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Shifts in Australia's Migration Policy Strategy 2023-2025: Promoting Economic Growth and The Impact on the Labor Market

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Abstract
Australia, as one of the primary destinations for immigrants, has experienced significant shifts in migration policy over recent years. This policy, which increasingly opens up opportunities for foreign workers, aligns with the growing demand for labor in the post-COVID-19 pandemic era. This study aims to analyze changes in Australia's migration policy during the period 2023-2025 and its impact on the labor market and the national economy. Based on statistical data and international reports, migration policies focusing on skilled labor in critical sectors such as agriculture, manufacturing, and healthcare are projected to make a significant contribution to Australia's Gross Domestic Product (GDP). Furthermore, this research adopts a theoretical approach by utilizing the Resource Dependence Theory to understand the relationship between migration policy and Australia's dependence on foreign labor. The findings suggest that despite several challenges, this migration policy is expected to strengthen Australia's position in the global market and create greater economic opportunities.

1. Introduction

Australia is one of the main destinations for immigrants. The Australian government has long been known for implementing strict regulations in handling the arrival of immigrants, particularly illegal immigrants. Additionally, Australia is governed by a high level of executive autonomy in its migration policies (Paquet & Boucher, 2025). However, in recent years, with the increasing demand for labor, particularly seasonal workers in various sectors that cannot be filled by the domestic workforce, the Australian government has begun implementing policies that open up opportunities for immigrant workers to work in the country. Migration is now believed to be one of the keys to Australia's prosperity in the future. Migration is even projected to contribute up to 40 percent of GDP (Migration Council Australia, 2015).

In 2019, the Organisation for Economic Co-operation and Development (OECD) recognized Australia as one of the main destinations for immigrants. In the same year, the OECD recorded that Australia reached its highest ever immigrant population at 29.7 percent (Australian government Centre for Population, 2019). Furthermore, according to the OECD, regions with a high number of immigrants show a positive correlation between migration and labor productivity. It can be concluded that the number of immigrant workers is directly proportional to labor productivity.

Based on data from the Australian Bureau of Statistics, the post-pandemic increase in immigration was significant, with Australia reaching a record high in immigrant arrivals in 2022-2023 compared to pre-pandemic years. Although there was a decrease in 2024, the number of immigrants was still greater than in previous years. In the middle of 2020, 7.6 million immigrants were recorded as residing in Australia (Australian Bureau of Statistics, 2020).

This increase in immigrant numbers is, of course, in line with the Australian government's policy reforms. In fact, in 2022, the Australian government launched the Pacific Australia Labour Mobility (PALM) scheme, which is a combination of previously existing programs, namely the Seasonal Worker Programme (SWP) and the Pacific Labour Scheme (PLS). The PALM scheme became effective on April 4, 2022. This scheme allows eligible businesses in Australia to recruit workers from 9 Pacific islands and Timor-Leste when local workers are insufficient. The scheme is aimed at fulfilling labor needs in sectors such as agriculture and food manufacturing related to agriculture, including unskilled, low-skilled, and semi-skilled workers.

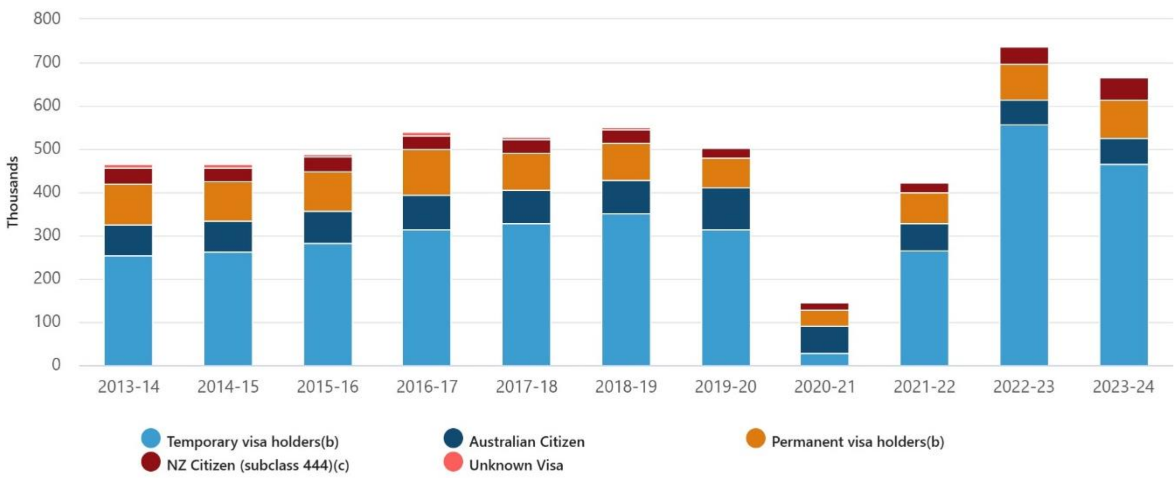

Figure 1. Foreign Migrant Arrivals Based on Visa Categories and Citizenship Groups

