

SUBMISSION TO THE JOINT STANDING COMMITTEE ON MIGRATION: INQUIRY INTO AUSTRALIA'S SKILLED MIGRATION PROGRAM

1 April 2021

Universities Australia welcomes the opportunity to make a submission to the Joint Standing Committee on Migration's inquiry into Australia's skilled migration program. Universities Australia is the peak body representing Australia's 39 comprehensive universities.

This submission is comprised of two parts. **Part 1** is our overarching submission addressing the range of issues pertinent to the university sector. **Part 2** responds to the recommendations relevant to the university sector made in the Joint Standing Committee on Migration's Interim Report for this inquiry.

PART 1: UNIVERSITIES AUSTRALIA SUBMISSION TO THE INQUIRY

Recommendations

- Ensure Australia's post-pandemic recovery plans are cognisant of:
 - the important role skilled migration plays in boosting Australia's productivity; and
 - the value of international education as both a direct support to Australia's economy and as a valuable pool of talent for skilled migration.
- Consider incentive mechanisms to encourage international students and graduates to seek out a skilled migration pathway in Australia.
- Simplify and consolidate the various skilled occupation lists.
- Exempt universities from the requirements of:
 - the Skilling Australia Fund Levy; and
 - Labour market testing.

INTRODUCTION

The COVID-19 pandemic has resulted in significant disruption to global travel and migration patterns. Australia's strict border controls for the duration of the pandemic has seen a sharp decline in the contribution that overseas migration makes to our population, with a consequent decrease in our population growth rate during 2020¹. The Australian Population Statement, released in December 2020, projects that a combination of lower fertility rates and decreased net overseas migration (NOM) will see the rate of growth in Australia's population contract to 0.2 per cent in 2020–21, compared to 1.5 per cent in 2018–19. Net overseas migration added 154,000 people to our population in 2019–20. It is expected that this will decrease to around –72,000 people in 2021–21, and –22,000 people in 2021–22. The Statement estimates that Australia's population will 4 per cent smaller by 2030–31 because of the COVID-19 pandemic – this equates to 1.1 million fewer people².

The projected contraction in population growth rate will bring Australia's migration programs into sharp focus. Migration is acknowledged to be a means of not only offsetting the impacts of a naturally aging population, but also supporting economic productivity^{3,4}. Skilled migration is a particularly important component of Australia's migration program, and makes an essential contribution to our labour force and the broader community. The *Shaping a Nation* report, released by the Australian Treasury and the Department of Home Affairs in 2018, acknowledges the positive contribution migration makes to the Australian economy and the prosperity of our nation⁵.

Modelling conducted prior to the COVID-19 pandemic for a report commissioned by the Migration Council Australia suggested that by 2050, migration would have contributed around \$1.6 trillion to the Australian economy, growing the economy by 40 per cent⁶. The analysis emphasises that these benefits are not simply the result of increased population. Rather, migrants, and skilled migrants in particular, make a greater contribution to the economy than some existing residents. This same analysis showed that migrants on the student temporary visa stream make the greatest economic contribution. Temporary skilled visa holders were also predicted to make significant contributions. These young, highly educated visa holders are strong economic contributors.

These analyses and reports were conducted prior to the COVID-19 pandemic, which has created a context of uncertainty that makes planning our migration programs challenging. However, they emphasise the contributions that skilled migrants make within our community. It has been widely acknowledged that targeted and purposeful migration will be essential to post-COVID recovery in Australia^{7,8} and globally⁹. Much of the commentary has focused on temporary migration to boost net overseas migration levels and support the Australian economy.

Australia's effective handling of the pandemic has given us a competitive advantage amidst uncertainty in many other parts of the world. This gives us an edge in attracting talented and skilled migrants to come to Australia and we should use it.

