Billion Dollar Benefit

The economic impact of unlocking the skills potential of migrants in Australia

Above: Ali arrived in Australia in 2022 with a bachelor's degree in visual communication from the Faculty of Fine Arts in Damascus in Syria and with ten years of varied professional experience in arts and design. Today, Ali balances his art and graphic design with a security job, studying and plans to mentor the next generation of Australia's diverse artists.

Front cover picture: 23-year-old Anastasiia, originally from the Ukraine. After studying a Bachelor of International Law in her home country, Anastasiia found it challenging to find meaningful employment in her chosen field in Australia. Luckily, she changed career paths and found herself working in her dream job as an SSI support worker for new arrivals.

Contents

Acknowledgement of Country

We acknowledge the Aboriginal and Torres Strait Islander peoples as the First and Traditional Custodians of the lands where we live, learn and work. We pay respect to Elders past and present and recognise their continuous connection to Country. We remain committed to reconciliation and to working with First Nations peoples to realise "Makarrata" – a Yolngu word meaning the coming together after a struggle.

About this report

In an Australian-first, this Billion Dollar Benefit report quantifies the economy-wide impact if migrant professionals worked in jobs that match their skills at a similar rate to Australian-born workers. It builds on work over recent years to determine the impact of the migrant skills mismatch on economies at the state level, and on wages at the national level. This report examines the flow-on effects of more fully utilising the skills of migrant professionals, including how it would affect productivity, employment, wages, industries and economies at the state and national levels. It also unpacks the extent of underutilisation, finding that migrant women, migrants from non-OECD countries, secondary applicants and humanitarian entrants experience a greater skills mismatch than others.

Foreword

Australia can unlock $9 billion each year – simply by harnessing the skills potential of permanent migrants already here.

At a time of skills shortages, declining productivity, and an urgent need to transition to net zero, it is more important than ever to ensure all workers in Australia can fully use their skills and expertise.

Yet almost half (44%) of permanent migrants in this country work below their skill level. This not only holds back overseas-trained professionals from achieving their career aspirations, but it also holds us back as a country.

For the first time, we can quantify the economy-wide benefit of more fully capitalising on the skills of migrants in Australia. The Billion Dollar Benefit report paints the picture of a tremendous opportunity we can realise – $70 billion unlocked over ten years – from supporting permanent migrants already in Australia to work in jobs that match their skills at a similar rate to Australian-born workers.

A better match between migrant talent and employment outcomes would transform Australia's economy – increasing employment, boosting productivity at the industry level and lifting wages for migrant and non-migrant workers alike. Australians would have better access to essential services. Every state and territory stands to benefit.

Seizing this opportunity should be a national priority. The size and scale of the issue warrants the attention of parliaments and boardrooms across Australia. Closing the migrant skills mismatch is a shared responsibility, and shared opportunity, that requires a collaborative effort across government, industries and employers, unions, the social services sector and affected communities. We all have a role to play.

We recommend this report to you as an urgent call to action. It is time to fully embrace the skills and experience of migrants. There are billions of dollars at stake for Australia as a whole, and the career aspirations of hundreds of thousands of skilled professionals who call Australia home.

Violet Roumeliotis
CEO, Settlement Services International

Richard Feledy
Managing Director
Allianz Australia Insurance

Daniel Hunter
CEO of Business NSW

David Borger
Executive Director
Business Western Sydney

Matt Tindale
LinkedIn Country Manager,
Australia and New Zealand

SNAPSHOT OF THE ECONOMIC IMPACT:
Unlocking the skills potential of migrants in Australia

44% Almost 1 in 2 permanent migrants in Australia are working below their potential.

66% → **speak English 'well'**, very well, or as their only language

1.2x → **women** are 1.2 times more likely to be underutilised than men

57% → hold **university qualifications**

146,700

If migrant workers worked in jobs that matched their skill level at the same rate as Australian-born workers then 146,700 currently underutilised migrants would be employed or move to more productive jobs, resulting in:

1. an increase in **total employment**, more people and hours
2. increased productivity at an **industry level**, skills are being used
3. a reallocation of labour **across industries**, more relevant work
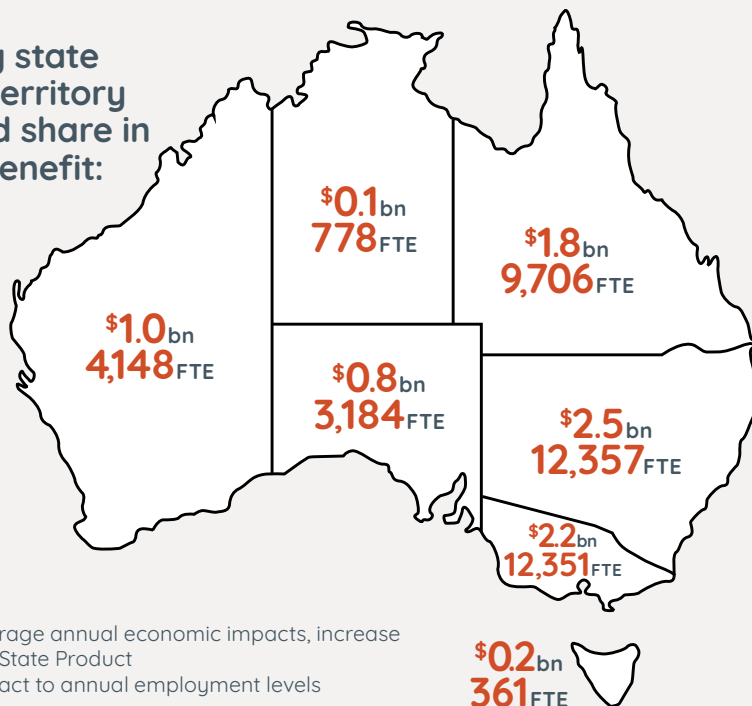
This would generate:

$70 billion
additional economic activity (GDP) over ten years in net present value terms.

Which equates to:

$9 billion additional GDP per year, on average over 10 years

+

GDP +0.5% higher on average each year than under current conditions

=

And results in:

51,130 FTEs additional employment in full time equivalent (FTE) terms over ten years, as industries become more productive.

Every state and territory would share in the benefit:

$0.1bn 778 FTE

$1.8bn 9,706 FTE

$1.0bn 4,148 FTE

$0.8bn 3,184 FTE

$2.5bn 12,357 FTE

$2.2bn 12,351 FTE

$0.2bn 361 FTE

$bn: average annual economic impacts, increase to Gross State Product
FTE: impact to annual employment levels

The industries which stand to gain the most employ staff in professional roles in knowledge sectors:

Professional services
e.g. barrister, engineering manager, web designer, solicitor

Education
e.g. school teacher, university tutor, childcare centre manager, specialist trainer

Public administration
e.g. registered nurse, interpreter, pathologist, police officer, legislator

The productivity and wage benefits will also flow to other sectors, such as construction, communications, trade, mining and financial services.

Key terms used in this report

This report estimates the number of recently arrived permanent migrants in Australia who are underutilised, that is, that are working in an occupation below their skills and qualifications. These estimates are then used to understand the economic opportunity if this skills gap was closed for businesses and the Australian economy.

Australia's permanent migration program is highly focused on attracting skilled international talent. This report focuses on permanent residents (as opposed to all overseas born residents, or all visa holders) to understand the untapped potential of those who are settling in Australia to make a life and career. The analysis examines employment patterns seen among recently arrived permanent migrants who settled under the skilled, family and humanitarian streams, and who arrived in Australia from 2006 to 2021. That analysis is used to understand the typical profile of permanent migrants arriving in Australia in the last 15 years.

In analysing the labour market outcomes for this group and presenting the potential changes to Australia's employment and economic activity by industry, this report uses the following definitions:

Underutilisation refers to an instance where an individual is working in an occupation that is not commensurate with their qualification (for instance, an individual working in a low-skilled occupation who has a Master's degree which they are not putting to use in that role).

Occupations are defined using the Australian and New Zealand Standard Classification of Occupations (ANZCO) codes. ANZSCO is a skill-based classification used to classify all occupations and jobs in the Australian and New Zealand labour markets.

Industries of employment are defined in this report using Australian and New Zealand Standard Industrial Classification (ANZSIC) codes.

Occupation skill levels (from 1 to 5) are assigned to occupations to measure the range and complexity of the tasks performed in a given job. Skill levels are assigned to occupations based on the typical (1) formal qualification required, (2) experience required, and (3) on-the-job training that is 'typically required for competent performance' of that job. Skill level is assigned to an occupation rather than to an individual. For example, surgeon is a skill level 1 occupation, real estate agent is a skill level 2 occupation.

A qualification skill level (from 1 to 5) is calculated in this report as a person-level measure which reflects the skill level associated with the highest qualification an individual holds. It uses the occupation skill level definitions to define the commensurate skill level for each qualification. For example, the Australian Bureau of Statistics describes occupations at Skill Level 1 having a level of skill commensurate with a Bachelor degree or higher qualification, while occupations at Skill Level 4 are commensurate to a Certificate II or III.

Qualifications fields of study are used in this report to understand the profile of qualifications held by migrants and the industries which would typically employ workers who are trained in each field. The field of study associated with each non-school qualification is coded using the Australian Standard Classification of Education (ASCED).

Migrants is used in this report to refer to people who have settled permanently in Australia under the skilled, family or humanitarian streams. The skilled stream is highly selective and geared towards economic outcomes; the family stream is made up primarily of spouses/partners and children and is designed to reunite families; and the humanitarian stream seeks to provide protection and safety for people fleeing conflict and persecution.
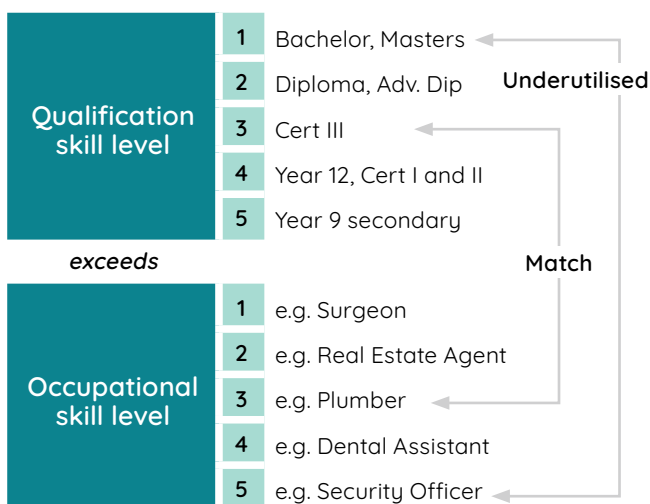
Executive summary

Australia would benefit from $9 billion dollars each year in economic activity from more fully harnessing the skills of migrants currently living in Australia. Reforms to support migrants to work at their full potential would create a permanent step change to Australia's economic growth trajectory – uplifting national productivity, employment and wages across Australia's jurisdictions, regions and industries, with benefits to all workers. Over ten years, $70 billion would be added to Australia's Gross Domestic Product (GDP). Seizing this opportunity should be a national priority.

While the issue of migrant skills underutilisation is well established, this report – the first of its kind – has quantified the national, whole-of-economy benefit that could be realised by better harnessing the skills of recent migrants already in Australia (with no impact on the trajectory of population growth).

Australia would benefit from $9 billion dollars each year in economic activity from more fully harnessing the skills of migrants currently living in Australia.

The situation: Almost half of migrants in Australia work below their skill-level, despite critical skills shortages
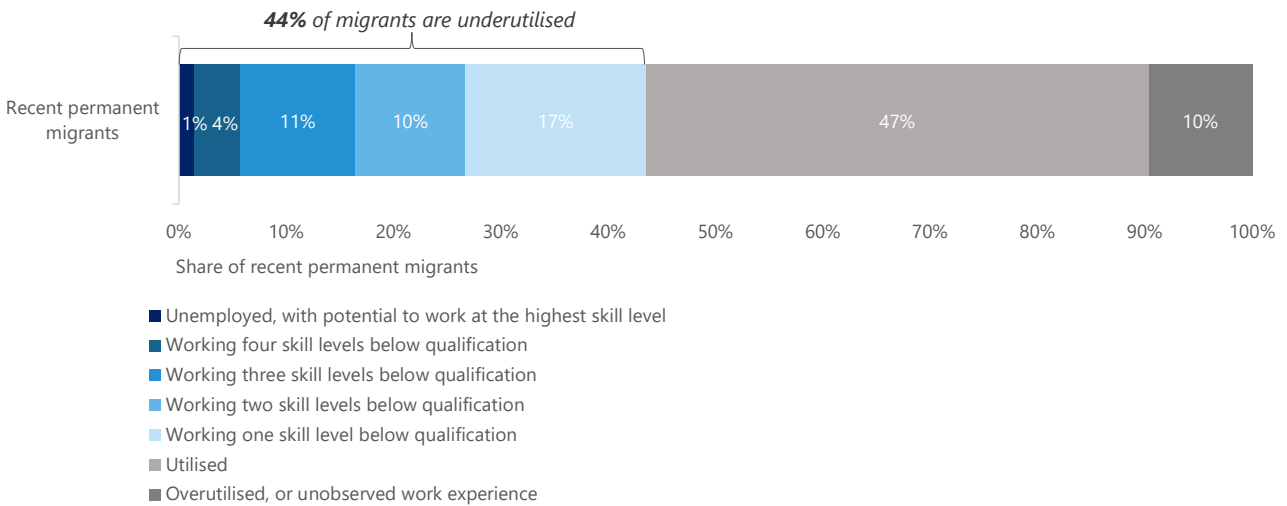
Australia's productivity growth is at a 60-year low. Skills shortages persist in more than one in three occupations across Australian industries. And yet hundreds of thousands of migrants currently living in Australia – many with the professional qualifications and experience needed to fill those shortages – are facing multiple barriers to employment in occupations that need their skills.

