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economic opportunities  
and outcomes of

# post-study work rights

in Australia

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The more we can recognise the economic benefits of maximising the potential of graduates on post-study work rights, the more likely the mutual benefits will be realised for all – students, employers, education providers and the community.



# Executive summary

Following the recommendations of the Knight Review in 2011, Australia introduced a more comprehensive post-study work rights (PSWR) visa program for graduating international students. Many in the international education sector would attribute Australia's recent success in higher education, at least in part, to the attractiveness of the current Temporary Graduate visa (subclass 485). While there are a range of reasons for why different countries have introduced post-study work rights<sup>1</sup>, the temporary graduate visa in Australia primarily embodies the promise of potentially meaningful and relevant employment for international students to kick start their careers upon graduation.

The key underlying policy rationale was to implement a post-study work rights regime that would enhance the value of an educational experience in Australia's international education sector. In doing so, it would also enhance Australia's attractiveness as a study destination. The temporary graduate visa therefore creates an expectation among international students that meaningful and relevant employment awaits. As Tran, Rahimi and Tan note, employment in and of itself is valued, but for many it is the opportunity to round out their skills in the workplace as an extension of their study that is often the priority<sup>2</sup>.

The Knight Review recognised at the outset that the PSWR experiences of international graduates was likely to be variable. It is also important to acknowledge that – for at least some students and their families – PSWR are attractive because they provide an opportunity on the pathway to permanent residency. The policy intent was to break the nexus between education and migration, but the persistence of long-term migration goals cannot be ignored<sup>3</sup>.

For a modest proportion of temporary graduate visa holders, employment expectations are indeed being met, possibly even exceeded. As shown in Figure 1 (p.10), almost three-quarters of temporary graduate visa holders report being employed either full-time (44%) or part-time (30%). Many who find employment are either in entry level white collar jobs (8%), are working as technicians (6%), in the health care sector (9%), or are able to attain professional and managerial level occupations (22%).

That being said, a large proportion (17%) continue to work in low skilled occupations in the retail, wholesale and hospitality industries. In addition, just over 1-in-5 are unemployed and looking for work (10%) or are not participating in the labour market; that is, not looking for work (12%). Temporary graduates have higher level qualifications than skilled stream migrants, but are comparatively more likely to be working in low-skilled occupations. The pattern of personal income earned by temporary graduates is almost identical to the income profile of those on working holiday visas.

1 See Berquist, B., Hall, R., Morris-Lange, S., Shields, H., Stern, V., & Tran, L. T. (2019), 'Global perspectives on international student employability', International Education Association of Australia (IEAA).

2 Tran, L., Rahimi, M., & Tan, G. (2019), 'Temporary graduafication: impacts of post-study work rights policy in Australia', Research for Educational Impact, Deakin University, September 20.

3 Ibid (Hall, 2019)

Many studies have concluded that both migration and temporary migration deliver positive effects for the Australian economy and labour market. This is consistent with the findings of the 'Shaping a nation' report by the Treasury and Department of Home Affairs, which highlights "considerable evidence pointing to the role of migrants in sustaining or fostering strong economic growth over the longer term." It also went so far as to suggest that migration helped Australia successfully weather the Global Financial Crisis<sup>4</sup>.

Most economic analyses of the impacts of migration, including the recent analysis by the Treasury and Department of Home Affairs, take into account demand and supply side impacts on GDP.

Demand side impacts recognise that:

- Migrants add to consumption in a similar way to Australian-born consumers
- Migrants may lead to increased capital flows
- Migrants have a positive fiscal impact as they consume less in government services than they contribute to tax revenue
- Temporary migrants, especially international students, have been large contributors to exports.

As Tran, Rahimi and Tan note, employment in and of itself is valued, but for many it is the opportunity to round out their skills in the workplace as an extension of their study that is often the priority<sup>2</sup>.

Supply side impacts account for the fact that:

- Migrants increase the population, which drives GDP
- Migrants have helped improve Australia's labour force participation rate because they are younger and more likely to be engaged in work
- Skilled migrants raise the level of human capital leading to increased productivity.

There is insufficient data to arrive at a statistically robust conclusion, but the small pool of temporary graduates concentrated primarily in the large cities of Sydney and Melbourne would suggest that there is probably no aggregate effect on the labour market.

However, the less than desirable labour market outcomes of a proportion of temporary graduate visa holders do not just impact on international student graduates themselves, but have wider implications for Australia's economy.

4 Treasury and Department of Home Affairs (2018), 'Shaping a nation, population growth and immigration over time', Canberra.



Australia does not benefit from the full productivity and participation benefits of this young, well-educated, globally competent and highly motivated cohort of graduates.

### Wider implications for Australia's economy

**First, Australia does not benefit from the full productivity and participation benefits of this young, well-educated, globally competent and highly motivated cohort of graduates.**

Productivity is the most important mechanism for sustainable income growth and there are well documented links between increased human capital (and skill levels) and increased productivity. With 54 per cent holding a master degree qualification, the educational attainment of temporary graduates is much higher than that of most migrants, including those from the skilled migration streams. It therefore stands to reason that temporary graduates have the potential to significantly add to Australia's productivity, if they are able to secure jobs in which their skills are being applied. The current mismatch however, in both skill level and discipline, would strongly suggest that these potential productivity gains are not being accrued.

**Second, the employment profile for some temporary graduates would suggest that low-skilled Australians may experience increased competition in the already highly competitive entry level end of the job market.**

The data show that labour market outcomes for temporary graduates tends to be weaker than that of skilled migrants, with lower participation rates, higher unemployment, and lower rates of employment in a full-time position. In addition, compared to skilled migrants, temporary graduates are more likely to be employed in retail or hospitality, and more likely to have lower skilled occupations. As such, temporary graduates are employed in occupations and sectors where employment growth is low (and is projected to be low), where turnover is high and where underemployment is high.

Of course, temporary graduates do not have any part to play in the challenges resulting from the structural changes in Australia's economy, or the corresponding shift towards higher skilled jobs and the relative decline of entry level opportunities. However, the relative concentration of temporary graduates in these same declining occupations and industries may exacerbate issues at the margins.



**Third, those international students who select Australia on the prospect of career enhancing opportunities for post-study work do not get to realise those potential benefits, which rapidly erodes the value proposition of PSWR in Australia.**

The rationale for PSWR was explicitly to make Australia a more attractive and globally competitive study destination by supplementing the student experience with relevant work experience upon graduation. The fact that temporary graduate visa holders are more likely to be employed in lower skilled occupations in the retail and hospitality sectors should be cause for concern. It also appears to support anecdotal and other reports that 485 visa holders are not able to secure work that is meaningfully connected to their long-term aspirations aligned to their areas of study, but are resigned to taking up relatively unskilled entry level jobs.

These outcomes for international students have been addressed in a number of other studies and highlights the risk that the value proposition of PSWR in Australia deteriorates in one of two possible ways. First, prospective international students may start to discount the favourable post-study work conditions available in Australia on the expectation that it will not deliver on the underlying promise of relevant work experience on graduation. Second – and potentially more damagingly – Australia’s post-study work rights scheme could develop a reputation as an opportunity primarily for pragmatic income generation through employment in low-skilled jobs, as opposed to an educational and career-enhancing opportunity as it is intended. This could have foreseeable, significant adverse consequences for Australia in terms of its reputation as a study destination, and in the eventual mix of students who are drawn to study here.

Compared to skilled migrants and the broader Australian population, temporary graduates are comparatively over qualified for their age. Data would suggest that employment outcomes improve for those who have accumulated more professional and life experience.

The pool of temporary graduate visa holders is growing rapidly, with visa holders in the post-study work stream tripling since the 2016 Census (upon which much of this analysis is based). As this cohort grows, it will be important to ensure the expectations of international students are being appropriately moderated. Further research is required, but there are some clear and reasonable explanations for why international students may not achieve the most ideal post-graduate work opportunities and experiences. One such factor is the very young age profile of the international student cohort. Compared to skilled migrants and the broader Australian population, temporary graduates are comparatively over qualified for their age. Data would suggest that employment outcomes improve for those who have accumulated more professional and life experience.

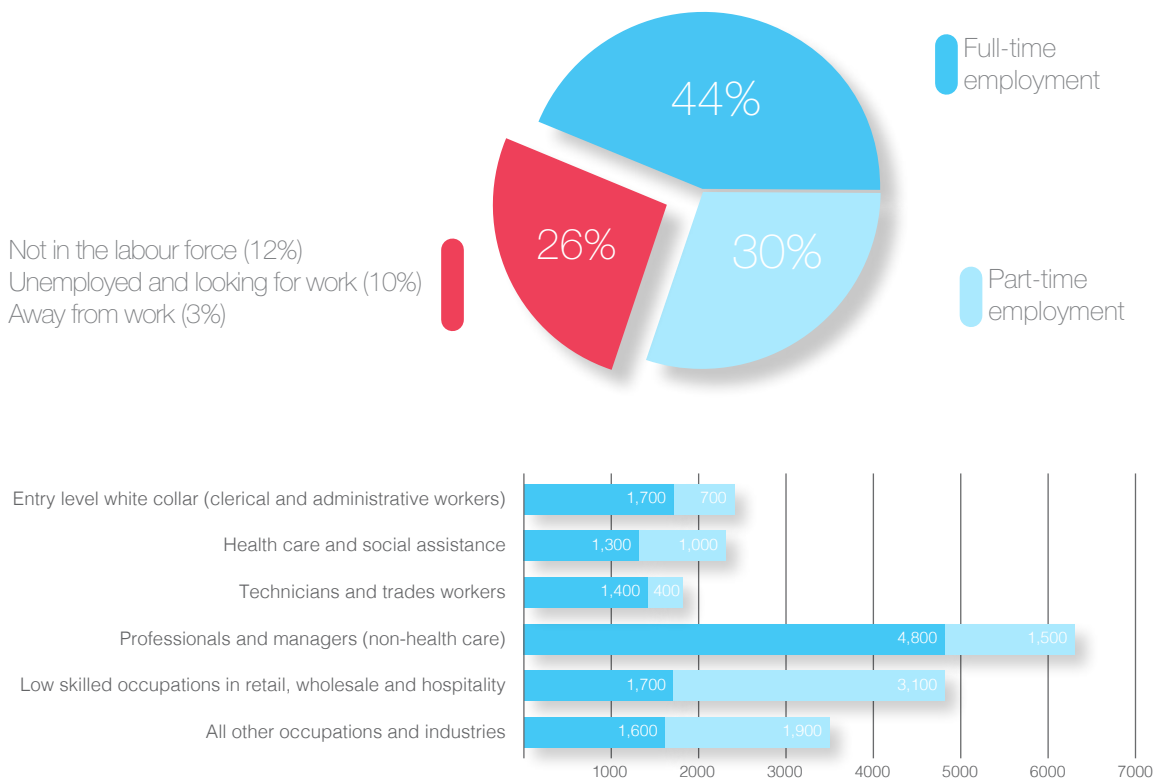
As this pool grows, it will also be important to raise the expectations of employers. Many studies and recurring anecdotes indicate that there continues to be an ill-informed adherence to the notion that recruiting an employee that is anything but a permanent resident or a citizen is undesirable, ill-advised or somehow inherently problematic. The Temporary Graduate visa (subclass 485) should in fact be a boon to employers.

When the Australian Government created the Temporary Graduate visa (subclass 485), it did so primarily with the intent of ensuring that international students get the opportunity for meaningful work experience, and thereby improve the student experience and Australia's relative competitiveness<sup>5</sup>. It likely overlooked the significant economic benefits of a potentially large and highly skilled temporary workforce. The more that policies and communications can recognise the economic benefits of maximising the potential of graduates on post-study work rights, the more likely the mutual benefits will be realised for all parties involved – students, employers, education providers and the community.

This paper identifies three areas for further research:

1. Further interrogation of the Australian Census and Temporary Entrants Integrated Dataset (ACTEID) is likely to provide a more granular and segmented view of the personas, experiences and needs of temporary graduates.
2. The Australian Government funded Graduate Outcomes Survey (GOS) is an under-utilised resource for data and insight on employment outcomes. Although the GOS 2018 included 27,650 international student respondents<sup>6</sup>, none of the results are currently published.
3. One of the most valuable pieces of research and analysis that could be undertaken is a formal evaluation or appraisal of the temporary graduate visa program against its stated policy objectives.

**Figure 1: Where do temporary graduates end up in the labour market?**



Source: ACTEID (ABS 2019)

5 Hall, R. (2019), in Berquist et al 'Global perspectives on international student employability', IEAA.

6 Social Research Centre (2019), Graduate Outcomes Survey 2018, National Report, January 2019, p. 120.

Australia does not benefit from the full productivity and participation benefits of this young, well-educated, globally competent and highly motivated cohort of graduates.



# 1. Background

This research project was commissioned by the International Education Association of Australia (IEAA) based on its analysis and prioritisation of key topics of interest to the sector. Of the four research priorities identified for IEAA's research agenda, the highest priority for members was a better understanding of graduate outcomes, in particular the tracking of students/graduates on post-study work rights (PSWR) visas.

This project forms part of a series of studies that have been supported or commissioned by IEAA on the topic of PSWR, including in particular 'Global perspectives on international student employability'<sup>7</sup> and 'Temporary graduatification: impacts of post-study work rights policy in Australia'<sup>8</sup>.

The importance of better understanding PSWR to inform policy and practice in international education is apparent in the fact that the Australian Government has recently opted to extend PSWR and use it as a lever to encourage international students to study in regional areas. Under the announced arrangements, those on a temporary graduate visa will be able to access an extra year of PSWR in a regional area if they graduated from the regional campus of a registered institution and have maintained ongoing residence in a regional area while holding their initial 485 visa<sup>9</sup>.

Competitor study destinations are similarly improving international students' access to PSWR to be more competitive<sup>10</sup>.

There is clear evidence that PSWR is one of the key factors that impact on the decisions of international students deciding to study in Australia. More than three-quarters of respondents to the International Student Survey 2018 stated that the opportunities to work in Australia after study were an important influencing factor in their decision to study in Australia<sup>11</sup>.

7 Berquist, B., Hall, R., Morris-Lange, S., Shields, H., Stern, V., & Tran, L. T. (2019), 'Global perspectives on international student employability', International Education Association of Australia (IEAA)

8 Tran, L., Rahimi, M., & Tan, G. (2019), 'Temporary graduatification: impacts of post-study work rights policy in Australia', Research for Educational Impact, Deakin University, September 2019.

9 Department of Home Affairs (2019), 'Extra options for international graduates from regional institutions', accessed at <https://immi.homeaffairs.gov.au/what-we-do/regional-migration/news/new-regional-visas>

10 Ilieva, J. (2017), Do political events in host countries affect international education engagement?, paper for the Australian International Education Conference (AIEC), 10–13 October 2017.

11 Department of Education (2018), International Student Survey, Australian Government.

The current iteration of Australia's PSWR policy commenced in 2011 following the 'Strategic Review of the Student Visa Program (the Knight Review)' and is officially known as the Temporary Graduate visa (subclass 485). The scope of this research is focussed on international students from the higher education sector who have moved on to the post-study work stream of the temporary graduate visa as this is the stream that embodies a skills-agnostic PSWR and is rapidly growing. (The graduate work stream on the other hand still has eligibility tied to a skilled occupation list.)

There are three aims to this project:

1. To better understand the pathways from a higher education student visa to temporary residency for this cohort on a post-study work visa.
2. To identify the prevalent characteristics and experience/s of graduates on post-study work visas.
3. To develop measurable outcomes of the economic impact of skilled temporary migration via the post-study work program, including type of employment, location and other factors.

To address these research aims, this project seeks to explore a number of important research questions through three key avenues:

- A review of the literature, with a focus on publications since the introduction of the Temporary Graduate visa (subclass 485)
- Quantitative research and data analysis, with a focus on specific data sources that directly address the Temporary Graduate visa (subclass 485) and in particular the Australian Census and Temporary Entrants Integrated Dataset (ACTEID)
- Consultations with relevant data custodians, and subject matter and sector experts.



## 2. The importance of post-study work rights in international education

The international education and training sector has grown strongly in recent years and there is no disputing the popularity of Australia as an education destination. Some commentators have even suggested that Australia might overtake the UK as the second most popular study destination globally<sup>12</sup>.

However, it is also clear that apart from delivering a high quality educational experience, government policy settings have a major part to play in determining Australia's relative attractiveness on the global stage. As the Knight Review made explicit, "there will always be a link between study and migration – even if only in the minds of prospective students."

### Permanent versus temporary migration

It is important to distinguish between permanent and temporary migration. In the debates around international student migration, the focus historically has been on the links between study and a permanent long-term migration outcome. There is however growing recognition that international education can be seen as a form of temporary migration and the prospects of remaining in Australia post-study are equally important.

For students coming to study in Australia, PSWR are an important feature. This was a significant conclusion and recommendation of the Knight Review, which recommended an expansion of Australia's PSWR offer to international students in the higher education sector to maintain Australia's competitiveness:

*This report also proposes that international students graduating from most university courses (mainly Bachelor and Masters by Coursework degrees) and who are in compliance with their visa conditions receive two years post study work rights. Being able to obtain practical experience in Australia makes the qualification more valuable in the student's home country or in a third country.*

*The absence of a clearly defined post study work rights entitlement puts Australian universities at a very serious disadvantage compared to some of our major competitor countries. In the past the absence of such an entitlement has not proven to be a dramatic hindrance to Australian universities recruiting international students. But the world has changed. Global competition for quality international students is intensifying and almost certainly will continue to further intensify. Allowing a moderate period of post study work rights will be essential to ensuring the ongoing viability of our universities in an increasingly competitive global market for students.*

Following the recommendations of the Knight Review, a new program of PSWR was introduced in Australia in 2011 and is officially known as the Temporary Graduate visa (subclass 485).

<sup>12</sup> Marginson, S. (2018), 'The UK in the global student market: second place for how much longer?', Centre for Global Higher Education, July 2018.

## Evidence of the importance of post-study work rights

PSWR are a core part of the offer to international students when they are considering Australian universities as a option for study. As highlighted by Hall, post-study work options have been a focus of the international education sector and associated policies since the introduction of full-paying international students in 1985<sup>13</sup>. The importance of PSWR in influencing international student flows is apparent in the following ways.

First, studies have shown that the success of Australia, Canada, New Zealand and the UK in the international student market can be correlated with policy decisions on post-study work. Based on evidence from Australia, the UK, US, Canada, New Zealand and Germany, Ilieva found that there was a “positive relationship between the presence of post-study work policies which allow students to gain temporary employment after graduation, and growth in the number of international students.”<sup>14</sup>

Australia and Canada appear to have benefited from their comparatively generous post-study work settings. New Zealand streamlined its PSWR for international students in 2018.

Australia and Canada appear to have benefited from their comparatively generous post study work settings. New Zealand streamlined its PSWR for international students in 2018.

At the other end of the spectrum, there has been a growing chorus of consternation in the UK with many attributing its performance among non-EU source countries to its very limited post-study work opportunities. As early as 2015, the All-Party Parliamentary Group on Migration concluded that the closure of their ‘Tier 1’ post-study work program was followed by an immediate fall in student numbers (following five years of sustained growth), and concluded that “this has made the UK a less attractive destination for many prospective students and that we need to look again at the issue if we are to maintain our position in the international student market”<sup>15</sup>. In September 2019, the UK moved to reinstate its two-year post-study work visa for international students<sup>16</sup>.

Second, Australian institutions have been quick to capitalise on the post study work rights scheme. The clearest evidence of this is the substantial shift to promoting two-year masters programs, where 12-month and 18-month programs had been previously the norm<sup>17</sup>. For a student to be eligible, they must have completed their study in Australia over at least two academic years<sup>18</sup>.

13 Hall, R. (2019), in Berquist et al ‘Global perspectives on international student employability’, IEAA.

14 Ilieva, J. (2017), Do political events in host countries affect international education engagement?, paper for the Australian International Education Conference (AIEC), 10–13 October 2017.

15 All-Party Parliamentary Group on Migration (2015), ‘UK post study work opportunities for international students: report’, Session 2014–15, [www.appgmigration.org.uk](http://www.appgmigration.org.uk).

16 British High Commission New Delhi (2019), ‘UK announces 2-year post-study work visa for international students’, World News, 11 September 2019.

17 It is important to note that changes to the Australian Qualifications Framework volume of learning requirements was the primary driver of the lengthening of many Masters programs to two years..

18 Department of Home Affairs (2019), Temporary Graduate visa (subclass 485) Post-Study Work stream, Eligibility, accessed at <https://immi.homeaffairs.gov.au/visas/getting-a-visa/visa-listing/temporary-graduate-485/post-study-work#Eligibility>

Third, and most importantly, international students themselves have highlighted the importance of post-study work opportunities in the decision-making processes in selecting an overseas study destination. Around three-quarters of respondents to the International Student Survey 2012 stated that the ability to work during and after study was a significant influencing factor in choosing Australia as a study destination<sup>19</sup>. The survey identified the top five nationalities to consider the opportunity to work after studying as important or very important in their decision to study in Australia: India (89.3 per cent); South Korea (82.2 per cent); China (81.9 per cent); Hong Kong (81.1 per cent); and Malaysia (80.9 per cent). Respondents from the United States of America, Indonesia and Canada were the least likely to report that the opportunity to work after study was an important choice factor, but even for these countries, the proportion that considered it important/very important was greater than 60 per cent.

Blackmore et al<sup>20</sup> similarly found through qualitative research that many international students embark on tertiary education in Australia with very high expectations of post-study employment”.

Berquist (2019) notes that countries pursuing strong growth strategies in international education, especially the main English-speaking destinations, tend to lead in the policy innovation area in terms of attractive post-study work rights opportunities. The following table summarises the range of post-study work rights available across nine key destination countries.

