

Planning Australia's 2022-23 Migration Program

Submission to the Department of Home Affairs
December 2021

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 2022-23.

ACCI has sustained a strong involvement with migration policy over several 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. As detailed in ACCI's recently released [Better Australia](#) strategy, ACCI supports migration targets that maximise the economic and demographic outcomes with matching infrastructure investment to support it.

This submission sets out the case in support of a permanent migration planning cap of 265,000 places in the 2022-23 program year. The current crisis has effectively halted Australia's migration programme. This has significant economic and fiscal consequences for Australia. We should be planning now to restore the migration program to an even stronger position post-crisis, especially in the skilled migration area given the impact of the COVID-19 pandemic on our demography, economy and population growth. There is no doubt that the economic and fiscal benefits arising from increased migration will contribute to Australia's recovery in the post-pandemic environment.

This 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. This is especially necessary in the recovery period when businesses will need access to experienced skilled migrants to fill the skills gap in a tough economic environment and replenish the skills lost during the pandemic.

ACCI has addressed the key primary and supplementary questions in the *Planning Australia's 2022-23 Migration Program Discussion Paper* throughout this submission.

Increase Permanent Migration Cap to 265,000 Places

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.

The 2021 Intergenerational Report (IGR) shows a clear and positive relationship between migration and economic growth. Unfortunately, the decision taken to reduce the migration intake by 30,000 to 160,000 in the pre-COVID period sent a negative signal about the benefits of migration. Given the impact on population stalling during the pandemic and border closure, the negative impact of this decision is exacerbated. ACCI’s current policy position in this important area of public policy, ‘[Migration Works for All of Us](#)’, sets out a detailed, public interest case in favour of migration; and demonstrates the benefits delivered by migration, particularly given what has been for the past two decades at least, a strong component in the intake that are younger skilled migrants.

Alongside the important outputs from our education and training sectors, ACCI views both the temporary and permanent skilled migration programs as highly valuable components of workforce planning and development in Australia. Skilled migration is a vital tool that assists individual businesses who experience skill gaps as well as fill skills shortages in the economy. 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 this costs our economy as well as reduces job opportunities for Australians.

According to Treasury documents, between 2020-21 and 2022-23, the planning level for the permanent migration program was forecast to be 160,000 places and from 2023-24 it reverts to 190,000 places. The total permanent Migration Program outcome for 2020–21 was 160,052 places.

The planned permanent migration intake recommended by ACCI for the next four years, including a change to the planning for 2021/22, is contained in Table 1. It is imperative that we change the current planning levels to accommodate an inflow of employer sponsored migrants currently off shore, now that the border has reopened. It is not sufficient nor maximising the economic benefit to rely in second half of this financial year on family migrants and skilled migrants already in Australia. We need the planning levels and government effort to facilitate the bringing in of additional talent and skills.

Beyond this year, ACCI recommends the planned permanent migration intake for 2022-23 should be increased to 265,000 places. Given the severe skills shortages and the lack of migrants in the last 18 months, there is a strong argument for the target to be higher than 160,000 or even 190,000 for the next two years at least, so as to replenish the skills lost during the pandemic. The cap of 265,000 is an appropriate level to maximise benefits in this period of COVID recovery and skills and labour shortage crisis, and still control migration levels.

In addition, ACCI recommends there be a significant focus on employer sponsored migration. In response to the impacts of the COVID-19 pandemic, the Migration Program planning levels departed from the two-thirds/one-third distribution across the Skill and Family streams. Family stream visa places increased to approximately 50 per cent of the Migration Program in 2020-21 and 2021-22. The 2020–21 *Migration Program Report* revealed a significant drop in the number of skilled visas to 79,620, accounting for 50.7% of the total Migration Program Outcome, down from 69.5% (95,843) the year before and representing a loss of 50,000 skilled migrants from 5 years ago (128,550 in 2015-16).

In the table below, we contextualise our 2022-23 recommendations within a four year time frame which reflects a higher intake of skilled migrants for the next two years, and then dropping back to the 190,000 planning level.

