

**Submission to the
Joint Standing Committee on Migration's
Inquiry into Australia's skilled migration program**

March 2021

Navitas, Kaplan and Study Group (the Organisations) welcome the opportunity to respond to the Joint Standing Committee on Migration's Inquiry into Australia's Skilled Migration Program.

The Organisations recognise the important role that the skilled migration program plays in attracting migrants who make a significant contribution to the Australian economy and society. In particular, with ongoing impacts of COVID-19, we believe the skilled migration program can play an important role in addressing the emerging skill needs in the Australian economy, including through stronger temporary alignment between the international education sector and skilled migration.

The following submission outlines our responses to the Terms of Reference of the Inquiry.

Executive Summary

Population growth is a key driver of economic growth in Australia and international students are a critical contributor to both temporary and permanent migration. In the year prior to the COVID-19 pandemic, international students made up approximately 27.5 per cent of temporary migrants. International students are an important source of skilled migrants, with approximately one in six former students transitioning on directly or following a graduate visa or another visa, to become skilled migrants.

The impact of the pandemic on population growth has been significant and will lead to long-term negative impacts on the Australia economy. In its response to this pressing economic and demographic challenge, Australia is faced with a unique opportunity to reconsider the role that international students play in feeding our skilled migration program.

Since deliberate changes were made to policy to decouple international education from migration pathways between 2010 and 2012, Australia has drawn much less from this highly desirable pool of prospective migrants. Before the pandemic, Australia welcomed more international students than ever before, but at the same time, fewer international students found pathways to permanent residency than previously. Australia was attracting 60 per cent more international students and yet 50 per cent fewer international students became permanent residents directly following their studies. (Part of the change has been a shift in outcomes for international students who are now more likely to become temporary migrants).

Other countries recognise that international education and migration are inextricably linked. Some students are seeking a direct, linear pathway to permanent residency, while others appreciate the option of settling in the country in which they study, although they might not have made up their mind. For most, the intended outcome is a short term educational and professional experience, with their ultimate plan to head home.

Australia is missing out on a young, highly qualified pool of talented individuals who develop strong ties and hold values aligned to the Australian community as a result of their educational and work experience in Australia. Upon graduation, international students are more highly qualified than any other category of migrant to Australia, permanent or temporary. International students also achieve high levels of English proficiency and strong outcomes in the labour market upon graduation.

Our Organisations suggest that Australia needs to reassess its policy position on the separation of international education and migration, if only for a defined period to correct for the 'lost years' of the pandemic. A policy that insists that all genuine students need also to be 'temporary' entrants is no longer fit for purpose.

In this submission, our Organisations are putting forward seven proposals.

First, we propose that the Australian Government set an overarching target to settle 1 million new migrants in Australia over a five-year period. This would reflect only a slight increase on Australia's previous migration level of 190,000 per year, intended to allow the country to catch up the "lost years" of negative net overseas migration as a result of the pandemic. This rise in the annual intake will take time, and will therefore be lower in the initial years, rising over time.

Second, as part of recognising the link between international education and migration, the Australian Government should set a target to increase the proportion of international students that eventually transition from studying in Australia's higher education system to settling in Australia and gaining permanent residency. One approach would be to raise the current level from 16 per cent to a level closer to Canada's transition rate of 27 per cent. Making an explicit commitment to a target that one-in-four (25 per cent) international students will gradually achieve permanent residency will provide both the public signal and policy impetus to make this a reality.

In recognition of the fact that international students come to Australia with a range of different intentions, of which temporary and permanent migration are important factors to many students, we thirdly propose that the Australian Government consider realigning the rules and assessment for the visa application process including temporarily and / or selectively suspending the requirement for Higher Education Student Visa applicants to demonstrate they are 'genuine temporary entrants' (the GTE test). This could be implemented in a targeted way, such as specifically for low-risk applicants in areas or target to areas of skill shortage.

In line with the change in policy intent and as part of a careful and calibrated re-coupling of international education pathways to migration, the Australian Government should make specific and targeted changes in the points-based system to provide a more attractive pathway for higher-education talent that has studied in Australia (or has completed an Australian qualification offshore during the pandemic) to settle in Australia. This will be a key contributor to the Government achieving the proposed 1 million target (proposal one) and one-in-four transition target (proposal two).

Our fifth proposal is that the Government extend the duration of the 'Temporary Graduate Visa' to increase the time that higher education visa holders can stay on for professional experience post-graduation. In addition to providing a short-term injection of highly qualified temporary migrants, this will also have the effect of supporting an increase in the number of Higher Education students that can transition through to the Skilled Migration Program.

Our sixth proposal is to re-name the current Temporary Graduate Visa and to develop a campaign to increase employer awareness and use of the program, maximising the value and impact of proposal five, and temporary graduates more generally. This will ensure that these temporary graduates get a higher chance of

achieving meaningful employment in a relevant area of study, and thereby delivering to Australia an immediate dividend in areas of skills shortages.

Finally, our seventh proposal aims to further enhance the existing Professional Year Program (PYP) to provide a larger pool of talent with first-hand experience working in Australian businesses and workplaces to address Australia's skill needs. Our Organisations propose targeted changes to increase the attractiveness of Australia including changes to the visa points awarded to PYP participants, expansion of eligible occupations and recognition of and delivery to students that are located offshore.

While we see merit and coherence in this package of seven proposals, we also recognise that there are many ways to achieve a full recovery in Australia's demographic and economic trajectory by increasing the contribution that international students make to our migration program.

1. Context and rationale for change

1.1 The COVID-19 pandemic has had a direct and negative impact on Australia's population growth and attraction of talent

COVID-19 and the associated border closures have negatively impacted Australia's population growth – which is a key driver of the country's economic prosperity. The pandemic has driven a significant decline in net overseas migration (NOM), with Australia's NOM decreasing by 78,000 in the June 2020 quarter,¹ indicating a dramatic slowdown in the rate of migration to Australia. This represents the lowest NOM since the end of the First World War. This combined with a decline in the Australian fertility rate means Australia's population growth is slowing. Productivity has also been negatively impacted by the absence of young, highly skilled migrants entering and contributing to Australia's workforce.

In the short-term, this immediate shortage of skilled migrants in areas of need for Australia will impact growth. In the medium-term and long-term, demographers and economists alike agree that this will result in a smaller Australia, which in turn means an older Australia, that is poorer and with lower living standards as a result of the pandemic. This longer-term demographic and economic scarring² that will result from the pandemic was summarised in comments by Phillip Lowe, the Reserve Bank of Australia Governor on 3 February in his address to the National Press Club:

'Notwithstanding this recovery, we are not expecting the level of GDP to return to its previous trend over our forecast period. This is largely because of lower population growth. When we prepared forecasts a year ago, we were expecting the population to grow by 1.6 per cent per year over 2020 and 2021. The actual outcome is likely to be around 0.2 per cent in 2021, the lowest since World War One. This slower population growth has a direct effect on the size of our economy and means that we will not get back to the previous trend anytime soon'.³

The Committee has acknowledged this reality, identifying that one focus of the Inquiry is ensuring Australia's skilled migration program is best serving Australia's needs as we emerge from the COVID-19 pandemic, as well as considering the role of the program in supporting 'pandemic recovery'. This has also been reinforced by the Treasurer in his speech in September 2020 where he identified that 'the recession put pressure on three key drivers of growth – population, participation and productivity' with lost migrants not able to be

¹ ABS (2020) "National, state and territory population", Retrieved from: <https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/latest-release>

² For references to 'scarring' see <https://www.afr.com/policy/economy/recession-scars-need-economic-reform-imf-warns-20201211-p56mm9>; <https://theconversation.com/covid-will-leave-australia-with-smaller-economy-and-older-population-frydenberg-146848> and <https://www.abc.net.au/news/2020-12-07/young-australians-face-decade-of-employment-scarring/12951550>

³ <https://www.rba.gov.au/speeches/2021/sp-gov-2021-02-03.html>

replaced, resulting in 'economic scarring that... is likely to dampen participation and productivity – the other two key elements of potential growth'.⁴

1.2 International students make great migrants

International students are among the best migrants for Australia – they are young, highly educated, make strong economic contributions and support Australian values.

