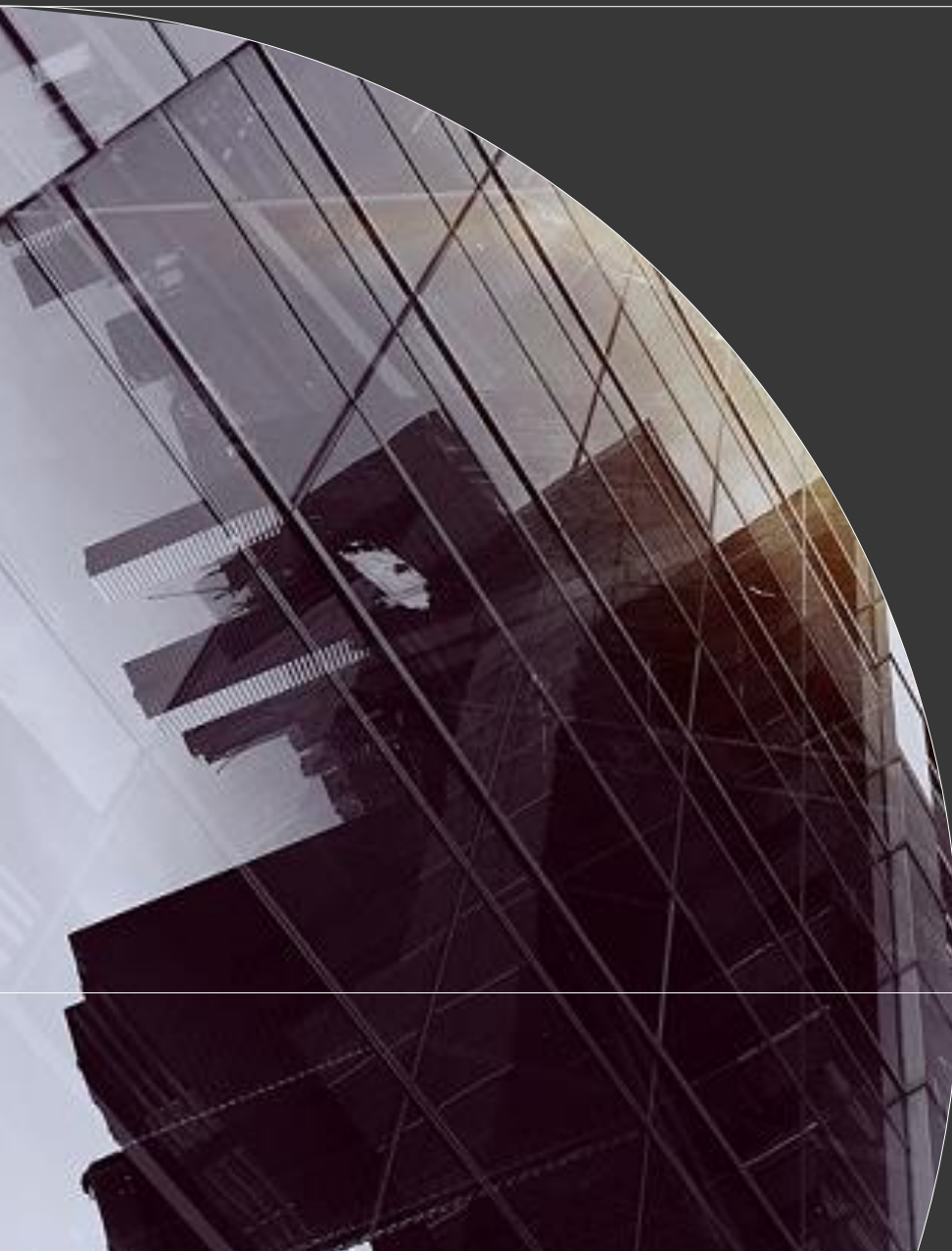


Jobs and Skills Summit – policy paper

Improving migration settings to
support higher productivity and wages

August 2022



BCA

Business Council of Australia

Contents

1.	Overview – a reset on migration	2
	The problem	2
	The reset we need	2
	The guiding principles	2
	The actions	2
2.	Key Facts	4
3.	Key Issues	5
	3.1 The loss of migrants is driving workforce and skills shortages	5
	3.2 A boost to permanent migration will get Australia back on track	5
	3.3 We need to restore Australia’s attractiveness for skilled migrants	6
	3.4 Skilled migration is too tightly restricted to certain occupations	6
	3.5 We need more efficient, risk-based labour market testing	7
	3.6 We can strengthen the link between migration and training	8
4.	Options	9
	4.1 Boosting Australia’s Permanent Migration Intake	9
	4.2 Restoring Australia’s attractiveness for skilled migrants	9
	4.3 Expanding high salary eligibility for skilled visas	9
	4.4 Introduce more efficient risk-based labour market testing	9
	4.5 Strengthening the link between skilled migration and training	9

Appendices

Appendix A

Charts

Background – Australia’s permanent migration intake

Appendix B

Australia’s employer-sponsored skilled visa system – current and proposed model

1. Overview – a reset on migration

The problem

- Australia lost around half-a-million temporary migrants while Australia's borders were closed, and missed out on tens of thousands of skilled permanent migrants, contributing to record high skills and workforce shortages.
- Our permanent migration intake had been cut even before COVID-19 struck, and become less geared toward employer-sponsored skilled visas that deliver the strongest economic benefits to Australia.
- Our visa system has become increasingly unattractive for skilled migrants and their employers, including with short-term two-year temporary skills shortage visas that have no pathway to permanent residency.
- Eligibility for skilled migration is restricted by out-dated and inflexible occupational lists, coupled with ineffective and inefficient labour market testing that is poorly targeted and administratively burdensome.
- There are weak connections between migration and initiatives that deliver local education and training.