The importance of better understanding PSWR to inform policy and practice in international education is apparent in the fact that the Australian Government has recently opted to extend PSWR as a lever to encourage international students to study in regional areas. Competitor study destinations are similarly improving international students’ access to PSWR to be more competitive. Most recently, in September 2019, the UK announced a two-year post-study work visa for international students<sup>21</sup> which drew favourable responses from a wide variety of stakeholders. Many stakeholders however did lament that this reintroduction was well overdue<sup>22</sup>.

**Table 1: Summary of international student work rights: ranked by relative attractiveness**

ATTRACTION RANKING	YEARS OF PSWR POSSIBLE	MINIMUM YEARS OF STUDY	Years of PSWR by level of study		
			BACHELOR	MASTERS (Coursework)	PhD
1. NEW ZEALAND	1 – 3	1	3	3	3
2. CANADA	3	2	3	3	3
3. AUSTRALIA	2 – 4	2	2	2	4
4. GERMANY	1.5	n/a	1.5	1.5	1.5
5. UNITED STATES	1*	1	1	1	1
6. NETHERLANDS	1	1	1	1	1
7. IRELAND	0.5 – 2	2	0.5 – 1	2	2
8. SWEDEN	0.5	1	0.5	0.5	0.5
9. UNITED KINGDOM	0.3 – 1	1	0.3	0.3 – 0.5	1

Source: Berquist et al 2019

\* +2 years for STEM graduates.

19 Lawson, C. (2014), 'International higher education student satisfaction with opportunities for work experience and employment in Australia', Department of Education.

20 Blackmore, J., Gribble, C., Farrell, L., Rahimi, M., Arber, R. & Devlin, M. (2014), 'Australian international graduates and the transition to employment', Final Report, Deakin University.

21 British High Commission New Delhi (2019), 'UK announces 2-year post-study work visa for international students', World News, 11 September 2019.

22 Scottish Government (2019), 'Response to UK Government announcement of new immigration route for international students', 10 September 2019.





## The economic experiences of graduates on the post-study work visa

Evidence and analysis of the employment experiences of graduates on post-study work visas is limited.

Despite the evidence of the importance of PSWR and graduate employability and employment outcomes, there has been little research to understand the nature of the experience of international students following graduation. There is a growing body of literature on the issues, challenges, models and practices associated with the experience of international students who are working while studying, but it is unclear whether much of this research is transferable to the experience of working post-study.

Evidence and analysis of the employment experiences of graduates on post study work visas is limited.

Similarly, there is a large amount of research – including by the Australian Universities International Directors' Forum (AUIDF) in collaboration with the International Education Association of Australia (IEAA)<sup>23</sup> and the Australian Government<sup>24</sup> – into the employment outcomes for students following graduation, but this work has yet to be extended to encompass the specific experiences of graduates on a post-study work visa. One of the more comprehensive studies using the Graduate Destination Survey found that graduate outcomes were weak and deteriorating (see Box 1, p.18).

23 AUIDF (2017), 'International employment outcomes: where are they now?', published by the International Education Association of Australia (IEAA).

24 Australian Education International (2010), 'International graduate outcomes and employer perceptions', Australian Government, Canberra.

## Box 1: How do graduates fare in the labour market?

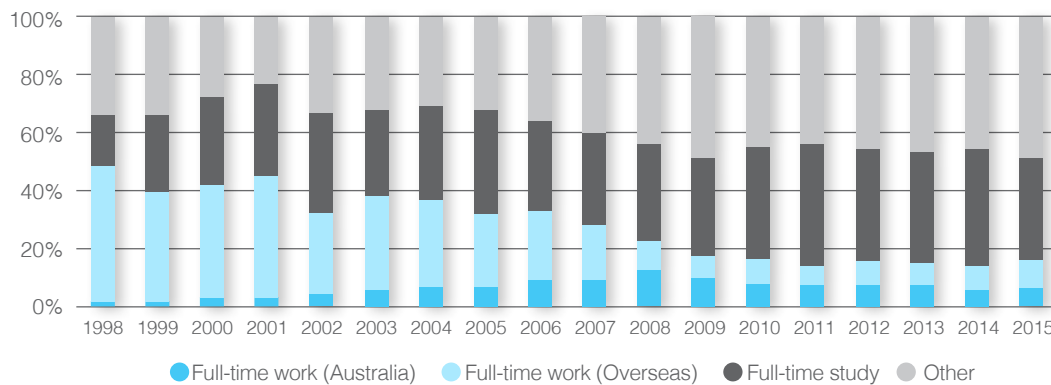
### Four months after graduation

Analysis of the Graduate Destination Survey by Karmel, Carroll and Fitzpatrick (2016) found that about 15 per cent of overseas bachelor-level graduates obtained a full-time job within four months after graduation. This suggests that the overseas graduates are struggling in the labour market. By comparison domestic graduates fare much better with 50 per cent finding full-time work.

The proportion finding full-time work declined significantly between 1998 and 2008, a period for which the employment outcomes were reasonably stable for Australian graduates. Over this period the location of full-time work for overseas students shifted very significantly from overseas to Australia.

In 1998 almost 50 per cent of the overseas graduate cohort were in full-time employment at the time of the survey, and this was mostly in their home country. As student numbers increased, and as immigration became central to this increase, we have seen a steady decline in the proportion of the graduating overseas cohort obtaining full-time employment. At the same time we have seen an increase in the proportion in full-time study. The inference is that the undergraduate qualification for overseas students (in Australia) has become an initial step in the transition from education to the labour market. To understand what really happens to overseas students, we need to follow them after their next qualification.

**Figure 2:** Proportions of graduates (under 25 years) in full-time work, full-time study or other, overseas students



Source: Graduate Destination Survey

Karmel et al found that an international student's country of origin does matter, with graduates from North Asia having particularly low proportions finding full-time employment (and correspondingly very high proportions going on to further full-time study).

There are differences across fields of study in the relativities between Australians and overseas graduates. In all fields, the proportion of overseas students in full-time employment is lower than for their Australian counterparts, and the proportions in full-time study are higher. The greatest differentials occur in management and commerce, information technology and education. The smallest differentials occur in health, society and culture, creative arts and agriculture.

A 2019 study entitled 'Temporary graduafication: impacts of post-study work rights policy in Australia' (Tran, Rahimi and Tan)<sup>25</sup> found evidence that international students have mixed experiences when it comes to making the most of their PSWR. Some international students would report successfully capitalising on their PSWR opportunities and securing relevant internships, graduate places and full-time employment in an area relevant to their study. Others reported an extended period of job search post-graduation, juggling part-time employment in the hospitality or ride-share industry, which ultimately does not lead to meaningful opportunities and results in their early return home.

Indeed, the Knight Review was itself entirely realistic about the likely varied and variable experiences of graduates on a post-study work visa. It summed up the expected variability of likely outcomes as follows:

*Of course, there is no certainty that every international student graduating from an Australian university will exercise their post-study work entitlement. Some will be keen to return home immediately. Others will work here only until that experience helps them leverage a firm job offer at home or in a third country. Unfortunately, some graduates will leave disappointed that they have been unable to find a suitable job – this is a proposal which facilitates a visa not an employment offer. And some, hopefully a small minority, will spend a period of time in menial work where the Australian wage rates might still be high compared to their home country.*

This gap in the evidence has allowed two opposing questions to remain unaddressed, both of which are of concern to the international education sector in Australia.

On one hand, there is a perception that the promise of post-study work is unfulfilled for many international students that graduate from Australian universities. In the absence of evidence to the contrary, the group that spends a period of time in low-skilled work (that Knight hopes is a 'small minority') could very well represent the mainstream experience.

On the other hand, in regions and industries facing adverse economic conditions, there may be suspicions that international students are well placed to secure sought after jobs. There is thus some disquiet that those on post-study visas might be displacing domestic workers in the labour market or placing downward pressure on wages.

<sup>25</sup> Tran, L., Rahimi, M., & Tan, G. (2019), 'Temporary graduafication: impacts of post-study work rights policy in Australia', Research for Educational Impact, Deakin University, September 2019.

## Eligibility

In 2018, there were almost 880,000 international student enrolments in Australia. Of this, almost 400,000 (45.5 per cent) were in the higher education sector.

Eligibility for the Temporary Graduate visa (subclass 485) is conditional on a range of criteria. There are two streams for this visa category: post-study work stream and graduate work stream. The key difference between the two streams is:

- Eligibility under the post-study work stream is primarily dependent on the course of study that's been undertaken
- Eligibility in the graduate work stream is dependent on having a qualification relevant to an occupation on the skilled occupation list.

For the purposes of this research, the primary stream of interest is the fast growing post-study work stream. However, the smaller proportion of Temporary Graduate visa (subclass 485) holders in the graduate work stream needs to be considered in any interpretation of results.

### Post-study work stream

In summary, an eligible applicant must have graduated with a 2 years+ degree-level or higher qualification from a CRICOS registered provider. The full eligibility criteria are set out in Appendix A.

The length of stay under the Temporary Graduate visa (subclass 485) is dependent on the level of study:

- Bachelor degree (including honours): 2 years
- Masters by coursework: 2 years
- Masters by research: 3 years
- Doctoral degree: 4 years

75 per cent of applications are processed within 67 days and 90 per cent are processed within four months.

### Graduate work stream

In contrast to the post-study work stream, visa holders in the graduate work stream:

1. Can hold a qualification that is not a higher education degree-level or above, in particular a diploma or trade qualification.
2. Must nominate one occupation on the Medium and Long-term Strategic Skills List (MLTSSL).
3. Must have a degree, diploma or trade qualification closely related to that occupation, and in most cases must also be assessed by a relevant assessing authority as having skills suitable for that occupation.



## Application and grant rates

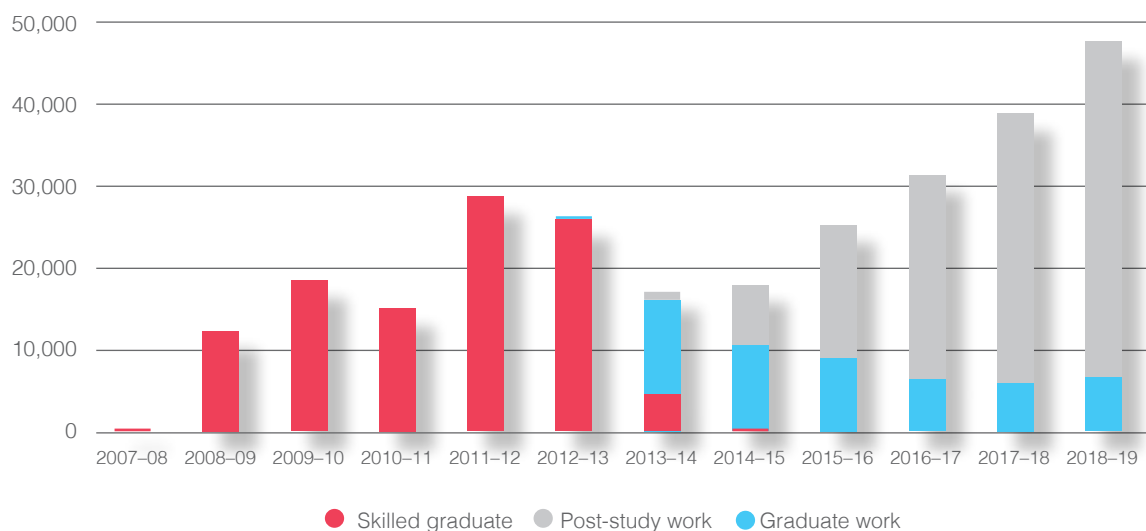
Each year international students on a student visa move on to a variety of different visa categories. In 2015-16 there were 133,000 people on a student visa who were granted a visa in a different category. Of the 133,000 people who moved from a student visa to another category, four categories accounted for 80 per cent. These destination visas were:

1. Tourist visas 35,877 (27%)
2. Subclass 485 30,166 (23%)
3. Student 27,577 (21%)
4. Temp. skilled migration 11,696 (9%).

Given that the intent of post-study work visas are to provide a clear and almost automatic pathway on graduation, it isn't surprising that grant rates are very high. While precise grant rates are not available, the following table illustrates that applications lodged are by and large matched by visas granted.

Figure 3 shows the temporary graduate visa grants and the shift from the old skills-based skilled graduate visa, to the current graduate work stream and skills-agnostic post-study work stream. It shows in particular the strong growth in the post-study work stream since its introduction in 2013-14, with 40,820 post-study work visas being granted in 2018-19.

**FIGURE 3:** Temporary graduate visa grants



Source: Department of Home Affairs 2019

Ziguras and Joshi (unpublished) have compiled visa grants statistics to show that take up of the subclass 485 visa has been strong. As Table 2 shows, the post-study work visa was preceded by the skilled graduate visa, which peaked in 2011–12 at 28,600 visas granted. In 2017–18, 32,750 post-study work visas were granted. According to Ziguras and Joshi (unpublished) this represents an apparent take up rate of approximately 40 per cent.

Ziguras and Joshi have also calculated apparent take up rates by different countries, which are presented in Table 2 alongside the proportion from each country that reported post-study work opportunities as being important in the International Student Survey.

As the table shows, the apparent level of take-up of the post-study work visa does not always correspond directly to a high level of reported importance of post-study work opportunities. Analysis by Ziguras and Joshi does confirm an apparent correlation between level of take-up and the level of GDP per capita, whereby international students from countries with a lower GDP per capita are more likely to exercise their post-study work rights. Students from Pakistan, India, Nepal and Sri Lanka constitute the group with relatively low incomes and high take-up rates of post-study work rights. In contrast, Singapore and Hong Kong have among the highest incomes and corresponding low take-up rates of post-study work rights.

**Table 2: Reported importance of post-study work opportunities and apparent temporary graduate visa take-up rates**

SOURCE COUNTRY	IMPORTANCE OF POST-STUDY WORK OPPORTUNITIES	APPARENT TAKE UP RATES
NEPAL	n/a	71%
PAKISTAN	n/a	66%
INDIA	89.3	63%
VIETNAM	76.4	39%
INDONESIA	69.6	33%
SRI LANKA	n/a	62%
CHINA	81.9	32%
MALAYSIA	80.9	30%
HONG KONG	81.1	18%
SINGAPORE	78.0	19%

Source: Ziguras and Joshi (unpublished), International Student Survey 2013

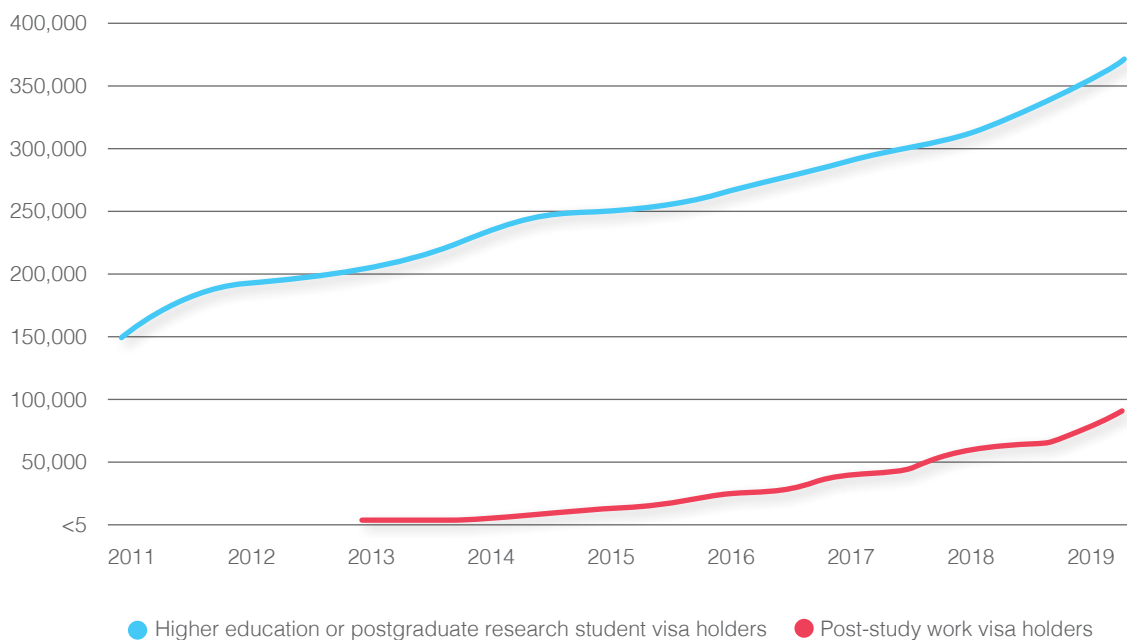
Visa grants provide a leading but partial indicator of the flow of temporary graduates into Australia. A more complete picture of the number of temporary graduates in Australia at any given time (also known as the stock as compared to the flow) is best measured in terms of visa holders.

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Figure 4 presents the number of visa holders on a higher education/postgraduate research student visa or a post-study work visa. The number of student visa holders varies from over the year reflecting when students start, complete and depart for holidays in between semesters.

While the number of visa holders in the post-study work stream are seemingly low by comparison, there has in fact been a large increase over the last five years; the number has tripled since the 2016 Census (upon which much of the analysis in this report is based). At the present point in time, there are approximately 80,000 post-study work stream visa holders. There is on average one post-study work stream visa holder in Australia for every five international higher education students.

**Figure 4:** Visa holders in Australia (quarterly data)



Source: Department of Home Affairs 2019, Temporary entrants visa holders pivot table

## The characteristics of temporary graduate visa holders in the Australian Census and Temporary Entrants Integrated Dataset (ACTEID)

In 2019, the ABS published a new series of microdata datasets, including the 2016 Australian Census and Temporary Entrants Integrated Dataset (ACTEID). The ACTEID links data from the Australian Bureau of Statistics 2016 Australian Census of Population and Housing and temporary visa holders data from the Department of Home Affairs. It is a rich dataset that allows detailed Census data to be analysed on the basis of different temporary entrant visa types and subclasses.

The ACTEID is ideal for understanding the characteristics and labour market outcomes of international students who have graduated and transitioned on to a Temporary Graduate visa (subclass 485).

Table 3 shows the strong alignment between the ACTEID and available data on temporary migrants from the Department of Home Affairs. It is apparent that there is strong alignment between the ACTEID and data from the Department of Home Affairs; in total, the ACTEID comprises records for 28,864 primary visa holders of a Temporary Graduate visa (subclass 485) on Census night, while the Department of Home Affairs records 30,249 primary visa holders in that same category.

The ACTEID is ideal for understanding the characteristics and labour market outcomes of international students that have graduated and transitioned on to a Temporary Graduate visa (subclass 485).

**Table 3:** Comparison of ACTEID totals and Department of Home Affairs statistics

	ACTEID	DEPARTMENT OF HOME AFFAIRS
<i>Source</i>	ABS Cat. No. 3419.0.55.001	DHA BP0019
<i>Timestamp</i>	August 2016 (Census night)	September 2016
Bridging	132,321	111,907
Special category (NZ citizen)	677,029	664,957
Student	470,811	487,013
Temporary resident (Other)	73,908	71,773
Temporary resident (Skilled)	172,191	170,407
Working holiday maker	138,029	129,442
<b>TOTAL</b>	<b>1,664,289</b>	<b>1,635,503</b>

Source: ABS 2019, DHA 2019



Table 4 shows the proportions of primary applicants from both sources specifically for Temporary Graduate visa (subclass 485) holders by citizenship. This further demonstrates the strong alignment between the two data sets. The proportions of Temporary Graduate visa (subclass 485) holders from different countries of origin in the ACTEID dataset is consistent with the country profile of visas granted by the Department of Home Affairs. This underscores the reliability of the ACTEID in describing temporary migrants specifically on Temporary Graduate visa (subclass 485).

Given the quality and detail of this dataset, the remainder of this report draws heavily on the ACTEID to describe the personal characteristics, educational profile, and labour market outcomes of those on the temporary graduate visa.