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

Table 1 ACCI recommendations for Migration Program planning levels

Migration Program planning levels – ACCI recommendations for the next three years					
Stream and Category	Govt 2021-22	ACCI 2021-22	ACCI 2022-23	ACCI 2023-24	ACCI 2024-25
Skill stream					
Employer Sponsored	22,000	47,400	76,300	76,300	50,000
Skilled Independent	6,500	15,000	25,000	25,000	15,200
Regional (regional employer sponsored)	11,200	15,000	25,000	25,000	13,000
State/Territory Nominated	11,200	25,000	45,000	45,000	35,000
Business Innovation & Investment Program	13,500	12,000	13,500	13,500	8,000
Global Talent	15,000	15,000	15,000	15,000	10,000
Distinguished Talent	200	200	200	200	200
<i>Skill Total</i>	<i>79,600</i>	<i>129,600</i>	<i>200,000</i>	<i>200,000</i>	<i>131,400</i>
Family Stream					
Partner	72,300	72,300			
Parent	4,500	4,500			
Other Family	500	500			
<i>Family Total</i>	<i>77,300</i>	<i>77,300</i>	<i>61,400</i>	<i>61,400</i>	<i>55,000</i>
Special Eligibility	100	100	100	100	100
Child (estimate; not subject to a ceiling)	3,000	3,000	3500	3500	3500
Total	160,000	210,000	265,000	265,000	190,000

Recommendation 1: ACCI recommends that permanent migration planning level be increased to 265,000 for the 2022-23 program year in order to maximise both economic and fiscal benefits as well as to make up for the population impact of net zero migration arising from the COVID crisis.

Case for Increasing Skilled Migration

Each year the number of permanent skilled migrants is only a very small percentage of the labour force – 1.6 percent of the total labour force in 2019-20 (see Figure 1, below for the pre-pandemic Proportion of Skilled Migrants to Australian Workforce). It is highly unlikely that there was any negative impact on jobs across the economy, and indeed strong academic research shows that migration has a positive impact on jobs available for Australians.

The ongoing recovery from the impacts of the COVID-19 pandemic sees Australia facing significant challenges, with the dominant issue for business is a crisis around labour and skills shortages. According to the National Skills Commission, one in five occupations is suffering from skill shortages. Businesses report that skills shortages is one of their greatest concerns.² According to our member, the Chamber of Commerce and Industry WA's Business Confidence Survey for the September Quarter 2021, 71 percent of businesses indicated they are struggling to fill a skilled occupation – down only slightly from 79% in the previous quarter. The survey revealed that one out of four (24%) of these vacant roles must be sourced from overseas.

ACCI is a strong advocate of policies to increase skills development (including training and apprenticeships) for Australians. Locking in support for wage subsidies and subsidised training are needed to address the difficulties that many businesses have faced over the last 18 months and the now chronic need for skills. Job seekers need access to accredited training courses, both qualifications and skill sets, that quickly upskill and prepare them for work. However, a multifaceted solution is required, and a strong skilled migration uptake is one of the key policy levers available to address workforce shortages that cannot be filled by Australians or that require highly specialised skills, grow our country's workforce, and drive our post-pandemic economic recovery.

² Chamber of Commerce and Industry WA 2021, <https://cciwa.com/wp-content/uploads/2021/10/0921-Business-Confidence.pdf>

In addition, the Chamber of Commerce and Industry WA's Business Confidence Survey also revealed that seven in ten (71%) businesses cited skilled labour shortages as a barrier to growing their business over the coming year, almost 20 percentage points higher than the next largest barrier – rising operating costs. It is therefore more likely that by filling the critical skills need, that skilled migrants keep Australian businesses alive by promoting stability and train up the local workforce rather than take local jobs away. These skilled migrants 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.