The economic contributions of migrants to the Australian economy are well established. The *Shaping a Nation* report released by Treasury and the Department of Home Affairs in 2018 highlighted considerable evidence pointing to the role of migrants in sustaining or fostering strong economic growth over the longer term.

The Migration Council of Australia has also demonstrated that among migrants, students make the most significant contribution to Australia's prosperity. Its 2015 study found that student migrants contributed a GDP premium of 30 per cent per migrant, compared to 23 per cent and 22 per cent respectively for temporary Skilled and Skilled Independent visa holders.⁵

There are also a wide range of other reasons that international students and graduates from Australia's higher education system represent the best type of migrants – with strong employment outcomes, integration to the Australian community and clear alignment to Australian values.

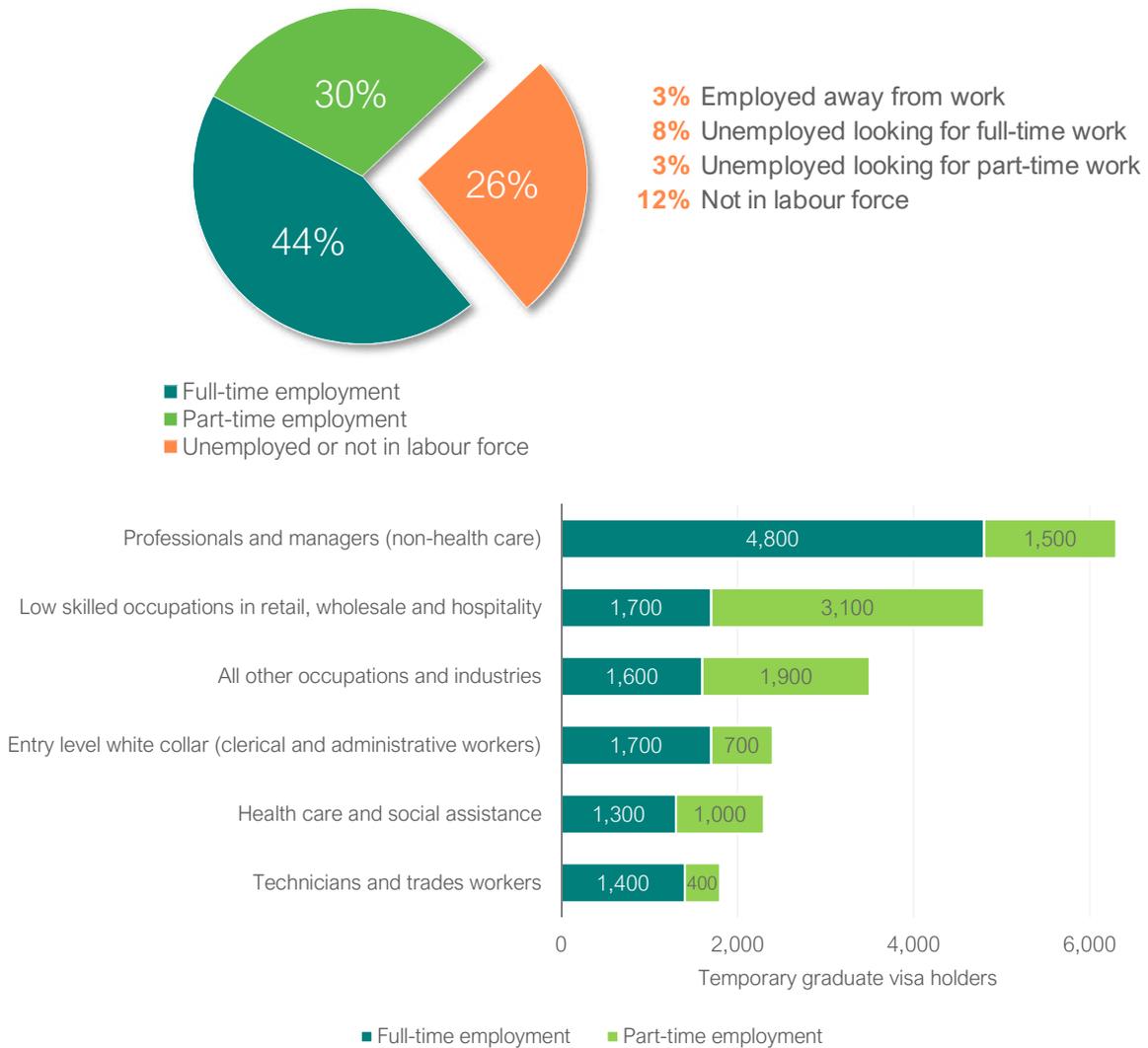
Strong employment outcomes

Temporary graduate visa holders (former international students) typically have strong employment outcomes, with almost three-quarters of temporary graduate visa holders employed either full-time (44 per cent) or part-time (30 per cent). Many graduates who stay in Australia find employment in entry-level white collar jobs (8 per cent), work as technicians (6 per cent), work in the health care sector (9 per cent), or are able to attain professional and managerial level occupations (22 per cent). This is summarised in [Figure 1](#) below.

⁴ <https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/speeches/speech-australian-chamber-commerce-and-industry-canberra>

⁵ Migration Council of Australia (2015), "The Economic Impact of Migration", p.17

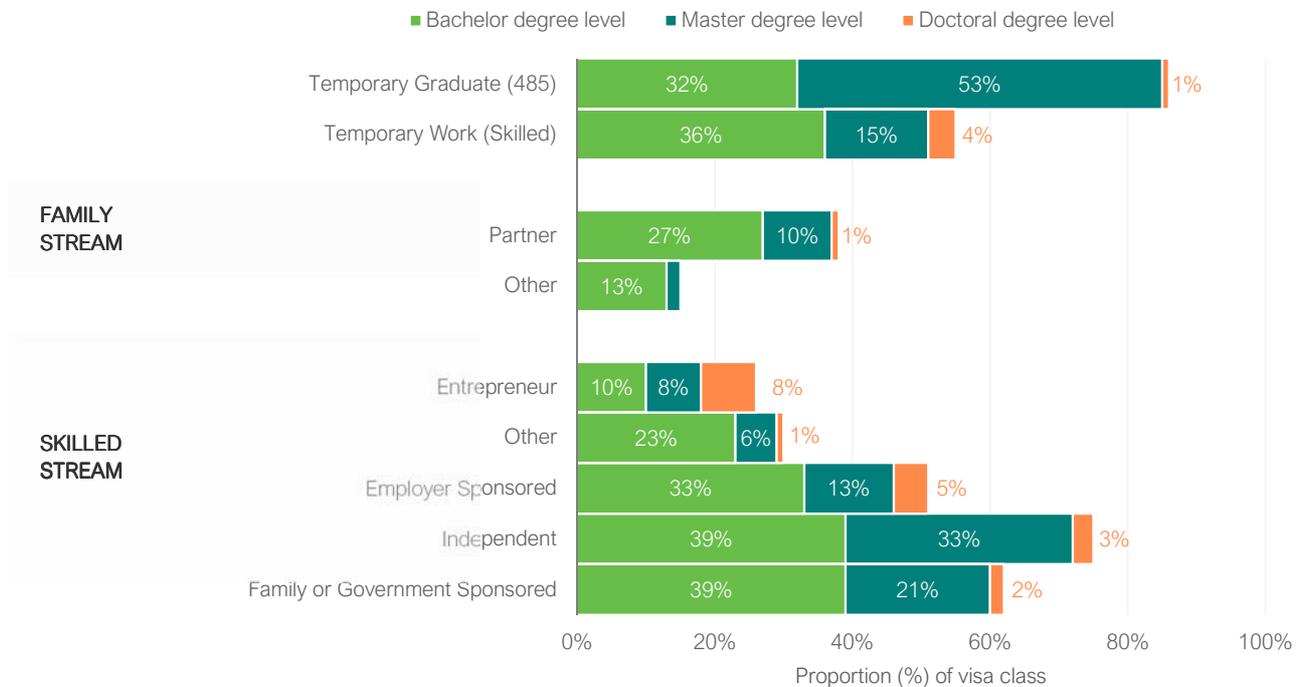
Figure 1: Employment outcomes and professions of temporary graduate visa holders