The reset we need

- Consensus on the role of well-managed skilled migration as a driver of Australia's productivity, participation and economic growth, and the value of migrants' contribution to our diversity, entrepreneurialism and innovation.
- A catch-up boost to our permanent migration program (with at least two-thirds for skilled places), with a priority on higher-skilled and higher-earning migrants that are critical to growth sectors of the economy.
- Greater certainty on future migration levels, with forward guidance that supports population planning and ensures infrastructure, housing and services keep pace.
- Reformed visa settings to restore Australia's attractiveness and rebalance towards higher-skilled, longer-term migration that drives future industries, including four-year terms and permanent residency pathways for all temporary skills shortage visas, and similar conditions for graduate (post-study) visas.
- Bespoke migrant settlement services, improved options for migrants to switch sponsoring employers, and better information and assistance about work-rights and settling into Australian life.
- Expanded eligibility for higher-salary skilled visas, coupled with more effective, risk-based labour market testing to ensure Australians have opportunities to take up the jobs on offer.
- Clearer links between skilled migration and local skills and employment, with better recognition of 'Trusted Trainer' employers that invest in local training and better targeting of expenditure raised by the Skilling Australians Fund (SAF) levy.

The guiding principles

- Australia's migration program should be geared toward supporting Australia's prosperity and national interest.
- We have a duty to protect and enhance the wellbeing of migrants and prevent cases of exploitation.
- Strong, skills-focused migration helps Australia remain prosperous and resilient, and ensures we have the skilled workforce needed to deliver high quality essential services and drive Australia's future industries.
- Australia faces global competition for global skills and talent, and must ensure it remains an attractive destination, while maintaining appropriate, risk-based safeguards to ensure our migration system retains high integrity.
- Skilled migration must remain a complement (not a substitute) for training and hiring Australians, with public support for migration conditional on governments and industry prioritising opportunities for Australians and ensuring that population growth is planned for and managed well.

The actions

- Apply a multi-pronged strategy to tackle Australia's skills and workforce challenges by supporting the return of migrants with work rights, including measures such as:

- expedited visa processing, including through a risk-based relaxation of eligibility checks
 - clearer messaging to prospective migrants and their employers on the wait-time for newly lodged visas,
 - extending discounts on visa application charges and relaxed working hour limits for student visa holders
 - temporarily lifting caps on Work and Holiday visas
 - implementing an overseas advertising campaign to promote Australia to the world over Spring/Summer, and
 - creating a web portal to assist skilled migrants moving to Australia, with simple guidance and information on the key needs of any new migrant, direction for getting set up (e.g. licencing, housing, health care, tax etc), as well as information on work rights and channels for seeking help.
- Catch-up on the shortfall of permanent skilled migrants that we lost in the pandemic by committing in the October Budget to a two-year uplift in permanent migration to a cap of around 220,000 places per year in 2023-24 and 2024-25 (with at least two-thirds of places for the skilled stream).
 - Following a two-year boost, the permanent migration program could return to a level of 190,000 places in 2025-26, consistent with the planning level that persisted until 2019.
- Revert to four-year visas for all temporary skilled visa holders and minimum three-year terms for post-study stream Temporary Graduate visas to attract and retain skilled migrants and university graduates who may be put off by protracted visa processing times and who are considering opportunities elsewhere.
 - Incorporate permanent residence pathways based on a minimum term of employment (e.g. 2-3 years) in skilled and/or high salary occupations in Australia.
- Expand eligibility for skilled visas (both temporary and permanent) to migrants filling any occupation that can attract a salary above a given high threshold. Eligibility below this threshold should still be supported for priority occupations on skilled occupation lists, based on independent advice provided by Jobs and Skills Australia (JSA).
 - For temporary skilled visa holders, the open eligibility salary threshold should be set at \$90,000 per annum. For permanent skilled migrants, the threshold could be reserved for applicants transitioning from temporary skilled visas, and be set at a higher salary level (e.g. \$100,000 per annum).
- Trial a more robust data-driven approach to labour market testing based on a risk management approach that tightens compliance in higher risk regions/occupations while relaxing requirements in low-risk areas.
 - Exemptions should also be introduced for employer-sponsored visas where the position comes with a high salary and/or the sponsor has a track-record of training and hiring locally (accredited as a ‘Trusted Trainer’ – see box below).
- Substantially reform the SAF levy, including by spreading costs more evenly over the visa term or making more provision for refunds, and incorporating credits for accredited ‘Trusted Trainer’ businesses that undertake their own training or spend a given amount on education and training through approved providers.

Trusted Trainer employers - proposed model

Accredited employer sponsors of skilled migrants could be assessed as ‘Trusted Trainers’ where they demonstrate a strong track record of responsible visa sponsorship and of training/hiring locally.

This would require candidate employers to provide data demonstrating their on-the-job training activity and/or the amount they spend on training new or existing employees through approved education and training providers. Training activity should be assessed on completions, not just on commencements.

Trusted Trainer employers would be recognised with greater flexibility and benefits when they sponsor skilled migrants, including relaxed labour market testing requirements, five- or ten-day visa processing benchmarks, open eligibility for higher salary skilled migrants, and credits against, or exemptions from, the SAF levy.