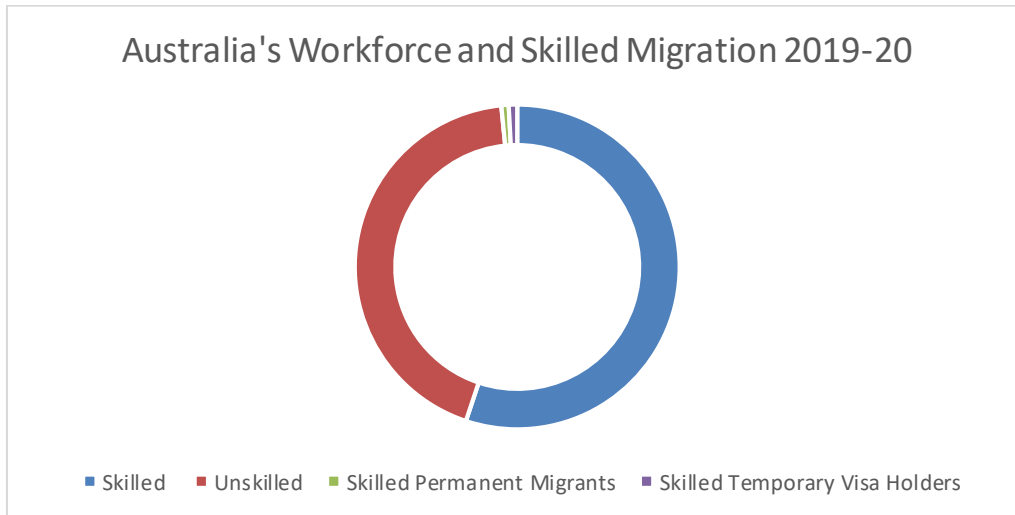


Figure 1: Proportion of Skilled Migrants to Australian Workforce

ACCI has also received member feedback that the labour and skills shortages issue is being and will continue to be exacerbated by pressures arising from the pandemic, including fatigue and stress, which may lead to people exiting the workforce. This makes it even more important that migration plays its part in addressing these issues. For example, there has been anecdotal evidence of pharmacists leaving the profession due to stress and burnout, which has further impacted existing workforce shortages.

In addition to the urgent need to fill skill shortages that are now at crisis levels, other 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

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)

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.

Recommendation 2: ACCI recommends increasing the cap for skilled migration within the permanent migration program.

Case for Increasing Employer Sponsored Migration

ACCI recommends that within the cap the percentage of skilled migrants, particularly employer sponsored migrants should be further strengthened. In the 2020-21 Permanent Migration Program, only 79,620 places were delivered in the skills stream out of which the employer sponsored category only had an outcome of 23,503 places.

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 employer sponsored migrants possessing the most positive labour market outcomes, the proportion of employer sponsored migrants has fallen.

The Continuous Survey of Australia's Migrants – Cohort 6 Report⁷ reflects that 94 percent of employer sponsored migrants were in paid employment compared to other categories of migrants and the general Australian population (figure 2). This is due to migrants having a job waiting for them on arrival and not having to spend time looking for a job. 73 percent of employer sponsored migrants were also in highly skilled employment compared to other categories of migrants and the general Australian population (figure 3).

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

⁶ Chamber of Commerce and Industry WA 2021, <https://cciwa.com/wp-content/uploads/2021/10/0921-Business-Confidence.pdf>

⁷ Department of Home Affairs 2020, Continuous Survey of Australia's Migrants – Cohort 6 Report – Introductory Survey 2018, <<https://www.homeaffairs.gov.au/research-and-stats/files/csam-cohort6-report-introductory-survey-2018.pdf>>.