On average, among those permanent migrants who arrived in Australia in the last 15 years, almost half (44%) are working in an occupation at a lower-skill level than is commensurate with their qualifications (Chart i). This means in 2024, there are more than 621,000 permanent migrants living in Australia who are underutilised and not working to their full potential. Despite the permanent migration program's focus on attracting overseas qualified professionals with skills in demand that address labour shortages, almost six in ten underutilised permanent migrants in Australia entered via the skills stream.

The underutilisation of recent migrants in Australia is not because of their skills profile. In fact, recent migrants are 1.7 times more likely than the Australian born workforce to hold a university-level qualification. Of the Australian permanent migrant intake over the past 15 years: 53% had a higher education degree at bachelor level or above, compared to 32% of the Australian-born working age population.[1]

The underutilisation of migrants is also not due to the fields of study in which they are qualified. Across every broad field of study, migrants are less likely than the average Australian-born workers to be working at the correct skill level – despite, on average, being more qualified. Migrant workers with qualifications related to education, society and culture (including law, social services, language and humanities), management and commerce, and agriculture are far more likely than the average Australian-born worker not to be working in an occupation which is commensurate to their highest educational attainment. Recent migrants are more likely to be working three or more levels below their qualification skill level (16% of permanent migrants), relative to Australian-born workers (6%).

Chart i: Extent of underutilisation (share of recent migrants in the labour force)

44% of migrants are underutilised

Recent permanent migrants: 1% | 4% | 11% | 10% | 17% | 47% | 10%

Share of recent permanent migrants (0% to 100%)

- ■ Unemployed, with potential to work at the highest skill level
- ■ Working four skill levels below qualification
- ■ Working three skill levels below qualification
- ■ Working two skill levels below qualification
- ■ Working one skill level below qualification
- ■ Utilised
- ■ Overutilised, or unobserved work experience

Source: Deloitte Access Economics using Australian Census Migrant Integrated Dataset (ACMID), 2021

Chart ii: Difference in the rate of underutilisation, recent migrant and Australian-born labour force participants

146,700 migrants are more *underutilised* than Australian-born labour force participants

Recent permanent migrants: 44% | 47% | 10%

Australian-born workers: 35% | 44% | 22%

Share of recent permanent migrants (0% to 100%)

- ■ Underutilised
- ■ Utilised
- ■ Overutilised, or unobserved work experience
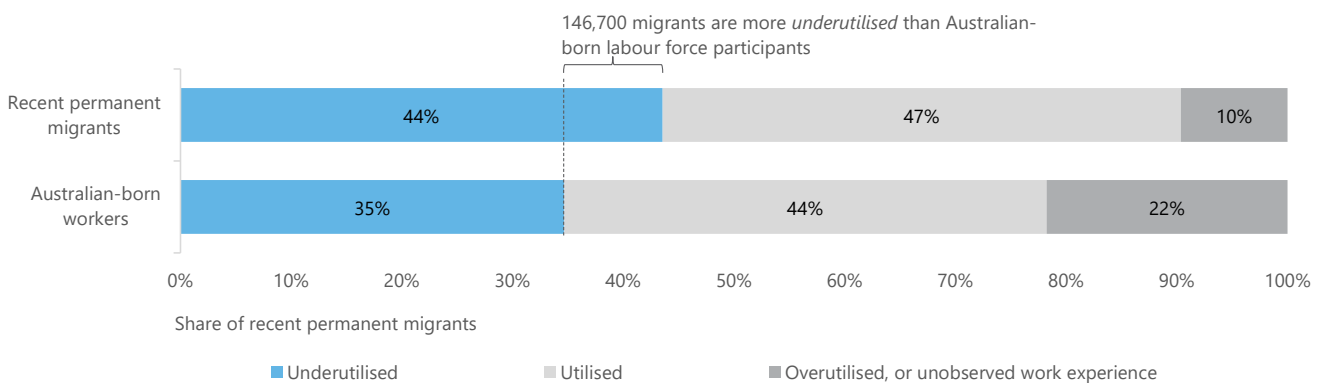
Source: Deloitte Access Economics using Australian Census Migrant Integrated Dataset (ACMID) and Australian Census, 2021

Figure i: Key findings

Closing the gap in underutilisation would see:

- an increase in total employment
- a reallocation of labour across industries to better use skills
- increased productivity at an industry level

This would generate an economic impact of:

$70 billion
additional economic activity (GDP), over ten years in net present value terms.

Equates to
$9 billion
additional GDP per year, on average over 10 years.

GDP +0.5%
higher on average each year than under current conditions.
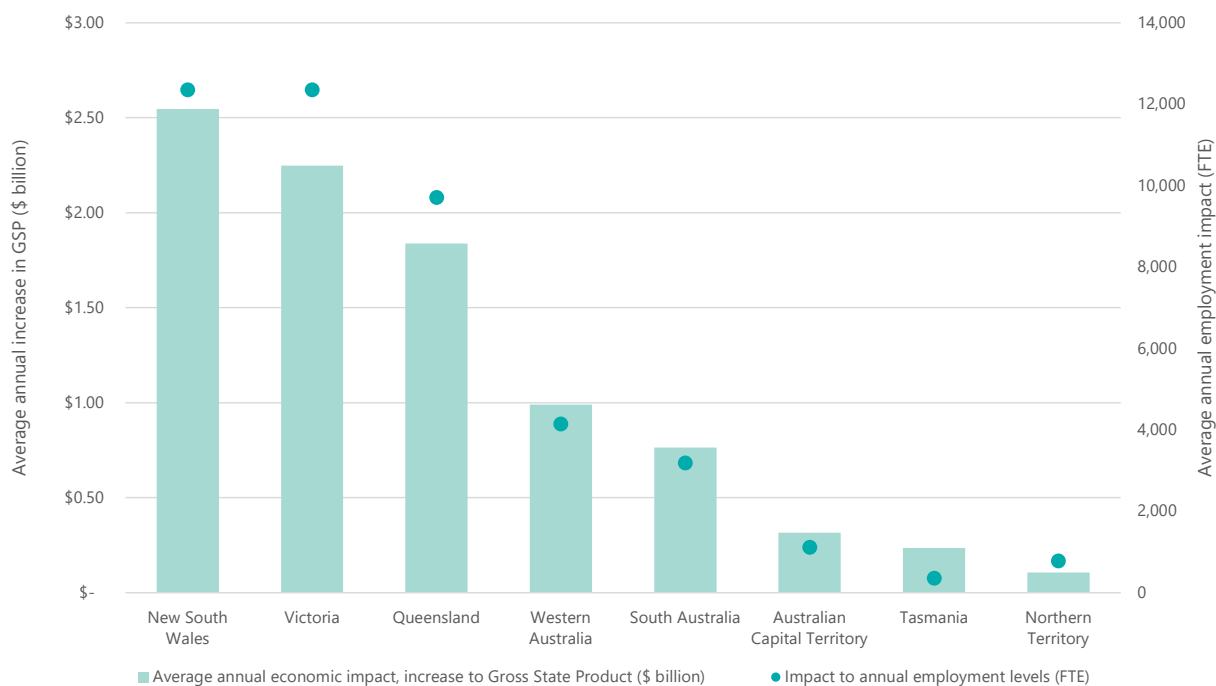
51,130 FTEs
additional employment in full time equivalent (FTE) terms over ten years, as industries become more productive.

146,700 people
the number of migrants that join the labour market or work more hours – all at higher skill levels than they are currently utilised – in the modelled scenario.

Source: Deloitte Access Economics, Regional General Equilibrium Model (DAE-RGEM)

Chart iii: State and territory uplift in GDP

Average annual economic impact, increase to Gross State Product ($ billion) ● Impact to annual employment levels (FTE)

The opportunity: Australia's economy would grow by an average of $9 billion each year from a better match between migrant skills and employment outcomes

Closing the gap in skills underutilisation between migrants and Australian-born workers would generate an additional $9 billion in additional GDP per year, on average over ten years, for Australia. That is, Australia's GDP would be 0.43% higher each year than compared to the current forecast. This economic benefit reflects more than merely closing the wage gap of underutilised migrants; it is the result of widespread gains in national productivity and increases in total employment and average wages across Australia's labour market.

Over ten years, the economic opportunity is substantial – $70 billion could be added to Australia's GDP over ten years, in net present value terms. As above, this outcome reflects the combined impact of utilised workers working more hours (including some transitions from unemployment) and working in more relevant roles – meaning they are more productive and earning higher wages (Figure i). There would also be an increase in productivity at the industry level because skilled migrants would be working to their qualified potential in relevant industries.

The multiplier effect: Better utilising the skills of migrants would have benefits across Australian industries and in every state and territory

Better harnessing the skills of migrants in Australia would have a multiplier effect because the industries which are better using migrant skills become more productive, expand production, exports, consumption, and increase demand for other sectors. The impact compounds and grows larger each year. By 2034 – ten years after closing a gap in migrant skills utilisation – Australia's GDP is estimated to be $12 billion higher (0.5%) than what would have been expected under current conditions. The resulting employment supported, in full time equivalent terms, is far larger than the number of people joining the labour market or who become better utilised, and the impact goes well beyond the current migrant cohort.

The other parallel impact is that average wages would grow across the economy. Migrant professionals would earn $3.9 billion more than they currently do if they worked at their skill level at the same rate as Australian-born workers. Wages would be higher, however, not only for the migrants who are now in jobs which match their skills, but also for other workers because of the overall increase in productivity. Based on the modelled increase in employment across skills and industries, this report estimates an expected increase in average wages across the economy of 0.08%, peaking at 0.09% by 2034.

Najeeba Wazefadost, Founder of the Asia Pacific Network of Refugees and Billion Dollar Benefit Ambassador, speaks at the 2023 World Refugee Day Fair outside Parliament House.

Every state and territory stands to benefit from closing the migrant skills mismatch, through expansion of state employment figures and Gross State Product (GSP) (Chart iii). Over ten years, the annual average increase to employment ranges from 800 Full Time Equivalent (FTE) positions in the Northern Territory to 12,300 FTE in New South Wales, while the economic impact ranges from $100 million in the Northern Territory to $2.5 billion to New South Wales.

Industries that would see the greatest increase in employment from harnessing the skills of migrant workers are professional services, public administration, and education. These industry groupings capture a large array of occupations including accounting clerks, social workers, emergency services and lifeguards (in public services) and electrical engineers, environmental scientists, and legal professionals (in professional services).[2] High-growth industries such as construction (including housing) also stand to benefit from increased productivity.

Coordinated and consistent action is needed across sectors to realise the transformative benefits of unlocking the full skills potential of migrants in Australia.

The way forward: Addressing barriers facing migrant workers as a national priority

Addressing the underutilisation of migrants' qualifications has been a goal of successive governments, industry leaders and unions. While there is a substantial opportunity to be unlocked by ensuring that migrant workers are employed to their full potential, the problem of underutilisation persists – its drivers are complex and multifaceted. The case studies in this report highlight that complexity.

Common barriers include insufficient English language proficiency for employment contexts; challenges with qualification recognition and licensing; intersecting barriers for women, especially as secondary applicants; and discrimination in the labour market, particularly given employer preferences toward local experience. A complex challenge necessitates a multifaceted approach to support individual migrants, their employers, and governments across the country to address the systematic, industry and individual-level challenges that lead to underutilisation.

There is no single panacea to address these intricate and sometimes industry-specific barriers. But the size of the economic opportunity – $70 billion in additional economic activity over ten years – demonstrates that this issue requires prioritisation at the national level, across parliaments and boardrooms alike. Coordinated and consistent action is needed across sectors to realise the transformative benefits of unlocking the full skills potential of migrants in Australia.

Najibullah overcoming recognition roadblocks to practice medicine again

Najibullah completed his medical education in Afghanistan in 2014 and worked as a GP for seven years. However, he is still navigating hurdles to practice medicine again. He arrived in Australia in 2021 feeling excited to continue his medical career in his new home country.

Despite his experience, Najibullah has come up against multiple barriers in pursuing his career in Australia. Najibullah's medical degree has been recognised by the Australian Medical Council (AMC) and he is eligible to apply for a conversion pathway to practice in Australia. He completed the first step in the standard pathway to medical registration and passed the AMC Multiple Choice Question (MCQ) exam.

Following his initial exam success, however, Najibullah faced the challenge of balancing supporting his wife and three children through paid work whilst studying for the clinical exam and finding a medical placement. Najibullah, despite being an experienced doctor, has been driving for Uber to save up the $4,345 required to sit the AMC Clinical exam.

