

Wednesday, 22 February 2023
Media release

How Australia broke its migration system, and what we can do to fix it

We're here today on the land of the Gadigal people.

I acknowledge their enduring custodianship of the land and waterways around Sydney, and I acknowledge any First Nations people with us today.

I live, work in and represent one of the most culturally diverse parts of Australia.

More than two thirds of my neighbours have at least one parent born overseas. For more than half, both parents were born overseas.

And so I'm lucky to see, up close, the hugely powerful ways in which our country is economically and culturally enriched by our migrant history.

Whether it's the thriving, migrant-owned businesses that dominate the high streets of my electorate, or the smell of spit roast in our street at Greek Easter, or the joy of watching my kids grow up alongside children from dozens of different cultures, my patch of our country virtually pulses with life.

Migration is Australia's special sauce.

Everything big and important we have achieved, for most of the last 100-years, has occurred, in part, because we've invited people from around the world to come and help us with our national endeavours.

Think of Australia emerging out of the Second World War, severely underpopulated. With the clarion call to "populate or perish", migration supported Australia's national security, and laid the foundation for the post-war boom that lasted for two decades.

The 1970s saw Australia emerge as a vibrant, modern, middle-power, with strong links to our Asian neighbours. Our nation buried the White Australia Policy and embraced multiculturalism.

Migration helped Australia rebound out of the dark days of the 1990s recession. From the mid-1990s to the mid-2000s, the share of skilled migrants in our annual intake doubled.

What followed was Australia's economic miracle: from 1991 onwards we enjoyed the longest running period of continuous economic growth, on record, anywhere in the world.

Migration delivers in huge ways for Australia when the system matches the needs of our nation, in that moment.

Yet I would challenge anyone in this audience today to explain what our migration system today is designed for.

What national problems are we seeking to solve? How is this program helping Australia on our national journey, as we look to the rest of the 2020s and beyond?

I have been the Minister for Home Affairs for 8 months, and no one has yet been able to answer these pretty fundamental questions. And that, my friends, is part travesty, part massive opportunity.

Because we do have some big national problems.

Our economy is stuck in a productivity rut and real wages are lower now than they were a decade ago.

Australia is the developed country in the world most at risk of a warming climate. But it is also the country with the biggest opportunity to transition to a net-zero economy. We need to make sure we have the skills to do this.

We confront the most dangerous geopolitical circumstances Australia has faced since the 1940s. We need to build better sovereign capabilities, fast.

And, we have an ageing population, which means big pressures on the economy, and the need for many more workers in health and aged care than we will be able to find in our domestic population.

Migration will never substitute our focus on skilling Australians. It is not the full answer to any of these problems. But it is a part answer to all of them.

Unfortunately, the system today is not designed to help us manage any of this. Our migration system has been on continental drift for a decade.

Australia's migration system is broken. It is unstrategic. It is complex, expensive, and slow. It is not delivering for business, for migrants, or for our population.

In November last year, I asked former Secretary of the Department of Prime Minister and Cabinet, Dr Martin Parkinson, to work with migration experts Dr Joanna Howe and John Azarias, to review Australia's migration system and help our government get this program working in the national interest.

Today, I want to talk to you about some of the insights from that process and share some thinking on early directions for reform.

The many ways in which migration is broken

I have said the program has been on continental drift for a decade.

I'm going to talk you through a bit more detail on what the implications have been for the country. And to do that, I need you to understand one thing about the current structure of the migration program.

Our migration system is made up of two big programs: a capped permanent program and a demand-driven temporary one.

Australia's migration history has been built on permanency and citizenship. That is, we invite people to come to our country, and we want them to invest and build a life here: to start businesses, get their kids educated, and to make this country their own. That's the Australian model.

Today, really for the first time in our modern history, our uncapped, unplanned temporary program is the centrepiece and driver of our migration system. This simple fact is the source of huge problems.

Since 2005, the number of net skilled permanent migrants coming to Australia each year has stayed roughly the same – at somewhere around 30,000 people.

Yet in that time, the number of temporary migrants has exploded.

In 2007 we had about 1 million temporary migrants in Australia, excluding visitor and transit visas. Today that number is 1.9 million.

This rather staggering shift in direction has happened without any real policy debate or discussion. It happened not through thoughtful planning and strategy, but by negligence and continental drift. And, this reliance on temporary migration is having enormous economic and social consequences.

