

Migration, Pathway to Nation Building

ACCI Submission

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Introduction

The Australian Chamber of Commerce and Industry (ACCI) welcomes the opportunity to provide a submission to the *Migration, Pathway to Nation Building* inquiry by the Joint Standing Committee on Migration.

As well as achieving cultural diversity, migration is an important element in counteracting our ageing population, supplementing our workforce to fill skills and labour gaps, making us economically stronger, and creating jobs and improving Australia's workforce participation rate.

ACCI welcomes the increased focus on ensuring Australia's migration framework is fit for purpose in the long term. 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. As detailed in ACCI's [Better Australia](#) strategy, ACCI supports migration targets that maximise economic and demographic outcomes with matching infrastructure investment to support it. ACCI has also made recommendations to our recent submission to the comprehensive review announced by the Minister for Home Affairs, the Hon Clare O'Neil MP, [A Migration System for Australia's Future](#) to ensure Australia's migration system is fit for the future and can meet the challenges and opportunities that lie ahead.

The terms of reference for the inquiry are addressed throughout this submission. ACCI makes a number of recommendations to maximise the potential for migration to contribute to nation building, cultural diversity and social cohesion, and act as a strategic enabler of vibrant economies and socially sustainable communities.

Role of Migration in Nation Building

Migration has formed a big part of Australia's heritage and is a substantial contributor to economic prosperity and our culture, lifestyle and sense of who we are. Australia's population, coming from a wide range of cultural backgrounds, has provided diversity of thinking and positive 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's publication, '[Migration Works for All of Us](#)', as well as our recent submission to the review *A Migration System for Australia's Future*, sets out the evidence in favour of migration's important role in nation building, including its role in creating jobs and delivering enormous economic and social benefits, particularly when planning is smart, continuous and co-ordinated.

Migration has been a major contributor to Australia's success, and our targeted migration program has ensured we are better placed to deal with the challenges of an ageing workforce than most other developed countries. Our diverse population from a wide range of cultural backgrounds has enhanced this comparative advantage by providing a diversity of thinking and positive network of connections to the rest of the world. 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.

The 2021 Intergenerational Report shows a clear and positive relationship between migration and economic growth. Not just increasing the number of taxpayers, migration helps boost spending in areas such as housing, retail and tourism. Skilled migrants on average make a lifetime contribution of \$198,000 to Australia's finances, compared with an \$85,000 cost for the general population.² Primary employer-sponsored visa holders contribute up to \$557,000.³

Skilled migrants transfer their skills to the local workforce as well as fill skills gaps.⁴ Alongside the important outputs from our education and training sectors, the skilled migration program is a highly valuable component of workforce planning and development in Australia. Skilled migration is a vital tool that assists individual businesses who experience skill gaps, as well as filling skills shortages in the wider economy. It provides access to skilled workers otherwise unavailable to the employer when they need to expand or replace a departing worker. Without this option, businesses are negatively affected. This costs our economy and therefore reduces job opportunities for Australians.

In addition to helping fill skilled labour needs, migrants consume local goods and services, which create demand for labour and other resources to supply those goods and services, thus creating more jobs in the local economy.

Migration also has a role to play in counteracting the ageing population. The latest population statement by the Centre for Population shows ageing will continue to present a demographic challenge for Australia in the future with declining fertility rates and increasing life expectancies. Australia's ageing population

1 The Australian Bureau of Statistics, Interesting Facts about Australia's 25,000,000 population

2 Treasury Paper, 'The lifetime fiscal impact of the Australian permanent migration program', December 2021.

3 Treasury Paper, 'The lifetime fiscal impact of the Australian permanent migration program', December 2021.

4 Migration Council of Australia 2016, The Economic Impact of Migration, http://migrationcouncil.org.au/wp-content/uploads/2016/06/2015_EIOM.pdf

means migration is an important factor allowing Australia to grow, as migrants tend to be younger and highly skilled, which boosts Australia's productivity.⁵

Prior to the pandemic, the decision to reduce the permanent migration intake by 30,000 to 160,000 was already having a negative impact on business' ability to fill skills gaps and for Australia to reap the benefits of a strong migration program. The restrictions during the COVID-19 crisis exacerbated these problems. Going forward, we need to set the cap for permanent migration based on the evidence of economic benefit, taking into account the shifts in net overseas migration and natural population increases, and then resource the application process to ensure the outcome is closer to the cap. A strong focus should remain in terms of permanent skilled migration.