In addition to funding and passing the medical exam, Najibullah needs to secure an employment offer where he can complete his 12 months of supervised practice before being eligible to apply for full registration to the Medical Board of Australia. Finding a placement for supervised practice, however, is notoriously difficult in Australia due to the limited number of available placements each year.

In a show of dedication to his goal he also found work in a pharmacy as a pharmaceutical assistant to maintain a connection to his career. "At least this way I am learning the Australian systems and medications," he said.

"*I graduated from Kabul Medical University in 2011 after which I completed my three-year residency. I then worked as a GP and an emergency doctor, and I had my own private clinic.*

The cost of living is rising every day so I had no choice but to drive for Uber so I can pay my bills. This means I didn't have as much time to study. I worked long days and nights to support my family. I need to find the money for the clinical exam but after paying my bills there isn't anything left.

I had lost count of the number of applications I have put in to complete my placement. I don't even get shortlisted; I just got the automatic rejection email."

Najibullah: a general practitioner, trained in Afghanistan

Chapter 1 Introduction

Migrants living in Australia

Migrants living in Australia make a critical contribution to the national economy and social fabric. Globally, Australia has one of the largest proportions of foreign-born residents. In 2023, one-third of Australia's population was born overseas (8.2 million at June 2023).[3]

Between FY13 and FY23, Australia's permanent migration program averaged around 173,000 visas per year. This was across the skilled stream, which accounted for around two-thirds, and family stream, which accounted for around one-third of the program. In the same period, around 15,000 refugees settled permanently in Australia each year under the humanitarian program.[4] For the purposes of this report, the term 'migrants' is used for people who have settled permanently under the skilled, family and humanitarian streams.

Recent migrants in Australia are from diverse backgrounds and regions of the world, bringing a diverse set of experiences and skills. In FY23, most migrants arrived from Southern and Central Asia (28%, 198,535), followed by Northeast Asia (19%, 134,000) and Southeast Asia (17%, 119,530).[5]

According to most recent available data from the Australian Bureau of Statistics (ABS) measured at November 2019, approximately 69% of recent migrants held a post-secondary school qualification before arriving in Australia, with 79% holding a bachelor's degree or higher and 13% holding an advanced diploma or diploma.[6] The most common fields of study included Management and Commerce (25%), Engineering and related technologies (19%), Health (12%) and Information Technology (12%).

The Australian labour market

In the context of a tight labour market, the skills that migrants bring to Australia are particularly valuable. This was apparent in recent years during the COVID-19 pandemic when many migrants left Australia, revealing substantial skill shortages in several key industries across Australia.[7] Even currently, the Australian economy is still experiencing tight labour markets and is still grappling with persistent skill shortages.[8]

According to the 2023 annual Australian Government Jobs and Skills Australia report, 36% of occupations assessed were in national shortage.[9] The report notes that the "occupation groups that tend to experience shortage tend to be occupations which require "high level of skills and knowledge, qualifications and experience". The most common shortage is among Technicians and Trades Workers, with 50% of occupations in this category classified as in a national shortage. Additionally, 48% of the occupations within the Professionals group, especially Health Professionals, are in shortage, and shortages in the Community and Personal Services sector have increased to 24% of occupations.

Despite possessing relevant skills, qualifications, and work experience, and the substantial demand for relevant skills throughout Australia – it is a common story for recent migrants to work in occupations which are below their skill level. This poses a large inefficiency cost and untapped opportunity for the wider Australian economy and hinders migrants from pursuing their careers.

At a time of skills shortages, declining productivity, an ageing workforce, and an urgent need to transition to net zero, it is critically important than ever to ensure all workers in Australia can fully use their skills and expertise. The Migration Review noted this opportunity:

"While most migrants do well, there is considerable lost potential and more that can be done, particularly to support migrant women, through settlement and other government services and supports, access to networks and local experience, and a more coordinated approach to skills recognition."

– Review of Australia's Migration System, 2023

While most migrants do well, there is considerable lost potential and more that can be done, particularly to support migrant women, through settlement and other government services and supports, access to networks and local experience, and a more coordinated approach to skills recognition.**"**

Doctor Mona Kaskeen was the only neurologist (and female doctor) for a million and half Gazans. She has 25+ years of experience as a neurosurgeon and spine surgeon. Recently arrived in Australia, Dr. Mona hopes that her qualifications can be recognised so she can continue to support her community, but acknowledges that the need for Australian experience and local networks may prove challenging.

The economic impact of migrant skills underutilisation can be far reaching, beyond the foregone wages of individual migrants, to include health, housing, and government revenue costs. Recent research focusing only on the cost of foregone wages, found that the difference between the skills of recent migrants and their occupation in Australia resulted in $4 billion in foregone wages each year.[10]

Purpose and structure of this report

This study – the first of its kind at the national level – estimates the economic benefit of better utilising migrants' skills for the Australian economy, businesses, and migrants themselves. Data was collated from the Australian Census Migrant Integrated Dataset (ACMID) 2021, and 2021 Census of Population and Housing to quantify the extent of migrant underutilisation in Australia. The economic benefit of closing the gap in the rates of underutilisation for migrants relative to those born in Australia was estimated using a Computable General Equilibrium Model (CGE) approach.

In this report:

+ **Chapter 2** provides an overview of the extent of underutilisation of migrant skills in Australia compared to that of Australian-born workers. It discusses the key characteristics of migrants' skills and occupation profile, including the gendered nature of underutilisation. The analysis reveals that on average migrants are 9 percentage points more likely to be underutilised than Australian-born workers, and that migrant women, migrants from non-OECD countries, secondary applicants and humanitarian entrants experience a greater skills mismatch than other migrant cohorts.

+ **Chapter 3** outlines the economic opportunity of $70 billion across the Australian economy that could be unlocked as a result of better utilising the skills of migrants already in Australia, and also considers the industry and states that are most likely to benefit from better use of migrants' skills.

+ **Chapter 4** considers the implications of these findings, concluding that closing the skills mismatch facing migrants should be a national priority given the size and scale of the opportunity outlined in this report.

Chapter 2 Migrants in Australia are not working to their full potential

2.1 Overview

Migrants in Australia bring a diversity of skills, knowledge, ways of thinking, qualifications, and work experience. Ensuring that those who make a life in Australia can work to their full potential is a key way to address national worker shortages, provide in-demand skills, and support economic growth.

Australia's labour market, however, is not making the best use of the skills of migrants currently living in the country. On average, almost half (44%) of recent permanent migrants work at a level that is below their skills and qualifications (Chart 2.1). This means, in 2024, there are more than 621,000 permanent migrants living in Australia who are underutilised and not working to their full potential. More than half (57%) have university level qualifications but are not employed in roles that use their training fully. In some cases, the level of mismatch is severe, with 16% of migrant workers working more than three skill levels below their qualified capability (Chart 2.2).

Underutilisation is not simply a short-term issue. The underutilisation rate of permanent migrants persists even after they have been living in Australia for a decade. That is, those who arrived recently, and who are participating in the labour force, are just as likely to work below their skill level as those who arrived 10-15 years ago. This points to the structural nature of the problem – Australia's employment ecosystem is not fully tapping into the skills of migrant workers, regardless of their tenure in the country.

2.2 Characteristics of migrants in Australia who are underutilised

Despite the permanent migration program's focus on attracting overseas qualified professionals with skills in demand that address labour shortages, almost six in ten underutilised permanent migrants in Australia entered via the skills stream. Nevertheless, the skills mismatch is most pronounced for humanitarian entrants and secondary applicants, women migrants, for people born in non-OECD countries, and for migrants with moderate English language proficiency. These trends are explored in more detail below.
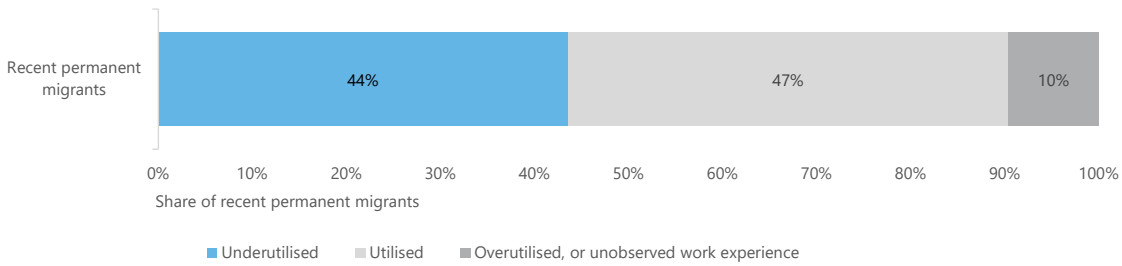
Differences by state and territory

Recent migrants are underutilised across every state and territory in Australia. The share of migrants experiencing skills underutilisation in each jurisdiction is roughly proportional to each jurisdiction's share of migrants (Chart 2.3). This means the states and territories that have the most to gain from utilising migrants' skills are those with the largest proportion of recent migrants – New South Wales (30% of recent migrants) and Victoria (29%) – though all jurisdictions stand to benefit.
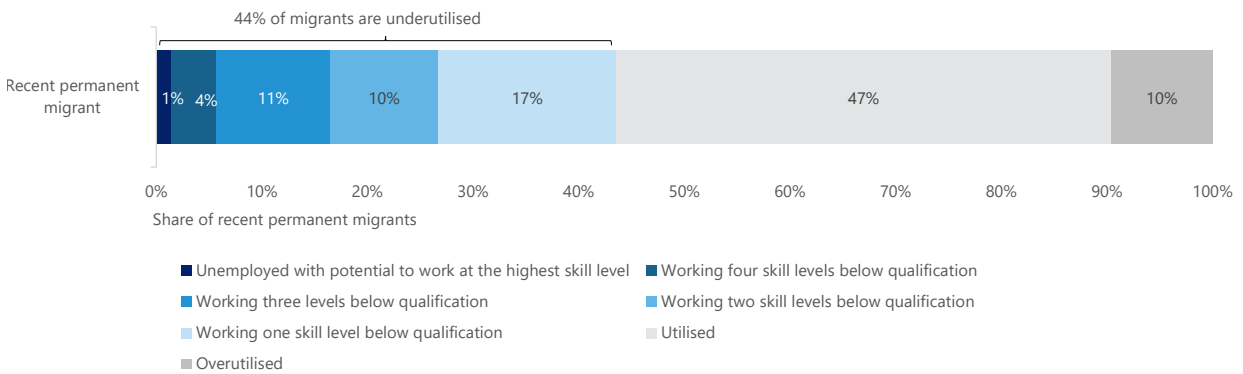

Alaa is an Automation Engineer from Syria who is working as a banking assistant while he seeks to break into his field in Australia (also featured on page 36).

Chart 2.1: Underutilisation rates (share of recent migrants in the labour force)

Recent permanent migrants	44%	47%	10%

Share of recent permanent migrants

0%　10%　20%　30%　40%　50%　60%　70%　80%　90%　100%

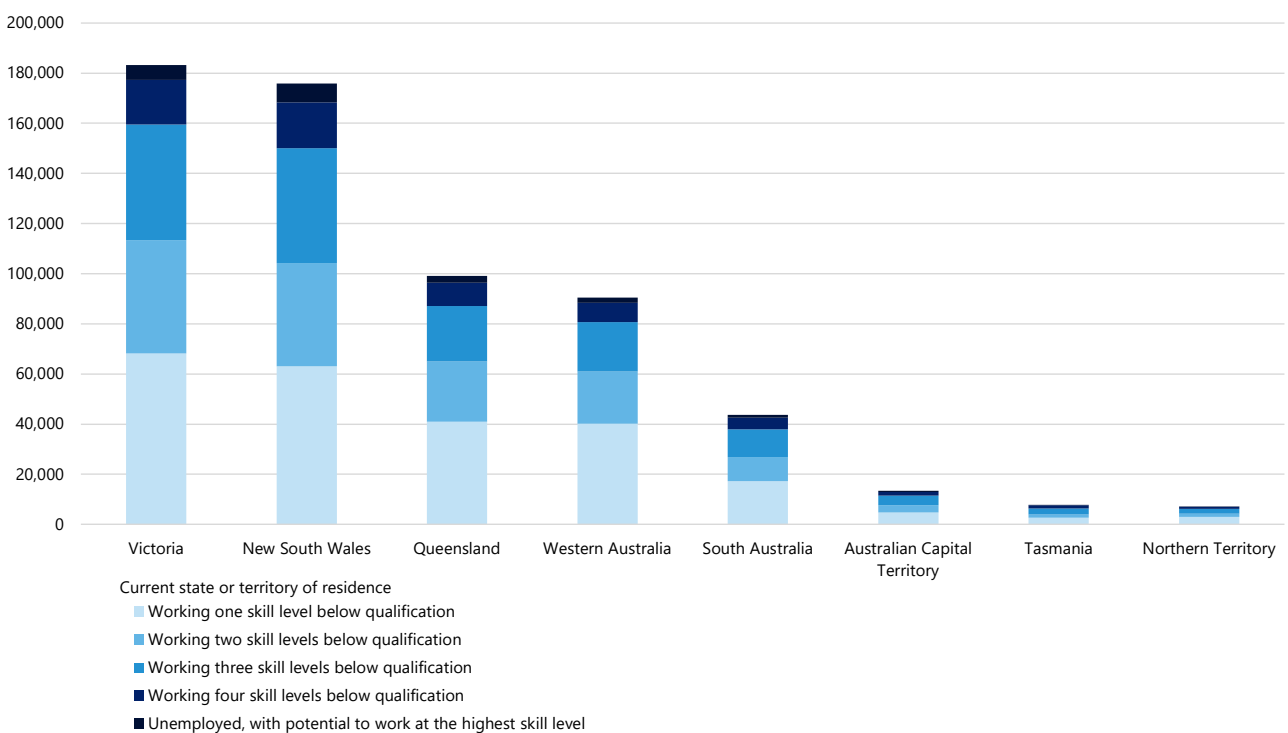■ Underutilised　■ Utilised　■ Overutilised, or unobserved work experience