**Table 4:** Comparison of ACTEID totals and Department of Home Affairs statistics for Temporary Graduate visa (subclass 485), by citizenship

	ACTEID	DEPARTMENT OF HOME AFFAIRS
<i>Source</i>	ABS Cat. No. 3419.0.55.001	DHA BP0019
<i>Timestamp</i>	August 2016 (Census night)	September 2016
China (excludes SARs)	31.9%	30.4%
India	20.3%	21.1%
Nepal	7.2%	7.3%
Pakistan	5.2%	5.2%
Vietnam	4.3%	4.4%
Malaysia	3.9%	3.7%
Indonesia	2.9%	2.7%
Philippines	2.8%	2.7%
Sri Lanka	2.3%	2.4%
Bangladesh	2.1%	2.2%
Korea, Republic of (South)	2.1%	2.0%
Hong Kong (SAR of China)	1.7%	1.6%
Others	12.2%	14.2%

Source: ABS 2019, DHA 2019





## 3. Personal characteristics of post-study work rights visa holders

### Sex, age and marital status

As would be expected, Temporary Graduate visa (subclass 485) holders tend to be young, with a slight skew towards males (54 per cent) compared to females (46 per cent). In all:

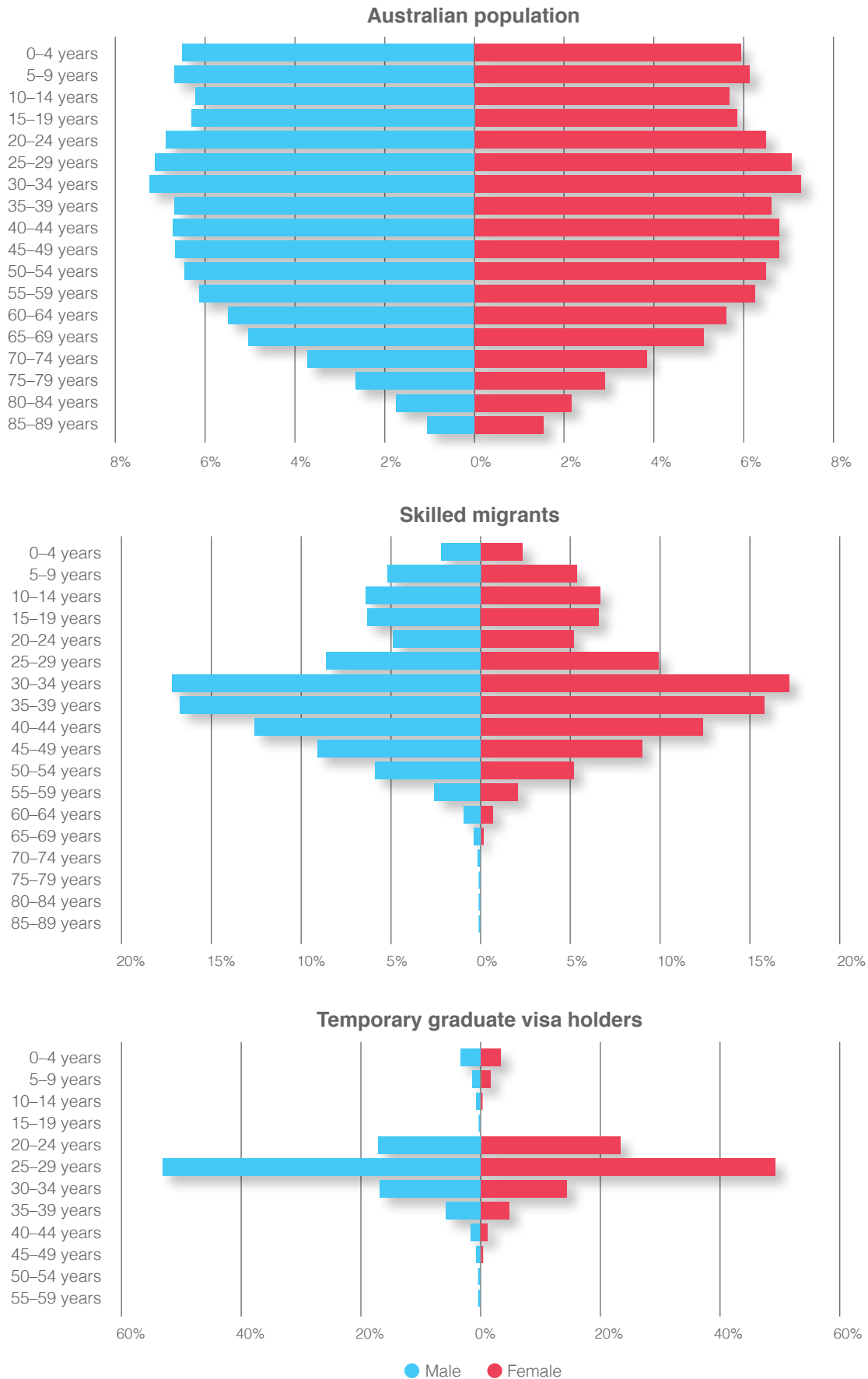
- approximately 80 per cent of primary visa holders are aged 20–29 years
- 18 per cent are aged 30–39 years
- the remaining 1–2 per cent are aged 40–49 years.

The relatively young age distribution of these subclass 485 visa holders means that a correspondingly low to moderate proportion are married (25%) and/or have children (10% of females).

The age profile of temporary graduate visa holders is worth emphasising. Figure 5 provides the age-gender profile of the Australian population, skilled migrants and temporary graduates. It shows the extreme concentration of temporary graduate visa holders in the 25–29 year old age group.

Compared to the broader Australian population and skilled migrants, temporary graduate visa holders are younger in the extreme, with almost all being aged below 39 years. The highest proportion is between 25–29 years of age.

Figure 5: Age-sex profile



Source: ACTEID (ABS 2019)

## Location of post-study work rights visa holders

Australia's population centres are heavily concentrated in the major cities primarily along the east coast. For temporary graduates, this is certainly true with 96 per cent living in a major city<sup>26</sup>, which is a higher proportion than that of skilled stream (90%) and family stream (88%) migrants. This means that fewer than 4 per cent of temporary graduates live outside of a major city, including just two per cent in inner regional population centres.

Figure 6 shows the distribution of temporary graduates across the states and territories. It also includes the distribution of international students studying in higher education, and the distribution of permanent migrants who arrived in Australia via the skilled and family streams.

The pattern that is clearly apparent is that international students tend to be concentrated in NSW and Victoria, consistent with the narrative of a two-speed economy whereby international student growth has been concentrated in Sydney and Melbourne<sup>27</sup>.

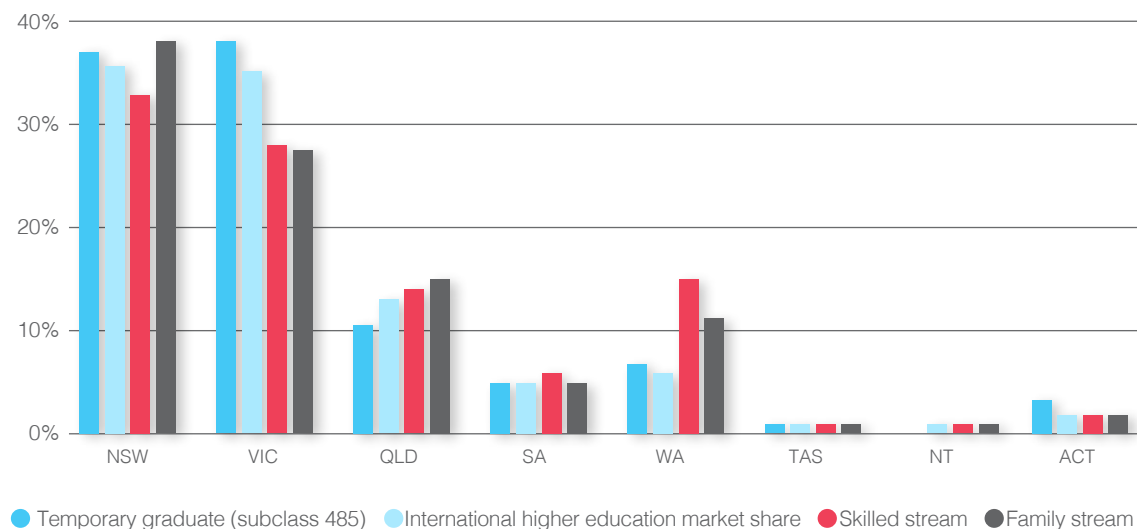
Almost all temporary graduate visa holders live in a major city of Australia, particularly Melbourne and Sydney. They are more highly concentrated in NSW and Victoria than international students.

However, the data also shows that temporary graduates are even more likely to be living in NSW (37%) and Victoria (38%), which would suggest that either:

- International students in NSW and Victoria are more likely to apply for a temporary graduate visa, or
- Many international students that are granted a temporary graduate visa are moving to NSW and Victoria after they graduate.

In either case, it is clear that temporary graduates are more highly concentrated in NSW and Victoria than international students.

**Figure 6:** Usual place of residence for temporary graduates, compared to other migrants



Source: ACTEID (ABS 2019)

<sup>26</sup> As defined by the objective measure of the Accessibility and Remoteness Index of Australia (ARIA).

<sup>27</sup> These findings are consistent with analysis of the movement of graduates on the Optional Practical Training program in the USA. Ruiz and Budiman (2018) found that large metro areas retained many of the students who attended schools in the area and that these same large metros were also top relocation destinations for many foreign graduates from other metros.

## 4. Educational profile of post-study work rights visa holders

### English proficiency

English proficiency has been highlighted as a key determinant of the economic and social integration of temporary (and permanent) migrants. Applicants for a post-study work visa have to demonstrate an adequate level of English language proficiency by achieving an overall score of at least 6 with a minimum score of 5 for each of the 4 parts on the IELTS (or equivalent level of English proficiency)<sup>28</sup>.

The level of self-rated proficiency in spoken English (as shown in Table 5) is correspondingly high, with more than half of respondents either nominating English as their sole language (7 per cent) or as being able to speak English very well (49 per cent). The proportion of temporary graduate visa holders that speak English only is low at 7 per cent. This is not a surprise given that most international students who go on to post-study work come from a range of Asian countries and thereby tend to be multi-lingual. The proportion of temporary graduates who report speaking English as 'not well' or 'not at all' is just 1 per cent.

**Table 5:** Spoken English proficiency of temporary graduate visa subclass 485 primary applicants

PROFICIENCY IN SPOKEN ENGLISH	PROPORTION OF PRIMARY APPLICANTS
Speaks English only	7%
Speaks other language and speaks English: Very well	49%
Speaks other language and speaks English: Well	41%
Speaks other language and speaks English: Not well	1%
Speaks other language and speaks English: Not at all	0%

Source: ACTEID (ABS 2019)

<sup>28</sup> Passport holders from the United Kingdom, the United States of America, Canada, New Zealand or the Republic of Ireland are exempt.

On average, 27 per cent of permanent migrants speak English only. Permanent migrants that have the highest proportions of individuals that only speak English are in the Skilled – Family or Government Sponsored (32%) and the Skilled – Employer Sponsored (38%) visa categories.

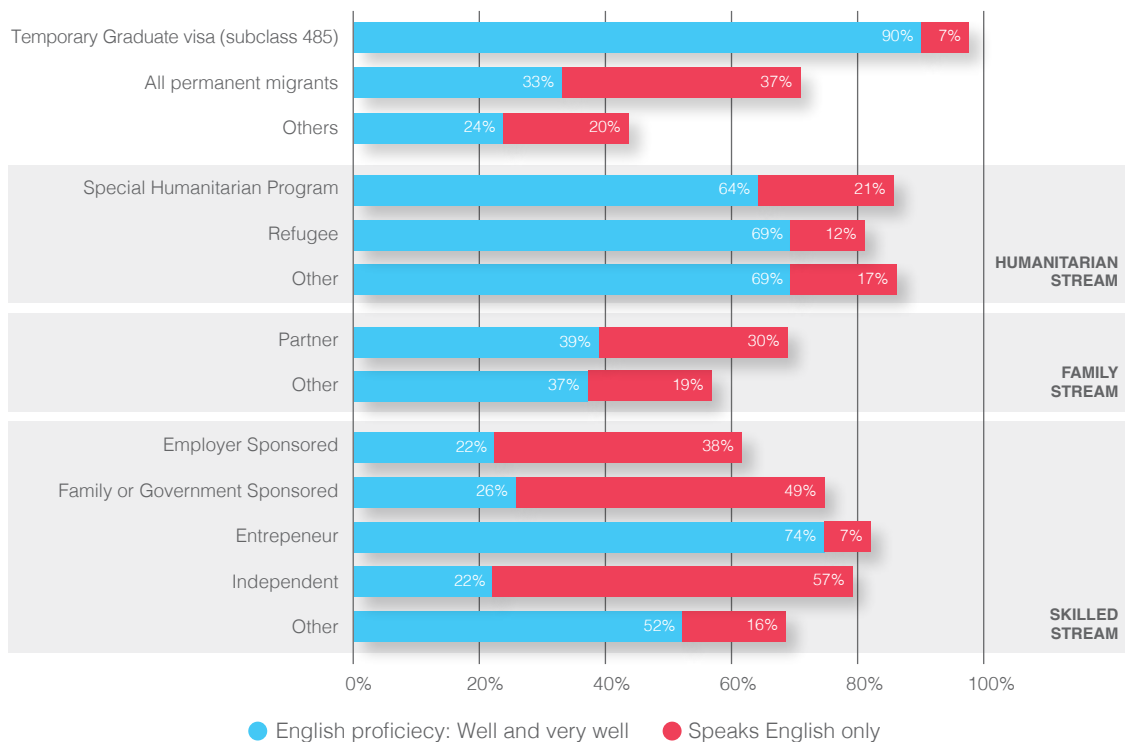
As shown in Figure 7, 90 per cent of temporary graduate visa holders report being able to speak English well or very well. This is unsurprising given the visa conditions for both higher education international students and the visa for post-study work itself. Nonetheless, this compares favourably with temporary graduates having the overall highest level of English proficiency compared to other categories of permanent migrants.

Some permanent migrant categories, particularly those on a humanitarian visa, have understandably lower levels of English proficiency. Many skilled migrant categories, including Skilled – Independent, Skilled – Family or Government Sponsored and Skilled – Employer Sponsored have a very high proportion that speak English only.

Temporary graduate visa holders are more likely to be multi-lingual and have high levels of self-reported English proficiency than most other categories of skilled migrants. This points to a high potential for positive labour market outcomes, both for the individual and for Australia.

Given the extensive research pointing to the importance of English language proficiency for social and economic integration, the fact that temporary graduate visa holders are more likely to be multi-lingual and yet also more likely to have higher levels of English proficiency than any other category of permanent migrant points to a high likelihood of positive labour market outcomes, both for the individual and for Australia.

**Figure 7: English proficiency of temporary graduates compared to categories of permanent migrants**



Source: ACTEID (ABS 2019)



## Educational profile by level of educational attainment

With the design of Australia’s post-study work rights regime being targeted towards university graduates, it is not surprising that the vast majority (88%) of those persons on a Temporary Graduate visa (subclass 485) hold a higher education qualification.

The highest level of educational attainment for primary applicants is provided in Table 6. A small proportion of temporary graduate visa holders – approximately 12 per cent – hold a qualification below a Bachelor degree; these are likely to be those who have come through the graduate work stream. (All that apply through the post-study work stream need to have completed a bachelor degree or higher.)

By virtue of design and the applicable eligibility criteria, temporary graduate visa holders are highly qualified.

While the high level of education attainment, in and of itself, is not surprising given this reflects the design of the present scheme, the comparison against categories of permanent migrants is stark, as shown in Figure 8. On average, a temporary graduate is much more likely to hold a university degree than a permanent migrant from either the skilled or family migration streams. In particular, a temporary graduate (88%) is more likely to hold a university degree compared to a permanent migrant on the Skilled – Family or Government Sponsored visa (65%), the Skilled – Employer Sponsored visa (54%), and the Skilled – Entrepreneur visa (38%).

**Table 6:** Highest level of educational attainment of temporary graduate visa subclass 485 primary applicants.

HIGHEST LEVEL OF EDUCATIONAL ATTAINMENT	PROPORTION OF PRIMARY APPLICANTS
Doctoral degree	1%
Master degree	53%
Bachelor degree	34%
Certificate I to Advanced Diploma	4%
Other	8%

Source: ACTEID (ABS 2019)



In many cases, this is in part due to the higher proportion of VET qualifications being held in those latter categories, but also the proportion that hold a Year 12 or lower qualification as their highest qualification.

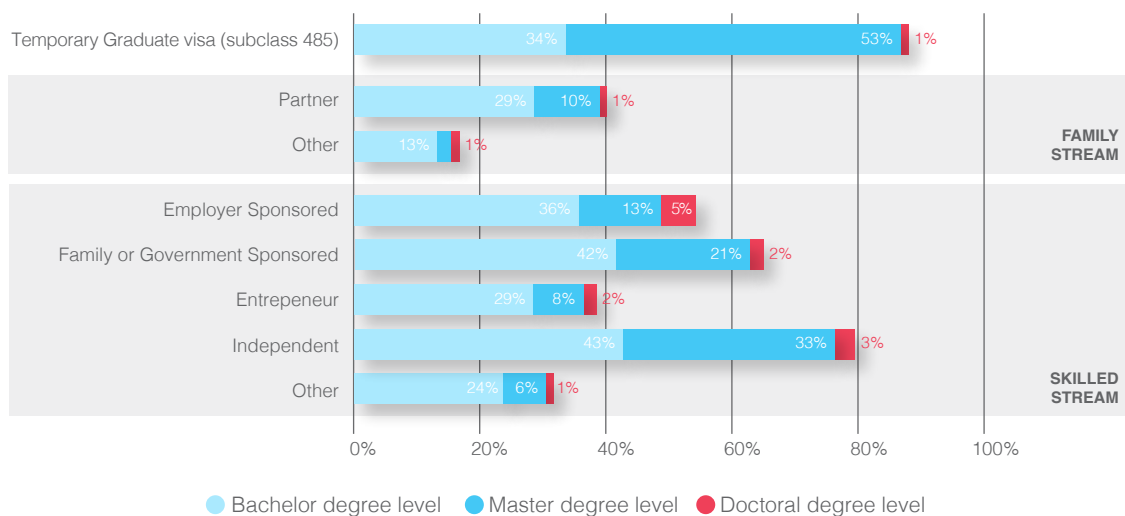
An additional dimension that underscores the significantly higher level of educational attainment among temporary graduates compared to permanent migrants is the significantly higher level of master degree level attainment. Indeed a temporary graduate is more likely to hold a master degree level qualification (53%) than a bachelor degree (34%).

The rate of PhD attainment is slightly lower among temporary graduates compared to those on Skilled – Independent and Skilled – Employer Sponsored visas. This may reflect the fact that PhD graduates are more inclined to pursue the skilled migration route than to take up the temporary graduate visa. In any case, this is likely to change as more international students at the PhD level exercise their rights to four years of post-study work in Australia.

Most temporary graduate visa holders have a master degree level qualification (54%) or a bachelor degree (37%) and are thus more highly qualified than most permanent migrants on either the skilled or family migration streams.

By virtue of design and the applicable eligibility criteria, temporary graduate visa holders are highly qualified than most permanent migrants on either the skilled or family migration streams.

**Figure 8:** Highest level of educational attainment of temporary graduates, compared to categories of permanent migrants.



Source: ACTEID (ABS 2019)

## Educational profile by field of study

Of those holding either a master or undergraduate degree, Table 7 provides the breakdown of temporary graduate visa holders by field of study. For comparison, the table also includes the proportions of international student completions by field of study in the preceding year (2015).

The first thing to note is that in line with enrolment and completion patterns, management and commerce account for the largest proportion of temporary graduate visa holders by a large margin. Some 55 per cent of bachelor degree level holders and 48 per cent of master degree level holders report having a management and commerce degree. This is followed by Information Technology and Engineering. At the master degree level, a high proportion of temporary graduate visa holders report holding a qualification in health.

Comparing the field of study distribution of temporary graduate visa holders against the distribution of higher education course completions shows that temporary graduate visa holders are broadly representative of the higher education population. In some fields, in particular undergraduate information technology, and postgraduate health, there is a much higher proportion of temporary graduate visa holders relative to the proportion of completions.

Some individuals on a temporary graduate visa report being engaged in education and training, with 9 per cent reporting being enrolled in a university or other tertiary institution and two per cent being at a technical or further educational institution (including TAFE Colleges); 83 per cent report not being in further study.

On the whole, the field of study profile of temporary graduate visa holders broadly reflects what international students tend to study and complete. Temporary graduate visa holders tend to be over-represented in undergraduate IT, and postgraduate health.

**Table 7:** Non-school qualification – field of study of temporary graduate visa subclass 485 primary applicants

	BACHELOR DEGREE LEVEL		MASTER DEGREE LEVEL	
	TEMPORARY GRADUATES (2016)	COMPLETIONS (2015)	TEMPORARY GRADUATES (2016)	COMPLETIONS (2015)
Natural and physical sciences	2%	6%	2%	2%
Information technology	22%	6%	13%	10%
Engineering and related technologies	9%	9%	11%	9%
Architecture and building	3%	2%	1%	2%
Agriculture, environmental and related studies	1%	1%	0%	1%
Health	3%	10%	12%	4%
Education	2%	1%	2%	5%
Management and Commerce	55%	53%	48%	56%
Society and Culture	3%	8%	4%	9%
Creative Arts	1%	5%	3%	3%
Other	1%	0%	2%	0%

Source: ACTEID (ABS 2019), UCUBE (DET, 2019)



## Educational profile based on country of origin/citizenship

Detailed data on the citizenship country and field of study of temporary graduates is not available in the ACTEID. However, this data is available at the more aggregated level of region of origin.

Consistent with the pattern of enrolments of international students, temporary graduates from these top 10 source regions mostly come from the top three key fields of education, namely:

- Management and commerce (51.1%)
- Information technology (18.1%)
- Engineering and related technologies (11.3%).

The other eight fields of study account for a minority of temporary graduate visa holders (19.5%).

As shown in Table 8, enrolments by region of origin depict different patterns.

Temporary graduates from Chinese Asia and Southern Asia account for a large proportion, but the patterns of enrolment are distinct with most students from Chinese Asia having completed a degree in management and commerce.

Temporary graduates from Southern Asia for example also show a high proportion graduated from a degree in management and commerce, but information technology is also well-represented. By contrast, temporary graduates from the Middle East, Mainland SEA and Maritime SEA account for much smaller numbers, and tend to have higher enrolments in information technology compared to management and commerce.

Consistent with the pattern of enrolments of international students, temporary graduates mostly come from the top three key fields of study, namely management and commerce, information technology, and engineering and related technologies.

Temporary graduates from Chinese Asia and Southern Asia account for a large proportion, but the patterns of enrolment are distinct. Most students from Chinese Asia have completed a degree in management and commerce, while temporary graduates from Southern Asia also show a high proportion in management and commerce but information technology is also well-represented.

Consistent with the pattern of enrolments of international students, temporary graduates mostly come from the top three key fields of study, namely management and commerce, information technology, and engineering and related technologies.

