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MOVING TO THE COUNTRY: ANALYSING REGIONAL MIGRANT OUTCOMES

Elyse Dwyer, Nicholas Garvin, Gianni La Cava, Harshit Shah, and Lachlan Vass

Executive summary

Regional visas are a growing part of Australia's skilled migration system. Broadly, these visas aim to encourage migrants to regional areas to: 1) grow regional economies, including through meeting regional workforce needs; and 2) ease population pressures on major cities.

Building on previous aggregate analysis, we analyse where regional visa holders geographically locate over time and their earnings outcomes (as an indicator for their economic contribution). We find:

- The vast majority of migrants on regional visas are not as regional as the general public may expect – around 43% reside in the capital and major cities outside of Melbourne, Sydney, and Brisbane, while 32% reside in regional or remote areas. This is partially due to how policy designates a 'regional' area.
- Of those who received a regional visa, around 45% of those who remained in Australia five years later were residing in Sydney, Melbourne or Brisbane, while around 80% were living in capital cities more broadly.
- Regional visa holders earn less than other skilled permanent migrants, with earnings gaps of 10-40%. At least 50% of this earnings gap can be explained by observable factors, with a migrant's occupation a major contributor.
- Regional visa holders experience an earnings gain of around $5,000 when they move locations following expiry of their visa, though this appears lower than earnings gains in the broader population from moving locations.

Our findings highlight that migrants on regional visas earn less (potentially for reasons other than just the location they are in), while a significant number end up in major capital cities over time. If the benchmark for success is retaining most of these migrants in regional areas after their visa expires to contribute to regional economic growth, then regional policy may not be having its desired effect.

Migration is a significant part of the Australian economy. Within Australia's permanent migration program, regional visas make up a sizeable and growing share – accounting for around 18% of permanent places in 2025, up from 8% in 2014.

Despite this, regional visas have received relatively little attention compared to other parts of the migration system, such as the independent points-tested visa.[1] Existing evidence suggests that regional visas have varying success in retaining migrants in the regions, changing based on region and over time. Analysis also highlights that migrants on regional visas earn less, on average, than other permanent migrants. However, the reasons for this gap have not been analysed in detail. It may reflect differences in the types of migrants selected into these visas, the locations they are required to live and work in, or the constraints imposed by visa conditions.

In this note, we use linked administrative and Census data to examine where migrants on regional visas locate and their pathways onto and from a regional visa. We also analyse how migrants on regional visas differ from other permanent migrants in the skilled migration program, and how these differences relate to labour market outcomes (see Box 1 for a discussion of visa types). We document differences in occupations, skills, locations, and migration pathways, and quantify how much of the observed earnings gap can be explained by these factors.

Regional migrants tend to locate in the smaller capital cities

A key motivation for the regional visa program is to encourage migrants to regional areas in the hope they will settle there longer term, contributing to regional economic growth and easing population pressures in cities.[2] In order to do this, migrants need to be in regional areas, which is partly achieved through mobility restrictions that prevent migrants on these visas moving outside designated areas for a given amount of time.

1 A regional migration Discussion Paper was released by the Government in June 2024, however no further action has been taken since.
2 See https://minister.homeaffairs.gov.au/davidcoleman/Pages/new-skilled-visas-regional-australia.aspx.

Box 1: Where do regional visas sit in the Australian migration system?

The Australian migration system has two key parts – the temporary migration system and the permanent migration system. The temporary system, as its name implies, provides temporary visas to migrants that tend to be time-limited. These include visa types such as students, working holiday makers, and short-term employer-sponsored. They generally do not come with any right to remain in Australia long-term.

The permanent migration system is the way migrants gain permanent residence in Australia, and (usually) go on to citizenship. Broadly, the permanent migration program has three main components: 1) skilled visas; 2) family visas; and 3) humanitarian visas.[a] In the skilled component of the program, the biggest visa numbers are: 1) employer-sponsored; 2) independent skilled (often referred to as the points test visa); 3) regional; and 4) state-territory nominated.

The regional visa is currently a two-step visa. It is granted (and promoted) as a temporary visa that becomes a permanent visa if specified conditions are met. These conditions require migrants to reside in designated 'regional' areas for a specified period of time (typically 2-3 years). Once migrants transition to a permanent visa, they are free to move and reside anywhere in Australia. In our analysis we broadly follow this structure, defining regional visas in two ways: [b]

- Restricted: Regional visas with specific location restrictions, including visa subclasses 491, 494, 475, 487, 489, 495, 496 (temporary phase of visas).
- Unrestricted: Regional visas without binding location restrictions, including visa subclasses 106, 119, 139, 187, 191, 857, 887 (permanent phase of visas).

The definition used depends on the question at hand. We use the 'restricted' definition when examining location and migrant mobility, whereas we use the 'unrestricted' definition in our analysis of characteristics and earnings.

Regional visas are currently offered through two main mechanisms – employer-sponsored or nomination following a points test (similar in nature to the test for the independent skilled visa). We do not differentiate these, but in recent years the majority of these have been granted through the nominated stream. In our analysis, we compare outcomes of regional visa holders to two groups: 1) employer-sponsored visa holders; and 2) all other skilled visa holders (independent skilled, state-territory nominated, and a range of other small skilled visa types), which we term 'Skilled (Other)'.

The appropriate benchmark will depend on the counterfactual policy in mind, with employer-sponsored visas tending to have much higher wages and thus seen as an upper limit on potential earnings, while Skilled (Other) may more closely reflect the mixed composition of the regional visa grouping.[c]

a The size of the total permanent migration program is usually reported based on the skill and family components.
b Further details are provided in Appendix A.1.
c Another counterfactual could be less overall migration, if the regional visa program increases the overall permanent migration intake. In that case the appropriate analysis would be the costs and benefits of those additional migration places.

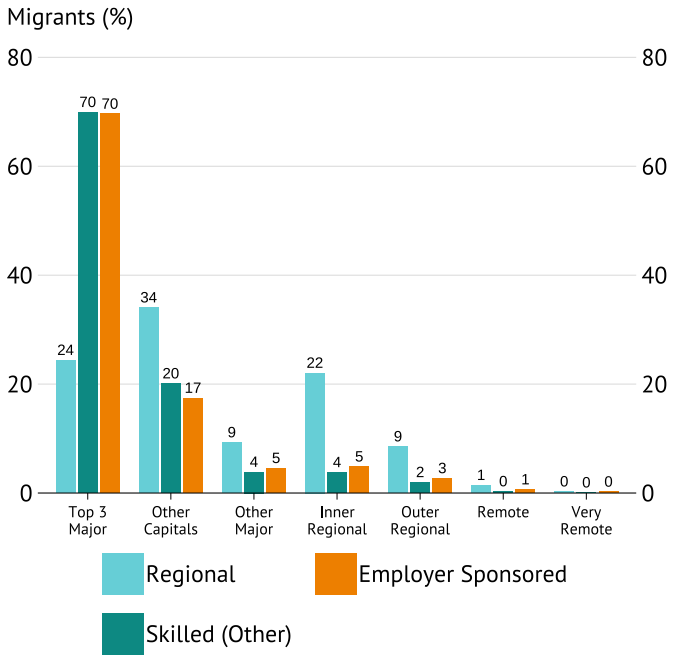
Figure 1 shows that over 75% of regional visa holders in our sample reside outside of greater Melbourne, Sydney, and Brisbane (Top 3 Major), compared to 30% for employer-sponsored and other skilled visa holders.[3,4] However, while 32% of regional visa holders are in inner regional (such as Wallacia, NSW), outer regional (such as Mount Gambier, SA), remote, or very remote areas, around 43% reside in other capital cities (capital cities excluding the Top 3 Major) or other major cities (such as Newcastle, NSW).[5]

More regional visa holders located in the major cities rather than regional or remote areas may be surprising to some, however it partially reflects policy decisions. From 2019, policy has effectively designated any area outside of Sydney, Melbourne, and Brisbane as 'regional'. It may be that population pressures are perceived to be most acute in Sydney, Melbourne, and Brisbane, and policymakers are happy with migrants being anywhere but there. However, this is not necessarily clear cut – congestion and housing costs have risen in other cities. Discussion of the value of regional visas by policymakers often points to regional

3 Migrants in Australia exhibit a strong tendency to cluster in major cities. Of permanent migrants who arrived between 2000 and 2021, 87% resided in capital cities, with over half in greater Sydney and Melbourne alone (Australian Bureau of Statistics, 2021).
4 We group locations into seven categories: Top 3 Major (Sydney, Melbourne, and Brisbane); Other Capitals (Adelaide, Perth, Hobart, Darwin, and the ACT); Other Major (non-capital metropolitan areas such as the Gold Coast and Newcastle); and four categories from the ABS remoteness structure — Inner Regional, Outer Regional, Remote, and Very Remote Australia.
5 Note, the share of regional visa holders in Top 3 Major cities is not 0% as some areas around the edges of these cities greater capital areas are considered eligible. There is also some measurement error due to lags in individuals updating their address in the data. As we cannot distinguish between these we do not include Top 3 Major in our estimates of regional visa holders living in capital cities or other major cities.

areas. This underlines the often multiple objectives at play with regional visa policy. If one goal is to contribute to economic growth in actual regional areas, our estimates highlight that the potential for this is likely more limited than perceived, given the relatively small share of regional visa holders residing in actual regional areas.

Figure 1: Geographic distribution of visa holders across Australia, by visa category (2006-2023)



* For all regional visa holders, location is determined at the time the visa is granted.
Sources: ABS; e61

Regional migrants tend to end up in metropolitan areas over time

Previous analysis has found that outside Sydney, Melbourne, Brisbane, and their satellite cities, around 70% of regional visa holders stay in their region longer-term (Laukova et al., 2025), with this varying considerably by region and cohort. We conduct similar analysis using more recent data and our geographical structure of interest. We find similar variation for those migrants who remain in Australia five years after an initial regional visa grant, by which point mobility restrictions would have been lifted (Figure 2).[6]

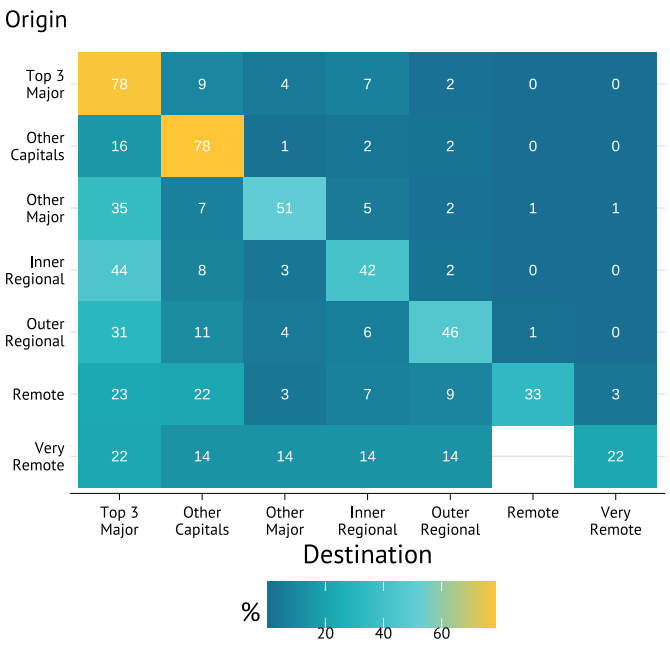
Migrants located in capital cities other than Sydney, Melbourne, and Brisbane show one of the highest retention rates (78%), suggesting that those already in larger urban centres remain strongly anchored there. Inner and outer regional migrants also exhibit moderate retention rates (42% and 46% respectively), though a notable share subsequently relocate to the three major cities. Retention falls for those starting in more remote areas — remote regions have a retention rate of 33%, while very remote regions have an equal share remaining as those who move to the Top 3 Major cities within five years.[7]

Overall, the results suggest that while regional visas initially place migrants outside the Top 3 Major cities, a meaningful share subsequently move back toward them, or end up located in other capital cities. Around 45% of those who remain in Australia five years later are in Sydney, Melbourne or Brisbane, while 80% are in capital cities more broadly.[8]

It is also informative to examine where migrants were located prior to receiving a regional visa. This sheds light on the degree to which the regional visa system may redirect migrants away from major cities, rather than simply retaining those already in regional areas. We estimate just over 50% were offshore three years before their regional visa was granted (see Figure A.7). Of those onshore, the diagonal of Figure 3 shows the share of migrants who were already residing in the same region three years before their regional visa was granted.