Source: Deloitte Access Economics using Australian Census Migrant Integrated Dataset (ACMID), 2021

Chart 2.2: Extent of underutilisation (share of recent migrants in the labour force)

44% of migrants are underutilised

Recent permanent migrant	1%	4%	11%	10%	17%	47%	10%

Share of recent permanent migrants

0%　10%　20%　30%　40%　50%　60%　70%　80%　90%　100%

■ Unemployed with potential to work at the highest skill level　■ Working four skill levels below qualification
■ Working three levels below qualification　■ Working two skill levels below qualification
■ Working one skill level below qualification　■ Utilised
■ Overutilised

Source: Deloitte Access Economics using Australian Census Migrant Integrated Dataset (ACMID), 2021

Chart 2.3: Number of recent permanent migrants in each state and territory

Current state or territory of residence
■ Working one skill level below qualification
■ Working two skill levels below qualification
■ Working three skill levels below qualification
■ Working four skill levels below qualification
■ Unemployed, with potential to work at the highest skill level

Source: Deloitte Access Economics using Australian Census Migrant Integrated Dataset (ACMID), 2021

Differences by gender

Of the 621,000 recent permanent migrants that are underutilised, females are overrepresented. While females are 50% of the recent migrant cohort, they comprise 55% of underutilised migrants (Chart 2.4). This may reflect that women are more commonly the secondary applicants in the skilled stream and therefore there is less emphasis in ensuring their skills are fully utilised compared to primary applicants (more likely to be male). Female permanent migrants make up 62% of secondary applicants in the skills stream and 35% of primary applicants.[11]

Differences by age

The age distribution of underutilised migrants is broadly in line with the age profile of all migrants (Chart 2.5). Underutilised migrants (and migrants more generally) are predominantly of working age. This demographic trend likely reflects the selection criteria of the skilled migration program which prioritises people of working age. In the context of Australia's ageing population, better harnessing the skills of migrant workers will be increasingly important over the years to come as older workers leave the workforce.

Differences by English proficiency

Those with higher levels of English proficiency are more likely to work at their skill level in the labour market. While recent migrants who report speaking English 'not well' or 'not at all' represent 5% of recent migrants and 6% of underutilised migrants – those who speak English with moderate proficiency are overrepresented among the underutilised group (Chart 2.6). That is, the group who speak English 'well' represent 21% of all recent migrants and 28% of underutilised migrants – suggesting that characteristics other than English language proficiency might be driving poorer labour market outcomes for some migrants.

Although there is only a small number of Australian-born workers who have low English proficiency, it appears that low English proficiency affects Australian-born workers less than it does for migrants. Underutilisation is 57% for current migrants with low English proficiency compared to 43% for Australian-born with the same low level of English proficiency.[12] Conversely, migrants appear to benefit less from good English proficiency than Australian-born workers. For those migrants with good English proficiency, their underutilisation remains at 48%, which is higher than underutilisation of Australian-born with good English proficiency (36%).[13]

Chart 2.4: Migrant underutilisation, by gender
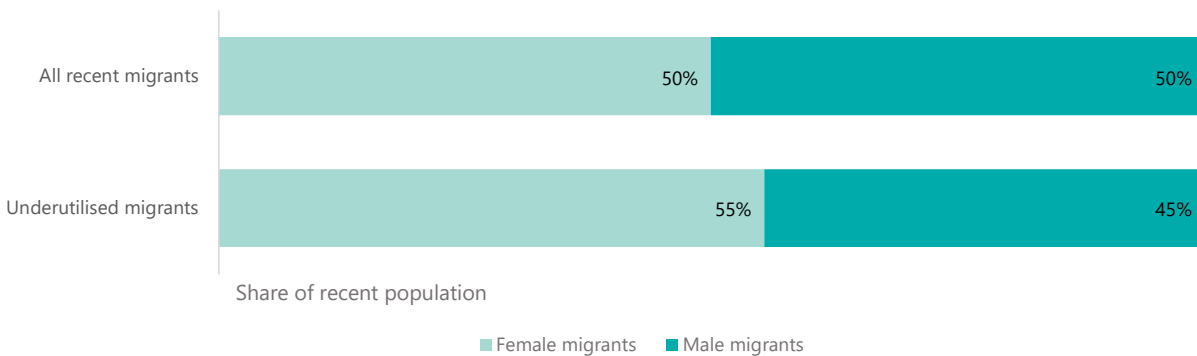
Source: Deloitte Access Economics using Australian Census Migrant Integrated Dataset (ACMID), 2021

Chart 2.5: Migrant underutilisation, by age
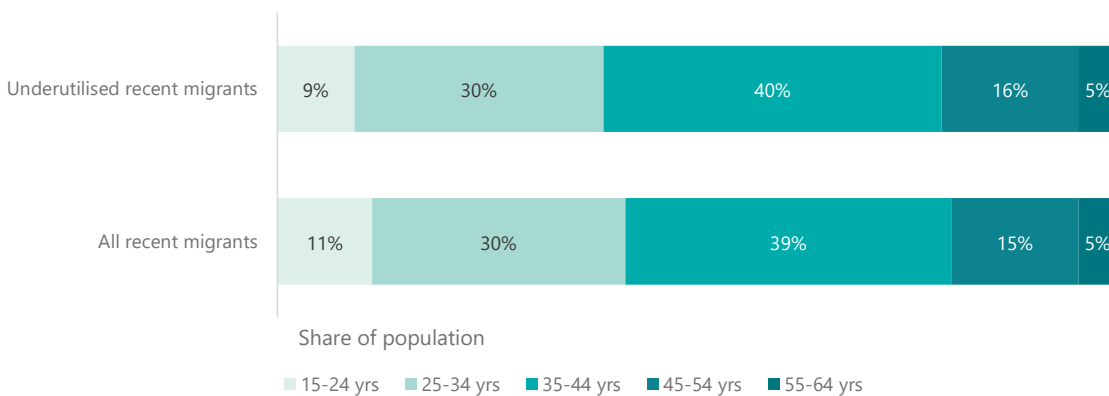
Source: Deloitte Access Economics using Australian Census Migrant Integrated Dataset (ACMID), 2021

Differences by country of birth

There are also patterns in underutilisation depending on the country and regions of birth of migrants. Those born in OECD countries (Chart 2.7) and the 'Global North' are less likely to have their skills underutilised in Australia – potentially reflecting alignment between education systems, but also indicating some unexplained differences in outcomes that could be attributed to discrimination in the labour market.

Analysis of underutilisation by recent migrants' country of birth finds that:

+ Migrants born in OECD countries are just as likely as Australian-born workers to be underutilised (35% of both groups experience underutilisation); while migrants from non-OECD countries are 14 percentage points more likely to be underutilised (49%).[14]

+ Similarly, half (50%) of migrants that were born in regions that comprise the 'Global South' are underutilised, a rate 11 percentage points higher than for migrants born in the Global North (39%) and 14 percentage points higher than their Australian-born counterparts (35%).

Differences by migration stream

Many underutilised migrants are in the permanent skilled stream (58%). Despite this stream's focus on attracting overseas qualified professionals with in-demand skills, almost three in five underutilised permanent migrants in Australia entered via the skills stream. While this is a significant rate of underutilisation, migrants from the permanent skilled stream are still less likely than those from the family or humanitarian streams to work below their skill level. This trend reflects that the skilled stream selection criteria are closely aligned to labour shortages and skills in demand – though it equally demonstrates failings to realise the goals of the skilled migration program to make best use of those migrants' skills, once they arrive in Australia.

Recent migrants in the family stream are more likely to be underutilised than other migrants; accounting for 35% of underutilised migrants, even though only accounting for 29% of the total recent migrant intake. More than half (54%) of those in the family stream are underutilised (relative to 40% of permanent migrants). Humanitarian entrants are also more likely to work below their skill level. These results demonstrate the opportunity to better recognise the capability of those who migrate to Australia via streams where skills do not form part of the eligibility criteria.

Chart 2.6: Migrant underutilisation, by English proficiency
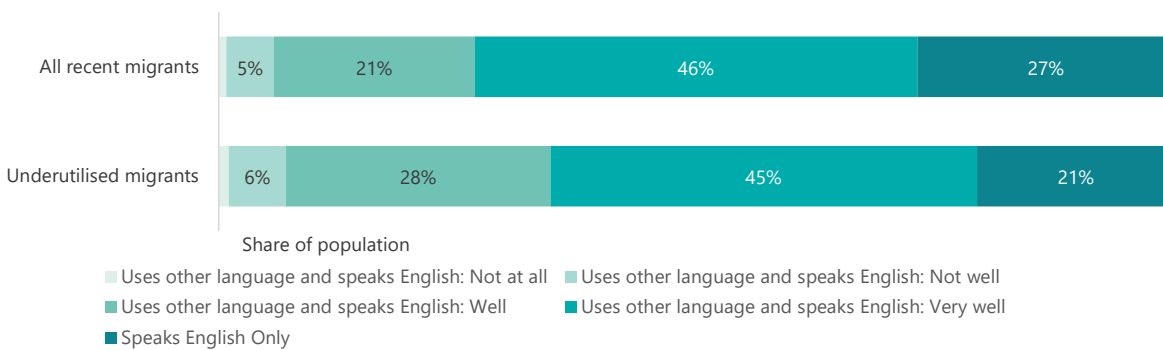
Source: Deloitte Access Economics using Australian Census Migrant Integrated Dataset (ACMID), 2021

Chart 2.7: Migrant underutilisation, by country of birth
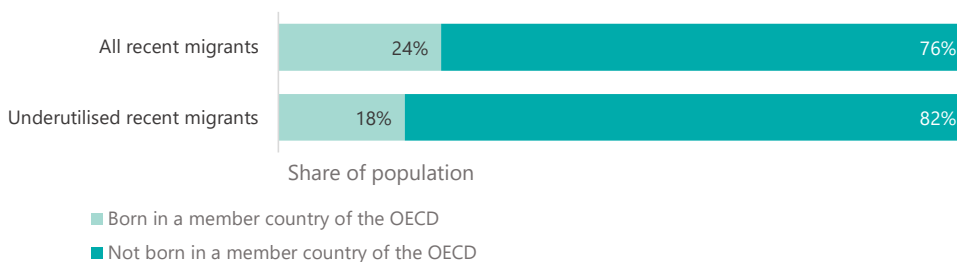
Source: Deloitte Access Economics using Australian Census Migrant Integrated Dataset (ACMID), 2021

2.3 Educational attainment and background of migrants in Australia who are underutilised

Of the 621,000 migrants who are underutilised, the majority (57%) have university-level qualifications. However, most of the underutilised migrants (62%) are employed in occupations with the lowest skill levels or are unemployed (10%) (Table 2.1). While migrant professionals are more likely than their Australian-born counterparts to work below their skill level, they are also more likely to experience a more severe skills mismatch, often working multiple levels below their capability.

The industries employing underutilised migrant workers

Recent migrants are underutilised across a range of industries (Chart 2.9). Even when their skills are not being fully utilised, migrants are making a valuable contribution to industries facing skills shortages or with a high demand for workers. For instance, 14% of migrants hold a qualification in health, though 19% are employed in roles in health care and social assistance. Migrants working in retail trade, administrative and support roles, and in accommodation and food services (hospitality) are the most likely to be underutilised.

