officers and integrity and compliance teams could then focus on the more risky or difficult cases that require manual intervention.

The Department is also behind in terms of ICT systems and technology that can help reduce fraud and decision error. For example, for most visa applicants, the Department primarily relies on documents such as passport details and birth certificates provided by the applicant to verify identity.

Reliance on client-sourced identity documents is time consuming for clients and the Department, and is subject to identity mismatches. In the past, mismatches have resulted in visa decision-makers and risk systems not taking into account an applicant's full history with the Department when making a visa decision.

Review the policy for collection of biometrics to reduce the number of times an individual who is returning to Australia must provide their data.

Public Submission: Symphony Services Australia

This situation is entirely avoidable today, when technological advances allow systems to use biometric data, to create a secure and trusted digital identity for clients, which can be re-used. Currently, only some visa applicants are required to provide their biometrics.

Finally, there is some concern that reliance on ageing systems could expose the Department to **cyber security vulnerabilities**. Responsibility for cyber security sits within the Home Affairs portfolio, and migration data is highly sensitive, creating a need to ensure the Department has the right technological underpinnings in this area.

These issues arise because the Department's systems are outdated and reform efforts have faced challenges

Australia's current core visa processing ICT systems are built on technology from the 1980s and 1990s. The main visa processing system (referred to as ICSE) is approaching 25 years of age, while other foundational systems that operate in the background are approaching 40 years of age.

... the Government needs to make the necessary capital investment for an in-house replacement of the legacy visa processing platform ... Investment is urgently needed as the current visa processing system has been in place for almost 30 years.

Public Submission: Community and Public Sector Union

While reform efforts have taken place, they have added layers of additional systems and layers of complexity, rather than modules that fit seamlessly with each other. This complexity must be navigated by visa decision-makers and managed by ICT support teams, all at a cost. Despite these efforts, systemic underinvestment has driven the problems users and clients see today.

'Big bang' efforts have tried to do too much too quickly

There have been 'big bang' efforts to modernise over the years. However, many have failed to deliver the transformation that was promised. Notably, the list of such reform programs includes the Global Digital Platform, Permissions Capability and the earlier Systems for People.¹⁹⁵

Part of the problem with such 'big bang' efforts has been the level and speed of change, combined with significant deprioritisation of any improvements to current systems. The Department has also struggled due to a siloed approach to ICT upgrades, and an underinvestment in other enabling capabilities (such as business rules, people and culture), which are required to realise the benefits of ICT, digital and data transformation.

¹⁹⁵ Auditor-General (2008) [DIAC's Management of the Introduction of Biometric Technologies Department of Immigration and Citizenship](#), Australian National Audit Office, accessed 7 February 2023; Brookes J (11 July 2022) ['Permissions denied: Home Affairs tech platform gets the hook'](#), *InnovationAus.com Public Policy and Business Innovation*, accessed 7 February 2023.

Significantly, and in each of the reform programs mentioned, to fund large-scale ICT and technological reforms, efficiencies and budgetary offsets were required. When the ‘big bang’ transformation projects under-delivered, the Department was left not only with unmet expectations, but with a raft of other issues that have not been resolved due to resources being diverted or constrained.

A further consequence when promised large scale reform fails is growing cynicism and low morale among ministers, delivery officers, and service providers. At times, this has resulted in the harmful and circular takeaway message ‘Government ICT is not worth investing in’.

Box 40: The Department has learnt important lessons about reforming ICT systems

While reform (big and small) has had varying levels of success, the Department has learnt a range of lessons.¹⁹⁶ Importantly, reviews of ICT reform efforts have highlighted that:

- While industry can play a key role as a supplier, government should lead the delivery of new visa ICT systems.
- The challenge is not only to enact major changes, but to also convince staff to embrace change, and for clients and industry to see reform as credible.¹⁹⁷ This is a challenge organisational leaders need to take on.

The Department has become more efficient through minor enhancements

Without wholesale changes to Australia’s visa ICT architecture, the Department has become more efficient through process redesign, and minor system enhancements. These have supported the Department to make 3 million more visa decisions in the 2018–19 program year than in 2008–09.¹⁹⁸

However, because of the complex and resource constrained ICT ecosystem (Figure 60), there are only three major ICT reform ‘release cycles’ per year for enhancements to existing. Each cycle is oversubscribed. Competition for capacity to make changes to visa settings and systems is intense. Consequently, IT development work is almost exclusively dedicated to system upkeep requirements and the legislative change cycle.

Considerable departmental effort is dedicated to selecting and prioritising the most meritorious ICT change candidates, with a large backlog of well-considered enhancements that are deprioritised and to be implemented. Although the Department has increased the frequency of out-of-cycle changes, a modern ICT platform is needed to support full implementation of contemporary, best practice methodologies, such as the Scaled Agile Framework (SAFe).

It is also becoming clear that efficiency improvements from minor ICT upgrades delivered at the current pace have reached their limits. It was the significant injection of staffing in 2022–23 that reduced the backlog of visa applications on hand (Figure 59).

Staff have been doing the best they can in an incredibly challenging and resource constrained environment.

They describe a “very reactive” environment [and a heavy reliance] on surge workforces due to a failure to recruit staff that [has] made it difficult to plan future workloads in a methodical manner. More permanent staff are needed in a range of areas.
Public Submission: Community and Public Sector Union

¹⁹⁶ *ibid.*

¹⁹⁷ Hart P and Tindall K (2011) *Transforming an agency in crisis: driving change at the Immigration Department*, ANZSOG (The Australian and New Zealand School of Government); Kotter JP (1995) ‘[Leading Change: Why Transformation Efforts Fail](#)’, *Harvard Business Review*, accessed 7 February 2023.