**Table 8:** Field of study by region of origin (Top 10 to source regions)

AS A PERCENTAGE OF ALL RESPONDENTS (N=25,770)	INFORMATION TECHNOLOGY	ENGINEERING & RELATED TECHNOLOGIES	MANAGEMENT & COMMERCE	ALL OTHER FIELDS OF STUDY
Eastern Europe	0.2%	0.1%	0.6%	0.2%
Middle East	0.4%	0.4%	0.3%	0.2%
Mainland South-East Asia	0.6%	0.4%	3.5%	1.0%
Maritime South-East Asia	0.8%	0.9%	4.8%	4.5%
Chinese Asia (includes Mongolia)	4.2%	4.2%	22.0%	5.1%
Japan and the Koreas	0.2%	0.3%	0.8%	1.1%
Southern Asia	11.4%	4.5%	17.3%	5.3%
Northern America	0.0%	0.0%	0.1%	0.9%
South America	0.2%	0.3%	0.8%	0.3%
Southern and East Africa	0.2%	0.2%	0.8%	0.9%
<b>TOTAL</b>	<b>18.1%</b>	<b>11.3%</b>	<b>51.1%</b>	<b>19.5%</b>

Source: ACTEID (ABS 2019)

## 5. Labour market outcomes of post-study work rights visa holders

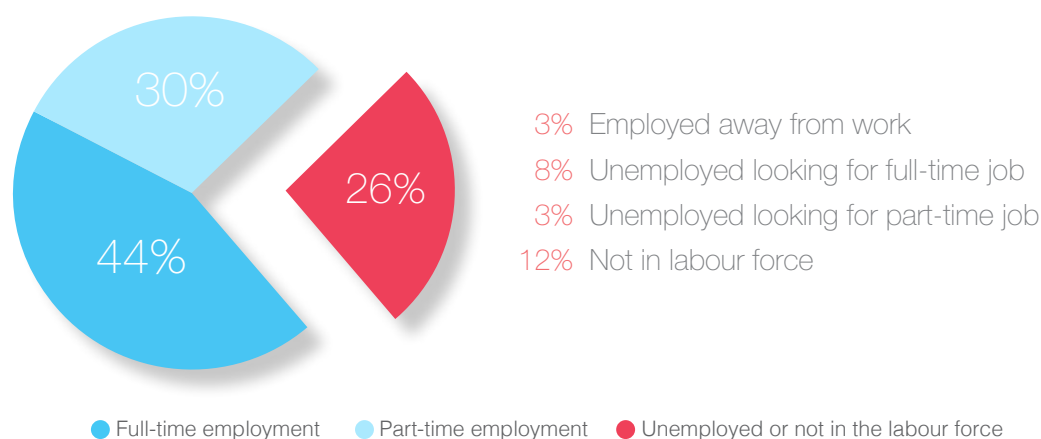
### Employment rates of temporary graduates

Of the 28,900 temporary graduate visa holders that responded to the Census in 2016, almost three-quarters were employed either full-time (44%) or part-time (30%), as depicted in the figure below. A smaller percentage were unemployed and seeking full-time work (8%) or part-time work (3%); this 11 per cent is the unemployment rate for temporary graduate visa holders.

While the temporary graduate visa does confer visa holders full work rights, there is no requirement that these graduates are working or seeking work. A significant proportion reported not participating in the labour market (12%). However, it is difficult to assess whether this group represents disengagement from the labour market or in fact reflects an active choice by graduates to take time off.

Almost three-quarters of temporary graduate visa holders report being employed either full-time (44%) or part-time (30%).

**Figure 9:** Labour force status of temporary graduates.



Note: Excludes not applicable, not stated and overseas visitors.  
Source: ACTEID (ABS 2019)

## Comparison of employment rates

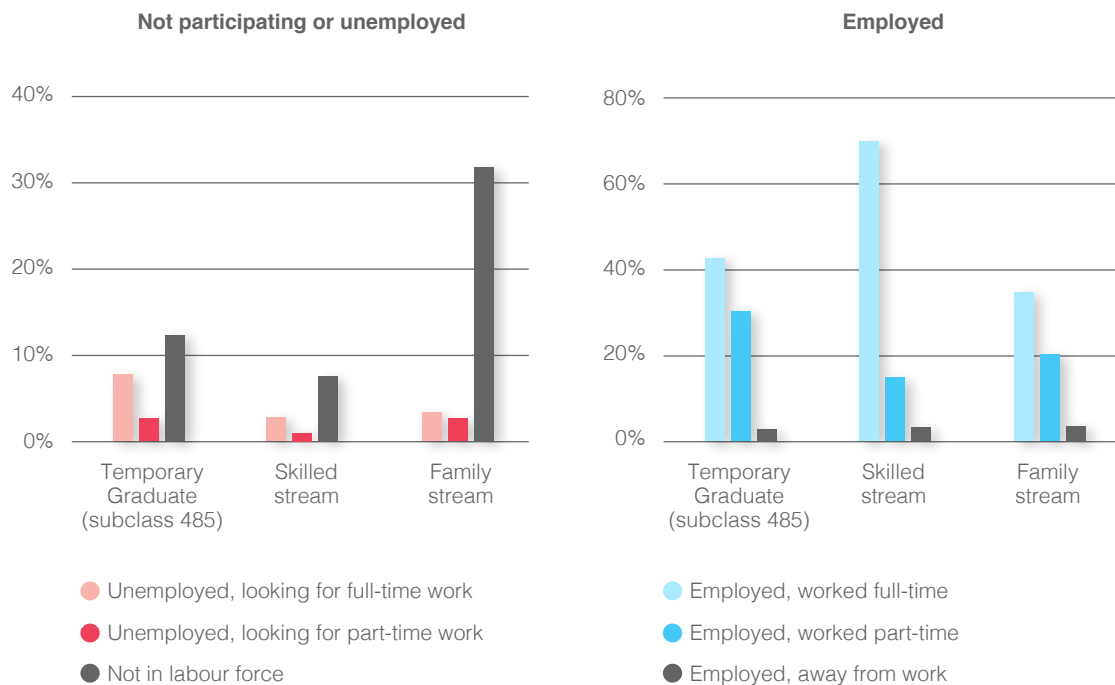
A high proportion of temporary graduates (12%) are not in the labour force. There may be a range of reasons for not seeking employment, including engagement in further study. However, given the primary intent of the temporary graduate visa is post-study work, this high proportion among primary applicants is somewhat surprising. This is higher than the proportion in the skilled stream (7%), but lower than the family stream (32%) – the latter comprises mainly partners, parents and dependent children.

Among those who report participating in the labour market, 8.1 per cent of temporary graduates indicated being unemployed and seeking full-time work, while a further 2.5 per cent reported being unemployed and seeking part-time work.

This brings the effective unemployment rate of temporary graduates to 10.6 per cent, compared to 3.7 per cent and 6.1 per cent for skilled and family stream migrants respectively. Australia's national unemployment rate in 2016 was 5.7 per cent (ABS cat 6202.0).

In addition, permanent migrants from the skilled stream achieved higher proportions of respondents being employed full time. Temporary graduates face a range of barriers to employment, which have been discussed in other research (for example Blackmore et al<sup>29</sup>). In addition, those skilled and family stream permanent migrants depicted will tend to have spent a longer period in Australia compared to temporary graduates, which likely improves their employment prospects. Skilled migrants of course have the added distinct advantage of having been selected for their labour market fit and relevant work experience.

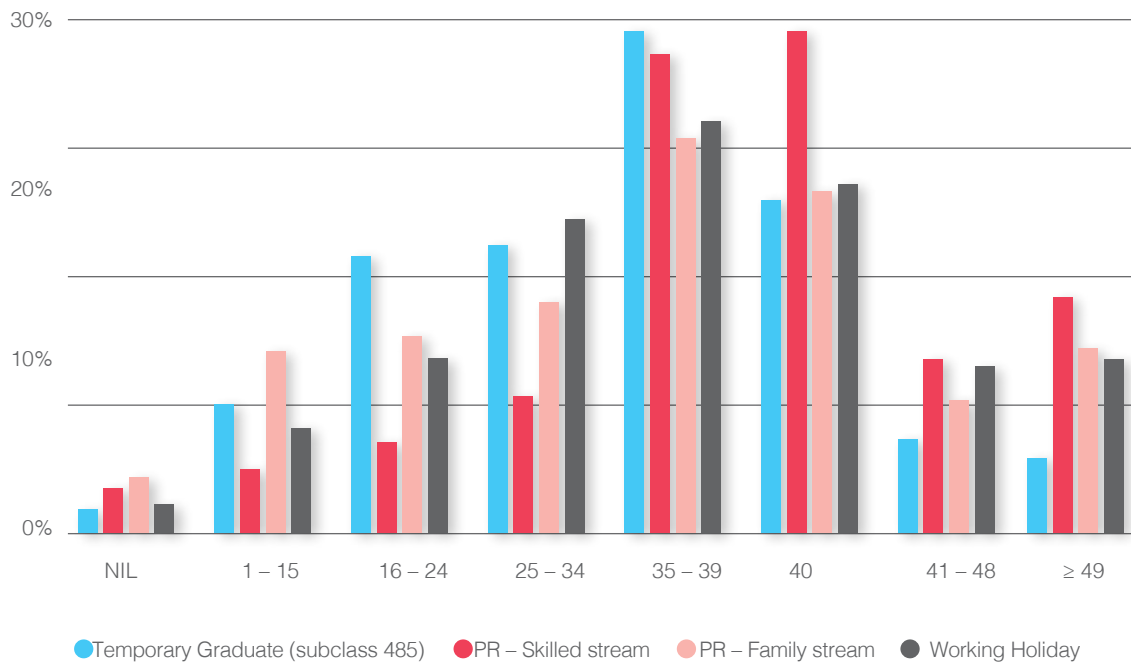
**Figure 10:** Labour force status of temporary graduates compared to permanent migrants



Source: ACTEID (ABS 2019)

29 Blackmore, J., Gribble, C., Farrell, L., Rahimi, M., Arber, R. & Devlin, M. (2014), 'Australian international graduates and the transition to employment', Final Report, Deakin University.

**Figure 11:** Hours worked per week (ranges) of temporary graduates compared to categories of permanent migrants



Source: ACTEID (ABS 2019)

The comparatively lower proportion of temporary graduates who are employed in a full-time role is reflected in the distribution of hours worked, as presented in Figure 11. When compared to permanent migrants from the skilled and family streams, temporary graduates are much more likely to report hours worked falling in the bands below the full time equivalent of 40 hours a week. In total, 71 per cent of temporary graduates reported working fewer than 40 hours a week, as compared to 47 per cent of skilled stream migrants and 62 per cent of family stream migrants. As a result, only 29 per cent of temporary graduates reported working 40 hours or more per week.

By comparison, those on a working holiday visa work much longer hours with 20 per cent reporting that they work more than 40 hours per week, compared to 9 per cent of temporary graduates.

A high proportion of temporary graduates (12%) are not in the labour force. This compares favourably to the permanent migrants on the family stream (32%) but is higher than those on the skilled stream (7%).

The unemployment rate of temporary graduates is 10.6 per cent, compared to 3.7 per cent and 6.1 per cent for skilled and family stream migrants respectively. Australia's national unemployment rate in 2016 was 5.7 per cent.

Temporary graduates who find employment are more likely to be employed part-time, compared to permanent migrants on the skilled and family streams. This is in turn reflected in the comparatively lower number of hours worked per week.

## Employment outcomes by qualification level and field of study

As Table 9 shows, the rates of employment and unemployment vary according to the highest level of qualification held and the field of study of that qualification. Bachelor degree level graduates and master degree level graduates tend to have similar rates of employment and unemployment. However, there is some notable variation between different fields of study. In particular, bachelor and master degree level graduates in the health and education sectors are more likely to be employed. On the other hand, higher rates of unemployment tend to be associated with graduates from creative arts, agriculture, environmental and related studies, and engineering and related technologies.

These patterns do not necessarily suggest a causal link between choice of field of study and subsequent employment outcomes.

Of the three quarters or so of graduates who are employed on a temporary graduate visa, the likelihood of being employed full-time is relatively low. Of those who find employment, 44 per cent with master degree level qualifications and 43 per cent with bachelor degree level qualifications hold a full-time job.

**Table 9:** Employment status by non-school qualification (field of study and level of study): Temporary Graduate visa (subclass 485) primary applicants only

AS A PERCENTAGE OF ALL RESPONDENTS (N=28,850)	BACHELOR DEGREE LEVEL		MASTER DEGREE LEVEL	
	EMPLOYED	UNEMPLOYED	EMPLOYED	UNEMPLOYED
Natural and physical sciences	78%	10%	79%	12%
Information technology	78%	11%	81%	10%
Engineering & related technologies	67%	16%	75%	14%
Architecture & building	73%	14%	80%	11%
Agriculture, environmental & related studies	91%	16%	71%	17%
Health	90%	5%	88%	9%
Education	84%	0%	87%	4%
Management & commerce	76%	11%	72%	12%
Society & culture	81%	10%	77%	8%
Creative arts	73%	17%	79%	15%
<b>TOTAL</b>	<b>78%</b>	<b>17%</b>	<b>76%</b>	<b>15%</b>

Source: ACTEID (ABS 2019)



There are marked variations by field of study as Table 10 shows. Bachelor degree holders from agriculture, education and architecture are more likely to secure full-time employment.

However, engineering, science, and management and commerce graduates are less likely to secure full-time employment. Engineering and management and commerce graduates from master degree level programs are similarly less likely to secure full-time employment. The low rates of full-time employment for graduates of these two fields of study is a particular concern given that they represent the top two fields of study for international students and subsequent temporary graduate visa holders (Table 9).

Based on Table 9, graduates with degrees in health and society and culture achieve relatively high rates of employment, but as Table 10 shows, this tends not to be full-time employment.

Of those who are employed, the proportion of temporary graduates who are employed full-time is relatively low at less than 45 per cent. There are few differences between level of study, but marked variations by field of study. Engineering, and management and commerce graduates with either undergraduate or postgraduate degrees are less likely to secure full-time employment.

There are marked variations by field of study as Table 10 shows. Bachelor degree holders from agriculture, education and architecture are more likely to secure full-time employment.

**Table 10:** Full-time employment status by non-school qualification (field of study and level of study): Temporary Graduate visa (subclass 485) primary applicants only

AS A PERCENTAGE OF ALL RESPONDENTS (N=28,850)	EMPLOYED FULL-TIME	
	BACHELOR DEGREE LEVEL	MASTER DEGREE LEVEL
Natural & physical sciences	41%	49%
Information technology	46%	50%
Engineering & related technologies	35%	45%
Architecture & building	51%	59%
Agriculture, environmental & related studies	63%	49%
Health	48%	53%
Education	61%	47%
Management & commerce	41%	39%
Society & culture	45%	43%
Creative arts	44%	50%
<b>TOTAL</b>	<b>43%</b>	<b>44%</b>

Source: ACTEID (ABS 2019)

## 6. Possible explanations for labour market outcomes of temporary graduates

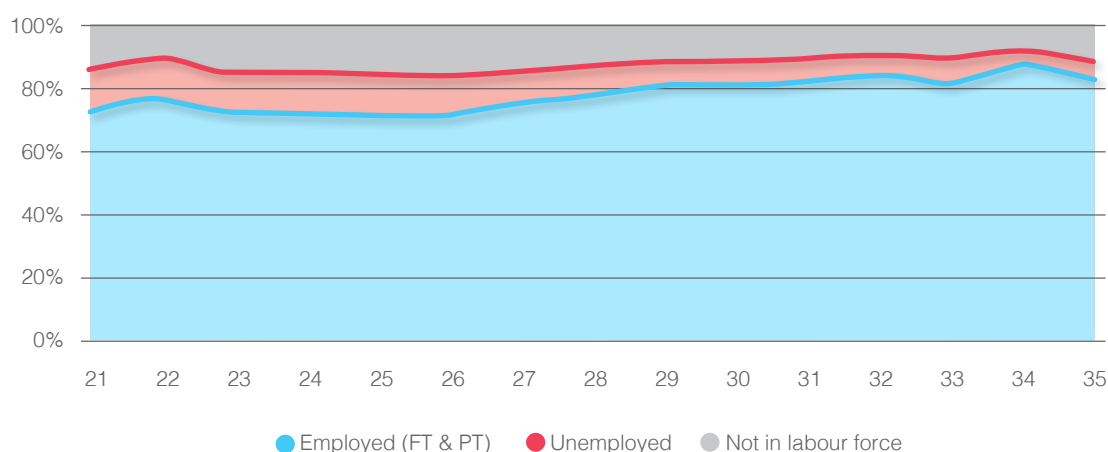
### The relative youth of temporary graduates as a potential explanatory variable

Prima facie, there are some reasonable explanations for why international students may not achieve the most optimal labour market outcomes.

One such factor is the very young age-profile of the international student cohort. As discussed in the early part of this report, the age profile of temporary graduate visa holders is uniquely concentrated in the 20–34 year age cohort. As Figure 12 shows, within that age bracket, it would appear that employment outcomes improve for those temporary graduates who have accumulated more professional and life experience.

The younger age profile of temporary graduates needs to be further considered in conjunction with their highly educated qualifications profile. Compared to skilled migrants and the broader Australian population, temporary graduates are comparatively much more highly qualified for their age. As depicted in Figure 13, the qualifications profile by age for both bachelor degree and masters degree level is stark when compared to the profile for skilled migrants and the wider Australian population.

**Figure 12:** Status in employment of temporary graduates by age



Source: ACTEID (ABS 2019)

There are two attendant implications. First, it may be the case the temporary graduate visa holders appear to be 'over qualified' in the eyes of Australian employers. The exceedingly high proportion aged 25–29 years who hold a postgraduate degree in particular may be inconsistent with what Australian employers are accustomed to seeing. In isolation, this may not have a large impact on employers' assessments of temporary graduates, but it may compound other concerns of fit within particular workplace contexts.

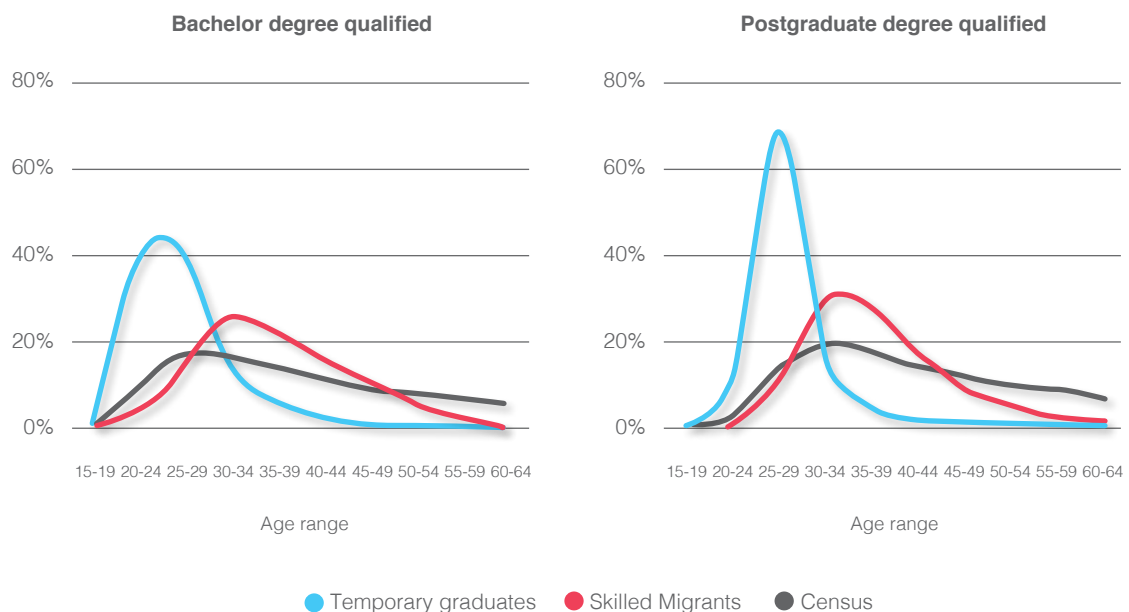
Second, it is possible that temporary graduate visa holders themselves are not aware of the age and experience of the candidates with whom they are competing. If temporary graduate visa holders are applying for roles based in large part on their postgraduate qualification, they may need to temper their expectations given the likely age and experience profile of other candidates.

The very young age-profile of temporary graduate visa holders may be one reasonable explanation for why international students may not achieve the most optimal labour market outcomes in the transition to post-study work.

The very young age-profile of temporary graduate visa holders may be one reasonable explanation for why international students may not achieve the most optimal labour market outcomes in the transition to post-study work.



**Figure 13:** Age and qualifications profiles of temporary graduates, skilled migrants and the wider Australian population



Source: ACTEID (ABS 2019)

## The apparent impact of country of origin on labour market outcomes

As Figure 14 shows, across the top 12 countries of citizenship the profile of labour market outcomes varies significantly by country of origin.

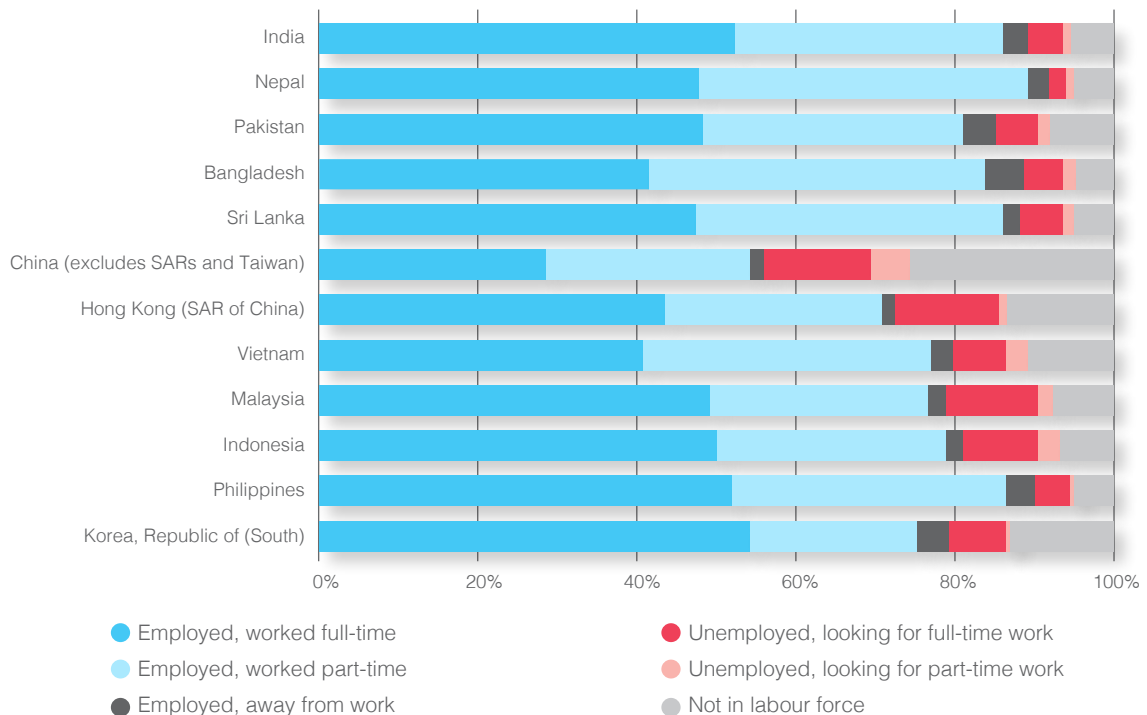
Temporary graduates from China, Hong Kong, Vietnam and South Korea have the highest proportion not participating in the labour market, which could reflect high levels of disengagement from work or deliberate choices to take time off.

