

Planning Australia's 2020-21 Migration Program

Submission to the Department of Home Affairs
January, 15th, 2020

Introduction

The Australian Chamber of Commerce and Industry (ACCI) welcomes the opportunity to provide input to the Department of Home Affairs' consultation process into the Migration Program for 2020-21.

ACCI has sustained a strong involvement with migration policy over a number of years, providing a highly considered and evidence-based perspective on the business impacts of migration policy. ACCI has consistently emphasised that the needs of business and the broader community must form the pillars from which Australia's migration program is built.

This submission sets out the case in support for returning the permanent migration to the planning cap of 190,000 places. The Government's move to reduce migration to solve our infrastructure shortfalls loses sight of the economic and fiscal benefits promoted by migration, and ultimately places unnecessary restrictions on Australia's economic growth. The submission also makes the case that regardless of the size of the cap, the proportion of migrants that are employer sponsored should remain proportionally high and as accessible as possible for both regional and urban Australian businesses.

Migration Benefits to Australia

Migration has formed a big part of our heritage, and is a substantial contributor to not only our economic prosperity but also to our culture, our lifestyle and our sense of who we are. Our diverse population from a wide range of cultural backgrounds has provided diversity of thinking and positive network connections to the rest of the world. The Australian Bureau of Statistics (ABS) describes us well: "We have more than 300 different ancestries and 28 percent of our resident's population is born overseas – that's nearly 7 million people. We're a nation of nations – we speak more than 300 languages."¹ Australia is a nation that is built on migration, as is our workforce and our economy.

ACCI has concerns over ill-informed public commentary over past years that migrants enter Australia to 'take Australian jobs'. In 2018, over half of Australians (52 percent) believed that the number of migrants is about right or too low. Turning to 2019, this group of Australians has grown marginally to 53 percent². The proportion of Australians who believe that accepting migrants from a diverse range of countries makes us stronger has also grown. These results mirror findings from similar surveys

¹ The Australian Bureau of Statistics, [Interesting Facts about Australia's 25,000,000 population](#)

² Scanlon Foundation, 2019, [Mapping Social Cohesion](#)

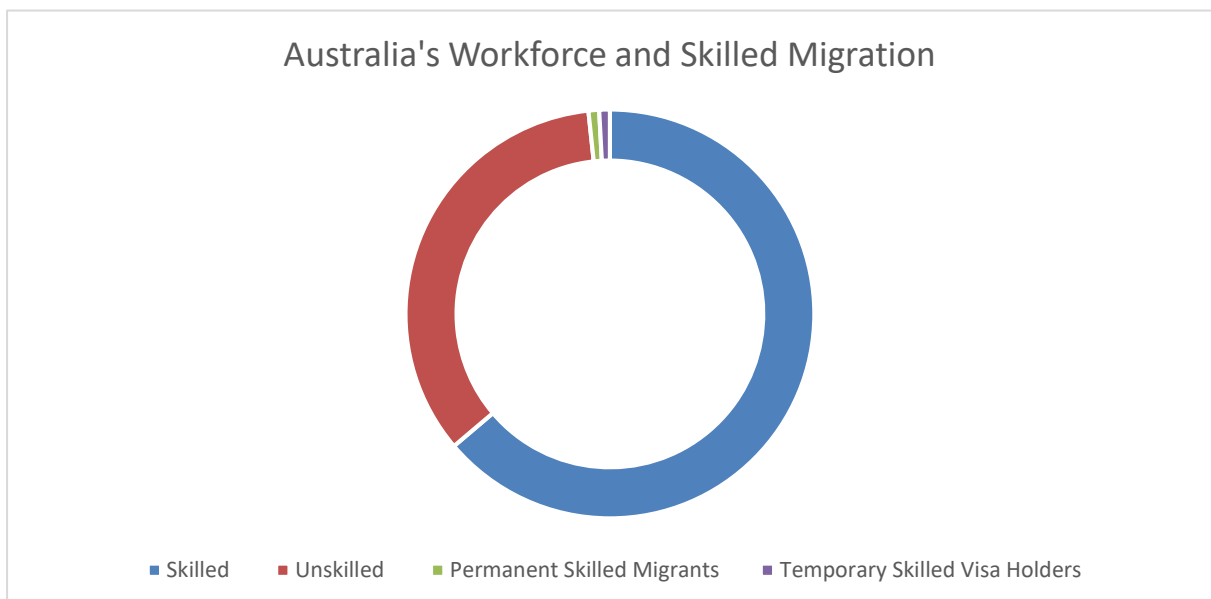
including the Lowy Institute Poll and the Life in Australia Panel. These findings illustrate that the climate for positive migration change is not as negative as some would have us believe. ACCI views both the temporary and permanent skilled migration program as a highly valuable component of workforce 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 essential to both 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 negatively affected and costs our economy.