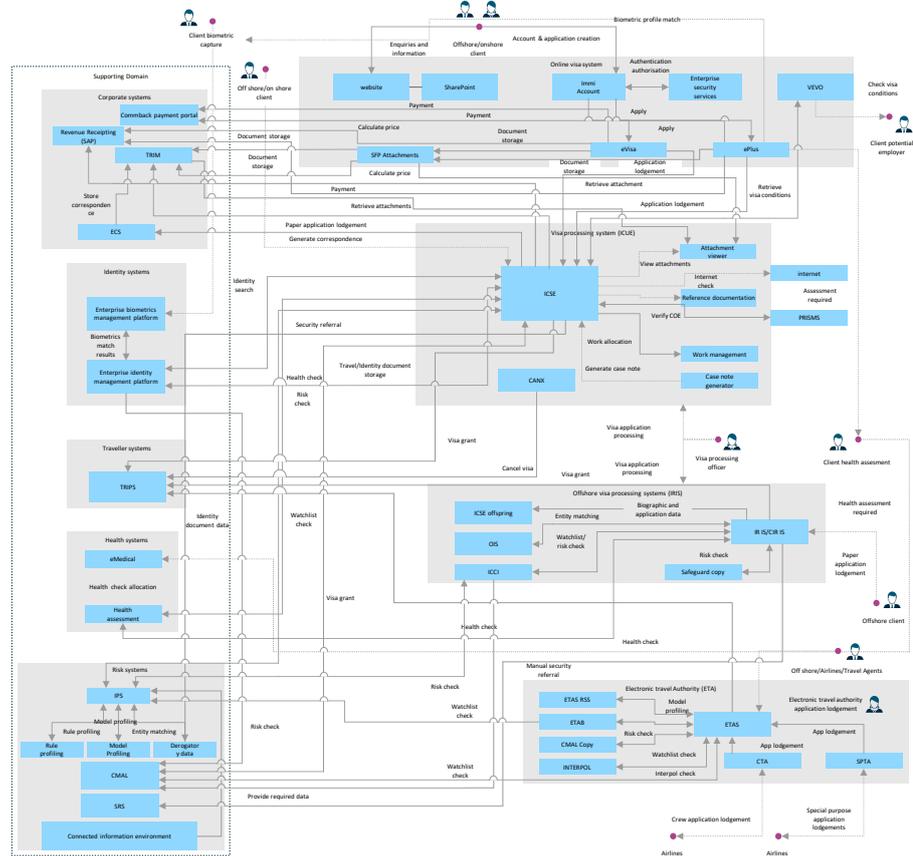
¹⁹⁸ Department of Home Affairs (2023).

Figure 59: Temporary and Permanent Visa Lodgements, Finalisations, Travel Exemptions, Onhand and Average Staffing Level



Source: Department of Home Affairs

Figure 60: System complexity is challenging even for internal users to navigate.



Source: Department of Home Affairs

Reform arising from this review will place further strain on ICT systems and resources that are struggling

The investment needed to address the challenges outlined in this review will further stretch ICT systems and the limited resources available to change them. It is important both the shorter term enhancements to the current environment, and preparing for and implementing a future ICT environment are appropriately resourced and supported.

Reform directions

The future state for ICT systems, data and technology is clear: an architecture that can attract migrants, improve processing times, guarantee and drive system safety and integrity, while enabling reform.

Achieving this is an ambitious goal given where migration ICT systems and technological capability is at today. To achieve this goal there needs to be an integrated program of ongoing investment over several years.

Importantly, fixing the current system should not be attempted at the expense of investment in existing systems, or through a risky 'big bang' reform. The way the system is reformed should also ensure 'big bang efforts are not required in future. This means:

- **A clear, holistic strategy** should guide the direction of improvements, with sufficient flexibility to continue to respond to the environment;
- **Creating a modular technology ecosystem**, which enables each element of the system to be individually and progressively refreshed to take advantage of technological change. Taking a modular approach should help ensure that the system in its entirety never becomes out of date or obsolete;
- **In parallel, sustain and improve existing systems.** Any ICT changes will need to be delivered in tranches over multiple years. Removing investment in existing systems will result in the visa programs or processes that are still reliant on the existing systems being unable to make sensible improvements to support effective and efficient visa processing, and will put the system at risk; and
- **Maintain focus on all enabling capabilities, particularly those required to deliver transformation.** This includes building capability and capacity in the Department's people, and supporting cultural change and business process improvement.

If Australia is to be globally competitive it will need to make long-term investments in increasing administrative capacity and efficiency ... The digitisation of the visa system is understandably complex, and will require a long-term strategy and specialist skills to avoid disrupting business as usual. It is clear from countries such as Finland that when done well it can reduce inefficiencies and backlogs.

Public Submission: Committee for the Economic Development of Australia

19. THE LEGISLATIVE FRAMEWORK REFLECTS THE COMPLEXITY OF MIGRATION POLICY

Migration legislation is complex and difficult to navigate, reflecting the complexity of policy settings. This complexity raises user costs and – for many – necessitates the use of migration agents.

It is our experience that the legal and procedural frameworks governing Australian immigration law are of such complexity that, in practice, very few people have the personal capacity to navigate the necessary processes without professional immigration assistance.
Public Submission: Refugee Legal

Many stakeholders told us migration is too complex, and the Panel experienced this first hand, as it sought to first understand and then comprehensively review the migration system.

