

# Effects of temporary migration

Shaping Australia's society and economy

CEDA research snapshot



## Overview

There are almost two million temporary migrants in Australia. Migration remains central to Australia's economic prosperity and delivers benefits – permanent and temporary – for the broader community. Yet concerns around migration levels, as a driver of population growth, have again become a hot topic.

CEDA's report examines the facts around temporary migration, its importance to business and the economic benefits it delivers to Australians. While less often discussed than permanent migration, it is a significant and important part of Australia's migration system.

CEDA's analysis shows that contrary to some concerns, recent waves of migrants have not had an adverse impact on the wages or jobs of local workers.

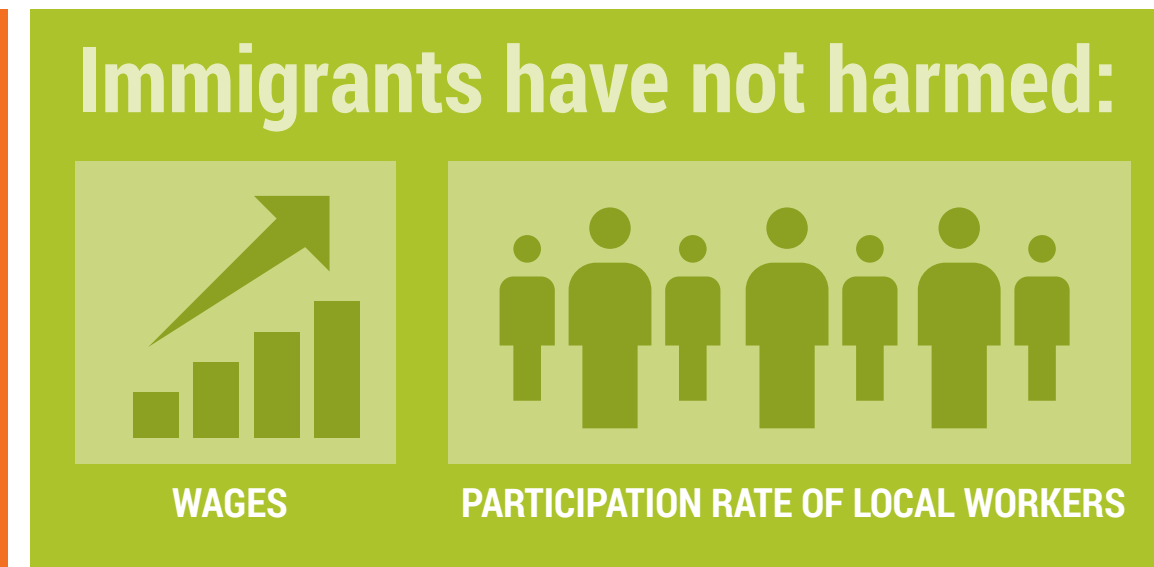
Australia's temporary skilled migration scheme has faced significant scrutiny and has been subject to constant change and review. This creates significant uncertainty, undermining the benefits of this important program to business and the wider economy. Reflecting this, CEDA's recommendations in this report focus on improving the temporary skilled migration process in four key areas:

- Improving the process of identifying eligible occupations for temporary skilled migration through publication of data and methods, and better classification of occupations.
- Embedding stability of the scheme through more structured and independent evaluation at set intervals.
- Realising administrative efficiencies, including for intracompany transfers of employees and labour market testing.
- Aligning the use of the Skilling Australians Fund Levy to identified areas of emerging skills shortages, to ensure training initiatives alleviate skill shortages driving skilled migration.

Australia will continue to need temporary skilled migration to fill skill shortages as labour demands change and industries continue to evolve.