The Migration Program for 2019-20 is capped at 160,000 places, with 108,682 or 69 percent allocated to skilled migrant streams and 31 percent to family visa streams. The Migration Program for 2018-19 was initially capped at 190,000 places, but only 157,075 places were granted. In the previous year, the number of actual places granted in Australia's Migration Program also fell short of the 190,000 cap. With 6 months remaining in the 2019-20 Migration Program and no indication of progress we are concerned that even the lower cap will not be reached, particularly given the changes made to a number of key visa categories

Lowering Australia's permanent migration any further should be avoided. As a direct result Australia's previous higher intake migration programs, Australia has developed one of the youngest workforces of the developed world, which has become a comparative advantage. The economic evidence in favour maintaining permanent migration places closer to pre 2017-2018 levels is very strong and gives assurance that permanent migration of around 190,000 places is about right. However, recent changes to the migration program and calls for further cuts to migration means there is a risk of losing Australia's comparative advantage. Any suggestion of further reduction in the number of places available under the migration program, especially skilled migrants must be carefully considered in the context of its short and long term impact in the economy.

Each year the number of permanent skilled migrants (109,713) is only a very small percentage of the labour force - 0.85% of the total labour force in 2018. It is highly unlikely that there was any negative impact on jobs across the economy but it makes an enormous positive contribution to the organisations where their skills are desperately needed. These skilled migrants also provide opportunities to further enhance and develop the skills of Australians working in that business, strengthening both the quality and skills of our local workforce.

Figure 1: Proportion of Skilled Migrants to Australian Workforce



Case for increasing the current level of Skilled Migration

ACCI advocates strongly in favour of returning the permanent migration cap to 190,000 places in the 2020-21 Migration Program. Key reasons to support the increased levels of Permanent Skilled Migration include:

Counteracts the aging population: One in six Australians is now over the age of 65, this can be compared to one in seven in 2011 and one in twenty-five in 1911³. This increase applies fiscal pressure, as public spending on people aged over 65 is substantial. Between 1981-82 and 2009-10, public health expenditure per capita on persons aged 75 and over increased in real terms by 6.4 times. As the population aged 75 years and over increased three times in the same period, real public expenditure on health for the cohort increased 19 times⁴. A well-balanced migration system provides an opportunity for Australia's workforce to benefit from not only a younger and more skilled immigrants but also from their growing families.

Entrepreneurial Acumen: Entrepreneurial migrants create jobs by starting their own business. Migrants own one in three Australian small businesses, which equates to 620,000 migrant owned businesses across the nation, employing 1.41 million Australians. Modelling completed by Independent Economics and the Migration Council of Australia projects that by 2050, the gain in employment through migration to be 45 percent, exceeding the population gain of 37 percent, demonstrating that migration plays an important role in creating jobs. Migrant contribution to the economy both in terms of job creation and GDP is substantial and cannot be ignored.

Better skilled workforce: Migrants lift the educational attainment of the Australian population and lead to better research and development through enhanced productivity, innovation and accumulation of human capital⁵. Skilled migrants are a resource in training as they transfer their highly valuable skills to the local workforce as well as fill skills gaps. With permanent migration curtailed, many businesses are finding it increasingly difficult to recruit the skilled workforce they need, in the location and time that they need it. Businesses report that access to skills and labour is one of their most pressing concerns⁶. It is therefore more likely that skilled migrants keep Australian businesses alive by promoting stability and train up the local workforce rather than take local jobs away.

Diversity: Australia's Migration Program has contributed to Australia becoming one of the culturally and linguistically diverse populations in the world. This widespread cultural diversity has strongly influenced the Australian business landscape in a positive manner, notably the education and tourism sectors. Cultural diversity in the business setting fosters the development of global linkages, opening up new markets for Australian businesses. These businesses have also benefitted from diversity in their workforce as it encourages critical and alternative thinking stemming from contrasting experiences and cultural contexts, often leading to innovation. Further restricting Australia's migration program will further hinder Australia's global competitiveness.

³ The Australian Bureau of Statistics Census 2016, [Census of Population and Housing: Reflecting Australia – Stories from the Census, 2016](#)

⁴ McDonald, Peter 2018, Population and Labour Force Prospects for Australia, presentation to the CEPAR conference, October 2018 (unpublished)

⁵ Productivity Commission 2016, [Migrant Intake into Australia, Overview and Recommendations](#), p. 3

⁶ The Australian Industry Group 2018, [Skill Shortages Research Note](#)

Case for maintaining a well-balanced Migration Program

ACCI advocates that within the cap the percentage of skilled migrants, particularly employer sponsored migrants should be further strengthened.