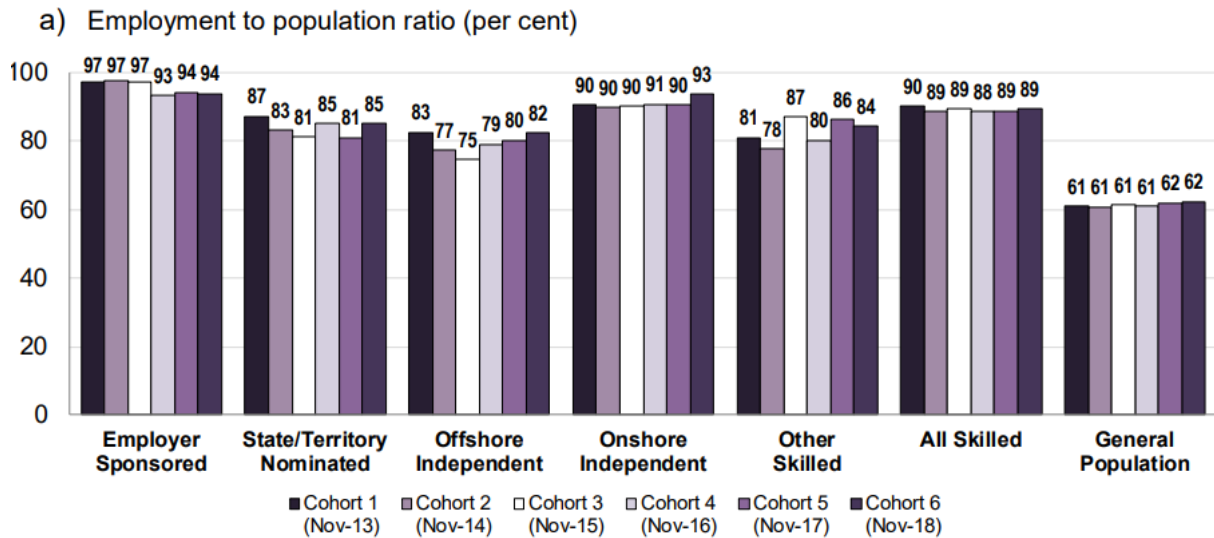


Figure 2: Comparison of Employment between survey cohorts (primary applicants) and the Australian general population, by settlement period⁸

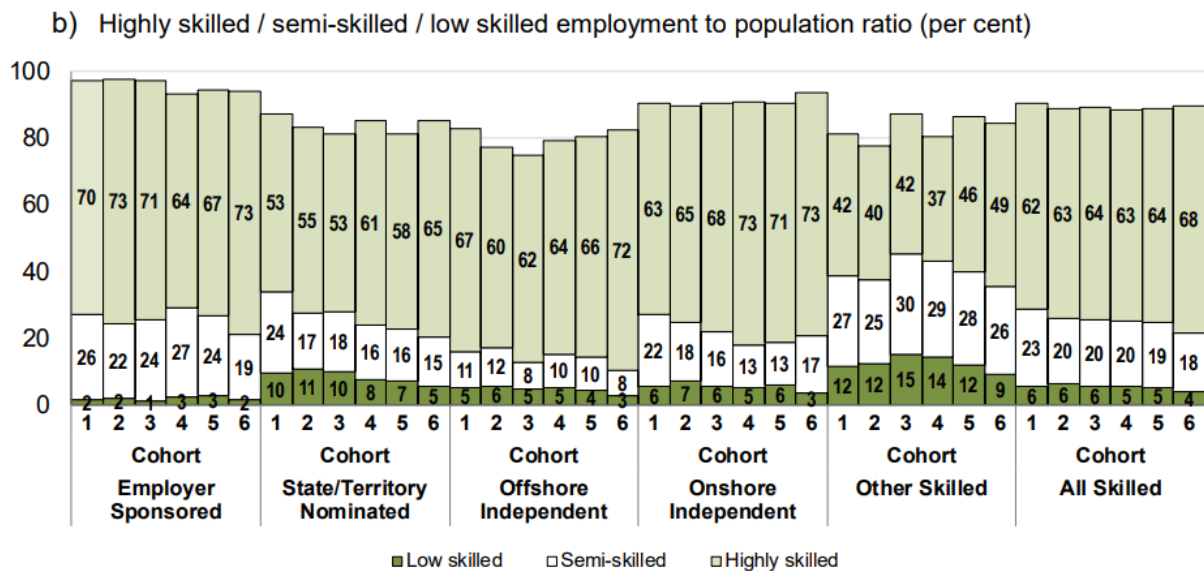


Figure 3: Comparison of Skilled Employment between survey cohorts (primary applicants) and the Australian general population, by settlement period⁹

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 employer sponsored skilled migration should have access to all occupations that are classified as skilled which reflects the situation prior to 2017. 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

⁸ Ibid Department of Home Affairs 2020, Continuous Survey of Australia's Migrants – Cohort6 Report – Introductory Survey 2018, <<https://www.homeaffairs.gov.au/research-and-stats/files/csam-cohort6-report-introductory-survey-2018.pdf>>.

⁹ Department of Home Affairs 2020, Continuous Survey of Australia's Migrants – Cohort6 Report – Introductory Survey 2018, <<https://www.homeaffairs.gov.au/research-and-stats/files/csam-cohort6-report-introductory-survey-2018.pdf>>.

cap of say 4 percent of the workforce in those occupations could be considered. Only those occupations where integrity concerns have been identified should be removed for this access.

