



POLICY BRIEF

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Fixing a Broken System? Reforming Australia's Work and Study Visas

EXECUTIVE SUMMARY

In December 2023, the Australian government released its *Migration Strategy* aimed at rectifying problems in the migration system relating to employer mistreatment of migrant workers, the unresponsiveness of temporary skilled migration to labour market needs, and concerns with the “integrity” of international education. This policy brief analyzes key elements of the *Migration Strategy*, particularly those relating to temporary skilled visas and student visas, which are a central focus of the Australian government's reforms. The *Migration Strategy* will likely help to address enduring problems in the migration system, but it does not go far enough. This policy brief argues that additional reforms are needed, including:

- Implementing stronger measures to enable temporary migrants' social inclusion;
- Fixing unaddressed problems with working holiday maker and international student visas;
- Reducing unnecessary complexity in temporary skilled visa arrangements;
- Creating stronger integration with policies regulating education, training and employment;
- Requiring employers to invest in training, competitive pay and working conditions before being authorized to engage skilled workers, working holiday makers or international students on temporary visas; and
- Supporting the tertiary education sector to offset the negative effects of international student limits.

BACKGROUND AND CONTEXT

In December 2023, the Australian government released its new *Migration Strategy*, which contained many reforms to its migration policies. This section provides an overview of the background and context that led to these reforms.

From the end of the Second World War until the mid-1990s, “nation building” was the main objective

of Australia's migration program. This was achieved through opportunities for people to migrate on skilled visas to address economic needs, and on family visas to assist with social settlement. Skilled and family visa holders were granted permanent residency and a guaranteed pathway to Australian citizenship. These visa categories and associated policy arrangements produced beneficial outcomes for social inclusion. However, high unemployment and relatively high welfare expenditure on migrants, particularly those

on family visas, led to a shift away from the “nation building” priorities of migration policy.

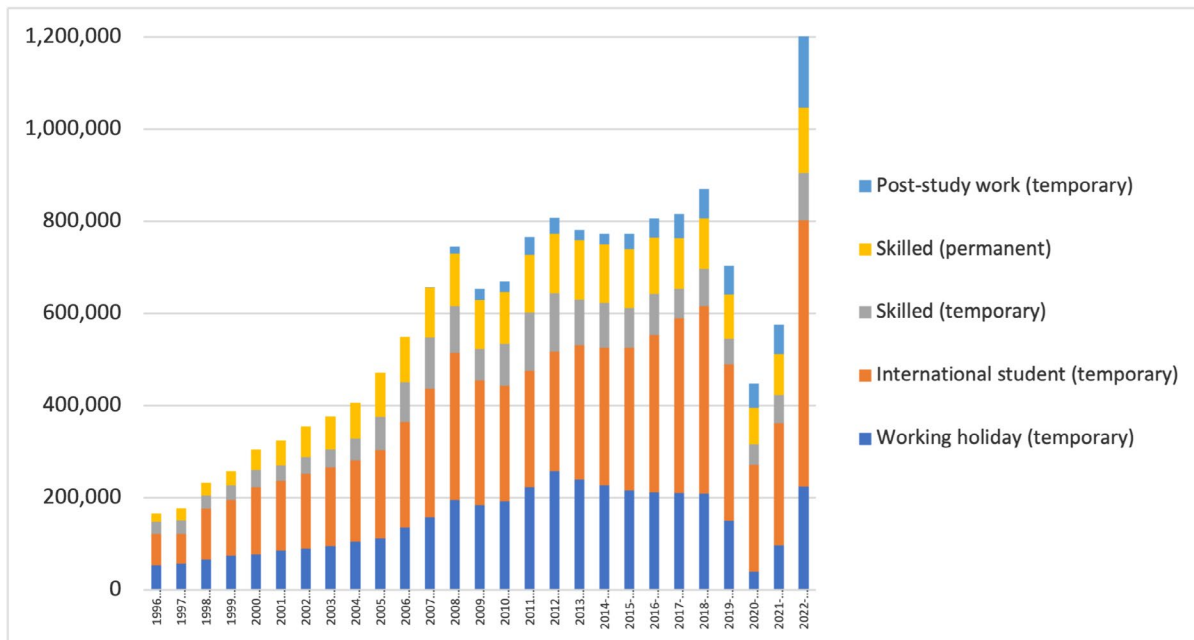
From 1996 onwards, Australia's migration policies were overhauled to more explicitly address Australia’s workforce and skills needs and to maximize returns for the Australian economy. Selecting migrants deemed likely to succeed in the labour market and generate a positive economic impact, as measured by migrants’ net fiscal contribution, became the overarching policy objective, with less attention given to social inclusion.

