



A Migration System for a More Prosperous and Secure Australia

Outline of the Government's Migration Strategy

April 2023

Migration has been essential to helping Australia become one of the safest, most prosperous countries in the world. As we look ahead, our country faces challenge and uncertainty. Australia's population is ageing. Productivity growth is declining. Our geostrategic environment is difficult. Our migration system could be a powerful force to help us manage these challenges. But not in its current state.

After a decade of ad hoc and piecemeal changes, we must embark on the biggest transformation of our migration system in a generation. A new system will drive Australia's economic prosperity and security and be better targeted, more efficient and focused on delivering the outcomes we need for Australians and our country.

Migration is central to Australia's national story

This Outline was released by the Hon Clare O'Neil MP, Minister for Home Affairs on 27 April 2023 alongside her speech to the National Press Club regarding a new migration strategy for Australia, built in our national interest.

This document outlines a series of directions for significant reform of the migration system, which the Albanese government will work on, consult on, and refine, before we release a final strategy later this year.

Migration is central to Australia's national story. In times of change and crisis, migration has helped Australia tackle national challenges, and build long periods of prosperity and security for our citizens.

- Following the Second World War, we sounded the clarion call to “populate or perish”, laying the foundation for the post-war boom
- In the 1970s, we emerged as a vibrant and modern nation. We buried the White Australia Policy and embraced multiculturalism
- Skilled migrants helped Australia rebound out of the dark days of the 1990s recession – from the mid-1990s to the mid-2000s, the share of skilled migrants in our annual intake doubled

Migrants are and will always be an essential part of Australia's economy and social fabric. Today more than half of all Australians are either born overseas or have a parent born overseas. We are the lucky country: diverse, cohesive and economically prosperous.

We cannot take this success for granted. We must deliver structural reform to the migration system now to ensure Australia is well placed to deal with our ageing population, waning productivity growth and a deeply complex geostrategic environment. Migration is not the complete answer to any of these problems, but it is part of the answer to all of them.

The answer should involve a better managed and more strategic approach to temporary migration that removes the opportunity for exploitation and harnesses the true potential of migrants. It lies in us thinking clearly about the migrants Australia needs and then being explicit about their pathways to permanent residence and their role in our nation's future.

Australians want a migration system that works for them. That will help us build a prosperous and secure future for our communities and families. Not getting this right has real impacts for our citizens. We will find it harder to drive the productivity growth we need, to ensure our children enjoy the same quality of life we have experienced. We may not fully capture the opportunities presented by a transition to a clean economy. We will find it difficult to build the future workforce to support our essential services, for example in the care sector.

This document proposes directions for reform for a better targeted, more efficient and outcomes-focused migration system. It uses input from the Review of the Migration System, led by Dr Martin Parkinson, Professor Joanna Howe and Mr John Azarias, and extensive consultation across business groups, unions and civil society. It presents changes to build a migration system that works for Australia – its people, businesses, and governments – and for migrants themselves.

The system today fails to deliver for Australia and for migrants

Australia must have a more targeted, simpler migration system that serves our national interest and helps migrants thrive. Yet after a wasted decade of continental drift and piecemeal change, our current system lacks direction, is complex, inflexible and inefficient, and fails to deliver for Australians and migrants.

Australia's current migration system faces challenges at each stage of the system:

The system fails to prioritise the migrants we need to enhance our economic prosperity and security

Migration has the potential to contribute to long-term productivity, participation and innovation in our workforce, as it has done throughout our history. In the last decade however, we have built a back-to-front migration system. We have seen fewer skilled migrants choose Australia and growing numbers of migrants not selected on the basis of their skills. We need our migration system to help us meet our challenges, but it is not designed to help us secure sovereign capabilities and manage the transition to net zero. Our industries are constrained by multiple migration-related occupation lists that do not reflect current and forecast labour market need and are based on outdated definitions that have not substantially changed since 2013.

The system is too complex for employers and migrants

As other countries make simpler, more appealing offers to skilled migrants, our migration system has become more complex so we risk losing our edge in the global race for talent. We load the system up with over a hundred different visas, arcane rules and multiple requirements. These are necessary in some areas but not in others. Despite our shortage of workers in essential services, we ask an overseas trained nurse to pay up to \$20,000 and wait up to 35 months to get their qualifications recognised and their visa granted. Employers are subject to a complex labour market testing process that unions and business agree is not working. Efficiency and integrity is also hard to achieve when the visa processing ICT system relies on technology built in the 1980s and 1990s.

