Submission to the Migration Committee Inquiry into the Value of Skilled Migration to Australia, Joint Standing Committee on Migration, Australian Senate

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This submission represents the private views of its authors rather than that of the University of Sydney as an institution.

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Executive Summary

We thank the Joint Standing Committee on Migration for the opportunity to present evidence to the Inquiry into the Value of Skilled Migration to Australia. In our submission below, we assess the overall economic value of skilled immigration to Australia in terms of population growth and age distribution of skilled immigrants as well as the innovation dividends skilled immigrants presents. We consider the vexed issue of housing, infrastructure and migration and how skilled immigration might assist construction sector labour demands in key regions, whilst acknowledging that some demands in this sector will require lower or semi-skilled workers to address them, whether provided domestically or through migrant flows. This touches on a broader theme in our submission, that the definition of "skill" remains contested in a policy sense and at present, is largely driven by OSCA Skill Level distinctions that exclude some workers in construction, coupled with salary thresholds in place that operate to reduce exploitation but which also may target migrants into core sectors. While the ambit of this Inquiry is focused on skilled immigration, we argue throughout our submission that a stronger examination of the interaction of skill, semi-skilled and low skilled immigrant labour provision and the temporary and skilled immigration program generally is required for holistic analysis of the value of skilled immigration. Throughout our submission we reflect upon the recent study of Settlement Services International (SSI 2024) that highlights pervasive deskilling of some migrants in Australia, including skilled immigrants, demonstrating potential for better utilisation of the skills of those already present. We consider the nature of skills lists and their construction, the work of Jobs and Skills Australia (JSA) in improving this, and potential areas for future expansion and refinement including use of qualitative alongside quantitative data to understand reasons for poor worker retention in some industries. Our analysis of public awareness and education around skilled immigration demonstrates low public understanding of immigration generally in a time of growing disinformation. This is problematic and we propose public education campaigns, increased discussion of public statistics related to immigration to challenge disinformation and early and compulsory education in primary and secondary systems on migration, including skilled migration, to build public trust in the process and as part of a general upskilling of Australian children and adolescents in civics education. Finally, we reflect upon similar trends and challenges overseas in other OECD countries. While no nation is immune from the current challenges facing global immigration systems, particularly in the post-COVID 19 pandemic period, we draw attention to alternate approaches undertaken in Canada, Germany and the United Kingdom, demonstrating potentially useful lessons with regards to regional selection of migrants (Canada), more integrated accredited of skilled immigrants and better systems portals (Germany) and salary-based selection of skilled

immigrants (UK). Australian immigration stands at a critical time in its history, and we hope that our joint submission is helpful to the Committee as it navigates not only these challenges but also the considerable benefits of skilled immigration for the nation.

Term of Reference (A): The ongoing economic, social and cultural value of skilled migration to Australia

ToR A (1) Anchoring the value of skilled migration to Australia

Historically, the value of skilled migration to Australia has been measured through the somewhat blunt instrument of aggregate GDP growth. In the context of a productivity slowdown where growth has fallen to its lowest rate in 60 years (Organisation for Economic Co-operation and Development [OECD] 2024, p. 7), also as noted by the Reserve Bank of Australia, GDP growth now comes almost entirely from increased labour hours, largely driven by immigration, rather than efficiency or technology gains (Hambur and Andrews 2023, p. 2). The reliance on growth through total migrant numbers as opposed to efficiency gains of those immigrants has contributed to capital and infrastructure shallowing. As we argue elsewhere in this submission. It is for this reason that maximising the selection methods for skilled immigrants is vital. This argument links with prior submissions proposing reforms to the Skilled Independent Points test (i.e. Boucher 2024; Grattan 2024; Breunig and Varela 2024).

Rising house prices as an implication of infrastructure shallowing is commonly identified as an immigration policy shortcoming. We consider this issue in detail in and note the limitations of conflating skilled immigration with housing price increases ToR(B). An ABS report (Australian Bureau of Statistics [ABS] 2022) on residential property price indices for eight capital cities, notes that the weighted average Residential Property Price Index across the eight capital cities rose 23.7% over the last year to December 2021, the strongest recorded annual growth since the series began in 2003, while the attached Dwellings Price Index (which includes apartments/units) rose by 14.0% over the same period (ABS 2022). The fact that this specific price surge occurred during a period of low or negative net overseas migration (Centre for Population 2024, p. 18; Australian Bureau of Statistics [ABS] 2022), suggests other explanatory factors, or at least a muted role for skilled immigration in this surge in prices (see further ToR(B) below). Conversely, international migration (especially students and temporary visa holders) primarily added demand to rentals, tightening vacancies and lifting rent inflation (ABS 2024) as opposed to property purchase and mortgage sizes (discussed further in TOR(B)). As we note later in this submission, the value of skilled immigration must be disentangled from the other components of the temporary and permanent program. This highlights the benefit of considering the immigration program

holistically, including the interaction of low, semi-skilled and high skilled immigrant labour and the "feeder" visas into the skilled program, of which international student migration is an important one.

As productivity remains, at least in economic terms, the primary indicator for gauging the standard of living (Productivity Commission 2025, p. 1), the value of skilled migration may arguably be reassessed not by the quantity of labour supply, but by the efficiency of its allocation and its contribution to multi-factor productivity (MFP).

ToR A (2) The Fiscal Dividend: A precursor to productivity and living standards

Drawing on the Treasury's Fiscal Impact of New Australians, FIONA model (Varela et al. 2021, p. 5), the most direct economic value of skilled migration is fiscal sustainability. The FIONA model tracks a migrant over their entire lifetime in Australia by generalised program groupings (skill, family, humanitarian) and the impact of that immigration. It uses the formula of taxes paid minus government spending (Medicare, education, welfare, pensions) on the migrant cohorts and finally discounts future cash flows in present value dollars. With this the clearest benefit of skilled migration is that it improves government finances over the life course of a skilled immigrant. This means that skilled migrants, on average, pay more in taxes over their lifetime than they receive in government services (health, education, welfare and pensions.).

On an empirical estimate using the FIONA model:

- The 2018–19 permanent migrant cohort is projected to deliver a net fiscal impact of $127,000 per person over their lifetime, significantly outperforming the existing Australian population, which has a projected net fiscal impact of negative $85,000. (Varela et al. 2021, p. 7).

The negative fiscal impact of the Australian population reasonably leads to a demographic ageing hedge. Moreover, with the Intergenerational Report (Centre for Population 2024, p. 54; Parliamentary Budget Office [PBO] 2025, p. 14) projecting a decline in workforce participation due to ageing, skilled migration acts as a critical fiscal stabiliser. By importing labour at the prime working age (offsetting the education costs incurred by the source country), Australia imports through its skilled immigration program a demographic dividend that delays the fiscal drag of an overall ageing population.

Due to Australia's economic health, federal budget sustainability is arguably one of the most critical foundations to growing living standards over time. Australia has one of the strongest fiscal positions amongst peer economies. This includes lower general government debt-to-GDP than the G20 average while simultaneously maintaining a AAA sovereign credit rating from all three major ratings agencies (Commonwealth of Australia 2025, p. 3). On the inflow side, income tax (predominantly composed of salary and wages income) accounts for 51% of the total composition of tax receipts (Commonwealth of Australia 2025, p. 3). Increasingly, a smaller share of the Australian population is set to shoulder the burden of generating income tax revenue as the population ages. In 1982–83, there were 6.6 working-age Australians for each Australian over 65. Over the 40 years to 2022–23, this has fallen to 3.8 and it is projected to fall to 2.6 by 2062–63 (Commonwealth of Australia 2023, p. 7). Bracket creep and company tax settings will also result in rising average tax rates simultaneously that could distort business decisions and disincentivise investment, which can result in lower productivity, fewer jobs and lower wages. High effective marginal tax rates (including means testing of benefits) can further disincentivise increased labour market participation (Commonwealth of Australia 2025, p. 6).

While the fiscal case for skilled immigrant workers is strong with pronounced long-term budgetary needs, relative earning contributions of different visa subclasses vary significantly. Future policy should explicitly recognize these variances rather than treating all "skilled" visas as fiscal equivalents (Varela et al. 2021, p. 11). For instance, primary applicants in the overall skilled stream contribute approximately three times more to the fiscal balance than secondary migrants in the same stream in the short-term.[1] However, it should be noted that in the long-run, the outcomes of migrants the years after permanent migration converge (Varela and Breunig 2024, p. 22). Furthermore, these differentials may be reflective of gendered distributions of labour and enduring gendered wage gaps as women are overrepresented as secondary applicants (Boucher 2016a, p. 48; Boucher 2024). Research by Varela and Breunig (2024) indicates that while primary applicants are selected for economic attributes, secondary applicants (partners) face significant income penalties, a finding corroborated by the Grattan Institute (2021, p.34). Rethinking permanent skilled migration and ways to better recognise the skills of largely female secondary

[1] The gender wage gaps reasons for this gap need to be better evaluated, however.

skilled applicants (SSI 2024) could be part of a process to unlock a significant unrealised productivity dividend.

The deeper question is whether this cohort of skilled immigrants drives productivity growth or merely expands the consumption base and feeds into the budget tax receipt pool through sheer volume.

ToR A (3) The Productivity Puzzle: Capital Shallowing vs. Innovation Spillovers

A contested area in current economic discourse in Australia is whether comparatively high immigration intake [2] contribute to "capital shallowing," where business investment and infrastructure stock fail to keep pace with population growth. Thus, diluting the capital-to-labour ratio ultimately leading to a decrease in the standard of living. Data from the Productivity Commission report (Productivity Commission 2025, p. 5) indicates that non-mining business investment as a share of GDP is near recessionary levels, meaning workers are operating with less capital per head, which suppresses labour. For the Australian economy, non-mining businesses comprise 90% of the Australian GDP (Reserve Bank of Australia [RBA] 2025). If skilled migration merely adds labour hours without a commensurate increase in capital depth, it risks depressing labour productivity. However, this definition of labour productivity ignores the innovation diffusion provided by skilled migrants loosely termed as "human capital deepening." This process can be defined as the qualitative improvements of the workforce's skill base, where a higher concentration of tertiary-educated migrants generates positive knowledge spillovers in the economy.