Issues of complexity are discussed throughout the report and Box 42 discusses simplification – what it is, why it is valuable, and where government might direct simplification efforts.

The Panel thought it worth expressly discussing critiques that the migration system’s legislative framework is overly complex. A number of stakeholders drew our attention to this issue.

The Panel found that what is behind legislative complexity is often policy complexity. Simplification of user experience can be achieved without undoing some of this (for example, as discussed in the preceding chapter, through ICT systems uplift). However, broader efforts to reduce complexity will require changes to policy.

The current legislative framework has been in place since the 1990s

Australia’s immigration policies are largely implemented through a legislative framework comprising the *Migration Act 1958* (the Act), Migration Regulations 1994 (the Regulations) and numerous instruments made under this legislation. The current legislative framework has its basis in the 1988 Fitzgerald report¹⁹⁹ and was introduced through a progressive program of reforms between 1989 and 1994. Numerous amendments have been made since then without substantially altering the key elements of this framework.

¹⁹⁹ Committee to Advise on Australia’s Immigration Policies (1988) *Immigration, a commitment to Australia*, Australian Government.

Box 41: The Fitzgerald report

The Fitzgerald report included a model bill to reform the Act. Its guiding philosophy ... was to create:

... a fair system of immigration control and review, manageable in terms of administration within realistic resource allocation, effective in maintaining ministerial control of foreign entry and stay in Australia, and based on a clear statement of rights, obligations and powers.

The report observed:

One of the major criticisms of the present migration legislation concerns its indiscriminate conferral of uncontrolled discretionary decision making powers... [Under the recommended approach] the rules, entitlements and obligations of immigration will be clearly set out. The rules will be made by the Minister and be subject to disallowance by Parliament.

Consistent with this recommendation, the legislative reforms that followed codified migration powers and visa requirements, essentially shifting from a policy-based to a legislative model for assessing visa applications. This shift included establishment of the 'recipe card' model for setting out the requirements for individual visas in the Migration Regulations.

Currently, the Act establishes the framework for the 'travel to, entry and stay in Australia of non-citizens' through a universal visa requirement.

In addition to a framework for making, assessing and deciding visa applications, the Act includes provisions relating to:

- visa cancellation and ministerial intervention powers;
- powers in relation to the detention and removal of unlawful non-citizens;
- specific requirements relating to unauthorised maritime arrivals and regional processing;
- merits and judicial review of visa decisions;
- regulation of migration agents;
- collection of information; and
- certain investigative powers and civil penalties.

Detailed visa requirements, including requirements for specific visas and cross-cutting visa requirements, such as public interest criteria, are contained in the Regulations.

Box 42: Simplicity and the migration system

In considering what might be done in response to calls that ‘the migration system is too complex’, the Panel needed to develop a better understanding of why simplicity is desirable and where complexity comes from.

Why is simplicity desirable?

When people call for ‘simplicity’ they are asking for their experience, when they use a system, to be clear, easy and fast. Government systems that are simple (and transparent) are perceived as more trustworthy.²⁰⁰ For those who administer systems, simplicity can also enable flexibility and support high-quality decision making.

In migration, complexity has different consequences for different users:

- Prospective migrants and small business find it difficult to access the system in the first place. Prospective migrants might be deterred from migrating to Australia. Resulting wait times can be damaging when small businesses are trying to fill a role quickly, in the context of a short-term labour shortage.
- ‘Repeat players’ including those who administer the system or use it often (e.g. large employers, who attract many migrants) might work out how to navigate complexity, but the cumulative time and cost is high, particularly where they are required to provide the same information on multiple occasions.
- In the case of administrators, complexity can prevent reform being implemented quickly or – sometimes – at all.

What does simplicity require? When is complexity unavoidable?

Migration is inherently complex,²⁰¹ so regulating it – particularly with a high degree of control and many objectives in mind – can require complexity. The question is: how can government make the migration system as simple as possible for users?

Two chapters of this report expressly discuss simplification through change to:

- enabling capabilities (Chapter 18), particularly ICT systems, data and technology (but also business processes, departmental policies, people and other organisational enablers beyond the scope of our review). Enabling capabilities underpin the migration system. Investment in them can make the user experience simpler, even if the system itself remains complex.
- legislative framework (this chapter). The Panel points out that complex policy is behind much of the system’s legislative complexity. The Panel has included words of caution in this chapter – blunt efforts to ‘simplify’ in the past, for example by reducing the number of visas, have often shifted complexity to another part of the system, or required policy trade-offs.

In terms of policy reform, other simplification suggestions in the report include:

- aligning visa criteria and their evidentiary requirements
- ending lower-value visas (e.g. elements of BIIP), and developing strategies to reduce long and uncertain wait times (e.g. parent visa lottery)
- developing a strategy to streamline skill recognition.

²⁰⁰ PM&C, above n26.

Users of the migration system consistently comment on its complexity

Automated decision-making can be beneficial to administrative law outcomes when properly employed; however, the empowering legislation must ensure automation is authorised and used consistently with the administrative law principles of lawfulness, fairness, rationality, and transparency.
Public Submission: Law Council of Australia

Submissions to the Review were consistent in considering the current migration framework to be ‘too complex and often inaccessible’.²⁰² Many submissions referenced the need to ‘overhaul the regulatory framework ... as the current framework is complex and difficult to explain to clients who struggle to know which visa to apply for and what they need’.²⁰³

Some submissions noted that, as a consequence of a complex framework, applicants and sponsors too often needed to engage a migration agent at considerable extra cost. Departmental staff also commented on the complexity of the visa framework and how it limits the Department’s capacity to automate assessments and otherwise inhibits the speed of visa processing.