Temporary graduates from India, Nepal and the Philippines have the highest rates of employment (full-time and part-time combined), while the rates of employment for visa holders from China, Hong Kong and South Korea are visibly lower.

Correspondingly, unemployment rates for students from India, Nepal and the Philippines, as well as Pakistan Bangladesh, and Sri Lanka, are relatively low. The unemployment rates for Temporary Graduate visa holders from China, Hong Kong, Malaysia and Indonesia are visibly higher than other countries.

Temporary graduates from India, Nepal and the Philippines have the highest rates of employment, while the rate of employment for visa holders from China, Hong Kong and South Korea are visibly lower.

**Figure 14: Labour force status by country of citizenship**



Source: ACTEID (ABS 2019)

## Employment while studying as a possible predictor/indicator of post-study outcomes

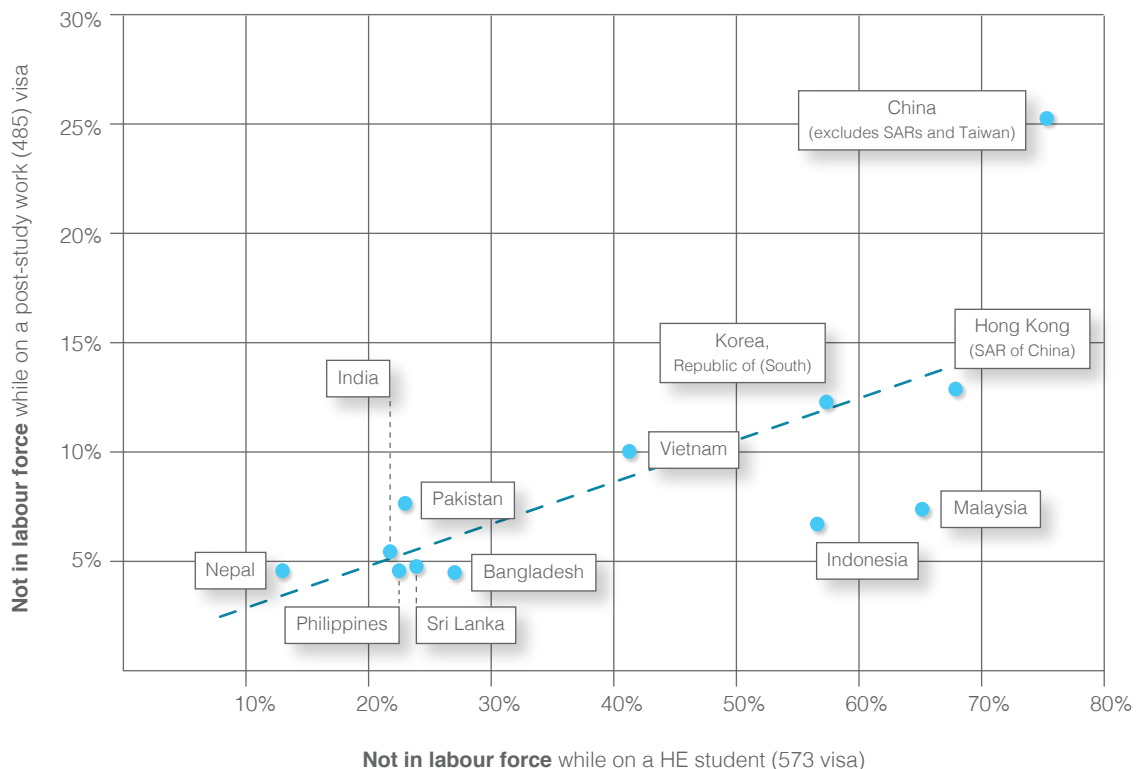
As discussed in the previous section, there are a range of possible explanations for the patterns observed in different labour market outcomes by country of origin. For the most part, it is not possible to distinguish between those who are not in the labour force as a matter of personal choice and circumstance and those that are disengaged from work.

Comparing the patterns of (a) labour market engagement while on a student visa against (b) the labour market outcomes while on a post-study work rights visa may provide some indicative explanations.

Figure 15 compares the proportion of higher education sector (subclass 573) visa holders who are not in labour force, compared to the proportion of Temporary Graduate (subclass 485) visa holders who are similarly not in the labour force. There is a clear correlation that shows citizens from a given country who are more likely to not be participating in the labour force as a student, are also likely to not be participating in the labour force when they move on to post-study work rights.

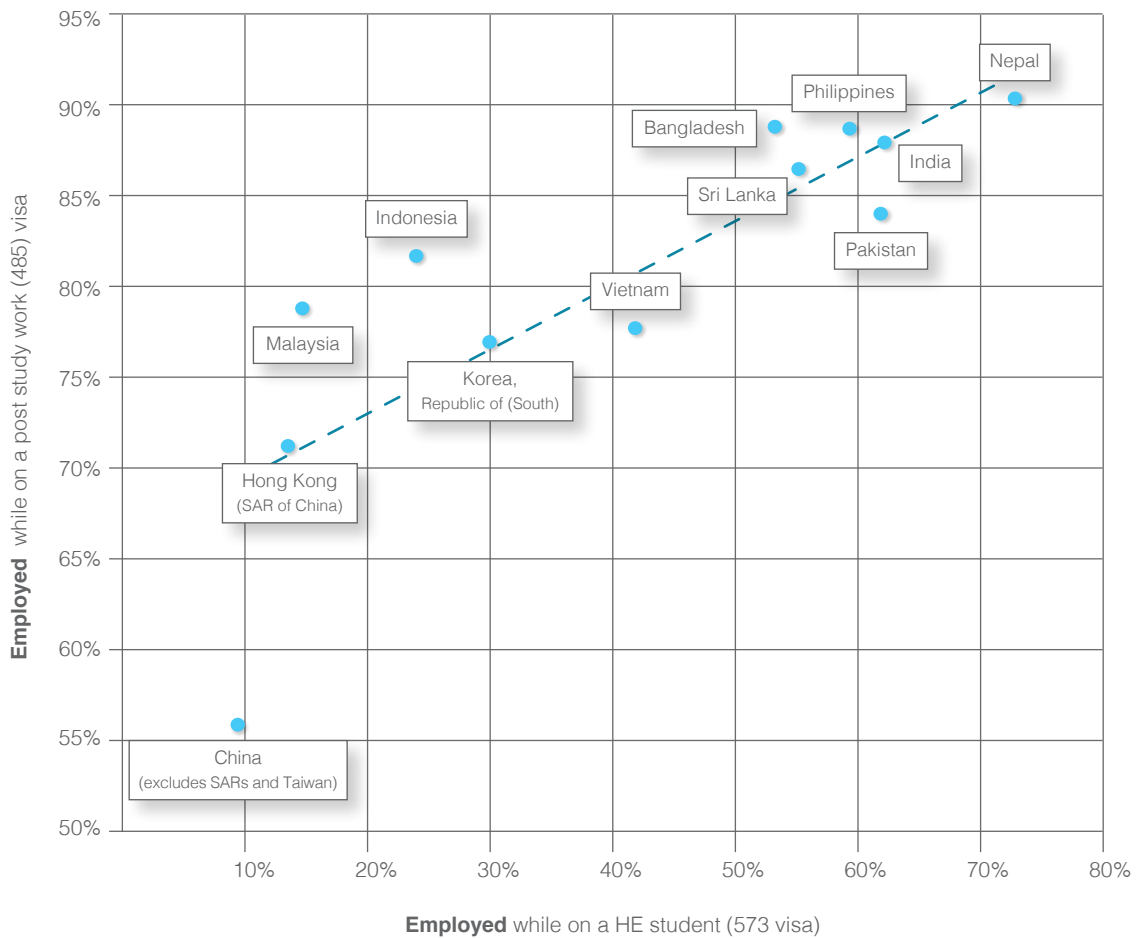
The implication of this correlation is that students who are not inclined to participate in the labour market while they are still studying are similarly dis-inclined to participate in the labour market once they've graduated. The much higher proportion of Chinese citizens on the temporary graduate visa who are not in labour force probably reflects underlying personal, socio-economic or cultural circumstances. This suggests that a high proportion did not need or intend to work while they were students and this carries through to when they are in the post-study work phase.

**Figure 15:** Labour force status by visa type: proportion not in labour force



Source: ACTEID (ABS 2019)

**Figure 16: Labour force status by visa type: proportion employed**



Source: ACTEID (ABS 2019)

Figure 16 provides the same type of analysis, in this case comparing the proportion who are employed while studying and post-graduation.

It highlights two important correlations. First, it is apparent that in all cases, the proportion employed is much higher on post-study work rights than on the higher education student visa. Students from Indonesia and Hong Kong see the biggest jump in the proportion employed, followed by China and Korea. Students from Nepal, Pakistan and India also see higher proportions employed when on the temporary graduate visa, but had very high levels of employment to begin with. On the whole, the implication here is that most students upon graduation are able to fulfil their intention of finding employment when they move onto the temporary graduate visa.

The second apparent trend is that the employment rate while studying is a strong predictor of employment outcomes when on post-study work. Students who show strong participation in the labour market while studying are likely to achieve similarly strong labour market outcomes when they move onto the temporary graduate visa. This aligns with the literature (and anecdotal evidence) which has shown that work experience while studying improves employability upon graduation. Given that a high proportion of temporary graduate visa holders find work in the retail and hospitality sectors, this pattern may in part reflect the fact that students who secure low-skilled part-time work while studying maintain those positions when they graduate.

In comparing labour market outcomes pre and post-graduation, the strongest correlation of all is apparent in how employment while studying appears to counteract the risk of unemployment upon graduation. As Figure 17 shows, communicating to students the important value of working while studying may remedy the high post-study unemployment rates among the citizens of particular countries. Further research may be warranted to identify the particular benefits of working while studying, the types of work that may be both accessible and highly beneficial to post-study employment, and any associated trade-offs.

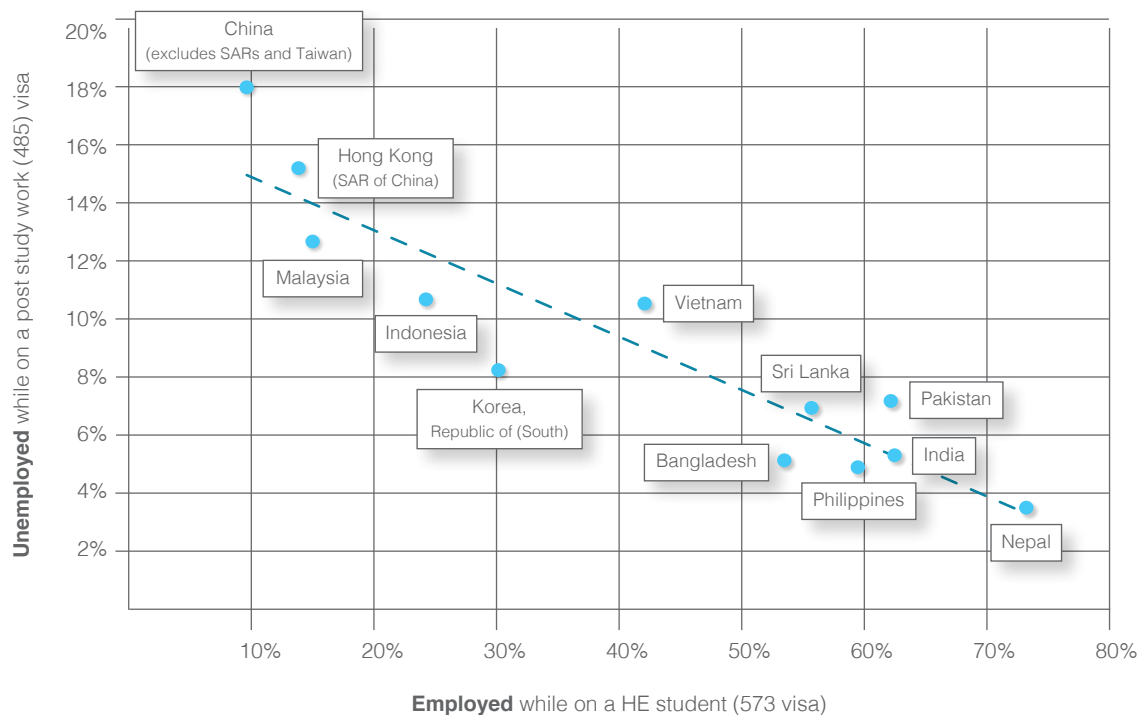
The available data suggests that students who are not inclined to participate in the labour market while they are still studying are similarly disinclined to participate in the labour market once they've graduated. It may be that the much higher proportion of Chinese citizens on the temporary graduate visa who are not in labour force reflects underlying personal, socio-economic or cultural circumstances which carries through from when they are students to when they are in the post-study work phase.

The data also indicates that on the whole, employment while studying is a strong predictor of employment outcomes when on post-study work. This aligns with the literature (and anecdotal evidence) which has shown that work experience while studying improves employability upon graduation.

In comparing labour market outcomes pre and post-graduation, the strongest correlation of all is apparent in how employment while studying appears to counteract the risk of unemployment upon graduation.

In comparing labour market outcomes pre and post-graduation, the strongest correlation of all is apparent in how employment while studying appears to counteract the risk of unemployment upon graduation.

**Figure 17:** Labour force status by visa type: proportion employed while studying, compared to proportion unemployed while on PSWR.



Source: ACTEID (ABS 2019)

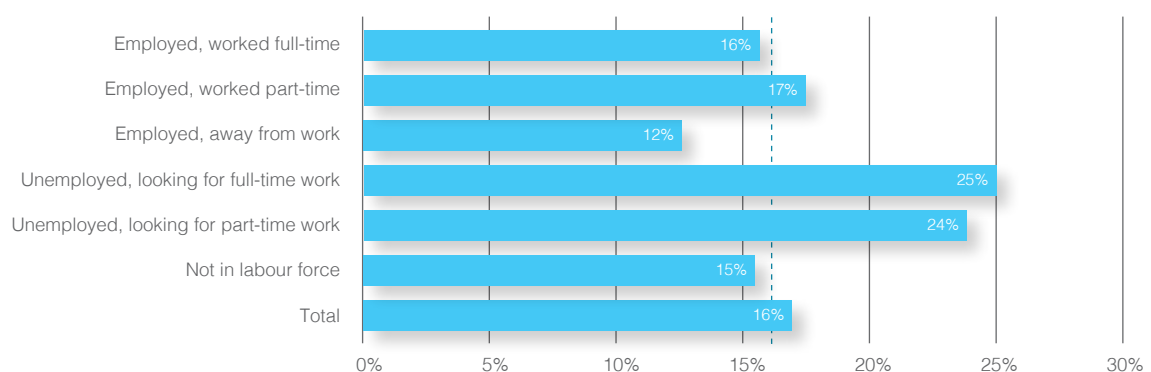


## Activities undertaken by those not achieving full employment

Temporary graduate visa holders exhibit high levels of volunteerism, particularly those who are unemployed and looking for work. As Figure 18 shows, in total 16.8 per cent of temporary graduate visa holders report working for an organisation or group in a voluntary capacity. This figure is in line with the national average of 15.7 per cent for those aged 20–34 years old. It is apparent that those who are unemployed are seeking to develop their skills and experience through such opportunities, with almost one in four reporting that they were volunteering.

Similarly, a high proportion of temporary graduate visa holders are engaged in further study. As Figure 19 shows, approximately 17 per cent of all temporary graduate visa holders report attending an educational institution, with universities or tertiary institutions being the most common at 8.8 per cent. Those employed or unemployed looking for full-time work are, as to be expected, less likely to be attending an education institution.

**Figure 18:** Voluntary work for an organisation or group: proportion reporting being a volunteer



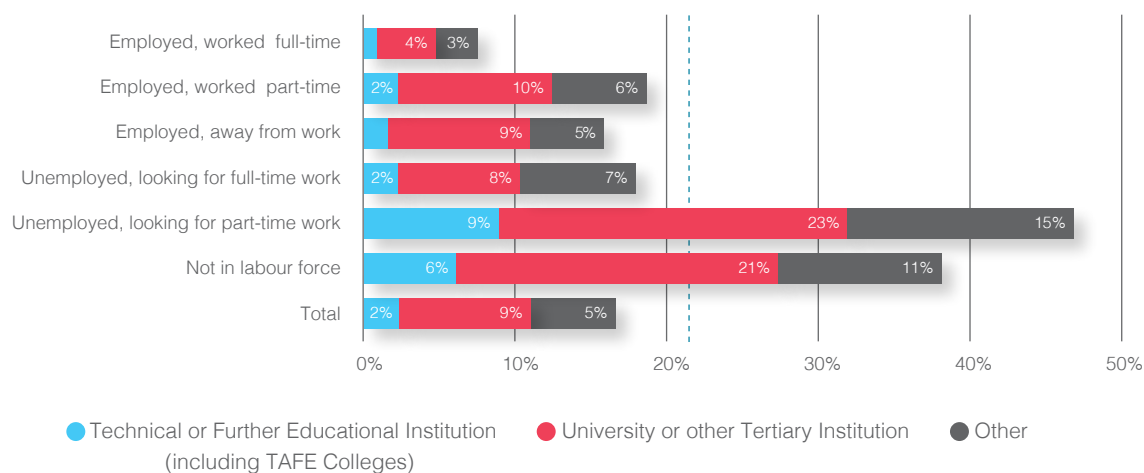
Note: Dotted line represents the Australian average proportion of the population aged 20–34 years who report voluntary work for an organisation or group at 15.7%.  
Source: ACTEID (ABS 2019)



Temporary graduate visa holders exhibit high levels of volunteerism, particularly those who are unemployed and looking for work where almost 1 in 4 report being a volunteer.

Those who are unemployed and looking for part-time work and those not in the labour force are much more likely to be studying. For almost 2 out of every 5 temporary graduates not in the labour force, this may be explained by the fact that they are undertaking some form of further study following graduation (e.g. Professional Year Programs), particularly at a university or other tertiary institution. However, it is not possible to ascertain whether these individuals went into further study instead of working, or only after an unsuccessful stint in the labour market.

**Figure 19:** Type of educational institution attending: proportion by type of institution



Note: Dotted line represents the Australian average proportion of the population aged 20–34 years who report attending an educational institution (Technical or further education institution, university or other tertiary institution, or other) at 21.4%.

Source: ACTEID (ABS 2019)

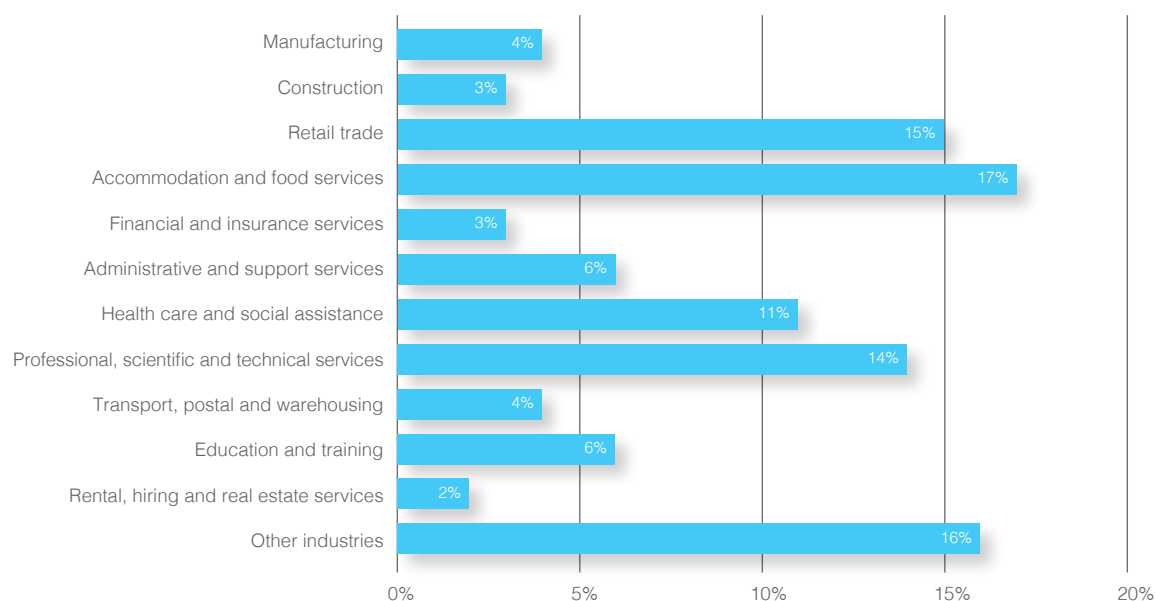
## 7. Where temporary graduate visa holders are employed

### Industry of employment for temporary graduate visa holders

Temporary graduate visa holders are employed across a range of diverse industry sectors. A large proportion are employed in the accommodation and food services (17%) and retail trade (15%) sectors, but there are also significant numbers employed in professional, scientific and technical services (14%), health care and social assistance (11%), administrative and support services (6%) and education and training (6%). The high proportion in hospitality, retail and education would suggest that post-graduation many international students continue to work in those same industries in which they would have worked during their time studying.

