Australia’s 2023-24 permanent Migration Program

Consultation process

Australia’s permanent Migration Program (the Migration Program), aims to balance a range of economic, social and demographic objectives and priorities, with a focus on Australia’s longer-term national interests. As part of our long-standing annual consultation process, we are pleased to invite public submissions to inform the planning of Australia’s Migration Program for 2023-24.

This year, the Department of Home Affairs is taking a different approach to Migration Program consultations in light of the comprehensive review of the purpose, structure and objectives of Australia’s migration system. We will focus on the size and composition of the Migration Program, while questions about broader migration policy settings will be addressed through migration review consultations. Should you wish to submit broader views beyond the size and composition of the 2023-24 Migration Program, please refer to *A Migration System for Australia’s Future* webpage.

Providing a submission

Please send your submission by email to migration.policy@homeaffairs.gov.au, by close of business 9 January 2023, addressed to:

The Director, Permanent Migration Planning and Policy Section
Department of Home Affairs

Submissions received after this deadline may not be considered.

Please note that we are unable to consider submissions relating to individual cases. We do not intend to publish submissions but may share the de-identified content with other parties such as state and territory governments or other Commonwealth agencies for the purpose of discussion. Please advise in your submission if you do not want it to be shared outside the Department of Home Affairs.
Impacts of the COVID-19 pandemic on the permanent Migration Program

To address the impact of the COVID-19 pandemic, the composition of Australia’s Migration Program from 2020-21 to 2021-22 moved away from recent trends by adopting an even split of visa places between the Skill and Family streams, as well as according a level of flexibility both in its policy design and program delivery. The revised approach recognised that, due to border closures, during the pandemic it was necessary for a larger proportion of permanent migrants to come from the pool of temporary migrants already in Australia. As in October 2022, Net overseas migration (NOM) is forecast to recover from its first net outflow since World War II, to the pre-pandemic trend of a net inflow of 235,000 people from 2022-23.1

Figure 1: Migration Program outcomes by stream, 1984-85 to 2021-22 and 2022-23 planning levels

Source: Department of Home Affairs, 2022

The recovery of NOM does not mean immigration to Australia is immune to further shocks. As outlined in the 2022-23 Budget Papers², Australia faces an environment of rising global economic uncertainty, compounded by high inflation and energy costs, strained supply chains, and the rising risk of recession across major international economies and trade partners. While Australia’s unemployment rate has fallen to the lowest levels in almost 50 years, 3.4 per cent as at October 2022, it is forecast to rise to 4.5 per cent by the June quarter of 2024.³

Workforce needs

Looking ahead to the 2023-24 financial year, workforce shortages and pressing needs for skills remain a challenge to our economic recovery from the pandemic. The number of unfilled job vacancies has been above 470,000 since May 2022, and more than double pre-pandemic levels⁴. Four services industries are projected to provide more than three-fifths of the total projected employment growth between 2021 and November 2026: health care and social assistance; accommodation and food services; professional, scientific and technical services; and education and training.⁵

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1 Centre for Population, 2022 Population Statement
Migration and training/education for Australian workers

Providing the appropriate skills to build the economy is a function of education, on-the-job training, migration, and workforce participation. As the skills profile of the Australian labour market moves toward a greater proportion of higher skilled jobs, it will be important to ensure that all workers have access to education and reskilling opportunities to help them move into or between high skilled jobs and mitigate the risk of an obsolete workforce.

Forecasts of jobs growth for university-qualified roles exceed the forecast growth of additional university places by a factor of 8:1 by 2026. While skilled migration is likely a faster and more efficient mechanism, particularly for addressing temporary shortages, strong interactions between migration and the training and education of Australians are needed to ensure we retain key sovereign capabilities within our own borders.

There are suggestions that migration policy should not be unduly restrictive, particularly at a time when the economy is near full employment, there are skills shortages in a number of sectors, other countries are competing vigorously for skilled labour, and additional factors beyond Australia’s policy influence are increasing the costs of workers relocating to Australia. At the same time, the Productivity Commission has warned migration should not be a substitute for training of Australians, to avoid innovation and the adoption of new technologies, such as automation, or offering higher wages to attract Australian workers.

COVID-related border closures coincided with the lowest unemployment rate in nearly five decades, but labour shortages in some industries persist. This suggests some shortages are materially the function of other issues related to employment conditions, the nature of work, and the location of work. Any facilitation of migration may therefore need to be considered in tandem with industry reform.