While innovation spillovers are hard to measure, evidence from the Organisation for Economic Co-operation and Development (OECD 2023, p. 2) and the Australian Centre for Population (2024, p. 58) in the federal Department of Treasury highlights that Australia's migrant cohort is among the most highly educated in the OECD. This is especially the case regarding key measures of innovation and human capital deepening.

[2] By global comparative standards when compared against other democracies and as a percentage of overall population.

- *Innovation:* OECD (2024, p.23) research shows that a 1 percentage point increase in the share of higher-educated migrants in an Australian region correlates with a 4.8% increase in regional patent applications (one measure of “innovation”). While this effect remains present in urban centres, the data indicates it is not solely an agglomeration phenomenon. In fact, the correlation strengthens to 5.0% when major capitals like Sydney and Melbourne are excluded, suggesting that skilled migration drives a 'catch-up' effect in less established innovation ecosystems (OECD 2024, p. 58).
- *Human capital deepening:* While physical capital (infrastructure) may be shallowing, skilled migration drives human capital deepening. Leveraging human capital, is partly essential for the transition to a complex service-based economy, particularly in sectors like renewable energy and cyber-security where domestic capability is currently insufficient. As noted in the Migration Strategy and the Review of the Migration System (“Parkinson Review”) (Commonwealth of Australia 2023, p. 41; Parkinson et al. 2023, p. 38), domestic human capital supply is currently constrained by the multi-year lag times inherent in the tertiary education pipeline, which cannot pivot rapidly enough to meet the exponential demand for specialised technical roles. Furthermore, the domestic training system faces structural barriers in scaling up for the high-cost, high-tech distinct specialisations required for the net-zero and digital transitions, necessitating some provision through skilled immigration.

The economic value of skilled migration is best evaluated therefore by shifting from a simple labour supplementation to being a primary driver of innovation in core areas of specialised and current skill. However, this value is contingent on migrants working in roles that utilise their skills most effectively, a condition currently unmet for some. Continuous Survey of Australia’s Migrants (CSAM), Department of Home Affairs data show that about 23 per cent of permanent skilled migrants are working in jobs below their nominated skill level within 18 months of settlement (Commonwealth of Australia 2023, p. 43; see also discussion at ToR(C)(4).

ToRA (4) Misallocation of labour and its social-economic costs

As we outline further in ToR(C)(4), the economic value of skilled migration is currently suppressed by misallocation of labour resources with skills mismatch and occupational downgrading. Despite high educational attainment, Census data indicates that 25 per cent of skilled migrants work below

their skill level (underutilization) (Settlement Services International [SSI] 2024, p. 12). This figure is further corroborated by the Grattan Institute (2021) and CEDA (2021) reports. For Temporary Graduate visa holders (subclass 485), who may be seen as a cohort as precursor applicants to skilled immigration, over 50 per cent work in low-skilled roles despite holding tertiary qualifications (Parkinson et al. 2023, p. 68). The persistence of “skills shortages” in sectors where wages remain stagnant (e.g., construction) suggests that some shortages may be structural. If demand were truly high, basic economic principles dictate that wages should rise to clear the market. The market dynamic is further highlighted by the Commonwealth of Australia (2023, p. 49) which noted that the Skilled Occupation Lists were static and failed to reflect real-time labour demand, leading to inefficiencies at the equilibrium of labour and job markets. This static nature of occupational lists historically has led to inefficiencies where migrants were invited for 'shortages' on paper (like accountants) who could not find work in practice. While Jobs and Skills Australia (JSA) is working to establish a more data-driven 'Core Skills' mechanism to replace these outdated lists, this reform is ongoing (see also ToR (C)(3)). Until JSA’s new evidence-based model is fully operationalised however, the legacy disconnect between administrative lists and actual labour market absorption remains.

When a highly trained engineer drives a rideshare vehicle due to cumbersome licensing requirements or visa uncertainty, the productivity dividend discussed above is lost. This represents an allocative inefficiency in the labour market. The fiscal benefit remains positive (they pay tax), but the productivity spillover is removed. This mismatch represents a significant allocative failure. Parkinson et al. (2023) highlights simplifying employer sponsorship and improving qualification recognition are essential to unlocking this "squandered" potential. On the demand side, this may also be a strong indicator of limited job opportunities for an engineer now. In a formal response to Parkinson Review in Dec 2023, the Hon Andrew Giles MP committed to replace the complex legacy system with a streamlined framework that ensures migrants' skills are better utilised under the “Raising living standards by boosting productivity, meeting skills shortages and supporting exports” objective (Commonwealth of Australia 2023, p. 7).

ToRA (5) Exploring better indicators of skilled immigration success

A better outcome to gauge success at least for the international student pathway to skilled immigration (which at present comprises ~71% of the intake, per Commonwealth of Australia

2023, p. 11) would be if the candidate is able to find a job in their relevant field of study and desired sector shortly after graduation. The skilled immigration system could allow for greater market responsiveness here, as was suggested in the review of the points test (i.e. Boucher 2024). However, the use of lists could be retained for occupations of extreme strategic priority where domestic supply is structurally incapable of meeting demand and where fast processing could be ensured — such as AI scientists, nuclear physicists, and surgeons (Commonwealth of Australia 2023, p. 45). As noted by Varela and Breunig (2024, p. 15), occupation remains a critical determinant in explaining the divergent economic outcomes of various visa streams. Consequently, any reform to the visa system or the Skilled Occupation Lists should prioritise the targeting of high-earning occupations while introducing marginal adjustments to the Skilled Independent visa to better cater to a high-priority, general human capital talent pool.

Research by Varela and Breunig 2024 and Grattan Institute 2021, clarifies that the traditional successful transition from “temporary-to-permanent” skilled immigration is not universally occurring under current policy measures. It depends heavily on the type of temporary visa held.

- The Advantage: Migrants who transition from Temporary Skill Shortage (TSS) visas (formerly 457) have the highest economic outcomes and fiscal impact because they have a guaranteed job and local experience.
- Former international students (Temporary Graduate visa holders) often have lower initial earnings than offshore skilled migrants. This can be attributed in part to misallocation of human resources at the point of transition compared to those selected directly from offshore for high-level roles.

This highlights that the design of the temporary programme, including pathways that are not formally defined as “skilled immigration” filter for the subsequent permanent skilled stream under current arrangements. Given that approximately 70 percent of permanent skilled visas are granted to onshore temporary residents, the regulatory settings of temporary visas, specifically work rights and duration, directly inform the socio-economic readiness and eventual fiscal contribution of the longer-term permanent skilled cohort (Commonwealth of Australia 2023, p. 11). A mismatch in the temporary stage can create a cohort of “stuck” migrants whose human capital depreciates before they can attain permanent residency, thus lowering the lifetime fiscal dividend. Therefore, any reforms to the permanent skilled program must also consider the opportunities and limits of

stay for temporary migrants, including those not formally defined as “skilled.” However, such an evaluation is beyond the remit of this current Inquiry.

Term of reference B: The effectiveness of current skilled migration settings in meeting the current and future needs of the states and territories, while recognising the ongoing need for housing and infrastructure

ToRB (1) Introduction

Skilled migration plays an important role in meeting the current and future labour needs of Australia's states and territories across a broad range of sectors (Parliament of Australia, 2024, p.165). For sub-national governments with diverse labour-market conditions, demographic trajectories and planning frameworks, skilled migration operates as a key short-to medium-term mechanism for supplementing domestic workforce supply and an engine for economic growth settings. However, because migration settings are designed and administered nationally, states and territories are increasingly seeking greater consultation and control over the composition, volume and spatial distribution of migrant intake, so that migration outcomes better align with their local workforce needs and service capacity (Department of Home Affairs, 2023b, p. 133; QLD Department of Employment, Small Business and Training 2022 p. 7; Government of South Australia 2022, p.9).

In this context, peak bodies and State and Territory governments have increasingly called upon the Commonwealth government to manage skilled migration to support growing demands on construction sectors (Productivity Commission 2024, p. 71; Urban Development Institute of Australia 2024, p.27; Australian Constructors Association 2022, p.6). However, current skilled migration settings are only weakly aligned with the practical capacity of the States and Territories to deliver the housing, infrastructure and construction labour considering population growth. There are separate considerations here – skilled immigration's potential contribution to addressing housing and infrastructure challenges while acknowledging that it might at the same time potentially add to these challenges.

Public concern about the interaction between migration and housing affordability has intensified in recent years (Daley, Coates and Wiltshire 2018, p.11; Macaulay 2019), as Australian home values rose by roughly 47.3 per cent between March 2020 and late 2025 (Cotality 2025), to 8.2 times the median income, and as median renters now devote around 33.4 per cent of household

income to rent (Cotality 2026, p.4). Within this context, the Joint Standing Committee on Migration warned in 2024 that failure to address housing supply pressures could "undermine public confidence in the migration system" (Parliament of Australia 2024, p.230). Accordingly, migration policy must be calibrated so it supports, not strains, States' current and future housing and infrastructure needs whilst continuing to deliver its broader economic and fiscal benefits.

ToR B (2) Skilled migration and State & Territory workforce needs

For states and territories, skilled migration functions as a central, but imperfect, policy instrument for supporting workforce capacity, economic development and service delivery. Migration provides a mechanism to supplement domestic labour supply, especially where shortages are structural, time-bound or geographically concentrated. At the same time, that migration settings are nationally designed, States and Territories have consistently called for greater transparency and consultation in Federal planning, especially with regard to regional demands, frictions in occupational shortage lists and the complexity of some skilled visa settings (Department of Home Affairs 2023b, p. 133; QLD Department of Employment, Small Business and Training 2022 p. 7; Government of South Australia 2022, p.9) .

