

Managing Australia's Migrant Intake: 2018-19 Migration Program

Submission to the Department of Home Affairs
February 2018

Introduction

The Australian Chamber welcomes the opportunity to provide input to the Department of Home Affairs consultation process into the Migration Program for 2018-19.

The Chamber has maintained a strong engagement with migration policy over many years, providing a highly considered and evidence-based viewpoint on the business impacts of migration policy. The needs of business and the broader community must underpin Australia's migration program.

This submission sets out the case in support of maintaining permanent skilled migration at a similar level to the current cap and seeks that the Department return to a system where it was possible for permanent migrants to be sponsored by employers under any skilled occupation category.

Migration benefits Australia

Migration has been an integral part of our national story, and has made an enormous economic and social contribution. The 2016 Census reveals that 26 per cent of Australians were born overseas and about 50 per cent of Australians had a least one parent born overseas¹. Australia is a nation that is built on migration, as is our workforce and our economy.

The Australian Chamber has concerns over ill-informed public commentary in the past decade that migrants enter Australia to 'take Australians' jobs'. This sort of commentary creates and grows community distrust in the migration system and reinforces negative perceptions people may have. The Chamber is concerned by commentary and ongoing inquiries that create and/or reinforce community beliefs that employment is a zero-sum game – that jobs can be "taken" by overseas workers. This notion that a restrictive approach to skilled migration will lead to more opportunities for the Australian skilled labour force, resulting in increased wages and job growth does not have sufficient evidence to back the bold claim.

The Australian Chamber considers the temporary and permanent skilled migration program as a highly valuable part of workforce development in Australia, and a vital tool to assist individual businesses who experience skill shortages and as well as to fill skills gap in the economy. Skilled migration is vital to Australia's workforce planning and management. It provides access to skilled workers not available to the employer when they need to expand or replace a departing worker. Without this option, businesses are detrimentally affected and the economy suffers.

¹ Australian Bureau of Statistics, [Census of Population and Housing: Australia Revealed](#), 2016.

The Migration Program for 2017-18 was capped at 190,000 places but only 186,515 permanent visas were granted. 128,550 or 68 per cent were from skilled migrant streams and 32 per cent from family visa streams. Likewise the Migration Program for 2016-17 was capped at 190,000 places with only 183,603 visas granted. Any suggestion of a reduction in the number of places in the migration program, especially skilled migrants must be carefully considered in the context of its short and long term impact in the economy due to its many ripple effects.

Each year the number of permanent skilled migrants (1% of the total labour force in 2016-17) and temporary visa holders (0.7% in 2016-17) make up a very small portion of the total labour force. There are over six million skilled Australians in the workforce in 2017, which overwhelms the 128,550 skilled permanent migrants that enter that workforce each year. Given this, it is highly unlikely that there is any detrimental impact on jobs across the economy let alone any impact on wages. On the contrary, the introduction of skilled workers provides opportunities for Australians working in that business to be the recipient of enhanced skills that in turn would create the potential for promotion.



Figure 1: Proportion of Skilled Migrants to the Total Australian Workforce

Case for maintaining the current level of Skilled Migration

The Australian Chamber advocates for maintaining the current levels of skilled migration in the 2018-19 Migration Program. Key reasons to support the current levels of Permanent Skilled Migration include:

Younger workforce: One in six Australians is now over the age of 65 and the median age is 38, indicative of an aging population². By running a well-balanced skills-based migration system, Australia's workforce could benefit from not only younger and more skilled immigrants but also from their growing families. The demographic dividend accrued from migration cannot be ignored.

Entrepreneurial Acumen: In 2013-14, Australian small businesses employed 44% of Australia's total workforce³, and one-third of all Australian small businesses are owned by migrants⁴. Their contribution to the economy in terms of job creation and GDP is significant.

