

# **Planning Australia's 2022-23 migration program**

**Submission to the Department of Home Affairs, December 2021**

Brendan Coates, Henry Sherrell, and Will Mackey

## Overview

We welcome the opportunity to make a submission to the Department of Home Affairs' Planning Australia's 2022-23 Migration Program consultation process. This submission summarises recent work by the Grattan Institute on permanent skilled migration in Australia.

Australia should select permanent skilled migrants for their long-term economic potential. Skilled migrants tend to be younger, higher-skilled, and earn higher incomes than the typical Australian. Skilled migrants generate a fiscal dividend to the Australian community because they pay more in taxes than they receive in public services and benefits over their lifetimes.

Recent Federal Government decisions have taken Australia in the wrong direction. They have shifted the composition of Australia's permanent skilled visas away from categories with a track record of selecting younger, skilled migrants best placed to succeed in Australia. Today, a growing share of permanent skilled visas are allocated to boosting business investment and to the unproven Global Talent program. These changes should be reversed.

The Business Investment and Innovation Program (BIIP) should be abolished. Few investors are financing projects that would not otherwise occur, or providing entrepreneurial acumen that will benefit the Australian community. BIIP visa-holders bring fewer benefits to Australia than skilled migrants selected through other streams, because they are older, speak little English, and earn lower incomes.

The Global Talent Program has expanded rapidly over the past two years. The value remains unproven and untested. The Global Talent

Program should be scaled back from 15,000 and evaluated as a matter of priority.

To compensate for these changes, the number of skilled worker visas – allocated via employer-sponsorship and the points-test – should be expanded. But these visas also need a rethink. Permanent skilled worker visas should no longer be targeted at skills shortages. Instead, permanent skilled worker visas should be targeted at younger, higher-skilled migrants who are best placed to benefit the Australian community in the long term.

Employer sponsorship should be available for workers in all occupations, provided they earn above median full-time earnings of \$80,000 a year. This would better target visas to people with the most valuable skills, and simplify the sponsorship process for firms and migrants.

Abolishing the BIIP would boost the lifetime fiscal dividend to the Australian community from each year's migrant cohort by at least \$3.7 billion. Reforming employer sponsorship could boost the lifetime fiscal dividend from each annual cohort by at least another \$9 billion.

These recommendations stem from Grattan Institute's recent report, Rethinking permanent skilled migration after the pandemic, which is attached. For further information, please contact Henry Sherrell, Deputy Program Director (Migration), Grattan Institute: [henry.sherrell@grattaninstitute.edu.au](mailto:henry.sherrell@grattaninstitute.edu.au).