State and territories labour-market pressures are unevenly distributed, reflecting differing demographic trajectories and economic structures across the nation. Tasmania and South Australia, for example are expected to be both the oldest and the slowest growing states from 2026–27 to 2035–36 (Commonwealth of Australia 2025, p.29-30). State disaggregated analysis indicates that in key South Australian sectors including health and aged care and across many trades domestic workforce supply will be insufficient to meet future demand (Government of South Australia 2022, p.3). Western Australia, by contrast has experienced the largest increases in population fuelling contrasting pressures on local infrastructure and the unveiling of the Construction Visa Subsidy Program (CVSP) in 2023 to tackle construction industry skills shortages (WA Department of Training and Workforce Development, n.d). In New South Wales, the number of occupations identified as being in shortage has expanded rapidly since 2021, rising from around 261 to approximately 400, alongside a near-record low unemployment rate of about 4 per cent (NSW Department of Education 2024, p.7). Shortages are concentrated in industries critical to future economic growth, including digital and information technology, the care and support economy, construction, and sectors associated with the net-zero transition, creating sharp

demand for skilled migrant labour (NSW Department of Education 2024, p. 11). In Queensland, workforce demand is increasingly characterised by the need for higher-level and flexible skills, particularly in STEM fields, advanced trades, health and education, reflecting both population growth and the state's expanding infrastructure and energy pipelines (QLD Department of Employment, Small Business and Training 2022, p.2). Victoria faces fewer acute shortages, owing to strong successes in sponsoring vocational training through government sponsored enrolments, but still faces shortages across the construction, health, digital technologies and agricultural sectors (Victorian Skills Authority 2025).

For this reason, state submissions to federal inquiries on the skilled migration program have consistently sought greater input and flexibility in Federal planning (i.e. Department of Home Affairs 2023b, p. 132-133). States argue that nationally uniform skilled occupation lists and intake settings can lag individual jurisdictions' varied demands, reducing the responsiveness of the program. Common concerns include the rigidity and slow update cycle of occupation lists and, limited transparency in the allocation of permanent and state-nominated places (Department of Home Affairs 2023b, p. 133; see also ToR(C) for further analysis). Similar issues arise in relation to regional migration settings. The current regional occupation list spans 77 occupations and operates alongside a definition of "regional" that encompasses all areas outside Sydney, Melbourne and Brisbane, masking substantial variation in labour-market conditions across regional Australia (Commonwealth of Australia 2024, p.9). Demographically, regional cities have grown faster than state capitals, whilst many rural areas face ageing workforces (Commonwealth of Australia 2024, p.5, 7). Although place-based instruments such as Designated Area Migration Agreements (DAMAs) offer greater flexibility, their complexity, uneven resourcing, compliance requirements and concerns about exploitation risk constrain their broader use (Commonwealth of Australia 2024, p.8). As we await a formal government response to the Regional Migration Review (Commonwealth of Australia 2024), some of these issues remain unsettled in a policy sense.

Taken together, these examples point to both convergence and divergence in state and territory workforce. It reveals a jigsaw of overlapping skill and immigration features interacting across the nation. While common pressures are evident in sectors such as aged care, construction and skills associated with the energy transition, the scale, composition and urgency of shortages vary by jurisdiction, particularly in regional Australia. Accordingly, while skilled migration must operate

alongside sustained investment in domestic training and workforce development, there is greater room for addressing acute and jurisdiction-specific labour shortages. To ease these frictions, several jurisdictions argue for closer integration between national skills planning and state migration planning, so that migrant intake supplements domestic pipelines (Department of Home Affairs, 2023b, p. 133; QLD Department of Employment, Small Business and Training 2022 p. 7; Government of South Australia 2022, p.9). We turn now to the separate question of whether skilled immigration is placing demands upon the domestic housing market in key regions.

ToRB (3) Skilled migration, housing demand and market pressures

Though contested, the international literature on migration and housing economics generally finds that immigration places upward pressure on local housing prices in the short term (Saiz 2007; González & Ortega 2013; Monras 2020). Some empirical research finds a less significant relationship between migrant inflows and rent (Mu & Soong 2025) and housing inflation (Akbari & Aydede 2012; Furlanetto & Robstad 2019). In some studies there are even negative effects (Sá 2015) owing to possible factors like migrants' larger dwelling sizes and spillover effects like local population outflows into city outskirts (Ayede 2017), or arrivals inducing increased supply of housing provision, but the overly simplistic picture is uncontroversial - that increasing population pressure correlates with greater demand for housing stock in the short term. Empirical research in Australia indicates that migration has historically been a positive driver of housing prices (Abelson et al. 2005). At a granular level, Moallemi & Melser (2020) estimate that an immigrant inflow equivalent to 1 per cent of a postcode's population raises local housing prices by around 0.9 per cent per year. Reserve Bank Australia ("RBA") analysis similarly indicates migration-led growth has contributed to rental pressure: modelling suggests migration since the mid-2000s left rents around 9% higher by 2018 than they otherwise would have been due to demand pressure (Tulip & Saunders 2019). Its estimates suggest that an influx of 50,000 international students in major cities, approximately 0.2 per cent of Australia's population, would be expected to increase market rents by around 0.5 per cent in the near term, all else equal (McCowage, Stinson & Fink 2025). Permanent skilled migrants are, however, more likely to add to housing demand than temporary visa holders due to forming smaller households (Deloitte Access Economics 2011), and more likely to present pressures on capital cities where 87% of permanent migrants reside (Kohler & van de Merwe 2015, p. 42). Even still, the program's impact on housing demand is primarily a function of the overall scale of migration rather than its skill composition (Coates et al. 2022, p.34), supplying 71% of Australia's total permanent migration inflow in 2024-2025

(Department of Home Affairs 2025), and serving as the main engine for population growth since the mid-2000 (Daley, Coates & Wiltshire 2018, p. 32).

Ultimately, these demand effects are nuanced and highly context dependent (Champagne et al., 2023 p.4). Migration raises demand immediately, but long-term price impacts depend on supply responsiveness. The central problem in Australia is not skilled immigration, but rather that housing supply responsiveness is exceptionally weak by international standards (Banerjee et al. 2024, p.5). A landmark Reserve Bank study found that, in Sydney and Melbourne, 40 per cent or more of the cost of an average house could be attributed to the "zoning effect" - that is, land-use regulation that constrains density and development (Kendall & Tulip 2018), not migration. Earlier RBA analysis concluded that the 1990s-2000s housing boom was driven primarily by looser credit conditions rather than population growth (Kohler & van de Merwe 2015, p. 28). The State of the Housing System 2025 report confirms that new housing supply is near its lowest level in a decade, despite strong population growth (National Housing Supply and Affordability Council 2025, p.32-33). In 2024, dwelling completions were approximately 177,000, well below underlying demand estimated at around 223,000 dwellings (National Housing Supply and Affordability Council 2025, p.26). As a result, the National Housing Accord target of 1.2 million new homes over five years appears increasingly out of reach. The Council projects that only around 938,000 dwellings will be delivered over that period under current policy settings (National Housing Supply and Affordability Council 2025, p.5).

Labour shortages, alongside planning delays, financing costs and low productivity growth in construction are one of several binding constraints on housing delivery. The Housing Industry Association ("HIA") (2024 p. 3) and the Master Builders Association ("MBA") (2024 p.18) have both labelled Australia's shortage of trade and construction workers as "systemic," with The National Housing Supply and Affordability Council further identifying an "inadequate pipeline of skilled construction workers" as a critical barrier to increasing output (National Housing Supply and Affordability Council 2025, p.2). To achieve its National Housing Accord targets, New South Wales alone is estimated to require around 30,000 additional construction workers (Productivity Commission 2024 p. 12). Internationally, research shows immigration into construction trades could help dampen price pressures by expanding supply if it augments residential construction capacity (Sá 2015; Braakmann 2016). However, these supply benefits occur only if migrants fill

these shortages to an extent greater than their impact on aggregate housing demand (Bank of Canada 2023, p.11). As such, skilled migration is not the sole driver of housing pressures and may assist in its alleviation.

ToR(B)(4) Skilled Migration and Infrastructure pressures

While housing delivery dominates public debate, skilled migration settings must also be evaluated against the broader current and future infrastructure pipeline confronting States and Territories beyond housing stock alone. The Parkinson Review (Department of Home Affairs 2023b, 42) warned that the quality of both infrastructure and housing services may deteriorate if infrastructure supply cannot keep pace with the demand generated by migration. Infrastructure Australia's (2025) Market Capacity Reporting highlights a rapidly growing public-infrastructure pipeline and acute labour and skills constraints across Australia. Australia's total construction demand has ballooned to $1.14 trillion in the five years from 2024–25 to 2028–29, buoyed by a 14% increase in the five-year Major Public Infrastructure Pipeline in 2024-2025, largely related to housing supply and the net-zero energy transition, with the utilities sector encompassing 60% of total demand (p. 20-21). At its peak in May 2027, the Report predicts that Australia will face a 300,000-worker shortage (p.43). Already, 38% of JSA's 264 occupations in shortage are technicians and trades workers, encompassing a further 51% of the 139 occupations in persistent shortage (Jobs and Skills Australia, 2025, p.5), and not all related to occupations we might defined as "skilled" labour.

Skilled migration is not at the root of the underlying demand for construction work, but population growth tends to heighten existing pressures on infrastructure stock. While there is evidence that a larger population may equally provide impetus for private-sector investment (Department of the Treasury and Department of Home Affairs 2018 p.43), in such a strained construction sector, these investments will likely be crowded out.

ToR(B)(5) How skilled migration is currently configured for the construction industry

Australia's skilled migration program setting is not currently structured to resolve construction trade shortages in part because the skills required are not all defined as "skilled," rather also "semi-skilled." Industry analyses report that only a small share of recent skilled visa grants are allocated to core home-building trades: at the end of 2024 there were about 166,830 temporary skilled visa holders and only ~4,229 (~2.5 per cent) were in home-building trades (HIA 2025).

Permanent grants to construction trades have been ever smaller as industry summaries indicate only around 166 permanent trade grants in 2023–24 (Crikey 2025). In total, over the period from 2012 to 2021, only around 6 per cent of new skilled migrants possessed construction skills (Productivity Commission 2024, p.71), well below construction's share of workforce demand (at 9.2%) (Jobs and Skills Australia, 2025b). The Grattan Institute concluded that in 2021 only 2.8% of the migrants employed in Australia's construction industry (24% of the workforce) had arrived in the preceding five years, with skilled visa entries only representing a small plurality of the workforce, alongside significant proportions arriving from New Zealand through the Trans-Tasman Travel Arrangement (TTTA) and through family visas (Coates & Wiltshire 2024).