In a range of industries, the distribution of temporary graduates is unremarkable and mostly consistent with permanent migrants who have arrived through the skilled migration stream. Compared to permanent migrants, there is little difference in the proportion of temporary graduates who are reportedly working in wholesale trade, transport, postal and warehousing, information media and telecommunications, education and training, and other services. A similar proportion of temporary graduates also work in professional, scientific and technical services.

**Figure 20:** Industry of employment of temporary graduate visa holders



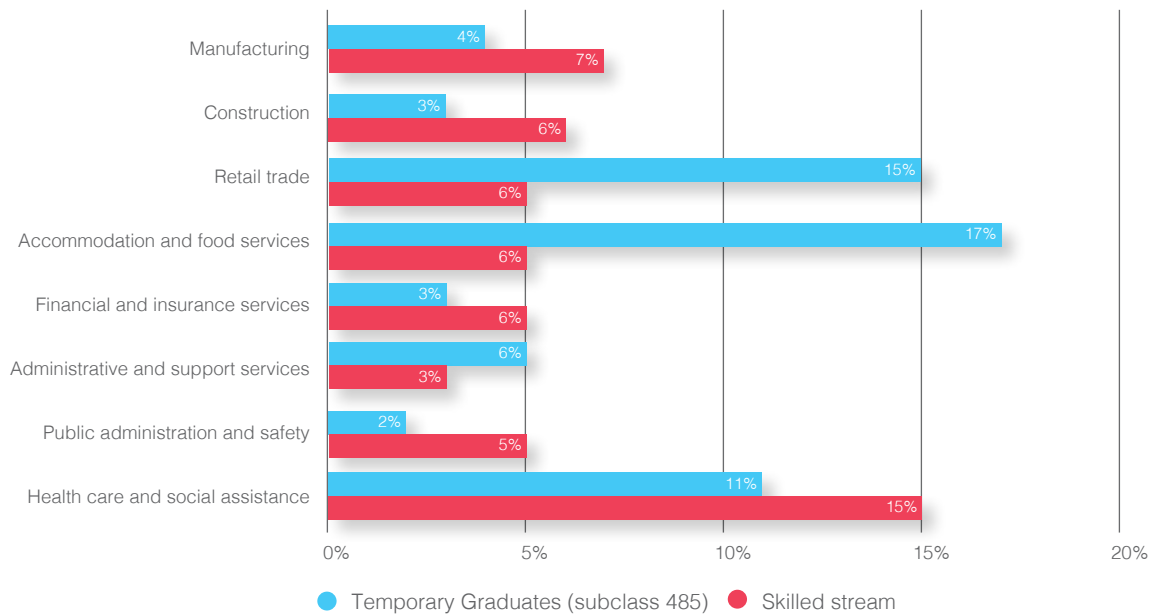
Source: ACTEID (ABS 2019)

On the other hand, as shown in Figure 21, there are some industries where temporary graduates would appear to be:

- under-represented compared to skilled and family stream migrants, including manufacturing, construction, financial and insurance services, public administration and safety, and health care and social assistance
- over-represented, in particular in retail trade, accommodation and food services and administrative support services.

The higher proportion of temporary graduates employed in the retail and hospitality industries is cause for concern, as it would appear to support anecdotal reports that these 485 visa holders are not able to secure work that is meaningfully connected to their long-term aspirations aligned to their areas of study. Instead, they appear resigned to taking up relatively unskilled entry level jobs.

**Figure 21:** Industry of employment of temporary graduates compared to categories of permanent migrants (industries with significant differences between temporary graduates and skilled migrants)



Source: ACTEID (ABS 2019)





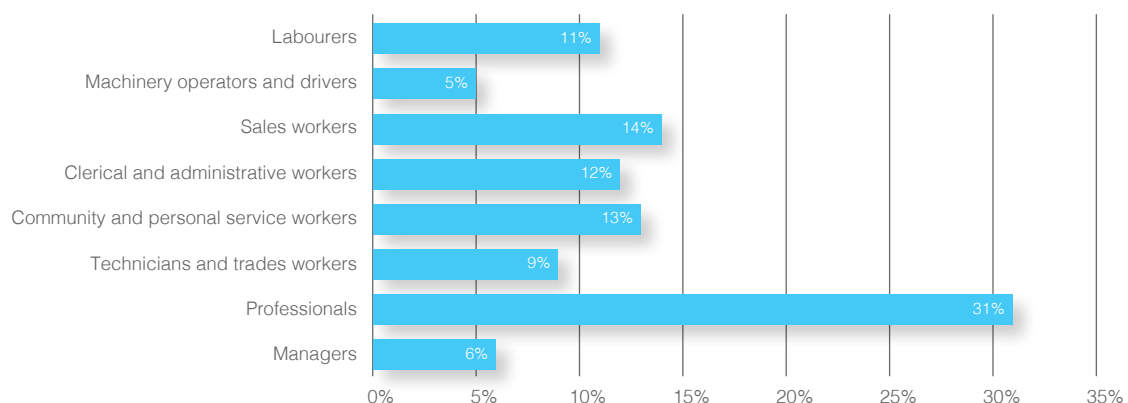
## Occupation of employment for temporary graduate visa holders

As discussed earlier, many temporary graduate visa holders are highly qualified, more often than not holding a masters level qualification. It therefore comes as no surprise that the most significant occupation of employment is listed as professionals (31%). A fair proportion also successfully find work as managers (6%). There are however a large number of temporary graduate visa holders finding employment in lower skilled occupations including as sales workers (14%), labourers (11%), and machinery operators and drivers (5%).

Community and personal service workers (13%) and clerical and administrative workers (12%) represent about a quarter of all employed temporary graduate visa holders. Although, these are formally considered to be low skilled qualifications, the young age profile of temporary graduate visa holders would suggest that many are appropriately employed in entry level white collar administrative positions, as well as entry level jobs in the thriving health care sector.

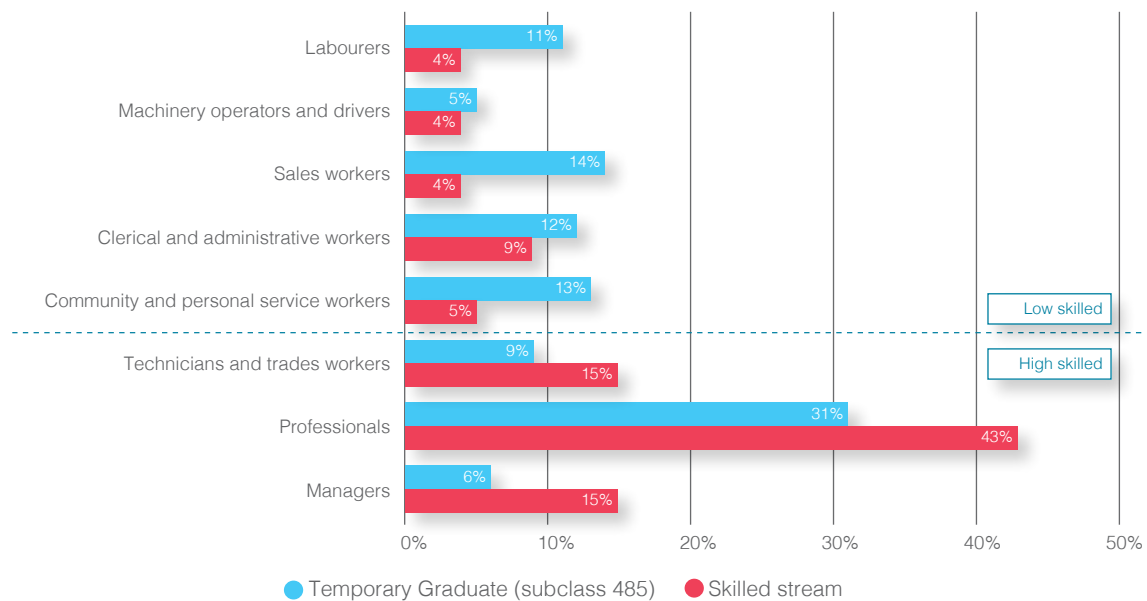
The skew towards retail trade, accommodation and food services and administrative services (discussed in the previous section on the industry breakdown) is reflected in a comparatively higher proportion of temporary graduates that are reported in the occupations of labourers, sales workers, clerical and administrative workers, and community and personal service workers as compared to permanent migrants on the skilled stream.

**Figure 22: Occupation of temporary graduates**



Source: ACTEID (ABS 2019)

**Figure 23:** Occupation of temporary graduates, compared to categories of permanent migrants



The occupational distribution also shows a big gap in terms of the proportion that work as professionals and managers when comparing temporary graduates (37%) against skilled stream migrants (58%).

At first glance, this may seem an unlikely outcome given that temporary graduates are typically more highly educated than skilled stream permanent migrants. However, skilled stream permanent migrants should in fact be expected to fare a bit better than temporary graduates given that they tend to be selected based on reported areas of skills shortages, and also tend to have more life and professional experience.

It is conceivable that there are also strong incentives for temporary graduates to accept the jobs that they have been offered even when these may not be the jobs they would naturally prefer. First, temporary graduates may consider low-skill jobs as not being part of the graduate experience but merely a temporary extension to their work lives as students. Second, they do not have access to the social security payments safety nets that permanent residents would, and as such may need to accept work as it becomes available. Third, if temporary graduates are in the midst of applying for permanent residency then a low skill job may represent a temporary circumstance until they are granted permanent residency and then become more attractive to employers in high skill roles.

The most significant occupation of employment for temporary graduate visa holders is listed as professionals (31%). A fair proportion also successfully find work as managers (6%).

Compared to skilled migrants, temporary graduates are more likely to be working in retail or hospitality, and more likely to have occupations classified as labourers, sales workers, clerical and administrative workers, and community and personal service workers.

While not all graduates will find the ideal first job, this should nonetheless be cause for some concern. It would appear to support other reports that indicate that 485 visa holders are not able to secure work that is meaningfully connected to their areas of study, but rather are persisting in or taking up low-skill entry level jobs.

The most significant occupation of employment for temporary graduate visa holders is listed as professionals (31%). A fair proportion also successfully find work as managers (6%).

Figure 24 presents further detail on the occupational breakdown of temporary graduate visa holders in the form of an occupation wheel. It shows that:

- Many who are employed as professionals are general business, HR and marketing professionals, followed by a relatively large number of ICT, health and design, engineering, science and transport professionals
- A very large proportion are employed as sales assistants and salespersons
- There are many low-skill hospitality workers and food preparation workers, but also a large number of food trades workers and hospitality and retail managers who would be considered high skilled
- A large proportion of clerical and administrative workers are numerical clerks.

**Figure 24:** Occupation of person of temporary graduates (all citizens)



Source: ACTEID (ABS 2019)

Figure 25 presents further detail on the occupational breakdown of Chinese citizens on the temporary graduate visa. While Chinese students are more likely to report being unemployed, those who do find employment appear to find success as professionals. Business, HR and marketing professionals represent the most substantial sub-category by a large margin, followed by ICT professionals, design, engineering, science and transport professionals and education professionals. These professional sub-categories account for a third of all

occupations reported by Chinese graduates on the 485 visa. The occupational category of professionals is followed by clerical and administrative workers, primarily numerical clerks (including accounting clerks and bookkeepers and finance and insurance clerks) and inquiry clerks and receptionists (including call centre workers).

A very small proportion of Chinese citizens on the temporary graduate visa find themselves working as labourers, technicians and trades workers, and machinery operators and drivers.

**Figure 25:** Occupation of person of temporary graduates (Chinese citizens)



Source: ACTEID (ABS 2019)

Figure 26 shows the substantially different patterns of occupation for Indian citizens on the temporary graduate visa. The distribution across occupations is more diverse than that of Chinese citizens, with relatively even proportions of Indian citizens working as labourers, technicians and trades workers, community and personal service workers, clerical and administrative workers, and machinery operators and drivers.

The largest occupation of employment for Indian citizens is in the sales workers occupation, primarily sales assistants and salespersons. A similar proportion work as professionals, mostly as ICT professionals and business, HR and marketing professionals.

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**Figure 26:** Occupation of temporary graduates (Indian citizens)



Source: ACTEID (ABS 2019)



For the purposes of comparison, Figure 27 depicts the occupation wheel for working holiday visa holders. Compared to Figure 24, it is clear that the occupation profiles of working holiday visa holders and temporary graduates are entirely different. The very large proportion (more than a third) of working holiday visa holders working as Labourers is in line with both the profile of these visa holders, and the incentives/ requirements created by their visa conditions<sup>30</sup>.

**Figure 27:** Occupation of working holiday visa holders (all citizens)



Source: ACTEID (ABS 2019)

30 Those seeking to secure a second or third working holiday visa need to meet minimum work requirements in select industries, namely plant and animal cultivation, fishing and pearling, tree farming and felling, mining and construction.



## The income profile of temporary graduate visa holders

The relative rate of employment, the proportions of hours worked and the distribution across occupations and industries are reflected in the reported levels of annual weekly income for temporary graduate visa holders. As Figure 28 shows, income levels for temporary graduates are skewed towards lower weekly income levels. By way of a reference point, back in mid-2016 when the survey was administered, the national minimum wage was \$672.70 per week or \$17.70 per hour<sup>31</sup>. As the figure shows, most temporary graduates (60%) earn less than or slightly above the minimum wage and a further 38 per cent earn between the minimum wage and the average weekly wage.

As discussed previously, permanent migrants who have arrived on the skilled stream tend to have a lower qualifications profile than temporary graduates but are able to secure a much higher level of personal weekly incomes. A much smaller proportion of skilled migrants earn below the minimum wage and a much higher proportion earn above the average weekly wage. As discussed previously, age and experience may be a factor.

Permanent migrants who have arrived on the skilled stream tend to have a lower qualifications profile than temporary graduates but are able to secure a much higher level of personal weekly incomes.

<sup>31</sup> The national minimum wage as at March 2019 is \$719.20 per week, for a 38-hour week, or \$18.93 per hour.

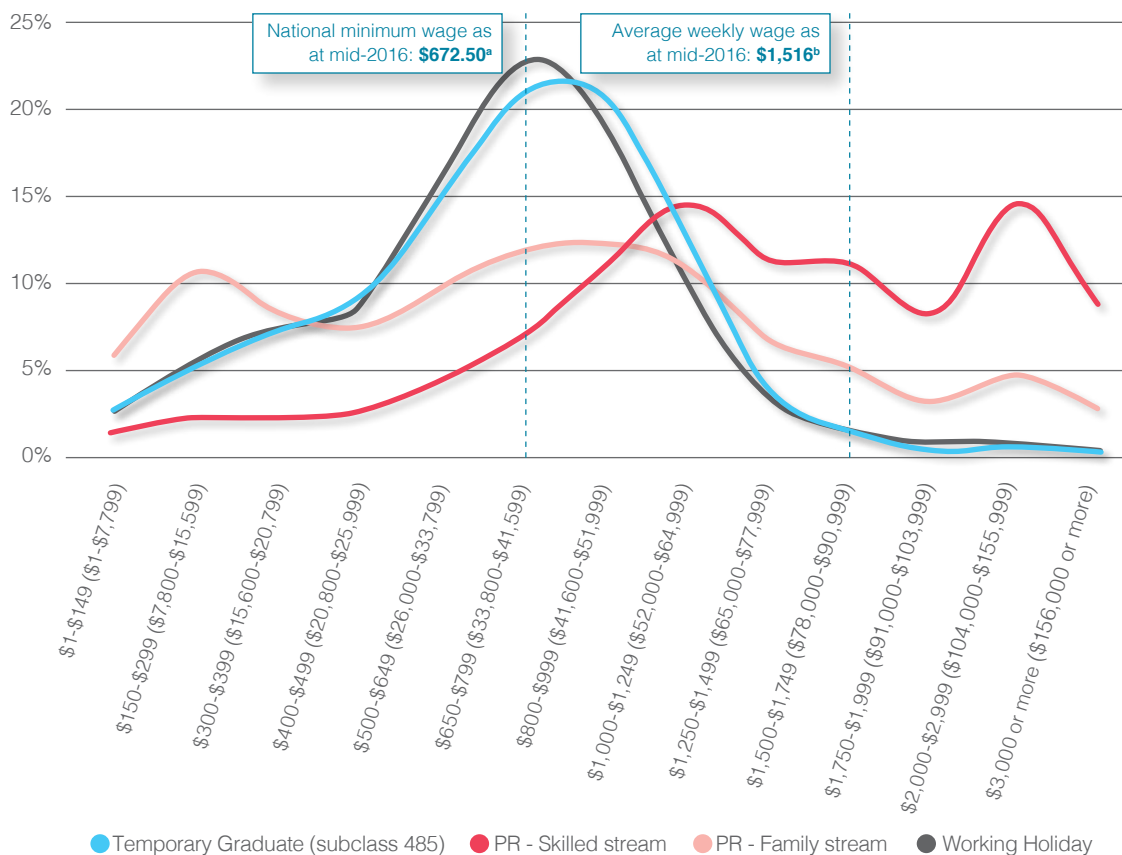
The single peak in Figure 28 at the lower end of the income spectrum for temporary graduates implies a uniformity of experience at the entry level end of the labour market. By comparison the double peak pattern of income distribution for permanent residents on the skilled stream suggests there are two tiers of employment outcomes: lower-skilled jobs (for example in commercial cookery) and higher skilled jobs (particularly in professional services). It is worth noting that the lower peak for resident on the skilled stream is at a higher income level than the peak of the temporary graduates.

What is concerning is the fact that the pattern of personal income earned by temporary graduates is almost identical to the income profile of those on working holiday visas.

The relative rate of employment, the proportions of hours worked and the distribution across occupations and industries are reflected in the reported levels of annual weekly income for temporary graduate visa holders.

This is somewhat difficult to explain given that more than half of all working holiday visa holders are working as low-skill labourers or hospitality workers (as shown in the occupation wheels in the previous section). Part of the explanation may lie in the fact that working holiday visa holders tend to work longer hours per week.

**Figure 28:** Total personal income (ranges) of temporary graduates compared to categories of permanent migrants



Notes:  
a: Fair Work Ombudsman 2016, Be prepared – wage rate changes tomorrow, 30 June 2016.  
b: ABS 2016, Average Weekly Earnings, Australia, May 2016, Cat 6302.0.

Source: ACTEID (ABS 2019)

## 8. Economic opportunities and outcomes of post-study work rights in Australia

### The positive effects of both temporary and permanent migration

Many studies to-date have concluded that both migration and temporary migration deliver positive effects for the Australian economy and labour market.

An important report by the Productivity Commission in 2006 concluded that the overall economic effect of migration was “positive but small” and thereby consistent with prior studies<sup>32</sup>. In its more recent inquiry into the migrant intake into Australia, the Productivity Commission appeared to be more upbeat, concluding that migration would deliver “a demographic dividend to Australia and higher economic output per person”<sup>33</sup>.

Illustrative modelling undertaken by the Productivity Commission to simulate the economy-wide impacts of the change in the population size and age structure that could be induced by migration found that net overseas migration could increase GDP per person by around 7 per cent (equivalent to around \$7,000 per person in 2013–14 dollars) by 2060 (relative to a zero NOM scenario). The results reinforce the importance of age and skills in the migrant intake<sup>34</sup>.

Modelling commissioned by the Migration Council Australia arrived at a similarly favourable conclusion:

*The economic impact of migration flows through into every aspect of the economy. It has a profound positive impact not just on population growth, but also on labour participation and employment, on wages and incomes, on our national skills base and on net productivity<sup>35</sup>.*

This is consistent with the findings of the ‘Shaping a nation’ report by the Treasury and Department of Home Affairs, which highlighted “considerable evidence pointing to the role of migrants in sustaining or fostering strong economic growth over the longer term”. The report went so far as to suggest that “migration helped the economy successfully weather the Global Financial Crisis and the slow global growth and poor economic conditions that followed”<sup>36</sup>. The following table is a summary of the demand and supply side mechanisms that link migration with economic growth, as identified in the ‘Shaping a nation’ report.

32 Productivity Commission (2006), ‘Economic impacts of migration and population growth’, Final report, April.

33 Productivity Commission (2016), ‘Migrant intake into Australia’, Inquiry Report No. 77, Canberra.

34 Ibid.

35 Migration Council Australia (2015), ‘The economic impact of migration’.

36 Treasury and Department of Home Affairs (2018), ‘Shaping a nation, population growth and immigration over time’, Canberra.



**Table 11:** Mechanisms by which migrants affect economic growth

DEMAND SIDE IMPACTS ON GDP	SUPPLY SIDE IMPACTS ON GDP
<p><b>Migrants add to consumption in a similar way to Australian-born consumers</b> – a larger population leads to increased consumption.</p>	<p><b>Migrants increase the population</b> – migrants currently account for just over half of Australia’s population growth which then drives virgin GDP (but not necessarily GDP per person).</p>
<p><b>Migrants may lead to increased capital flows</b> – There is evidence internationally that migration can lead to increased foreign capital inflows.</p>	<p><b>Migrants have helped improve Australia’s labour force participation rate</b> – without the contribution from migrants, all else being equal, Australia’s participation rate would be lower than at present driven by the large cohort of baby boomers reaching retirement.</p>
<p><b>Migrants have a positive fiscal impact as they consume less in government services than they contribute to tax revenue</b> – an increased population will generally demand additional government services (health, aged care, transfers, and education), but higher levels of migration are associated with lower per person spending because migrants are predominantly of working age and less likely to claim social services.</p>	<p><b>Migrants are younger on average than the resident population which also improves Australia’s participation rate</b> – around 84 per cent of migrants arriving in 2015–16 were aged under 40 years (compared to only 54 per cent of the resident population) and younger age groups tend to have higher participation rates.</p>
<p><b>Temporary migrants have been a large contributor to exports</b> – expenditure by foreign residents who are in Australia for less than 12 months is counted as exports as is expenditure by non-resident students on education tuition fees, course material and other goods and services.</p>	<p><b>Skilled migrants raise the level of human capital leading to increased productivity</b> – Productivity is the most important mechanism for sustainable income growth and there are well documented links between increased human capital and skill levels and increased productivity. Australia’s immigration arrangements prioritise skilled migrants, with around 70 per cent of permanent migrants arriving through this stream.</p>

Source: The Treasury and Department of Home Affairs 2018

In addition to the core population, participation and productivity effects outlined in Table 11, the analysis by Treasury and Department of Home Affairs also identified various indirect spill-over effects from migration including benefits from cultural diversity for business, technological and cultural innovation, the diffusion of knowledge and experience across countries, increased trade and entrepreneurial activity following reduced language barriers, and general productivity benefits of agglomeration<sup>37</sup>.