This model would reward employers that go above and beyond to hire and train locally, while also creating better visibility and data on the training that employers are delivering in their workplaces, including outside the formal qualification system. It recognises that skilled migration and local training can complement and reinforce each other.

2. Key Facts

Migration improves Australians' living standards, strengthens our economy, and complements local skills

- Australia's skills-focused migration program boosts labour force participation and real per-capita incomes.¹
 - Economic analysis consistently shows that skilled migration does not depress local employment or wages.²

Skilled migration improves government budgets, reduces debt for future generations and helps fund key services

- The average skilled migrant pays \$200,000 more in taxes and fees over a lifetime than they use in services.³

The closure of Australia's borders for almost two years had a deep impact on our migration intake

- With the introduction of strict border restrictions in early 2020, net overseas migration to Australia went into reverse and our population shrank for the first time since WWII.
 - Instead of welcoming around 230,000 extra people per year as usual, we lost over 90,000 people overseas in the first year alone. All up, we missed out on around 470,000 people while borders were closed.

Attracting migrants back is proving challenging, and many Australian residents and visa holders are departing our shores

- Since borders reopened, there has been an uptick in arrivals, but they remain around half of pre-pandemic levels.
 - The number of temporary skilled migrants in Australia is only 50 per cent what it was a decade ago, with half of this decline happening before COVID-19 forced the closure of our borders.

With widespread workforce shortages around the world, we are losing skills and talent to competitor countries

- While Australia's annual permanent migration intake has been reduced from 190,000 to 160,000 places, Canada has expanded its permanent program from 340,000 places to over 400,000 places each year until 2024.⁴
 - The UK, US and Canada are also out-competing Australia for international students, with these countries recovering or increasing their student visa numbers in 2021, while Australia's declined by 70 per cent.⁵

¹ Productivity Commission. 2016. *Migration Intake into Australia*. Inquiry Report No. 77; Commonwealth Treasury and Department of Home Affairs. 2018. *Shaping a Nation: Population Growth and Immigration over Time*.

² CEDA 2019. Effects of Temporary Migration: Shaping Australia's Society and Economy; Breunig et al. 2015. *The Relationship Between Immigration to Australia and the Labour Market Outcomes of Australian born workers*.

³ Commonwealth Treasury. 2021. *The Lifetime Fiscal Impact of the Australian Permanent Migration Program*.

⁴ Government of Canada. 2022. *Supplementary Information for the 2022-2024 Immigration Levels Plan*.

⁵ Mitchell Institute. 2022. *Student, Interrupted: International Education and the Pandemic*.

3. Key Issues

Australia is an open, multicultural country. Half of all Australian residents are migrants or had at least one parent born overseas. We pride ourselves on attracting people from all around the world, but after two years of closed borders we need to restore our welcoming reputation.

Rather than just getting back to business as usual, Australia should aim for a reset on migration that not only attracts migrants back to our shores and tackles workforce shortages, but also helps set Australia up as a high-productivity, high-skill, and high-wage frontier economy.

Australia's openness to migrants is part of who we are as a country, but it is also firmly in our national interest. Skilled migrants deliver talent and experience that complements local workers and lifts living standards. In many cases they bring specific skills, knowledge and diverse experience that can't be found here at home. Australia can do more to expand local access to education and training and to support workforce participation, but we need to combine this with a skills-focused migration program that attracts talented, motivated people from overseas.

3.1 The loss of migrants is driving workforce and skills shortages

Job vacancies have shot up as Australia has emerged from COVID-19 lockdowns and two years with our international border largely closed. In May 2022, there were over 480,000 job vacancies across Australia, which was more than double the pre-pandemic level. Australia is experiencing some of the worst labour shortages in the OECD.⁶

The fastest way Australia can expand its labour force is by attracting and retaining migrants with work rights. However, welcoming back migrants lost through the pandemic is proving challenging. Since borders started reopening in December 2021, there has been an uptick in arrivals, but they remain around half of pre-pandemic levels. At the same time, many people have been heading overseas. Excluding visitor visa holders (without work rights) there have been around 150,000 more departures from Australia than arrivals since borders began reopening.⁷

Given the acute and widespread workforce shortages we face, it's critical that we clear the blockages and frictions in our visa system to support the return of migrants to pre-COVID-19 levels. The federal government's commitment of extra resourcing for visa processing is welcome in this respect. It is not enough just to open up the door though – we need to take active steps to restore our global reputation and draw migrants back.

Australia faces stiff competition as a migrant destination from other advanced economies that are also experiencing severe skills and labour shortages. That's why we need to apply a multi-pronged attraction strategy to support the return and retention of temporary migrants with work rights that can help to tackle Australia's skills and workforce challenges. This should include an extension of temporary measures put in place to attract and retain migrants, and a targeted advertising campaign aimed at promoting Australia to the world over the northern hemisphere Autumn and Winter (our Spring and Summer).

Finally, we need better information channels for prospective and newly arrived migrants. Currently, information is split across multiple websites for different levels and agencies of government. Information on visas and access to services is often presented in a confusing way, focused on compliance and rules, rather than on improving understanding and emphasising Australia's appeal. A one-stop web portal for prospective (and current) migrants could bolster Australia's ability to attract global talent. Simpler information on visa options, along with resources that set clear expectations for life and work in Australia would boost our appeal, while info on settlement services would help migrants find their feet. Information on work rights (and avenues to seek advice/assistance) would help prevent instances of exploitation.