Source: ACTEID (ABS 2019)

International graduates are also more highly educated than migrants on other visa classes. As shown in [Figure 2](#) below, Temporary Graduate visa holders (inclusive of both the 'Post-study work stream' and the 'Graduate stream') have levels of educational attainment higher than most migrants to Australia, including those on skilled migration streams. More than half of temporary graduates hold postgraduate level qualifications.

Figure 2: Highest level of education of temporary graduates compared to other temporary and permanent migrants



Note: primary visa applicants only. Source: ACTEID, ACMID (ABS 2019)

Higher earnings

This higher level of educational attainment is significant as migrants to Australia with a bachelor’s degree level or above are found to have significantly higher annual earnings compared to those with only a secondary school certificate. Data from the last census (2016) shows that around two-thirds of migrants with at least an undergraduate degree earned above \$52,000 per year, around one-quarter had annual incomes exceeding \$104,000. In comparison, only 30 per cent of migrants with only secondary school qualifications had incomes higher than \$52,000 per year.⁶ Given the correlation between educational attainment and income, encouraging highly educated temporary migrants into the permanent migration program will result in better outcomes for Australia. These highly educated and higher income migrants will boost productivity, workforce participation, as well as contributing to the economy and society through paying higher taxes.

⁶ ACMID (ABS 2019). Primary visa holders only.

Younger

The Temporary Graduate visa cohort is also younger than other groups of migrants, with approximately 80 per cent of primary visa holders aged between 20 and 29 years of age and a further 18 per cent aged between 30 and 39 years of age.

In contrast, the average age for both the temporary skilled visa holders and the skilled migration participants is significantly older. Only 34 per cent of the Temporary Work (Skilled) visa cohort and 11 per cent of those in the skilled migrant visa program are in this key 20–29 age profile.⁷ Younger migrants are more likely to make a longer and more positive contribution over the course of their lifetime – as is recognised in the existing visa points system.

High levels of home ownership

Students and temporary graduate visa holders also exhibit higher levels of home ownership than other temporary skilled migrants – with 18 per cent of student visa holders and 17 per cent of temporary graduate visa holders owning a property (with or without a mortgage) compared to only 10 per cent of temporary skilled visa holders. This demonstrates a strong financial investment into the Australian economy and a clear willingness to integrate and commit to Australian society on behalf of student and graduates.

Affinity to Australian values

Finally, students and temporary graduates have already spent a significant period of time in Australia before pursuing post-study work rights, extending their employment in Australia through a Temporary Skilled Visa or applying for permanent residency. These cohorts are personally invested in Australia and are familiar and accustomed to Australian culture and values.

Therefore, students make great migrants

International students and graduates therefore represent a ready pipeline of highly qualified, talented and young, skilled migrants to Australia. For this reason, policy settings that encourage international students seeking a Bachelor degree or higher to come to Australia to study and stay on and work are amongst the simplest and most effective in offsetting the detrimental impacts of the pandemic on Australia's demography, economy and skilled workforce.

⁷ ACTEID, ACMID (ABS 2019). Primary visa holders only.

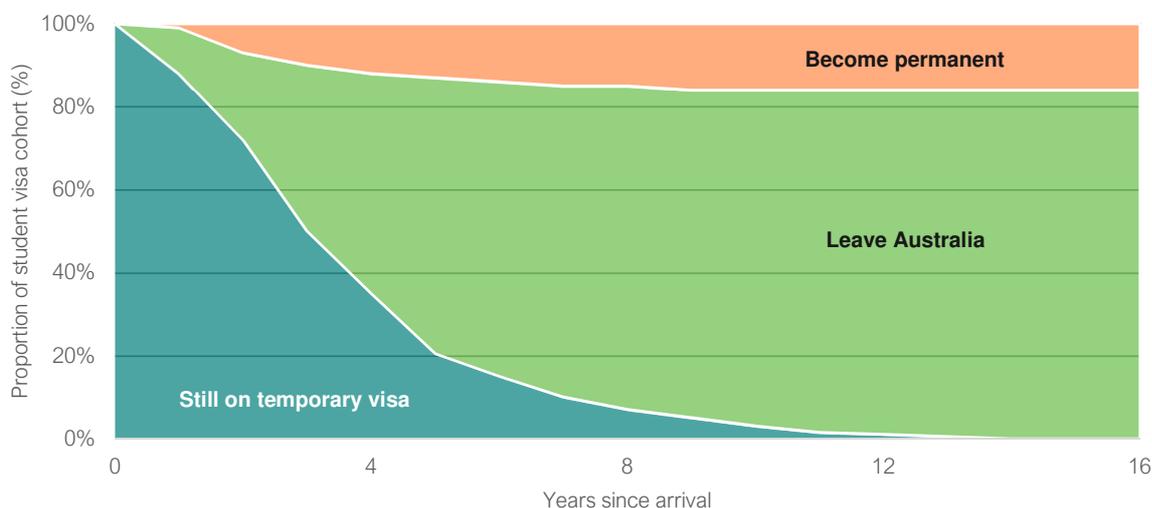
1.3 Trends in the student to migrant transition

Australia supports fewer international students transition to skilled migration while other destinations are changing policy settings to attract the 'best and brightest'.

Australia is not fully realising the value of international students becoming migrants

Despite the clear benefits outlined above, Australia is not fully realising the potential of this cohort. Currently in Australia only 16 per cent of students continue to live and work in Australia and transition on to gain permanent residency – as shown below in [Figure 3](#).

Figure 3: Long term visa outcomes of Australian international students ⁸



Source: DHA, CEDA 2019

In contrast, other countries have been able to gain the economic benefits of the graduate cohort more effectively. For example, Statistics Canada reports that almost one-third of international students who earn a bachelor's degree in Canada become permanent residents in the ten years after they get their first study permit, and 50 per cent for those with master's degrees. In 2019 alone, nearly 60,000 graduates of Canadian universities were successful for their application of permanent residency in Canada.⁹ Elsewhere, the UK Home Office reported in 2019 that the largest proportion (29 per cent) of new migrants granted settlement in 2019 were people who originally arrived in the UK on a student visa.¹⁰

⁸ CEDA (2019) 'Effects of temporary migration: Shaping Australia's society and economy'.