These changes contributed to a six-fold increase in the main skilled and work visa intakes from 1996 to 2023 (see Figure 1). Visa schemes accounting for the largest intakes include:

- [The permanent skilled program](#), consisting of several visa categories, designed to address Australia’s skills and economic needs;

- [The temporary skilled visa](#), an important source of skills supply for listed occupations, including managerial, professional and trades-related occupations;
- [The working holiday maker program](#), which while open to all occupations, has become a vital source of labour for the horticulture sector;
- [The international student visa](#), which allows students to work in any occupation and provides key labour supply for the hospitality (commonly referred to as "accommodation and food services") and retail sectors;
- [The temporary graduate visa](#), allowing international graduates from Australian universities to work for several years after they complete their studies.

Figure 1
Annual migration intakes, main visas with work rights, 1996/97-2022/23



Source: Department of Home Affairs, various sources.

These policy changes created three major challenges:

1. A significant increase in the [risks of migrant workers being underpaid or marginalized](#);
2. The shift towards employer-sponsored and other 'demand-driven' visa arrangements eroded the [migration system's capacity](#) to meet strategic workforce needs; and
3. Growing concerns about the impacts of increased international student migration.

In May 2022, the Australian Labor Party was elected to government on a [platform to address these problems in Australia's migration system](#). Shortly after, the new government commissioned an independent [Review of the Migration System](#). The report of this review was released in April 2023 and found aspects of Australia's migration system to be "broken," a finding that the [Home Affairs Minister endorsed](#). The review also recommended restoring three principles central to the more equitable and inclusion arrangements that had underpinned Australia's migration policies prior to 1996:

1. **Tripartism** involving government, unions and employer associations in the design and implementation of migration policy;
2. **Universality** through all migrants being subject to the same regulations as domestic workers to address inequalities that migrants often suffer; and
3. **Mobility** by allowing migrants to move freely between employers to reduce a key source of mistreatment.

Soon after the release of the review, the government announced [sweeping reforms](#) particularly to visas allowing migrants to work and study. These reforms, outlined in the Australian Government's [Migration Strategy](#) published in December 2023, included policy changes to:

- Reduce the mistreatment of migrant workers by employers;
- Improve the temporary skilled migration system's lack of responsiveness to labour market needs; and
- Improve the integrity and quality of international student education/migration.

THE 2023 MIGRATION STRATEGY REFORMS

The Australian government's *Migration Strategy* attempts to address the three main policy problems identified above. The following section:

- describes each **policy problem** more fully;
- examines the **reforms implemented** to address these problems; and
- assesses the **effectiveness potential** of these measures and explores what other changes are needed.

1. EMPLOYER MISTREATMENT OF MIGRANT WORKERS

Policy problem

[Employer mistreatment of temporary migrant workers](#), particularly in low-wage sectors, is a significant problem in Australia. This is mainly due to the following factors:

- Challenges in enforcing employment laws due to the [low proportion of migrant workers who are members of trade unions](#);
- The [lack of resources](#) assigned to the Australian government agency tasked with enforcing employment regulations, particularly in the sectors where temporary migrants are concentrated;
- The flawed design of temporary visas. [Employer-sponsored visas](#) allow certain categories of migrants, such as skilled workers, to work only for their employer-sponsor. If the employment relationship is terminated, the worker has limited time to find another employer-sponsor before they lose their residency rights, making them vulnerable to underpayment and mistreatment. The regulation of non-sponsored visas makes other categories of temporary migrants, such as working holiday makers and international students, [dependent in other ways on employers](#). For example, working holiday makers applying for visa extensions require employer verification of their employment;

- The limited opportunities for temporary visa holders to gain permanent residency, resulting in many migrants becoming "[permanently temporary](#)" and unable to access services, supports and protections available to permanent residents.