3.2 A boost to permanent migration will get Australia back on track

Australia should also seek to make up for lost ground through a boost to our migration program that goes beyond getting back to 'business as usual'. A two-year uplift in permanent migration to a cap of around 220,000 places per year in 2023-24 and 2024-25 (with at least two-thirds/150,000 places for the skilled stream) would allow us to catch-up on the shortfall of around 75,000 permanent skilled migrants that we lost in the pandemic (see [Appendix A](#) for background and charts). An intake of this size would also reserve around 70,000 places in the family stream each year, which would reduce the backlog of people waiting for these visas.

⁶ OECD. 2022. *Economic Outlook – June 2022*.

⁷ ABS. 2022. *Overseas Arrivals and Departures – June 2022*.

An uplift in our skilled permanent migration program will help ensure we have enough engineers to underpin our \$220 billion infrastructure pipeline, enough trained nurses and care workers to support our aged care and disability sector, and enough doctors to take the strain off our health and hospital system, including in regional areas. It is also essential to meet demand in areas of fast-growing skills need, including Australia's tech workforce, where plans to train and upskill tens of thousands of Australians for high demand digital and cyber security roles will depend on attracting and retaining enough skilled and experienced IT professionals to pass on knowledge and build up capability.

Following a two-year boost, the permanent migration program could return to a level of 190,000 places in 2025-26. This is consistent with the planning level that persisted until 2019 and would represent an annual intake that amounts to around 0.7 per cent of Australia's population, consistent with the average level in the decade before the intake was cut (see Figure 3 in Appendix A). From there, the size of the migration program should be broadly maintained as a share of Australia's population, with deviations as needed to account for economic conditions.

Maintaining the migration program as a share of the population would help to offset the long-term projected decline in Australia's fertility rate. It would slow the ageing of the population, increase workforce participation, and reduce the age dependency ratio that would otherwise result in a growing tax burden on working Australians.⁸ If a constant population share is not agreed, government could at least provide four-year forward guidance on migration levels to ensure that population growth can be planned for and supported with appropriate infrastructure, housing and services.

3.3 We need to restore Australia's attractiveness for skilled migrants

It's not just the size of Australia's migration program that matters. Australia's strict travel ban during the pandemic and limited financial support for temporary migrants have set back our reputation as a migrant destination. If we are going to continue to attract the world's best and brightest, we need to make sure that Australia remains a first-choice place for migrants to study, work and confidently build a future.

One issue that stands in the way is the short duration of many temporary skilled visas, and the absence of options within these for transitioning to permanent residency. Short-term visas without a permanent migration pathway make it hard to attract and retain talented people, and create uncertainty and extra costs for sponsoring employers.

Longer-term visas and permanent residency options aren't necessary for all temporary visa holders (e.g. visitors, working holiday makers and international students), but for Temporary Skill Shortage visas in the short-term stream and Temporary Graduate visas in the post-study work stream (university graduates with a bachelor's degree), a two-year term becomes a real deterrent. Two years is too short a time for many migrants who are weighing up the costs and uncertainty involved in moving to Australia, and it is also often too short a stint for potential employers, especially given the months it takes to process visas and then bring people into the country and get them up-to-speed.

Four-year visas for all temporary skilled visa holders, and minimum three-year terms for post-study stream Temporary Graduate visas would help attract and retain skilled migrants and university graduates who may be put off by protracted visa processing times and who are considering opportunities elsewhere. Longer-term visas will provide more of a pay-off for migrants and their employers, and will also support better forward planning for businesses, particularly in the delivery of projects that are staged over multiple years.

Longer visa terms should also allow for permanent residence pathways based on a minimum term of employment in a skilled and/or high salary occupation in Australia. Without permanent residency pathways, skilled migrants can be forced to cycle through short-term visas with limited certainty or security, or otherwise leave Australia and take their skills elsewhere.

Greater access to permanent residency for skilled migrants would also help maintain public support for Australia's immigration system. Public opinion surveys in Australia consistently show high levels of popular support for migration in general, but concerns with temporary workers who do not have a route to settle in Australia. Pathways to permanent residency can also improve integrity and reduce opportunities for exploitation, particularly if migrants are not bound to their sponsoring employer, and can count time with multiple employers toward their permanent residency application.

3.4 Skilled migration is too tightly restricted to certain occupations

In addition to increasing Australia's attractiveness through longer-term visas and permanent residency pathways, Australia can also improve how eligibility is targeted for employer-sponsored skilled migrants. The current set of skills

⁸ Commonwealth Treasury. 2021. *2021 Intergenerational Report*. Canberra.

shortage lists that define eligible occupations for skilled migration are overly restrictive, and unable to readily account for emerging occupations or combinations of in-demand skills and experience.

In particular, skills 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. This inflexible system reduces employers' access to global talent and forgoes the spill-over benefits of knowledge, productivity and innovation that these skilled migrants bring with them.

For example, a medical device manufacturer may require hearing and speech specialists who also have experience commercialising R&D. While there may not be shortages in Australia of audiologists per se, it is the combination of these skills with the experience in bringing new products to market that is needed. Skills lists based on ANZSCO codes are unable to pick up on these combinations of high skilled occupations and specific experience.