⁹ StatsCanada (2015) 'International students who become permanent residents in Canada'. Available at: [International students who become permanent residents in Canada \(statcan.gc.ca\)](https://www150.statcan.gc.ca/n1/pub/28-661-x/2015001/article/00001-eng.htm)

¹⁰ UK Home Office (2019) 'Migrant Journey: 2019 Report'. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/886570/migrant-journey-report2019.pdf

This suggests that Australia has not fully realised the potential from this highly qualified and committed cohort of young people. In contrast, other competitor countries have made a number of changes to post-study work right entitlements and the establishment of pathways to permanent residency to support graduates to continue to work in the country following their studies. The UK and Canada have both made significant changes to its visa entitlements both prior to and in response to COVID-19. This reflects a more competitive environment in attracting talent – including both students and skilled migrants.

Canadian measures to support the student-migrant transition

Canada has offered an extension of existing post-graduation work permits (PGWP) for a further 18-month period. This provides an extended period for graduates to accumulate work experience in Canada and will support eligibility to apply for Canadian residency. Canada has also introduced changes for students studying online meaning students studying with a Canadian university are now eligible for PGWP even if they completed their studies online.

These changes are in addition to changes prior to COVID-19 which included the introduction of a clearer path for graduates to permanent residency through additional points for study with a Canadian institution in 2016 and an increase in the duration of the PGWP from one year to a maximum of three years. The Immigration, Refugees and Citizenship Canada (IRCC) has stated that ‘attracting skilled immigrants is a central part of the country’s plan’ in recovering from COVID-19. Additionally, the Canadian Minister for Immigration, Refugees and Citizenship has said to international students that ‘we don’t just want you to study here, we want you to stay here’.¹¹

British measures to support the student-migrant transition

The United Kingdom has also made significant changes in recent years. In 2020 the UK’s new student immigration route was launched which has streamlined the immigration process for international students – including switching visa streams whilst inside the country.

The UK is also due to introduce an extension of its post-study work rights program through the introduction of a ‘Graduate visa route’ which will allow eligible students to stay in the UK to work, or look for work, for two years (three years if studying at PhD level) after they have completed a degree in the UK. The UK has also indicated that students studying through distance or blended learning will still be eligible for the graduate visa so long as they come to the UK for at least one term of face-to-face learning.

¹¹ ICEF Monitor (2021) ‘Canada announces extension for international students with PGWPs’. Available at: <https://monitor.icef.com/2021/01/canada-announces-extension-for-international-students-with-post-graduation-work-permits/>

2. Policy reform proposals

Set against the backdrop of the context and trends outlined above, Navitas, Study Group and Kaplan propose seven key reforms to the skilled migration, student visa and graduate visa programs, as well as the Professional Year Program (PYP).

We propose that these reforms be limited initially for a period of five years. This delivers a time-bound injection to the skilled migration program to ameliorate the negative impacts of the COVID19 pandemic and is sufficient to accurately review and evaluate the outcomes of the changed policy settings against key objectives. It also ensures that the reforms do not create higher numbers of long-term temporary migrants without political and other social rights.¹² The seven proposals are:

- **Proposal One – *Settle 1 million new migrants in Australia over a five-year period***
 - This is only a moderate increase on Australia’s previous migration level of 190,000 per year and will directly address the short-fall that has resulted from COVID-19.
- **Proposal Two – *Set a target for a student-migrant transition***
 - Increase the proportion of international students that transition from studying in Australia’s higher education system to settle in Australia and gain permanent residency.
 - The current level in Australia is 16 per cent. In Canada it is 27 per cent.
 - We propose to increase Australia’s student-migrant transition to 25 per cent or one-in-four international students.
- **Proposal Three – *Recognise genuine higher education student visa applicants may have a migration intention***
 - Amend the rules (instruments) and therefore the assessment of Higher Education Student Visa applications to support skilled migration priorities, by temporarily and / or selectively suspending the requirement to demonstrate the intention of being a ‘temporary’ entrant for low-risk applicants while still ensuring applicants are ‘genuine students’.
- **Proposal Four – *Targeted changes to skilled migration points system***
 - Changes to the points-based system will provide a more attractive pathway for talent that has studied in Australia (or completed an Australian qualification) to settle in Australia.
- **Proposal Five – *Short term extension of the Temporary Graduate Visa***
 - Temporarily extend the duration of the ‘Temporary Graduate Visa’ by an additional 18 months to increase the time higher education visa holders can stay on the visa, thereby supporting transition through to the Skilled Migration Program.

¹² Mares, P. (2016) ‘The Unintended Consequences of Temporary Migration to Australia’ in Dickies, Gozdecka & Reich (eds.) ‘The Impact of Migration Law and Policy’.

- **Proposal Six – *Re-name the Temporary Graduate Visa and roll out a promotional campaign to employers***
 - There is a mismatch between the skills profile of graduates and employment outcomes.
 - In part, this is because employers are not aware of the program and therefore uptake is lower than it could be.
- **Proposal Seven – *Enhancements to the successful Professional Year Program.***
 - Changes to the PYP, including changes to the visa points awarded to participants, expansion of eligible occupations, consideration of opening up the program to talent that have studied in other destinations, and recognition of and delivery of the coursework component to students that are not in Australia.

The seven proposals are outlined in further detail in the sections that follow. NB: analysis in the subsequent sections refers primarily to 2016 census data, unless otherwise stated.

A. Proposal One – Settle one million new migrants in five years

Settle one million new migrants in Australia over a five-year period – returning annual migration levels to just over pre-2019 levels

As outlined above, the COVID-19 pandemic and associated border closures has had a significant and negative impact on Australia's population growth which is one of the key drivers of economic prosperity for the Australian economy and will have an impact on GDP levels.

In this context we believe it is necessary for the Australian Government to revisit the specific objectives of the Skilled Migration Program, including how it could effectively contribute to addressing the emerging population and skill shortages challenges that have resulted from the pandemic. The Organisations understand the purpose of the program is to 'fill positions where no Australian workers are available' and that 'skilled migrations help stimulate economic growth which results in more jobs.' The intent of the program was subsequently reconsidered in 2019 with the upper limit for the migration program reduced from 190,000 to 160,000.

We support the overall purpose of the program, however, believe that returning to a higher 'ceiling' would be appropriate at this time given the economic and demographic context of COVID-19. We believe that in the current context of severe impacts on net overseas migration across 2020 and 2021, it will be prudent to return the migration program to higher levels than it has in the past.

This measure is supported by Professor Peter McDonald who has recommended changes aligned to our proposals to better utilise international students and graduates to address this decline in net overseas migration.¹³ Chris Richardson from Deloitte Access Economics has also identified that the impacts the decline in net overseas migration will have a two per cent impact on the value of the economy and that 'getting young, skilled migrants is a smart play for us. It can raise the living standards of those already here, and of the new arrivals as well'.¹⁴

We propose the Australian Government consider establishing a clear and stated objective to support one million people to permanently migrate to Australia over a five-year period. We estimate that there were 20,000 less permanent migration visas issued than the 160,000 ceiling primarily due to the impacts of COVID-19 and associated border closures in FY2019-20 (primarily in the last quarter of that year). If this net decline were to continue for each quarter across a two-year period in line with expected ongoing border closures this would result in 160,000 fewer permanent residencies issued (alongside additional declines in temporary migration). Across five years, an additional 40,000 each year (or 1 million over five years) will be required to make-up for the disruption to the migration program over this two-year period.¹⁵

This would also represent only a relatively modest five per cent increase on previous upper limit of 190,000 each year – as outlined in [Figure 4](#) below. An increase in the overall number of people permanently migrating to Australia would effectively attract 'talent' to Australia through the Skilled Migration Program. To support this objective, consideration should be given to increasing the proportion of the overall migration program dedicated to skilled migrants beyond the historical average of approximately 63 per cent and above the current 2020-21 planning levels of approximately 50 percent.¹⁶

In operationalising this proposal, the Government may wish to consider a gradual increase in the levels of migration over this period. This would account for both new programs typically taking some time to 'ramp up' and the likelihood of higher potential levels of migration following the effective management of COVID-19 globally.