Reforms implemented

The *Migration Strategy* sought to address the problem of employers mistreating migrant workers in four main ways:

- Criminal sanctions were introduced for employers who intentionally underpay their employees, including those on temporary visas. This was accompanied by [wider changes](#) to the employment law enforcement regime.
- Migrant workers who have experienced mistreatment were given additional protections including against having their visas cancelled. This includes the introduction of a pilot "[Workplace Justice](#)" visa allowing migrant workers to pursue a claim against an employer who has underpaid, injured, sexually harassed or discriminated against them.
- Clearer pathways were established between temporary visas and permanent residency, with a guaranteed pathway for migrants on temporary skilled visas.
- Changes were made to employer-sponsored visas for temporary skilled migrants. The existing Temporary Skill Shortage was replaced with a new "Skills in Demand" visa, which allows migrant workers to move more freely between employers and have better protection of their workplace rights. If the employment relationship is terminated, temporary skilled workers now have 180 days, rather than the 60 days previously, to find another sponsor and may undertake other paid work in the interim.

Effectiveness potential

These reforms will likely help to address some of the employer mistreatment of temporary migrant workers. For example, the new Skills in Demand visa broadly meets the principles that [academic studies](#) have recommended to reduce risks of temporary skilled migrant workers being underpaid and mistreated, by allowing workers to leave an exploitative employer and providing a guaranteed pathway to permanent residency. Similarly, the design of the new pilot Workplace Justice visa responds to proposals from [migrant activists and civil society groups](#) and addresses some of the issues contributing to migrant worker vulnerability that have been identified by [academic research](#).

However, temporary visa holders continue to be denied social security and post-arrival support, which makes them more reliant on employment as a source of income. The pathways to permanent residency remain limited for other temporary visa categories. These ongoing problems highlight necessary areas of attention for future reforms:

- Current barriers to temporary migrants' social inclusion, such as restrictions on their access to welfare support and subsidized public schooling and childcare, should be lifted. [Under most temporary visa schemes](#), few if any resources are provided to help ensure migrants have knowledge of their employment and social rights and mechanisms to enforce them. Future reforms should ensure that temporary migrants have access to social security and the necessary services to support their welfare and wellbeing.
- Problems of migrant workers being underpaid and mistreated have been starkest with respect to the working holiday maker visa and the international student visa. The vague commitment in the *Migration Strategy* to evaluate these schemes to ensure they do not contribute to worker exploitation is insufficient. Extensive research evidence has already demonstrated that the regulation of the [working holiday maker](#) and [student visa](#) schemes is inadequate and needs to be addressed as a matter of urgency.

2. LACK OF RESPONSIVENESS OF TEMPORARY SKILLED MIGRATION TO LABOUR MARKET NEEDS

Policy problem

[Addressing skills shortages](#) is the main objective of Australia’s temporary skilled visa scheme. However, some employers have [developed a preference](#) for using the scheme to meet their ongoing workforce needs. Underinvestment in training, job quality, workforce development and compensation by [employers in low-wage sectors](#) have compounded these problems.

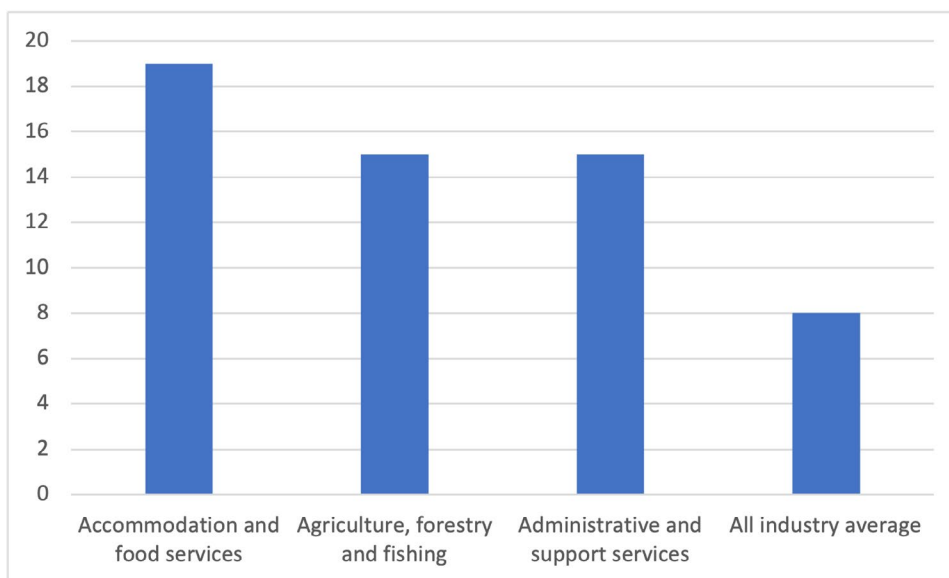
The *Migration Strategy* claimed that the temporary skilled visa scheme is no longer effective in addressing skills shortages in high skill/high wage occupations. This was reflected in various visa programs being disproportionately used in low-wage sectors like hospitality rather than in sectors with significant innovation and productivity potential (e.g., artificial intelligence and robotics) and in sectors with a global demand for skilled workers (see Figure 2).