However, it is not just permanent migration that contributes to nation building. Australia's migration program consists of humanitarian, permanent migration, and various temporary visas, and each element delivers unique economic and social benefits. The permanent migration program facilitates partners, families and skilled migrants to make Australia their permanent home. Temporary visas facilitate the stay of tourists, working holidaymakers, students and temporary skilled workers in Australia for a limited period of time. It must be recognised that a combination of temporary and permanent migration options is vital to getting the balance right.

To support effective nation building, we must also ensure the Australian migration system supports the needs of our regions, both for permanent settlement and to satisfy the significant demand for seasonal work, both skilled and unskilled, in tourism and agriculture. Australia is a large continent and although our workforce has, to some extent, demonstrated its willingness to relocate for work, the proportion of workers and families that are willing to move long distances is falling.⁶ It is often not possible to have the workers available where and when needed. This is true for our growing cities as well as in our regions. It is difficult to attract people to make a move to a regional location particularly for seasonal work, whether or not it is a skilled job. Yet regional growth industries such as tourism, mining and agriculture are generating jobs and wealth for Australia, and are spreading that wealth across Australia. Those businesses need people willing to work in all corners of our country.⁷

Regional migration should be encouraged, and it is essential that we support migration policies that successfully meet regional skill and labour needs. This is about putting positive policies in place that support regional jobs growth, and encouraging migrants to fill job needs (including difficult to satisfy seasonal needs), with a carrot and not the stick approach. Employer-sponsored migration, both permanent and temporary, is the best way to achieve this.

Employer-sponsored skilled migration, both permanent and temporary, should again have access to all occupations that are classified as skilled. This ensures the system is responsive to all skill needs, not just national skill shortages. For example, chefs have multiple cultural cuisine styles which are not interchangeable but are only covered in two occupations, cooks and chefs. A specialist on a particular piece of new machinery may be needed to boost productivity of firm output and to train others to use it. These are real needs even when they do not show in national analysis.

Employer-sponsored migration is the most successful form of migration in Australia. This has immediate employment outcomes guaranteed and provides long term employment experience — the best of all migration pathways. Employer sponsored migrants have consistently delivered positive labour outcomes,

5 <https://www.theguardian.com/australia-news/2023/jan/02/australias-fertility-rate-rebounds-to-pre-covid-levels-but-jim-chalmers-issues-warning-on-ageing-population>

6 6 The Australian Bureau of Statistics Census 2016, Census of Population and Housing: Reflecting Australia - Stories from the Census, 2016, <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0~2016~Main%20Features~Population%20Shift:%20Understanding%20Internal%20Migration%20in%20Australia~69>

7 The Australian Bureau of Statistics 2018, 8155.0 Australian Industry 2016-17, <http://www.abs.gov.au/ausstats/abs@.nsf/0/48791677FF5B2814CA256A1D0001FECD?Opendocument>

which can largely be attributed to having a proven skill set, employment available upon arrival and a relationship with an individual connected to the business and local community.

As mentioned above, ACCI made a number of relevant recommendations in our submission to the migration review *A Migration System for Australia's Future*, which we commend to the committee.

Recommendation 1:

Ensure an appropriately balanced migration system, with a combination of temporary and permanent migration as well as a composition that best suits Australia's workforce needs, determined by reference to the available evidence.

Recommendation 2:

Increase the permanent migration intake, with a strong focus on permanent skilled migration.

Recommendation 3:

Put in place positive policies to support regional jobs growth and encourage migrants to fill job needs by enabling appropriate access to employer-sponsored migration for all skilled occupations.

Recommendation 4:

Ensure access to all skilled occupations for employers nominating workers under the employer-sponsored temporary and permanent skilled streams.

Recommendation 5:

Implement additional recommendations as set out in ACCI's submission to the migration review, *A Migration System for Australia's Future*.

Attracting and retaining working migrants

The Terms of Reference importantly refer to attraction and retention strategies for working migrants to Australia. Australia's attractiveness cannot be taken for granted when the international competition for talent continues to intensify due to major migrant receiving countries facing similar population and labour force challenges.