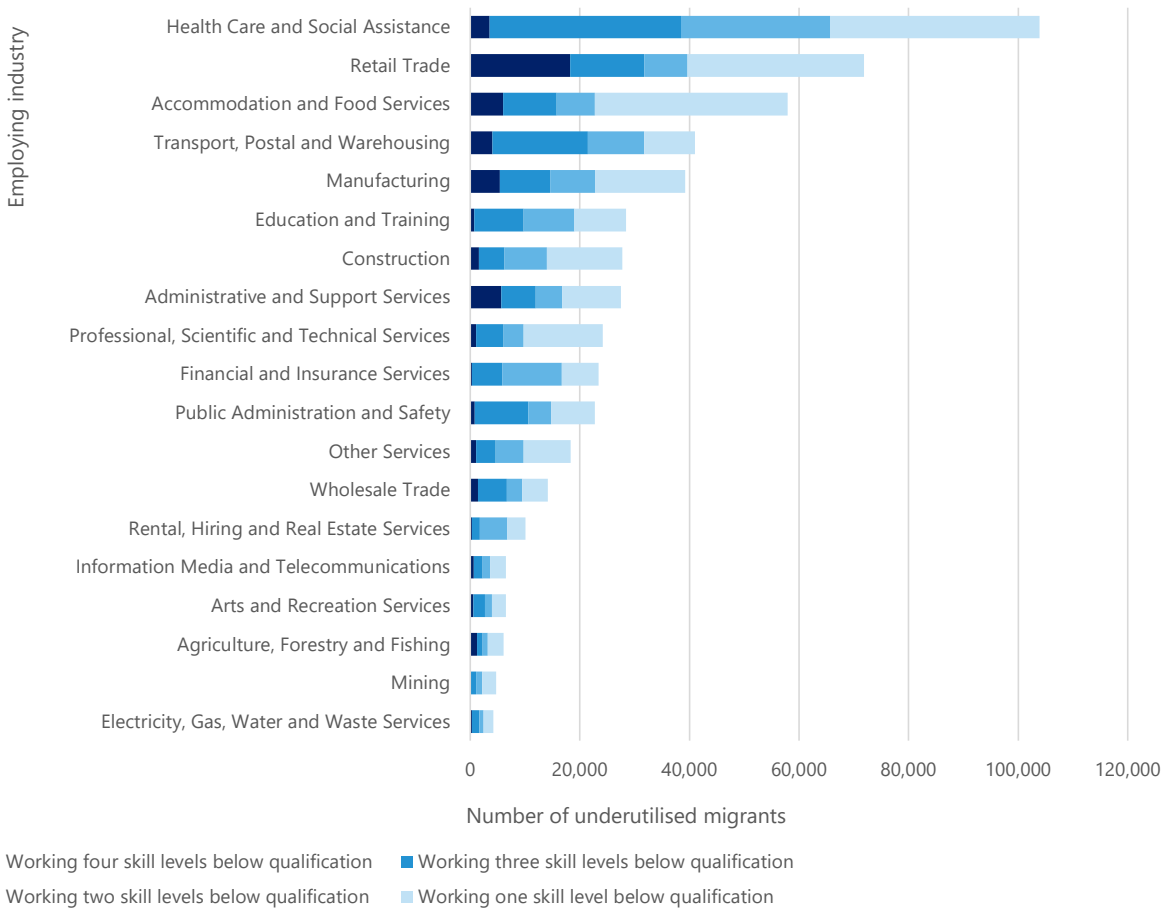Chart 2.8: Migrant underutilisation, by migration stream
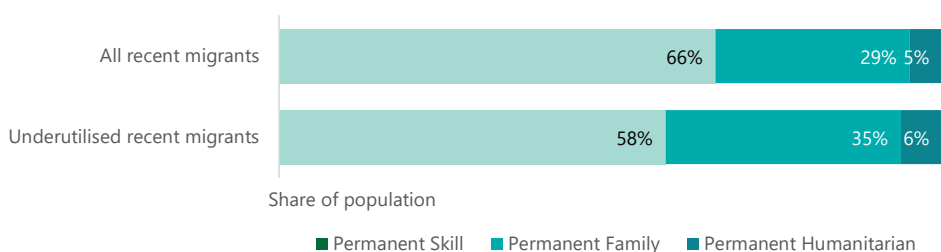
Source: Deloitte Access Economics using Australian Census Migrant Integrated Dataset (ACMID), 2021

Table 2.1: Recent migrants by occupational skill and highest educational attainment

| Occupational skill level (example occupation)	Skill level associated with Highest Educational Attainment (example qualification)					Total	Share of cohort
	1 (Bachelor or above)	2 (Diploma)	3 (Cert III or IV)	4 (Cert II)	5 (Secondary schooling)		
Skill level 1 (e.g., surgeon)							
Skill level 2 (e.g., real estate agent)	90,000					90,000	14%
Skill level 3 (e.g., plumber)	59,000	27,000				86,000	14%
Skill level 4 (e.g., dental assistant)	128,000	46,000	42,000			216,000	35%
Skill level 5 (e.g., security officer)	55,000	21,000	18,000	75,000		169,000	27%
Unemployed	20,000	6,000	4,000	23,000	7,000	60,000	10%
Total underutilised	352,000	100,000	64,000	98,000	7,000	**621,000**	
Share of cohort	57%	16%	10%	16%	1%		

Source: Deloitte Access Economics using Australian Census Migrant Integrated Dataset (ACMID), 2021. Results rounded to nearest thousand.

Chart 2.9: Underutilised migrants, by current employing industry

Source: Deloitte Access Economics using Australian Census Migrant Integrated Dataset (ACMID), 2021. Results rounded to nearest thousand.

Note: This chart includes only the underutilised cohort currently employed.

Chart 2.10: Underutilised recent permanent migrants, by field of study associated with highest qualification
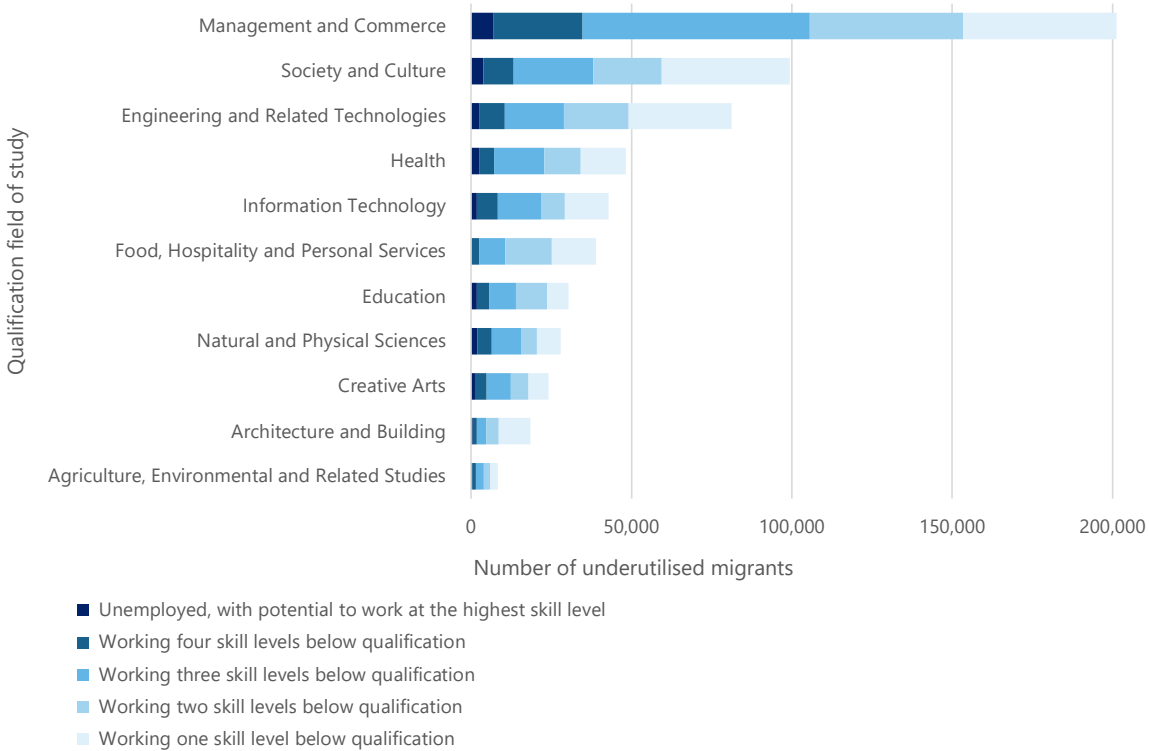
Source: Deloitte Access Economics using Australian Census Migrant Integrated Dataset (ACMID), 2021.

Note: Field of study is defined using he Australian Standard Classification of Education (ASCED). Estimations of the volume of underutilised migrants are based on a partial sample given some limitations in observable data.

Qualifications that are being underutilised

Migrants to Australia bring with them qualifications in various fields of study. In addition, many migrants train in Australia – for instance, an estimated 25,000 permanent migrants to Australia in 2022-23 transitioned directly from student visas. On average, almost half (47%) of working-age migrants to Australia complete a non-school qualification after their arrival. This implies that the barriers to employment which use migrant skills are not confined to issues with overseas qualification and skills recognition, although it remains a major issue.

Underutilisation of migrant labour is seen across all fields of study. The greatest underutilisation is among migrants who have qualifications in management and commerce, society and culture (including law, social services, language and humanities); and engineering (Chart 2.10).

This report defines underutilisation based on the skill level of a migrants' current occupation, rather than by assessing the relevance of their employment to qualification(s). This definition allows for a less prescriptive approach to understanding the industry which would best use migrants' qualifications; and is appropriate given that there is rarely a one-to-one match between a qualification field of study and its relevant employing industry. This is particularly likely in professional roles and knowledge industries – for example, a migrant holding a Master of Business Administration could be using their qualification in a leadership role across a variety of sectors. Further detail on how the data on underutilisation by field of study is used to estimate migrant transitions across occupations is detailed in the Technical Appendix (separate report).

2.4 Recent migrants experience higher underutilisation than those born in Australia

The Australian labour market is dynamic. As workers upskill, reskill, transition across employers or industries, and navigate changes in their life circumstances, there are many reasons that workers (not just migrants) might not be employed at a skill level commensurate with their highest educational attainment. This report recognises that there is likely to be a base level of underutilisation across the labour market separate from the migrant experience and, as such, there will always be an extent of underutilisation. Considering this, the report makes comparisons between level of underutilisation of migrants and the Australian-born population to determine what a feasible change for migrants could entail.[18]

The difference in underutilisation between migrants and the Australian-born labour force is nine percentage points. This reflects that the underutilisation rate of the Australian-born working age population is 35% compared to 44% for recent permanent migrants in the labour force (Chart 2.11). This means that 146,700 recent migrants are affected by skills underutilisation in addition to the experience of their Australian-born counterparts. This includes a cohort of 6,000 migrants that are unemployed at a higher rate than Australian-born labour force participants.

Comparing the extent of underutilisation across the Australian-born and recent migrant cohort demonstrates that underutilisation is both more frequent and, importantly, more acute for migrants. Recent migrants are more likely to be working three or more levels below their qualification skill level (16% of permanent migrants), relative to Australian-born workers (6%).

Chart 2.11: Difference in the rate of underutilisation, recent migrant and Australian-born labour force participants
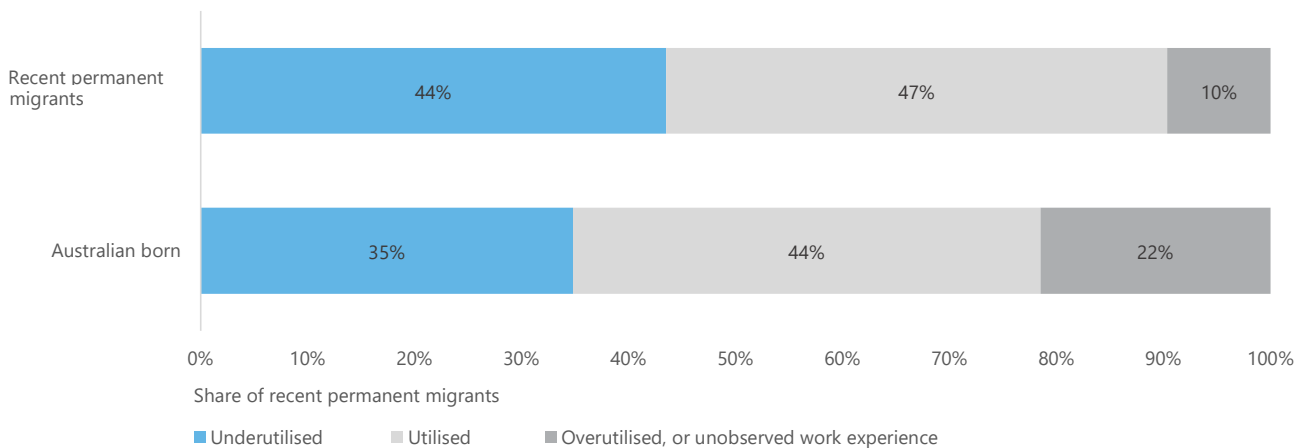
Source: Deloitte Access Economics using Australian Census Migrant Integrated Dataset (ACMID) and Australian Census, 2021

AbdAlmassih's lived experience demonstrates the challenges of having international qualifications and experience recognised in Australia, and the frustrations of not being able to use his specialist skills – even when there is a national skills shortage.

AbdAlmassih seeks to fill critical IT skills shortage

AbdAlmassih is an information technology (IT) professional with over 20 years' experience in Syria. He is a proficient software programmer specialising in design, development, and integration who ran his own IT company, working with prominent corporations and public sector entities in Syria.

Amidst the eruption of the civil war, AbdAlmassih and his family were forced to flee Syria and found safety in Western Sydney, Australia, in November 2022. Since then, AbdAlmassih has encountered significant obstacles to securing employment within the Australian IT industry. This is partly due to barriers with a new language but also with having his overseas IT qualifications, a diploma in systems analysis and programming from France, recognised in Australia.