Two main tensions explain this mismatch between demand and skilled immigration intake as it relates to trades workers. First, the Skilled Migration system is oriented towards professionals with higher educational attainment. Many construction trades meet the OSCA Level 3 categorisation reflective of Certificate III/IV or equivalent qualifications, but selection mechanisms across the skilled visa sub-classes favour applicants with university credentials. The points-tested Skilled Independent (subclass 189), most obviously offers substantial weight to tertiary qualifications, however many other pathways impose requirements of bachelor-level qualifications or weigh such educational attainment highly, such that only 2 per cent of non-regional work visas and 7 per cent of regional work visas were issued to migrants with vocational qualifications in 2021-2022 (Department of Home Affairs 2023b, p. 131). Second, The Parkinson Review documents how the alternative pathways most accessible to skilled trades - particularly employer-sponsored visas such as the subclass 482 - are burdened by significant administrative and financial frictions. The Review documents how employers must navigate sponsorship approvals, labour-market testing, salary thresholds and Skilling Australians Fund levies, while applicants face costly skills assessments, licensing barriers and high visa charges (Department of Home Affairs 2023b, p.74, 158). Although Designated Area Migration Agreements (DAMAs) and Industry Labour Agreements are intended to mitigate some of these barriers in by permitting negotiated concessions to standard visa settings, their impact remains limited by their narrow scope (Department of Home Affairs 2023b, p. 90-91). The Department of Home Affairs lists 19 DAMAs with construction companies on its website, out of a national total of 5200 DAMAs (Department of Home Affairs 2026). This raises separate policy question about whether reliance on DAMAs or labour agreements is the most appropriate mechanism for attracting construction trades workers, as opposed to broader skilled visa pathways. Multiple reviews have noted that

these visa settings are associated with heightened risks of worker vulnerability and exploitation, suggesting a need for careful design and safeguards. (Department of Home Affairs 2023, p. 37).

In support of expansion of skilled trades within formal skilled immigration admission, recent industry evidence highlights that construction labour shortages are not confined to on-site trades. The Australian Constructors Association (ACA), drawing on Infrastructure Australia analysis, emphasised additional acute shortages in professional and technical "white collar" roles within construction (Australian Constructors Association, 2022, p.4). It noted that around two-thirds of occupations relevant to public infrastructure are likely or potentially in shortage, and that approximately half of these are engineers, scientists and architects. In quantitative terms, Infrastructure Australia projects a shortfall of around 89,000 project managers, engineers, scientists and architects, compared to a shortfall of approximately 29,000 tradespeople and labourers across these projects, owing to the technical demands of the energy transition (Parliament of Australia, 2024, p.229).

ToR(B)(6) How skilled migration could deliver better for Australia's housing and infrastructure needs

Various bodies have recommended that the Federal Government strengthen migration intake to support the construction sector (i.e. the Productivity Commission (2024 p. 71-73); the Grattan Institute (Coates & Wiltshire 2024) and Industry Associations (MBA 2025, p.6; HIA 2024, p.3)). However, there is no single or simple migration lever capable of resolving what is a multifaceted housing and infrastructure challenge. Alex Waldren, National Director Industry Policy of Master Builders Australia, aptly described this as a policy "catch-22": *"We don't have enough workers to build the 200,000 dwellings a year that we need, but at the same time we don't have enough homes to meet the current migration level"* (Committee Hansard 12 May 2023, p. 8).

As detailed by the Department of Treasury (Varela et al. 2021, p. iv) and noted in ToR (A) above, at an aggregate level skilled migration strongly benefits Australia's economy. From a purely fiscal perspective, Grattan Institute modelling suggests that cutting the permanent skilled intake by 25,000 spots would impose an annual cost on government budgets exceeding $10 billion by the late 2040s, reflecting foregone tax revenue and slower economic growth (Coates et al. 2024b). Consequently, large-scale reductions in skilled migration, or abrupt shifts away from high-skill

cohorts, would represent a significant and costly policy departure given the finding of the FIONA model that the skilled stream is most beneficial for the Australian economy. More targeted and remedial reforms to the design and administration of skilled migration are therefore preferable.

Possible policy options include the following:

1. *Increasing state and territorial role in skilled migrant selection:* The Parkinson Review (Department of Home Affairs, 2023b, p. 133) identifies a misalignment between nationally administered migration settings and the highly localised nature of labour shortages and infrastructure capacity. It recommends exploring greater state and territory discretion over migrant selection, drawing on Canadian-style provincial nominee scheme and expanding the Australian State and Territory Nominated streams. More deeply linking migration allocations to state and territory development plans would enable governments to explicitly account for housing supply, infrastructure readiness and service capacity when allocating skilled migration places. In TOR(F)(2), we discuss provincial migration programs in Canada, which offer an overseas example of such a process.
2. *Strengthening regional migration pathways:* Evidence from the Australian Housing and Urban Research Institute ('AHURI') shows that migrants continue to settle disproportionately in major cities, placing concentrated pressure on housing and infrastructure where supply is least responsive (Leishman et al. 2021). While directing a greater share of skilled migration to regional areas could help moderate these pressures and support regional labour markets, existing place-based mechanisms, particularly DAMAs and Working Holiday Maker visas, raise legitimate concerns regarding worker vulnerability and exploitation and ad hoc expansion of these agreements must therefore be watched carefully (Department of Home Affairs 2023b, p.92-93). Reforms could focus on strengthening regional pathways that offer clear worker protections and more evenly distribute population demand against available housing stock.
3. **Improve skills recognition and occupational licensing for trades**: The Productivity Commission and the Parkinson Review both identify skills recognition and licensing as major bottlenecks limiting the effectiveness of skilled migration for construction (Productivity Commission 2024, p.12, 71; Department of Home Affairs 2023b, p.161). Overseas-trained tradespeople often face lengthy accreditation processes, inconsistent licensing requirements and mandatory bridging courses before they can work at full capacity. As considered in further depth under ToR A and C), 44 per cent of migrants who

arrived over the past 15 years are currently employed in work below their skill level (Deloitte Access Economics 2024, p.16) and this figure includes 25,000 migrant workers trained in the building and construction industry (Deloitte Access Economics 2024, p.21). Reforms such as expanding international mutual recognition of occupational licences, better synchronising migration skills assessments with licensing requirements, and increasing investment in Commonwealth assessing bodies like Trades Recognition Australia, would enable migrants to contribute more quickly and reduce employer disincentives to sponsor workers.

4. *Develop more responsive temporary pathways for construction trades:* Industry groups, including the MBA (2025, p.6) and HIA (2024, p.3) have argued that existing visa pathways - particularly employer-sponsored visas - are costly, complex and slow, limiting their usefulness in responding to acute construction labour shortages. The Grattan Institute has suggested suspending labour-market testing and reducing sponsorship fees for skilled workers earning between A$70,000 and A$135,000 under the new "Core Skills" temporary visa stream. Similarly, more targeted proposals for a dedicated temporary construction visa, or subsidies like the CVSP in WA, or expanded access for trades under existing sponsored pathways, could provide more responsive mechanisms during periods of peak housing and infrastructure demand in addition to a reworking of DAMAs. However, it should be acknowledged that dependent upon the skill level such a visa might constitute a semi-skilled rather than skilled visa and therefore is beyond the remit of this current Inquiry.
5. *Skilled migration cannot be a "quick fix" and must supplement broader housing and productivity reforms outside of the migration space:* Skilled migration alone is only one element in resolving Australia's complex housing and infrastructure constraints. Labour shortages and inflated housing demand interact with and exacerbate greater structural constraints such as high land costs, planning delays, financing constraints and declining productivity rates in the construction sector (National Housing Supply and Affordability Council 2025, p 35-43; p.124). Even with additional workers, many projects remain marginal or unviable without complementary reforms. Migration policy must therefore be integrated with further domestic workforce development - particularly apprenticeships and vocational training - as well as planning, zoning, productivity and taxation reforms that enable labour supply to translate into higher outputs (Productivity Commission, 2024; National Housing Supply and Affordability Council 2025, p. 120-133), alongside remedial supports for low-income Australians like investment in social and affordable housing

(National Housing Supply and Affordability Council 2025, p. 120) and pursuing fairer rental laws like those advocated in the “Better Deal for Renters” agreement (Department of Treasury 2025).

Ultimately, skilled migration is a vital policy tool, but it can play a more effective role in meeting the current and future needs of States and Territories if it is better targeted and more closely aligned with state planning and workforce systems. Maintaining the economic and fiscal benefits of skilled migration while improving its responsiveness to construction labour shortages requires reforming selection mechanisms, skills recognition and regional pathway - rather than reducing migration levels. Yet, without parallel reforms to housing supply, infrastructure planning and construction productivity, migration risks exacerbating demand pressures without delivering commensurate supply benefits, undermining both affordability and public confidence in the migration system (considered further in ToR(E)).

ToR C) The scope to more effectively target skills gaps and shortages in critical sectors to improve services that benefit Australian communities

TOR C (1) The role of Jobs and Skills Australia (JSA) in informing Australia's skills gaps and shortages

Established under the *Jobs and Skills Australia* Act 2022, Jobs and Skills Australia (JSA) advises the federal government on labour market priorities. Through evidence-based reporting and the development of the annual Occupation Shortage List (OSL), JSA in turn informs the Department of Home Affairs' Skilled Occupation List (SOL). This SOL serves as the primary determinant in the administration of Australia's skilled migration program, governing eligibility for key visa pathways including the Skilled Independent (subclass 189), Skilled Nominated (subclass 190), Skilled Work Regional (subclass 491), and the Employer Nomination Scheme (subclass 186) (Department of Home Affairs 2025b).

Rather than functioning as a singular instrument, the SOL represents a composite framework comprising the Core Skills Occupation List (CSOL), the Medium and Long-term Strategic Skills List (MLTSSL), the Short-term Skilled Occupation List (STSOL), and the Regional Occupation List (ROL). While an occupation may appear on multiple lists simultaneously, its presence on a specific sub-list ultimately validates initial eligibility for the corresponding visa subclass (Department of Home Affairs 2025b).