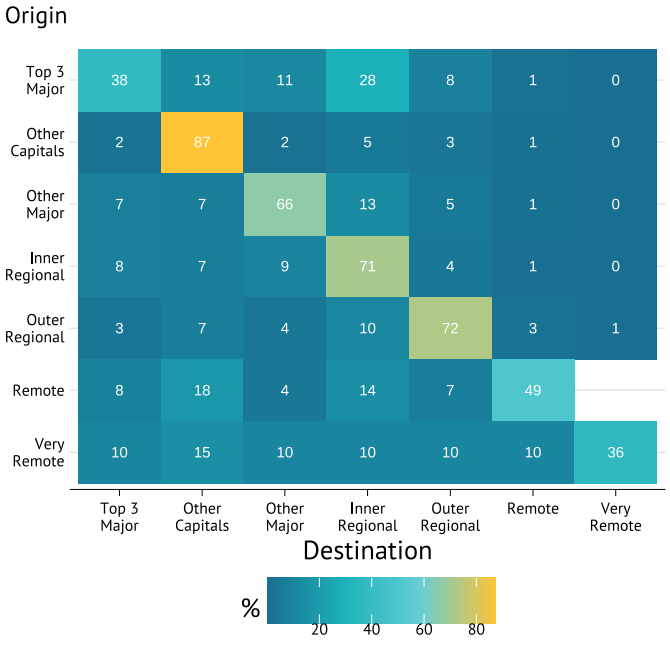
6 Mobility restrictions typically last 2-3 years.
7 However, very few regional visa holders are initially located in these areas. See Figure 1 for the distribution of regional visa holders across regions.
8 Noting there is a natural tendency towards capital cities, as seen by 87% of employer sponsored visa holders and 90% of other skilled visa holders locating there. Around 68% of the Australian population currently resides in capital cities.

Figure 2: Retention of regional visa holders 5 years after visa grant



* Rows sum to 100%
** Numbers denote the percentage of migrants from each origin region that settled in the respective destination region.
*** Origin location is the location in the year of regional visa grant.
Sources: ABS; e61

Figure 3: Movement of regional visa holders 3 years before visa grant



* Rows sum to 100%
** Numbers denote the percentage of migrants from each origin region that settled in the respective destination region.
*** Destination location is the location in the year of regional visa grant.
Sources: ABS; e61

Of regional visa holders that were in the country three years earlier, the majority were already residing in their destination region at the time of visa grant — 87% of those placed in other capital cities, 71% in inner regional areas, and 72% in outer regional areas had been living there prior to receiving the visa. However, a significant share of onshore regional visa applicants already being located in the same area prior to getting a regional visa isn't necessarily a policy failure — the initial decision to locate in a designated regional area may itself have been motivated by the availability of a future regional visa. And a substantial number of regional visa holders come from offshore.

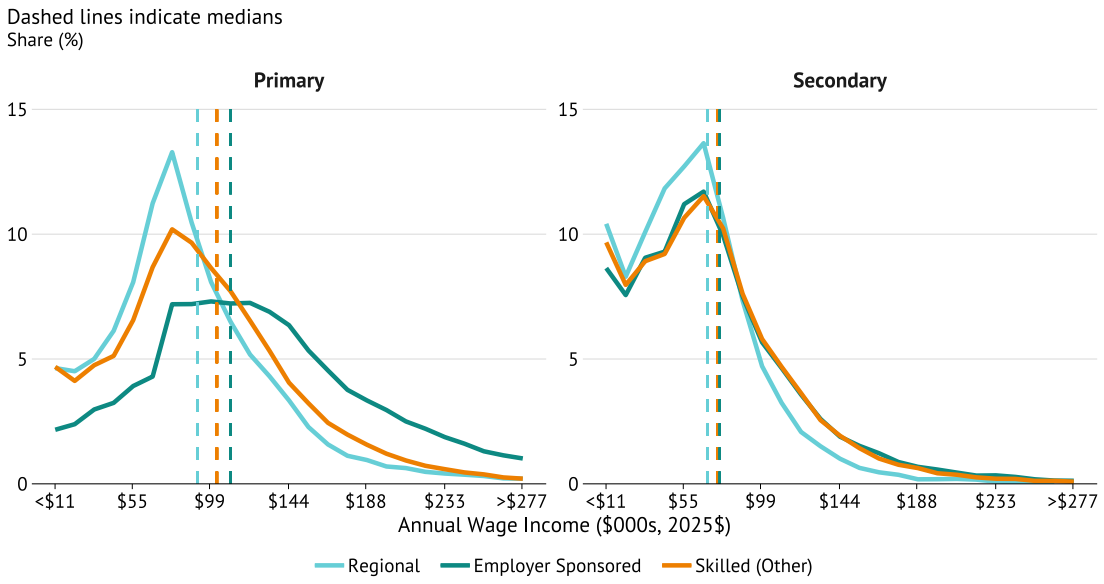
Among regional visa holders that were initially in the top three major cities, 28% relocated to inner regional areas, with the remainder distributed across other cities and outer regional areas. Overall, when movement did occur, inner regional areas and other capitals were the predominant destination.

Regional visa holders earn less than other skilled migrants

A migrant's earnings are one proxy for their economic contribution to a region, with wages correlated with the economic value of the work they do.[9] Coates et al. (2024) highlight that the average regional visa holder earns around $24,000 less than a similar aged skilled migrant.

Building on this, we examine the full distribution of earnings across visa categories in 2016 (Figure 4).[10] We find that migrants on regional visas earned 40% less on average than those on employer-sponsored visas and 10% less than those on other skilled visas. As discussed in Box 1, regional visas can be employer-sponsored or points-tested, so the fact that they earn less than both of these other visa types makes clear that regional visa holders earn less on average.

Figure 4: Distribution of annual employment earnings in 2016 by visa category



Sources: ABS; e61

The shape of the distributions varies systematically across visa types. For primary earners, employer-sponsored migrants have a more dispersed distribution with more workers at higher incomes, including well beyond $150,000 of earnings. By contrast, regional and other skilled migrants display a more concentrated distribution around $70,000–100,000, with relatively few workers at higher incomes.

The earnings differences appear to be more pronounced for primary visa holders (i.e. the individual applying for the visa). Most permanent visas allow secondary applicants, such as partners and children, who can also apply to come on the same

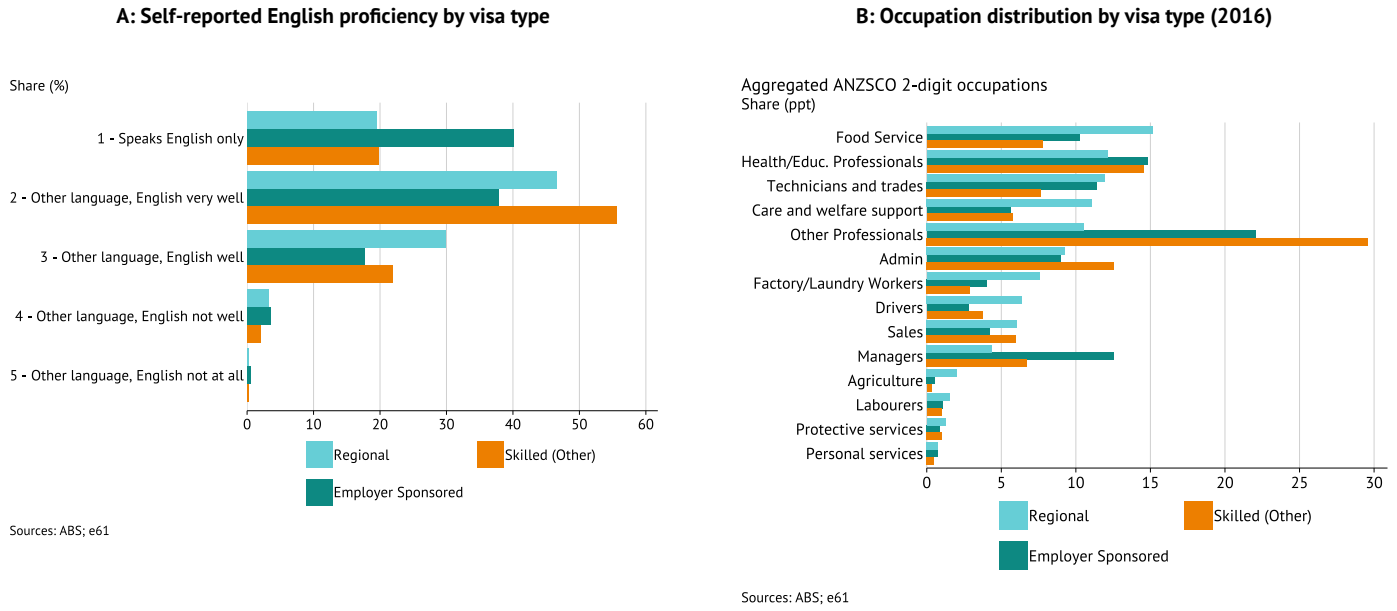
9 Note that this is not a perfect link, and there may be factors (such as bargaining power, differential living costs) that may affect this link. Thus it is used as an indicator. Subsequent analysis attempts to address some of these factors through controlling for location, industry, and occupation.
10 We use data from 2016 as it allows us to obtain rich demographic information from the Census in that year. The 2021 Census would provide more up-to-date information, including reflecting on changes to regional visa policy since and any compositional differences. However, using the 2021 Census would restrict the sample of individuals we could subsequently track, and the period of time we could track for.

visa.[11] Regional secondary visa holders earn, on average, around 10% less than secondary holders of other skilled visas. The more substantial difference is between primary and secondary visa holders across all skilled visa types, with an average difference of around 30%.

Earnings differences can be partly explained by observable differences across migrants

Part of the earnings gap reflects things we can observe about regional migrants – these can be inherent characteristics (such as age and gender) as well as observed outcomes (such as the type of job they are in). For example, regional visa holders have lower levels of self-reported English proficiency than other skilled visas (Figure 5A) – we would expect English skills to matter for the set of jobs available to migrants, and therefore their potential earnings outcomes. Regional visa holders are also less likely to work in professional occupations and more likely to be in lower-paying roles, particularly in services sectors.