Visa processing

In early 2022, it was reportedly taking three times longer to process skilled visa applications than before the pandemic, leading some overseas workers to take jobs in other countries. For example, as highlighted by ACCI member Master Builders Australia in its submission to the Migration Review, feedback from an employer in Victoria is as follows: *"It's easier and quicker to go to other countries. I have just lost a guy from Chile as he can go to Canada much easier than here. I can't blame him as the hoops we have had to jump through here are painful."*

While additional funding was allocated to accelerate visa processing and resolve the visa backlog, resources must be allocated on an ongoing basis, so Australia doesn't miss opportunities to fill skills gaps with talent choosing to go to other countries due to delays in visa processing.

Skills recognition and skills assessments

A key part of being able to effectively utilise Australia's migration system is ensuring we can appropriately harness the skills of migrants. A report by Deloitte Access Economics (2018) suggested that in Queensland, for example, 49 in every 100 skilled migrants are not utilising the skills and experience gained before arriving in Australia, often due to lack of recognition of their qualification (25 per cent). Improved recognition processes that clearly indicate where international qualifications are equivalent to Australian qualifications is needed. A good example of this can be found on the German skills recognition portal that is used to attract and recognise the skills of aspirant migrants and skilled visa workers.⁸ There needs to be an examination of how we can better and more consistently recognise the skills and qualifications of migrants, while at the same time preserving legitimate safety and quality standards.

In addition, the skills assessment process can be time consuming and costly, often requiring lengthy technical assessments for occupations, such as in the automotive sector, that may have very similar training standards and qualifications in the home country to that of Australia. The delays caused by the skills assessment process often deters strong candidates from pursuing their application in Australia, with the likely loss of talented candidates to other countries. The skills assessment processes must be reviewed and streamlined to ensure timely, efficient and quality skills assessments.

Pathways to permanency

There is currently no clear pathway to permanency for many temporary visa holders. For Australia to remain attractive, our migration program would benefit from a greater pathway to permanency. A pathway to permanency for all temporary skilled migrants was a fundamental strength of the system prior to 2017. These pathways assist in ensuring that there is a good fit and a firm commitment by a migrant to their new permanent home. As one of the country's leading demographers states this "two-step process is very effective because of the guaranteed employment of the migrant as opposed to the potentially long job search that needs to be undertaken by an independent skilled applicant".⁹

The option of a pathway to permanency also increases Australia's global competitiveness in terms of skilled migration and ensures the best and brightest talent is able to be attracted and retained. It also has a positive impact on business, reducing employee turnover and enabling businesses to plan long-term.

Housing and infrastructure

To ensure we can reap the benefits of a strong migration system and attract and retain migrants, we need to address concerns relating to housing stock availability and plan appropriately. This is particularly the case in the regions, where the availability of suitable housing to rent or buy makes it very difficult for employers to attract and retain employees. The poor quality of critical infrastructure, such as transport (roads, rail and air services), energy, telecommunications, water and other utilities, and soft infrastructure such as training, education and health services, is also a major barrier to attracting people to regional areas.

⁸ <https://www.anerkennung-in-deutschland.de/html/en/index.php>

⁹ McDonald, Peter 2016, "Ageing in Australia: Population changes and responses", Population Ageing and Australia's Future, ANU Press, pp.65-83.

We need to address these concerns, not through trying to restrict our economic and job generating powerhouses but by planning and managing better. Action needs to be taken to increase the availability and affordability of housing, particularly in the regions, to assist with the supply of available workers and the ability to attract migrants to the regions.

Recommendation 6:

Speed up visa processing times by maintaining extra personnel.

Recommendation 7:

Review the skills assessment process to ensure timely, efficient and quality skills assessments.

Recommendation 8:

Enable pathways to permanency for all temporary skilled migrants.

Recommendation 9:

Take action to increase the availability and affordability of housing, particularly in the regions, to assist with the supply of available workers and the ability to attract migrants to the regions.

Strengthening labour market participation

Employer-sponsored migration is the most successful form of migration in Australia. This has immediate employment outcomes guaranteed and provides long term employment experience. Employer-sponsored migrants have consistently delivered positive labour outcomes, which can largely be attributed to having a proven skill set, employment available upon arrival and a relationship with an individual connected to the business and local community. It is important that policy settings ensure businesses can access employer sponsored migration for all skilled occupations.