ToRC (2) JSA's Methodology: defining "skill" and "shortage" in the Australian labour market

When JSA determines the OSL annual, it uses the skill definitions outlined in 2022 Australian and New Zealand Standard Classification of Occupations (ANZSCO). JSA utilises the OSCA Skill Level framework, which stratifies occupations into five groups ranging from Skill Level 1 (commensurate with a bachelor's degree, such as Civil Engineers and Social Workers) to Skill Level 5 (requiring compulsory secondary education). This hierarchy informs immigration selection, where high-skill (Level 1) roles are typically prioritised for independent pathways, while semi and lower skill levels are often managed through targeted regional agreements and a variety of temporary visas (JSA 2025c, p.5). As noted in ToR(B)(6) under our discussion of DAMAs, only skill levels 1 to 4, and generally 1 to 3 as specified in OSCA and before it the ANZSCO, are included within the scope of the OSL because of their stronger connection to tertiary education and training pathways (JSA 2025c, p.5).

Under the OSL methodology, an occupation is in shortage when employers are unable to fill vacancies, experience significant difficulty in doing so, or cannot meet critical specialised skill needs under current market conditions. These conditions include: Existing levels of remuneration, prevailing employment terms, and the availability of labour in reasonably accessible locations (JSA 2025c, p.6).

ToR(C)(3) Critique: The limitations of current methods of targeting skills gaps and shortages under skilled immigration

The following outlines four key critiques regarding the limitations of JSA and the Australian government in effectively targeting skills shortages and gaps.

1: Responsiveness to volatility

One limitation lies in the disconnect between JSA's high-frequency monitoring and the slower pace of regulatory updates within the OSL, which as noted above, informs the SOL. While JSA produces quarterly *Occupation Shortage Reports*, such as the September 2025 edition released in December, the flagship OSL remains an annual publication (JSA 2025a, 2025 b). This timing gap means quarterly reports deliver aggregated insights at the OSCA Skill Level for broad categories like “Professionals,” but can overlook granular shortages (e.g., healthcare roles buried within “Professionals”) (JSA 2025a). As a result, even with robust monitoring every three months, targeted interventions in skilled immigration for specific occupations, and visa eligibility tied to them, must wait for the annual OSL updates, delaying precise responses to evolving skills shortages addressed through the immigration system. Backlogs in immigration processing of skilled visas add to this lag effect between evaluation of labour market needs and entry of skilled immigrants into the market.

2. Regional disparities and retention of skilled immigrants in regions

Recent research on the retention of skilled migrants in non-metropolitan Australia questions the effectiveness of the current regional visa framework as a strategy to address regional skill shortages (Laukova et al. 2025). Around 80 per cent of regional visa applicants were already in Australia at the time of application, and over 60 per cent were residing in the regional areas they committed to live in (Laukova et al. 2025). This pattern suggests that the regional visa scheme primarily retains rather than attracts new immigrants, not predominately bringing more human capital to skill shortage areas.

Between 2010 and 2018, only about 37 per cent of regional visa holders were newcomers to nonmetropolitan Australia, indicating that the scheme often serves as a transition pathway from temporary to permanent residency, rather than from metropolitan to regional living (Laukova et al. 2025). While regional retention rates appear strong, about 70 per cent of skilled migrants remain outside Sydney, Melbourne, and Brisbane ten years after settlement, they are comparable to those of Australian citizens, suggesting limited additional policy impact (Laukova et al. 2025).

Furthermore, retention decreases sharply with remoteness: only 30 percent of migrants in remote areas remained after five years, compared with 63 per cent in inner regional zones and 85 per cent in major secondary cities like Perth and Adelaide (Laukova et al. 2025). These findings indicate that, despite meeting short-term regional settlement targets, current visa settings are not effectively addressing long-term population decline or labour supply gaps in outer regional and remote communities (Laukova et al. 2025).

Research in South Australia and regional Victoria, shows that attracting and retaining skilled migrants requires more than economic incentives alone (Tan et al. 2019; Wickramaarachchi & Butt 2014). While pay, job security, and employment opportunities are vital for drawing migrants to regional locations, factors like lifestyle quality, social cohesion, and family-related issues, such as spousal work rights and child educational opportunities, are equally essential for long-term retention (Tan et al. 2019; Wickramaarachchi & Butt 2014). Thus, targeting skills shortage strategies must incorporate non-economic elements, including lifestyle quality and family support.

3. Incorporating qualitative insights to assist with skills shortage targeting

Incorporating qualitative analysis in assessment of skills shortages would enable more holistic targeting of skills shortages for the purposes of skilled immigration selection and address the reasons for retention challenges (Wright 2023). There are several exceptions here from JSA that demonstrate the utility of qualitative methods alongside skilled immigration. JSA's 2025 *Occupation Shortage Drivers Report* identifies Early Childhood (Pre-primary School) Teachers as facing a “Long training gap” shortage, marked by few qualified applicants per vacancy and lengthy Certificate III+ pathways, requiring workforce expansion be combined with significant time lags (JSA 2025a, p.9). Another report, JSA's *Early Childhood Capacity Study*, drew on stakeholder interviews to reveal key attrition drivers: poor pay (41%), work stress (34%), skill

needs (26%), and high workload (25%), with qualitative insights detailing burnout from unpaid hours, relentless demands, and a lack of autonomy (JSA 2024, p. 161).

JSA's predominately quantitative method for the OSL effectively identify what and where shortages exist but fall short on why such shortages exist from a worker perspective. A mixed method approach might assist in better identifying the sources of skills shortages in key sectors and the best solutions (Wright 2023).

ToR(C)(4) Limited consideration of overseas skills and experience of recent migrants

A key limitation in the current scope of targeting skills gaps and shortages lies in the insufficient recognition of overseas qualifications and professional experience among skilled migrants. Evidence from Breunig, Deutscher, and To (2017) indicates that immigration has little to no adverse effect on labour market outcomes for Australian-born workers. However, the study found that highly experienced migrants are often treated similarly to moderately experienced local workers, suggesting that overseas experience is undervalued within the Australian labour market (Breunig, Deutscher & To 2017). This discount is far less evident for migrants from English-speaking countries (such as the United Kingdom, Ireland, New Zealand, Canada, and the United States), whose qualifications and experience tend to be more readily recognised (Breunig, Deutscher & To 2017).

In 2024–25, Skill Stream allocations were dominated by entrants from India (43,634 places, or 33.0 per cent), the People's Republic of China (9415 places, or 7.1 per cent), and Sri Lanka (8,235 places, or 6.2 per cent) (Department of Home Affairs 2025a). Given that nearly half of skilled migrants originate from non-English-speaking backgrounds, the undervaluation of their overseas experience represents a significant gap in Australia's approach to addressing skills shortages.

Tan and Cebulla (2023) echo the findings of Breunig, Deutscher, and To (2017), highlighting that migrants' overseas experience is frequently undervalued by employers, even after passing formal skills assessment tests. This undervaluation is particularly acute in highly regulated trades such as electrical instrumentation, where migrants must obtain Australian-recognised qualifications like a Certificate III in Instrumentation (Tan & Cebulla 2023). In South Australia, only one VET provider currently offers this qualification, creating significant structural barriers for qualified migrants who already possess similar overseas experience and seek to enter the Australian workforce. This example illustrates a key limitation in the current framework for targeting skills gaps and

shortages, as it overlooks a substantial cohort of qualified migrants who could contribute meaningfully to critical sectors and improve service outcomes for Australian communities.

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Term of Reference E) Strategies to enhance public awareness and understanding of the role of skilled migration in Australia

ToR(E)(1) Introduction and overview of public awareness of skilled immigration

As a nation that has long relied on skilled migration to drive economic growth, Australia has consistently ranked among the world's most receptive countries for migrants (Markus 2016, p. 34). However, despite evidence that skilled migration has positively contributed to productivity in Australia (Parham et al. 2015; ToR(A)), the "March for Australia" protests in August 2025 revealed growing anti-immigrant sentiment among some sections of Australian society.[3]

Support for immigration (broadly defined) varies across Australian studies, but the most recent survey conducted by the Scanlon Research Institute in 2024 of over 8,000 Australians showed that there is an increase in criticism of high levels of immigration (49% of adults believed that immigration is "too high" (O'Donnell et al. 2025, p. 11, citing Scanlon)). This figure remains at a similar level (51 per cent) in 2025 (O'Donnell et al. 2025, p. 11). Notably, however, these figures are not specific to skilled migration, but rather, to the Australian immigration program as a whole. Using a survey experiment with a representative sample of over 5,000 respondents in Australia, Leng and collaborators (2024, p. 32) found that most respondents favour increasing high-skilled immigration over other inflows. This result appears to be consistent with past studies in the United States, with Hainmueller & Hiscox (2010, p. 84; see also Hainmueller and Hiscox 2014) finding that both highly skilled and low-skilled native respondents strongly prefer highly skilled over low-skilled immigrants. Actual labour market competition does not have substantial effects on these skill stratified attitudes toward immigration (Hainmueller and Hiscox 2014).

Overall, public opinion over skilled immigration (if measured) may be conflated with public opinion over general migration levels and quality, for several reasons. First, Australians lack a sophisticated understanding of the migration system. The system, including the array of skilled immigration visas and their sub-classes, is incredibly complex and Australians lack education on these details and immigrants' attributes, including skill levels, employment status, income, and countries of origin (Leng et al. 2024, p. 30). This leads to misperceptions about the general immigration program which are often internally inconsistent: For instance, respondents tend to

[3] The March for Australia did, however, represent a minority opinion (with an estimated total attendance of 21,000 people in Sydney and Brisbane (Lyons 2025)).

both assume that immigrants are more likely to be unemployed and less skilled than they are, while simultaneously overestimating their earnings (Leng et al. 2024, p. 30).