Overly restrictive occupational eligibility for skilled visas is one reason why the number of temporary skilled migrants in Australia progressively declined in the years leading up to the COVID-19 pandemic. In 2013 and 2014 there were around 190,000 such visa holders in Australia, but by 2019 this was down to around 140,000. Following the closure of Australia's borders, the number is now down to just under 95,000, which is almost 100,000 fewer than in 2013.

This decline is a real concern. Temporary skilled visa holders are critical to tackling workforce shortages, and they provide strong fiscal and economic benefits for Australia. For instance, recent analysis by the Commonwealth Treasury found Temporary Skills Shortage visa holders contribute an average of \$38,000 more in taxes and fees than they cost to governments – a net gain at least four times more than any other temporary visa type.⁹ There is also evidence that eligibility based on narrow occupational lists is resulting in selection of skilled migrants at lower skill and salary levels, which reduces the economic and fiscal benefits for Australia.¹⁰

A better approach would be to extend eligibility for skilled visas (both temporary and permanent) to migrants filling any occupation that can attract a salary above a given high threshold. Eligibility below this threshold should still be supported for occupations outlined on Skilled Occupation Lists based on independent advice by Jobs and Skills Australia (replacing the current STOSL, MLTSSL and ROL lists), with varying salary thresholds as necessary for skilled regional visas. The existing floor salary (the Temporary Skilled Migration Income Threshold) could continue (noting it is intended to be increased to \$65,000), as could the requirement for employers to pay no less than the annual market salary for a given occupation.

For temporary skilled visa holders, the open eligibility salary threshold could be set at \$90,000 per annum (equivalent to the average annual full-time salary in Australia) and be indexed to movements in the Wage Price Index. For permanent skilled migrants, the open eligibility threshold could be reserved for applicants transitioning from temporary skilled visas, and be set at a higher salary level (e.g. \$100,000 p.a.). An outline of this model is at [Appendix B](#).

Opening skilled visa eligibility up beyond a high salary threshold will better target migration to candidates with high skills and earning power. This change will help ensure employers can access global talent in emerging occupations, or where an applicant requires a combination of skills and experience. A simple, high minimum salary test will also reduce costs and administrative burden of visa processing, which could speed up the process, allow for more of a focus on risk-based compliance monitoring, and make skilled visas more attractive for migrants and their employers.

3.5 We need more efficient, risk-based labour market testing

A further integrity measure that applies to employers who sponsor skilled migrants is labour market testing, which requires businesses to demonstrate that there are no suitable local applicants by advertising a position for a set time period before applying to bring someone in from overseas. Labour market testing is an inefficient and ineffective tool, given that employers already have strong incentives to hire suitable local candidates, noting the requirement to offer salaries greater than the market rate. This especially true where an occupation has been assessed as in shortage. In these cases, it causes unnecessary delay to advertise a position for four weeks in order to 'test' an empty market.

Despite these shortcomings, the Business Council does not support a blanket removal of labour market testing for skilled visas. The continuation of a strong migration program rests on maintaining public trust and confidence. There is an onus on businesses that benefit from skilled migrants to demonstrate that they are giving a first opportunity to suitably qualified Australian workers.

⁹ Commonwealth Treasury. 2021. *The Lifetime Fiscal Impact of the Australian Permanent Migration Program – Appendix B*.

¹⁰ Grattan Institute. 2021. *Fixing Temporary Skilled Migration – A Better Deal for Australia*.

That said, there are grounds for the government to provide flexibility by expanding exemptions for positions in high-skilled, in-demand occupations that have been identified as in acute shortage. For instance, the government could trial a more targeted approach that excludes occupations in regions where data on job vacancies and applications suggests that labour market testing by individual employers is unnecessary.

Exemptions should also be considered where the position comes with a salary above a high threshold (expanding the current provisions for positions with annual earnings above \$250,000), and for accredited sponsors with a good track record of training and hiring locally (badged as ‘Trusted Trainers’ – see section below). This risk-based approach will reward responsible employers and allow more focus on compliance and monitoring for occupations of concern.

Where labour market testing is maintained, the administrative burden on businesses should be reduced where possible while maintaining the system’s integrity. For instance, the requirement for employers to advertise on the Workforce Australia platform should only be required for occupations that have a good chance or history of successfully attracting suitably skilled Workforce Australia participants.

3.6 We can strengthen the link between migration and training

A key principle of Australia’s skilled migration program is that it should be restricted to filling positions where no suitably skilled Australian worker is available. To maintain support for skilled migration it is critical that we strengthen connections with the education and training system, ensuring that skilled migration continues to act as a complement (and not a substitute) for training Australians.

The Skilling Australians Fund (SAF) levy is a measure intended to make this connection, by increasing the cost of sponsoring skilled migrants while raising funds to support training opportunities for Australian residents. SAF levy revenue is directed to a fund that supports additional state government expenditure on vocational education and training (VET), largely for apprenticeships and traineeships. While the national partnership agreement supporting the fund expired in mid-2022, the levy remains ongoing.

A major frustration from business is that the SAF levy, in addition to increasing the costs of visa sponsorship, is not being used to train workers to fill the skill shortages that necessitated the levy payment. Due to the SAF’s focus on VET-level training, many businesses like universities and technology firms that pay the levy have no confidence that they will see any benefit in terms of an increased supply of skilled local workers in their industry or region (particularly businesses in Victoria and Queensland, which never signed up to the fund). This disconnect means the levy represents an additional tax on skilled labour that diverts funds that could have been used by companies to train their own staff.