Employer Nominated Sponsored

It is fully supported that the Employer Nominated Sponsored (ENS) stream and the regional equivalents is the largest category of visas allocated in 2019-20. Employer sponsored migrants have consistently delivered positive labour market outcomes. This can largely be attributed to having a proven skill set, employment available upon arrival and a relationship with an individual connected to the community. Despite ENS migrants possessing the most positive labour market outcomes, the proportion of employer sponsored migrants has fallen. Since employer-sponsored migrants made up 35.88% of the skilled intake in the 2019-20 cap compared to 38.29% of the skilled component in the 2018-19 cap.

The application of the MLTSSL to employer sponsored skilled migration in non-regional areas is not keeping in line with the reality of business' labour and skills needs. The shortages experienced by an individual business in a particular location at a particular point in time cannot be identified by a national assessment or data set on skills shortages, since it requires a rich and diverse data set, one that needs to constantly adapt to capture market conditions. This results in businesses and employers unable to operate efficiently. Labour Agreements have been suggested as a work around for those occupations not covered under the STSOL and MLTSSL to fill niche occupations or positions in regional areas that Australians not 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 the primary task of running their business. The current availability of all skilled occupations to regional employers is fully supported. However the restriction for non-regional employers to accessing only those occupations on the MLTSSL needs to be changed. It is a major disadvantage if the 2017 changes that employer sponsored migration uses the same list as independent migration.

The 2017 changes to the Migration Program have left businesses to contend with the high costs of sponsoring skilled migrants whilst simultaneously dealing with skills shortages in the local economy. As previously mentioned, additional permanent migrants make up a miniscule sub section of the total skilled workforce, therefore, it is recommended that all skilled occupations should, once again, be available for sponsorship under ENS. However, ACCI 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 this scenario, 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.

Regional

The lack of labour and skills to fill existing local jobs in the regions is an increasing reality for many businesses. Therefore, ensuring that these regional businesses can look to Australia's migration program to fill their skills and labour gaps is imperative.

ACCI appreciates the principle behind the measures introduced to increase regional migration such as the greater number of regional permanent migration places supported by the two skilled regional visas (Skilled Work Regional Provisional visa and the Skilled Employer Sponsored Regional Provisional visa), which both have a pathway to permanency. However, we would like to take this

opportunity to caution that the new visas may achieve growth in regional migration regions due to the provisional nature of the new visas and the lack of certainty for migrants who wish to make the move to Australia. Although the new visas allow the same occupational access, its provisional nature may prove less attractive to migrants, which may reduce it take up.

To assist in understanding the success of the transition to these two new provisional visas it would be beneficial to have more regular updates, perhaps bi-annually to better monitor their progress.

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 the cap at similar levels. However, ACCI holds concerns over the reality that all places allocated to this section will be filled in the 2019-20 Migration Program. If places in this program are unfilled, they should be allocated elsewhere, preferably to ENS migration.

Role for Labour Agreements

The Department of Home Affairs has encouraged industries and businesses to negotiate labour agreements, there is a clear 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. ACCI supports the continued use of labour agreements, however 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-lite” agreement option should be considered for small businesses that have seen their occupation eligibility disappear or who need solutions to often niche concerns.

Best and Brightest

In order to appeal to the best and brightest talent, our migration program should consider aspects that highly skilled migrants find most attractive. However, changes made to skilled migration program in April 2017 have removed pathways to permanency for over two-thirds of skilled occupations. Occupations from the short-term to long-term lists, two years plus two years and no pathways to permanent residency will fail to attract the best available talent since it does not provide stability to the migrants and the business (in case of employer sponsored), nor does it justify both the financial and personal costs of uprooting families to move 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 negative effects on businesses, such as frequent employee turnover as well as the inability for businesses to perform any long-term planning.

ANZSCO Review

One of the pillars of labour market statistical infrastructure is the Australian and New Zealand Standard Classification of Occupations (ANZSCO). This infrastructure underpins a wide range of labour market data, including information from the Census, and is used for job outlook information and to regulate which occupations are eligible for migration programmes.

For all occupations experiencing technological progress, the nature of work and job roles and constantly evolving. ANZSCO not only identifies new jobs, but it also appraises the duties within their job and assigns an appropriate skill level. Despite significant changes to both the economy and

employment market, including new jobs driven by technological changes as well as developments to the level of skills needed in certain jobs, ANZSCO has only been reviewed and revised two times since its introduction in 2006. A major review of ANZSCO is long overdue. However, the Australian Bureau of Statistics (ABS), custodians of the statistical product claim that they are unable to commence a review due to labour and resources constraints and competing priorities. Regular review of major statistical infrastructure such as the ANZSCO needs to be built into the normal operating budget of the ABS. Further, the ABS has not even committed to a review in the future, only that it will be considered post the 2021 Census process. Concern over the current state of ANZSCO is shared across a large number of stakeholders, including colleagues from Business NZ.

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 2020-21 Migration Program will not reap the benefits of a 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.

Summary

ACCI emphasises the significant benefit arising from the Migration Program to the business community and to Australia, and supports returning permanent skilled migration to the previous cap of 190,000 places. 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

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