

**Home Affairs Portfolio
Department of Home Affairs
Budget Estimates Hearing – May 2023**

KEY BRIEF

Topic: Migration Strategy and Jobs and Skills Summit

Responsible Deputy: Stephanie Foster PSM, Associate Secretary, Immigration Group

Key Points

Migration Strategy

- At the September Jobs and Skills Summit the Minister for Home Affairs announced the Government would develop a Migration Strategy.
- On 27 April 2023, the Minister publically released the outline of the Government's migration strategy entitled: *A Migration System for a More Prosperous and Secure Australia - Outline of the Government's Migration Strategy*.
 - The outline will form the basis of the Government's Migration Strategy that expected to be considered in late 2023.
 - The outline is available on the Department's website.
- The Migration Strategy will seek to deliver policy shifts to ensure that our migration program is:
 - Prioritising the people we need to enhance our economic prosperity and security
 - Making it simple and efficient for employers and migrants
 - Delivering outcomes for Australians and migrants post-arrival, and will
 - Restore Australian values of fairness, integrity and inclusion.
- The Department continues to support the Minister for Home Affairs in the development of the Migration Strategy as she, and Minister Giles, undertake targeted consultation and stakeholder engagement.

Review of the Migration System

- The Government's Migration Strategy is being informed by the review of the existing migration system recently finalised by Dr Martin Parkinson AC PSM, Professor Joanna Howe and Mr John Azarias.
- The reviewers presented the final report entitled: *Review of the Migration System* (the Review) to Government on 21 March 2023. This report was published on the Department's website on 27 April 2023.
- The Review was informed by 483 public submissions and a number of consultations including unions, industry, academia, migrant communities, state and territory government agencies, and like-minded international partners.
- Public submissions to the Review have been published on the Department's website.

Jobs and Skills Summit outcomes

- At the September 2023 Jobs and Skills Summit, Government announced a number of immediate actions to help ease widespread, critical skills shortages. Actions include:
- Increasing the permanent Migration Program planning level to 195,000 in 2022-23.
 - Within the overall planning level, 142,400 (73 per cent) places are allocated to the Skill stream, returning to the pre-pandemic composition of a roughly 70:30 split between Skill and Family streams.
 - The 2023-24 migration program has been set at a planning level of 190 000 with the same approximate split. [*Refer to SB23-00287 - Migration Program 2023-24*].
- Providing \$36.1 million in additional funding to accelerate visa processing and resolve the visa backlog, which supported a surge capacity of 500 staff. The Government has announced that the funding for additional staff will be extended for 12 months.
- Continuing the relaxation of work restrictions for student and training visa holders until 30 June 2023.
 - After 30 June 2023, work hours will be capped again at 48 hours a fortnight (was previously 40 hours pre-COVID).
- Expand pathways to permanent residency for temporary skilled sponsored workers.
 - On 27 April 2023, the Government announced that temporary skilled sponsored workers would have the opportunity to apply for permanent residency by the end of 2023.
- Raise the Temporary Skilled Migration Income Threshold (TSMIT) following broad engagement on equitably setting the threshold and pathway for adjustment.
 - On 27 April 2023, the Government announced that the TSMIT would be raised to \$70,000 from 1 July 2023.
- Bring forward a package of reforms to address migration worker exploitation during 2023.
 - The Government will announce measures to address migrant worker exploitation in the coming weeks.
 - Refer to IG-13 (SB23-000290) - Migrant Worker Exploitation.
- The Department continues to consider the remaining actions announced at the Jobs and Skills Summit, in alignment with the development of the Migration Strategy. These include to:
 - Examine the potential for industry sponsorship of skilled migrants
 - Assess the effectiveness of the skilled migration occupation lists
 - Reform the current labour market testing process following consultation with unions and business
 - Consider policies to address regional labour shortages and improve small business access to skilled migration, and
 - Embed a role for Jobs and Skills Australia's analysis of skill shortages in setting priorities of the skilled migration program.

If asked: How did this review align with the Treasury Employment White paper?

- The Migration Reform Taskforce are working with Treasury with the aim of ensuring issues across portfolios are considered and communication has occurred at the senior officials level.
- The reviewers of the Migration System met with the Treasurer as a part of the development of the review.
- The Employment White paper is still being developed and the Department will continue to provide input and support as appropriate.

If asked: Are you using contractors or consultants?

- Yes, Boston Consulting Group is providing expert economic, labour market analysis and international comparisons to support the Taskforce.
- Boston Consulting Group were engaged following a request for quote process using the Department of Finance's Business Advisory Panel. Four panel providers submitted quotes.
- The Department of Finance's Business Advisory Panel was established as an Open Tender therefore, all contracts entered into are considered Open Tenders.
- This is a discrete, time limited policy project, for which it would not make sense to recruit permanent staff.
- Their specific skills will supplement the Department's strategic and migration policy expertise, and those of the government agency secondees.
- A contract variation was approved to retain the Boston Consulting Group for continued work with the Taskforce supporting development of the Migration Strategy beyond the agreed time period in the original work order.

If asked: How much will this cost (the contractors)?