The Australian overseas qualification authority requires proof of work experience in IT in Syria, such as pay slips and work contracts, to meet the eligibility criteria in his field. However, like many highly skilled newcomers, AbdAlmassih has found it virtually impossible to source and obtain this evidence.

Determined to break into the industry he is passionate about, AbdAlmassih enrolled in a Certificate IV program at TAFE in web development to acquire local qualifications in his field. He was unable to complete the course because, like many newcomers, he faced difficulties taking the course in a new language. "I knew the content; I know it so well. But I found it difficult to understand my teacher, especially with the assessments and deadlines. I couldn't ask her to speak more slowly or clearly to help me understand – I was surrounded by Australian students," he said.

AbdAlmassih is currently enrolled in his fourth TAFE course to enhance his English skills and will soon undertake programming and web development courses. He continues to actively pursue relevant employment opportunities and hopes that soon someone will give him a chance.

"I love IT, it's my area of expertise – my specialty. It's what I know best.

We left our country in a hurry, without much – leaving behind many documents. All I have here is my university documents, some personal papers and the business card of the company I ran in Syria.

I've found that many IT employers won't acknowledge a degree from overseas, thinking it's not strong enough, and they often insist on a local degree from Australia. Even unpaid volunteering roles in the industry are turning me down. I tell these employers I will work for free, or I will work for half a normal wage. I don't understand. I have 20 years' experience in my field. I apply for many jobs, yet I never receive any response.

I want to work, I love working. I want to put my skills to use in this great country."

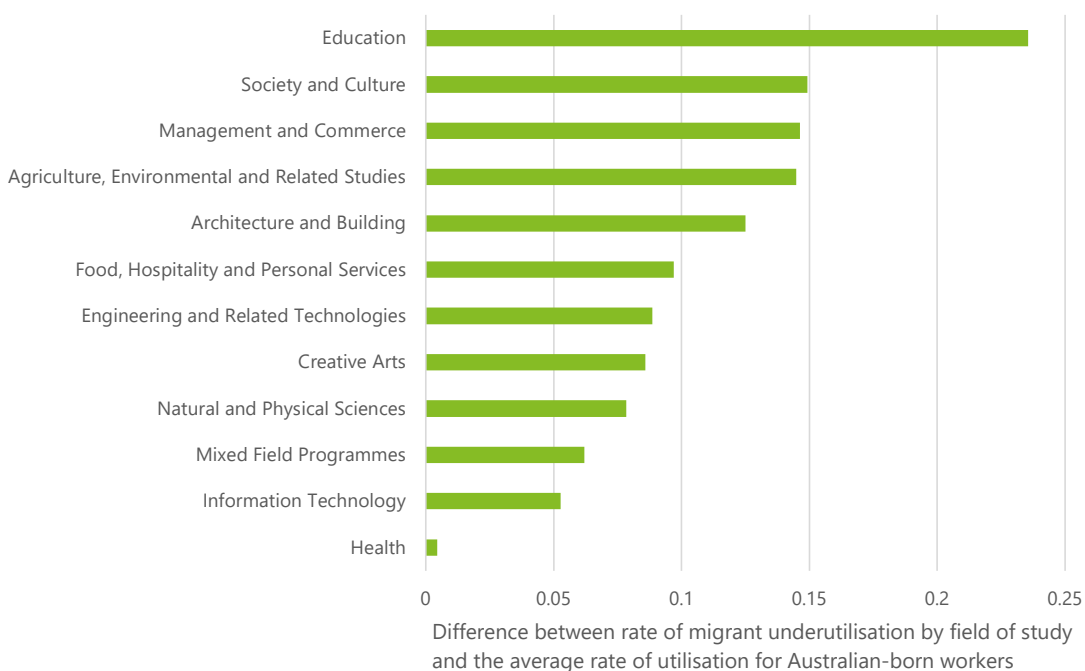**AbdAlmassih:** an IT professional trained in Syria

This underutilisation of migrants is not explained by the skills profile of this group. Australia's permanent migration program is designed to attract international talent. Indeed, migrants are 1.7 times as likely as the Australian-born workforce to hold a university level qualification. Of the Australian permanent migrant intake over the past 15 years, 53% had a higher education degree at bachelor level or above, relative to 32% of the Australian-born working age population.[19]

The underutilisation of migrants is also not explained by the fields of study they are qualified in. Across every broad field of study, migrants are less likely to be utilised than the average rate seen among the Australian-born workforce - despite, on average, being more qualified. Migrant workers with qualifications related to education, society and culture, management and commerce, and agriculture are far more likely than their Australian-born counterparts not to be working in an occupation which is commensurate to their highest educational attainment (Chart 2.12).

To estimate the productivity benefit opportunity associated with these qualifications being more effectively used in the Australian economy, Chapter 3 presents the results from a modelled economic scenario where the gap between utilisation rates of migrants and Australian-born workers is closed. Further detail about the approach to designing this economic scenario – including allocating this labour to industries – is provided in the Technical Appendix (separate report).

The greatest underutilisation of labour is among migrants who have qualifications in management and commerce, society and culture qualifications (including law, social services, language and humanities); and in engineering.

Chart 2.12: Difference in the rate of underutilisation, recent migrant and the average rate of underutilisation for Australian-born labour force participants

Difference between rate of migrant underutilisation by field of study and the average rate of utilisation for Australian-born workers

Source: Deloitte Access Economics using Australian Census Migrant Integrated Dataset (ACMID) and Australian Census, 2021

Chapter 3 Migrant talent is an untapped productivity boost for the Australian economy

3.1 Overview

A better match between talent and employment outcomes for migrants already in Australia would generate an additional $70 billion over ten years in economic activity (GDP), in net present value terms.

This benefit would be unlocked by closing the skills mismatch, so migrant workers can work in roles that match their skill level at a similar rate to Australian-born workers. This better match between skills and employment would result in:

1. An increase in total employment, reflecting that more fully utilised workers work more hours and that a previously unemployed group of migrants would become employed at their nominated skill level.

2. A reallocation of labour across industries, reflecting the movement of employment towards more relevant industries and higher skill roles as those skills and qualifications of migrants become more utilised.

3. Increased productivity at an industry level because skilled migrants are working to their qualified potential.

If the skills gap was closed, the equivalent of 21,230 employees (FTEs) would join the economy due to the impact of 6,000 recent migrant jobseekers entering relevant work, and 140,000 employed migrants working more hours as they move into higher-skilled occupations. This employment has a multiplier effect because the industries that better use migrant skills also grow.

Harnessing the skills of migrant workers would have a transformative effect on the economy. The aforementioned changes in employment would generate an average annual uplift in GDP of $9 billion. That is, Australia's GDP would be 0.43% higher each year when compared to the current forecast – simply from better utilising the skills of migrants already in Australia.

Because allocating labour to occupations more effectively increases the productivity of these industries, there is a multiplier effect over time. By 2034 – ten years after closing a gap in migrant skills utilisation – Australia's GDP is estimated to be $12 billion higher (0.5%) than what would have been expected under current conditions. Given that this change focuses on utilising the skills of permanent migrants already in Australia (there is no change to assumptions around population growth), the GDP per capita would increase by the same proportion.

Closing the gap in underutilisation would see:

- an increase in total employment
- a reallocation of labour across industries to better use skills
- increased productivity at an industry level

This would generate an economic impact of:

$70 billion
additional economic activity (GDP), over ten years in net present value terms.

Equates to

$9 billion
additional GDP per year, on average over 10 years.

GDP +0.5%
higher on average each year than under current conditions.

51,130 FTEs
additional employment in full time equivalent (FTE) terms over ten years, as industries become more productive.

146,700 people
the number of migrants that join the labour market or work more hours – all at higher skill levels than they are currently utilised – in the modelled scenario.

Source: Deloitte Access Economics, Regional General Equilibrium Model (DAE-RGEM)

In addition to increasing economic output, unlocking the skills potential of migrants would also generate economic benefits relating to the labour market – lifting employment, wages, and labour productivity growth:

+ **Employment would grow – by far more than the number of migrants gaining employment.**
This report finds that, on average, Australian employment levels would grow by approximately 44,005 additional FTE per year over the next ten years, peaking at 51,129 additional FTE employed in 2034 from the flow-on effects of more fully utilising the skills of migrants. These estimates surpass the immediate additional 21,230 FTE introduced to the economy in 2024 as a direct result of closing the skills gap.

+ **Wages grow across the economy – for the migrant workers now utilised and for other workers in the industries which are now more productive.** There is a significant wage benefit associated with reducing skills underutilisation because higher-skilled roles attract higher wages. Based on the modelled increase in employment across skills and industries, this report estimates an expected increase in average wages across the economy of 0.08%, peaking at 0.09% by 2034. That is, the average wage across the economy increases slightly for all workers because the labour market is better able to use the skills of recent migrants.

+ **Labour productivity is set to increase as more people are employed in industries most relevant to their skills and qualifications.** Productivity uplifts generate lasting effects on economic growth, as sectors are more efficient and can scale more effectively. This report estimates the labour productivity uplift at the industry and state level using the likely increase in wages which would flow from migrants being employed to levels commensurate with their skills and qualifications. The 146,700 migrants underutilised relative to the Australian-born cohort are currently earning $3.9 billion less than they would if employed in occupations at their potential skill level.

The modelling in this report is designed to demonstrate the potential economic activity that could be unlocked if migrants worked in jobs that matched their skills at a similar rate to Australian born workers. The modelling therefore examines the impact of 146,700 migrants transitioning to occupations in higher skill levels (where they in turn, earn higher wages). The key assumptions in this modelling include:

+ There is no change to the anticipated population growth (including any growth in the migrant intake) because this modelling focuses on understanding the outcomes associated with a change in outcomes for people already permanently settled in Australia.

+ The number of people transitioning to relevant work is defined by closing the gap in underutilisation between the underutilisation rates of migrants and those born in Australia. The gap equates to 146,700 migrants (as a subset of the 621,000 current migrants that are underutilised).

+ The modelling assumes that those people who are moving to suitable employment are deemed suitably qualified (in technical competency, licensing requirements and English language proficiency) for those roles. Ensuring that this benefit can be realised requires supports to achieve that goal – supports which are described further in Chapter 4 of this report.

+ The modelling does not consider the cost of achieving the transition into higher skill occupations as that is dependent on which reforms and measures are used to better harness the skills of migrants.

3.2 Most industries will receive a boost in employment and productivity

While the employment outcomes from having current migrants work in higher skill roles would generate immediate impacts, it is the anticipated productivity uplift that generates the most pronounced and lasting impact. Productivity improvements generate lasting effects on economic growth, as sectors are more efficient and can scale more effectively, enabled by the better utilisation of migrant skills.

The economic impact of better harnessing migrants' skills across industries reflects the combined impact of:

+ **Access to more productive labour**, as previously underutilised migrants are now working to the potential signalled by their qualifications. These more productive industries can, in turn, expand production, generating more activity, more exports, and greater consumption and demand for intermediate suppliers.

+ **A reallocation of labour across industries**, because in moving to more suitable skilled roles, many migrants are also likely to change occupations and industries.

Every industry would generate greater value if more migrants worked in roles that matched their skills. Given the extent of underutilised migrants with university qualifications, the industries which see the greatest uplift in employment are those that rely on highly skilled labour. The greatest average annual impact to employment is seen in professional services roles, public services and education (Chart 3.2).

The industries which see the greatest increase in productivity are not necessarily those that would gain the largest number of workers by closing the skills gap. By employing migrants in relevant roles at their qualified skill levels, it is the accommodation, manufacturing, trade, and financial service industries which would benefit from the greatest productivity increase, in relative terms. The results also indicate a growth in the output of the dwellings sector – that is, housing supply increases because of a more productive and better resourced construction industry.

Industries use labour differently. While some industries would see a decline in employment if migrants were better utilised in other, more relevant roles, this does not necessarily drive a reduction to the growth in value added by industries, because some businesses will invest in capital, or attract other labour, to create economic value.

