

## A New Framework: Using Migration to Benefit the Regions

There are a series of challenges facing post-pandemic Australia – slow productivity growth, budget blowouts and transitioning to a net zero economy – and a more effective skilled migration program can help address each of them. However, the overwhelming majority of the benefits from migration are seen in the major capital cities, while the needs of the regions are overlooked. Implementing restrictions on visa-holding workers' access to employment in regional areas could potentially undermine the envisioned sustainable employment growth in those communities during the energy transition.

The contributions of individuals with diverse skills, ranging from engineering graduates to local chefs, are instrumental in supporting projects, industries, and the overall community. Their presence is invaluable for regional sustainability and development. However, recent reports indicate that regional stakeholders' perspectives on the significance of migration in the regional economic contribution are not being adequately recognized or acknowledged.

The skilled labour that flows from migrations is highly concentrated within Australia's major cities. Proponents of this point of view claim that diverting skilled labour towards the regions and away from the major cities would reduce the community's net benefits from migration. The argument is that migrants who settle in cities are more likely to obtain consistent employment, that employment in the cities typically requires more specialisation, and that the benefits of this employment and specialisation are more frequently seen by the community. Forcing migrants to move to regional areas will likely reduce their income and therefore the fiscal dividend they provide to the Australian community while increasing the cost of the public services they consume. This argument places excessive reliance on the budgetary contribution of migrants as the overriding criterion that determines their permanent sponsorship status.

Furthermore, to ensure that the regions see the benefits of migration, minimum salaries for employer sponsorship cannot increase past \$70,000. Some contend that increasing the minimum to \$80,000 will ensure that Australia hosts only the 'best and brightest'. However, this would seriously hamper the regions in their capacity to obtain and attract a sustainable supply of skilled labour. It is argued that setting a higher minimum would more effectively target migrants with valuable skills, speed up the sponsorship process and boost the Australian government budgets by over \$100bn over the next three decades. The median weekly incomes in the Darling Downs, Cairns and Central Queensland were 28.8%,



Figure 1: Increase to the prospective pool of skilled migrants following reduction in the minimum income to \$75,000 (blue zone). Each dot represents 1,000 full time job positions in Australia.

18.2% and 18% lower than the median income in Brisbane, all of which were significantly \$80,000. Decreasing the minimum by 12.5% to \$70,000 would ensure that the regions are able to benefit from skilled migration while still retaining a high competency level. It also significantly expands the prospective pool of migrants able to obtain permanent sponsorship and therefore returns the tax revenue lost to the reduction caused by lowering the minimum income.

Skilled labourers in the regions will typically earn less than those that settle in Brisbane, but ensuring that regional communities have access to the services provided by skilled migrants has critical societal and economic benefits. State governments and regional authorities must retain the ability to use skilled migration visas to target local occupational needs. Central Queensland and the Darling Downs require additional workers to their labour forces that are already highly skilled in the resources and gas sectors. The value of skilled migrants in these sectors and others is therefore significantly higher in the regions than it is in capital cities. Outside of the regional specialisation, increasing the number of doctors, nurses and teachers would increase the appeal of working in the regions for both migrants and Queenslanders.

Making the regions a more attractive destination to work is fundamental to their socioeconomic well-being. Women and families from Gladstone have had to travel hundreds of kilometres to give birth because the only local hospital has been on a 'birthing bypass due to the critically low number of midwives and obstetricians. The low housing supply has forced workers in Longreach to commute up to three hours to and from town each day. Schools outside of Brisbane are struggling to attract teachers, leaving 130 of them understaffed with over 307 vacancies.

The relationship between skilled migration and regional socioeconomic prosperity is symbiotic. Ensuring that the regions can offer salaries that are competitive with major cities and allowing the state to direct skilled migrants to the areas where they are most needed will increase the number of skilled labourers in the regional workforce, and improve the quality and consistency of local social services. Analogously, by making social services like healthcare, education and housing accessible, skilled migrants and other Queenslanders will be more likely to work and live in the regions.