The views submitted to the Review regarding the complexity of the migration framework are not new or unexpected. A 2006 Parliamentary inquiry into the Act recommended that:

*‘the Migration Act and Regulations be reviewed as a matter of priority, with a view to establishing an immigration regime that is fair, transparent and legally defensible as well as more concise and comprehensible’.*²⁰⁴

The recommended review was not undertaken. Since then, numerous inquiries and reviews have commented on the complexity and opacity of visa requirements and processing arrangements.

Whilst the role of registered migration agents is important and provides a valuable option for employers that may require assistance, the complexity of the current migration program makes the engagement of a migration agent almost essential. For small business owners with critical staff shortages, the accumulated costs involved are a deterrent to engaging with the migration program.
Public Submission: Regional Development Australia – Limestone Coast

And users often need assistance to navigate the system’s processes

Ideally, only visa applicants with complex, individual circumstances would feel they need to seek assistance from a migration agent or legal practitioner to make a visa application.

The relatively high actual use of agents is a clear indication of the difficulty many clients experience trying to engage with the migration system. The most recent Migrant Agent Activity Report (January – June 2022) found of all visa applications lodged between 1 January 2022 and 30 June 2022 15 per cent were lodged by registered migration agents.²⁰⁵

²⁰¹ Migration must take account of demography and economics, of individual behaviour, ethics and culture. These factors are all interdependent and change over time. The system has huge numbers of users and interacts with other systems that are complex in their own right (e.g. in skills recognition).

²⁰² Public Submission: Women’s Services Network (WESNET).

²⁰³ Public Submission: Community and Public Sector Union (CPSU Group).

²⁰⁴ Legal and Constitutional Reference Committee (2006) [Administration and operation of the Migration Act 1958](#), accessed 7 February 2023.

²⁰⁵ OMARA (Office of the Migration Agents Registration Authority) (2022) [Migration Agent Activity Report 1 January 2022 – 30 June 2022](#), OMARA, Australian Government, accessed 7 February 2023.

There is a significant variation between visa subclasses in the use of immigration assistance, ranging from 5 per cent for visitor visa applications, 41 per cent for family visas, to 65 per cent for business visa applications. The use of migration agents and legal practitioners can add considerably to the cost of making a visa application.

The experience of system complexity, reflected in the use of migration agents, likely arises from both issues with the migration system and also difficulties faced by applicants from different cultural and linguistic backgrounds when engaging with Australian government authorities.

The legislative framework necessarily reflects the complexity of migration policy settings

Migration is a wide-ranging and complex area of policy involving politically sensitive issues which, in some cases, has life-changing implications. It is arguable that this is necessarily reflected in the complexity of the migration legislation. Policy, and therefore legislative, settings must also be able to respond to substantial changes in circumstances and risks, such as those presented by the COVID-19 pandemic or increases in irregular migration.

Additionally, successive governments have chosen to respond to stakeholder needs and pressures by creating exceptions and additional pathways, which have also contributed to a larger and more complicated legislative framework. A number of submissions observed the complex Australian visa structure is a result of introducing subclasses of visas to deal with different economic and political circumstances, both within Australia and in countries of origin.

Migration is the most litigated area of Commonwealth decision making. This is not necessarily a consequence of complexity or ineffectiveness of the decision-making framework. It may be motivated more by the importance of these decisions to individuals and a desire by some to prolong their stay in Australia through review processes. Again, successive governments have also chosen to respond to undesired judicial interpretations by legislating to re-instate their intended position.

This pattern of changes to address specific issues has at times contributed to complexity in the form of unnecessary inconsistency in requirements and definitions between visas, which presents particular challenges for processing staff and the efficient design of processing systems.

Arguably, the migration legislation is not unusual in its complexity

Responding to issues raised by the Australian Law Reform Commission's ongoing inquiry into Financial Services Legislation,²⁰⁶ Australian Public Law (APL) looked at the question of legislative complexity, using the volume of legislation and rate of change as measures of complexity. It compared 11 Commonwealth Acts, using data collected from the Federal Register of Legislation, and found that the Act was second shortest in word count and below the average in terms of rate of change.²⁰⁷

To provide an idea of how bloated the system is, between 2000 and 2016, temporary migrants granted permanency entered on one of 118 different visa sub-classes, after which a further 35 temporary visas were introduced. In 2022 we set a question in the specialist accreditation (in immigration law) exam presenting 10 scenarios and asked candidates to nominate the correct temporary visa for each. No candidate identified all the correct options.

Public Submission: Professor of Public Law Mary E Crock, Sydney Law School, the University of Sydney

²⁰⁶ Australian Law Reform Commission (ALRC) (2022) [Financial Services Legislation: Interim Report B](#), ALRC, accessed 7 February 2023.