The chart above shows that the number of foreign migrant arrivals reached the highest record throughout 2022-2023. Although there was a decline in 2023-2024, the figures are still considered high compared to the past decade. This increase is, of course, in line with various programs and quotas implemented by the government for immigrants.

2. Research Objectives, Significance, Methodology, and Limitations

Research objectives: This study aims to analyze the shift in Australia's migration policy during 2023-2024 and 2024-2025, as well as evaluate its impact on the labor market and economic growth in Australia. The study also aims to assess how migration policies focusing more on skilled labor can contribute to economic development and how this affects local workers in various sectors.

Significance of the Research: The significance of this study lies in its deeper understanding of the role migration plays in supporting Australia's economy, particularly in the post-pandemic context. With the numerous reforms in migration policy, this analysis provides deeper insights into the impact of policy changes on the Australian labor market and how migration strategies can be designed to meet the country's economic and social needs.

Research Methodology: This research adopts a qualitative approach with a document analysis method. The study examines various data sources, such as reports from the Australian government, migration policy documents, and previous research related to the topic. Statistical data related to migration and the labor market is sourced from the Australian Bureau of Statistics, Migration Council Australia, and OECD reports. Additionally, this article also refers to the Resource Dependence Theory to understand how migration policies are structured to meet the demand for skilled labor that cannot be fulfilled by the local workforce. The research involves analyzing various documents from the Australian government, including press releases, reports from various international organizations, and prior research related to the topic under discussion. The study is inductive, based on the migration phenomena in Australia and migration policies, as well as the policy patterns subsequently established by the Australian government. Furthermore, it will analyze how these policies impact the labor market in Australia. The research will also discuss the Australian government's migration strategies throughout 2023-2024 and 2024-2025, specifically regarding the provision of skilled labor.

Limitations of the Research: This research is limited to the analysis of Australia's migration policies during 2023-2024 and 2024-2025 and their impact on the labor market in the country. The study does not cover the analysis of the socio-cultural impacts of migration, nor the broader long-term effects on Australia's demographics.

3. Theoretical Framework

In this theoretical framework, this article refers to the Resource Dependence Theory developed by Pfeffer and Salancik (1978). This theory explains that organizations or countries in need of external resources, such as labor, will formulate policies to acquire and manage those resources. In the context of Australia, the government faces the need for skilled labor to meet domestic market demands, while the local workforce cannot fully satisfy those needs. Resource Dependence Theory assumes that countries will rely on external resources to support their economic needs. In this case, Australia's migration policy aims to fill the labor shortage by accepting skilled workers from abroad, which can help the country's economy grow more rapidly. This theory also helps explain why Australia, despite having a strict immigration system, chooses to open its doors to foreign workers with the skills needed by specific sectors in the country.

Additionally, within this framework, Social Mobility Theory is relevant in understanding how migration can change the social and economic status of both immigrants and local residents. Meanwhile, Classical Economic Theory, which states that the addition of labor, especially skilled labor, can increase productivity and labor market efficiency, also underpins the Australian government's thinking in formulating this migration policy.

4. Discussion and Analysis

This section delves deeper into the impact of Australia's migration policy on the labor market and the economy, including a critical analysis of the shift in migration policies and how it affects various sectors of the Australian economy and society.

4.1. Australia's Migration Policy 2023

Australia faces various challenges that have pushed the country to reform its migration system. Previously, the existing migration system was deemed insufficient to address the challenges of meeting the demand for skilled labor. In 2023, the Australian government launched a migration policy that focused more on the acceptance of skilled workers, in response to the growing needs in vital sectors such as technology, construction, and healthcare. This policy aims to support the economy and fill job vacancies with workers possessing the skills required by industries. This migration policy reform aligns with the Resource Dependence Theory, which posits that a country will depend on external resources, in this case, migrant labor, to fulfill needs that cannot be met domestically. Australia, facing a shortage of skilled labor, adopted this policy to ensure that key sectors continue to operate effectively. The main focus of the 2023 migration policy is to prioritize skilled workers to help support the economy and meet long-term economic growth projections. One of the main steps in this policy is the adjustment of visas, such as student visas and skilled worker visas, aimed at ensuring migrant workers possess the skills needed by industries. The Australian government hopes that this migration policy will increase the number of skilled workers ready to support the country's economy, especially in emerging sectors.