Reforms implemented

The *Migration Strategy* announced various changes to address the problem of temporary skilled visas being insufficiently responsive to labour market needs. They include:

- Temporary skilled migrants’ salaries being raised to reduce the scope for employers to sponsor them to work in low-paid jobs. This involved an increase of 30 per cent in the Temporary Skilled Migration Income Threshold (TSMIT), which sets the minimum pay rate for migrants on temporary skilled visas. The TSMIT is designed to set the minimum salary of temporary skilled migrants at a relatively high level to ensure that they are sponsored to work in well-paid jobs. However, [the TSMIT had been frozen since 2013](#), which had allowed employers to engage temporary skilled migrants in lower paid jobs and contributed to problems of migrant workers being mistreated. The government also announced annual indexing of the TSMIT against average weekly regular time earnings to avoid it being frozen again.

Figure 2
Percentage of total industry workers who are temporary migrants (March 2020)



Source: Martin Parkinson, Joanna Howe and John Azarias. 2023. [Review of the Migration System: Final Report](#). Canberra: Department of Home Affairs, p. 92

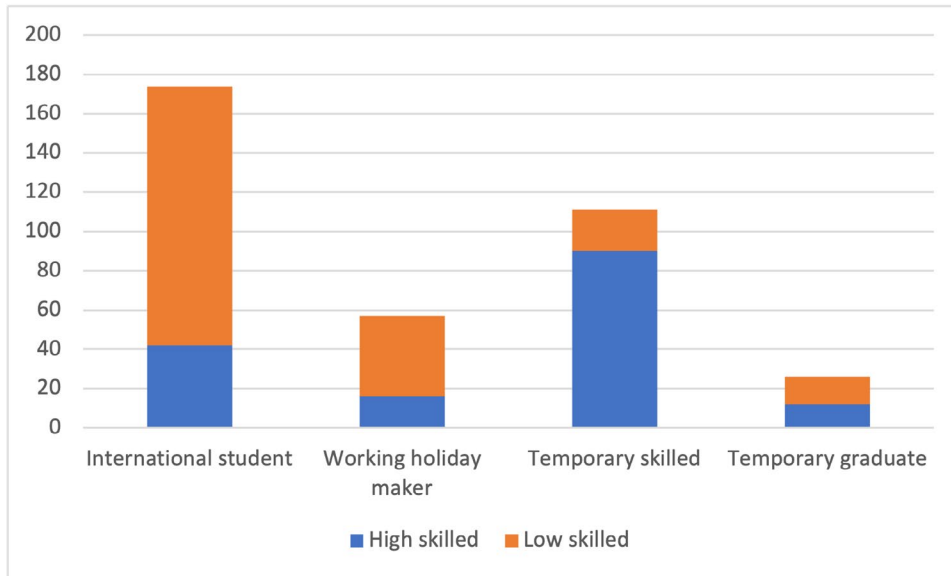
- Permitting temporary skilled migrants to switch employers more easily under the new Skills in Demand visa, as discussed above. As well as reducing the risk of employers mistreating visa holders, this change addressed [a criticism](#) of the previous Temporary Skill Shortage visa that it did not meet its objective of addressing skill shortages. The previously limited window for Temporary Skill Shortage visa holders to switch employers allowed employers offering uncompetitive wage levels and unattractive working conditions to recruit, sponsor and retain migrant workers, rather than improve poor quality employment, which was often the main cause of labour shortages.
- Creating a new government agency, Jobs and Skills Australia, tasked with independently determining occupations as being in genuine shortage before they are eligible for temporary skilled visa sponsorship, rather than the past practice of relying on employers' unverified claims of shortage. This is designed to help address problems of employers using temporary skilled visas to avoid training or improving job quality to meet their labour and skills needs.
- Introducing three pathways for temporary skilled migrants: a Core Skills Pathway allowing employers to sponsor migrants above the TSMIT to work in an occupation identified to be in shortage; a Specialist Skills Pathway allowing employers to sponsor high-wage migrants to work in any high-skilled occupations including those not necessarily in shortage; and a highly-regulated Essential Skills Pathway potentially allowing employers to sponsor migrant workers in the social care sector below the TSMIT.