Australia's university sector plays a critical role in educating and training the graduates who will contribute to post-pandemic recovery. Universities operate in a global marketplace, perhaps more than any other industry in Australia and as such, our migration program needs to support a strong and dynamic university system. Clear and accessible pathways for skilled migrants, who demonstrate commitment to contributing

¹ <https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/latest-release>

² https://population.gov.au/docs/population_statement_2020_overview.pdf

³ <https://www.pc.gov.au/research/supporting/sustainable-population>

⁴ <https://www.ceda.com.au/ResearchAndPolicies/Research/Population/A-good-match-Optimising-Australia-s-permanent-skill>

⁵ <https://research.treasury.gov.au/sites/research.treasury.gov.au/files/2019-08/Shaping-a-Nation-1.pdf>

⁶ https://migrationcouncil.org.au/wp-content/uploads/2016/06/2015_EIOM.pdf

⁷ <https://theconversation.com/is-slowng-australias-population-growth-really-the-best-way-out-of-this-crisis-137779>

⁸ https://population.gov.au/docs/population_statement_2020_overview.pdf

⁹ <https://humanmobility.undp.org/content/human-mobility/en/home.html>

to Australia's economic and social development, are critical in the context of future work and pandemic recovery.

ENSURING AUSTRALIA'S VISA SYSTEM ATTRACTS THE BEST AND BRIGHTEST

Addressing national research priorities, and tackling both domestic and global challenges, is becoming increasingly dependent upon international collaboration. This collaboration is underpinned by the ability of students and staff to move between institutions in different countries at various stages of their careers. Ensuring Australia remains a destination of choice for both international students and researchers requires a visa system that facilitates this movement.

Attracting international researchers

The international standards for attracting global talent are shifting, and attracting and retaining highly qualified individuals relies on immigration pathways that can be easily navigated. Australia must keep pace with visa policies in countries with leading university sectors to remain competitive. Clear and accessible pathways to permanent residency are important for senior academics and university administrators.

Many countries with high-ranking and highly competitive university sectors, including the UK¹⁰, Canada¹¹, the EU¹², the Netherlands¹³, Germany¹⁴ and France¹⁵, have streamlined visa classes to facilitate the entry of skilled migrants. The newly announced UK Research and Development Roadmap¹⁶ emphasises the importance of working in collaboration with universities and research institutions to attract global talent through appropriate migration settings aligned with research priorities.

The Global Talent Independent program (GTI) goes some way to providing an option for the expedited entry of knowledge workers into Australia. The program excludes the important contributions that world-class researchers in the humanities, arts and social sciences (HASS) disciplines make to our knowledge economy. Additionally, the salary threshold which currently sits at AUD\$153,600 also means many early and mid-career university academics are not eligible¹⁷.

Universities also commonly employ staff under the classification of University Lecturer (ANZSCO 242111), on the medium and long-term strategic skills list. This allows institutions to employ highly talented international academics for up to four years with a pathway to employer-sponsored permanent residency. It is important to retain the age and skills exemptions currently in place for university lecturer applicants in the direct entry stream of the Employer Nomination Scheme visa (subclass 186). Many applicants under this stream are over 45 years of age, having gained extensive career experience internationally. The ability to apply under the direct entry stream is crucial in attracting highly sought-after researchers and academics that give Australia a competitive edge over other countries.

International education

The international education sector in Australia makes a significant economic contribution nationally and regionally. It also enriches Australia socially and culturally. Australia has been extremely successful in building a strong international education sector, known for offering high quality education to students from

¹⁰ <https://www.gov.uk/tier-2-general>

¹¹ http://www.cic.gc.ca/english/work/apply-who-permit-result.asp?q1_options=1b

¹² <https://www.apply.eu/BlueCard/>

¹³ <https://ind.nl/en/work/Pages/Highly-skilled-migrant.aspx>

¹⁴ <http://www.bamf.de/EN/Migration/Arbeiten/BuergerDrittstaat/Forscher/forscher-node.html>

¹⁵ <https://www.campusfrance.org/en/talent-passport-long-visa>

¹⁶ <https://www.gov.uk/government/publications/uk-research-and-development-roadmap/uk-research-and-development-roadmap>

¹⁷ <https://immi.homeaffairs.gov.au/visas/working-in-australia/visas-for-innovation/global-talent-independent-program/eligibility>

more than 140 countries. Australia is the third most popular destination country for international students, behind only the United States and the United Kingdom.

