draft report: For final outcomes of this project refer to the inquiry report.Migrant Intake into Australia. Productivity Commission Draft Report. November 2015. 
This draft report has been prepared for further public consultation and input. The Commission will finalise its report after these processes have taken place.Migrant Intake into Australia. Productivity Commission Draft Report. November 2015.

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| --- |
| The Productivity Commission |
| The Productivity Commission is the Australian Government’s independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long term interest of the Australian community.  The Commission’s independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.  Further information on the Productivity Commission can be obtained from the Commission’s website ([www.pc.gov.au](http://www.pc.gov.au/)). |
|  |

# Opportunity for further comment

You are invited to examine this draft and comment on it by written submission to the Productivity Commission, preferably in electronic format, by **18 December 2015**. Further information on how to provide a submission is included on the inquiry website http://www.pc.gov.au/inquiries/current/migrant-intake.

The final report will be prepared after further submissions have been received and public hearings have been held, and will be forwarded to the Australian Government by end March 2016.

### Public hearing dates and venues

|  |  |  |
| --- | --- | --- |
| **Location** | **Date** | **Venue** |
| Melbourne | Monday 7 December 2015  Tuesday 8 December 2015 | Productivity Commission Rattigan Room Level 12, 530 Collins Street |
| Canberra | Tuesday 15 December 2015 | Productivity Commission Hearing Room Level 2, 15 Moore Street |
| Sydney | Wednesday 16 December 2015  Thursday 17 December 2015 | SMC Conference & Function Centre Corinthian Room 66 Goulburn Street, Sydney |

### Commissioners

For the purposes of this inquiry and draft report, in accordance with section 40 of the *Productivity Commission Act 1998* the powers of the Productivity Commission have been exercised by:

Paul Lindwall Presiding Commissioner

Alison McClelland Commissioner

# Terms of reference

**Productivity Commission Inquiry into the   
Use of Charges to Determine the Intake of Migrants**

### Terms of Reference

I, Joseph Benedict Hockey, Treasurer, pursuant to Parts 2 and 3 of the *Productivity Commission Act 1998*, hereby request that the Productivity Commission undertake an inquiry into the greater use of charges relative to quotas and qualitative criteria to determine the intake of temporary and permanent entrants into Australia.

### Background

The intake of temporary and permanent entrants is currently regulated through a mix of qualitative requirements (e.g. skills, family connections, refugee-status, health, character and security), quotas (e.g. the size of the Migration and Humanitarian Programmes, and of components within these Programmes) and imposts (including the cost of investing under the Significant Investor Visa).

The Australian Government's objectives in commissioning this inquiry are to examine and identify future options for the intake of temporary and permanent entrants that improve the income, wealth and living standards of Australian citizens, improve the budgets and balance sheets of Australian governments, minimise administration and compliance costs associated with immigration, and provide pathways both for Australian citizens to be altruistic towards foreigners including refugees, and for Australia’s international responsibilities and obligations to foreign residents to be met.

### Scope of the inquiry

In undertaking this inquiry, the Productivity Commission should use evidence from Australia and overseas to report on and make recommendations about the following:

1. The benefits and costs that the intake of permanent entrants can generate with respect to:
   1. the budgets and balance sheets of Australian governments, including from:
      1. entry charges;
      2. government services used (including public health, education, housing, social and employment services) now and in the future;
      3. taxes paid now and in the future;
      4. the dilution of existing, government-held assets and liabilities across a larger population; and
   2. the income, wealth and living standards of Australian citizens, including with respect to:
      1. impacts on the salaries and employment of Australian citizens, knowledge and skill transfer, productivity, foreign investment, and linkages to global value chains;
      2. cultural, social and demographic impacts; and
      3. agglomeration, environmental, amenity and congestion effects.
2. An examination of the scope to use alternative methods for determining intakes – including through payment – and the effects these would have. This should include examination of a specific scenario in which entry charges for migrants are the primary basis for selection of migrants, such that:
   1. there would be no requirements relating to skills and family connections;
   2. qualitative requirements relating to health, character and security would remain;
   3. all entrants would have the right to work;
   4. entrants would have limited access to social security or subsidised education, housing or healthcare; and
   5. the charge could be waived for genuine confirmed refugees, whose entry would remain subject to current constraints.

The scenario should examine the way in which the above charges could be set, and what they might be, to maintain the current levels of the migrant intake or to maximise the benefits for Australian citizens. The scenario should also examine the impacts of such charges – based on assessment of the factors listed in (1) above and also taking account of:

* 1. opportunities for Australian citizens to be altruistic towards foreigners including refugees;
  2. the administration and compliance costs associated with immigration, including costs associated with criminal behaviour and the use of migration agents; and
  3. interactions with citizenship criteria and existing and potential bilateral agreements.