Figure 5: Distribution of migrant labour characteristics

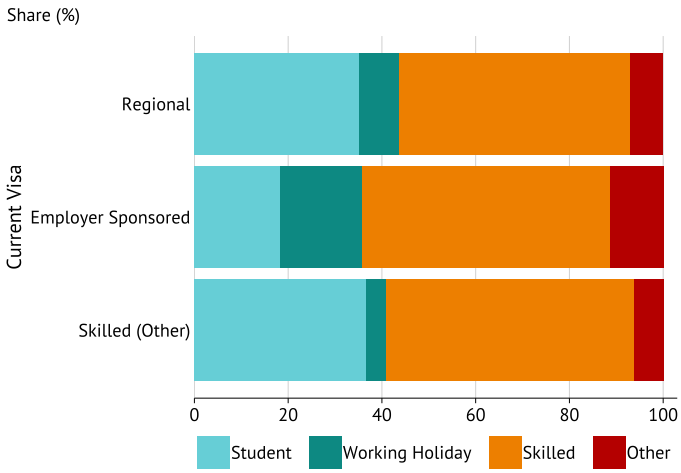


In some ways this clustering in lower-paying occupations may be surprising, as many regional visa holders hold an Australian tertiary qualification. In fact, in our sample, a third of regional visa holders initially enter Australia via the student visa program, at a much higher rate than employer sponsored visas (Figure 6).[12,13] This suggests that many regional migrants may be under-employed relative to their qualifications, and aligns with broader concerns about occupational down-skilling (Varela & Breunig, 2024) and student visa pathways not translating to strong longer-term labour market outcomes (Coates et al., 2023).

Student visas allow individuals to reside in Australia while undertaking full-time study, with limited work rights. Working Holiday Maker (WHM) visas are short-term visas that permit travel and casual work, often in lower-skilled or seasonal roles. In contrast, skilled visas (including employer-sponsored and points-tested visas) are designed to attract workers into jobs aligned with their qualifications, typically offering longer-term or permanent residency. These differences in work rights and job matching may help explain why migrants transitioning from student or WHM visas are more likely to begin in lower-paying occupations.

11 Our analysis of secondary visa holders is restricted to those between the ages of 25-60. Both primary and secondary visa holders who do not work are not included in our analysis as their income will be $0, with this more pronounced among secondary applicants. The share of secondary applicants who work is similar across employer-sponsored and regional visas, but is lower for other skilled visas – see A.5.
12 This excludes travel visas.
13 If not applying from offshore, most regional visa holders move directly from a student or graduate visa (Appendix A.6).

Figure 6: First visa by current visa type



To understand how much of the earnings gap between regional visa holders and other skilled visa holders can be explained by observable factors, we undertake a Gelbach decomposition (Gelbach, 2016). This method quantifies the contribution of each observable characteristic to the earnings difference between the two groups. Intuitively, it asks: when we add a given set of controls to a regression of earnings on visa type, how much does the coefficient on regional visa status change, and which controls account for that change?[14]

We find that compositional differences across visa types explain a large share of the observed wage gap (Figure 7). Around half of the gap between regional and employer-sponsored earnings is accounted for by observable differences, while almost the entirety of the gap with other skilled visa holders is accounted for. Occupation explains the largest component of the gap, around 25% compared to employer-sponsored migrants. To a lesser extent, industry worked in also appears important, though there's likely some combined selection into occupation and industry.

Once we account for these factors, the region a worker is in itself explains relatively little of the remaining difference.[15] That is, regional migrants do not appear to earn less simply because they are in areas that they are restricted to due to their visa. This could be partly due to where 'regional' migrants are allowed to locate - as highlighted earlier in the note, a large share are in other capital and major cities, meaning they may be able to access labour markets that are not too dissimilar to migrants on untied visas.

There are two additional potential (related) forces that could explain this phenomena:

1. The regional visa scheme constrains the occupations and industries available to migrants through the region to which they are restricted, meaning the impact of the regional restriction is mediated through the occupation and industry variables.
2. Migrants with poorer labour market prospects upon finishing a student or graduate visa, sort into the regional visa scheme.

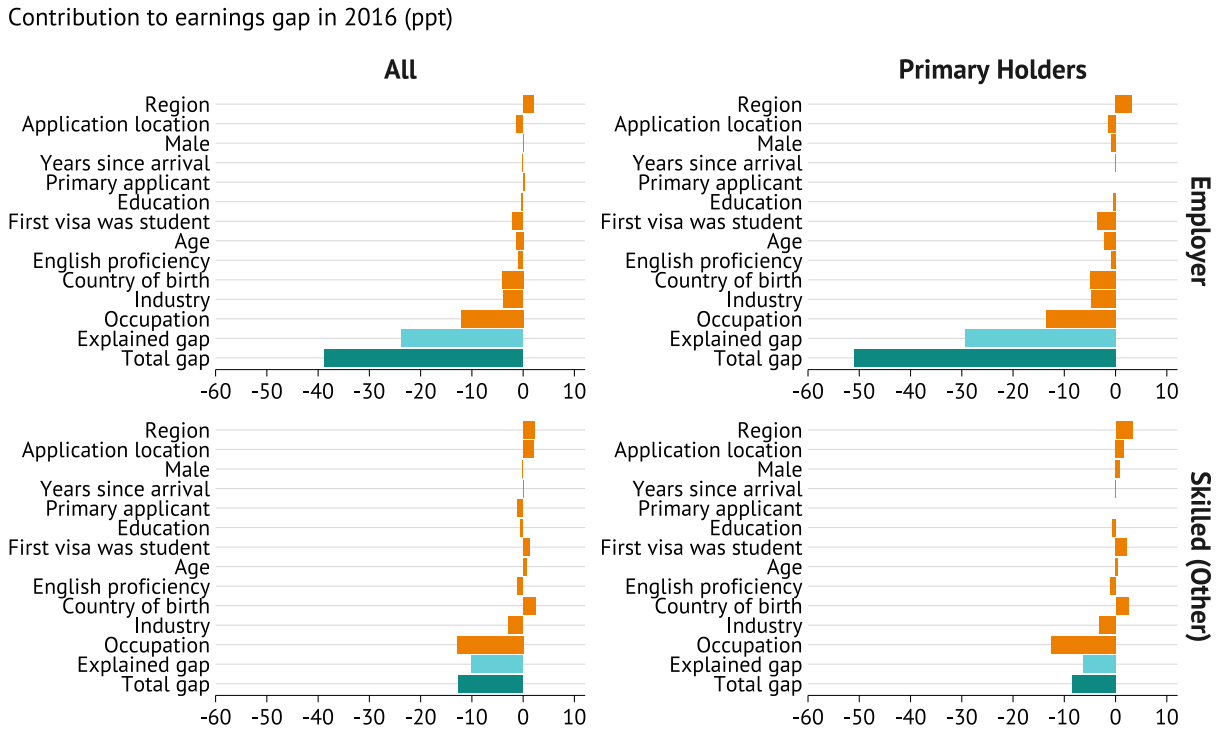
The second of these two forces could also be at play in the unexplained gap in wages. This is particularly important for regional visa holders wages relative to employer-sponsored visa holders - accounting for around 44% of the total gap. This could be due to selection effects, where lower ability migrants, or those with poorer labour market prospects, select into the regional visa. Interestingly, the unexplained gap relative to other skilled visas is quite small, though this could be due to negative selection effects being mediated through occupation and industry selection.

It's worth noting a key dimension underlying these differences is whether the migrant is a primary or secondary visa holder. The earnings gap is largely driven by primary visa holders. Secondary visa holders on regional visas have earnings that are both lower on average and broadly similar across visa categories.

14 See Appendix A.1 for more detail on the data and variables used, and Appendix A.2 for more detail on the Gelbach decomposition methodology.
15 We group locations into seven categories: Top 3 Major (Sydney, Melbourne, and Brisbane); Other Capitals (Adelaide, Perth, Hobart, Darwin, and the ACT); Other Major (non-capital metropolitan areas such as the Gold Coast and Newcastle); and four categories from the ABS remoteness structure — Inner Regional, Outer Regional, Remote, and Very Remote Australia.

This likely reflects the different role secondary applicants play in the migration decision across visa types. Secondary visa holders are less directly selected on labour market characteristics and are more likely to have weaker attachment to the labour market (e.g. due to caregiving responsibilities, or because their visa status is tied to a primary applicant's employment). As a result, their earnings are lower and appear less sensitive to the specific visa pathway. By contrast, primary visa holders are more tightly selected on observable labour market characteristics, particularly for employer-sponsored visas.

Figure 7: Gelbach decompositions of differences in log earnings



Sources: ABS; e61

Income increases following visa expiry and subsequent relocation

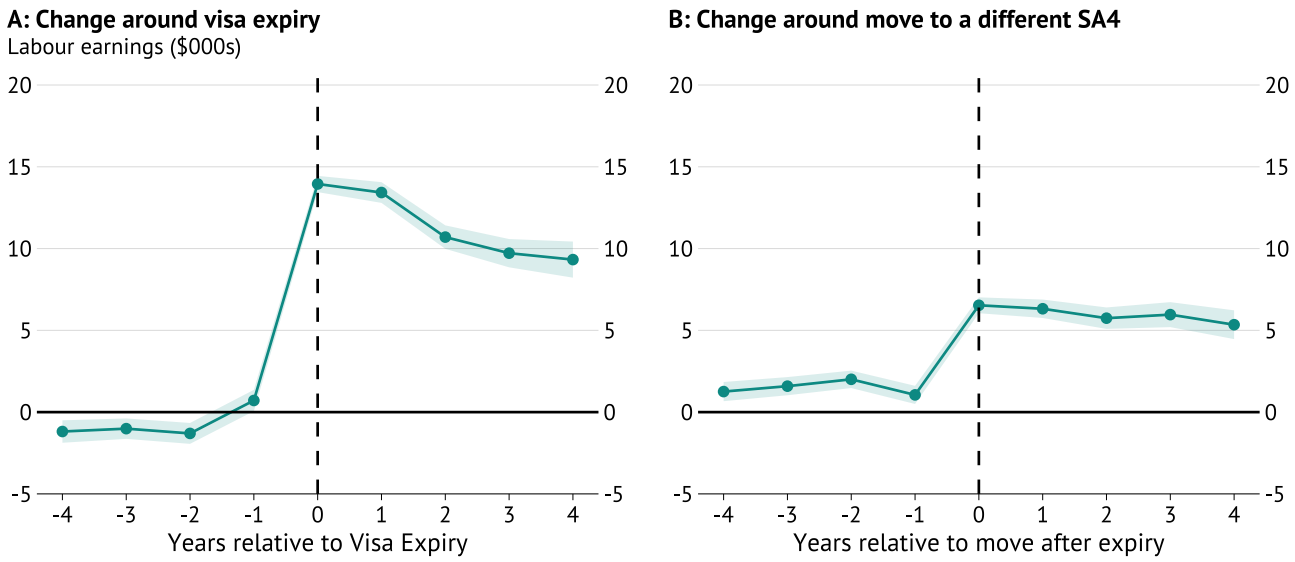
A concern with regional visas is that mobility restrictions may prevent visa holders from pursuing more productive and higher-paying work opportunities elsewhere. To understand whether these restrictions may be associated with wage changes - without making causal claims – we analyse two distinct events. First, we track income trajectories around the expiry of the regional visa (that has mobility restrictions associated with it), comparing those whose mobility restrictions are lifted against those who remain bound by restrictions (Figure 8, Panel A). Second, we examine the wage outcomes of those who choose to move upon visa expiry relative to those who stay (Figure 8, Panel B).[16]

Panel A shows that labour earnings of regional visa holders rise sharply by around $14,000 at the point of visa expiry, before gradually declining to around $10,000 higher four years after visa expiry. This sharp discontinuity at expiry appears consistent with two hypotheses.