If the SAF levy and its associated fund are to be retained then they should be reformed so that there is a clearer link between the businesses that pay the levy and the training provided to address skills shortages. At the least, there should be transparency about the allocation and outcomes of funding, and more direction from industries/employers that pay the levy over the fields and forms of education and training that are supported by levy revenue. Another option would be to allow employers to direct levy revenues to industry-specific Training Funds to be spent on education and training pathways for Australian residents. Either way, the new Industry Skills Clusters could play an important role in informing the direction of funding.

Exemptions from (or credits against) paying the levy should also be introduced to recognise businesses that are investing in their own training pathways for current and new employees. One option would be to waive or discount the levy for accredited ‘Trusted Trainer’ employer sponsors that undertake their own training or that spend a given amount on training through approved education and training providers. Trusted Trainers could also be recognised with other benefits when they sponsor skilled migrants, including relaxed labour market testing requirements and five- or ten-day visa processing benchmarks.

Finally, the SAF levy has received sustained criticism from sponsoring employers for imposing high upfront costs (upwards of \$7,200) prior to an applicant being approved, and without suitable refunds where a visa application does not work out or the visa holder returns home or switches employer. There is a strong case for spreading costs more evenly over the visa term, or making more provision for refunds. Allowing payment of sponsorship fees at appropriate milestones, rather than as a lump sum at nomination, would de-risk the nomination for employers, and make it easier for a migrant to transfer to a new sponsoring employer if needed (which would support labour mobility and migrant welfare). Taken together, these changes would make the SAF Levy a more fit-for-purpose measure for linking skilled migration to domestic education and training.

4. Options

4.1 Boosting Australia's Permanent Migration Intake

Catch-up on the shortfall of 75,000 permanent skilled migrants that we lost in the pandemic by committing in the October 2022 Budget to a two-year uplift in permanent migration to a cap of around 220,000 places per year in 2023-24 and 2024-25 (with at least two-thirds/150,000 places for the skilled stream). Following a two-year boost, the permanent migration program could return to a level of 190,000 places in 2025-26, consistent with the planning level that persisted until 2019.

From there, the size of the migration program should be broadly maintained as a share of Australia's population, with deviations as needed to account for economic conditions, and four-year forward guidance on migration levels to ensure that population growth can be planned for and supported with appropriate infrastructure, housing and services.

4.2 Restoring Australia's attractiveness for skilled migrants

Revert to four-year visas for all temporary skilled visa holders and minimum three-year terms for post-study stream Temporary Graduate visas to attract and retain skilled migrants and university graduates who may be put off by protracted visa processing times and who are considering opportunities elsewhere.

Incorporate permanent residence pathways based on a minimum term of employment (e.g. 2-3 years) in a skilled and/or high salary occupation in Australia.

4.3 Expanding high salary eligibility for skilled visas

Expand eligibility for skilled visas (both temporary and permanent) to migrants filling any occupation that can attract a salary above a given high threshold. Eligibility below this threshold should still be supported for occupations outlined on Skilled Occupation Lists set by Jobs and Skills Australia.

For temporary skilled visa holders, the open eligibility salary threshold could be set at \$90,000 per annum. For permanent skilled migrants, the threshold could be reserved for applicants transitioning from temporary skilled visas, and be set at a higher salary level (e.g. \$100,000 p.a.).

4.4 Introduce more efficient risk-based labour market testing

Trial a more robust data-driven approach to labour market testing based on a risk management approach that tightens compliance in higher risk regions/occupations while relaxing requirements in low-risk areas.

Exemptions should also be introduced for employer-sponsored visas where the position comes with a salary above a high threshold and/or the employer sponsor has a good track-record of training and hiring locally (accredited as 'Trusted Trainers').

4.5 Strengthening the link between skilled migration and training

Substantially reform (or otherwise abolish) the SAF Levy and Fund, including by:

- Giving more direction to industries/employers that pay the levy over the fields and forms of education and training that are supported by the Fund.
- Incorporating credits for accredited 'Trusted Trainer' businesses that undertake their own training or that spend a given amount on training through approved education and training providers.

Spreading costs more evenly over the visa term or making more provision for refunds where a visa holder returns home or changes employer.