International students who graduate from an Australian university are eligible to apply for a post-study work visa, which enables them to continue their lives in Australia and consolidate their ties and commitment to Australian society. Eighty-four per cent of international students and graduates return to their home countries¹⁸. However, with their Australian university qualification and having already participated in Australian society, international graduates are ideal candidates for skilled migration. Maintaining robust migration settings that are amenable to providing international graduates with a pathway to obtaining permanent residency is critical to Australia retaining its position as a desirable destination country for highly skilled individuals.

Australia's competitor countries have recently made changes to their immigration settings which give them an edge (see Box 1). A failure to respond to the incentives provided by competitor countries may lead to significant impacts on Australia's knowledge workforce as we rebound from the impact of the pandemic.

Box 1: Competitor countries' post-graduate work rights

In September 2019, the **UK** introduced their graduate immigration route which allows international students graduating after the 2021 UK summer to live and work in the UK in any field, at any level. Students with an undergraduate or master's degree are eligible to stay for two years, while PhD students are eligible to stay for three¹⁹. Students must be onshore by 6 April 2021 and there is no cap on applications²⁰. As the UK offers some one-year postgraduate courses, the minimum study period to be eligible for this visa is effectively only one year. While not a direct pathway to settlement, students can subsequently transfer into a skilled work pathway, which can lead to settlement.

International students in **Canada** who graduate from an eligible institution can apply for a post-graduation work permit (PGWP) which allows graduates to live and work in Canada for a maximum of three years. The length of the PGWP is proportional to their term of study, and the minimum eligible program length is eight months²¹. International students can also be given the opportunity to apply for permanent residency through the Express Entry Pool and international students are given additional points in the scoring system²². In February 2021, Canada awarded 27,332 invitations to apply for permanent residence (ITAs). This draw was five times higher than any previous ITA draw²³.

The **United States'** immigration program is undergoing a significant transformation as a result of the change in administration. While President Biden's election promises are yet to be implemented, they included the removal of limits on employment-based visas by country and expanding the number of visas for highly skilled international students. Naturalisation pathways for science, technology, engineering and mathematics (STEM) graduates will become significantly easier under the new administration, as STEM graduates will not be counted in green card allocation caps²⁴.

By comparison, international students who graduate from an Australian university are eligible to apply for a temporary graduate visa (subclass 485). This visa allows graduates to live and work in Australia for two to four years, depending on the level of a graduate's qualification. This visa also has special conditions for graduates who studied and will work in a regional area of Australia, offering an extended one to two years

¹⁸ <https://research.treasury.gov.au/sites/research.treasury.gov.au/files/2019-08/Shaping-a-Nation-1.pdf>

¹⁹ <https://study-uk.britishcouncil.org/after-your-studies/post-study-work>

²⁰ <https://homeofficemedia.blog.gov.uk/2019/10/14/fact-sheet-graduate-immigration-route/>

²¹ <https://www.canada.ca/en/immigration-refugees-citizenship/services/study-canada/work/after-graduation/about.html>

²² <https://monitor.icef.com/2016/11/canada-eases-path-permanent-residency-international-students/>

²³ <https://www.immigration.ca/why-did-canada-smash-express-entry-records-with-27000-invitations>

²⁴ <https://www.chronicle.com/article/bidens-plan-to-help-international-students-stay-after-graduation-could-help-recruit-them-in-the-first-place>

depending on the graduate's study/work location. The minimum period of study is two years, 16 months of which must be conducted in Australia. This requirement has been relaxed during the COVID-19 pandemic, with students affected by travel bans who are continuing their studies online and offshore retaining their eligibility for post-study work rights.

Maintaining robust yet competitive visa settings comparable to our 'competitor' countries is an important component in maintaining Australia's reputation as a destination of choice for both international students and skilled migrants. The post-study work visa is also often the entry to the academic workforce, in which Australia competes on a global scale for these highly skilled graduates.

International graduates and skilled migration

According to *Australia's Migration Trends 2019–20 Highlights*²⁵, of the 140,366 permanent residence places awarded through the Migration Program, 16,588 (11.8 per cent) went to applicants who previously held a student visa, and 16,424 (11.7 per cent) a student graduate visa. Nearly a quarter of the 2019–20 permanent residence places were allocated to people who were previously international students, highlighting the value of this cohort to support Australia's permanent migration.