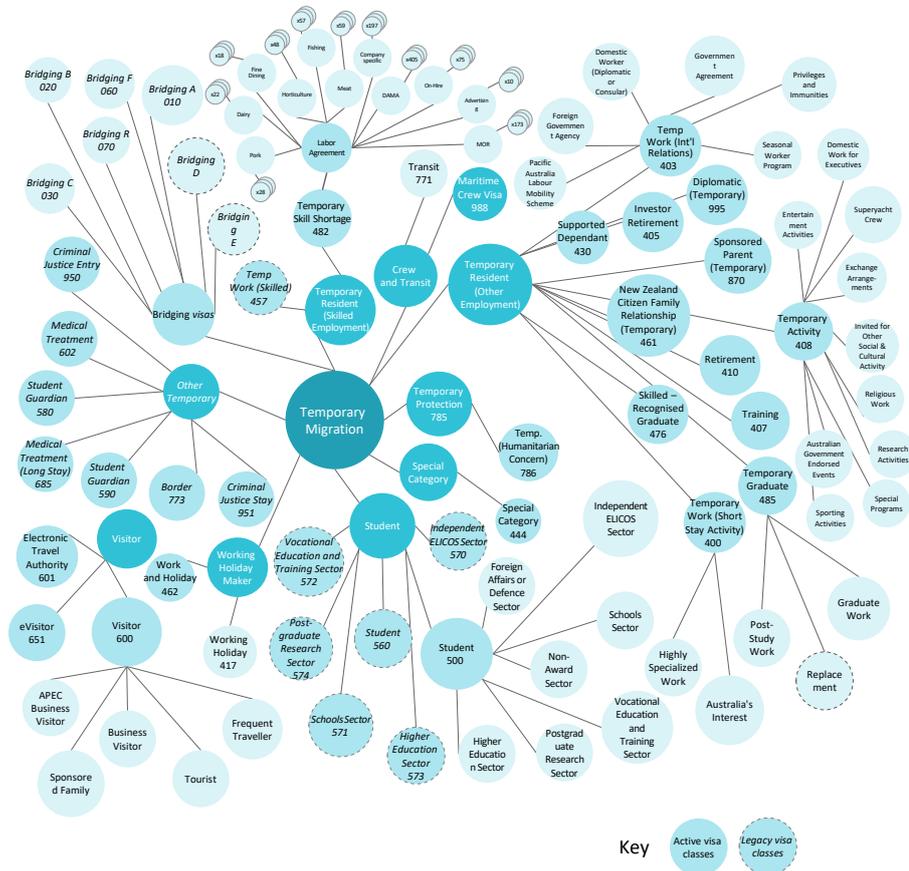
²⁰⁷ Crawford LB, Akand E, Contractor S and Sisson S (November 2022) '[Legislative Complexity: what is it, how do we measure it, and why does it matter?](#)' *Australian Public Law*, accessed 7 February 2023.

APL was of the view that Commonwealth legislation is necessarily complex and that there is no straightforward solution for simplifying legislation. They argue the complexity and length of legislation represents the legislative drafters' and policy makers' efforts to spell out their proposal in a clear and detailed manner to gain greater accuracy and fairness. It further justifies complexity and the rate of change as indications that Parliament is actively monitoring its performance and revising to ensure its objectives are achieved.

A significant reduction in the number of visas may not deliver substantial benefits

It has been suggested that the migration system should be simplified through a significant reduction in the number of visas, for example to no more than 10, and that this would deliver substantial benefits to users. Stakeholders point to the sheer number of visas (Figure 61 and Figure 62) as a key site of complexity in the migration system (as is clear from the Figure below, this perception of complexity may be skewed by the number of 'legacy' visa classes, which are in fact no longer on offer).

Figure 61: Temporary Visa holders in Australia 31 October 2022 by visa subclass and stream



Source: Department of Home Affairs

Many of the visa policy approaches identified by the Review could support a reduction in the number of visa products and the complexity of requirements within those products.

Separately, there may also be scope to remove some visas that are no longer active or that are effectively duplicate products (such as separate visas for onshore and offshore applicants).

This approach also risks blurring the policy intention of visa programs and making it more difficult to evaluate their effectiveness. For instance, because Census and other data is generally only available at the visa subclass rather than the individual stream level, it is difficult to measure the extent to which a visa is meeting the objectives of multiple different streams.

As discussed above, migration is a complex area of policy and successive governments have sought a high level of control. The degree of policy simplicity that may be needed to reduce to 10 or so visas is unlikely to meet the Government's need to manage complex issues and respond to new circumstances and risks.

There are other options to simplify legislation and improve users' interaction with the migration system

The high-level legislative framework largely continues to meet Australia's needs, and the Panel does not propose attempting to repeal and replace the Act in its entirety.

The current framework has been tested in the courts and there are established judicial interpretations in most areas which provides a relatively high degree of certainty. Under a new legislative framework, the Government could not rely on existing precedent. There would likely to be an extended period of litigation to test new provisions and associated uncertainty.

However, there would be significant value in progressively reviewing elements of the legislative framework to ensure they continue to be fit for purpose, including ensuring the Government has the powers it needs to manage current and foreseeable circumstances, to remove redundancy and duplication, and to identify opportunities for simplification and modernisation. This could lead to a program of iterative legislative change over a number of years.

Implementation of approaches identified by the Review will require substantial amendment of the Regulations. A concurrent reform process to also better align requirements and definitions across visas and remove redundant and low value requirements will support improved and more responsive systems capability, as system enhancements for one visa can be applied to many, or all.

To some extent, the complexity of the legislative framework does not need to be visible to visa applicants and holders. There is much Australia can do to improve clients' experience of engaging with the migration system through improved client interfaces and service delivery.

If we want to have a simpler system, we need to be clear about what the problem is [as] ... meaningful simplification may take some years. The costs of major change, including opportunity costs, need to be evaluated against measurable potential benefits. The work is substantial in terms of legal overheads, IT system changes, training and adjustment of statistical reporting systems. Mere neatness of any new system is unlikely to justify the cost.
Public Submission: Peter Hughes
PSM

Legislative change needs to be made in lockstep with reform

Implementation of many of the approaches identified by the Review will require substantial legislative change, particularly to a broad range of visa requirements in the Regulations.

As with our approach to ICT reform, the Panel does not propose a ‘big bang’ approach to reforming legislative framework. Our view is that the current legislative framework is broadly fit for purpose and that Australia does not need to replace the current Migration Act.