Appendix A

Charts

Figure 1: Net overseas migration and population growth have collapsed

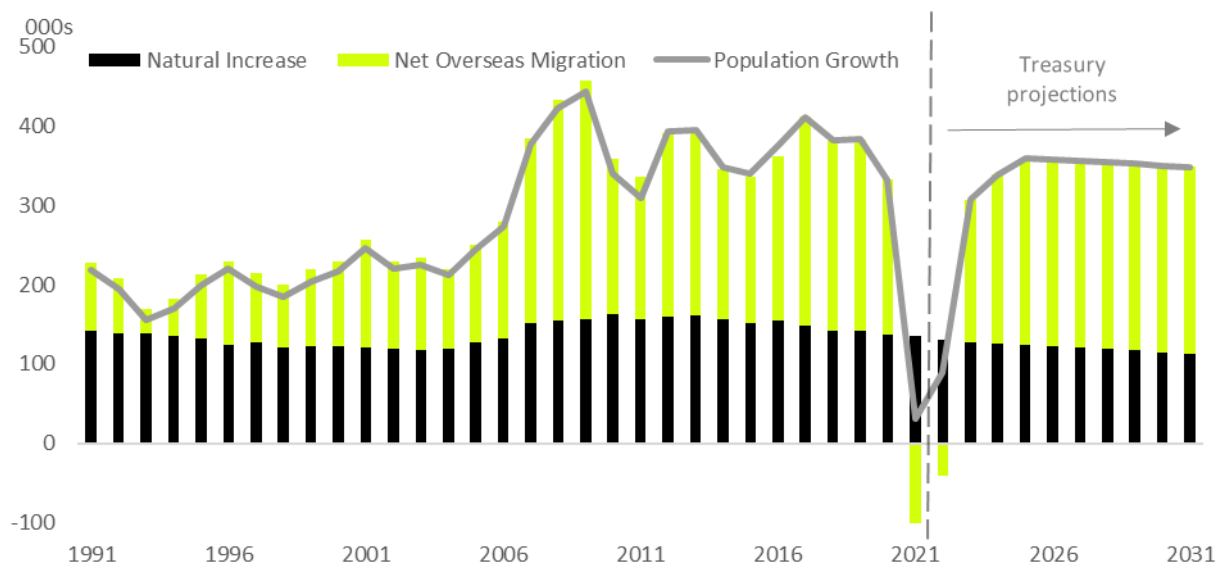


Figure 2: A migration catch-up strategy should make up for the permanent skilled migrants we lost

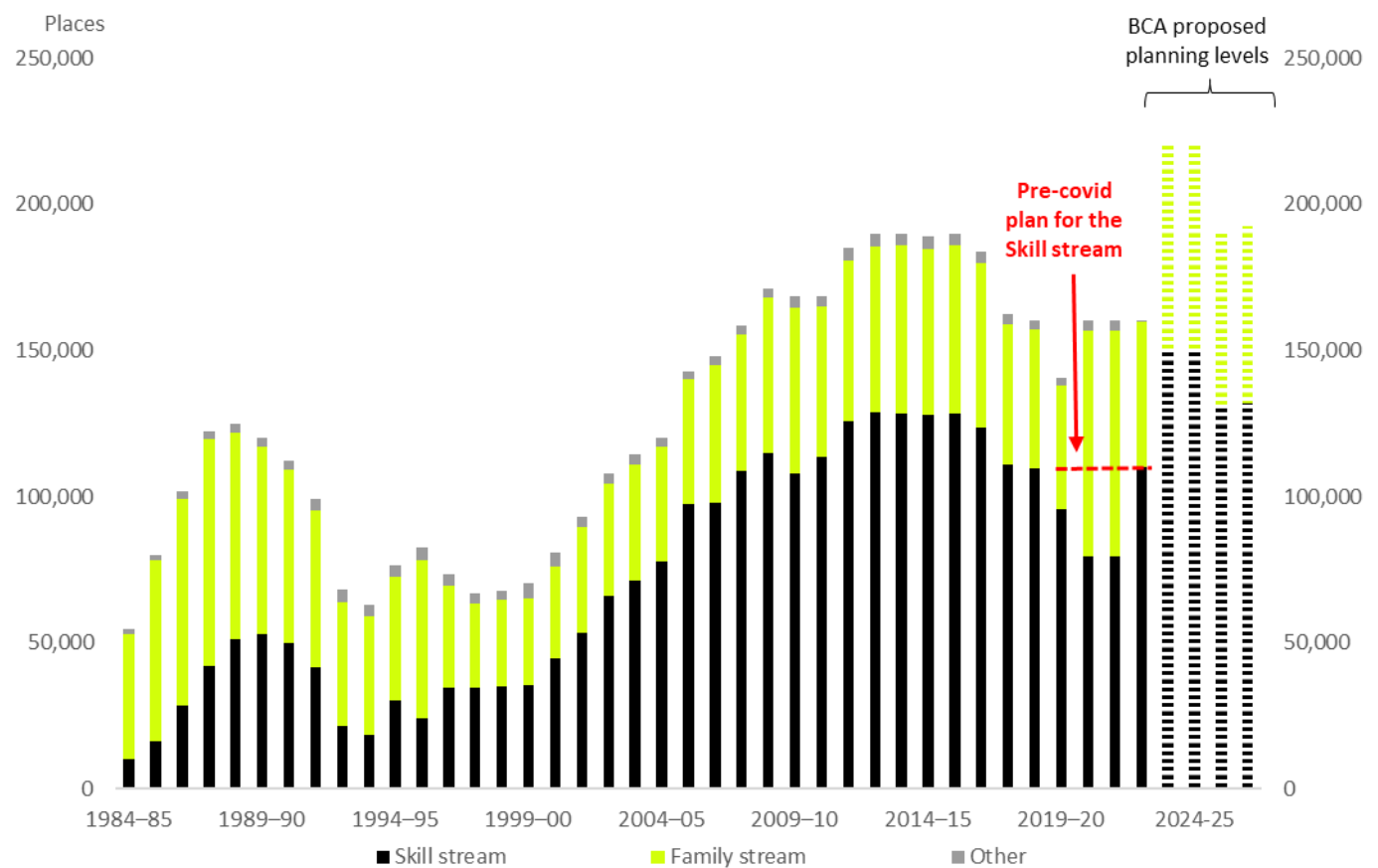


Figure 3: Permanent migration has fallen as a share of Australia's population, but it can bounce back