Case Study: Migration Policy in the Healthcare Sector

Australia's healthcare sector is one of the sectors directly impacted by this migration policy. The shortage of skilled healthcare workers, such as nurses and doctors, has been a major issue amidst the aging population. The 2023 migration policy provides opportunities for foreign medical workers to fill vacant positions. In Queensland, for example, the migration policy successfully addressed the healthcare worker shortage following the COVID-19 pandemic. However, the integration of migrant healthcare workers into Australia's healthcare system is not without challenges. Many of these migrant workers must undergo lengthy accreditation processes and adapt to a different healthcare system. This affects the time it takes for them to maximize their contributions to the healthcare system.

Additionally, the 2023 migration policy also targets regional and rural areas that often face shortages of skilled labor. Areas such as Central Queensland have utilized the migration policy to fill labor gaps in agriculture and construction sectors. Research by Johnson & Lee (2023) shows that this policy has stimulated local economic development by providing incentives for migrants to settle in these areas. This has been particularly beneficial in increasing productivity, especially in agriculture, which had previously relied heavily on seasonal labor from abroad. Although this migration policy aims to fill gaps in skilled labor, its implementation faces significant challenges, such as a backlog in migrant visa applications. Pending visa applications create a backlog that slows down the migration process and hinders the achievement of policy objectives. Paquet and Boucher (2025) argue that policies which select applications based on political considerations often cause uncertainty in the approval process. These delays also affect sectors that critically need skilled migrant workers, such as technology and construction.

Case Study: The Backlog Issues in the Immigrant Application Process

In 2024, more than 100,000 skilled worker visa applications were delayed. One example is IT professionals applying for skilled worker visas. These delays led Australia to lose many skilled workers, who ultimately chose to work in countries with faster immigration processes, such as Canada and the UK. Morrow & Lee (2025) argue that the loss of these skilled professionals could reduce Australia's competitiveness in fields such as technology and construction, which heavily rely on migrant workers. Overall, the 2023 Australian migration policy aims to align labor needs with long-term economic growth projections. While this policy has been successful in filling gaps in certain sectors, challenges in administrative processes and the integration of migrant workers remain barriers that need to be addressed. The Australian government must manage this policy carefully to maximize the potential of skilled migration that can support the country’s economy.

4.2. Australia's Migration Policy 2024

At the end of 2024, the Australian government made further changes to its migration policy. Similar to previous years, the policy is designed to ensure that immigrant workers can contribute to Australia's national economy and fill positions where local workers are unavailable (Ministers of the Employment and Workplace Relations Portfolio, Joint Media Release 2024). Almost similar to the policy strategy in previous years, the government's focus in 2024 is still on encouraging immigrants to settle in regional and rural areas. This policy is part of a strategy aimed not only at encouraging balanced population growth but also at boosting the economy in those areas. Poverty in Australia has generally been characterized by a place-based nature (Greenwell, Lloyd & Harding, 2001). Therefore, the Community Affairs References Committee of Australia emphasizes the importance of addressing increasing poverty and inequality, partly through national employment strategies and strengthening minimum wages (Community Affairs References Committee, 2004). These efforts are part of the long-term goals of the Australian government to alleviate poverty, particularly in regional and rural areas. According to Cabinet Minister Senator Fifield, one of the main solutions to poverty is advancing economic growth (Mendes & Roche, 2023).

This policy is reflected in the planning of the 2024–25 Permanent Migration Program, which prioritizes visa processing for Australia's regional areas from an allocation of 185,000 places (Department of Home Affairs, 2025). The government's emphasis on receiving immigrants based on their skills is also evident in this allocation. When the economy faces labor supply shocks, industries benefit more from employing skilled workers than unskilled workers (Brell & Dustmann, 2019). Based on data from the Department of Home Affairs, of the total allocation, the ratio of skilled workers to family members is 70:30. This figure shows a large allocation is reserved for skilled workers.