The Mariel Boatlift south of Florida provides the uncommonly ideal conditions for a natural experiment. In the short span of time between April and October 1980, an estimated 125,000 Cubans flocked from Cuba's Mariel Harbour to the south of Florida when Fidel Castro temporarily allowed emigration. Various studies found that the influx of workers had no effect on the wages or unemployed rates of less skilled workers, or on the outcomes of migrants who had arrived earlier<sup>38</sup>.

Others emphasise that the positive effects of migration come from improving both productivity and labour market flexibility and as a result very likely had a "(weakly) positive impact on aggregate productivity in Australia"<sup>39</sup>. Many such studies of course acknowledge the many qualitative benefits of migration that cannot be easily measured or quantified.

Many reports acknowledge the strong perception that migrants, both temporary and permanent, are responsible for 'taking jobs' or in driving wages lower than they would otherwise be, but few find evidence of such adverse outcomes.

Many reports acknowledge the strong perception that migrants, both temporary and permanent, are responsible for 'taking jobs' or in driving wages lower than they would otherwise be, but few find evidence of such adverse outcomes.

Detailed analysis undertaken by Breunig, Deutscher and To to support the Productivity Commission's 2016 inquiry concluded that:

*Once we control for the impact of experience and education on labour market outcomes, we find almost no evidence that immigration has harmed, over the decade since 2001, the aggregate labour market outcomes of those born in Australia (natives) as well as incumbents (natives and previous immigrants)<sup>40</sup>.*

37 Treasury and Department of Home Affairs (2018), 'Shaping a nation, population growth and immigration over time', Canberra.

38 Card, D. (1990), 'The impact of the Mariel boatlift on the Miami labor market', *Industrial and Labor Relations Review*, Vol. 43, No. 2. (Jan., 1990), pp. 245–257.

39 Parham, D et al (2015), *Migration and Productivity in Australia*, Crawford School of Public Policy, Australian National University, Canberra.

40 Breunig, R., Deutscher, N. & To, H.T. (2016), 'The relationship between immigration to Australia and the labour market outcomes of Australian workers', Technical Supplement A to the Productivity Commission Inquiry Report Migrant Intake into Australia, Canberra, April.



In 2019, the Committee for Economic Development of Australia (CEDA) released a report focused specifically on temporary skilled migration, to address community concerns around jobs and wages, including that migrants displace Australian workers and undermine pay and conditions. The CEDA report provides a reminder that the temporary skilled work visa system is designed to include protections that seek to address such concerns<sup>41</sup>. It is therefore unsurprising that the report's analysis reinforces the findings of others, concluding that:

*...migrants, particularly more recent waves of migrants, have not negatively impacted the wages, or participation rates of incumbent workers. On the contrary, our results indicate that, in some cases, an increase in migrant concentrations in certain levels of qualification and experience is associated with a positive effect on wages and participation<sup>42</sup>.*

From the perspective of government expenditure on services, Treasury and Department of Home Affairs concluded that temporary immigrants, who have limited access to government-funded services, are estimated to provide positive fiscal contributions in the relatively short time that they spend in Australia<sup>43</sup>.

A key determinant of whether the positive benefits of migration accrue is the actual skills profile of migrants, both temporary and permanent. As Mares<sup>44</sup>, Boucher<sup>45</sup>, Daley<sup>46</sup> and Birrell<sup>47</sup> have pointed out, the notion of Australia being a skilled migrant nation is being eroded by the rising proportion of temporary migrants, including international students, many of whom are low-skilled. This is much less the case among temporary graduate visa holders who are among the most highly qualified cohorts living in Australia (noting that formal qualifications may not always accurately and practically reflect skill levels).

41 Committee for the Economic Development of Australia (CEDA) 2019, 'Effects of temporary migration: shaping Australia's society and economy'.

42 Ibid.

43 Treasury and Department of Home Affairs (2018), 'Shaping a nation, population growth and immigration over time', Canberra.

44 Mares, P. (2016), *Not quite Australian: how temporary migration is changing the nation*, Text Publishing.

45 Boucher, A. (2016), Australia's de facto low skilled migration program, in Migration: the economic debate, CEDA, November 2016.

46 Daley, J. (2019), Immigration and wage growth, Discussant paper, Low Wage Growth, RBA Conference 2019, Grattan Institute.

47 Birrell, B. (2019), 'Overseas students are driving Australia's net overseas migration tide', The Australian Population Research Institute, April 2019.

## The relative scale of temporary graduates

There is insufficient data to arrive at a statistically robust conclusion, but the small pool of temporary graduates concentrated primarily in the large cities of Sydney and Melbourne would suggest that there is probably no aggregate effect on the labour market.

There is a paucity of data to undertake conclusive analysis of the impact of temporary graduates on the employment outcomes, wages and the economy more broadly. This stems from the fact that PSWR in Australia are a relatively recent phenomena, with the current generation cohort of Australia's having commenced in 2007, or more conceivably post-2013 following the recommendations of the Knight Review and the creation of the post-study work stream.

The relative recency of the program means that while the growth in take-up has been strong, these are in absolute terms modest numbers – approximately 92,000 visa holders in 2019, as compared to a labour market of 13.6 million (as of June 2019). Analysis by the Productivity Commission previously concluded that it was unlikely the impact on income per capita and productivity of all migration into Australia was substantial because “the annual flow of migrants is small relative to the stock of workers and population”<sup>48</sup>.

Furthermore, the fact is that almost all temporary graduate visa holders live in a major city of Australia, with almost three quarters living in Melbourne and Sydney. This concentration (73%) in Melbourne and Sydney is much more pronounced than that of the skilled (58%) and family (61%) permanent migrant streams. While Australia's unemployment rate is very low, the unemployment rates for capital cities tend to be even lower. In Sydney for example the unemployment rate as of June 2019 was 4.2 per cent<sup>49</sup>.

Most studies conclude that both temporary and permanent migrants to Australia “point to immigration being positively associated with the earnings and weekly wages of local workers.”  
(CEDA 2019)

While the aggregate “no impact” story is likely to be consistent with other studies to-date, the fact that Temporary Graduate visa (subclass 485) holders are disproportionately more likely to be employed in low skilled occupations raises the risk that they are adding to already strong competition in the labour market for entry level qualifications.

Most studies conclude that both temporary and permanent migrants to Australia “point to immigration being positively associated with the earnings and weekly wages of local workers.” However, many studies (including the CEDA report, for example) tend to examine effects at the economy-wide level. CEDA thus rightly recognises that while the aggregate results show that immigration has not harmed Australian workers, the report “cannot definitively say if wage or occupational degradation occurs in specific occupations and industries”<sup>50</sup>.

48 Productivity Commission (2006), 'Economic impacts of migration and population growth', Final report, April.

49 Department of Employment, Skills, Small and Family Business (2019), ABS Labour Force Survey, NSW Results for June 2019.

50 Committee for the Economic Development of Australia (CEDA) 2019, 'Effects of temporary migration: shaping Australia's society and economy'.



## The characteristics of temporary graduates and implications for low-skill job markets

The Productivity Commission in 2016 similarly recognised that “the extent of any displacement depends on the level, timing, geographical location and composition of immigration.”<sup>51</sup> Notwithstanding the large number of graduates who secure high-skilled jobs in Australia, there are two distinctive characteristics of temporary graduates that need to be considered.

First, labour market outcomes for temporary graduates tend to be weaker than that of skilled migrants, with lower participation rates, higher unemployment and lower rates of employment in a full-time position. These outcomes are reflected in the reported number of hours worked and personal weekly incomes.

Second, compared to skilled migrants, temporary graduates are more likely to be employed in retail or hospitality, and more likely to have lower skilled occupations (Labourers, Sales Workers, Clerical & Administrative Workers, and Community & Personal Service Workers).

Setting aside the fact that these industries and occupations align poorly to the skills and discipline profile of graduates, it is important to note that these entry level jobs are in the areas of heightened labour market competition. Birrell<sup>52</sup> and Boucher<sup>53</sup> are among the strongest proponents of the view that temporary migrants in general, and international students in particular, are a source of “ferocious competition” in low-skilled labour markets. While these arguments may not apply to the same extent for temporary graduate visa holders (given their historically low numbers), the rapid growth trajectory raises the importance of understanding this particular line of logic.

Labour market outcomes for temporary graduates tend to be weaker than that of skilled migrants, with lower participation rates, higher unemployment, and lower rates of employment in a full-time position.

### **Temporary graduates are engaged in employment in occupations and sectors where employment growth is low...**

Over the last three decades, structural changes in Australia’s economy have led to a clear trend in the declining share of entry level jobs. Employment growth has been stronger in higher skilled occupations and weaker in lower skilled occupations, resulting in a very clear shift in the make-up of the labour market<sup>54</sup>. The share of employment in occupations of the highest skill level (which increased from 22.9 per cent to 31.8 per cent), is almost double the share of employment in the lowest skill level occupations (which decreased from 21.3 per cent to 16.5 per cent).

### **...and is projected to be low...**

This trend is expected to continue over the five years to May 2023, with 45.2 per cent of employment growth projected in occupations of the highest skill level, and only 9.4 per cent in occupations of the lowest skill level<sup>55</sup>.

Longer term modelling by Shah and Dixon concurs with the highest number of job openings projected to be in professional and managerial occupations; they find that the shift towards higher-skill jobs could accelerate<sup>56</sup>.

51 Productivity Commission (2016), ‘Migrant intake into Australia’, Inquiry Report No. 77, Canberra.

52 Birrell, B. (2019), ‘Overseas students are driving Australia’s net overseas migration tide’, The Australian Population Research Institute, April 2019.

53 Boucher, A. (2016), Australia’s de facto low skilled migration program, in Migration: the economic debate, CEDA, November 2016.

54 Department of Employment, Skills, Small and Family Business (2019), Changes in the Australian labour market: a 30-year perspective.

55 Ibid.

56 Shah, C. and Dixon, J. (2018) Future job openings for new entrants by industry and occupation, NCVET, Adelaide.

### **...churn is high...**

The work of Shah and Dixon also demonstrates the importance of considering replacement demand when assessing job openings for new entrants. Replacement demand arises when workers retire or leave an occupation. Long-term modelling points to the high proportion of job openings that are due to replacement demand rather than employment growth. Very high replacement demand is seen in occupations with low entry requirements and low wages, which to date have typically attracted young people, who stay in the occupation for short periods. Examples due to replacement demand include hospitality workers, checkout operators and cashiers, and food preparation assistants (75.6%, 89.4% and 80.9%)<sup>57</sup>.

### **...and underemployment is high.**

While the unemployment rate in Australia is at present comparatively low by historical standards, the underemployment rate is relatively high. The underemployment rate includes employed persons aged 15 years and over who want, and are available for, more hours of work than they currently have. It is therefore an important measure of excess capacity in the labour market.

Reporting by the ABS finds that the number of underemployed is highly concentrated within select industries, in particular retail trade, health care and social assistance and accommodation and food services, which together account for over 50 per cent of total underemployed<sup>58</sup>. Similarly, sales workers, community and personal service workers, and labourers, had the highest proportions of underemployment. The ABS data shows there is some alignment between those industries and occupations with the highest rates of underemployment, and those where temporary graduates are most likely to be over-represented.

As a result, the proportion of temporary graduates in low skill positions increases the risk of competition at the low-skilled end of the job market, where conditions for domestic workers are already challenged.

Daley points out that impacts of underemployment may be affected more than unemployment, particularly among those aged 15–24 and therefore supporting the Productivity Commission's hypothesis that it is people with low skills and youth who are affected the most<sup>59</sup>.

As a result, the proportion of temporary graduates in low skill positions increases the risk of competition at the low-skilled end of the job market, where conditions for domestic workers are already challenged. This is an increasing risk as the number of temporary graduates continues to rise.

It is important to note that there is currently limited quantitative evidence to directly support this claim. Studies in other contexts which have found an adverse impact between low skill migration and the local low skill labour force include, for example, Borjas which revisits the impact of the Mariel Boatlift in Miami in 1980. In contrast to Card (1990), Borjas finds that the new migrants had a significant negative impact on the labour market outcomes of high school dropouts, that is those most likely in direct competition with unskilled migrants<sup>60</sup>. It is important to note that these findings are contested<sup>61</sup> and that Card's original influential work that found no effect continues to be widely supported by other studies<sup>62</sup>.

57 Shah, C. and Dixon, J. (2018) Future job openings for new entrants by industry and occupation, NCVET, Adelaide.

58 ABS (2018), 'Underemployment in Australia', Labour Force, Australia, September 2018.

59 Daley, J. (2019), Immigration and wage growth, Discussant paper, Low Wage Growth, RBA Conference 2019, Grattan Institute.

60 Borjas, G. (2017), 'The wage impact of the Marielitos: a reappraisal,' ILR Review, Vol. 70, No. 5, pp. 1077–1110.

61 Clemens, M. (2017), 'There's no evidence that immigrants hurt any American workers,' Vox, 3 August 2017.

62 Peri, G. & Yasenov, V. (2019), 'The labor market effects of a refugee wave,' *Journal of Human Resources*, Vol. 54, No. 2, pp. 267–309.

In 2006, the Productivity Commission acknowledged that immigration could lead to higher unemployment and/or slower wage growth for specific groups, especially those working in sectors with higher concentrations of immigrant workers<sup>63</sup>. In 2016, it similarly noted that:

*Increased risk of displacement is more likely at the lower end of the skill spectrum and in the youth labour market. However, youth labour market outcomes partly reflect weak economic conditions in recent years as well as a longer-term decrease in youth labour market engagement, in part due to greater engagement with education<sup>64</sup>.*

That being said, Breunig, Deutscher and To's study built on the Productivity Commission's work and found migrant labour had no effect on Australian workers across a range of skill levels – from those who had not completed secondary school to university graduates<sup>65</sup>.

Similarly Brell and Dustmann surveyed the available evidence for links between immigration and wages in Australia and found that the evidence does not generally support adverse impacts on average wages or wages of low-skilled Australians<sup>66</sup>. To some extent, the risk of downward wage pressure is mitigated at the low skill end of the labour market by the presence of award wages across most if not all occupations (notwithstanding the wider issue of wage theft)<sup>67</sup>.

63 Productivity Commission (2006), 'Economic impacts of migration and population growth', Final report, April.

64 Productivity Commission (2016), 'Migrant intake into Australia', Inquiry Report No. 77, Canberra.

65 Breunig, R., Deutscher, N. & To, H.T. (2016), 'The relationship between immigration to Australia and the labour market outcomes of Australian workers', Technical Supplement A to the Productivity Commission Inquiry Report Migrant Intake into Australia, Canberra, April.

66 Brell, C. & Dustman, C. (2019), 'Immigration and wage growth: the case of Australia', Paper for the RBA's Low Wage Growth Conference, Sydney 2019.

67 Berg, L. & Farbenblum, B. (2017), 'Wage theft in Australia', Findings of the National Temporary Migrant Work Survey, November 2017.



## The extent of the skills mismatch

The full extent of the skills mismatch between what temporary graduates study and where they find employment is difficult to fully ascertain. In the previous section, some analysis compares the labour market outcomes of temporary graduates against those of skilled and other permanent migrants and working holiday makers.

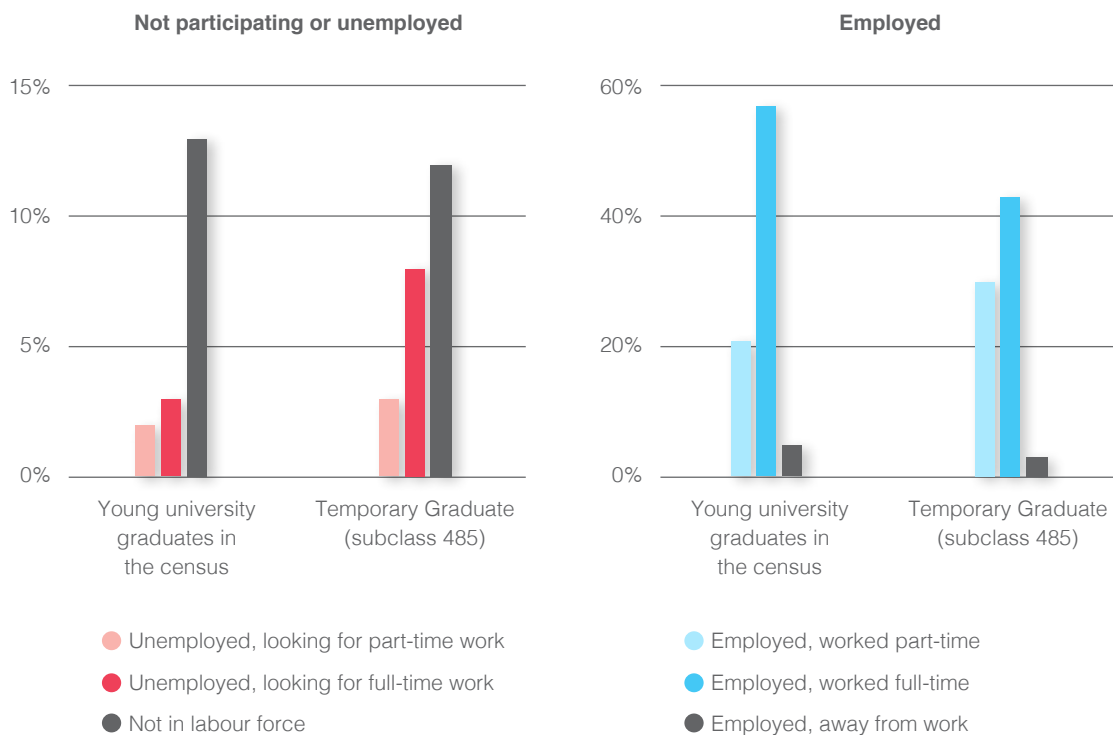
Taking into account the characteristics of temporary graduates, a comparable cohort that could be used to assess relative success in the labour market would have to be:

1. young (primarily aged 20-34), and
2. with high levels of educational attainment (at undergraduate or postgraduate level).

The analysis below compares the labour market outcomes of temporary graduates against respondents to the 2016 Census aged 20–34 and holding an undergraduate or postgraduate qualification.

This is not a perfect match because temporary graduates in fact include some 12 per cent of visa holders who do not have an undergraduate or postgraduate qualification. In addition, the Census comparator group includes temporary graduates. Consistent with Karmel, Carroll and Fitzpatrick<sup>68</sup>, Figure 30 shows that young university graduates in Australia have comparable levels of labour force participation, but lower rates of unemployment and higher rates of full-time employment.

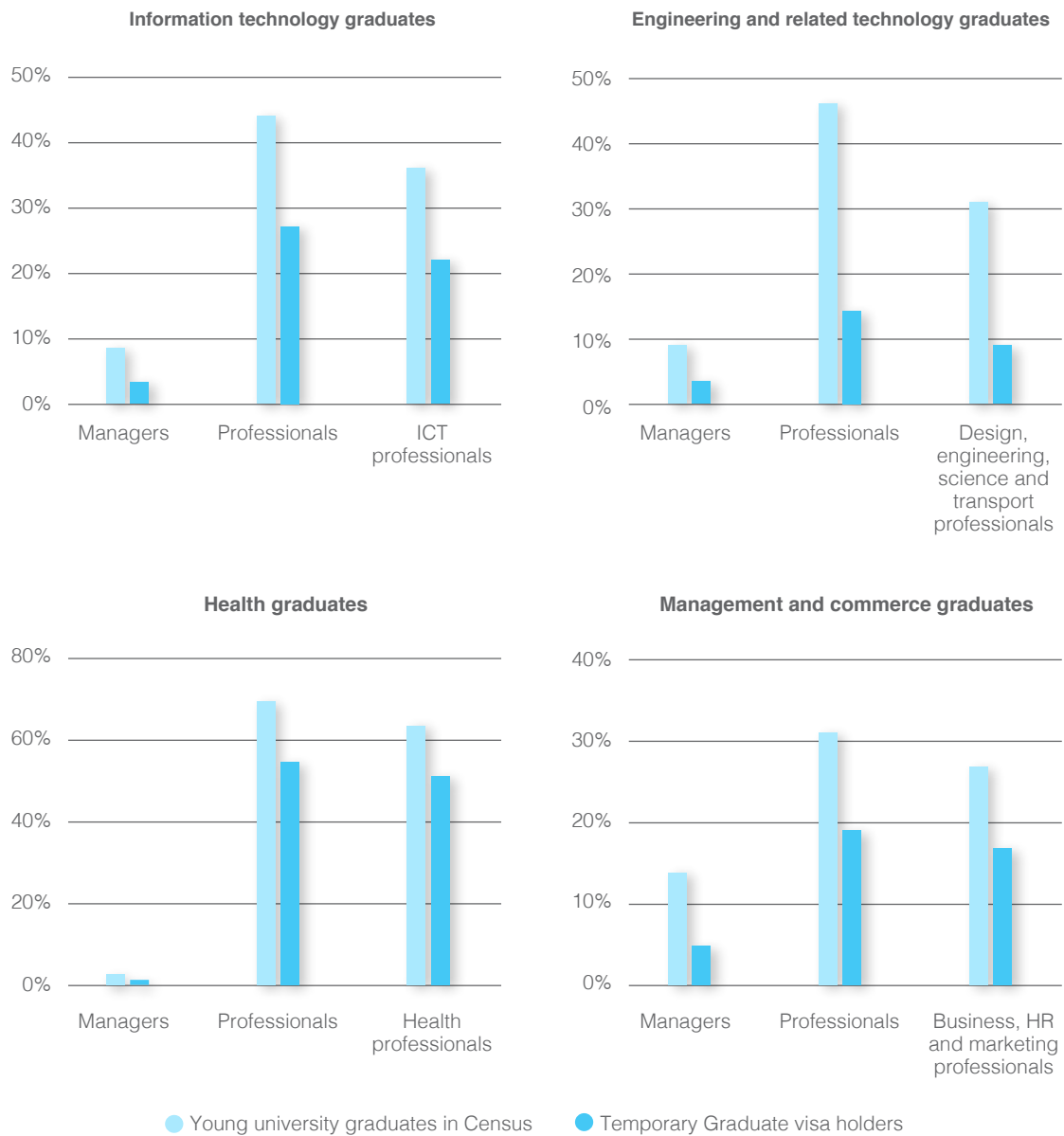
**Figure 29:** Labour force status of temporary graduates compared to young university graduates



Source: ACTEID (ABS 2019)

68 Karmel, T., Carroll, D. & Fitzpatrick, D. (2016), 'How are new overseas graduates faring in the labour market?', National Institute of Labour Studies, Flinders University.