Best and Brightest: To appeal to the best and brightest talent, our migration program should consider the factors that are attractive to highly skilled migrants. Changes in April 2017 that reduced the occupations with a pathway to permanency and eliminated access to others have had a negative impact. Occupations on the STSOL, a two year temporary skilled visa with no pathways to permanent residency will not attract the best talent since it does not provide stability to the migrant and the business (in case of employer sponsored), nor does it justify the costs involved in uprooting families and moving countries for such a short period of time with no option to extend the visa. Changes to the migration program in 2017 did not consider the effect of frequent employee turnover

² Australian Bureau of Statistics, [Census of Population and Housing: Australia Revealed](#), 2016.

³ ASBFEO, [Small Business Counts](#), 2016

⁴ CGU, [Migrant Small Business Report](#), 2018

as well as long term business planning while moving a number of skilled occupations to the STSOL, thereby limiting the duration of employment.

Training: Skilled Migrants are a resource in training the local workforce and with their numbers curtailed, training and developing highly specialised skills in the local workforce will increasingly become difficult. Businesses want continuity as well as stability and occupations available for permanent migration to facilitate such training. By way of example, skilled chefs whether migrant or local are necessary in kitchens in order to employ apprentices and train the local workforce. As is evident from recent media reports⁵, there is a shortage of skilled chefs and for hospitality businesses it is a matter of survival to be able to have a skilled chef on hand at all times. It is therefore more likely that skilled migrants keep Australian businesses alive and train up local workforce rather than take away local jobs. Also for many cuisine style restaurants, delivering a quality, authentic product to meet customer expectations requires international expertise in that cuisine.

Diversity: Australia's Migration Program has contributed to its cultural diversity, benefitting the country's education and tourism sectors while building global linkages and opening up new markets for Australian businesses. Businesses have also benefitted from diversity in their workforce since it encourages critical and alternate thinking stemming from different experiences and cultural contexts, often times leading to innovation. Restricting the migration program will compromise Australia's global competitiveness in the education and tourism sectors to name a few.

Training Levy: The linkage of the proposed training levy to the funding of apprenticeships under the Skilling Australians Fund adds another complication in consideration of the number of permanent migrants. Migration under the ENS and RSMS will be the largest contributor to the proposed fund and any reduction in numbers will have a negative impact on the levy raised. The Australian Chamber recommends that the apprenticeship investment should be guaranteed by the federal government regardless of changes in the number of migrants, but while the linkage is retained, it is another reason the numbers should be at the very least maintained.

The following provides a strong example of how migration can support business growth but how limitations can be crippling. Labglass Pty Ltd is an industrial glass manufacturing small business in Queensland with an international reputation of manufacturing high quality scientific glass products such as beakers and test tubes, contributing to Australia's economy. There are no courses in Australia that train the local workforce in scientific glass blowing and thus Labglass has relied on skilled migrants (temporary and permanent) to fill the highly skilled positions of industrial/scientific glass blowers. At the same time, Labglass has made efforts to establish a training course in collaboration with the Queensland University of Technology (QUT) to train more Australians in glassblowing. The fully skilled temporary and permanent migrants employed by Labglass also share knowledge with trainees and build skill sets in the local workforce. Due to changes in the 457 program and the exclusion of scientific glass blowers (Technicians and Trades Workers NEC 399999) from both the STSOL and the MLTSSL, Labglass is unsure it can continue its operations. The shortage of skills in the local workforce means that trainees will need supervision by experienced skilled glassblowers to be able to perform work. Rather than taking away Australian jobs, migrants in this instance are adding to the Australian economy in terms of supporting an Australian business and cultivating specialised skills. Labglass has tried on two occasions to have their needs met through the occupation list review process but to no avail.