Instead, the Panel recognises the value of a phased program of reform focusing on areas of legislation identified as not meeting Australia’s needs or that present valuable scope for simplification or modernisation.

The timing of a legislative reform agenda should be integrated with the broader service delivery reforms, with a focus on simplifying and creating greater consistency in visa requirements for a given part of the system.

ATTACHMENT A

The migration system today

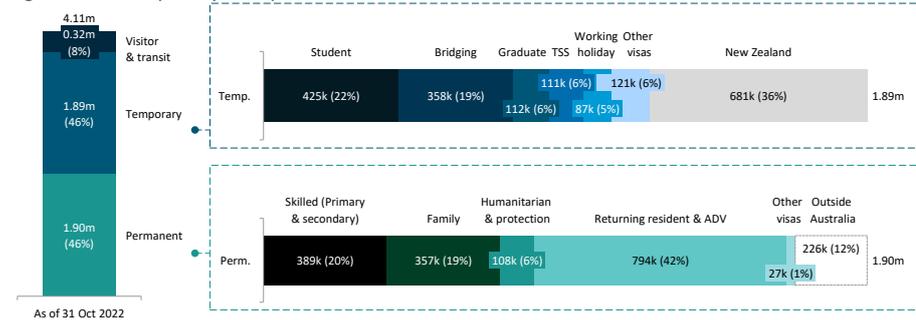
Our migration system comprises a demand-driven temporary program, which provides opportunities for tourists, students and workers to come to Australia, and capped permanent programs offering opportunities to skilled migrants, families and humanitarian entrants to make their home here, and to become Australian citizens. The migration program works to facilitate the legitimate entry of these groups, as well as prevent the entry and stay of non-citizens or those who pose a risk to the safety and security of Australia and its residents.

In total, there are approximately 4.11 million visa holders in Australia (Figure 63), of which most – approximately 2.2 million, hold temporary visas, with 1.98 million holding permanent visas.

Temporary program

The majority of temporary visa holders – over 1.8 million people – including NZ citizens, students, working holiday makers and temporary skilled migrants, have work rights in Australia. The remaining 320,000 are short-term entrants, including visitors and those in transit. Figure 63 details the current stock of temporary visa holders in Australia and their current visa category.

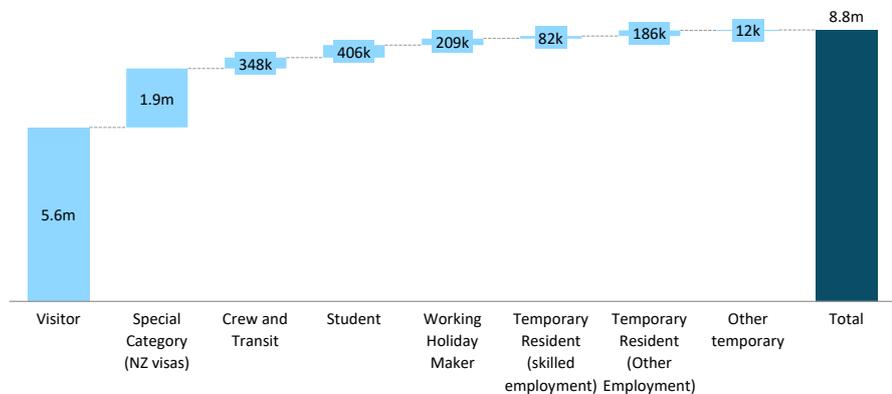
Figure 63: Temporary and permanent visa stock breakdown



Source: Department of Home Affairs

Before COVID, Australia granted around 8.8 million temporary visas a year, with the majority (5.6 million) being visitors (Figure 64).

Figure 64: Temporary visas granted, 2018-19 (Pre-COVID data)