¹³ The Australian (2020) 'Coronavirus: We have workers to plug the skills gap'. Available at:

<https://www.theaustralian.com.au/nation/politics/coronavirus-we-have-workers-to-plug-the-skills-gap/news-story>

¹⁴ The Australian (2020) 'Coronavirus: Immigration crash to tear \$40 billion a year hole in Australian economy'. Available at:

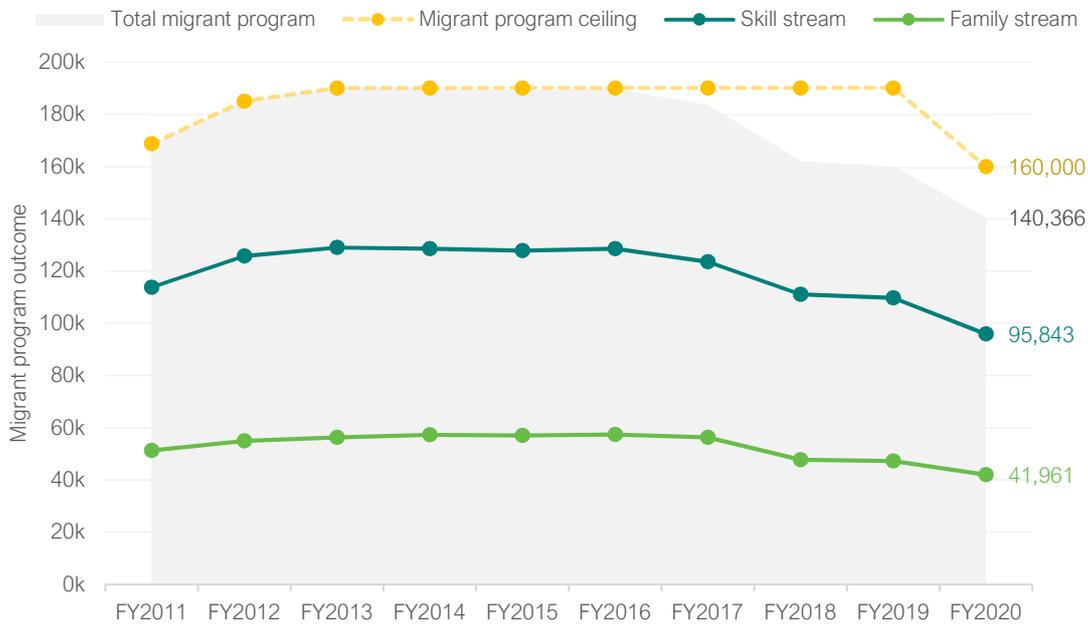
<https://www.theaustralian.com.au/nation/coronavirus-immigration-crash-to-tear-40bn-year-hole-in-australian-economy/news-story/>

¹⁵ We note that the figure may be larger than this based on visas granted in the first 6 months of FY2020-21, as reported by DHA.

Assuming PR visas are issued at similar rates for Q3 and Q4 in FY2020/21 we estimated this would represent an approx. 40% decrease in the skilled stream and approx. 30% decrease in the Family stream. Available here: [Visa applications granted for all visa subclasses between 2016 -17, 2017-18, 2018-19, 2019-20 and 2020-31/12/20 to compare pre and post COVID-19 \(homeaffairs.gov.au\)](#)

¹⁶ Australian Government (2020) [Migration program planning levels \(homeaffairs.gov.au\)](#)

Figure 4: Permanent migration visas granted, overall and by type 2010-11 to 2019-20



Source: DHA 2021

B. Proposal Two – Set a 25% target for the student-migrant transition

Set a target to increase the proportion of international students that transition from studying in Australia’s higher education system to settle in Australia and gain permanent residency

Currently there is no target regarding the optimal proportion of international students that Australia would like to have transition permanently into the Australian labour force and society. We believe that setting a clear time-bound target on the ideal proportion of students that are successful in gaining residency would provide a strong foundation for Australia’s skilled migration program.

This would deliver a cohort of highly skilled, young, aspirational migrants that have a demonstrated commitment to Australian values. In an environment where the competition for talent will be at levels not seen in decades, this measure sends a strong message that Australia is serious about attracting the world’s most committed, productive and vibrant migrants.

International students and recent graduates represent the best type of migrants Australia could attract. As outlined in earlier sections, those in the temporary graduate visa are on average:

- younger than individuals on other types of temporary (and permanent) visas
- have higher levels of formal education
- are trained in areas of need for the Australian economy, and
- secure good employment outcomes following their study.

Despite these clear benefits – Australia is not fully realising the potential of this cohort – as outlined above. Currently in Australia only 16 per cent of students transition on to gain permanent residency. Australia lags behind both Canada and the UK in this regard. They attract a higher proportion of students into their skilled migration programs.

The Organisations believe that articulating and publishing a clear objective on the proportion of students that will transition on to settle in Australia through the skilled migration program would be an important signal to the overseas market that international students can contribute to Australia. In setting this target the Organisations recommend setting it at one-in-four (or 25 per cent) of all international students.

C. Proposal Three – Recognise genuine higher education student visa applicants may have a migration intention

Realign the rules and assessment for the visa application process for higher education students to the intent of the skilled migration program by re-evaluating the need for the genuine ‘temporary’ entrant test for low-risk applicants

If, as is proposed above, there is a careful and deliberate recalibration of the relationship between international study and permanent residency to support the broader objectives of the Skilled Migration Program, there is a need to reconsider some existing elements of the student visa program – particularly in relation to visa application and assessment processes.

The Organisations believe that there should be an acknowledgement in the rules and assessment of higher education students’ visa applications that indicating an intention to stay in Australia (either through post-study work rights and/or skilled migration) is a positive and beneficial outcome for the Australian economy and our society. Instead, current settings for education visas emphasise the ‘temporary’ nature of a student visas, with would-be students having to demonstrate they are ‘genuine temporary entrants’ or else not be eligible for a student visa.

We propose that the temporary suspension of the Genuine Temporary Entrant (GTE) assessment for students where there is not a high risk that they are non-genuine students and that their primary intent is to study in

Australia. The streamlined student visa framework (SSVF) can be used to support this assessment. Specifically, we propose that the temporary suspension of the GTE assessment for a period of five years is applied to students that are applying to providers with an SSVF Evidence Level of 1 or 2. Government may also wish to consider limiting the temporary suspension of the GTE requirement to higher education courses that are aligned to areas of skill shortages in the Australian economy.

Use of the existing SSVF provider evidence levels ensures that there is a tried and tested process for managing immigration integrity. Limiting the suspension of the GTE to students that are applying to Australian higher education providers with an SSVF Evidence Level of 1 or 2 will ensure that providers that take a more aggressive approaches to recruitment of non-genuine students, will not be included in this change. In the past Navitas has advocated for introducing an SSVF Evidence Level 4 for providers that have a very high Evidence Level rating (greater than 4) and are not able to demonstrate a plan to improve their rating and change their existing risk systems. The Organisations recommend that this proposal again be considered by Government.