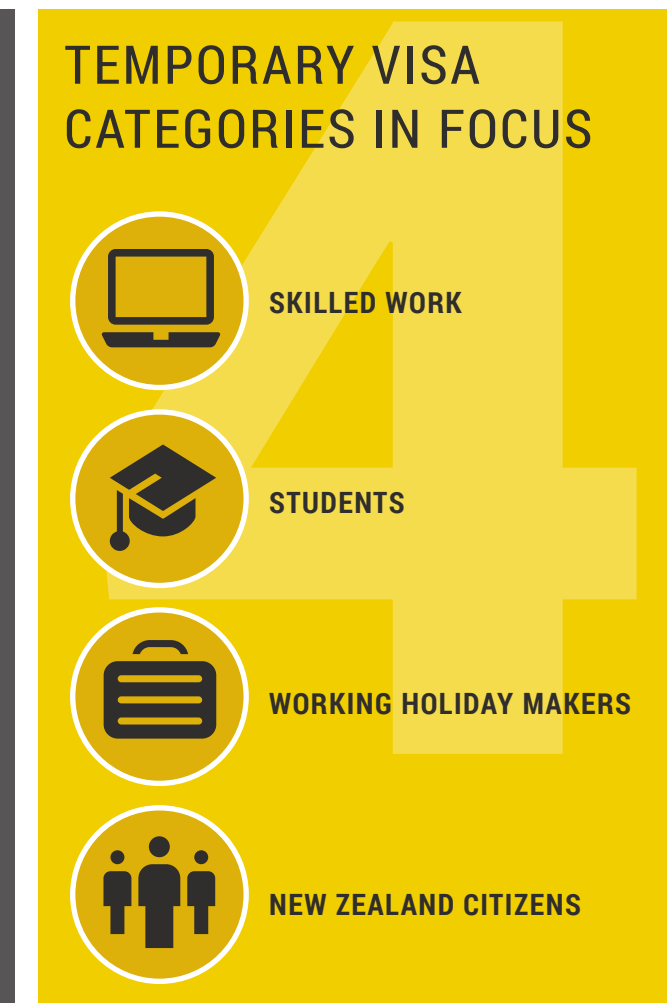
Improving predictability of the scheme and increasing understanding of the benefits will help reduce the scheme's exposure to politicking and ensure important economic benefits for the economy and Australians more broadly, are realised.

This report aims to move us closer to those goals.



### CHARACTERISTICS of temporary skilled migrants

- More than half **work in four industries** – accommodation and food services; information media and telecommunications; professional, scientific and technical services; and other services (e.g. personal care and mechanical repair).
- The **top four occupations** granted visas in 2017–18 were: (1) Developer Programmer (2) ICT Business Analyst (3) University Lecturer (4) Cook.
- Temporary skilled migrants are excluded from free or subsidised government services but **still contribute to tax revenues**, resulting in a net benefit to government budgets.
- The **top three citizenships** of visa holders are United Kingdom, India and Philippines.
- 96 per cent are **under the age of 50**, compared to almost 67 per cent of the Australian population.



### Myth busting

**Myth:** Temporary skilled migrants are displacing local workers.

**Fact:** Around 70 per cent of temporary skilled visa holders reside in New South Wales (45 per cent) and Victoria (25 per cent), states which currently have the lowest rates of unemployment in Australia – 4.4 per cent and 4.7 per cent respectively.

**Myth:** Employers are using the temporary skilled migration program to undercut local employment terms and conditions.

**Fact:** Temporary migrants tend to be employed in higher paying jobs – the average base salary for nominated positions was around \$95,000 in 2017-18.



## Recommendation #1

The Federal Government should strengthen identification of skill shortages and eligible occupations for skilled visas in the skilled occupation list to increase confidence in the process by:

- Being more transparent about the data and methods used in assessing whether occupations are included on skilled occupation lists.
- Immediately reviewing the Australian and New Zealand Standard Classification of Occupations (ANZSCO) codes to ensure they align with current and emerging labour trends, particularly the impact of technology.
- Establishing an independent committee, like the Migration Advisory Committee in the UK, to undertake analysis, consultation and advice on the formulation of skilled occupation lists.



## Recommendation #2

The Federal Government should remove the requirement for labour market testing once the skills shortage list process has been strengthened.



## Recommendation #3

The Federal Government should immediately introduce a dedicated, streamlined path for intra-company transfers of employees to Australia.



## Recommendation #4

The Federal Government should improve the operation of the Skilling Australia Fund Levy by:

- Aligning the use of the Skilling Australia Fund Levy to training initiatives that alleviate the skill shortages driving skilled migration.
- Changing the point of levy collection from the visa nomination stage to the visa approval stage so that employers do not incur the levy if a visa nomination is refused.



## Recommendation #5

The Federal Treasurer should task the Productivity Commission with undertaking a review of the Temporary Skill Shortage visa program every three to five years to guide future changes to policy settings.

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