In the current political and policy climate, misinformation about immigration (e.g. related to housing pressure or effects on domestic unemployment) can also be driven by poor data understandings, or even data misinformation. On 21 August 2025, the Australian Bureau of Statistics issued a public statement warning that one of its datasets was being misused to make false claims about immigration (Gruen 2025): The tourism and travel data were conflated with Permanent and Long-Term movement data. This example is emblematic of the challenges public officials increasingly face in communicating about immigration generally in the current time.

ToR(E)(2) Possible policy solutions to raising public awareness around migration

Ensuring a clear and accurate public understanding of the role of skilled immigration is essential as sustained social support for migration underpins the functioning of our democracy. (Biddle et al. 2024, p. 26). There are three main ways this can be achieved.

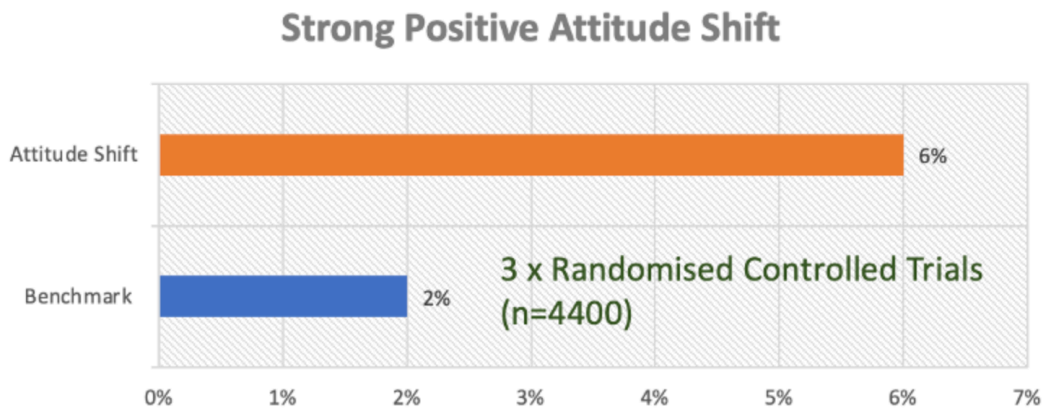
1) Public Education Campaigns
2) Transparency of Skilled Immigration data in public discussion
3) Migration education in the primary and secondary school curricula

1) *Public education campaigns (PECs)* are currently used by the Commonwealth government across a wide range of social and health issues to raise awareness, from the current Anti-Vaping Campaign to various related to sun safety. PECs are usually delivered across a wide variety of platforms to maximise their reach. For example, the current Anti-Vaping Campaign is being delivered on social media, online video, search, audio, digital display, cinema and outdoor advertising (Cancer Institute NSW 2025). The efficacy of similar campaigns has been established regarding education over the risks of teenage alcohol use (Johnston et al. 2018, p. 9).

Public campaigns around migration may differ from health campaigns. An article which reviewed 68 recent studies on how communication affects attitudes to immigration (Dennison 2022, p. 13) found that ineffective government campaigns on migration tends to focus on individual self-interest, alongside emphasising diversity or correcting public misconceptions about migration flows. Most of the studies reviewed were based in the United States, with the rest in European countries and a few in Australia, Canada, South Korea and Turkey. In contrast, effective

campaigns appealed to the common interest in migration, highlighted conformity between migrants and the host country while eliciting empathy in respondents (Dennison 2022, p. 13). This involved evoking feelings that another, for example, a migrant may have and imagining oneself in their position. The example of #KommMit ("Come With") (a pilot program testing whether value-based storytelling could shift attitudes around Muslims in Germany) in Graph 1 below provides one such example of this campaign. This demonstrates that any Skill Migration PECs should emphasise not only the economic benefits that skilled migrants bring, but also the ways in which migrants can integrate into and contribute to the social and cultural fabric of Australia, coupled with narratives that evoke empathy. In #KommMit, these narratives took the form of videos about the protagonist, "Ayoub", undertaking activities such as working at a German bakery. Leng and collaborators (2025) supports this recommendation that any PEC on immigration must humanise migrant stories to be most effective. They found that while people's views on immigration may change when provided with information, individual narratives (i.e. personal stories) tend to be more effective than quantitative facts at shifting public opinion overall. This is a crucial distinction: If a Skilled Migration PEC were to be run, it is imperative that it focuses on the storytelling of individual migrants.

Graph 1: Strong Positive Attitude Shift in Migration following the #KommMitt ("Come With") Public Education Campaign in Germany



Source: Young 2023

The Department of Home Affairs currently publishes annual statistical reports such as the *Migration Program Reports* (Department of Home Affairs 2026) however, public awareness of these is likely low. Australia performed poorly in the *2011–12 Survey of Adult Skills* which found

that 1 in 5 Australians had low literacy and/or numeracy skills, with numeracy a particular challenge (Australian Institute of Health and Welfare 2022)). The need to present this information in more engaging ways is critical, as most people will not actively seek out raw data or have the capacity necessarily to interpret it. This can be achieved by framing data around practical issues – such as how skilled immigration could assist a local nursing home that is understaffed. By localising abstract data in this way, the issue becomes socially and geographically proximate, making audiences more likely to engage than they would with national aggregates alone.

2) Transparency of Skilled Immigration data to reduce misinformation and disinformation

Misinformation and disinformation around immigration increase criticism of immigration and this trend can be perpetuated rapidly through social media "echo chambers" (OECD 2021, p. 6). As such, a key strategy to enhance public understanding of the role of skilled migration is improving the transparency, accessibility and communication of skilled migration-related data, even if such data are less persuasive than individual narratives. To take one example of the public perception that general immigration is adding to housing pressures and other economic challenges (O'Donnell et al. 2025, p. 12), evidence could be furnished to show the more subtle nature of these relationships (see ToR B above), and it should be drawn from multiple sources to buttress evidence provided (OECD 2022).

3) Increase migration-related education in the primary and secondary school curricula

Beyond short-term communication strategies, increasing long-term public understanding of skilled immigration depends on the education system, which builds foundational knowledge about migration, multiculturalism, and their importance to democracy across school age children and adolescents. This is in part linked to improvements to Australian civics education. The 2025 federal *Inquiry into Civics Education, Engagement, and Participation in Australia* ("The Inquiry") recommended that civics and citizenship become a compulsory part of the Australian Curriculum (Parliament of Australia 2025). Civics education includes understanding the functioning of governments and democratic systems, the workings of individual rights, cultural diversity, and the skills to critically evaluate different sources of information (Hancock 2025). While the Inquiry did not specifically consider skilled migration in its Review, incorporating skilled migration into civics education more generally, such as through teaching the role of migration in Australia's economic development and multicultural identity, could strengthen public understanding of migration policy and counter misinformation over the longer term.

Currently, migration is addressed unevenly across Australian schooling curricula. For example, although “culture and diversity” and “multicultural education” are key facets of the NSW curriculum, there is no specific mention of understanding the migration system, let alone the skilled migration system, despite its centrality to Australia’s economic success (ToR(A)). Though Australia’s migration history, such as the White Australia Policy, is commonly taught, there is extremely limited systematic education on how the modern migration system operates in the primary and secondary school syllabi in Australia. Insofar as migration is taught through the lenses of multiculturalism, it appears to have been ineffective – the Mapping Social Cohesion Report (O’Donnell et al. 2025) found that 71% of people who say that immigration levels are “too high” still agree that multiculturalism has been good for Australia. We submit that education regarding the contemporary immigration system, including skilled immigration, should be introduced into both primary and secondary school civics education as part of the broader curriculum on democracy and federalism.

Though Australia’s democracy today ranks highly when compared to other countries, various challenges to social cohesion make our democracy vulnerable (Department of Home Affairs 2024, p. 22). Indeed, the 2025 Edelman Trust Barometer found that Australia has slipped into “distrust territory” with 62% of Australians having a moderate or high sense of grievance, which is defined by a belief that government and business make their lives harder (Edelman 2025). In contrast, in 2024, Australia was in the ‘neutral’ bracket regarding grievance (Edelman 2024), meaning public distrust has increased. Further, prejudice based on ethnicity and migrant status remains common in Australia (Department of Home Affairs 2024, p. 37). This erosion of trust is reflected in the Senate’s failure to pass the omnibus *Combating Antisemitism, Hate and Extremism Bill* 2026 (Attorney-General’s Department 2026) in its form as of 18 January 2026 (Stephens & Vyas 2026), highlighting the difficulties democratic systems face in responding effectively to rising social division and extremism. This is worrying, particularly as social intolerance and discrimination continues to drive division (Department of Home Affairs 2024, p. 37). Considering this, it is even more important than ever that Australia’s migration system is taught earlier in schools. Education is extremely important in countering misinformation, polarisation, and declining institutional trust. As one of the world’s highest migrant-receiving countries on a per capita basis, educating students on the migration system, including on skilled immigration, would be highly beneficial and aligns with the *Report of the Strengthening Democracy Taskforce* (Department of Home Affairs 2024).

Term of Reference F) Approaches taken in other countries with similar migration objectives

ToR(F)(1) Framing the comparative lens: why OECD experience matters for Australia

Australia's skilled migration policy shares challenges with many advanced democracies countries, so learning from peer OECD countries is essential. Canada, the United Kingdom and Germany face the same fundamental tensions of leveraging migration for economic growth and demographic renewal; while maintaining public trust and ensuring housing, infrastructure and services can support the population (Wieland, 2023). Record immigration levels in recent years in these comparator countries have put pressure on housing and public services, prompting some governments to tighten certain migration channels to alleviate strains (OECD, 2024a). At the same time, these countries still depend on attracting skilled workers and students to fill labour shortages and support ageing populations, forcing a delicate balance between controls and openness (OECD, 2025). Australia can and should use the experiences of its OECD peers as a comparative lens both for a warning of pitfalls and a source of potential policy solutions.

International comparisons highlight that effective migration policy is about system design choices, not just overall skilled immigration intake numbers. How migrants are selected, integrated and distributed can determine outcomes just as much as how many are admitted migrants in total (Helbling et al., 2020). OECD countries have experimented with different models such as the points-based systems versus employer-driven selection, regional visas and two-step student-to-skilled pathways, which offers a rich evidence base on what works, sometimes in comparison to Australian settings. For example, one comparative study found that skilled migrants in Australia have achieved higher earnings relative to locals than their Canadian counterparts, due in part to Australia's stricter credential recognition and targeted selection policies (Harrap et al., 2022). This suggests that simply expanding migration is not enough, the design of entry criteria and support systems is crucial for ensuring migrants contribute effectively to economic growth; this comparative example also presents potential trade-offs in Australia if we move towards more selection in the semi-skilled space, as discussed above in ToR (B) and (C).