- The total anticipated cost for the project is up to \$3.77 million including GST for the duration of the project.
- This cost includes variation to retain Boston Consulting Group beyond the initial time period.
- Details of the contract were published on AUSTender in accordance with the Commonwealth Procurement Rules. (*AUSTender as at 4 May 2023*).

If asked: The Review recommended abolishing labour market testing. Why is it still required?

- Labour Market Testing (LMT) continues to be a requirement under the migration legislation.
- The outline of the Government's Migration Strategy finds that current labour market testing requirements are complex and regarded as not working and indicates an intention to move to an evidence-based approach to identifying labour market needs, drawing on the expertise of Jobs and Skills Australia.

If asked: What is being done about widespread reports of exploitation, as heard at the Summit?

- The Government is deeply concerned by the exploitation and abuse of all vulnerable people, including migrants.
- The Government appointed Ms Christina Nixon to conduct an independent review into the exploitation of Australia's visa system, which she completed in March 2023.
 - Refer to IG-13 (SB23-000290) - Migrant Worker Exploitation, and, for details.

If asked: does extending work rights to student visa holders pose a risk to integrity of the Student Visa Program?

- The Department closely monitors the caseload for any changes as a result of adjustments to policy settings.

If asked: Why has the Migration Strategy outline excluded other critical elements of migration including family and humanitarian?

- The Migration Strategy Outline has been developed by the Government as a vehicle to conduct consultations on our migration system as a whole - not one specific stream or program.
- The Strategy Outline itself states:
 - *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.*
- The Review of the Migration System recognises the importance of Australia's Humanitarian and settlement programs and focuses on potential reform directions that could remove barriers for this cohort to participate in the community.

If asked: What are the implications for Australia's population, should all the measures in the review (or Outline) be implemented?

- Modelling on Australia's population projections are undertaken by the Australian Bureau of Statistics and the Treasury.
- The Reviewers of the Migration System were not asked to consider the impact of their potential reform directions on the population.
- The Review, however, does discuss the need of long-term and holistic migration planning, noting that Net Overseas Migration is the main driver of population growth.
- The potential implications for Australia's population from any measure adopted by Government will be considered in a whole-of-government context;
 - including through the Treasury-led Employment White Paper, and the Centre for Population's development of the Population Plan.

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If asked: Will the Migration Strategy incorporate all migration system review recommendations, and if not, which ones are being included/excluded?

- The Review of the Migration System does not contain any recommendations for Government.
 - It offers possible reform directions for Government's consideration.
- It is up to Government to decide if any potential reform directions are incorporated into the Strategy.

If asked: Is the Government going to limit student visa availability?

- High-performing international students with the skills Australia can make a big impact in our economy.
- International students have become the dominant feeder into our permanent migration program so we want to ensure we set a high bar to attract the best and brightest to Australia.
- The Government plans to lift the requirements for student visa eligibility, including by raising the English language requirements, which will lead to better education and employment outcomes for students.
- Many universities already require a higher level of English language proficiency for enrolment, in de-facto recognition that student visa English requirements are not high enough for students to complete course requirements.

If asked: How will proposed changes to permanent residency and the points test affect international students/graduates who are likely to have less experience and skills?

- The Government is considering simpler, faster pathways for former students of Australian education institutions.
- Reforms to support Work Integrated Learning and other forms of work experience will support students to gain experience in Australia and graduates will be selected based in their potential to succeed in the labour market.

If asked: How will proposed reforms affect the international education sector's recovery and demand for Australia's education offering?

- The Government believes these reforms will be good for the education sector as a whole by ensuring Australia is attractive to talented, genuine students.
- Raising the bar on student visa requirements will reinforce Australia's reputation as a high-quality education destination, particularly as international students succeed in their studies and have better employments prospects.
- The opportunity to access a fast pathway to permanent residency will be a big draw-card for international students, and may encourage high performing students to choose Australia over other countries.
- Not all students will have a pathway to permanent residency, and it is important that we are upfront about that to prevent graduates from becoming 'permanently temporary'.
- These reforms may affect demand for some courses, but it is important that we address integrity within the education sector.
- Genuine students will still choose Australia because they want to receive a quality education.

If asked: Will the Migration review have any impact on recent changes to extend post-study work rights for certain graduates?

- At the Jobs and Skills Summit on 22 September 2022, the Government announced a two-year extension of post-study work rights for international graduates with select degrees in areas of verified skill shortage.
- It also announced the establishment of a Post-Study Work Rights Working Group to advise Government on the ongoing management of this measure to ensure it remains responsive to changes in labour market conditions.
 - The Working Group's 28 October 2022 report identified tight labour market conditions in the wake of COVID-19.
- Changes to post-study work rights will go ahead as of 1 July 2023, however, these arrangements are subject to annual review and further reform of the Temporary Graduate Visa is being considered through the Migration Review.
- The Review showed students are among the largest cohort of 'permanently temporary' migrants.
- We want to restore fairness in our migration system. This means clearer pathways for the skilled workers we need and clarity for the migrants that have less of a prospect of becoming a permanent resident.
 - Ensuring graduates do not become permanently temporary on temporary graduate visas is critical to achieving this.

Consultation

- Immigration Operations (Immigration Network Operations & Governance Branch)
- Immigration Programs Division (Skilled Visa Branch, Temporary Visa Branch)
- Finance Division have been consulted in preparation of this brief.