**Figure 30:** Occupations of temporary graduates compared to young university graduates by field of education



Source: ACTEID (ABS 2019)

The matching of skills to employment needs to take into account both the level and field of education. Building on the analysis by Ly, Rahimi and Tan<sup>69</sup>, Figure 31 shows the proportion of graduates who report being employed in occupations that are classified as managers, professionals, or professionals in a directly relevant field.

The comparison against young university graduates shows that in all cases, a lower proportion of graduates in any given field of education achieve these desirable occupational outcomes. The gap is particularly large for engineering graduates and smallest among health graduates.

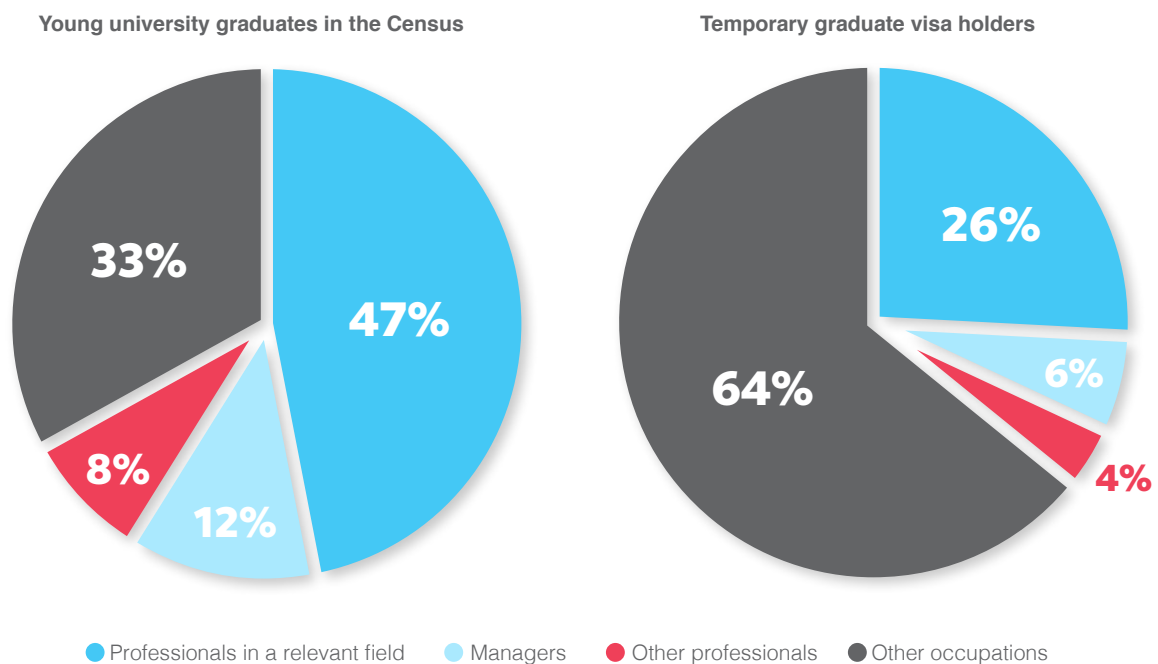
69 Tran, L., Rahimi, M., & Tan, G. (2019), 'Temporary graduafication: impacts of post-study work rights policy in Australia', Research for Educational Impact, Deakin University, September 2019.



Figure 31 below provides a summary of the occupational outcomes across these four largest fields of education. When compared to young university graduates, temporary graduates are half as likely to become managers or professionals in a relevant field, or to find employment in some other unrelated professional occupation.

Correspondingly, they are almost twice as likely to find employment in some other less than ideal occupation in the labour market.

**Figure 31:** Occupations of temporary graduates compared to young university graduates from four largest fields of education



Note: Fields of education included are (1) Information technology, (2) Engineering and related technologies, (3) Health and (4) Management and commerce.

Source: ACTEID (ABS 2019)

## Areas for further research

Through the release of the Australian Census and Temporary Entrants Integrated Dataset (ACTEID) in 2019, in-depth analysis can now be undertaken to understand the personal characteristics, educational profile, and labour market outcomes of Temporary Graduates visa holders. The first area for further research is therefore further interrogation of the ACTEID dataset. This is likely to provide a more granular and segmented view of the personas, experiences and needs of temporary graduates.

The second area of opportunity for further research and analysis is in the exploitation of the Graduate Outcomes Survey (GOS). The ACTEID should not be the only source of detailed data on the employment outcomes of international student graduates. As IEAA's International Education Data Gaps project identified, tracking PSWR graduate outcomes is a priority for improvement. The Australian Government funded GOS and its publication channels – namely the Quality Indicators for Learning and Teaching (QILT) website – is an underutilised resource for data and insight on employment outcomes. The GOS 2018 included 27,650 international student respondents<sup>70</sup>, but none of the results are currently published. Karmel, Carroll and Fitzpatrick demonstrates what is possible<sup>71</sup> (see Box 1, p.18).

Relevant data points that could be made available and analysed on an annual basis include statistics on undergraduate, postgraduate coursework and postgraduate research graduates that are:

- In full-time employment (as a proportion of those available for full time work) (%)
- Overall employed (as a proportion of those available for any work) (%)
- Participating in the labour force (%)
- Employed full-time and their resulting median salary (\$)
- In full-time study (%).

One of the most valuable pieces of research and analysis that could be undertaken at this point in time is a formal evaluation of the temporary graduate visa program against its stated policy objectives.

In addition to the additional detail that would be possible through the GOS, comparisons against the same outcomes for domestic graduates would be more robust.

The Department of Home Affairs publishes a range of statistics through its website, program reports and open data initiatives. There are some issues around the timeliness, completeness and accessibility of the student visa data<sup>72</sup>. For example, the take-up rates of the temporary graduate visa are publicly reported, and as such it is difficult to determine the extent to which the rapid growth in the number of 485 visa holders is driven by growth in the take-up or growth in the number of eligible international students upon graduation. Similarly, data on the subsequent visa that temporary graduate visa holders move on to will be of increasing interest.

However, the third and likely one of the most valuable pieces of research and analysis that could be undertaken at this point in time is a formal evaluation of the temporary graduate visa program against its stated policy objectives. This could be undertaken along the lines of the Simplified Student Visa Framework (SSVF) appraisal delivered in 2018<sup>73</sup>, which examined what was working well and what improvements were required based on analysis of data and submissions.

70 Social Research Centre (2019), Graduate Outcomes Survey 2018, National Report, January 2019, p.120.

71 Karmel, T., Carroll, D. & Fitzpatrick, D. (2016), 'How are new overseas graduates faring in the labour market?', National Institute of Labour Studies, Flinders University.

72 IEAA (2018), International education data gaps: Sector Perspectives, Consultation report, June 2018.

73 Department of Home Affairs (2018), Simplified Student Visa Framework (SSVF) Appraisal, Canberra.

# Conclusion

Following the recommendations of the Knight Review in 2011, Australia introduced a more comprehensive post-study work rights visa program for graduating international students. Many in the international education sector would attribute Australia's recent success in higher education at least in part to the attractiveness of the current Temporary Graduate visa (subclass 485). The temporary graduate visa embodies the promise of potentially meaningful and relevant employment for international students to kick start their careers upon graduation.

The key underlying policy rationale was to implement a post-study work rights regime that would enhance the value of an educational experience in Australia's international education sector, and in doing so, enhance Australia's attractiveness as a study destination. While it would be unrealistic to expect that all international students who graduate will find their ideal first job on the temporary graduate visa, it can nonetheless create an expectation among at least some international students that meaningful and relevant employment awaits.

Having highly qualified graduates who compete for skilled jobs as opposed to low-skilled, entry level jobs is a potential triple benefit to the Australian economy.

First, successful temporary graduates deliver to Australia the productivity and participation benefits of a young, well-educated, globally competent, and highly motivated cohort of graduates.

As discussed earlier, the productivity benefits of a more highly skilled population are undisputed. Skilled migrants, both temporary and permanent, raise the level of human capital leading to increased productivity. The productivity benefits are far more important than the effects of population and participation for sustained economic growth on a per capita basis.

With 54 per cent holding a masters degree level qualification, the level of educational attainment of a temporary graduate is much higher than that of most migrants, including those from the skilled migration streams. It therefore stands to reason that temporary graduates have the potential to significantly add to Australia's productivity, if they are able to secure jobs in which their skills are being applied. The current mismatch however, in both the skill level and discipline, would strongly suggest that these potential productivity gains are not being accrued.

Second, increasing the proportion of temporary graduates that find relevant high-skill positions avoids an inadvertent increase in labour market competition at the low-skilled end of the job market, where conditions for domestic workers are already challenged.

Temporary graduates do not of course have any part to play in the challenges resulting from the structural changes in Australia's economy, and the corresponding shift towards higher skilled jobs and the declining share of entry level opportunities. However, the relative concentration of temporary graduates in these same declining occupations and industries may exacerbate issues at the margins. This is an increasing risk as the numbers of temporary graduates continues to rise.





Third, those international students who select Australia on the prospect of a career enhancing opportunity upon graduation should get to realise those potential benefits. Australia's success depends on its ability to create post-study work experiences and avoid poor labour market outcomes, which potentially erode the value proposition of studying in Australia.

The Knight Review clearly articulated why Australia needs to offer post-study work rights:

*Not unreasonably international students would like to gain some potential experience in the country they study. That has several advantages. Just as an Australian university education is a great asset internationally, so too is Australian work experience. For example, an international student who comes to Australia to study mining engineering at an Australian university leaves with a world class qualification. But if that student also takes home two years of experience working in the Australian mining industry, he or she is even more valuable in their home country or a third country.*

*... any post-study practical experience obtained overseas can be a great differentiator for international students when competing for jobs in their own country. By contrast, if international students who study in Australia do not have an option of post-study work experience, they are disadvantaged when competing in their home country with students who study in the US and Canada.*

Australia's success depends on its ability to create post-study work experiences and avoid poor labour market outcomes, which potentially erode the value proposition of studying in Australia.

The rationale for post-study work rights is thus clearly to make Australia a more attractive and globally competitive study destination by supplementing the student experience with relevant work experience upon graduation. The fact that temporary graduate visa holders are more likely to be employed in lower skilled occupations in retail and hospitality sectors should be cause for concern. It would appear to support anecdotal reports that 485 visa holders are not able to secure work that is meaningfully connected to their long-term aspirations aligned to their areas of study, but rather are taking up relatively unskilled entry level jobs.

How prospective students respond to these outcomes depends on both the absolute outcomes they expect to face in Australia, but also the relative outcomes they expect to face in other study destinations. In any case, the risk is that the value proposition of post-study work rights in Australia deteriorates leading to one of two possible implications for international student flows.

First, prospective international students may start to discount the favourable post-study work conditions available in Australia on the expectation that it will not deliver on the underlying promise of relevant work experience on graduation. For some graduates, the challenges they face while looking for work in Australia upon graduation may be doubly difficult if concerns around a period of prolonged unemployment on their CV creates a damaging misperception of their abilities, either in Australia or back in their home country.

Second, and potentially more damagingly, Australia's post-study work rights scheme could develop a reputation as an opportunity primarily for pragmatic income generation through employment in entry level occupations. In other words, the temporary graduate visa could be seen as a primarily temporary economic/lifestyle opportunity, as opposed to an educational and career-enhancing opportunity as it is intended. This could have foreseeable, significant adverse consequences for Australia in terms of its reputation as a study destination, and in the eventual mix of students that are drawn to study here.

The pool of temporary graduate visa holders is growing rapidly with visa holders in the post-study work stream tripling since the 2016 Census, upon which much of this analysis is based. As this pool grows, it will be important to manage the expectations of international students. Further research is required but there are some clear and reasonable explanations for why international students may not achieve the most optimal labour market outcomes. One such factor is the very young age-profile of the international student cohort. Compared to skilled migrants and the broader Australian population, temporary graduates are comparatively over qualified for their age, and the data would suggest that employment outcomes improve for those temporary graduates who have accumulated more professional and life experience.

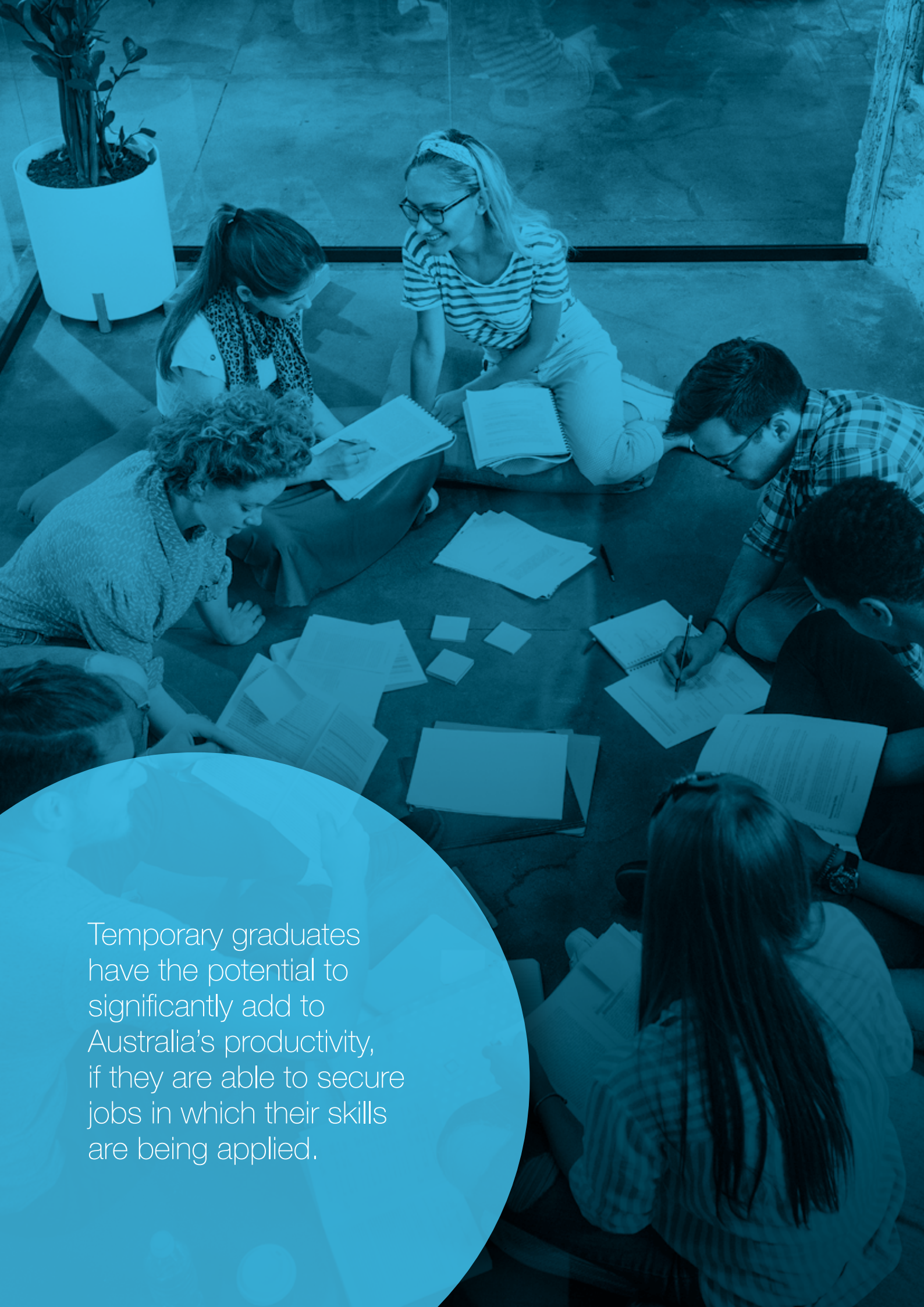
The pool of temporary graduate visa holders is growing rapidly with visa holders in the post-study work stream tripling since the 2016 Census, upon which much of this analysis is based.

As this pool grows, it will also be important to raise the expectations of employers and thereby raise employer demand for temporary graduates.

The recent report by Tran, Rahimi and Tan indicates that there continues to be an ill-informed adherence to the notion that recruiting an employee who is anything but a permanent resident or a citizen is undesirable, ill-advised or somehow inherently risky<sup>74</sup>. The Temporary Graduate visa (subclass 485) should in fact be a boon to employers.

When the Australian Government created the temporary graduate visa, it did so primarily with the intent of ensuring that international students get the opportunity for meaningful work experience. It likely overlooked the significant economic benefits (and potential risks) of a potentially large and highly skilled temporary workforce. The more policies and communications can recognise the economic benefits of maximising the potential of graduates on post-study work rights, the more likely the mutual benefits of this policy will be realised for all parties involved – students, employers, education institutions and the community.

74 Tran, L., Rahimi, M., & Tan, G. (2019), 'Temporary graduafication: impacts of post-study work rights policy in Australia', Research for Educational Impact, Deakin University, September 2019.



Temporary graduates have the potential to significantly add to Australia's productivity, if they are able to secure jobs in which their skills are being applied.

# Appendix 1:

## Eligibility criteria for Temporary Graduate visa (subclass 485)

<p><b>PRIOR VISA REQUIREMENT</b></p>	<p>This stream is only available if you applied for, and were granted, your first student visa to Australia on or after 5 November 2011.</p> <p>If you held your first student visa prior to this date, even as a child on your parent's student visa, then you will not be eligible to apply for this stream.</p> <p>We will process your visa application if:</p> <ul style="list-style-type: none"> <li>• you are the main holder of a current student visa, (but not one supported by the Defence or Foreign Affairs and Trade Minister)</li> <li>• you held a student visa within the past 6 months before your application and you now have a Bridging Visa A or Bridging Visa B, granted on the basis of a valid application for a visa</li> <li>• you held a student visa within the past 6 months before your application and you now hold a substantive visa</li> <li>• your student visa was cancelled, but in the past 28 days the Tribunal has notified you of a decision to set aside and substitute the Minister's decision not to revoke the cancellation</li> </ul> <p>We can't grant you this visa if we have previously granted you a subclass 485 or a subclass 476 visa as a primary visa holder.</p>
<p><b>STUDY REQUIREMENT</b></p>	<p>In the past 6 months before you applied for this visa you must have met the Australian study requirement. You will meet this if you are awarded at least one degree, diploma or trade qualification and:</p> <ul style="list-style-type: none"> <li>• your course was a CRICOS-registered course</li> <li>• you successfully completed all course requirements</li> <li>• your study was in English</li> <li>• you completed your course as a result of at least two academic years (92 weeks) study</li> <li>• you were physically in Australia for at least 16 calendar months to complete the study</li> <li>• you held an Australian study visa that allowed you to study</li> </ul> <p>To meet the 2 academic year component of the Australian study requirement, you may combine courses in some circumstances.</p>
<p><b>ELIGIBLE QUALIFICATION REQUIREMENT</b></p>	<p>The Post-study Work stream of the subclass 485 visa is for international students with eligible qualifications, regardless of their field of study. You must have also met the Australian study requirement within the past six months, which means:</p> <ul style="list-style-type: none"> <li>• your course is CRICOS-registered</li> <li>• you successfully completed all course requirements</li> <li>• your study was in English</li> <li>• you completed your study over at least two academic years (92 weeks)</li> <li>• you were physically in Australia for at least 16 calendar months to complete the study</li> <li>• you held an Australian visa that allowed you to study</li> </ul> <p><b>Qualifications</b></p> <p>The qualification that you have completed must be an eligible degree. This means a:</p> <ul style="list-style-type: none"> <li>• bachelor degree</li> <li>• bachelor (honours) degree</li> <li>• masters by coursework degree</li> <li>• masters (extended) degree</li> <li>• masters by research degree</li> <li>• doctoral degree</li> </ul> <p>If you have studied a standalone diploma or trade qualification, you are not eligible to be granted a visa in this stream.</p>
<p><b>ENGLISH LANGUAGE REQUIREMENT</b></p>	<p>You can either show us that you hold a valid passport from the United Kingdom, the United States of America, Canada, New Zealand or the Republic of Ireland, or prove your English proficiency. To do this, show us evidence that in the last 3 years, you achieved:</p> <p>Overall score of at least 6 with a minimum score of 5 for each of the 4 parts on the IELTS or equivalent level of English proficiency.</p>
<p><b>OTHER REQUIREMENTS</b></p>	<ul style="list-style-type: none"> <li>• Be under 50 years of age</li> <li>• Have adequate health insurance</li> <li>• Meet health requirements</li> <li>• Meet character requirements</li> <li>• Sign the Australia values statement</li> <li>• Have no debt to the Australian Government</li> <li>• Not have had a visa cancelled or a previous application refused</li> </ul>

Source: <https://immi.homeaffairs.gov.au/visas/getting-a-visa/visa-listing/temporary-graduate-485/post-study-work#Overview>

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