These changes would support greater coherency in the objectives, setting and safeguards across the Student visa, Temporary Graduate visa and Skilled Migration programs. It assists in creating a high-quality pool of temporary migrants and increases the pool of talented students that could then flow through to permanently migrating to Australia. Students are informed consumers and understand the dynamics of the labour market and the fields in which study is likely to deliver the strongest return based on areas of skill shortage. Recent work by the National Skills Commission and alignment the relevant skills list to this contemporary view of the labour market will also support optimal policy outcomes in the fields students choose to study. Importantly, the proposed changes to the rules and assessment for the visa application process recognises the important contribution that international students can make to the economy and society of Australia.

D. Proposal Four – Targeted changes to skilled migration points system

Make specific and targeted changes in the points-based system to provide a more attractive pathway for talent that has studied in Australia to settle in Australia.

While many former Student Visa (subclass 500) holders can transition to be permanent residents in Australia (either through the Temporary Graduate Visa (subclass 485) or directly), there are many more that are not invited to apply for the program on the basis of their points score. The Organisations understand the rationale for the points-based system and supports its ongoing use. We do however believe that targeted and time-bound changes to the points allocation for specific categories could provide a more attractive and achievable pathway for those that have studied in Australian higher education institutions. This would support increasing

access temporarily to a group of individuals that have multiple years' experience studying, working and living in Australia (and are therefore already accustomed to and supportive of Australian values).

In line with the change in policy intent and as part of a careful and calibrated re-coupling of international education pathways to migration, the Australian Government should make specific and targeted changes in the points-based system to provide a more attractive pathway for higher-education talent that has studied in Australia to settle in Australia. Three specific changes are proposed.

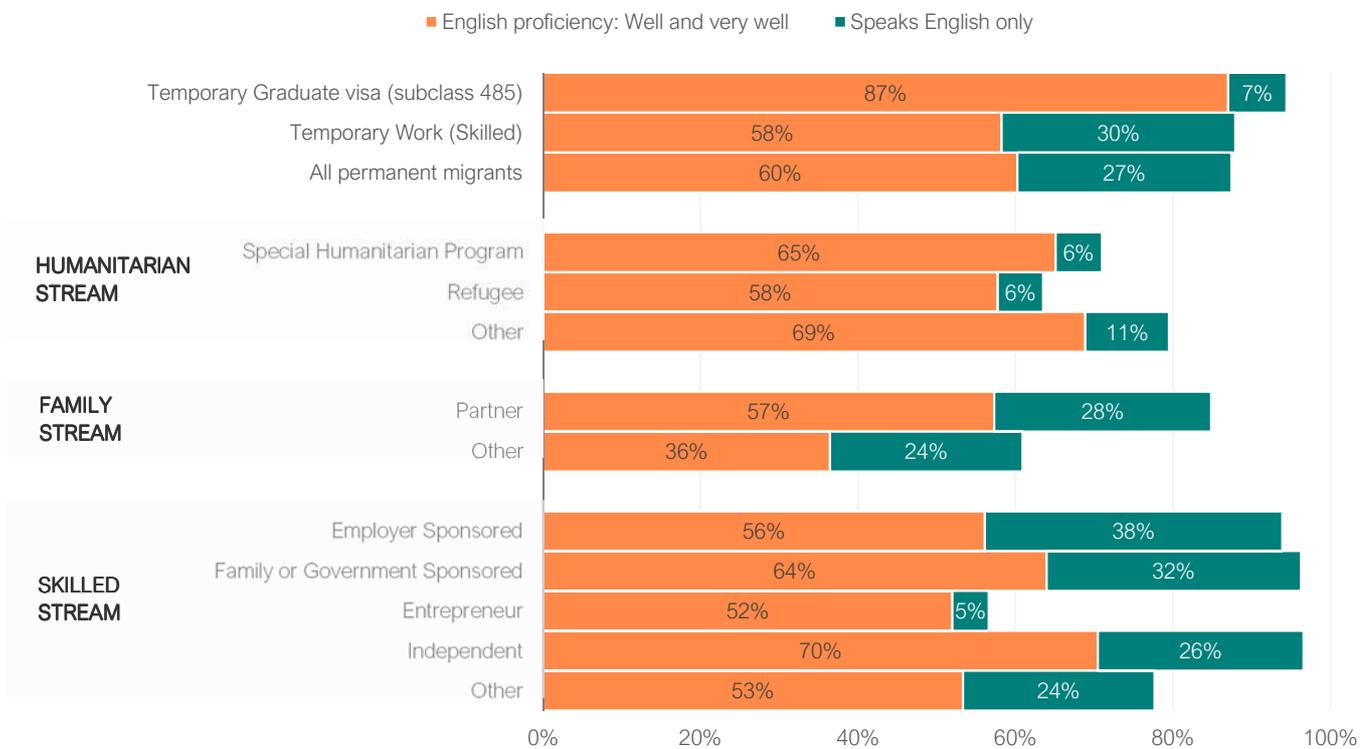
Firstly, a change in the points allocation for the Australian Study Requirement. Currently applicants receive five points for holding a 'degree, diploma or trade qualification' from an Australian institution. We propose that those that have studied for a degree level program (either at Bachelor, Masters or PhD) should receive an additional five points (or 10 points in total). We do not propose any changes for applicants that received a 'diploma or trade qualification' from an Australian institution. This acknowledges their higher level of qualification of the individual and provides additional incentive for those that have studied in Australia to stay in Australia permanently.

Secondly, in line with Government priorities around ensuring migrants possess appropriate English language skills, we propose a greater number of points for the English Language Skills criteria based on higher levels proficiency. As outlined by Minister Tudge when he was Acting Immigration Minister, 'English is our national language and is critical to getting a job, fully participating in our democracy and for social cohesion'.¹⁷ We recommend changes to the current points allocation to further reward highly proficient English speakers and incentivise the maintenance and further enhancement of language skills by applicants.

Notably, former students that are Temporary Graduate Visa holders are most proficient in this area and would support government objectives around this. As shown in Figure 5 below, this cohort reports high levels of English proficiency than other visa categories, whilst a higher proportion is also bilingual.

¹⁷ Hon Alan Tudge MP (2020) 'New requirement to learn English to maximise job prospects'. Available at: <https://minister.homeaffairs.gov.au/alantudge/Pages/New-requirement-to-learn-English-to-maximise-job-prospects.aspx>

Figure 5: English proficiency of temporary graduates compared to categories of permanent migrants



Note: primary and secondary visa applicants – self-reported in census.

Source: ACTEID, ACMID (ABS 2019)

Finally, we also propose changes to the points allocation for the Professional Year Program, which is discussed in further detail as part of Proposal Seven.

These three changes would each have primary benefits for the Skilled migration program – supporting increased access to permanent residency through increased use of both the Independent visa (subclass 186) and Nominated (state and territory) visa (subclass 189) categories. It would also deliver secondary benefits for Australia as an international education destination – providing increased clarity and attractiveness to some students in the short-term due to the clear and formally established pathway to permanent residency.

This policy will be a key contributor to the Government achieving the proposed 1 million target (as per Proposal One) and the one-in-four transition target from students to skilled migration (as per Proposal Two).