The first is a mobility-constraint hypothesis: while bound to regional areas, migrants are limited to employers and locations within their designated region — which may constrain their earnings. Once the mobility restriction is lifted at expiry, they may gain access to broader employment opportunities including those that better match with their skills. The second is a permanent visa premium hypothesis: regional visas are technically temporary visas, and expiry typically coincides with transition to a permanent visa. Existing analysis documents wage inequities associated with temporary residency, stemming from lesser job security, weaker bargaining power, and restricted access to a wider range of employers (Clibborn & Wright, 2022). The observed earnings jump at visa expiry may reflect a permanent visa premium rather than the removal of geographic restrictions alone.[17]

16 See Appendix A.3 for more detail on the event study design.
17 Kroft et al. (2026) estimate around a 3% earnings gain three years after Canadian temporary foreign workers obtain permanent residency.

Figure 8: Event-study estimates of labour earnings



* Relative to regional migrants whose visa has not yet expired

* Relative to regional migrants who do not move SA4 after visa expiry

Sources: ABS; e61

Panel B allows us to explore these potential factors in more detail. Within the group of regional migrants whose visas expire, we compare those who move to those who do not – both should similarly receive any wage premium from becoming a permanent resident. We find that the observed income jump around visa expiry is in-part associated with subsequent relocation. The earnings gap rises sharply by around $5,000 upon relocation and remains broadly stable thereafter, suggesting that moving to a different SA4 is associated with a persistent improvement in labour earnings.[18] Given Figure 2 shows the majority of post-expiry moves are directed toward capital cities, these results suggest the existence of an urban wage premium that regional visa holders may be better able to access once their restriction period ends and geographic relocation becomes possible. However, this gain is small compared to gains from regional to city movements amongst the broader population (Brennan et al., 2024).[19]

Accounting for housing costs doesn't appear to substantially change gains from moving

While moving may offer some degree of greater economic opportunity, there can also be costs - such as higher housing costs. Housing costs are likely one of the major costs that can differ substantially across regions. To ensure our analysis of wage gains does not misstate real improvements, we re-estimate our event study approach using labour earnings net of housing costs. We proxy for housing costs by using average rents at the SA2 level, derived from tax data on rental properties.

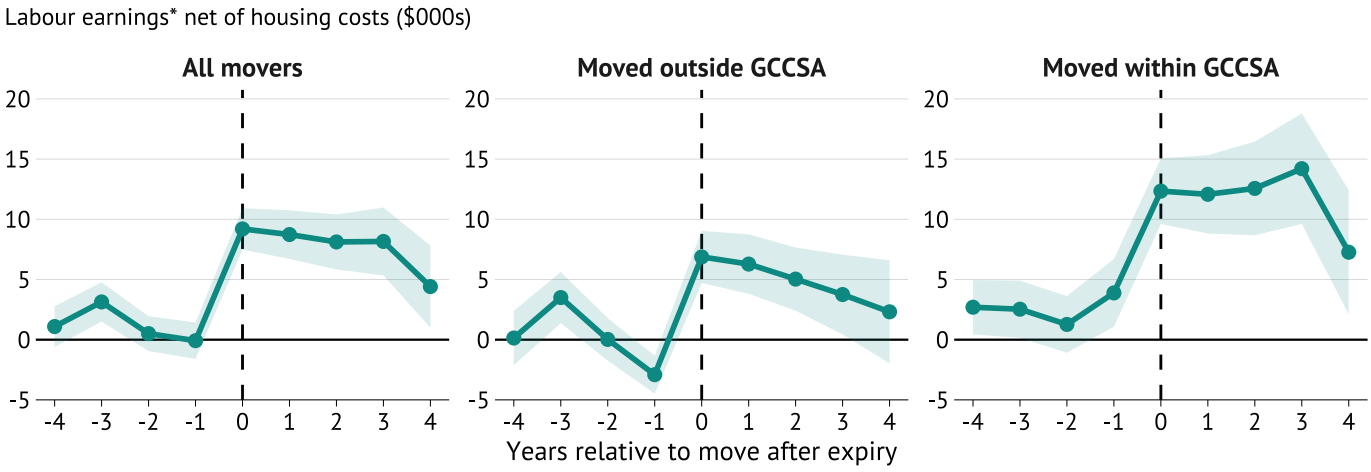
The results suggest that incorporating housing costs does not materially alter the overall pattern (Figure 9). For all movers, earnings net of housing costs still rise sharply following a move, with gains of around $9,000 in the years immediately after. This is slightly higher than the baseline results, indicating that, on average, rents are cheaper following a move.

When we split out these moves into whether the move was across or within greater capital city areas we find that those who changed areas actually gain less than the baseline. This suggests that for those who make larger moves after visa expiry, some of the income gains associated with the move are absorbed by higher housing costs. While those who move within areas see gains greater than the baseline, as they may move into more affordable areas.[20]

18 SA4 (Statistical Area Level 4) is the largest sub-state unit in the ABS Australian Statistical Geography Standard. Each SA4 is designed to represent a functional labour market, with populations typically between 100,000 and 500,000. SA4s are built up from smaller units, including SA2s (Statistical Area Level 2), which are much finer — averaging around 10,000 people and designed to represent a community that interacts socially and economically.
19 Noting the average mover in the population may have different characteristics to the average regional migrant mover, which may partly explain some of the smaller gains for regional migrants.
20 This may occur as we are proxying housing costs from the average observed rents for the SA2 they are in and then move to. If, upon gaining permanent residency, migrants move areas to now purchase a house, it's plausible the area they move to will have lower rents on average than the area they were in.

Taken together, our analysis of movers suggests that there are economic gains from moving once mobility restrictions are removed, however, these gains are smaller than in the broader population and larger for those who do not move far. This suggests that factors affecting initial selection into the visa, rather than the geographic movement restrictions, may be more important for understanding why migrants on regional visas earn less.

Figure 9: Event-study estimates of net income around SA4 moves



* Relative to regional migrants who do not move SA4s after visa expiry
Sources: ABS; e61

What does this mean for policy?

Recent policy reviews, including the Review of the Migration System (Parkinson et al., 2023), have been clear that Australia's migration system is not delivering its full economic potential. In a migration program where overall numbers are constrained (such as in Australia's permanent migration program), maximising the economic contribution of those selected is an important policy goal. Our findings suggest that migrants on regional visas earn less (one indicator of economic contribution), with this predominantly associated with the occupations and sectors they work in.

This suggests a potential trade-off in regional migrant policy, where a regional visa recipient takes the place of a different skilled visa applicant – lower earnings but potentially more migrants to the regions, where population pressures may be lower. But we find a number of regional migrants located in capital cities initially, or moving to them over time.

This points to two main areas to consider for reform. First, how the occupation lists operate. They currently appear to be facilitating regional migrants into lower-paying occupations, suggesting they could be improved. This could involve investigating a greater role for income in selecting migrants, for example through a minimum income threshold for employer-sponsored regional visas. Second, whether employers should be given a greater role in regional visa selection. They currently account for a small share of regional visas, but would offer a more natural ongoing economic link to the region. Broader consideration of the role the regional visa plays in Australia's permanent migration system, including whether some of its spots could be better allocated elsewhere, could be beneficial.

This analysis provides descriptive evidence on the earnings outcomes for regional visa holders, and potential explanatory factors. Future work would benefit from: updating the analysis using the 2021 Census to provide a more up-to-date picture; undertaking more causal analysis of the effect of the regional visa; analysing the differences within the regional visa class between employer-sponsored and nominated visas; and exploring other economic outcomes of interest, such as labour force attachment, skill mismatch (and downskilling), and broader measures of housing costs.

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A.1. Data construction

This note uses linked administrative and Census data to examine the labour market outcomes of migrants on regional visas. The analysis draws on the Person Level Integrated Data Asset (PLIDA), which links individual-level information from the Australian Taxation Office (ATO), Department of Home Affairs (HA), and the Census.

A.1.1 Visa administrative data

We focus on migrants observed in administrative data, with visa information sourced from HA, and locations and labour market outcomes from ATO tax records. The main analysis centres on individuals holding a regional visa, defined as visa subclasses that impose a requirement to live, work, or study in a non-metropolitan area as a condition of residency. For consistency with other data compilation methods, we record an individual's visa held at the end of a financial year.

For the purposes of this paper, regional visas include both legacy and current subclasses. The restricted regional visas include: subclass 494 (Skilled Employer Sponsored Regional (Provisional)); 491 (Skilled Work Regional (Provisional)); 489 (Skilled — Regional Sponsored); 475 (Skilled — Regional Sponsored); 487 (Skilled — Regional Sponsored); 495 (Skilled — Independent Regional (Provisional)); and 496 (Skilled — Designated Area Sponsored). The unrestricted regional visas include: subclass 106 (Regional Linked); 119 (Regional Sponsored Migration Scheme); 139 (Skilled-Designated Area); 187 (Regional Sponsored Migration Scheme); 191 (Permanent Residence (Skilled Regional)); 857 (Regional Sponsored Migration Scheme); and 887 (Skilled-Regional). Where relevant, we also consider transitions to permanent residency following these visas.

The visa administrative data allows us to observe:

- The history of visa subclasses for a migrant from 1990 (we exclude tourist visas)
- Whether the individual is a primary or secondary visa holder
- Whether the individual applied for the visa offshore
- Which citizenship the individual holds

A.1.2 Census data

We supplement the variables we can observe on migrants in the HA data with a broader suite of covariates available in the 2016 Census:

- Self-reported English proficiency
- Highest level of education attained
- Occupation
- Year arrived in Australia
- Country of birth

This restricts us to comparing migrants who responded to the 2016 Census. Thus, when comparisons using census variables are employed, we restrict the sample to the financial year 2015-2016.

A.1.3 Labour market outcomes

Labour market outcomes are measured using annual employment income from PAYG tax records. We focus on total labour earnings (summed across employers) in a given financial year. Throughout the analysis, earnings are examined both in levels and in log terms.

To identify the industry of a migrant, we use the PLIDA-BLADE linkage which records employment relationships between migrants and employers using PAYG records. We employ the industry classification (as reported in the employer tax return) from the highest-paying employer that financial year.

To account for potential differences in cost of living across locations, we also construct a measure of income net of housing costs. Housing costs are proxied using average rents at the SA2 level, drawn from the ATO's rental property schedule, which records rental income for a property in a given year.

A.1.4 Location and mobility

Individuals are assigned to geographic regions using address information observed in ABS administrative data. Locations are mapped to Australian Statistical Geography Standard (ASGS) regions, with a focus on SA4 areas for the analysis of mobility and earnings dynamics.