We don't do any real planning and thinking about who these 1.9 million people are. You can see from the slide that just 6% are here on skilled visas. Are these 1.9m people bringing the skills and capabilities we need to drive our nation forward? We just genuinely don't know.

The temporary program is now not just the biggest source of migrants overall, it is now also the biggest feeder into the permanent program. Let me say that again. When we fill those limited precious permanent slots each year, 65% are filled by people who are already in Australia, on temporary visas.

So that unstrategic, drifting nature of the temporary program is now the tail wagging the dog of the permanent program.

Today, it is relatively easy for a low skill, temporary migrant to come to Australia, but difficult, slow and not particularly attractive for a high-skill, permanent migrant to come here. We've got the system backwards.

This focus on temporariness means that migrants cannot truly flourish.

We want our migrants to be brilliant potential citizens. Today, many of those 1.9m temporary migrants live in a state of permanent temporariness, unable to invest in their education, get a loan to start a business, or feel emotionally that they can set down roots.

Instead, many are trapped in a Kafkaesque limbo, perpetually filling in forms and cycling through different kinds of temporary visas. Not good for them, not good for the country.

Many temporary visas require employer sponsorship and engagement. And in some contexts, this is a recipe for the kind of endemic worker exploitation we all know is occurring: in agriculture, in hospitality, in retail. No one in this audience wants this to be happening in our country.

So the big problem with our system today, the big Kahuna, is the fundamental structure. If we want this system to deliver for our country, we need to revisit how we think about the role of temporary and permanent migration in Australia, and how these systems interact.

And we need to start that discussion with a consideration of who we need to help us on our Australian journey, and design a new program around those clear goals and objectives.

Many other problems...

While the structure of the program matters most, there are some other big opportunities here in the reform discussion.

One is the untapped potential in the population of migrants who are already here. In my view, international students are where the big dividends are. We are training international students in our world-class education system. But after their studies are finished, many are required to leave.

When students do stay after graduation, they aren't transitioning well into the labour market. Around 50% are working in lower-skilled roles than they are qualified for.

They're not the only group. Skilled migrants will often come with a partner who is as well qualified as the primary applicant. But the evidence suggests those partners are not engaging well with the labour force. Again, value just left on the table, for that family and for our country.

Inertia and drift have infected almost everything. Our system is clogged with arcane, ineffective rules which don't serve a clear purpose.

We use outdated occupation lists to determine workforce needs. This is a particular problem in tech, where the skills needs of industry (and even the language used to describe the needed skill sets) move really quickly. We don't have a data-driven approach to building those lists, and we don't think about the strategic needs of the workforce and our nation in building them.

We have a labour market testing process that in some cases is little more than a box ticking exercise. The way we recognise skills and qualifications earned in other countries is really, really problematic.

We have a points system which helps determine which migrants will be able to come which doesn't differentiate properly on age, income or skills. That system gives the same number of points to a 39 year old as to a 24 year old, even though their economic output will be substantially different.

The combined effect of all these outdated rules is complexity, cost and delay. The system needs rules, of course. But let's make sure they're achieving what they are meant to.

Because at the moment, we're simply making Australia an unattractive destination for the workers we really want and need. We have a desperate shortage of nurses, yet an overseas trained nurse practitioner can pay up to \$20,000 and take 35-months to get their qualifications recognised.

This is Professor Brian Schmidt. Brian is an American-born physicist who is now Vice Chancellor of the Australian National University. He migrated to Australia in 1994.

Brian's visa was processed in four days.

Today's brilliant young astrophysicist will likely have to wait for 178 days, and pay thousands of dollars upfront, just to get a visa decision. That's if they are lucky – many will wait significantly longer than a year.

Would Brian Schmidt have come to Australia under these circumstances? Or would one of the most preeminent minds of his generation have taken his Nobel Prize, and gone elsewhere. What a tragic loss that would have been for our country.

You won't be surprised, after what I have said here, that Australia's share of the global pool of skilled migrants has almost halved over the past three decades.

And indeed, many of you in this audience would observe that other countries are driving the war for talent, relentlessly identifying the skills they need, finding them around the world, and inviting those migrants to join their national endeavours.

In Australia, you get this: complexity, bureaucracy, cost, uncertainty and delay. And once you've endured all that, maybe – maybe – you'll be allowed to come for a defined period, on a temporary visa.