Recommendation 3: ACCI recommends increasing the proportion of Employer Sponsored Migrants within the Skilled category and allowing all skilled occupations (Skill levels 1, 2 and 3) should be accessible under the employer sponsored program.

Skilling Australians Fund (SAF) Migration Training Levy

The SAF levies applying to skilled migration being \$1200 per year for small business and \$1800 per year for large business for temporary migrants, and \$3000 for small business and \$5000 for large business for employers using the permanent Employer Nomination scheme are well in excess of what is reasonable, particularly as the SAF Levy is paid upfront for the whole term of the visa.

It is inequitable that a sponsoring employer cannot obtain a refund of the training levy if their application is unsuccessful, other than on health or character grounds. A refund of the training levy should be available in all cases where the application has not been successful.

The quantum of these levies are no longer fit for purpose post-COVID, ACCI recommends that as the SAF levy is due to expire in less than a year it be discontinued. The current economic circumstances and Australia's dire need for additional workforce participants overrides any benefit of continuing the levy.

Recommendation 4: Remove the SAF Levy for temporary and permanent employer nominated visas for the next two years and review what is an appropriate training requirement for employer sponsored migration beyond that time.

Remaining attractive to prospective migrants

In order for Australia to remain attractive to prospective migrants to support our recovery from the impacts of COVID-19 in the short term and support a future Australia for 2030 and beyond, our migration program would benefit from a greater pathway to permanency. ACCI strongly supports a pathway to permanency for all temporary skilled migrants as well as, at least for the next year or two, recent international students who have graduated. A pathway to permanency for all temporary skilled migrants was a fundamental strength of the system prior to the 2017 changes. The option of a pathway to permanency increases Australia's global competitiveness in terms of skilled migration and ensures the best and brightest talent is able to be attracted and retained.

Recommendation 5: Change the TSS visa conditions to provide a pathway to permanent residency for all temporary skilled migrants and in addition, at least for the next year to two, recent international students who have graduated be encouraged to seek employer sponsorship or apply for independent skilled migration across all skilled occupations.

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 the temporary and permanent migration program.

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.

ACCI is supportive of the current ANZSCO review which is long overdue, and are participating in ABS stakeholder consultations and facilitated information and feedback sessions between members and the ABS. Despite significant changes to both the economy and employment market, including new jobs driven by technology as well as changes to the level of skill needed in certain jobs, ANZSCO was last reviewed almost a decade ago (in 2013). The outdated nature of the classifications is resulting in issues for business, particularly in determining the duties are workers based on appropriate skills levels.

The review is being undertaken in a series of incremental steps, with the current update limited to priority occupations in agriculture, cyber security, naval ship building and emerging occupations identified by the National Skills Commission. While this update is welcome, all occupations are experiencing technological progress and the nature of work and job roles are constantly change. One example that was raised in consultation was of a reef tour business in Far North Queensland which required workers who could be the tour guide, speak another language for tourists and collect reef samples for government research. They attempted to recruit a marine biologist, however, this occupation was described as working in a laboratory, so it did not properly describe their labour needs. Fortunately, their business was located in the Far North Queensland Designated Area Migration Agreement and they were able to request a deed for variation to include a non-ANZSCO occupation and recruit from there. This is just one example which demonstrates the inflexibility of the system.

All ANZSCO codes need to be brought up to date and regularly reviewed to ensure they remain relevant to the rapidly changing nature of work. Regular review of major statistical infrastructure such as the ANZSCO needs to be built into the normal operating budget of the ABS.

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 2022-23 Migration Program will not reap the benefits of a major ANZSCO review, it is recommended that it is progressed immediately to ensure future migration programs are responsive to the needs of the labour market.

Recommendation 6: ACCI recommends progressing a substantial review of the ANZSCO by the Australian Bureau of Statistics, and building into a regular review of major statistical infrastructure such as the ANZSCO into the normal operating budget of the ABS.

Summary

ACCI emphasises the significant benefit arising from the Migration Program to the business community and to Australia and supports a target of 265,000 places. This is an appropriate level to maximise the benefits in their period of COVID recovery and skills and labour shortage crisis, and still control migration levels. It is further recommended that the Department return to a system where it was possible for permanent migrants to be sponsored using the Employer Nomination Scheme under any skilled occupation category.