

GMS Flash Alert

Immigration Edition

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Australia – What Australia's Migration Shake-up Means for Attracting Talent

There were significant migration announcements¹ in Australia last week, which included the redesign of the temporary skilled migration program with the creation of three new “tiers” and a pathway to permanency for individuals holding skilled temporary visas. Also, the “Review of the Migration System: Final Report 2023”² released on 27 April, recommended a number of measures amongst which, enabling temporary migrant workers to change employers, removal of labour market testing, and redesigning the Business Innovation and Global Talent visa programs.

Australia's government has stated that it intends to bring migration into the centre of what the government does. This alludes to a more “whole of government” approach to migration policy settings in the future, one which recognises the importance of issues such as housing availability and affordability, as well as making sure that infrastructure supports a growing population.

WHY THIS MATTERS

Overall, the changes align the immigration rules to how businesses manage their workforce, simplifies the migration program, and sets out a more targeted approach to attracting needed talent to Australia. The number of visa categories will be reduced (with the potential for a new visa type to replace the Temporary Skills Shortage visa) and the revised migration program can be scaled and adjusted to meet talent needs in the future.

Context

The landmark review³ carried out by former public service chief Dr. Martin Parkinson and a panel of migration experts found that Australia's migration system is “broken” and requires major changes to attract the best workers in the global war for talent.

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With the economic and geopolitical headwinds that lay ahead in the next decade, it was important for the government to lay the groundwork for a migration program which is skills- and outcome-driven.

Details – Government Announcement

Redesign of Temporary Skilled Migration Program

The centrepiece of the government's announced changes is the redesign of the temporary skilled migration program, which includes the first increase to the Temporary Skilled Migration Income Threshold (TSMIT) in a decade, lifting the minimum rate paid by employers to temporary skilled shortage visa holders from \$53,900 to \$70,000 effective 1 July 2023. (All dollar figures expressed are Australian dollars.)

The changes here involve creating three new tiers:

- A **“high salary” cohort** of specialised workers, which will not be limited to a government-approved list of occupations and is expected to be primarily intra-company transfers;
- A **“mid-level” cohort** based on skills which are needed and get paid a salary at or above the revised TSMIT of \$70,000, with the potential for age-adjusted income thresholds; and
- A **“lower wage” cohort** to assist sectors experiencing persistent shortages such as health and care workers, which could attract a lower minimum salary threshold, but will attract greater processing and compliance scrutiny.

The **high-salary cohort** will have a minimum annual salary threshold requirement (expected to be around \$95,000) and will enjoy the fastest processing timeframes. It is expected to have minimal processing requirements, including no labour market testing requirement.

The **mid-level cohort** will have a lower salary threshold (but will be more than \$70,000) and will have some additional visa processing requirements applied to the application process. It is anticipated that this tier will also have an occupational grouping applied to it.

The **lower-wage cohort** is intended to capture occupations which are in high demand but may attract a lower salary (such as some roles in the care sector). This category will attract higher processing scrutiny because of the government's concerns around potential of worker exploitation in lower-paid roles.

As part of the government's announced measures holders of a temporary skilled visa will be able to change employers during the validity period of their visa, ending the current requirement where a temporary residence visa holder is required to make an application with the government authorities and be approved before commencing employment in a new role with their new employer.

KPMG INSIGHTS

The lower-wage cohort has the potential to address a looming labour market shortage, one which is not often discussed in the skilled-migration debate.

Many employers experience significant challenges attracting semi-skilled labour, particularly when the roles are in rural and remote locations. The current migration program does not address this labour market need and the change flagged by the Australian government has the potential to address an important need for the business community.

Updates to Permanent Residence Pathways

This revised approach to a more targeted temporary skilled migration also flags that everyone who holds a skilled temporary visa by the end of 2023 will have a pathway to permanency. This change aligns with a commitment to ending the situation whereby foreign talent is “permanently temporary.”

Further Consultation

The Review of the Migration System Final Report released on 27 April also recommends the following measures which the Australian government will consult on with key government and industry stakeholders, before releasing a final migration strategy later this year:

- Allowing temporary migrant workers increased flexibility to find work with another employer within the same sector/job family – with up to six months to secure new employment;
- Requiring the Skilling Australians Fund levy to be paid monthly, rather than up-front, to facilitate movement between employers and reduce up-front costs;
- Reviewing and redesigning the Business Innovation and Global Talent Visa programs;
- Removing the requirement for labour market testing;
- Reviewing the use of the student visa program as an effective means to build a future talent pipeline, including reviewing the student visa working hours cap;
- Investment in social enterprises that focus on the drivers of migrant economic integration including those who face particular barriers in the labour market (e.g., migrant women and humanitarian entrants);
- Reviewing the approach to parent visas.

KPMG INSIGHTS

The migration announcements made by the Australian government on 27 April 2023, are a significant step towards addressing existing migrant labour anomalies and future needs, and it is noteworthy that the government has laid the foundations for an improved migration program which are consistent with the KPMG Australia submission to the Migration Review Taskforce.

Critically, the government's announcement also ushers in a new era of federal and state government cooperation on measures to identify the skills Australia needs to drive productivity and growth. This will include an expanded role by the newly-established Jobs & Skills Australia, as well as a greater level of involvement by state and territory governments as part of a whole-of-country migration strategy, which will incorporate measures to improve infrastructure and services and measures to attract more talent to Australia's regional areas.

KPMG in Australia looks forward to contributing to the further consultation period in the coming months, including appearing before the federal Joint Standing Committee on Migration in May 2023.

FOOTNOTES:

- 1 Department of Home Affairs, "[A Migration System for a More Prosperous and Secure Australia Outline of the Government's Migration Strategy](#)" (April 2023).
- The Hon Clare O'Neil, 27 April 2023 [press release](#), "National Press Club address - Australia's Migration System."
- 2 Department of Home Affairs, "[Review of the Migration System: Final Report 2023](#)."
- 3 Department of Home Affairs, "[A Review of the Migration System](#)" website.

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A\$1 = US\$0.6635
A\$1 = €0.605
A\$1 = £0.53
A\$1 = ¥91.186

Contact us

For additional information or assistance, please contact your local GMS or People Services professional* or one of the following professionals with the KPMG International member firm in Australia:



Mark Wright
Immigration Leader
Tel. + 61 2 9295 3884
mwright15@kpmg.com.au



Samantha Panchal
Senior Manager
Tel. + 61 2 9335 8974
spanchal1@kpmg.com.au

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