Chart 3.2: Average annual impact of closing the gap in underutilisation on employment (FTE) and Gross Value Add (GVA), by industry (2024-2034)
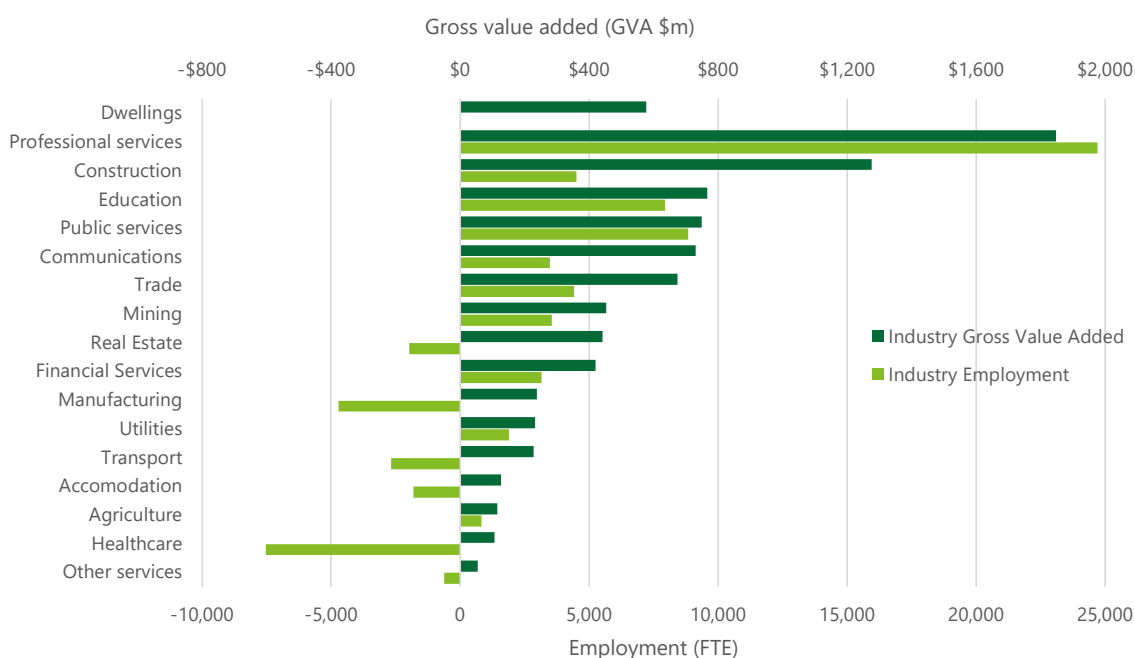
Source: Deloitte Access Economics, Regional General Equilibrium Model (DAE-RGEM)

Industries with the largest benefits

In employment terms, business in the public services, public administration and education industries are estimated to experience a notable increase in employment, as measured by full time equivalent employees.

This shift towards these sectors reflects different supply and demand factors:

+ **In professional services**, a high uplift in employment reflects the combined impact of a high share of underutilised migrants with university-level qualifications, and the nature of employment in this sector which covers a range of qualification fields (including those with occupations such as electrical engineers, environmental scientists, and legal professionals).[20]

+ **In public services**, demand side factors are likely to be at play with this industry capturing a large array of occupations. The equivalent ANZSIC industry (Public Administration and Safety) is responsible for employing over 400 different occupations including accounting clerks, social workers, emergency services, and lifeguards.[21]

+ **In education**, the large gap between the underutilisation of permanent migrants and Australian-born individuals with education qualifications is the largest compared to any other field (24 percentage points), and creates a large supply of underutilised migrants.

In economic growth terms, the **construction**, **communications**, and **trades** sectors will benefit from a relatively smaller uplift in workers, but these industries are expected to reap substantial productivity dividends. Productivity boost from a relatively smaller increase in employment may reflect the capital-intensive nature of these industries. The result also demonstrates the demand for construction service and trade workers, given every occupation in the construction and trade category is currently in national shortage.[22]

Industries at risk

Even though many migrants are not able to fully use their skills, they still make a valuable contribution to industries facing skills shortages and those with a high demand for workers. As a result of greater utilisation of migrants' skills, employment falls in six industries according to the modelling (Chart 3.2), reflecting a shift from comparatively low-skill work to higher-skill employment. These results highlight the reliance of some sectors on the migrant workforce – particularly Australia's healthcare and social services sector.

Notably, these industries which experience a decline in total employment still experience growth in gross value added (GVA) on average over the period 2024–2034, reflecting that the workers redeployed in those industries will work more productively because they are working to their skilled potential. An example in the health sector might include someone with a higher education qualification in healthcare (Qualification skill level 1), who is underutilised working as a Nursing Support and Personal Care worker (Occupational skill level 4). The suitable employment outcome commensurate to their skill level might be working as a Registered Nurse (Occupational skill level 1).

It is also critical to note that some industries (as defined by ANZSIC codes) comprise occupations which relate to different sectors of the economy. As such, employers in industries which would lose workers under the scenario might stand to gain in productivity terms from workers being more utilised in professional roles. For example, occupations like Psychiatrist, Registered Nurse and Practice Manager map to both the health care and social assistance industries and to public administration and safety.

Similarly, the manufacturing sector sees a decline in employment, but the scenario suggests growth in gross value added. This reflects an assumption about industry innovation and integration of technology and capital over the next decade which buffers the employment loss if skilled migrants were employed in roles that matched their skills.

## 3.3 All states and territories in Australia stand to benefit

Closing the gap in underutilisation for migrants relative to Australian-born workers presents a nation-wide economic opportunity. Every state and territory is expected to see an increase in economic activity, through expansion of state employment figures and Gross State Product (GSP) (Chart 3.3). Over ten years, the annual average increase to employment ranges from 800 FTE in the Northern Territory to 12,300 in New South Wales, while the economic impact ranges from $100 million per year in the Northern Territory to $2.5 billion in New South Wales.

Though each jurisdiction sees an increase in productivity, differences in the size and characteristics of the migrant population (including qualifications held and current skills utilisation) result in different impacts across the nation. For example, 28% of the expected national uplift in GDP is seen in New South Wales, the state with the largest cohort of migrant skills not currently utilised.

It is also important to consider the relative size of the economic expansion from closing the migrant skills underutilisation for each jurisdiction. Although New South Wales is likely to experience the largest total increase to GSP ($2.5 billion), this increase equates to 0.41% growth in GSP which is smaller than some jurisdictions. For example, Western Australia is expected to experience an average annual uplift in GSP of $990m, reflecting a 0.58% increase in GSP in the scenario. The differences in the relative expansion of each state or territory economy are largely driven by the relative size of the underutilised migrant workforce.

At a community level, areas with large migrant populations such as Western Sydney have greater economic benefit from better using migrant skills.

Chart 3.3: State and territory uplift in GDP and employment
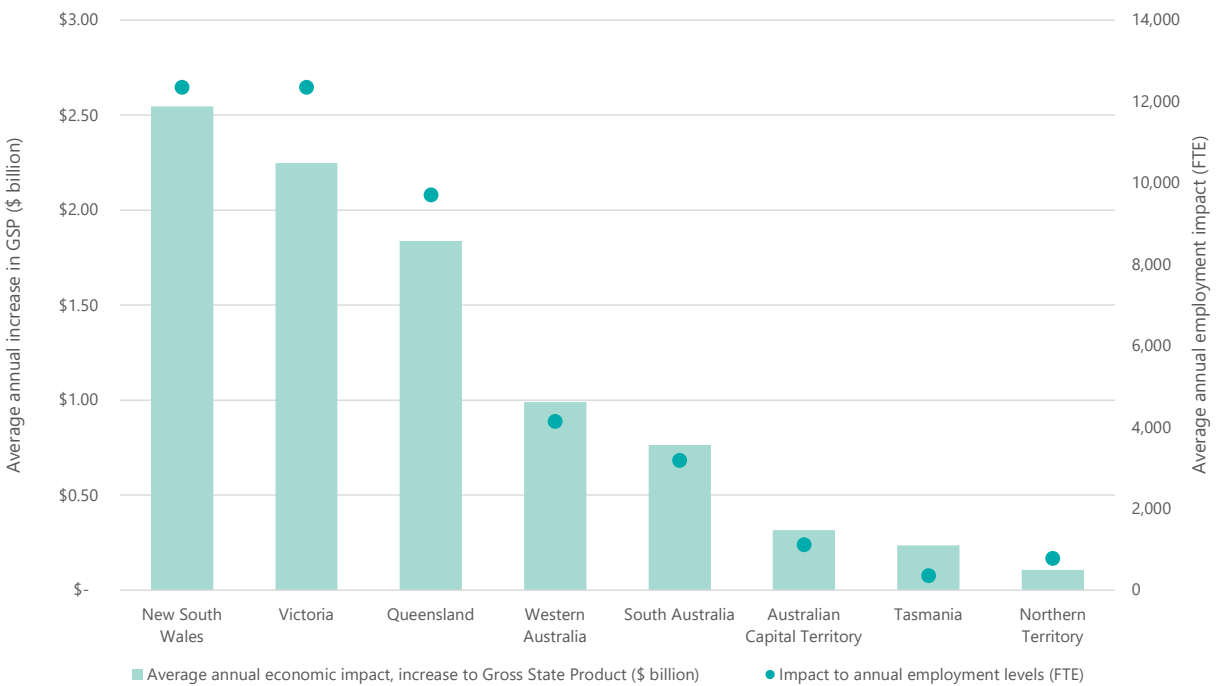
Source: Deloitte Access Economics Region General Equilibrium Model (2024). Note: NPV results are in 2024 terms, discounted at 7% per annum.

Chart 3.4: State and territory contribution to national uplift in GDP and employment
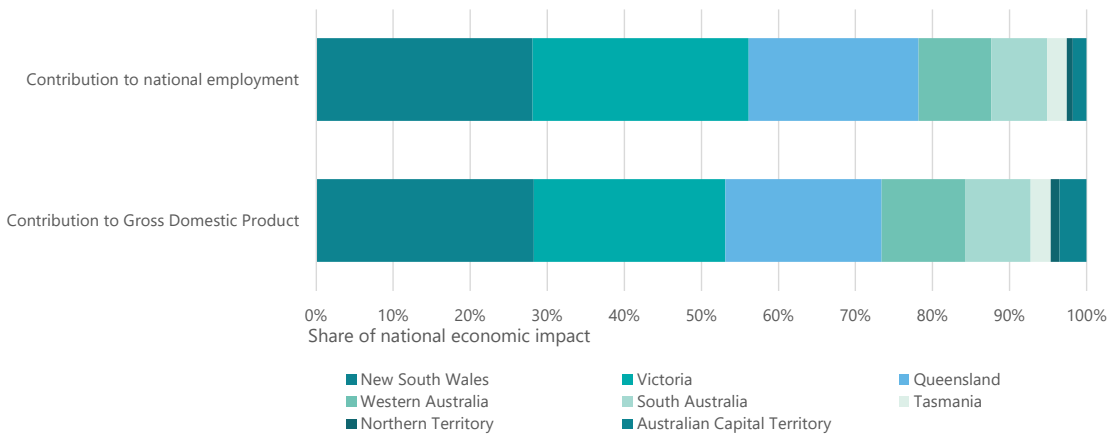
Source: Deloitte Access Economics Region General Equilibrium Model (2024). Note: NPV results are in 2024 terms, discounted at 7% per annum.

Despite Salwa's law degree and master's in public management, Salwa, originally from Syria, lacked a professional network, job market knowledge, and a local driver's licence. Salwa landed a position with the organisation that supported her from the start, SSI, as an intake administrator in the employment support team.

From national to local impact:
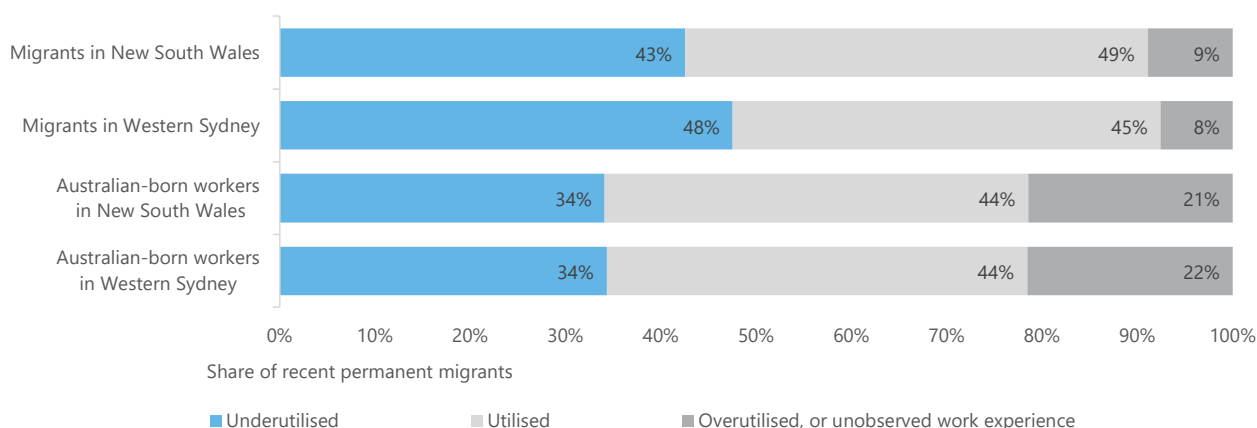## Unlocking the skills potential of migrants would be a 'game changer' for Western Sydney

For many decades, Western Sydney has been home to a large migrant population, with ABS 2021 Census data reporting 41% of the population being born overseas.[23] It continues to be an important region for new migrants. However, close to half of all Western Sydney migrants are experiencing underutilisation – a higher rate of underutilisation compared to migrants across NSW, and a higher rate than Australian-born workers in Western Sydney (Chart 3.5).