Effectiveness potential

Implementing greater regulation of the temporary skilled visa scheme and allowing visa holders to work for whichever employer can use their skills most effectively will likely improve the scheme's responsiveness to skills shortages and workforce needs. However, some of these reforms are misdirected and others do not go far enough:

- The creation of a three-tiered system of temporary skilled migration creates unnecessary complexity. The Australian government should review these arrangements and consider the advantages of a single-tiered visa system.
- Stronger integration with the policy systems regulating education and training and employment would likely help to improve the responsiveness of the migration system to skills and workforce needs. These systems had been integrated before temporary visas were expanded in 1996, which resulted in the migration system supplying skills to business efficiently.
- Giving Jobs and Skills Australia greater authority over these systems will likely help address the ineffectiveness of temporary skilled migration in addressing workforce needs. Employers should not be able to engage a skilled worker on a temporary visa if the pay and working conditions are uncompetitive and unless the employer has invested sufficiently in training to address future skills needs.
- The responsiveness of other temporary visa schemes to workforce needs also needs to be assessed. While the Australian government maintains that the migration system prioritizes high-skilled migration, it has presided over a large expansion of working holiday maker and international student visas, which have become de-facto low-skilled migration schemes, as seen below in Figure 3. This appears to have led employers in some sectors like hospitality and agriculture to develop embedded preferences for temporary migration as the solution to their ongoing workforce needs rather than investing in training and job quality.

Figure 3
Temporary migrant workers by visa category and skill level (thousands)



Source: Martin Parkinson, Joanna Howe and John Azarias. 2023. [Review of the Migration System: Final Report](#). Canberra: Department of Home Affairs, p. 92

3. LACK OF QUALITY AND INTEGRITY OF INTERNATIONAL EDUCATION

Policy problem

The *Review of the Migration System* identified various problems with the regulation of visas that allow international students to study and, in many cases, work in Australia after their graduation. The “integrity” of the international education system was of particular concern. As the *Review of the Migration System* noted:

The migration system creates incentives for non-genuine students and unscrupulous profit-seeking education providers. The student visa can be used by international students who seek a credential, rather than an education, or can be used solely to gain access to the Australian labour market. Some institutions have a profit motive to enrol greater volumes of international students at the expense of quality applicants or learning outcomes. At its worst this includes institutions who use the system to sell student visas as a way of accessing Australia’s labour market.

Additional problems relating to international student post-graduation employment outcomes, mistreatment and skills underutilization were also identified. They include:

- International students face much greater challenges than domestic students in gaining employment, especially higher-income and full-time employment, after they graduate (see Figure 4).
- About half of all international students who graduate from Australian tertiary education institutions with a bachelor’s degree or higher work in jobs that are significantly below their skill level.
- International students are allowed to work in certain circumstances during their studies, and typically do so in the hospitality or retail sectors. However, many of those who work are [vulnerable to mistreatment and underpayment](#). International students who use their right to work are at greater risk of being exploited by employers than their domestic counterparts.