Employer Sponsored

The Employer Nominated Sponsored (ENS) stream is the largest category of visa granted in 2017-18. However, the number of occupations eligible under this category has been severely restricted by

⁵ The Australian, [McGowan visa reform puts a chef shortage on state's hospitality menu](#), 10 January 2018.

the application of the MLTSSL to the ENS, resulting in businesses and employers unable to operate efficiently as evidenced by Labglass. Further reduction in the cap will put many such enterprises out of business. Labour Agreements have been suggested as a work around for those occupations not covered under the new STSOL and MLTSSL to fill niche occupations or positions in regional areas that very few Australians are qualified in or are available for. However, it should not be expected that small businesses intending to employ just one or two skilled migrants have the resources, time and the administrative bandwidth to liaise with the Department of Home Affairs to negotiate a labour agreement, along with running their business. In the existing employer sponsored stream, priority can be given to applications where the business is niche and the migrant skill is highly specialised to ensure businesses are not adversely impacted (as seen with Labglass Pty Ltd) due to skills shortages.

With the April 2017 changes in the Migration Program, businesses have to contend with the high cost of sponsoring skilled migrants whilst at the same time dealing with skills shortages in the local economy. Since additional permanent migrants are only a small sub section of the total skilled workforce, it is recommended that all skilled occupations should, again, be open for sponsorship under ENS. However, the Australian Chamber recognises that for some occupations, there may be a risk that ENS migrants could make up a higher proportion of the workforce in that occupation. In those cases, a **cap** of say 4% of the workforce in those occupations could be considered. Importantly, any issues that may exist in a narrow band of occupations do not warrant removal of occupations from the list entirely as this severely reduces the accessibility and responsiveness of ENS.

In summary, ENS caps should not only be retained, but all skilled occupations should be eligible. Reducing the ENS to only those on the MLTSS and denying a pathway to permanency for those on the STSOL is seriously impacting those businesses that are affected by the ineligibility of their skilled occupations.

Skilled Independent

The Skilled Independent Migration Stream is the second largest category under which permanent visas are granted. This category attracts enthusiastic and talented skilled migrants to Australia in occupations where there is a demonstrable, nation-wide need. With an age limit of 45 years in place, it already guarantees a demographic dividend. It is recommended that the current caps be retained.

One additional aspect for consideration could be that, in order to maximise the benefits of the existing points based system, **additional points** could be allotted to migrants with young families. This has the benefit of contributing to population growth without compromising the integrity of the system. The potential impact on public health and education systems in the pre-earning years is only short-lived and the young migrants will give back once they become long term contributors to the labour force and through the taxation system.

Regional Sponsored

The Australian Chamber appreciates that a regional occupations list is currently under review to best cater to the needs of regional businesses as these may not have been sufficiently captured when considering national skills shortages. The six monthly occupation lists for temporary and permanent skilled visas released in January 2018 also focused on the addition of regional caveats to a number of occupations. There is a definite need for skills in regional and remote areas and we recommend there is no reduction in the number of places in the Regional Sponsored Migration Scheme (RSMS) as this will adversely impact businesses that may not have an alternate to hiring migrants.

Business Innovation and Investment Program

The Business Innovation and Investment Program facilitates the transfer of capital and business expertise in Australia while also generating employment. The number of visas granted under this category is modest and we recommend keeping cap at similar levels.

Stream and Category	2017-18
Skill Stream	
Employer Sponsored	48,250
Skilled Independent	43,990
State and Territory and Regional Sponsored	28,850
Business Innovation and Investment Program	7,260
Distinguished Talent	200
Family Stream	
Partner	47,825
Parent	8,675
Other Family	900
Special Eligibility	565
Total Migration Program	186,515

Figure 2: Department of Home Affairs, 2017-18 Migration Program

Role for Labour Agreements

The Department of Home Affairs has encouraged industries and businesses to negotiate labour agreements, and while this may not be possible for all businesses, particularly with ENS now reduced to the MLTSSL, there is a definite role for labour agreements in the permanent skilled migration program to accommodate the needs of specific industries and enterprises where the need for skilled labour can be defined beyond the broader migration system in terms of occupation, salary and language level. The Australian Chamber supports the continued use of labour agreements, although we strongly advocate for the process to be more streamlined.