Highly valued migrants from around the world face bureaucratic delay coming to Australia, and red carpet treatment migrating elsewhere.

We just can't let that continue. And our government does not intend to do so.

Solution

The upshot of all this – and indeed I could go on – is that our migration system today is something of a renovator's delight. Let me share with you some of the ways in which we are working to change how this system operates.

We started this journey at the Jobs & Skills Summit in September last year where the call from those of you in this room for substantial reform of our migration system was unanimous. Businesses small and large told us that they needed a bigger permanent program, and we have delivered that.

We've drastically reduced the visa backlog – many of you will remember there were almost a million unprocessed visas sitting in the system when we took office, now it's fast approaching half a million, which is roughly normal.

We've established Jobs and Skills Australia, a new part of government that will provide expert, evidence-based advice on skills shortages, vacancies and the overall state of the labour market. And we've got Minister Andrew Giles working to design a better system to prevent migrant exploitation.

We're doing what we can with broken pipes.

What is clearly required here is structural reform which is significant in scope and scale.

We are looking at eight big changes that will drive a new model for migration in Australia:

1. The first is simple but important. We need to articulate a clear definition of why our migration system exists, and what problems we want it to solve, so we can design a program where the structure, rules and administration meet those objectives. The Migration Review is finalising the early part of this work.
2. We need to redesign the fundamental structure of the migration system, and rebalance the temporary and permanent programs. We need sensible, good discussion on the long-term management of the migration program as a whole, including working with our State Government colleagues to address infrastructure, services and housing. I should note that the changes I'm describing here don't necessarily mean more migrants. The push is for more care, time, attention and strategy to getting the right people here when we need them.
3. We need to remove policies which create 'permanently temporary' conditions. This will mean being clear on where migration is truly temporary and managing this fairly.
4. We need to sharpen our focus on skills, both having clear strategic thinking behind who we are trying to get here, and where they will come from, as well as a streamlined process that doesn't frighten them away. This will involve actively selling our country to the migrants we need, not just sitting back and seeing who we get. Part of our goal here will be to create a system that helps deliver skills to our regions, and to small business – two groups which are struggling to access our migration system today.
5. We need to unlock migrant potential, by improving the speed and ease with which we recognise migrants' existing skills when they arrive, and increasing support to translate the skills of secondary applicants and others into the labour market.
6. We need to better coordinate and integrate the needs of the labour market, training and education system and the migration system – and that will mean giving Jobs & Skills Australia a formal role in our migration system for the first time.
7. We need to design out migrant worker exploitation wherever we can.
8. We need to fix the administration of the system – simplify the arcane rules and reduce complexity. No more spaghetti diagrams please.

These are the big directions of our work, and I'm really looking forward to working with you in this room on this nation-shaping reform project.

Our next steps are to prepare, based off the work of the Migration Review Team, a draft architecture for a new migration system. We will release that for consultation and discussion in April. And I will be very genuinely keen to hear what you think.

Closing

Let me finish with a quick closing thought.

Australia is often called the Lucky Country, and I know this is overused. But it's overused because it's so powerful.

Donald Horne would probably say that back in his day, Australia could have sustained the kind of policy ineptitude I have described on something so fundamentally important to us as a nation.

I truly, deeply believe those days are behind us. The economic, social and security challenges we face are much more serious than what I see when I look back, at least in my adult lifetime. We simply cannot afford to drift any longer. Not with something so truly pivotal to who we are, and what we are, as a country.

One of the most sacred tasks of the national government is to determine who we should invite here to help Australia continue its journey.

Today I have talked about a lot of problems. But what is actually more important to me is the opportunity. Australia is a truly great country, with a fundamentally broken migration system.

Imagine what we can achieve when we get this powerful engine working again for the national interest.

Unless otherwise indicated in this document, it is Copyright of the Commonwealth of Australia and the following applies:

Copyright Commonwealth of Australia.

This material does not purport to be the official or authorised version. Reproduction and use of this material is subject to a [Creative Commons Attribution-NonCommercial-ShareAlike 3.0 Australia License](#).

You should make independent inquiries and obtain appropriate advice before relying on the information in any important matter.

This document has been distributed by LexisNexis Australia. All queries regarding the content should be directed to the author of this document.