Figure 4
Domestic student and international student graduate employment and earnings outcomes, 2023

	Domestic students	International students	Difference in domestic vs international student outcomes
Full-time employment (%)			
Undergraduate	79.0	59.7	19.3
Postgraduate course work	90.3	60.7	29.6
Postgraduate research	85.3	76.7	8.6
Overall employed (%)			
Undergraduate	88.9	72.6	16.3
Postgraduate course work	93.9	73.1	20.8
Postgraduate research	91.4	86.6	4.8
Labour force participation rate (%)			
Undergraduate	92.5	83.7	8.8
Postgraduate course work	95.6	91.4	4.2
Postgraduate research	95.2	95.9	-0.7
Median salary, employed full-time (A\$) for graduates working in Australia			
Undergraduate	71,000	65,000	6,000
Postgraduate course work	96,600	65,000	31,600
Postgraduate research	100,000	92,000	8,000

Source: Quality Indicators for Learning and Teaching, 2024. 2023 Graduate Outcomes Survey: International Report 2024. [https://qilt.edu.au/surveys/graduate-outcomes-survey-\(gos\)](https://qilt.edu.au/surveys/graduate-outcomes-survey-(gos))

Reforms implemented

The *Migration Strategy* contained various reforms to address these problems in international education, including:

- Stronger English language requirements for student and temporary graduate visas;
- Closer scrutiny of student visa applications;
- More stringent requirements for education providers before they can enrol international students; and
- Changes to temporary graduate visas including shorter post-study work rights.

The temporary graduate visa changes were particularly significant since the creation and strengthening of a pathway between student and post-study work visas had been an [important driver of the growth in international education](#). However, many international students transitioning to post-study work visas are unable to gain the skilled work experience necessary to apply successfully for permanent residency, but nevertheless seek to prolong their stay in other ways, leading many to become “permanently temporary”.

According to the *Migration Strategy*, these graduate visa changes:

will give graduates sufficient time to demonstrate their ability to succeed in the skilled labour market and establish their careers, while setting boundaries for others with low prospects of becoming permanent residents [and] help put downward pressure on migration levels, as graduates that have fewer prospects of permanent residence depart the country.

This reference to reducing “downward pressure on migration levels” signifies another Australian government objective, namely, to reduce net migration. While not explicitly foreshadowed in the *Migration Strategy*, the government later announced a further significant change to meet this objective through an annual cap on the number of international students that each tertiary education institution could enrol. While the government did not get sufficient parliamentary support for international student caps, at the time of writing it appeared likely the government would use other means to limit international student intakes.

Effectiveness potential

Many of the international student visa reforms are likely to help address the integrity problems outlined above. The *Migration Strategy* provided plausible justifications for changes to temporary graduate visas, English language requirements and increased scrutiny of student visa applications and education providers.

However, reducing international student intakes through caps or other means are likely to have significant negative consequences for the education sector, which is one of Australia’s largest export sectors with its [value increasing](#) by more than double between 2010 and 2020. Attracting high fee-paying international students to Australian universities and vocational training colleges has been the cornerstone of this growth.

The government’s [justification for limiting international students](#) rested on a vague determination “to strengthen the integrity of the sector and ensure it maintains its social licence”. [Research has indicated](#) the international student limits will negatively impact revenue and employment in the tertiary education sector and the wider economy. The government should consider additional support including potentially increased funding to the sector to offset these negative effects.

CONCLUSION AND SUMMARY OF RECOMMENDATIONS

The Australian government’s reforms aimed to reduce the potential for employer mistreatment of temporary migrant workers, improve the responsiveness of temporary skilled migration to labour market needs and respond to challenges with international student migration. These will likely help to address some of the migration system’s problems. However, the measures contained in the *Migration Strategy* do not go far enough and some are misdirected.

We therefore recommend that the Australian government:

- Remove barriers and implement stronger measures to enable temporary migrants’ social inclusion;
- Strengthen the regulation of working holiday maker and international student visas;
- Reduce unnecessary complexity in temporary skilled visa arrangements and consider introducing a single-tiered visa system;
- Introduce stronger integration of migration policies with policies regulating education, training and employment;
- Require employers to invest in training and competitive pay and working conditions before being authorized to engage skilled workers, working holiday makers or international students on temporary visas; and
- Provide support to the tertiary education sector to offset the negative effects of international student limits.

SUGGESTED READINGS

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Stephen Clibborn is an Associate Professor in the Discipline of Work and Organisational Studies at the University of Sydney, and Co-Director of the Sydney Employment Relations Research Group. Stephen researches the fields of employment relations, law and migration, with a particular focus on (non-) compliance with employment laws. His in-depth case study research has examined migrant workers' labour market experiences, and the roles of government, employers, unions and civil society in the enforcement of employment laws. His research has been published in leading academic journals and he is a key research-based contributor to public debates and policy formation about regulation of work.