The system fails to deliver the right outcomes for Australians and migrants post-arrival

Despite migration driving two-thirds of our population growth, we have not had a national long-term planning process that integrates migration with the State and Territory government levers (such as infrastructure, housing and services) that make migration effective. Many migrants also have skills in shortage but aren't working in jobs matched to their skills. For example, 50% of students who stay in Australia after study end up in jobs lower than their skill level. A wasted decade in migration has also heightened the risk of exploitation faced by migrant workers. Exploitation of migrant workers can lead to poorer working conditions for local workers.

The system is also not aligned with the Australian values of integrity, fairness and inclusion

We have let abuses of the visa system go unchecked. We have a growing 'permanently temporary' cohort in Australia – this has grown to 173,000 migrants who have been in Australia for 5 years or more on a temporary work or student visa. We can do more to include all migrants in our economy, especially migrant women. Migrant women have poorer labour market participation rates than Australian women and we need to address this issue.

After a wasted decade and mounting challenges, we cannot afford to let our migration system drift any longer.

Our vision for the migration system

Migration delivers for Australia when the system matches the needs of our nation. In the face of economic and geostrategic challenges, a new system should be better targeted to drive Australia's economic prosperity and security. We need to restore Australian values at the heart of the system – integrity, fairness and inclusion.

Five core objectives will underpin the system:

- Building Australia's prosperity by lifting productivity, meeting workforce needs, and supporting exports
- Enabling a fair labour market, including by complementing the jobs, wages and conditions of Australian workers
- Building a community of Australians
- Protecting Australia's interests in the world
- Providing a fast, efficient and fair system

As we look to develop these policy shifts and restore Australian values at the heart of the system, we will work using and building on the guardrails outlined in the Review of the Migration System:

- A tripartite approach
- Universality
- Evidence-based approaches to identifying labour market need
- Mobility for temporary migrants in the labour market
- Integrity in the system in our approach to temporary migration

Proposed fundamental policy shifts at each stage of the system aim to ensure our migration system delivers for Australia:

Prioritising the people we need to enhance our economic prosperity and security

We will clearly define the role of our migration system in addressing the challenges and opportunities our nation faces. We will also redesign the structure and settings of our programs (permanent and temporary) to attract the skilled workforce and facilitate the international engagement we need to enhance our economic prosperity and security.

Making it simple and efficient for employers and migrants

We will simplify the system to make it easier and faster for the people with the skills we need. We will also ensure migration is complementary to, and not a substitute for, a highly skilled local workforce – this will involve defining a formal, evidence-based role for Jobs and Skills Australia in our migration system, using advice from tripartite mechanisms.

Delivering outcomes for Australians and migrants post-arrival

Building on the work already underway within the Government, we will create a new nation building endeavour with States and Territory governments, to ensure our migration system responds to the needs of all Australia, including those in the regions, while ensuring proper investment in housing, infrastructure and services to secure the benefits of migration. We will also do more to assist migrants to achieve better labour market outcomes and we will do more to design out exploitation from the migration system.

We also need to restore the Australian values of integrity, fairness and inclusion at the heart of each stage of the system

We will focus on integrity measures to rid the system of abuse. Migrants will have clearer pathways to permanent residence, circumventing the risk of migrants being left in 'permanently temporary' limbo. We will look to unlock the potential of all migrants, particularly migrant women, so they are better included in our national endeavours.

Next steps

This document focuses on the new design of the migration system and the critical policy shifts proposed to the skilled migration system and its adjacent programs (e.g. the international student program). It is not an exhaustive list of all skilled migration policy changes to be considered in the context of the Migration Strategy.

During May and June 2023, we will consult State and Territory governments and key stakeholders – unions, business groups, and civil society – on the outline of the Strategy and these critical policy shifts. The Government plans to release the final Migration Strategy later in 2023.

The Government recognises the need for reform of the family program and notes that this will be considered separately. The Government also remains committed to compassionate and flexible humanitarian and settlement programs, which are not included in this document.