Additionally, compared to the policy strategy of the previous year, the Permanent Migration Program saw an increase in the planning for Employer-Sponsored Visas. This number increased from around 36,825 visas in 2023-2024 to 44,000 in 2024-2025 (Department of Home Affairs, 2025). This policy seems designed to accommodate the labor needs in sectors such as agriculture, construction, cybersecurity, and healthcare. However, compared to the previous year's policy, there was a decrease of 5,000 visa quotas in 2024. The details can be seen in the following table.

Table 1. Comparison of Migration Program Plans for 2023-2024 with 2024-2025

Visa Stream	Visa Category	2023-24 Quotas	2024-25 Quotas
Skill	Employer Sponsored	36,825	44,000
	Skilled Independent	30,375	16,900
	Regional	32,300	33,000
	State/Territory Nominated	30,400	33,000
	Business Innovation & Investment	1,900	1,000
	Global Talent (Independent)	5,000	4,000
	Distinguished Talent	300	300
	Skill Total	**137,100**	**132,200**
Family	Partner*	40,500	40,500
	Parent	8,500	8,500
	Child*	3,000	3,000
	Other Family	500	500
	Family Total	**52,500**	**52,500**
	Special Eligibility	400	300
	Total Migration Program	**190,000**	**185,000**

Note: *Partner and Child visa categories are based on demand with an indicative planning level

In the 2024 migration policy, the Australian government also replaced the Temporary Skills Shortage (TSS) visa with the Skills in Demand visa, which includes core skills and specialist skills (Ministers of the Employment and Workplace Relations Portfolio, Joint Media Release 2024). This is to ensure the availability of skilled labor from immigrant workers. The table data above illustrates the government's efforts through migration policy planning to focus on providing quotas for immigrants wishing to enter Australia, specifically for those with high skills and expertise, in line with the needs to drive national economic growth and enhance Australia's position globally.

4.3. Contribution of Immigrant Workers to the Australian Labor Market

The presence of immigrant workers is often seen as a threat to local workers and even as a burden on the local economy. Immigrants are generally believed to be more willing to accept lower working conditions than local workers, which impacts wage levels (BBVA Research, 2011). Furthermore, the presence of immigrants and their families is thought to require public services such as healthcare and education, which can ultimately reduce quality and increase costs for the local population (BBVA Research, 2011). But is this really the case? According to research conducted in 22 OECD European countries, Australia, Canada, and the United States over a period of 13 years from 2006 to 2018, in all of these countries, immigrant workers contributed higher tax revenues (OECD, 2021). Moreover, the presence of skilled and qualified immigrant workers can fill labor market gaps. Immigrant workers can drive productivity growth, which ultimately opens up more job opportunities and increases wages for the local population (OECD, 2023). According to a 2012 report from the Organisation for Economic Co-operation and Development (OECD), immigrant workers make important and significant contributions to the labor market. This contribution is evident in both high-skilled and low-skilled jobs. Immigrants have also contributed to higher per capita Gross Domestic Product (GDP) growth (McDonald, 2015). Additionally, skilled immigrants have a positive impact on public finances (Wright et al., 2016).

However, the presence of immigrants also has negative impacts. According to an OECD report in 2021, immigrant workers with skills similar to those of the local population can create competition, which may harm local workers. Furthermore, existing evidence suggests that migration may negatively affect the job prospects of local workers (OECD, 2021). Nonetheless, in the context of Australia, a 2023 OECD report found no evidence of significant impacts from the influx of immigrant workers on the wages of native workers. Overall, according to the 2023 OECD report on the impact of migration on the regional labor market in Australia, the contribution of immigrant labor has been positive. The presence of skilled labor ultimately benefits the country’s labor market. This is supported by the Australian government’s policy to accept skilled workers over the past decades (OECD, 2023).

In 2024, the Australian Bureau of Statistics recorded the country's population at 27 million people. The Australian population is projected to reach 38 million by 2050 (The Migration Council Australia, 2015). However, when considering contributions to economic growth, the local population is not the only factor that impacts economic growth in the country. Migration is expected to contribute $1.6 trillion to Australia's Gross Domestic Product (GDP) by 2050 (The Migration Council Australia, 2015).

5. Conclusion

The Australian government has undertaken reforms by changing its strategy toward immigrant workers. This has been done in part to drive economic growth through the contributions of skilled immigrant workers. In recent decades, migration policies focusing on the admission of skilled labor have had a positive impact on the labor market and have not negatively affected local wages. The migration policies implemented by the Australian government throughout 2023-2024 and 2024-2025 are expected to have a significant impact on the country's economic growth in the future. The presence of immigrant workers is even predicted to make a substantial contribution to Australia's economy. Ultimately, this will further strengthen Australia's global position.

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