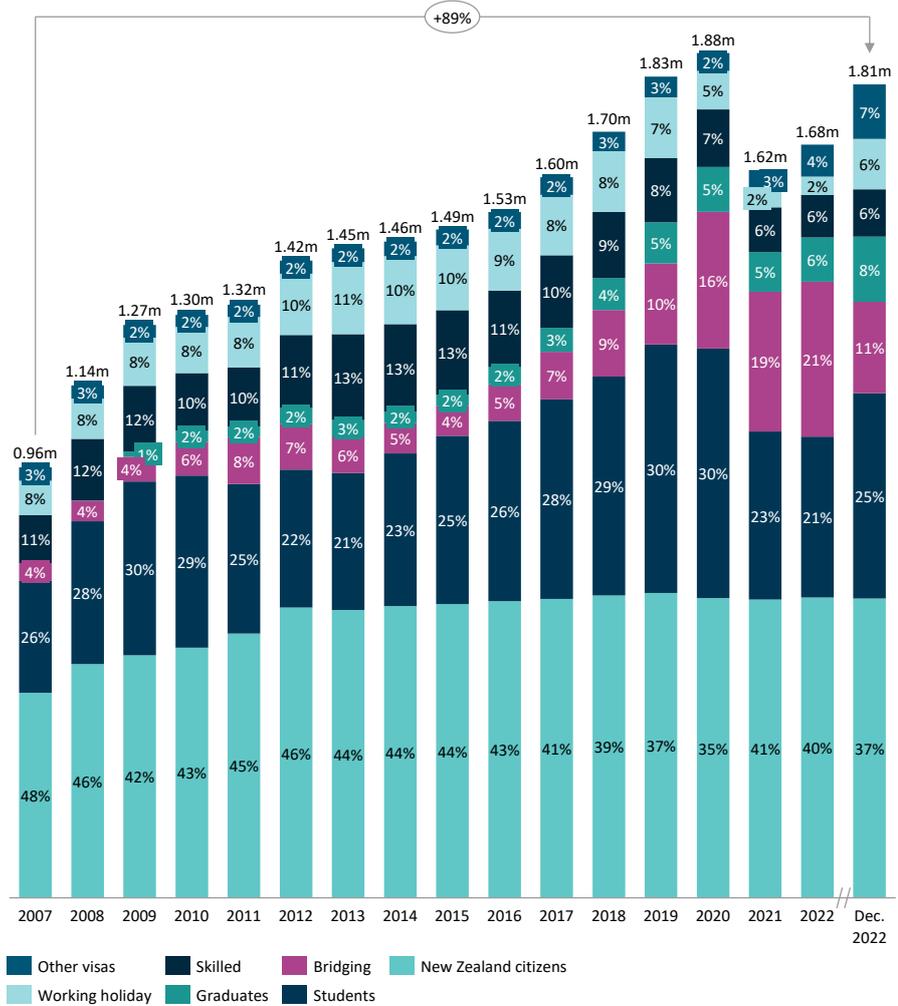


Source: Department of Home Affairs

Growth in temporary migrants in Australia

Over the last 15 years, Australia’s temporary migrant stocks have nearly doubled, from 1.0 million in 2007 to 1.8 million in 2022. New Zealand citizens – who are typically eligible for a visa on arrival, have long been the largest cohort of temporary migrants in Australia, with students making up the second largest cohort. Although the COVID-19 pandemic and Australia’s closed borders had a significant impact on both the growth and total number of temporary migrants in Australia – the number has now rebounded to pre-COVID levels.

Figure 65: Total stock of temporary residents in Australia as at 30 June that year

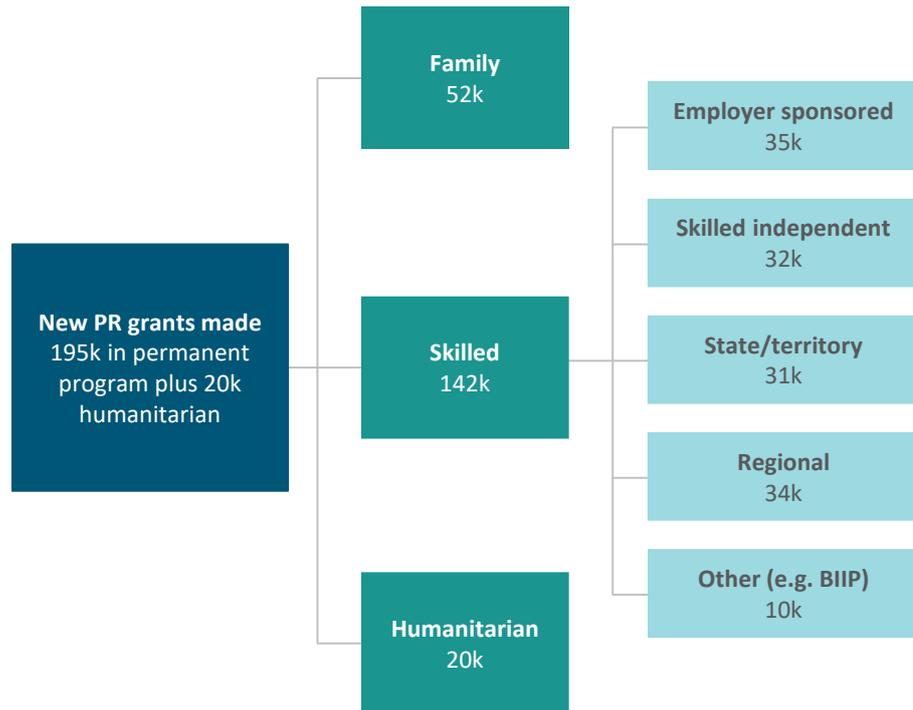


Source: Department of Home Affairs. Note: Excludes Visitors, Crew and Transit and Temporary Protection. Other temporary also includes Temporary Resident (Other Employment) excluding Temporary Graduates.

Permanent program

The Minister for Immigration, based on economic and labour forecasts and modelling, research, and consultation with a wide range of stakeholders, sets the size of the permanent migration program. Following Government's commitment at the September 2022 Jobs and Skills Summit, the 2022-23 permanent migration program was set at 195,000 places. Within the program, 142,000 places were allocated for Skilled migrants, 52,000 places allocated for Family migrants and an additional 20,000 places allocated to refugees and other persons in need through Humanitarian program.

Figure 66: Planned permanent allocation 2022–23 intake



Source: Department of Home Affairs

ATTACHMENT B

Drivers of migrant integration into the labour market in Australia

English language proficiency is critical to participation in Australia's labour market. Data from the 2016 Census shows that a majority of migrants (87 per cent) either spoke English only, or were proficient in spoken English.²⁰⁸

Local work experience is a powerful enabler of economic success, including because it signals to employers a migrant is able to perform in the Australian context.²⁰⁹

Social capital is also a well-established enabler. However, different kinds of social capital are likely to have different effects: for example, relationships between migrants and the host community are likely more powerful than co-ethnic bonds in seeing good migrant outcomes long term, including in skills–job matching.²¹⁰

Education enables employment of migrants, as it does native-born Australians. There is evidence that qualifications obtained overseas have less signalling value than domestically obtained qualifications, though this varies by country of qualification.²¹¹

Skill and qualification recognition can be an important signal to employers and consumers that a migrant can work at a certain level of quality and safety in Australia, and is required in some occupations.²¹²

Host community attitudes and beliefs. Migrants who appear 'different' – racially, culturally, religiously and/or linguistically – consistently do worse in Australia's labour market than those who 'blend in'.²¹³ This data suggests that structural racism and discrimination remain a significant part of the labour market.