E. Proposal Five – Short-term extension of the ‘Temporary Graduate Visa’

Temporarily extend the duration of the ‘Temporary Graduate Visa’ to increase the number of Higher Education students that can transition through to the Skilled Migration Program

Our fifth proposal is that the government extend the duration of the ‘Temporary Graduate Visa’ to increase the time that higher education visa holders can stay on for professional experience post-graduation. In addition to providing a short-term injection of highly-qualified temporary migrants, this will also have the effect of supporting an increase in the number of Higher Education students that can transition through to the Skilled Migration Program.

As outlined, international graduates represent a highly talented and accessible cohort of migrants to address Australia’s skills requirements. Increasing the number of graduates that can work in Australia, as well as the number that transition through to permanent residency would address many of the skills challenges that Australia are currently facing. Both objectives can be met through providing a temporary increase in the duration of the current Temporary Graduate Visa (subclass 485), in line with recent changes in other countries.

In major destination countries for international students there has been increased competition in post-study work rights. These changes have intended to increase the attractiveness of the country as an international education destination but also to address skills requirements in the economy. Canada has explicitly stated that its changes are intended to ‘allow former international students to remain in Canada, continue to seek employment and build their future in this country’.¹⁸

Following these changes, Australia’s post study work rights entitlements are less attractive than they have been in the past compared to other major countries. A summary of the post-study work rights entitlements are outlined in Table 1 below.

¹⁸Government of Canada (2021) ‘New policy to help former international students live in, work in and continue contributing to Canada’. Available at: <https://www.canada.ca/en/immigration-refugees-citizenship/news/2021/01/government-of-canada-announces-new-policy-to-help-former-international-students-live-in-work-in-and-continue-contributing-to-canada.html>

Table 1: Summary of international post-study work rights in key countries and recent developments

Country	Bachelor degree	Masters degree	PhD	Further streams	Conditions	Recent changes
Australia <i>Temporary Graduate Visa – 485</i>	2 years	2 years (coursework) 3 years (research)	4 years	Regional: + 1 or 2 years	No significant employment restrictions	<ul style="list-style-type: none"> • Online study counted
United Kingdom <i>'The Graduate Route'</i>	2 years	2 years	3 years	None	No significant employment restrictions	<ul style="list-style-type: none"> • The 'Graduate Route' only from June 2021 • Online study counted
Canada <i>Post-graduate work permit</i>	3 years	3 years (assuming 2-year program)	3 years	None	No significant employment restrictions	<ul style="list-style-type: none"> • Additional 18 months for individuals that hold PGWP in Jan 2021 • Online study counted
New Zealand <i>Post-study work visa</i>	3 years	3 years	3 years	Occupational registration extension	No significant employment restrictions	

The Organisations propose the Australian Government temporarily extend the existing baseline and regional post-study work rights available under the Temporary Graduate Visa (subclass 485). This change would both increase the attractiveness of Australia as an international education destination, as well as in turn providing graduates with access to additional skilled migration points based on the longer duration of time they will spend in Australia. The duration of this extension should be benchmarked to be more attractive than our key competitors for talent – the United Kingdom and Canada. The Organisations propose an 18-month extension to existing 485 visa entitlements which would achieve this.

This change would support the objectives of the Skilled Migration program in two key ways:

- In the short term, it would support a greater number of well-educated, highly skilled and talented individuals to remain in Australia – offsetting some of the immediate population and skill impacts of the COVID-19 pandemic, and
- In the medium term, it would increase the pool of graduates in Australia, thereby providing a larger group of talent to be selected to contribute to Australia's permanent migration program through the Skilled Stream.

G. Proposal Six – Re-name the Temporary Graduate Visa and roll out a promotional campaign to employers

Re-name the current Temporary Graduate Visa and develop a campaign to increase employer awareness and use of the program¹⁹

The Temporary Graduate Visa (subclass 485) was intended primarily to ensure that international students get the opportunity for meaningful work experience. It also had the benefit of improving the student experience and Australia's relative position compared to other destination countries. It is also important to acknowledge that, at least for some students, post-study work rights through the Temporary Graduate Visa (subclass 485) can provide an opportunity on the pathway to permanent residency in Australia.

The Organisations' view is that it is an accessible program for graduates of Australian higher education providers and that the visa is an option that is taken up by many students upon their graduation. In 2019-20, there were a record 77,000 applications for the Temporary Graduate visa program, with applications growing by a steady 22 per cent per year (on average) from the 34,500 lodgements seen in 2015-16.²⁰ In the same year, the Department of Home Affairs granted 63,000 temporary graduate visas, which suggests an appropriately high grant rate.²¹

Despite the positives of the visa overall, there are challenges in two key areas:

- there is a mismatch between skills profile of graduates and their employment outcomes, and
- many employees are not aware of the program, have low familiarity with its benefits and therefore uptake by employers is low.

Mismatch of skills profile and labour market outcomes

Despite the already stated credentials of the Temporary Graduate Visa holders, there is some misalignment (or a "mismatch") between the skills and qualification of students and their employment outcomes. Analysis of the Australian Census and Temporary Entrants Integrated Dataset (ACTEID) identifies that:

- a relatively large proportion of graduate visa holders continued to work in low skilled occupations in the retail (15 per cent) and accommodation and food services (17 per cent)

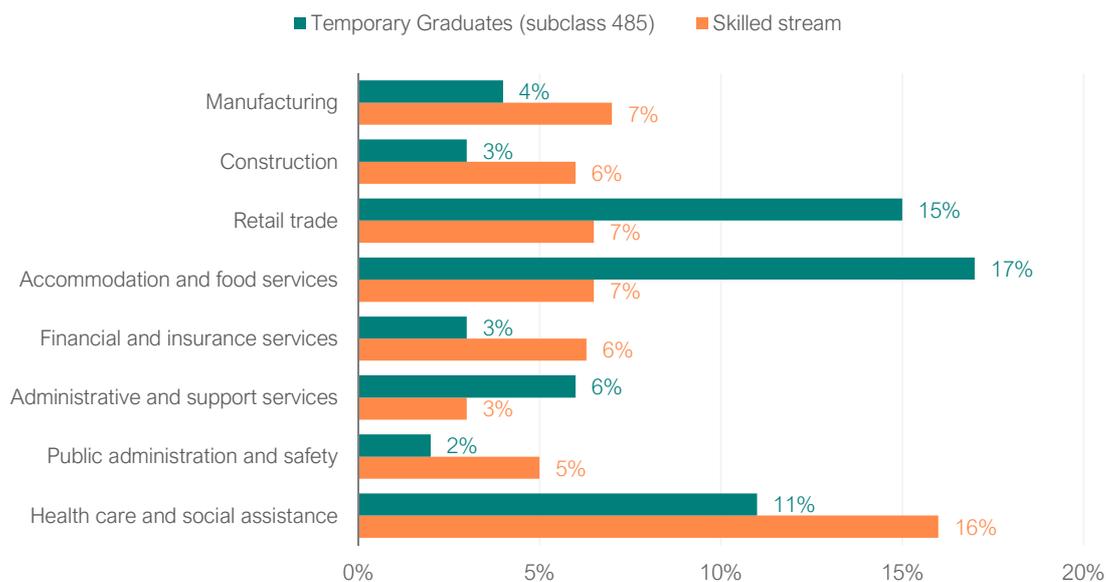
¹⁹ There are two streams within the Temporary Graduate Visa (485 sub-class) – the 'Post-study work stream' and the 'Graduate stream'. Our insights and two proposals below relate specifically to the 'Post study work stream'. We do not propose changes to the graduate stream.

²⁰ DHA (2020) Subclass 485 Temporary Graduate Visa lodged pivot table.