Of the international students granted permanent residence in 2019–20, 9,992 were within the skilled stream, with the remainder allocated places within the family stream. While figures are not available for the number of graduate visa holders who received a permanent place within the skilled stream, a similar breakdown between the skilled and family streams can likely be assumed. This represents only a small proportion of international students and graduates. Further, the number of international students who transitioned directly from their student visa to a permanent residence place within the skilled stream has generally declined since 2013–14, when it stood at 10,766 (with a peak of 12,277 in 2015–16).

What this tells us is that the pool of international students and graduates, who are well-equipped with an Australian degree and often work experience, is not being tapped as deeply as it could be. These students and graduates have already demonstrated a commitment to Australia, are familiar with and have found a place within Australian society and have already passed through visa assessment processes. A skilled migration program that encourages these skilled graduates to participate in the Australian labour force is a good thing in a range of ways. It will enable Australia to capitalise on the investment students and the sector have made in their education and time in Australia and position our economy for a strong recovery.

Government initiatives already exist that support regional growth and form an implicit link between international education and temporary migration, namely the provision of an additional one to two years on a post-study work visa for international students who study and later work in a regional area. While this does not provide an explicit residency pathway for international students, it forges an informal link between international education and temporary migration. This link is logical and advantageous. The Government may wish to consider formalising this link to encourage more international graduates to take up opportunities in Australia and contribute to our knowledge economy and broader prosperity.

MIGRATION POLICY SETTINGS

There are several current policy settings around skilled migration that create unnecessary obstacles for effective recruitment of world-class talent.

²⁵ <https://www.homeaffairs.gov.au/research-and-stats/files/migration-trends-highlights-2019-20.PDF>

Skilled Occupation Lists

Universities Australia welcomed the development of a transparent, evidence-based methodology in maintaining the skilled occupation lists. However, the proliferation of multiple lists (i.e. the Priority Migration Skilled Occupation List (PMSOL); the Medium and Long-term Strategic Skills List (MLTSSL); the Short-term Skilled Occupation List (STSOL); the Regional Occupation List (ROL) and the Regional Sponsored Migration Scheme (RSMS) ROL List) has made the system more complex to navigate for both applicants and sponsors. Consolidating the various lists would improve transparency and simplify the administrative navigation process for both applicants and employers.

There are also challenges in applying this methodology to knowledge workers, particularly those employed in university-specific occupations. The demand for knowledge workers is driven by a complex set of variables, many of which are not quantifiable through existing metrics. As such, we continue to advocate for an approach to reviewing the lists that takes into account those occupations where quantifying the immediate need for a specific occupation is impossible and where metrics may not provide an accurate representation of future workforce needs. This may include the use of international benchmarks to demonstrate the contribution foreign knowledge workers make to the academic enterprise in countries against whom we compete for academic talent.

Australian and New Zealand Standard Classification of Occupations

There are a number of university-based occupations which do not feature on the Australian and New Zealand Standard Classification of Occupations (ANZSCO) but are of vital importance to the long-term success of Australia's universities. Many relate to emerging disciplines in digital and blockchain technology, renewable energy, and the implications of rapidly changing technologies. The absence of specific categories for these important professions highlights the disconnect between the ANZSCO and the ever-evolving university sector and the constantly changing world of work.

The creation of an additional occupation along the lines of 'University Researcher' or 'Emerging disciplines Researcher' would go some way to addressing this issue. However, the process is lengthy and complex. A more agile system that responds to the changing nature of academic research and the university workforce is required.

Skilling Australia Fund

Universities pay \$9.5 million into the Skilling Australia Fund each year, yet universities are ineligible to draw from the fund, despite their central role in training and skilling Australia's future workforce.

Labour market testing and skills assessments

The requirements for universities to conduct labour market testing prior to appointing an international applicant fails to account for the global nature of university recruitment. The thorough nature of university recruitment processes are a de facto form of the labour market testing process. The four-month requirement for conducting labour market testing is restrictive and too short, as recruitment for senior academic and professional staff within universities is often a six-month (or longer) process.