We group locations into a few broad categories: the three largest capital cities (Sydney, Melbourne, and Brisbane), other capital cities (Perth, Adelaide, etc.), non-capital metro areas (Gold Coast, Newcastle, etc), inner and outer regional areas, and remote areas.

To study mobility, we track individuals' location at the end of the financial year and identify changes in their region of residence. We examine movements both before and after the grant of a regional visa, as well as following visa expiry, to assess how geographic restrictions and their removal relate to labour market outcomes.

A.2. Gelbach decompositions

To better understand why migrants on regional visas earn differently to other groups, we decompose the observed earnings gap into the contribution of different observable characteristics. We do this using the Gelbach decomposition.[21]

Set-up

Let Y_i denote log annual earnings for individual i, and let D_i be an indicator equal to one if the individual is a regional visa holder and zero if they belong to the comparison group. Consider the *short* regression:

$$Y_i = \alpha^s + \beta^s D_i + u_i \tag{1}$$

The coefficient β^s is the raw earnings gap between regional migrants and the comparison group. In our application, this is the *total gap* shown in the decomposition charts.

Next consider the *long* regression, which adds a vector of controls X_i:

$$Y_i = \alpha^\ell + \beta^\ell D_i + X_i'\gamma + \varepsilon_i \tag{2}$$

Here, β^ℓ is the earnings gap conditional on the observed characteristics in X_i. The difference between the short and long regression coefficients,

$$\beta^s - \beta^\ell, \tag{3}$$

is the part of the raw gap that can be explained by the included controls.

The Gelbach decomposition

Gelbach's key result is that the change in the coefficient on D_i after adding controls can be decomposed exactly into the contribution of each control, or group of controls. Suppose X_i is partitioned into K groups:

$$X_i = \left(X_{i1}', X_{i2}', \ldots, X_{iK}'\right)'.$$

Then:

$$\beta^s - \beta^\ell = \sum_{k=1}^{K} \delta_k \tag{4}$$

21 Gelbach (2016) shows how the change in a coefficient after adding controls can be exactly attributed to groups of covariates using the omitted variables bias formula.

where δ_k is the contribution of control group k to the explained portion of the gap.

A convenient way to express this is through the omitted variables bias formula. Let π_k be the coefficient from a regression of the control group X_{ik} on the indicator D_i and any other included controls. Then the contribution of group k is:

$$\delta_k = \pi_k' \gamma_k \tag{5}$$

where γ_k is the coefficient vector on that control group in the long regression.

This gives a simple interpretation. A covariate contributes to the earnings gap when two things are true:

1. regional migrants differ from the comparison group in that characteristic; and
2. that characteristic is associated with earnings.

For example, occupation will explain part of the earnings gap if regional migrants are employed in different occupations and those occupations pay differently on average.

Why use Gelbach rather than Oaxaca–Blinder?

A more traditional way to decompose differences between groups is the Oaxaca–Blinder decomposition. That approach is useful when the objective is to split a mean outcome gap into an "explained" part due to differences in characteristics and an "unexplained" part due to differences in returns to those characteristics.

However, for the purposes of this note, the Gelbach decomposition has three practical advantages.

1. It directly attributes coefficient movements in a regression.

Our object of interest is the change in the coefficient on the regional visa indicator as controls are added. Gelbach is designed exactly for this purpose. It tells us how much of that change is attributable to occupation, education, English proficiency, location, and other factors.

2. It is invariant to the order in which controls are added.

With sequential regressions, the apparent contribution of a covariate can depend on which controls are added first. Gelbach avoids this path dependence by providing an exact decomposition of the full change in the coefficient. This is particularly helpful when controls are correlated, as they are in our approach.

3. It handles grouped high-dimensional controls cleanly.

Many of our controls are sets of indicator variables: occupations, industries, countries of birth, and regions. Oaxaca–Blinder decompositions can become cumbersome in these settings, particularly when the goal is to communicate contributions at the level of variable groups rather than individual dummy coefficients. Gelbach provides a natural way to aggregate contributions into interpretable blocks such as "occupation" or "English proficiency".

A.3. Event Study Design

To better understand how outcomes evolve around the time of visa expiry or move after expiry, we estimate an event study using the difference-in-differences framework of Callaway and Sant'Anna (2021). This approach allows us to trace out the dynamic effects of treatment over time while accounting for staggered treatment adoption across individuals, noting we do not claim the impact is necessarily causal.

Set-up

Let Y_{it} denote the annual earnings for individual i in year t, and let G_i denote the period in which individual i is first treated. We consider two distinct treatments. The first is *visa expiry*, where G_i is defined as the last year in which individual i is observed on a regional visa. The second is *post-expiry regional departure*, where G_i is defined as the first year in which individual i is observed residing in an SA4 region different to the one they occupied in the year prior to visa expiry.

The control groups differ across the two analyses. For the visa expiry analysis, individuals that have not yet experienced visa expiry serve as the control group at each point in time. For the regional movement analysis, individuals who never relocate to a different SA4 region serve as the control group.

The object of interest is the average treatment effect at each period e relative to the onset of treatment, where $e = t - G_i$ is event-time. Negative values of e correspond to years before the treatment event, and positive values correspond to years after.

Estimating dynamic treatment effects using a standard event-study regression framework using OLS produces biased estimates under heterogeneous treatment effects when treatment is staggered (i.e. individuals' visa expiry and relocation occur in different years). We follow Callaway and Sant'Anna (2021) and Sant'Anna and Zhao (2020) and recover each pre/post treatment period β_e from cohort-specific average treatment effects. The core building block is the group-time average treatment effect:

$$ATT(g,t) = \mathbb{E}\left[Y_t(g) - Y_t(0) \mid G_g = 1\right], \quad \text{for } t \geq g \tag{6}$$

which is the average treatment effect for the group of individuals first treated at period g in year t. Each $ATT(g,t)$ is estimated using a doubly-robust estimator (Sant'Anna & Zhao, 2020).

The event-study coefficients are then recovered by aggregating cohort-specific effects across all cohorts that contribute to event-time e:

$$\beta_e = ATT(e) = \sum_g w_g^e \cdot ATT(g, g+e), \tag{7}$$

For post-treatment estimates, the period immediately before treatment $G_i - 1$ serves as the pre-treatment base. For pre-treatment estimates, the estimator uses each period's lag as the local base ($t - 1$). For exact specification of the weights w_g^e and more details on the estimation technique, see Callaway and Sant'Anna (2021). Robust and asymptotic standard errors using influence functions are estimated for all specifications.

We restrict the sample to migrants continuously observed on a single regional visa and with valid location information across years. We further retain only individuals with complete consecutive earnings histories. Because employment status is unobserved, assigning zero earnings to missing observations would confound non-employment with temporary absence from Australia. Finally, we require at least one pre-treatment year, the treatment year, and at least one post-treatment year.

A.4. Related literature

A growing Australian literature has examined why migrants on different visa pathways experience divergent labour market outcomes. A consistent theme is that differences in earnings are driven less by location alone and more by selection, skills, and the types of jobs migrants are able to access. This distinction is particularly relevant in the context of regional migration policy, which is often framed as a place-based intervention.

Using linked administrative data, recent work shows that migrant outcomes vary systematically with visa category, prior temporary visa history, and labour market characteristics. Migrants who enter through temporary pathways, particularly student and graduate visas, tend to experience weaker initial job matches, with persistent effects on earnings over time (Varela & Breunig, 2024). This evidence points to the importance of early labour market attachment and suggests that visa pathways play a central role in shaping long-run outcomes.

A related strand of the literature focuses on the effectiveness of regional migration policies in directing migrants to, and retaining them in, non-metropolitan areas. While visa-based dispersal policies do succeed in shifting the initial location decisions of migrants, their effects appear to weaken over time. Migrants on regional visas are less likely to remain in regional areas once visa conditions expire, and retention is highly sensitive to local labour market opportunities (Argent et al., 2025; Laukova et al., 2025). In particular, retention tends to be higher in areas with more diverse occupational structures and stronger local networks, suggesting that economic opportunities play an important role in long-term regional settlement.

This aligns with a broader literature emphasising that migrant outcomes depend on the interaction between individual characteristics and local conditions. Decisions to remain in regional areas are shaped not only by visa settings, but also by access

to employment, housing, and social infrastructure (Beauchamp & McMahon, 2023; Boese, 2023). From this perspective, geographic restrictions alone are unlikely to generate sustained regional populations without complementary policies that support labour market integration.

Policy-focused research in Australia has increasingly drawn attention to the role of selection in driving migrant outcomes. Recent work argues that Australia's migration system does not consistently prioritise characteristics associated with strong labour market performance, and that some visa streams, including regional and state-based points-tested visas, may select migrants with weaker expected earnings (Coates et al., 2022, 2024). This has led to calls for a simpler system that places greater weight on skills, earnings potential, and employer demand.

These concerns are echoed in recent government reviews. The Review of the Migration System highlights that the current framework is complex and not well aligned with long-term economic objectives, and raises concerns that some pathways are not delivering strong employment outcomes (Department of Home Affairs, 2023). Similarly, the discussion paper on regional migration settings emphasises that the policy is attempting to achieve multiple objectives, including population distribution and addressing skills shortages, which may be in tension (Department of Home Affairs, 2024).

Taken together, the literature suggests that regional migration policy cannot be understood purely as a place-based intervention. While visa settings can influence where migrants initially locate, their long-run economic outcomes are shaped by selection into the visa, the pathways through which they enter the labour market, and the opportunities available in destination regions. This motivates the approach taken in this paper, which seeks to disentangle the role of location from differences in characteristics and migration pathways.

A.5. The history of regional visas

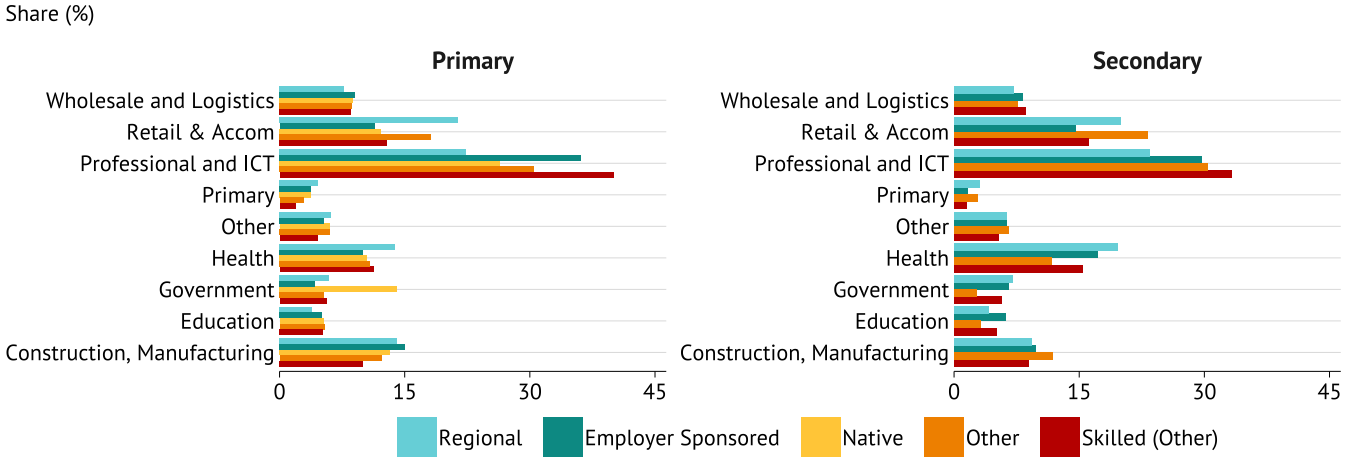
From the late 1990s, visas like the Regional Sponsored Migration Scheme (subclass 187) and state-nominated pathways began directing migrants to non-metropolitan areas. The system was substantially overhauled in November 2019, when new provisional visas (subclasses 491 and 494) replaced earlier programs and more tightly linked temporary residence in designated areas to a pathway to permanent residency.