Migrants in the area holding qualifications in Society and Culture, Food, Hospitality and Personal Services, Creative Arts, and Education are more likely to be underutilised (Chart 3.6).
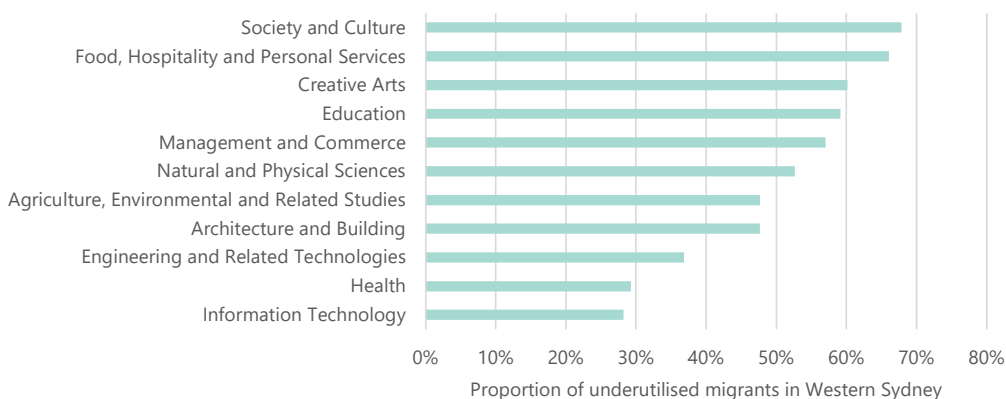
Addressing the underutilisation of migrants is a key economic opportunity for Western Sydney. Indeed, multiple success stories have already emerged out of Western Sydney with migrants and employers collaborating to address skills underutilisation and workforce shortages. Notwithstanding these examples of success, there is still much more opportunity in regions like Western Sydney with higher underutilisation of migrant skills.

Chart 3.5: Underutilisation of recent migrants and Australian-born population who live in Western Sydney

Category	Underutilised	Utilised	Overutilised, or unobserved work experience
Migrants in New South Wales	43%	49%	9%
Migrants in Western Sydney	48%	45%	8%
Australian-born workers in New South Wales	34%	44%	21%
Australian-born workers in Western Sydney	34%	44%	22%

Share of recent permanent migrants

■ Underutilised   ■ Utilised   ■ Overutilised, or unobserved work experience

Source: Deloitte Access Economics using Australian Census Migrant Integrated Dataset (ACMID), 2021

Chart 3.6: Underutilisation of recent migrants who live in Western Sydney

Field	Proportion of underutilised migrants in Western Sydney
Society and Culture	~68%
Food, Hospitality and Personal Services	~66%
Creative Arts	~61%
Education	~60%
Management and Commerce	~58%
Natural and Physical Sciences	~53%
Agriculture, Environmental and Related Studies	~48%
Architecture and Building	~48%
Engineering and Related Technologies	~37%
Health	~30%
Information Technology	~28%

Proportion of underutilised migrants in Western Sydney

Source: Deloitte Access Economics using Australian Census Migrant Integrated Dataset (ACMID), 2021

Chapter 4 Unlocking the skills potential of migrants should be a national priority

4.1 Overview

This report – the first of its kind – has quantified the national, whole-of-economy benefit that Australia could realise if recent migrants worked in jobs that used their skills and qualifications at a similar rate to Australian-born workers. It found that closing the mismatch between the skills that migrants hold, and the skill level at which they are employed, would change Australia's economic growth trajectory for the long term. Industries would be more productive because they benefit from skilled labour, skills gaps could be ameliorated, and overall employment would increase.

To unlock this economic potential for all Australians, several systemic barriers within Australia's migration system and labour market need to be addressed. This section explores the complex and intersectional drivers of the underutilisation of migrants' skills and highlights why this issue of unlocking the skills potential of migrants should be a national priority.

While this report does not quantify the specific pathways or drivers of underutilisation of migrants living in Australia, there are four major causes commonly identified in existing research on migrant skills and underutilisation:

1. insufficient support to enhance and demonstrate sufficient levels of English language proficiency;[24]

2. difficulties with the assessment and/or recognition of overseas acquired qualifications;[25]

3. lack of targeted policies to address the specific barriers for female and secondary migration applicants;[26]

4. discrimination within the labour market.[27]

Addressing these barriers requires a collaborative, cross-sector response, at national, state and sectoral levels. It requires employers, governments, industry associations, unions and non-government organisations to work together to provide the right supports and create the right enabling environment for migrant professionals to achieve their full economic potential. Doing so would not only benefit migrants; it would benefit the country.

4.2 Invest in building workplace-ready English language proficiency

English proficiency is fundamental to succeed in employment, for both migrant and Australian-born workers alike.[28] As such, low English language skills can be a major barrier to full participation in the Australian labour market. As borne out of this analysis, low English proficiency increases the likelihood of underutilisation for migrants. Underutilisation is 57% for current migrants with low English proficiency compared to 44% for current migrants with good English proficiency.[29]

Programs targeted at the individual level to improve the English language proficiency of newly-arrived professionals will help reduce underutilisation across the board, especially if that training is focused on employment and occupational contexts. Broadening the eligibility for Australia's English language training program to encompass all migration streams may assist in addressing this problem.[31] Furthermore, English language training tailored to in-demand occupations and industries may help improve workforce participation and help fill skills gaps.[32]

Dima graduated with a degree in Journalism from Damascus University and has built a versatile, decade-long career in journalism in Syria and Iraq. She currently works at SBS Australia and plans to continue her work of 'being the voice' of migrants and refugees.

Recent migrants are 1.7 times more likely than the Australian-born workforce to hold a university-level qualification.

4.3 Improve the overseas qualifications assessment and recognition system

A key issue faced by many migrants (but particularly skilled migrants) is difficulty getting their pre existing overseas skills and qualifications recognised or assessed in Australia. These processes are often confusing, time-consuming and expensive – disincentivising migrants from undertaking qualifications recognition or assessment.

Australia requires migrants to obtain assessment of their qualifications for migration and employment purposes separately, which creates duplication and confusion. It means qualified migrants must deal with two different systems that could involve multiple public and private assessing organisations and regulatory bodies. For employment purposes, multiple pathways exist to have overseas qualifications recognised or assessed, depending on the migrant's occupation and the state or territory they reside in. Assessment and recognition criteria, processes and costs are set by individual assessing authorities, and are not governed or streamlined nationally. Costs for degree accreditation can vary widely, with some requiring upfront payments of more than $10,000 and additional payments of over $5,000 to appeal an unfavourable decision. There is currently no national subsidy or loan scheme to support migrants through such costly processes. As illustrated by Najibullah's story, such costs can be prohibitive for skilled migrants getting their qualifications recognised, and therefore inhibit access to roles commensurate with their skills and experience in Australia's labour market.

The challenge with qualification recognition is a double blow when migrants not only struggle to obtain recognition but are also typically more qualified than the Australian-born population. As discussed above in Chapter 2, recent migrants are 1.7 times more likely than the Australian-born workforce to hold a university-level qualification. Similar findings that migrants typically have higher levels of education but also higher levels of underutilisation are also found in other research.[33]

Given how fundamental qualifications recognition and licensing are for employment within many skilled occupations, policy changes and initiatives to improve the overseas recognition system would go a long way towards addressing underutilisation.

4.4 Support women migrants and secondary applicants

For female migrants, the intersectional impact of gender compounds the aforementioned barriers[34] resulting in greater rates of underutilisation compared to their male counterparts. Overseas-born women face higher unemployment rates and lower labour participation rates than their male counterparts across all three permanent migration streams.[35] Consistent with this, a recent CEDA report on wage outcomes between Australian-born and migrant professionals found that wage outcomes were the worst for highly-educated female migrants, relative to their Australian female counterparts with similar education.[36] The report also found that bachelor- or diploma-educated female migrants were more likely to work in lower paying industries, citing the higher proportion of women arriving as secondary applicants as one of the main drivers.[37]

The treatment of secondary applicants as part of the visa application process and the migration system compounds the barriers faced by women. Secondary applicants are typically dependents, spouses, or relations of the primary applicant. Women comprised 62% of all secondary applicants entering via the skill stream, according to 2021 Census data.[38] Because the application process focuses on the skills and experience of the primary applicant, the skills of secondary applicants are often overlooked and, as a result, little support is provided to help them find suitable work.[39] As a result, secondary applicants including a disproportionate number of women receive less support, making it harder for them to fully use their skills in the labour market.

Initiatives to address the gendered impacts of employment barriers for newly arrived female professionals are required to unlock the economic potential of skilled women migrants. Consideration should be given to how the migration system could better support secondary applicants, including the potential for tailored settlement support to encourage greater labour market participation of migrant women at a level that matches their skills and qualifications.[40]

4.5 Address discrimination in Australia's labour market

The narrow focus of many employers on the need for local experience and other biases in recruitment, promotion and retention practices also contribute towards the underutilisation of migrant professionals. One survey found that 85 per cent of Australian expats faced barriers finding work upon their return to Australia, indicating that employers and recruiters tend to not value international experience. Other research has found that recruitment processes in Australia discriminate against migrants on the basis of name and language, with identical resumes resulting in different outcomes.[41]

This report finds that even where Australian-born workers have low English proficiency, they are less likely to be underutilised than migrants with the same proficiency, suggesting that the difference in labour market outcomes cannot be entirely explained by language skills. There are also differences in the rates of underutilisation for migrants born in different regions.[42] Using a high-level classification, analysis shows that those born in the 'Global South' (50%) are more likely to have their skills underutilised in Australia compared to migrants born in the 'Global North' (39%) – potentially attributable to racial discrimination in the labour market (see Chapter 2). Similarly, migrants born in OECD countries are just as likely as Australian-born workers to be underutilised (35% of both groups experience underutilisation); while migrants from non-OECD countries are 14 percentage points more likely to be underutilised (49%).[42] This is especially important given those from non-OECD nations make up the majority of Australia's recent migrant intake (76%).[44]

Bias within the labour market is a key barrier that needs to be addressed. This requires industries and employers to examine their hiring policies, practices and unconscious bias to reduce barriers and ensure that overseas experience is sufficiently valued. Practices such as skills-based hiring can focus recruitment decisions on competency, rather than where someone previously worked or where they studied. Employers and industry groups also play an important role to bridge local knowledge gaps for migrant applicants. Models such as local work experience programs or internships and professional mentorship can help newly arrived migrant professionals overcome barriers related to a lack of local experience.

4.6 Conclusion

Addressing the aforementioned barriers should be a national priority. The size and scale of the opportunity outlined in this report – $70 billion unlocked over ten years from better harnessing the skills of migrants – warrants national focus and attention. By tapping into the expertise and experience of migrants already residing in Australia, we can add billions to the Australian economy, lift productivity, and plug critical skills gaps, while also providing sustainable and meaningful employment pathways for migrant professionals.

There are many intersecting drivers that contribute to the underutilisation of skilled migrants at a higher rate than their Australian-born counterparts. The complex nature of the challenge requires policy changes on multiple fronts to ensure the qualifications and professional experience of migrants can be recognised, valued, and deployed to roles in which they are best suited.

Closing the migrant skills mismatch is a shared responsibility and shared opportunity that requires a collaborative effort across government, industries and employers, unions, the social services sector and affected communities. We all have a role to play in unlocking the skills potential of migrants in Australia and realising the billion dollar benefit.

Some migrants who have overcome significant barriers to attaining qualifications in their home country remain unable to fully use those skills and experience in Australia.

Sadia faced the double difficulty of breaking into her occupation in Afghanistan and then Australia

In 2021, Sadia had almost completed her Master of Dental Science in Malaysia when the Taliban gained control of her home country, Afghanistan. After returning home to protect her children, Sadia and her family were forced to flee to Australia for safety.

Sadia, like countless girls, was denied education in Afghanistan until she was 12 when a new democratic government was established. She completed her secondary education and gained a place at the Dental Faculty of Kabul Medical University.

Despite having six years of clinical dental experience and seven years lecturing as a member of the dental faculty in Afghanistan, Sadia faced many barriers to continuing her dental career in Australia.

Sadia undertook the complex and expensive process of having her overseas qualifications recognised. Her efforts came to a standstill after she was unable to attain one of the government documents from her country of origin that is required to sit the Australian Dental Association (ADA) exam.

To resolve this, Sadia asked to sit in on a local clinic two days a week as an 'observer' while she completed her English language courses at TAFE. After several months of hard work and frustration, Sadia's situation took a positive turn. In December 2022, she was offered a part-time role at a dental surgery in Sydney, and she was able to track down alternative documentation to sit her dental exam in 2024.

"Adjusting to a new country while caring for my children, improving my English language skills, and pursuing my career aspirations, was hard to juggle.

I applied for dental assistant jobs in the meantime but was declined because I did not have Australian experience.

I have dedicated almost 20 years of my life to my profession - I cannot leave it behind. I dream of working again as a dentist, but it's incredibly difficult."

Sadia: a dentist and university lecturer, trained in Afghanistan and Malaysia

Since arriving in Australia, Syrian refugee and Automation Engineer Alaa has improved his English, obtained a driver's license, and had his degree recognised. Despite these efforts, the 37-year-old now works outside his field of expertise as a banking assistant due to many barriers he's faced such as a lack of local experience.

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13 Deloitte Access Economics using Australian Census Migrant Integrated Dataset (ACMID), 2021

14 The Organisation for Economic Co-operation and Development (OECD) is an intergovernmental organisation with 38 member countries that unite
    to shape policies that foster prosperity, equality, opportunity, and well-being for all. These relatively wealthy countries span the globe, from North
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Billion
Dollar
Benefit