By examining peer nations' policy innovations (from Canada's Express Entry and Germany's talent attraction reforms to the UK's post-Brexit points system), Australia can identify which mechanisms best balance labour market needs with social outcomes. Crucially, looking abroad underscores how to sustain public confidence, improving the "social licence", for a high-skilled

migration program. Other OECD countries' experiences show that if migration growth outpaces infrastructure or the public's sense of control, trust can erode (Helbling et al., 2020). Rising housing costs, for instance, have been linked (fairly or not) to immigration in countries like Canada, putting political pressure on governments to respond (OECD, 2024). OECD analysis warns that unmanaged strains on housing, schools or hospitals can fuel public backlash, even if migrants are not the root cause (OECD, 2024). Peer nations have responded through policy adjustments, for example, Canada in 2024 temporarily capped international student visas to ease housing demand. More broadly, countries often calibrate migrants' rights and entitlements to bolster public acceptance. Research finds a trade-off can emerge between the scale of migration and the extension of rights or benefits to migrants, higher intakes are politically easier when newcomers' access to public support is limited, and vice versa (Ruhs & Martin, 2008). While such trade-offs are not a precise policy "formula," they highlight the interplay between policy design and public consent; support that Australia must also navigate.

Finally, engaging with OECD best practices helps Australia stay competitive in the global race for talent. In an era where many countries are courting the "best and brightest," there has been a clear convergence of strategies based on mutual learning and evidence (Hawthorne, 2014). OECD peers have progressively refined their migration systems often by learning from each other's successes and failures. One of many reasons is to attract skilled workers who drive innovation and fiscal benefits. Australia has been part of this exchange, for instance, its points system was one of the first and later inspired others, and it stands to gain by continually benchmarking itself against countries facing analogous challenges.

ToR(F)(2) Shared policy challenges across OECD countries regarding skilled immigration policy

Recent OECD studies on international migration (formerly known as the *SOPEMI* reports) highlight three common policy challenges faced across OECD countries. These shared issues are: i) balancing attraction and restraint in intake, ii) managing the growth of temporary labour migration, and iii) maintaining public confidence in migration programs. While not all of these studies encompass skilled immigration entirely, we consider them as they relate to the skilled component of overall immigration programs.

Balancing attraction and restraint in migration programs as a whole

OECD countries today face a dual imperative: on one hand, to attract needed workers and their skills, and on the other, to restrain or regulate inflows amid domestic capacity concerns. Record-high immigration levels in many OECD nations post pandemic have placed strains on housing availability, infrastructure and public services, fuelling political pressures to tighten admissions (OECD, 2025). For example, several major destination countries have recently imposed new restrictions on asylum and family pathways (rather than skill) to ease local housing shortages and service burdens (OECD, 2024a). At the same time, acute labour shortages and ageing demographics are driving those same governments to compete for skilled migrants, international students and essential workers (OECD, 2024a). OECD's *International Migration Outlook 2024* notes that countries are increasingly trying to "strike a balance between restriction and attraction" (p.11) to remain competitive for talent while managing social pressures. In practice, this balancing act has led to nuanced policy adjustments: many states have explicitly tightened certain migration pathways (e.g. raising salary thresholds or capping family reunification), even as they expand others targeted at high-demand skills. For instance, during 2024–25 several OECD countries set objectives to reduce overall migration levels, yet most also raised quotas or created new visa routes for seasonal and skilled workers in sectors with shortages (OECD, 2025). This tension forms a backdrop for all OECD countries in the recent migration era and as noted, at times, capping or limiting skilled immigration is part of this trend (OECD, 2024; OECD, 2025).

Managing the Growth of Temporary Labour Migration

A second shared challenge is the rapid growth of temporary labour migration in the post-COVID period, and the question of how to manage it sustainably. It should be noted here that some, but not all of this temporary labour migration is skilled in nature and in overseas contexts, often labour migrant is predominately low, semi-skilled or even undocumented and low-skilled (Boucher and Gest 2018, Chapter 5, in an analysis of trends in 50 countries). As pandemic travel restrictions eased, many OECD countries saw a sharp rebound in temporary worker flows. In 2022–2023, the number of temporary work visas issued across the OECD surged to record levels over 2.4 million new work permits in 2023, a 16% increase on the previous year and roughly 28% above pre-pandemic volumes (OECD, 2024a). This boom in short-term labour migration has helped address urgent workforce needs in agriculture, care work, IT and other sectors. However, a risk is emerging of "permanent temporariness," whereby large numbers of migrants remain in a country for years on successive temporary statuses without a clear pathway to permanent residency (Azeredo, 2025).

Researchers and policymakers have warned that a reliance on cyclical or transient labour can create a class of long-term temporary residents with precarious status (Boucher 2016a; 2020). For example, Australia's stock of temporary visa holders has nearly tripled since 2000, reaching about 2.2 million in 2023, and many of these migrants have no viable route to settle permanently (Department of Home Affairs, 2023). The Australian government's recent migration review noted that some people spend over five years on various temporary visas, stuck in a *"limbo of permanent temporariness"* (Department of Home Affairs, 2023b). Such outcomes are seen as detrimental both for migrants, who lack security and integration prospects and for the host country, which miss out on fully utilising migrants' contributions. Across the OECD, the challenge is therefore to manage growing temporary labour programs in a way that avoids long-term precarity. This has prompted calls for clearer transition pathways (e.g. allowing skilled temporary migrants to become permanent residents) and for careful calibration of temporary migration intakes in the first place.

Maintaining public confidence in migration systems

The third common challenge is maintaining public confidence in how migration is governed. Public attitudes toward immigration in many OECD countries often hinge less on outright xenophobia and more on perceptions of management and fairness (OECD, 2024a). People are more accepting of immigration if they trust that the system is orderly and serving the national interest, whereas a sense of chaos or mismanagement erodes support (Papademetriou, 2016). If migration policy seems chaotic or misaligned with national interests, public trust decline, prompting political backlashes. Policymakers therefore emphasise the importance of demonstrating competence and strategy in migration management to retain a "social license" for immigration (O'Connor et al., 2025). For example, Australia's 2023 Migration Strategy explicitly links good planning with sustaining public support: it argues that better coordinating migrant intakes with housing, infrastructure and services will *"maintain and strengthen a 'social license' for our migration system"*, thereby ensuring Australians remain willing to support the program and recognize its benefits (Department of Home Affairs, 2023c, p.35). In conclusion, managing public perceptions by keeping migration systems within planned limits (to the extent possible) and aligned with societal needs is key across all OECD countries. Below we provide some examples of how overseas governments have sought to achieve these goals with a variety of policy tools.

TOR(F)(3) Canada's skilled migration system: decentralised skill targeting and controlled temporariness

Provincial Nominee Programs and Decentralised Selection

Canada's skilled migration strategy features a high degree of decentralisation, primarily through its Provincial Nominee Programs (PNPs). Under the PNP framework, provincial governments (akin to state and territorial governments in Canada) have authority to nominate economic immigrants based on local labour shortages and regional priorities (Government of Canada, 2025). This sub-national skill targeting marks a departure from one-size-fits-all national selection, allowing provinces to align immigration with their economic needs and capacity (Baglay, 2012). Since the PNP's introduction in 1998, it has expanded dramatically. By 2022, provincial nominees accounted for roughly 35% of all new economic permanent residents to Canada (Xhardez & Tanguay, 2024). PNPs have become the largest single program for economic immigration, diversifying the regional distribution of newcomers beyond Canada's biggest cities. Smaller provinces such as Manitoba and Atlantic Canada have successfully attracted skilled migrants through PNP streams, although retention of these migrants remains an ongoing challenge (Trebilcock, 2019). Overall, Canada's decentralised approach exemplifies how federal systems can incorporate state/provincial influence on better match immigration intakes with local labour market demand and infrastructure capacity, discussed in ToR(b).[4]

Managed temporariness and pathways to permanent residency

A complementary pillar of Canada's policy is the *controlled temporariness* of skilled migrants. Rather than relying on long-term guest workers with uncertain status,[5] Canada has developed clear pathways for temporary residents to become permanent. Two-step immigration, where migrants first come on temporary work or study permits and later transition to permanent residency has grown central to the system (Wieland, 2023). Programs like the Canadian Experience Class (est. 2008) and provincial nominee streams (discussed above) target international students and temporary foreign workers who have proven their employability in Canada. These avenues reduce long-term precarity by ensuring that many skilled "temporary" migrants have a predictable route to settlement (Haan et al., 2021). Research shows that a large

[4] Note that any move towards a more decentralised system in Australia would need to navigate the constitutional differences between Australia and Canada in how their federal constitutions configure the immigration powers.

[5] Although critical voices do raise concerns about increases within the Low Skilled Worker Program pilot over the last two decades, for an overview see Boucher 2016bc.

share of temporary skilled workers do obtain permanent residence, reflecting the policy emphasis on transition rather than perpetually renewable visas (Haan et al., 2021). Canada's federal planning also places limits on temporariness: for example, recent immigration plans introduced caps to gradually shrink the temporary resident population as a share of total population, aiming to drop it below 5 per cent by 2027 (OECD 2025). Whether this will be achieved remains to be seen but the combined consideration of temporary and skilled programs in immigration planning has merits, which Australia might also consider. Moving forward, although record-high migrant intake (over 430,000 permanent residents in 2022) have recently prompted some public concern about housing and services, the government's use of explicit annual targets and moderated increases demonstrates a responsiveness to system pressures (OECD, 2024a).