The appointment of academic staff follows a rigorous process of assessing applicants' qualifications and abilities. This includes a panel review of a candidate's academic credentials, research and teaching experience, publication record, as well as a personal interview process and often a practical assessment of their ability to deliver a seminar, academic presentation or lecture material. This process should replace the skills assessment via the VETASSESS process. This would reduce administrative duplication.

SUPPORT FOR REGIONAL AREAS

The ability to recruit international talent is a crucial component in building regional universities' capacity and contribution to their communities, where they play a strong role in providing employment and supporting local communities. Modelling conducted for the Regional Universities Network (RUN)²⁶ indicated they contributed around \$2.4 billion to their local communities in 2018²⁷.

As mentioned earlier, the government has made additional post-study visa provisions available to students who study and work in regional areas. These additional provisions are a valuable support to regional areas.

More generally, skilled migration is critical to supporting the labour force in regional areas, particularly in nursing. This is evident from the most prominent occupations of skilled migrants to the regions – in 2019–20, five of the top six occupations awarded Skilled Work Regional visas (subclass 491) were Registered Nurse, Registered Nurse (Critical Care and Emergency), Registered Nurse (Aged Care), Enrolled Nurse and Registered Nurse (Medical). Engineering occupations also feature prominently on this list²⁸.

PART 2: RESPONSE TO THE COMMITTEE'S INTERIM REPORT

Universities Australia welcomes the Committee's commitment to addressing the impacts of the COVID-19 pandemic with respect to skilled migration in a timely manner and acknowledges the recommendations made in the committee's interim report. Universities Australia will only comment on elements relevant to universities. We would like to emphasise the unique nature of the knowledge workforce and the sector's operations.

Noting that these recommendations encompass the entirety of the skilled migration system, UA is not in a position to respond to every recommendation. We also would like to reiterate the unique nature of the knowledge workforce and the sector's operations. While a number of the proposed measures would indeed be beneficial to universities' recruitment efforts, application across all industries and occupations may not be ideal, with the optimal long-term solution requiring a more nuanced and discretionary approach.

Responses to the Recommendations that fall within scope for Universities Australia's members are provided below.

Recommendation 1 *The Department of Home Affairs should streamline labour market testing to:*

- *be less prescriptive about what constitutes labour market testing;*
- *only require medium and large businesses to conduct labour market testing;*
- *require labour market testing for businesses headquartered outside Australia or businesses owned by someone who is not an Australian citizen;*
- *remove the requirement for employers to advertise any occupations which are on the PMSOL or critical skills lists; and*
- *remove the requirement for employers to advertise for all occupations classified as Skill Level 1 and 2 on the jobactive website.*

While noting that rationale behind labour market testing (LMT) remains broadly applicable, Universities Australia strongly supports the removal of this requirement for the university sector. As described in Part 1 of this submission, within the university sector, LMT is a duplicative and unnecessary administrative burden.

²⁶ The Regional Universities Network includes Charles Sturt University, Southern Cross University, Central Queensland University, University of the Sunshine Coast, University of Southern Queensland, Federation University and University of New England.

²⁷ <https://www.run.edu.au/EconomicImpactofRUNUniversities2020>

²⁸ Department of Home Affairs submission to the Joint Standing Committee's inquiry into Australia's skilled migration program (Submission #16) p7.

We also note that Recommendation 2 of the 2014 report Robust New Foundations²⁹ also acknowledges the limitations of labour market testing and recommends it be abolished, favouring a more dynamic and discretionary approach to labour market analysis rather than a one-size-fits-all approach.