Family reunification needs

Family migration plays an important role in delivering social outcomes for Australia and contributes to our cohesive and inclusive multicultural society by strengthening family and community bonds in Australia.
In 2022-23 program year, to address wide-spread skill shortages and support post-COVID economic growth, 73 per cent of the Migration Program has been allocated to the Skill stream. This also recognises that, during the pandemic, a focus on Family stream visas in the Migration Program has resulted in a significantly reduced pipeline of Partner visas applications, which comprise the largest component of the Family stream.

Aside from their significant contribution to social cohesion, Partner migrants also contribute positively to the economy, with a lifetime economic contribution per person of $1.3 million to GDP.  

**Question for consideration:**
What is the ideal size and composition of the 2023-24 Migration program? And why?

**International competition and planning practices**

**Talent competition**

Australia remains an attractive migrant destination, offering a range of economic and lifestyle options to prospective migrants. The OECD Indicator of Talent Attractiveness of 2019 rated Australia as the most attractive OECD country for highly qualified workers. Our attractiveness for entrepreneurs ranked seventh, behind Canada, Switzerland, New Zealand, Sweden, Germany and Norway.

However, our attractiveness cannot be taken for granted when the international competition for talent continues to intensify due to major migrant receiving countries facing similar population and labour force challenges. The International Institute for Management Development (IMD) World talent Ranking 2021 report, which takes into account the extent to which an economy develops its domestic talent pool while tapping into the overseas pipeline so as to be able to satisfy the market's demands for talent, ranked Australia 20th in talent competitiveness (dropped from 13th in 2020).

**Migration planning**

Australia’s Migration Program is planned annually as part of the Federal Budget process. Since the early 2000s, it has adopted a pattern of 70/30 split between the Skill and Family streams (with the exception of 2020-21 and 2021-22 program years due to the impacts of COVID). The Government decides both the size

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13 Treasury, **OVerlapping Generations model of the Australian economy (OLGA)**
(overall planning level) and the composition (allocation of permanent visa places down to specific visa categories) of the Migration Program in each Budget. In comparison:

- Canada projects immigration levels each year through the Multi-Year Levels Plan, where permanent resident admissions are planned over a three-year timeframe, specifying annual intake targets and low and high ranges for each year.
  - On 1 November 2022, Canada released its 2023-25 Immigration Levels Plan, with targets to settle 465,000 permanent residents in 2023, rising to 485,000 in 2024, and 500,000 in 2025.  
  - The Plan aimed to continue welcoming immigrants at a rate of about 1% of Canada’s population per year, with an increased focus on supporting economic resurgence and post-pandemic growth.  

- Immigration policy of the United States (U.S.) is governed largely by the *Immigration and Nationality Act*, which limits worldwide permanent immigration to 675,000 persons annually: 480,000 family-sponsored immigrants, made up of immediate relatives of U.S. citizens, and a set of ordered family-sponsored preference immigrants (preference immigrants); 140,000 employment-based immigrants; and 55,000 diversity visa immigrants. This worldwide limit, however, is referred to as a ‘permeable cap’ because immediate relatives are exempt from numerical limits placed on family-sponsored immigration and thereby represent the flexible component of the 675,000 worldwide limit.

- The United Kingdom intentionally avoids ‘arbitrary and unrealistic targets’ for legal migration, focusing on taking control of its border and encouraging legal migration through its points-based system for skilled migrants and other existing routes, e.g. Scale-up Route and Family and Settlement.

With major migrant receiving countries facing similar population and labour challenges, there is growing international competition for both very highly skilled migrants and migrants willing to work in industries that cannot attract local workers.

While there may be opportunities to enhance Australia’s attractiveness through changes to visa settings and processes, other factors such as salaries, labour market and employment conditions, tax rates, housing, health services, education, the environment, childcare and social cohesion are likely to play a more important role. Some argue that annual permanent migration planning does not support the usually more longer-term planning and resource allocation required at all levels of government to ensure the infrastructure and services needed for a growing population, largely comprised of new migrants, are in place.

**Question for consideration:**

How can we improve our migration planning process so Australia remains attractive to prospective migrants against the backdrop of widespread workforce shortages and aging populations across migrant-receiving countries?

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