ToR(F)(4) Germany: Administrative efficiency and institutional trust

Germany's skilled-migration policy emphasises streamlined procedures and transparency. Core reforms notably the *Skilled Immigration Act of* 2020, refined in 2023 remove bureaucratic hurdles to harness foreign talent. For example, the law now allows any foreign graduate to pursue a qualifying occupation, and foreign vocational credentials often require no prior German recognition, meaning less bureaucracy and shorter procedures than in other countries (Migration and Home Affairs, 2025). Under the recent reforms foreign degrees are automatically portable, and a graduate can enter any appropriate profession, and non-academic skills often need no pre-approval (Migration and Home Affairs, 2025). Migrants with two years' experience and foreign vocational credentials can enter on a work visa immediately and formal German recognition can occur later under recognition partnerships (Federal Ministry of Labour and Social Affairs, 2025). These changes significantly extend access for vocational skilled migrants and eliminate the previous requirement to recognise every credential before entry (Federal Ministry of Labour and Social Affairs, 2025). In practice this means faster processing and less uncertainty for skilled migrants.

Similarly, Germany created multiple new visa categories in recent years including the points-based *Opportunity Card*, expanding the EU Blue Card access (a form of EU-based skilled immigration pathway), and creating vocational training visas so that both academically and vocationally trained skilled migrants each have clear, fast entry pathways (Federal Ministry of Labour and Social Affairs, 2025). The *Skilled Immigration* Act (2020) (*Fachkräfteeinwanderungsgesetz* 2020) equalised access across academic and vocational skill, addressing a consideration in Australian skills definitions that we have considered in this

submission, in particular ToR (B) and (C). The Federal Ministry of Labour and Social Affairs (2025) noted that *"[t]he opportunities are now largely the same for those with academic and vocational qualifications."* For university-educated migrants, the EU Blue Card was made more flexible (lowering salary thresholds for STEM fields) and new job-seeker visas were introduced. For vocationally trained migrants, new visas allow pre-arranged training or employment such as the "Skills Analysis" visa and a traineeship track (Federal Ministry of Labour and Social Affairs, 2025). On top of that, in 2023 Germany launched the Opportunity Card, a points-based permit for applicants to seek work, further widening pathways for all skill levels (Federal Ministry of Labour and Social Affairs, 2025). Together, these measures ensure that a variety of skilled immigrants have straightforward, well-publicised routes into the German labour market (Wolff et al., 2025).

Inter-governmental and industry coordination has become the centre of Germany's skilled immigration policy architecture. Policy design and implementation involve all levels. The federal government collaborates intensively with the 16 Länder (states), and municipal agencies and employers'/workers' associations (Federal Ministry of Labour and Social Affairs, 2025). For instance, Germany's National Skills Strategy was formulated with Länder governments and social partners as full participants (CEDEFOP, 2020). Likewise, the ministries of labour, economy and interior work with industry bodies to tailor recognition and integration services. An example is the "Make it in Germany" (https://www.make-it-in-germany.com/en/) portal, which centralises information for employers and migrants (with input from chambers of commerce) (German Federal Foreign Office, 2025). This coordination ensures that reforms are practical on the ground: industry leaders can quickly access visa case managers, and states streamline residence permits, so that federal policy changes translate into coherent processes nationwide.

These new policies put emphasis on predictability including statutorily defined criteria and online portals to ensures migrants and employers can navigate requirements with confidence. For instance, since January 2025 Germany has operated a digital Consular Services Portal for all visa applications, eliminating paper forms and long queues (German Federal Foreign Office, 2025). Officials report this system was a product of business demand to cut waiting periods, and to strengthen Germany's competitiveness, as well as to replace an old visa process with a modern digital workflow (German Federal Foreign Office, 2025). Germany began digitalising the visa and work-permit system end-to-end. A new Federal Skilled Workers Portal and an integrated consular website allow applicants and employers to upload documents, get real-time updates, and even renew visas online (Urich, 2025). At early 2025, the Foreign Ministry's online Consular Services

Portal covered 28 visa types globally (German Federal Foreign Office, 2025). These tools have "significantly lowered the processing backlog and allowed companies to plan international onboarding with greater predictability" (Urich, 2025). In short, German policy explicitly treats administrative speed and clarity as pillars of the skilled migrant system, recognising that bureaucratic delays fuel frustration for both skilled migrants and employers.

Skilled migration trends and integration outcomes in Germany

Recent analyses confirm that Germany's migration volumes remain high and that procedural speed matters for success. Official statistics show tens of thousands of new labour migrants entering annually: in 2023 about 72,400 people arrived with employment visas (slightly below 2022's peak) (Federal Office for Migration and Refugees, 2025). Even before the 2023 policy updates, these migrants were highly educated: 56.3 per cent held formally recognised qualifications and 64 per cent were working in qualified occupations (Federal Office for Migration and Refugees, 2025). Integration data highlight why Germany prioritises quick credential checks. Studies find that migrants with unrecognised foreign degrees often end up in low-skilled jobs. For example, only 38 per cent of immigrants with a foreign university degree in Germany work in jobs matching their level (far below the 74 per cent of native graduates) (OECD, 2024b). By contrast, those whose credentials have been approved or partially recognised "fare better in the labour market" (even controlling for background factors) (OECD, 2024b, p.11). In short, speed of recognition and early placement in the workforce are critical: the sooner migrants can use their skills, the better their employment outcomes.

Conversely, slow processes create bottlenecks. Prior to the digital reforms discussed above, visa and permit cases could drag on for months, causing migrants to lose job offers or employers to withdraw. German leaders have explicitly acknowledged this: In 2025 Chancellor Merz described Germany's old immigration system as "too sluggish and too bureaucratic," and announced a unified digital portal to cut processing from several months down to weeks (VisaHQ, 2025). The result is that stakeholders now cite Germany as a case study of eliminating administrative friction. Ultimately, Germany's key insight is that integration hinges on efficient skills matching, while administrative holdups are consistently flagged as bottlenecks that policy must overcome (Wolff et al., 2025). This experience speaks directly to challenges Australia is grappling with both administrative backlogs and skills undervaluation as noted earlier in this Inquiry submission.

ToR(F)(5) United Kingdom: Wage thresholds and labour-market signalling

The United Kingdom (UK) saw unprecedented migration inflows in 2022-23, prompting a sharp policy response. Net migration reached a record for the UK ~866,000 in 2023 (McKinney & Gower, 2024a), and OECD analysis notes the UK was among the countries with record immigration levels that year (OECD, 2024a). In practice, non-EU work-related immigration surged (from ~277,000 to 423,000 year-on-year) (ONS, 2025), driven largely by health and social care roles. Widespread political concern over housing and service pressures, and reports of low wage exploitation in the care sector, led the government to unveil a "five-point plan" to reduce migration in December 2023 (UK Home Office & MP Cleverly, 2023). Central elements were higher pay thresholds for skilled visas and a reworking of shortage occupation rules, aiming to curb inflows without shutting down skilled migration pathways entirely.

From April 2024 the minimum salary for the Skilled Worker visa rose by about 50 per cent (from £26,200 to £38,700 per year) (Migration Advisory Committee, 2024). At the same time, the 20 per cent wage "going rate" discount for occupations on the Shortage Occupation List (SOL) was abolished (Home Office, 2023). The SOL itself was replaced by a much narrower Immigration Salary List (ISL): initially only 21 occupations (≈8% of eligible job roles) were retained, compared to roughly 30 per cent of skilled occupations under the old list (Migration Advisory Committee, 2024). In practical terms, only the highest paid or most critical roles remain eligible for skilled entry. Crucially, these changes mean no migrant worker can be legally paid less than a UK worker in the same occupation (Home Office, 2024).

Implementation and effects of the wage threshold policy in the United Kingdom

These new policies took effect in early 2024, with immediately observable impacts upon inflows. For instance, visa applications across key routes fell sharply. Divided by group, Skilled Worker, Health & Care, and Study visa applications declined by ~25% in Jan–Apr 2024 compared to the prior year (Home Office, 2024). These reforms were forecast to exclude roughly 300,000 people who otherwise would have immigrated in 2023 (McKinney & Gower, 2024b). By targeting pay and dependency rules, the UK aimed to reduce unintended inflows especially on the low-wage dependant group and to ease housing/service pressures, while still admitting high-skilled talent. The Migration Advisory Committee (MAC) who advises the UK Home Office has noted these changes raise the bar for entry to the 50th percentile of wages for most occupations (McKinney & Gower, 2024b), ensuring eligibility is anchored in current labour market conditions rather than static lists. This policy contrasts with the previous stance before

April 2024 with a lower “going rate” could have allowed migrants into occupations where pay was as low as the 25th percentile of the market.

UK experience highlights how wage-based criteria sharpen the focus of skilled migration. Migration growth had been heavily concentrated in health and care sectors, particularly at low pay levels (ONS, 2024). By raising thresholds and eliminating subsidised lower pay, the reforms signal employers to raise wages or hire domestically, helping address labour market mismatches (OECD, 2024a). At the same time, enforcing higher wages and no-discount rules reduces opportunities for exploitative employers who might hire migrant carers at below market rates (Faife, 2024). These policies increased public legitimacy as admitted skilled migrants enter in well-paid roles, contribute taxes and costs. The UK’s shift to an increasingly salary anchored skilled immigration selection approach demonstrates that wages can serve as an effective eligibility mechanism for some aspects of skilled immigration (Richards et al., 2025). However, a longer-term perspective will allow policymakers to assess whether there is sufficient provision of semi and unskilled workers because of these changes, in particular in the health and care sectors. The Brexit reforms have reduced capacity for such workers to enter through free movement provisions.

Conclusion

There is no doubt that skilled immigration is highly valuable to Australia, economically and socially. Australia is wealthier, more educated and more equipped to face future challenges by virtue of its immigration program. In this submission, we have set out some of the core challenges that the Australian skilled immigration program faces: The capacity to ensure infrastructure needs are met, that skills are efficiently targeted by selection visa type, that the deskilling of skilled migrants and their spouses is limited as much as possible including among the existing cohort of skilled immigrants already resident in Australia, that skills lists are updated frequently and that social tensions related to immigration are minimised through effective public communication around the value of immigration. We have provided detail evidence of current trends in Australia and examples from other OECD countries, focusing on Canada, Germany and the United Kingdom. We thank the Committee for this opportunity and welcome further questions on our submission.

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