The regulatory burden of labour agreements should be particularly considered in relation to infrequent users of small numbers. Often with streamlining, there is a great deal of emphasis on reliable, large, frequent users. However, equally there is minimal integrity concern around a business that seeks to add, on average, one or two migrants per annum for the course of the agreement. A “labour-agreement-lite” option should be considered for these businesses that desperately need solutions to their often niche concerns.

Likewise, the Designated Area Migration Agreement (DAMA) is currently restricted to the Northern Territory. The Australian Chamber recognises the potential in regional Australia and encourages the Department to negotiate with other regions to expand the DAMA program.

ANZSCO Review

The Australian Chamber recognises the important role of ANZSCO as one of the pillars of labour market statistical infrastructure. This infrastructure underpins a wide range of labour market data, and is used for job outlook information as well as to regulate which occupations are eligible for migration programs. In commenting on the permanent migration program, the role of ANZSCO has become even more significant given the dramatic reduction in occupations eligible for ENS.

Despite major changes to the economy and jobs, including new jobs driven by technology as well as changes to the level of skill needed in certain jobs, ANZSCO has only been reviewed twice since its introduction in 2006 (having transitioned from the previous ASCO codes). A major review of ANZSCO was due to commence in 2016 and is now long overdue and needs to commence immediately. At best, this will deliver updates in 2019, six years after the previous minor review. Any delay will push this out even further. The reduction in occupations eligible for employer sponsored migration arising from the announcements in April 2017, and the six-monthly review of the lists that underpin that program, has highlighted deficiencies in ANZSCO that relate to:

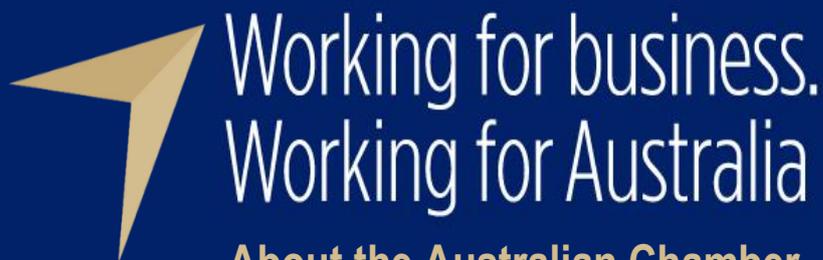
- Occupations that exist but are not reflected in ANZSCO, particularly those that have been created by technological change;
- Changes needed to the assessed level of skill needed to perform certain occupations;
- The need for change to the definitions within occupations to better reflect the current workforce.

Without these changes, the statistical analysis of the labour market will not accurately reflect the situation and therefore impact on the assessment of future skill and labour needs. In addition, an out of date ANZSCO denies fair access to important migration programs and unreasonably complicates the regulation of the program due to the need for work-around style caveats in order that needs are best met. Although the 2018-19 Migration Program will not reap the benefits of the major ANZSCO review, it is recommended that it is undertaken immediately to ensure future migration programs are responsive to the needs of the labour market.

However, even with the ANZSCO review, the classifications are too broad in many cases to effectively identify occupations with skill shortages and further definition of classifications will still be required. The Australian Chamber supports the continued use of caveats to ensure affected occupations are included in the MLTSSL and STSOL to support a demand driven migration program.

Summary

The Australian Chamber notes the enormous benefit arising from the Migration Program to the business community and to Australia, and supports maintaining permanent skilled migration at levels similar to the current cap. It is further recommended that the Department return to a system where it was possible for permanent migrants to be sponsored using ENS under any skilled occupation category.



About the Australian Chamber

The Australian Chamber of Commerce and Industry speaks on behalf of Australian Businesses at home and abroad.

We represent more than 300,000 businesses of all sizes, across all industries and all parts of the country, making us Australia's most representative business organisation.

Telephone | 02 6270 8000

Email | info@australianchamber.com.au

Website | www.australianchamber.com.au