The definition of "regional" has shifted over time. Prior to 2019, eligibility was based on a narrower list of "regional or low population growth" areas, which excluded not just Sydney, Melbourne, and Brisbane, but also other larger cities like Perth and the Gold Coast. With the November 2019 reforms, the government formally broadened the definition so that all locations outside Sydney, Melbourne, and Brisbane were classified as "regional" for migration purposes

A.6. Additional figures

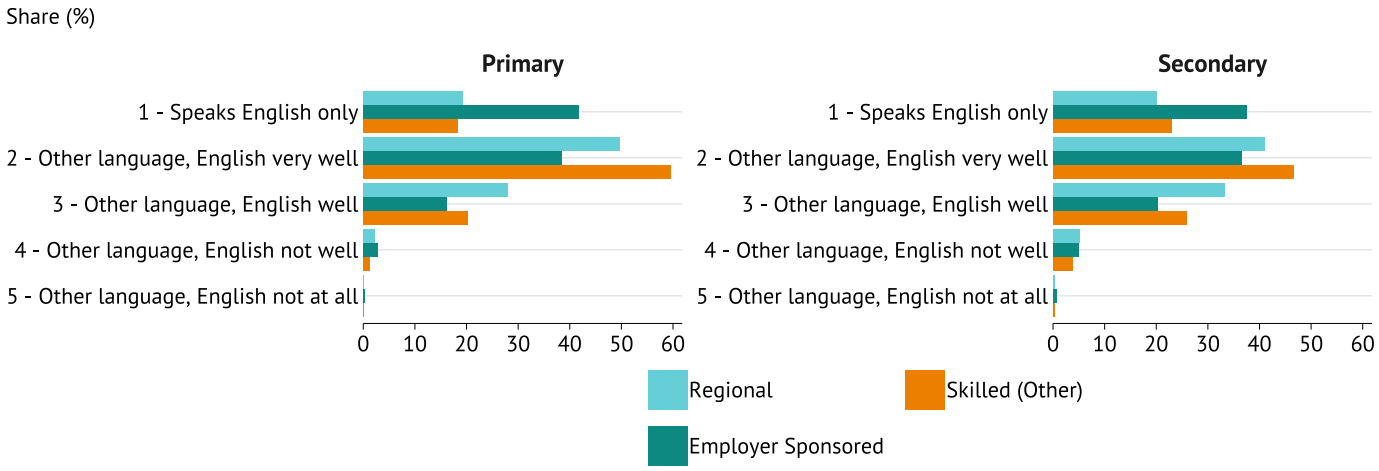
A.6.1 Descriptives

Figure A.1: Industry distribution by visa type (2016)



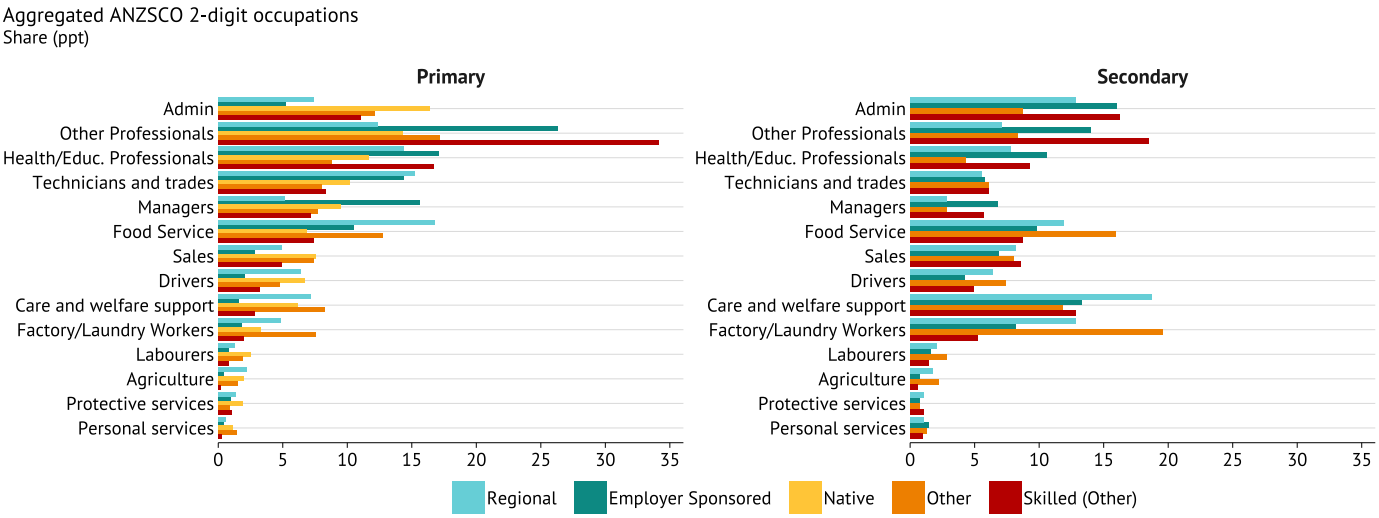
Sources: ABS; e61

Figure A.3: Self-reported English proficiency by visa type



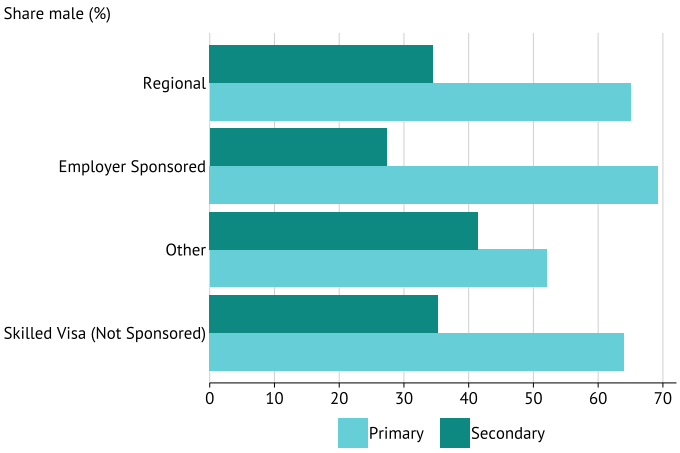
Sources: ABS; e61

Figure A.2: Broad occupation distribution by visa type (2016)



