



Migration and occupational licensing

- **Skilled migration:** Migration policy should be set within a broader framework of public wellbeing, considering a range of economic and social policy objectives. Through a productivity lens, migration is an important avenue for attracting skills and knowledge, allocating labour to where it is most productive and diffusing best practice from overseas. To maximise productivity, migration settings should improve the match between jobs and skills and produce fiscal benefits over migrants' lifetimes. Both objectives are heavily influenced by migrants' labour market outcomes.
- **Occupational licensing:** Formal licensing, registration, or regulated statutory minimum requirements are a signal of proficiency and quality of work output to employers and consumers. When working efficiently, licensing helps to address externalities and decrease information asymmetries. At the same time, by reducing the pool of workers who can provide particular services, licensing can limit entry into a market, restrict choice and increase prices.



Recommendations

Regarding **skilled migration** (recommendations 7.1 to 7.6), the Australian Government should:

- Abolish the Business Innovation & Investment visa program. Temporary migration should be facilitated for people with genuine plans to start a business in Australia, while pathways to permanent residency should involve the revised Skilled Independent visa (subclass 189), based on a points test that better accounts for income levels and age.
- Remove current list based restrictions for employer sponsored temporary and permanent skilled visas and set an income threshold well above the Temporary Skilled Migration Income Threshold (TSMIT) rate. The income threshold that applies to temporary migration should be lower than for permanent migration. The income threshold for the employer sponsored permanent visa should increase with age, with people ineligible for this visa after reaching a certain age.
- Remove current list-based restrictions for the Skilled Independent visa. Additional points should be awarded for ongoing employment in Australia according to income level, with different income benchmarks for different age groups. The design of the points system should be updated regularly based on research, with points awarded for factors associated with fiscal and employment benefits.
- Introduce a pilot of a special permanent visa subclass for occupations in human services sectors that are largely funded by government (such as aged and disability care), but only if these are facing likely enduring and significant labour shortages that are weakly responsive to wage increases. The visa subclass should be subject to the current Temporary Skilled Migration Income Threshold and require that the applicant remain employed in the relevant sector for 4 years. The pilot should be evaluated for its impacts and abandoned if labour shortages can be better met through wage increases and more sustainable alternative funding.
- Amend settings for temporary skilled migration visas to increase their duration to 6 years. For graduate visa holders with Bachelor and higher level degrees, the duration of stay should be extended to 5 years, subject to proof of ongoing employment above a set wage threshold. Obtaining a qualification from an Australian tertiary education provider should be associated with an expectation for international students of being able to test their skills in the Australian labour market, but not an expectation that their qualification alone will qualify them for permanent residency (which will increasingly depend on labour market outcomes, including income levels, and age).

- Amend settings for employer-sponsored temporary and permanent visas to better allow workers to switch employer sponsors, including by permitting a short period of unemployment to look for a new sponsor.

Regarding **occupational licensing** (recommendations 7.7 to 7.12), the Australian Government should:

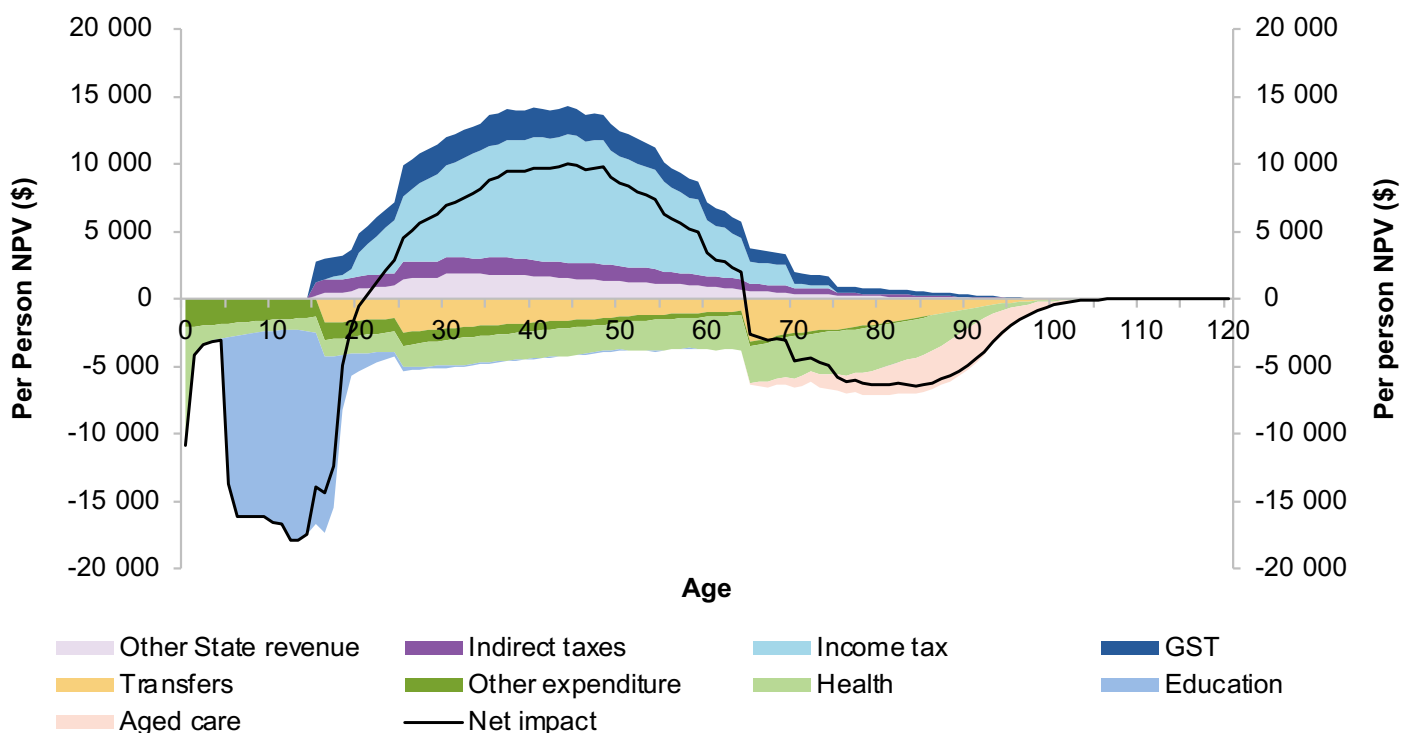
- Facilitate collaboration between national licensing bodies (such as in health) and regulators and/or other institutions (e.g. medical colleges) from selected countries, with the aim of establishing a default recognition and making the process of recognising international qualifications more efficient (e.g. requiring the migrant to undertake further study to fill any knowledge gaps rather than to re take their qualification).
- Take an occupation by occupation approach to deciding whether the skills assessment undertaken for migration purposes (generally by VETASSESS) is warranted, given that migrants usually have proof of qualifications and the assessment is often undertaken by non experts.

In many cases, it would likely be possible to rely on the assessment of the regulator/licensing body for the purposes of migration.

- Australian governments should work with the relevant regulators to re examine boundary issues relating to occupational licenses, particularly where independent reviews have already highlighted potential gains.
- Australian governments should undertake trials for expanded scope of practice in health services. Where service funding is determined by a Commonwealth state intergovernmental agreement, the Australian Government should allow the funding arrangement to encourage evidence based trials (e.g. ensuring trials of novel arrangements in healthcare are appropriately funded through Medicare and/or PBS).
- In developing digital licensing platforms, Australian governments should prioritise choices in technology and design that enable data collection that can inform effective licensing policy and future information sharing between jurisdictions.

Key figures

Assuming migrants' fiscal interactions are similar to the broader population, most of the risk of negative fiscal outcomes occurs during childhood and after retirement. As such, the fiscal risk associated with migration relates mainly to permanent migration of older age groups. (Volume 7, p. 19)



Employer sponsored migration has high fiscal impacts over the lifetime, but is not always used for higher skilled occupations. Cooks were a common occupation among Employer Nominated visas awarded up to 2019 20, with chefs and software and applications programmers more common in recent years. (Volume 7, p. 32)