There is great opportunity to strengthen labour market participation of migrants, including family and humanitarian migrants and partners of skilled migrants.

Settlement services can be important in this regard, providing migrants and new arrivals with support, knowledge and skills that enable them to establish a life in Australia. For example, government-funded services which focus on supporting the early acquisition of English language skills, active participation in the workforce, and access to education. These aspects are critical to successful settlement as they assist migrants and new arrivals engage economically, socially and culturally in Australian society, and must be appropriately funded.

There are some positive programs run by state governments designed to provide a link to employment opportunities. For example, the initiative funded by the Victorian Government, involving a partnership with the Victorian Chamber of Commerce and Industry and Youth Activating Youth (YAY) to improve pathways for multicultural youth experiencing barriers to employment, including people seeking asylum and refugees, and newly arrived migrants.¹⁰ This is an internship program which aims to create six to eight week paid internship placements for young multicultural people with prior or working qualifications who

¹⁰ <https://www.victorianchamber.com.au/news/new-program-to-improve-multicultural-youth-employment-pathways>

are experiencing barriers to employment (including people seeking asylum and refugees, and newly arrived migrants from non-English speaking backgrounds). The internships may result in ongoing employment and YAY will provide three months of post-internships support. The NSW Government also has refugee support initiatives which are designed to support refugees through access to fee-free training and providing employment support aimed at achieving long-term skilled employment.¹¹

Given the benefits, similar programs should be considered at a national level. We note the government is considering a replacement to Youth Jobs PaTH program which provides pre-employment training, placement and post-placement support – there would be merit in extending any such replacement program to migrants who would benefit from such a program.

In addition, as touched on above, skills recognition is an important element in strengthening labour market participation of migrants, and there needs to be an examination of how we can better and more consistently recognise the skills and qualifications of migrants, while at the same time preserving legitimate safety and quality standards.

In relation to migrants studying in Australia who may wish to apply for a temporary graduate visa on completion of their qualification, in the higher education space, studies indicate that work-integrated learning, particularly in undergraduate degrees, is an effective strategy in terms of providing authentic, real world learning experiences and enhancing students' employability skills. Accordingly, universities should be supported to engage with businesses to develop work-integrated learning activities in which the theory of the learning is integrated with the practice of work, such as placements, simulations and industry projects. In addition to the technical skills that degrees produce, businesses regularly identify the importance of soft skills to help prepare young people for the workplace and business surveys have consistently reported that capabilities such as communication, planning, problem solving, team work and self-management are most in demand in the workplace.¹² Experience in an Australian workplace will also provide the international student with professional networks in Australia, which are extremely useful in terms of providing local references and assisting finding employment.

Recommendation 10:

Run programs to strengthen labour market participation of migrants, such as family and humanitarian migrants and partners of skilled migrations. Consider expanding programs such as the replacement to the Youth Jobs PaTH program to migrants who would benefit from such a program.

Recommendation 11:

University-industry partnerships should be promoted, and businesses should be incentivised to provide work integrated learning opportunities to develop much needed workplace skills for recent graduates which in turn will benefit the Australian economy.

¹¹ <https://education.nsw.gov.au/skills-nsw/students-and-job-seekers/low-cost-and-free-training-options/support-for-refugees-asylum-seekers.html>

¹² Business NSW, Business Conditions Survey, March 2021

About ACCI

The Australian Chamber of Commerce and Industry represents hundreds of thousands of businesses in every state and territory and across all industries. Ranging from small and medium enterprises to the largest companies, our network employs millions of people.

ACCI strives to make Australia the best place in the world to do business – so that Australians have the jobs, living standards and opportunities to which they aspire.

We seek to create an environment in which businesspeople, employees and independent contractors can achieve their potential as part of a dynamic private sector. We encourage entrepreneurship and innovation to achieve prosperity, economic growth and jobs.

We focus on issues that impact on business, including economics, trade, workplace relations, work health and safety, and employment, education and training.

We advocate for Australian business in public debate and to policy decision-makers, including ministers, shadow ministers, other members of parliament, ministerial policy advisors, public servants, regulators and other national agencies. We represent Australian business in international forums.

We represent the broad interests of the private sector rather than individual clients or a narrow sectional interest.

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