Transportation is critical.²¹⁴ A driver's licence is particularly essential for migrants seeking work in dispersed workplaces (e.g. construction, aged care) or living in places poorly served by public transport.

²⁰⁸ ABS (2016) *Australian Census and Migrants Integrated Dataset (ACMID) 2016*, ABS, Australian Government.

²⁰⁹ Misko J (2012) *The role of qualifications in foreign labour mobility in Australia*, National Centre for Vocational Education Research, accessed 9 February 2023; Somerville W and Wintour P, above n149.

²¹⁰ Kalfa E and Piracha M (2018) 'Social Networks and the Labour Market Mismatch', *Journal of Population Economics*, 31:877-917.

²¹¹ Misko J, above n209.

²¹² *ibid.*

²¹³ Lee ES, Szkudlarek B, Nguyen DC and Nardon L (2020) 'Unveiling the Canvas Ceiling: A Multidisciplinary Literature Review of Refugee Employment and Workforce Integration', *International Journal of Management Reviews*, 22(2):193-216; Colic-Peisker V and Tilbury F (2007) *Refugees and Employment: The effect of visible difference on discrimination*, Centre for Social and Community Research Murdoch University, accessed 9 February 2023; Chowdhury S, Ooi E and Slonim R (2017) '[Racial discrimination and white first name adoption: a field experiment in the Australian Labour Market](#)', *University of Sydney, School of Economics, Economics Working Papers 2017-15*.

²¹⁴ Somerville W and Wintour P, above n149.

Economic security, health and housing. A social safety net reduces the acute stress of financial insecurity and can give migrants time to find a role at their skill level.²¹⁵ Good health and housing are also well-established pre-conditions of labour market success.

Career planning and information can be important, to help migrants navigate an unfamiliar labour market and build resilience to overcome the challenges of doing so.²¹⁶

Labour market conditions including the level of demand for workers in relevant roles, and the level of worker supply.

Unpaid labour (e.g. care) and expectations around women's role in the labour market are discussed further below (Box 44).

Box 44: Migrant women face challenges with which non-migrant women also grapple

Census data shows that migrant women are more likely to be performing unpaid childcare than Australian women (46 per cent of women in the skilled migration stream, and 49 per cent in the family stream, compared to 34 per cent of Australian women).²¹⁷ This is consistent with other OECD countries, and the OECD suggests:²¹⁸

- trends in care giving may be partially explained by migrant women having more children and being less likely to use childcare services; and
- native born women are more likely to take career breaks where migrant women are more likely not to enter the workforce in the first place.

As with native-born women, social and cultural attitudes toward women's role in the paid, formal economy have an effect. There are significant variance between countries of origin, reflecting different cultural attitudes and beliefs. For example, migrant women born in England (69 per cent) and Canada (76 per cent) have high participation in the Australian labour market, whereas migrant women born in South Asian, Asian and Middle Eastern nations have much lower participation (ranging from 60 per cent to 33 per cent).²¹⁹

²¹⁵ *ibid*; CEDA (2021) [A good match: Optimising Australia's permanent skilled migration](#), CEDA, accessed 7 February 2023.

²¹⁶ Somerville W and Wintour P, above n149.

²¹⁷ ABS (2016) *Australian Census and Migrants Integrated data set 2016 (migrants)*, ABS, accessed 7 February 2023; ABS (2016) *Census of Population and Housing 2016 (Australian citizens)*, ABS, accessed 7 February 2023.

²¹⁸ OECD, above n176.

²¹⁹ ABS (2016) *Australian Census*, ABS, accessed 7 February 2023.

ATTACHMENT C

A suggested model for a reformed MACSM

The Ministerial Advisory Council on Skilled Migration (MACSM) is the major existing organisational expression of the tripartite approach within the Department of Home Affairs. As an Advisory Council to the Minister, it is a forum where issues raised by its members (employer and union representatives, and relevant individuals e.g. from academia and non-profits) are aired and discussed. On the basis of its discussions, MACSM then provides advice to the Minister.

It thus provides the Minister and the Department with valuable intelligence on the state of play and attitudes in its members' areas of interest, which provides an opportunity for the Minister and the Department to deal with issues before they become entrenched problems.

Should the Minister wish to reform MACSM, below are some suggestions for consideration.

The way MACSM could work under the model proposed by the Panel would be as follows.

Essentially, MACSM would be a forum allowing members to raise and respectfully debate issues of concern to each party. Anecdotal evidence could be raised. However, debates would not be about individual company requirements but about sectoral issues.

MACSM's independent Chair, through the Department, would refer the particular issues raised to Jobs and Skills Australia (JSA), which would be asked to conduct a professional, factual, evidence-based, labour market analysis of the particular sectoral issue.

The results of JSA's professional, independent, market analysis would be presented and discussed at a following meeting of MACSM. In some cases there will be consensus among MACSM members on the desirable way forward, although realistically differences may be more common than consensus. In the latter case, the matter would be referred by the Chair to the Department for it to make the appropriate recommendations to the Minister.

Whatever the result of the discussions, there will be more evidence and a common set of data among the participants, both of which should provide input for departmental advice and facilitate ministerial decision making.

In a nutshell, MACSM would serve not just as a safety valve but as an early warning system.

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