Recommendation 2 *The Committee recommends that at least until the pandemic period is over, the Department of Education, Skills and Employment and the Department of Home Affairs remove the requirement for employers to pay the Skilling Australia Fund as part of the visa sponsorship process. If the levy is retained:*

- *Consideration should be given to aligning the payment of the levy to the commencement of employment of the skilled migrant or guarantee a refund to the sponsor if the application is unsuccessful.*
- *If the employer can demonstrate they have spent the same amount or more than the levy in the previous 12 months on training their Australian employees in skills relevant to their work for the employer, they should not be required to pay the Skilling Australia Fund levy.*
- *The Federal Government should establish greater transparency over the State Governments' use of funds from the Skilling Australia Fund to skill Australians.*

Universities Australia notes that the Skilling Australia Fund (SAF) makes a valuable contribution to states' and territories' skills training programs. However, as outlined in our accompanying submission, Universities Australia argues that universities should be exempted from the SAF Levy. The global nature of university endeavour is such that while universities always seek to recruit locally, it is also necessary to complement the research and higher education workforce with skills and expertise from other countries. Some research occupations are highly specialised and it is a matter of necessity to extend recruitment efforts overseas. Payment into the SAF Levy, which largely funds apprenticeships and traineeships, does not contribute to funding the development of local capacity in the highly specialised skills and expertise for which universities recruit.

We note in particular the recommendation that the SAF Levy be waived if the employer can demonstrate they have spent the same amount or more than the levy in the previous 12 months on training their Australian employees in relevant skills. This would undoubtedly cover universities, as their core business is to educate and train the next generation of highly skilled graduates who will contribute industries spanning the public and private sectors.

Recommendation 3 *The Committee recommends that the Department of Home Affairs be required to provide greater transparency on where employer sponsored visa applications are in the queue.*

Universities Australia supports this recommendation. We note the challenges posed by the widespread closures of government offices and auxiliary service providers during the pandemic. However, clarity and certainty are of paramount importance for visa applicants, particularly those embarking on a major decision to migrate to a new country. Extended and unaccounted for delays in visa processing can be detrimental to recruitment efforts, particularly in a competitive global context.

Recommendation 7 *The Committee recommends that the Short-term Skilled Occupation List, the Medium and Long-term Strategic Skills List and the Regional Occupation List be reviewed as soon as practicable to ensure that the lists most accurately reflect Australia's employment challenges as the economy emerges from the COVID-19 pandemic.*

Universities Australia supports this recommendation. While we support the use of an evidence-based approach to provide guidance for recruitment of workers from overseas, the lists themselves fail to account for the dynamic nature of the university workforce, particularly in the research sector, where areas of research focus can change rapidly and occupations are not necessarily clearly defined. This is discussed in more detail in our submission.

²⁹ <https://www.homeaffairs.gov.au/reports-and-pubs/files/streamlined-responsive-457-programme.pdf>

Recommendation 9 *The Committee recommends that:*

- *The Department of Home Affairs improve visa processing times for employer-sponsored visas because of the labour market needs during the COVID-19 pandemic economic recovery; and*
- *The Department of Home Affairs expedite the processing times for skilled visa holders who have remained onshore in relevant employment seeking a subsequent skilled visa or permanent residency visa.*

Universities Australia supports this recommendation.

Recommendation 10 *The Committee recommends that all employer sponsored visa holders be given a clearer pathway to permanency.*

Recommendation 12 *The Committee recommends that the BIIP and GTI provide options for both automatic permanent residence and temporary visas with a clearly articulated path to permanent residence.*

Universities Australia supports these recommendations within the university context. Researchers and academics recruited to Australia from overseas make significant contributions to our knowledge economy and it is in Australia's best interests to retain their expertise and skills on a permanent basis, should they wish to stay in Australia.

Recommendation 11 *The Committee recommends the establishment of a global marketing campaign to attract global talent and investment. This campaign should:*

- *Target talented individuals and investors in key competitor countries;*
- *Raise awareness of both the opportunities in Australia, and the migration mechanisms available to those seeking to live, work or settle in Australia; and*
- *Leverage off the work already being undertaken by the Special Envoy for Global Business and Talent Attraction.*

Universities Australia supports this recommendation. Strong, consistent positive messaging will be required as soon as borders reopen to encourage skilled migrants and other forms of global talent, such as international undergraduate and postgraduate students to consider Australia as a destination of choice.

Please contact Dr John Wellard, Policy Director International at Universities Australia for any further information regarding this submission on (02) 6285 8135 or j.wellard@universitiesaustralia.edu.au