1. The benefits and costs of temporary migration with an examination of the use of charges as the primary basis for regulating the level and composition of this migration, having regard to:
   1. complementarity with the Australian workforce; and
   2. achieving flexibility in responding to structural and cyclical adjustments in the Australian economy.
2. Mechanisms for achieving an optimal interaction between temporary and permanent migration noting that temporary migration is an established pathway to permanent migration.

### Process

The Commission is to undertake an appropriate public consultation process including holding hearings and roundtables (where appropriate), and releasing a draft report to the public.

The final report should be provided within 12 months of receipt of these terms of reference.

J. B. HOCKEY  
Treasurer

[Received 20 March 2015]

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**Technical Supplements (forthcoming)**

**A The economywide impacts of migration — general equilibrium modelling**

**B The impacts of a charge — partial equilibrium modelling**

**C The impact of immigration on labour market outcomes — econometric analysis**

# Abbreviations and explanations

Abbreviations

ABS Australian Bureau of Statistics

AIHW Australian Institute of Health and Welfare

AMEP Adult Migrant English Program

BTRE Bureau of Transport and Regional Economics

BVE Bridging visa E

CCS Complex case support

EU European Union

FECCA Federation of Ethnic Communities Council of Australia

GDP Gross domestic product

GSS General Social Survey

HILDA Household, Income and Labour Dynamics in Australia

HRC Human Rights Commission

HSS Humanitarian Settlement Services

IAC Industries Assistance Commission

IC Industry Commission

IELTS International English Language Testing System

ISLPR International Second Language Proficiency Ratings

JSA Job Services Australia

MCA Migration Council Australia

MDA Multicultural Development Association

MIA Migration Institute of Australia

NDIS National Disability Insurance System

NEET Not in employment, education or training

NOM Net overseas migration

OECD Organisation of Economic Co‑operation and Development

PC Productivity Commission

RCOA Refugee Council of Australia

SGP Settlement Grants Program

UK United Kingdom

US United States

WSAA Water Services Association of Australia

Explanations

|  |  |
| --- | --- |
| Billion | The convention used for a billion is a thousand million (109). |

# Glossary

|  |  |
| --- | --- |
| Age dependency ratio | The ratio of those aged 65 years and over to those aged 15 to 64 years. |
| Capacity to pay | The ability of a consumer to pay the prevailing price for a good or service. This can include having available savings, being able to borrow the money or other means to raise the necessary money (such as through selling possessions, gifts or donations). |
| Consumer surplus | The difference between the maximum price a consumer is willing to pay for a good or service and the price they pay. |
| Main English speaking countries (MESC) | Includes Canada, Ireland, New Zealand, South Africa, the United Kingdom and the United States. |
| Net overseas migration (NOM) | The net increase or reduction in population through people arriving (immigrating) and departing (emigrating). It is measured based on the duration of stay in or away from Australia of at least 12 months out of the past 16 months. The concept captures both permanent and long-term temporary movements (including the movements of Australian and New Zealand citizens). |
| Non-main English speaking countries (NESC) | Countries other than those listed under Main English speaking countries. |
| Pathway | The stream of visas that an immigrant is granted over time between his or her initial grant of a temporary visa and the final grant of a visa for permanent residency |
| Planning level | The number of places available for permanent immigration to Australia each year. |
| Price‑based immigration system | A proposal where price (or a visa charge) is the predominant mechanism used to allocate visas. |
| Primary applicant | An applicant for immigration to Australia whose eligibility is assessed against selection criteria related to either skills or family connection. |
| Refugee stream | Stream within the Humanitarian Programme for people who face persecution in their home country and need to settle in another country |
| Second generation immigrant | An Australian-born person who has at least one parent born overseas. |
| Secondary applicant | The partner, dependent children and other dependent relatives of the primary applicant who are included on the same visa application. Secondary applicants are subject to fewer requirements for eligibility than primary applicants. |
| SkillSelect | An online portal for people to lodge an expression of interest for immigrating to Australia. |
| Special Humanitarian Programme | A visa stream within the Humanitarian Programme for people who are subject to gross violations of their human rights in their home country, and are nominated by an Australian citizen or permanent resident, an eligible New Zealand citizen or an organisation based in Australia. |
| Willingness to pay | A situation where a consumer would be willing to purchase a good or service at the prevailing price. This could include the situation where a consumer wants to purchase the good or service, whether or not they have the capacity to pay. |