Supporting detail: Policy shifts for a new migration system

Prioritising the people we need to enhance our economic prosperity and security

We need to clearly define how our migration system can help Australia, by:

- Adopting a clear set of objectives and principles to guide the migration system for the coming decades

We need to build a new temporary skilled migration system, to ensure Australia has the skills we need to enhance our economic prosperity and security, by:

- For the first time, creating proper, tripartite, regulated pathways for desperately needed workers, recognising the long-term labour shortages in our essential industries like the care sector, while maintaining the primacy of our relationships with the Pacific as a guiding principle
- Building a mainstream temporary skilled pathway to bring in the core skills we need, using an improved approach to determining which skills we really need – doing away with outdated, inflexible occupation lists. This pathway will include skilled migrants above an increased temporary skilled migration income threshold (TSMIT), to ensure our migration system remains a program for skilled migrants, and wages and conditions of local workers are not undercut
- Developing fast, simple pathways for the specialised, highly skilled workers we need to drive innovation in our economy and to help us build the jobs of the future

We need to reform the way we select those who are offered permanent residence:

- Changing how we select permanent skilled migrants (reforming ‘the points test’) to focus on factors that best contribute to lifting Australia’s productivity, participation, and addressing our ageing population challenges, all while meeting our strategic security imperatives
- Radically reshaping the Global Talent and Business Innovation & Investment programs, and building a new, simple pathway to attract the migrants we need to drive innovation

Modern Australia is in competition for the migrants we desperately need – and competitor countries are scouring the world for specific skills and providing pathways for those workers. This means we need to shift our mindset to competition, by:

- Working across Government and with business to identify the people we need to help us build a more productive economy and to actively promote Australia internationally as a migration destination
- Building a new stream of work to help our country find the migrants we need, promote Australia to the world and to strengthen our ties with partners in our region

Making it simple and efficient for employers and migrants

We need a system that improves the experiences of people who interact with the migration system through:

- Simplifying the system (e.g. visa categories, rules, requirements) and improving the user experience of employers and migrants
- After addressing the most acute aspects of the visa backlog, continuing to make the system faster and more efficient through investment in IT, data and people capabilities
- Placing small business on a more level playing field by exploring a switch to monthly employer fees and charges rather than a large up-front investment

We need an evidence-based approach to migration decisions, and better coordination and integration of the labour market, the training and education systems with the migration system. This means:

- Establishing a formal role for Jobs and Skills Australia in defining Australia's skills needs using evidence, including advice from tripartite mechanisms
- Formalising feedback between the migration system and the training and education system to ensure labour shortages are dealt with in a comprehensive, planned manner
- Once a formal role is established for Jobs and Skills Australia in our migration system, many of the drivers of complexity can be simplified and removed

Delivering outcomes for Australians and migrants post-arrival

Building on the work already underway within the Government, we need to create a new nation building endeavour with State and Territory governments to plan our migration intake, by:

- Aligning investments in infrastructure, service provision and housing including ensuring joint action across governments to address barriers to increasing housing supply
- Establishing a greater role for States and Territories in identifying their migration needs and priorities, especially in our regions

We need to improve the job readiness and outcomes of migrants, including international students, by:

- Providing faster pathways to permanent residence for the skilled migrants and graduates we need
- Recognising Australia's place as a destination of choice for international students, we need to ensure that all international students are genuinely in Australia to study, including by tightening requirements and by strengthening the quality assurance of education providers
- Reducing time international students spend on bridging visas by easing the path to graduate visas

Our system needs to provide greater protections for all migrants, and therefore local workers, by:

- Reforming the policy settings that drive exploitation, including by increasing mobility to allow temporary migrants to move employers, and enforce their workplace rights, without jeopardising their ability to stay in Australia

We also need to restore the Australian values of integrity, fairness and inclusion at the heart of each stage of the system

We need to improve the integrity of the system, by:

- Improving post-arrival monitoring and enforcement of wages and conditions to detect and prevent exploitation, including by investing in compliance resources and the use of Tax File Numbers by migrant workers
- Strengthening the regulation of registered migration agents

We need to bring fairness back into the system, and address 'permanent temporariness', by:

- Ensuring migrants have clarity on their prospects for permanent residence – whether that means staying here or returning home
- Resolving some of the biggest caseloads of permanently temporary people such as New Zealand citizens and TPV/SHEV holders to ensure they can build a career and a family with clarity and a full connection to Australia
- Providing clear pathways to permanent residence for temporary skilled visa holders

We need to drive stronger inclusion of all migrants in our economy, by:

- Improving and streamlining skills recognition, to help more migrants, including secondary applicants, enter the labour market at a level commensurate with their qualifications

The Government acknowledges the Traditional Owners of the lands and waters on which Australians live and work and pays respect to their Elders.

From the moment they arrive, migrants are on 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.