²¹ DHA (2020) Subclass 485, Temporary Graduate Visa Granted pivot table.

- around one-in-five graduate visa holders are either unemployed and looking for work (11 per cent of all temporary graduates in labour force) or are not participating in the labour market (i.e. not looking for work, 12 per cent). 12 per cent of all temporary graduates in the labour force are unemployed, compared to a national unemployment rate of 5.7 per cent (in 2016 when these figures were assessed), 3.7 per cent for skilled stream migrant and 6.1 per cent for family stream migrants
- labour market outcomes are not as strong as young Australian degree holders, with higher rates of unemployment, lower rates of full-time employment and being less likely to be studying in a professional role or industry aligned to their study field (33 per cent compared to 64 per cent)²²
- Temporary Graduate Visa holders, despite having higher level qualifications than Skilled Migration visa holders, are comparatively more likely to be working in low-skilled occupations or in industries not aligned to their study or professional roles – as outlined in
- Figure 6 below.

Figure 6: Industry of employment for temporary graduates compared to permanent migrants (industries with significant difference between temporary graduates and skilled graduates)



Note: primary visa applicants only. Source: ACTEID, ACMID (ABS 2019)

This evidence indicates that the Australian economy and society is not benefiting to the extent it could from the full participation and productivity of this cohort of highly qualified Australian graduates. As shown above, Temporary Graduate Visa holders have achieved less than ideal labour market outcomes. This has wider implications

²² Chew, J. (2019) 'Economic opportunities and outcomes of post-study work rights in Australia' (IEAA)

for the Australian economy. This is particularly the case during a period of a decline in Net Overseas Migration following COVID-19 and the associated decline in skilled workers due to border closures.

Employers awareness of the program

Several studies and our own experience working directly with employers has indicated that there is a view held by a large proportion of employers that recruiting an employee that is anything but a permanent resident or a citizen is undesirable – with employers seeing this as in some way ‘ill advised’ or ‘risky’.²³ Given the latent value and contribution this cohort could make to the Australian economy, it is important steps are taken to address this misconception and actively alleviate any employer concerns.

To maximise the value and impact of temporary graduates and the proposed extension in post-study work rights (as per Proposal Five), the Organisations propose that to address this lack of understanding by Australian employers on the benefits the program can deliver, the Australian Government:

- **Rename the ‘Temporary Graduate Visa’** – with the revised name placing lesser emphasis on the ‘temporary’ nature of the visa which may be a deterrent to potential employers. For comparison, Canada adopt the terms ‘post-graduation work permit’ (PGWP), the UK ‘Graduate route’ and New Zealand uses ‘Post-Study Work Visa’. The Australian Government might consider similar nomenclature.
- **Lead a campaign directed to employers** – the campaign would be aimed at increasing awareness of the program, communicating that it is a viable and attractive option to employ international graduates from Australian institutions. This may include information campaigns, including around pathways to permanency through both sponsorship and non-sponsorship streams. This would stimulate increased employment of graduate visa holders by Australian employers.

These changes would also deliver flow-on benefits, including:

- creating a stronger and greater number of connections between individuals on the Temporary Graduate Visa (subclass 485) and employers, which in turn would create a stronger pathway for more graduates to pursue the ‘Employer Sponsored’ (subclass 186) stream of the Skilled Migration Program, and
- supporting increased sustainability and a clearer value proposition in the international education sector, through improvement and ongoing demonstration of post-graduate outcomes.

²³ See Chew, J (2019) ‘Economic opportunities and Outcomes of Post-study Work Rights in Australia’ (IEAA) and Tran, Rahimi & Tan (2019) ‘Temporary graduafication: impacts of post-study work rights policy in Australia’, Research for Educational Impact, Deakin University, September 2019.

Collectively these changes will ensure that these temporary graduates get a higher chance of achieving meaningful employment in a relevant area of study, and thereby delivering to Australia an immediate dividend in areas of skills shortages.

H. Proposal Seven – Further enhancements to the Professional Year Program (PYP)

Make changes to the Professional Year Program to support a ready pool of migrants with experience in Australian workplaces

The Professional Year Program (PYP) is a job-readiness program that bridges the gap between study and employment. The program aims to build industry-specific employability skills through a combination of course work and internships. The program also addresses skills shortages in Australia across three fields – Accounting, ICT and Engineering.

The PYP establishes early connection between students and industry meaning students are able to quickly contribute to the workplace. Many of the students participating on this program are very experienced, studying subjects aligned to Australia's skills needs and gain experience working directly with Australian employers and in Australian businesses. In this way they represent a significant talent pool for Australia.

Our view is that the current program provides a ready pool of highly skilled migrants that are not only accustomed to Australia (like our international students), but also specifically accustomed to Australian workplaces and work practices. The expansion of this program, through the changes outlined above, will ensure Australia is fully able to realise the benefits from this cohort and program moving forwards.

We propose a number of changes to the program that would further enhance its value and support a greater contribution to Australia's skilled migration program.

Increase the points for the Professional Year Program from five to ten

This change to the visa points system will recognise the distinct experience that those that have participated in the PYP have and the contribution they are able to make to Australia. This will also increase the attractiveness and competitiveness of Australia relative to other competitors (such as the UK and Canada) in attracting the best and brightest.

Expand the PYP program to other industries / occupations aligned to government priority areas

The program is currently limited to three fields (Accounting, ICT and Engineering). We propose that given the success and utility of the program it is extended to other occupations and industries. As the intent of the program is to address skills shortages in the Australian economy, increased alignment with the work of the

National Skills Commission would be valuable to ensure the program is responsive to identified emerging skills needs. We would foresee that an expanded program would include both health and social sciences where shortages exist.

Consider changes to visa duration to ensure participants can complete the program

Currently there are some challenges with the duration of the 485 visa for some students trying to complete their PYP program, with some students not able to complete during the initial timeframe. A small change could address this issue – for example through extending the duration of the visa for PYP participants or allowing for visa rollovers.

Explore implications of students being offshore for the program

The impacts of COVID-19 mean that many students that would have studied in Australia remain offshore in their home country. Given this, there is a need to consider changes to the program to continue to deliver benefits in this new reality.

Firstly, we propose that there are changes to allow for students that have completed Australian qualifications offshore to qualify for entry to the PYP. This would be in line with broader changes to the Temporary Graduate Visa and consistent with actions taken in the UK and Canada.

Secondly, we propose consideration is given to how the PYP could be delivered to those offshore. This may include blended offshore delivery and virtual internships which would ensure that PYP graduates / professionals are 'work ready' when they are subsequently able to enter Australia. This augmented program would have the dual benefit of supporting the expansion of Australia's offshore delivery (TNE) system, in line with Government's priorities, as well as represent an additional potential stream of talent for Australia.

Consider expanding PYP eligibility to overseas graduates to attract the best talent to Australia

We propose expanding the PYP for graduates of overseas institutions, as a way of attracting the best and brightest graduates globally through the PYP program. If implemented, it should be limited to areas where there are key skills shortages and confined to graduates of qualifications recognised through formal mechanisms (i.e. the Washington Accords for Engineering).

Further considerations for the program

Consideration could also be given to awarding additional migration points if PYP is undertaken in a regional location. This would be consistent with broader changes that the Government has made to support international students and migrants settling in regional parts of the country.

Domestic PYP

While not directly related to the migration program, we propose that consideration be given to creating opportunities for domestic graduates to have the same opportunities for work experience and professional skill development through a domestic PYP program.

Submitted on behalf of Navitas, Kaplan and Study Group by:

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