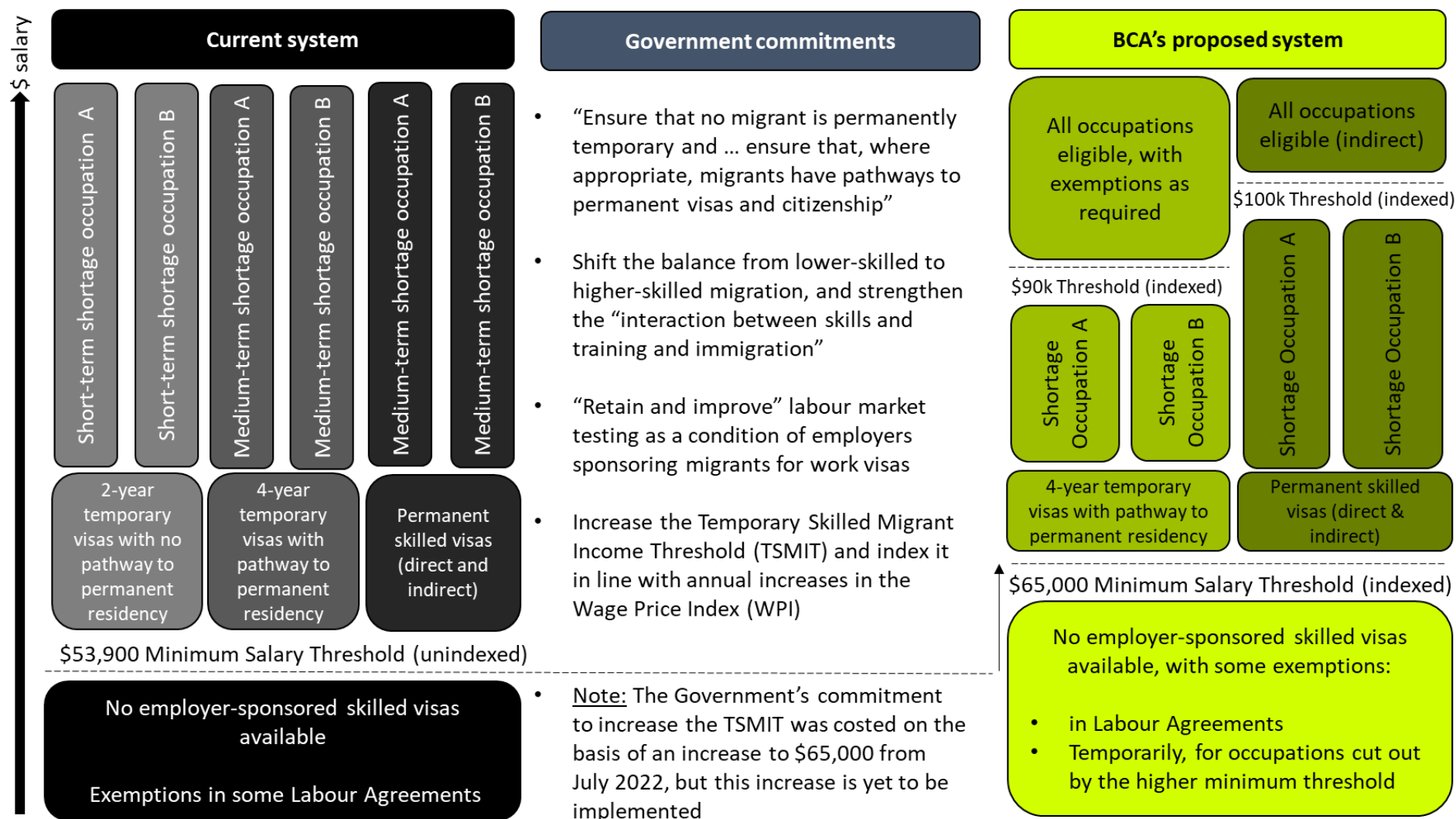
Background – Australia's permanent migration intake

For most of the past decade, Australia's migration program was set at 190,000 places per annum with over two-thirds of places (around 130,000 per annum) reserved for the skill stream and the remainder largely devoted to the family stream. However, in 2019, the former government set out a plan for Australia's future population that included a reduction in permanent migration to a cap of 160,000 places per annum, with the two-thirds share for skill stream places expected to be retained.

If this plan had been implemented as envisioned, Australia would have welcomed around 110,000 skill stream migrants each year, or a total of 330,000 from 2019-20 to 2021-22. Instead, COVID-19 travel bans resulted in a lower overall permanent migration intake and a re-weighting away from the skill stream (toward a 50:50 split with the family stream). As a result, by the middle of 2022 Australia had delivered around 75,000 skill-stream places short of what the former government had intended when it announced its population plan in 2019.

Appendix B

Australia's employer-sponsored skilled visa system – current and proposed model



BUSINESS COUNCIL OF AUSTRALIA

42/120 Collins Street Melbourne 3000 T 03 8664 2664 F 03 8664 2666 www.bca.com.au

© Copyright August 2022 Business Council of Australia ABN 75 008 483 216

All rights reserved. No part of this publication may be reproduced or used in any way without acknowledgement to the Business Council of Australia.

The Business Council of Australia has taken reasonable care in publishing the information contained in this publication but does not guarantee that the information is complete, accurate or current. In particular, the BCA is not responsible for the accuracy of information that has been provided by other parties. The information in this publication is not intended to be used as the basis for making any investment decision and must not be relied upon as investment advice. To the maximum extent permitted by law, the BCA disclaims all liability (including liability in negligence) to any person arising out of use or reliance on the information contained in this publication including for loss or damage which you or anyone else might suffer as a result of that use or reliance.



BCA

Business Council of Australia