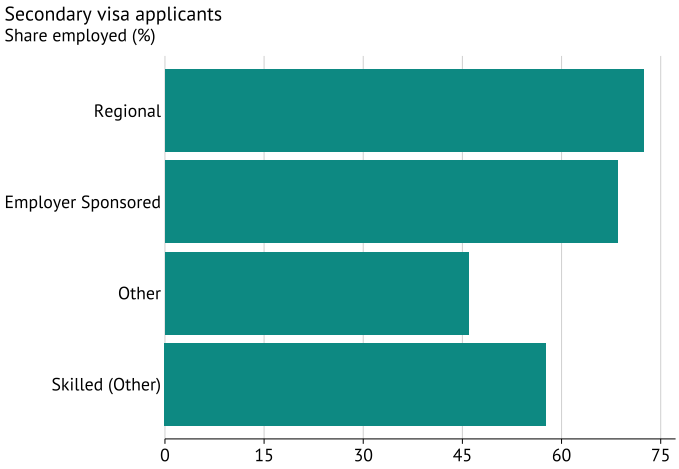
Sources: ABS; e61

Figure A.4: Male share by visa type



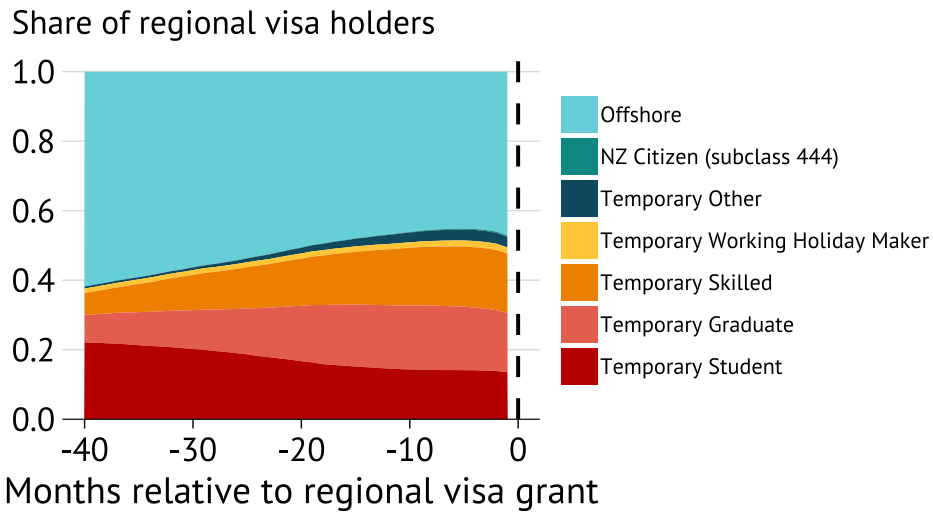
Sources: ABS; e61

Figure A.5: Share employed by visa type



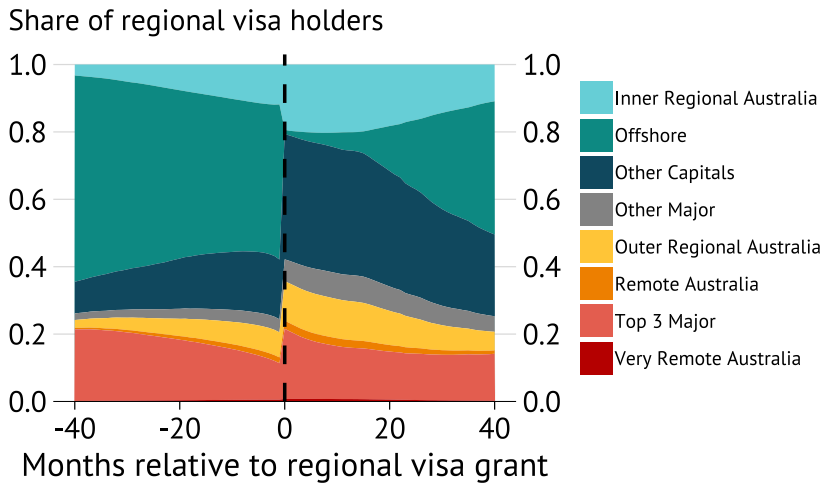
Sources: ABS; e61

Figure A.6: Visas in lead-up to regional visa grant



Sources: ABS; e61

Figure A.7: Locations in lead-up to regional visa grant



Sources: ABS; e61

Figure A.8: Country of birth by visa type

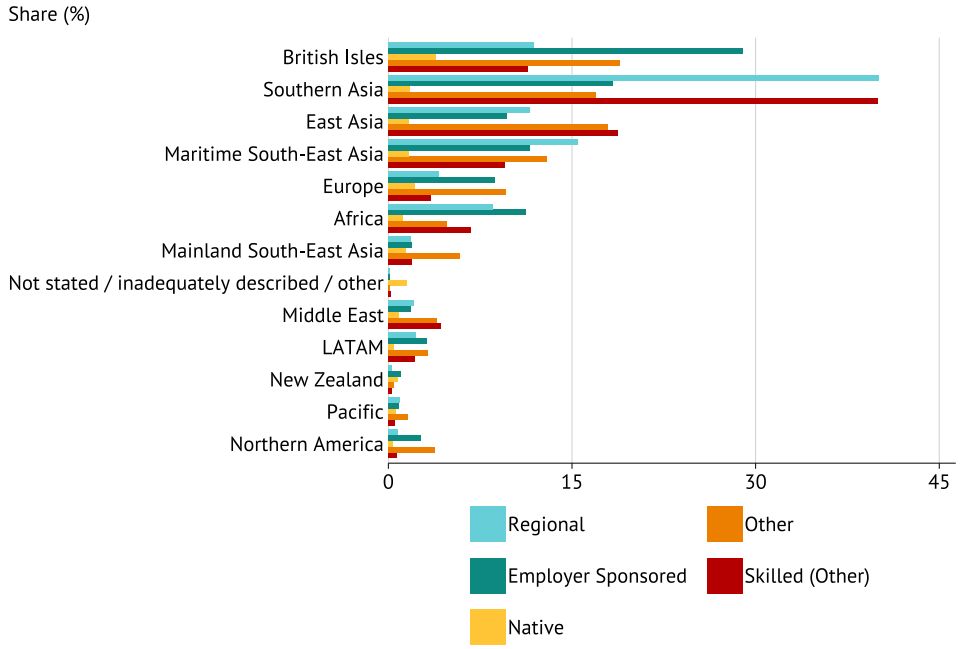
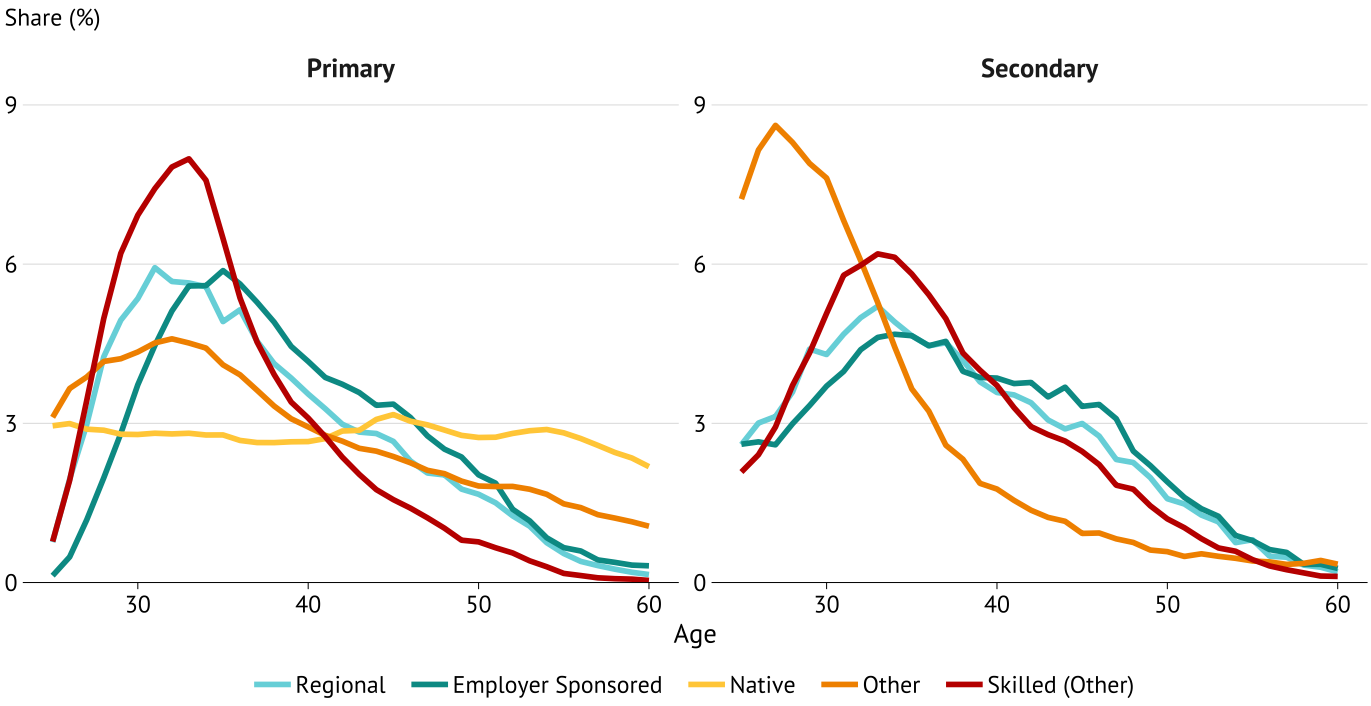
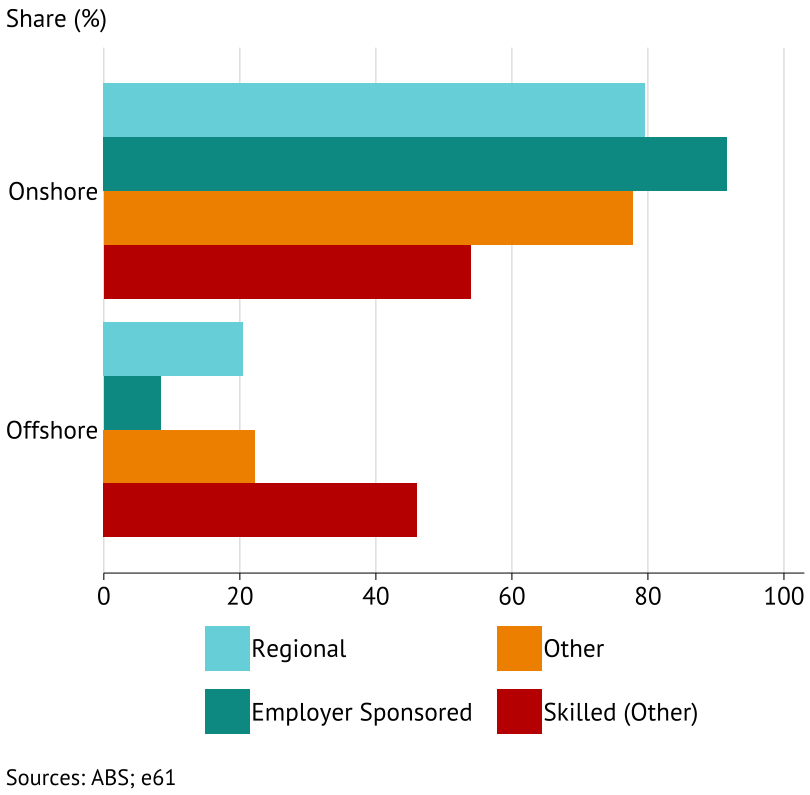


Figure A.9: Age distribution by visa type



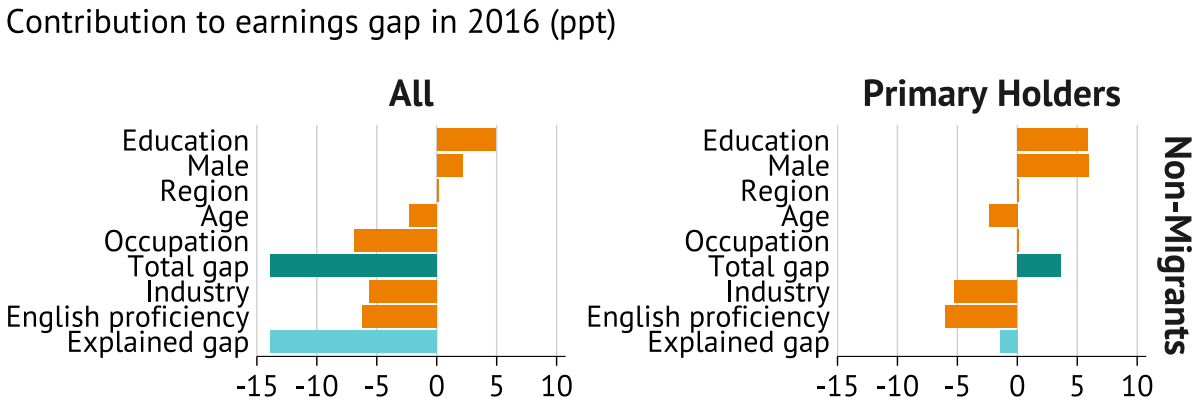
Sources: ABS; e61

Figure A.10: Application location by visa type



Sources: ABS; e61

Figure A.11: Gelbach decompositions of differences in log earnings

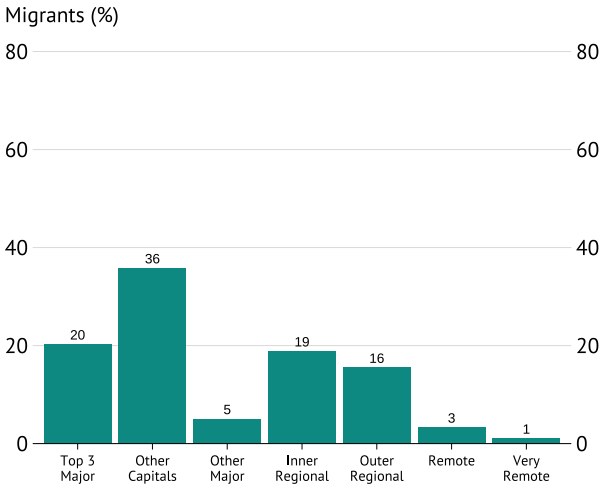


Sources: ABS; e61

A.6.2 Regional Distribution - unrestricted regional

Figure A.12 shows the regional distribution of unrestricted regional visa holders, which closely mirrors that of regional visa holders (Figure 1). The key distinction is that unrestricted regional visa holders are more concentrated in outer regional areas relative to other major cities, which may be due to picking up a larger number of historical visas.

Figure A.12: Geographic distribution of unrestricted regional visa holders across Australia

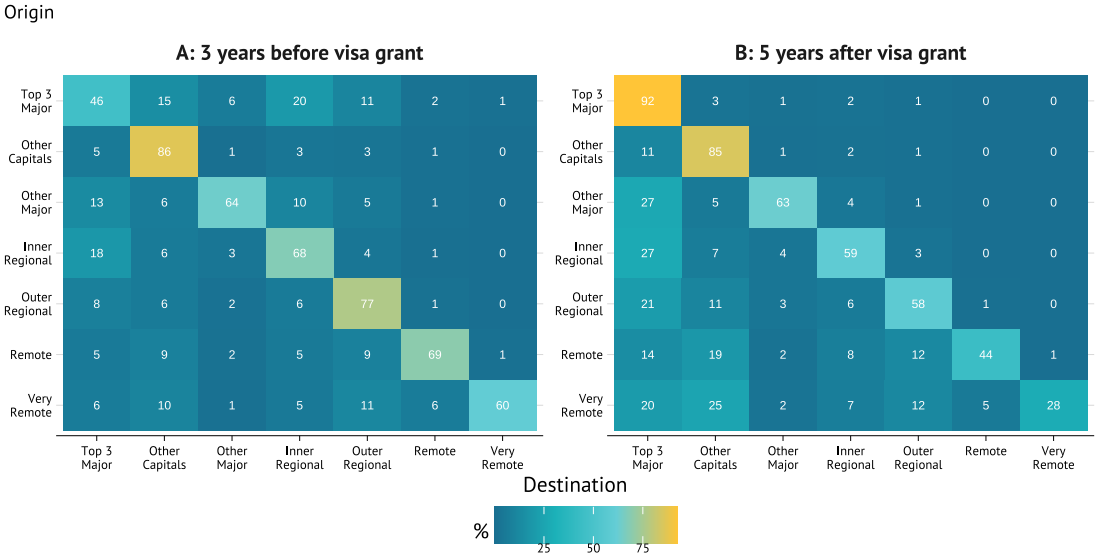


* Cap = Capitals; Re. = Regional; Rem = Remote
** Location is measured at the time of visa grant.
Sources: ABS; e61

A.6.3 Mobility Matrices

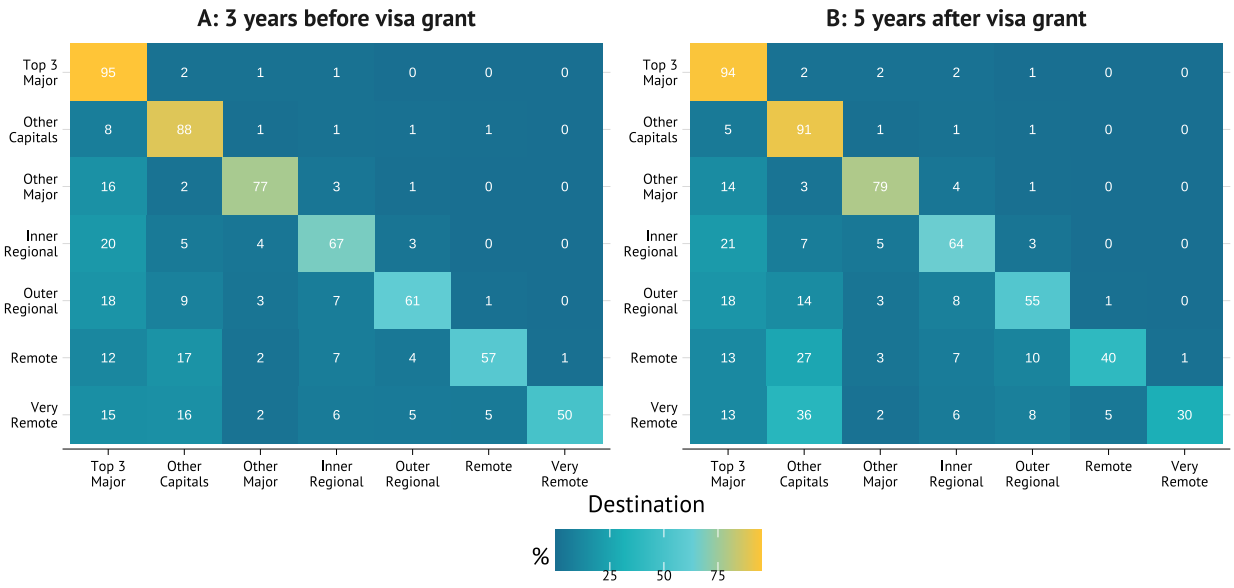
For comparison, Figures A.13–A.15 present analogous movement matrices for unrestricted regional, employer-sponsored, and other skilled visa holders. Skilled and employer-sponsored visa holders display strong attachment to the Top 3 Major cities both before and after visa grant: 92–95% of those located there at visa grant had been residing there three years earlier, and around 94% remain there five years later — compared with 78% for regional visa holders. Migrants originating in remote and very remote areas progressively relocate toward capital cities, with retention in very remote regions falling to 26% for skilled and 30% for employer-sponsored visa holders five years after grant. Unrestricted regional visa holders sit between these patterns. Their post-visa mobility resembles that of skilled migrants (92% retention in the Top 3 Major cities), but only 46% of those located in the Top 3 Major cities at visa grant had been there three years prior — consistent with unrestricted regional pathways also incorporating geographic conditions on initial settlement.

Figure A.13: Retention of unrestricted regional visa holders



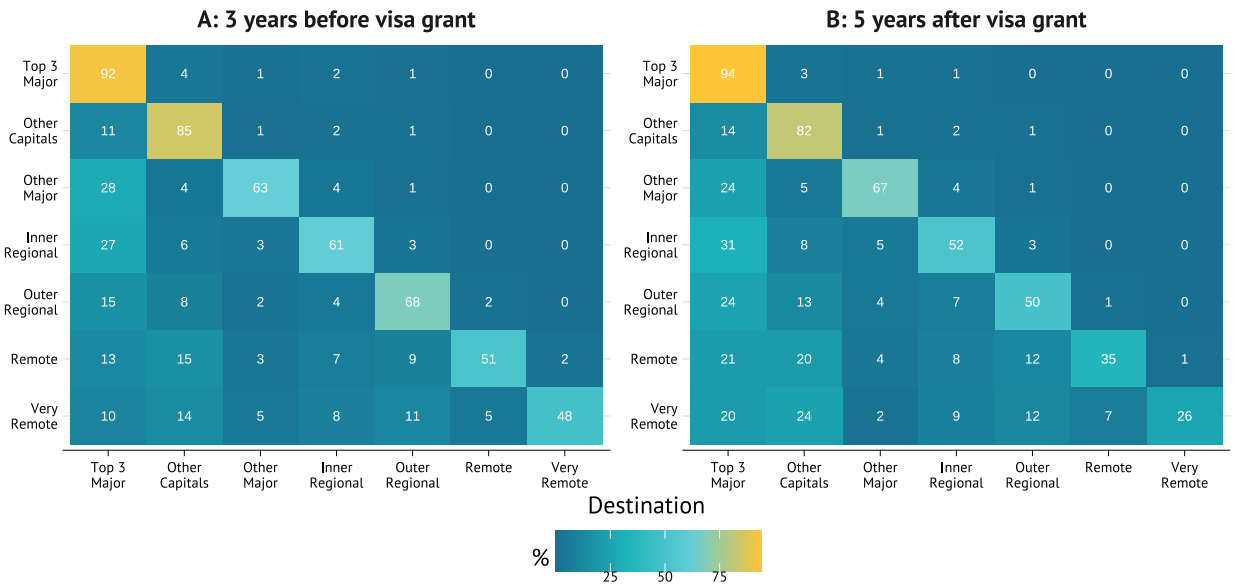
* Rows sum to 100%
** Numbers denote the percentage of migrants from each origin region that settled in the respective destination region.
*** Destination for panel A and origin for panel B is the location in the year of visa grant.
Sources: ABS; e61

Figure A.14: Retention of employer sponsored visa holders



* Rows sum to 100%
** Numbers denote the percentage of migrants from each origin region that settled in the respective destination region.
*** Destination for panel A and origin for panel B is the location in the year of visa grant.
Sources: ABS; e61

Figure A.15: Retention of skilled (other) visa holders

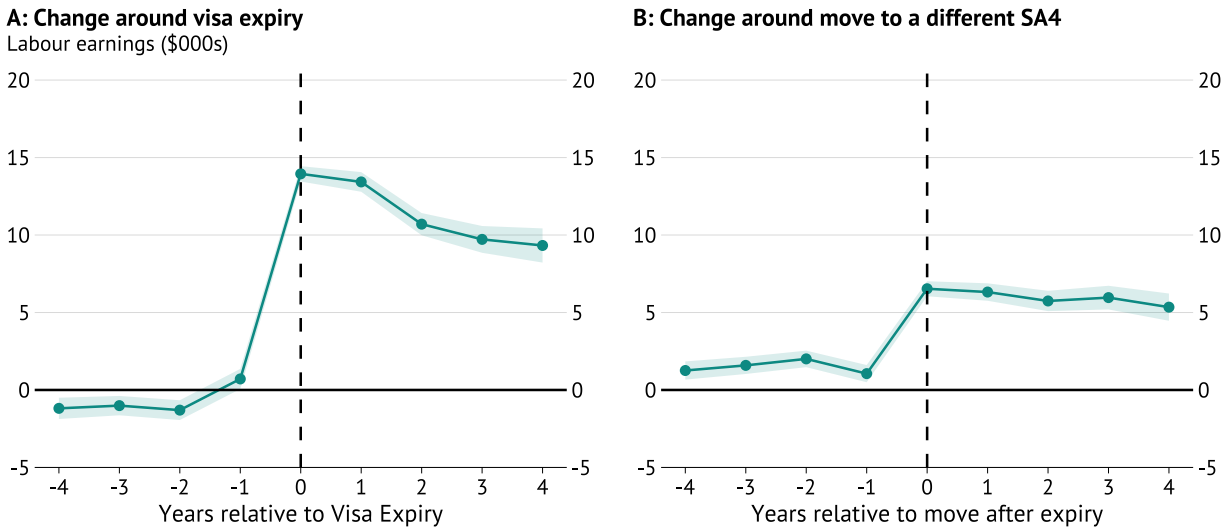


* Rows sum to 100%
** Numbers denote the percentage of migrants from each origin region that settled in the respective destination region.
*** Destination for panel A and origin for panel B is the location in the year of visa grant.
Sources: ABS; e61

A.6.4 Event-study estimates

Figure A.16 extends the baseline results in Figure 8 by controlling for gender, age at visa grant, and primary holder status. Following Sant'Anna and Zhao (2020), this yields doubly robust ATT estimates in settings where the parallel trends assumption holds only after conditioning on pre-treatment covariates. The results are consistent with our baseline findings.

Figure A.16: Event-study estimates of labour earnings



* Relative to regional migrants whose visa has not yet expired

* Relative to regional migrants who do not move SA4 after visa expiry

Sources: ABS; e61

A.7. Data disclaimer

The results of these studies are based, in part, on data supplied to the ABS under the Taxation Administration Act 1953, A New Tax System (Australian Business Number) Act 1999, Australian Border Force Act 2015, Social Security (Administration) Act 1999, A New Tax System (Family Assistance) (Administration) Act 1999, Paid Parental Leave Act 2010 and/or the Student Assistance Act 1973. Such data may only be used for the purpose of administering the Census and Statistics Act 1905 or performance of functions of the ABS as set out in section 6 of the Australian Bureau of Statistics Act 1975. No individual information collected under the Census and Statistics Act 1905 is provided back to custodians for administrative or regulatory purposes. Any discussion of data limitations or weaknesses is in the context of using the data for statistical purposes and is not related to the ability of the data to support the Australian Taxation Office, Australian Business Register, Department of Social Services and/or Department of Home Affairs' core operational requirements.

Legislative requirements to ensure privacy and secrecy of these data have been followed. For access to PLIDA and/or BLADE data under Section 16A of the ABS Act 1975 or enabled by section 15 of the Census and Statistics (Information Release and Access) Determination 2018, source data are de-identified and so data about specific individuals has not been viewed in conducting this analysis. In accordance with the Census and Statistics Act 1905, results have been treated where necessary to ensure that they are not likely to enable identification of a particular person or organisation.