



SEMMA
SOUTH EAST MELBOURNE
MANUFACTURERS ALLIANCE

**SEMMA SUBMISSION TO PARLIAMENTARY JOINT STANDING COMMITTEE ON
MIGRATION -**

MIGRATION, PATHWAY TO NATION BUILDING.

30 JANUARY 2023

There are no restrictions on publication of this submission or requirements for anonymity.



Committee Secretary
Joint Standing Committee on Migration
PO Box 6021
Parliament House
Canberra ACT 2600

30 January 2023

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Manufacturing has been shown to be of critical importance to our 'sovereign capability' and a key driver for national economic success and prosperity. For some time, the most dire issue for this sector – as with many others - has been an unprecedented shortage of skilled labour across the spectrum of manufacturing employment. It is in that context that our submission is framed, addressing questions around the area of Skilled Migration.

SEMMA recommends a number of actions within this submission that will support employment of skilled migrants within manufacturing and ensure the ability for this sector to prosper over the coming years.

Background.

SEMMA (South East Melbourne Manufacturers Alliance) was formed in 2003 with the goal of providing advocacy for manufacturers and opportunities for our manufacturing members to develop and grow their businesses. SEMMA represents over 200 SMEs, employing 16,000 Australians who produce \$3 Billion in GDP.

The contents of our submission are informed by our direct interactions with this diverse cross section of regional manufacturers as well as on-going dialogue with other manufacturing/industry bodies.

Context

Small to Medium Enterprises (SME's) provide the majority (95%) of employment in manufacturing in Australia and therefore any migration policy settings which can benefit those companies can have significant impacts on employment and the broader economy.

Terms of Reference

1. The role of permanent migration in nation building, cultural diversity, and social cohesion;

Skills shortages have been impacting almost every sector of the economy. Within manufacturing companies, this absence of skilled labour has led to companies having to turn



away profitable orders. The viability and profitability of companies has been directly impacted by the shortages. While some skill areas within manufacturing are being called for more often than others, there are major problems across trades including fitting and turning, welding, engineering disciplines, technical trades areas involving electronics, machine operation and process-related IT capabilities, right through to low skill/entry level roles.

SEMMA believe that a significant proportion of the skilled migration places should be allocated to skilled people with the following skills, experience and demonstrated capability in their field:-

- Qualified Trades – Welding*, Sheetmetal fabrication, Fitters and turners, CNC operators.
- Mechanical and electronics engineers
- Design Engineers
- Electronics Technicians
- Process Control Engineers (including capability for systems integration for robotics/process controls/data capture and analytics) .

* It is estimated that there is a current short fall of 20,000+ Welders in Australia. The current “Infrastructure-led recovery” is pulling welders into the construction sector and away from traditional manufacturing roles.

Electrical equipment design and manufacturing within Australia is a major cornerstone of our defence capability, energy security, energy climate change transition, manufacturing, mining, transportation and education. To protect both our sovereign capability and the electrical equipment industry we need to be either building home-grown skills and/or bringing in migrants with the requisite skills, both engineers and technicians. It is vital that those considered for skilled migration are properly assessed prior to arrival i.e., practical trades tests for welders, fitters, technicians to assess the quality of their output. A trade certificate from overseas is not sufficient evidence of technical competence. We do not want to accept low quality trades people only to have them languishing and unemployable or burdening employers willing to engage them.

The concept of skilled migration and local skill development/training are not mutually exclusive, however, it currently takes around 3 years to complete an engineering apprenticeship and longer to produce a qualified engineer. Increasingly people who undertake a bachelor’s degree in engineering or science will do a double degree or go on to complete a Masters, looking at potentially 4 or 5 years of tertiary study.

Workforce Skills planning at the Federal Government level needs to inform both our local education and skills training in Australia but we can’t rely solely on developing existing residents, we also need skilled migration to meet current skill shortages and future skills needs. Without accurate identification of key skills needed and targeted, skilled migration,



we will not meet the challenges of 'nation building' and will be unable to maintain our current living standards with provision of the necessary goods and services to support a thriving economy.

2. Immigration as a strategic enabler of vibrant economies and socially sustainable communities in our cities and regional hubs;

SEMMA membership covers the Local Government Areas of Greater South East Melbourne. Many of these LGA's have very diverse populations. For example, Greater Dandenong is a culturally diverse community in Melbourne's southeast suburbs with over 150 nationalities calling Greater Dandenong home, making it one of the most diverse municipalities in Victoria. Manufacturing companies typically employ people from diverse nationalities and cultures. Even relatively small companies typically boast half a dozen nationalities. Larger companies can identify 70 or more nationalities in their workforces. Every employee contributing to the economic success of the enterprise and the broader economy.

Not only do these immigrants work and live – paying rates and spending money - in the municipality but they bring a vibrancy to the area which is renowned, with eateries and markets which draw people from well outside the Dandenong area. Dandenong is sometimes dubbed 'Little India' and Afghan Bazaar food tours are part of the tourism activities within the region

One SEMMA member advised that their business employs 75 people. These people are from various parts of Asia, India, Africa, Middle East and Europe as well as employees born here in Australia. This employer proposed that if the Immigration Policy became more relaxed and focused on allowing a broad talent pool (skilled and unskilled) labour with the removal of the minimum standard requirement for English language skills, this would assist many businesses in gaining additional labour. The logic behind this proposal is "that if it worked in the 50's, 60's, 70's, why won't we allow it to work again for the benefit of our nation in the immediate and long term.

Further, he states that most manufacturing businesses have the ability to assist newly arrived immigrants into work, as they already have bilingual speaking staff working for them. This relaxation of the rules would assist manufacturers, farmers, butcheries even restaurants!

The social life of the community is enhanced by the contribution of people bringing their positive cultural models and traditions to the community. Colourful Chinese and Hindu temples have been built in the South East of Melbourne and festivals are celebrated across the region showcasing exotic cuisine, dancing, music, art and crafts.

As with other municipalities in the South East, representatives from for example, African, Chinese, Afghan, Sri Lankan and Indian/Sikh communities are heavily represented in volunteer activities for their own communities and the broader GSEM community, giving back to the country which has provided them with opportunities for them and their children.



3. Attraction and retention strategies for working migrants to Australia;

With the labour market becoming more globalised Australia certainly needs to be competing heavily to attract labour to our shores. As a large island with an advanced economy, Australia offers a safe and politically stable country with options across the country for both city and regional work and places to live and bring up families.

A Government sponsored “speed dating” programme to match prospective migrants to specific Australian businesses is one proposal recommended by a SEMMA member, This could assist SME’s and simplify the navigation of complex sponsorship processes.

Speed to process migrant visas has been a recurring theme in feedback to us at SEMMA. There is clearly a balance required to ensure that prospective migrants have the required skill levels and are genuine about working and living in Australia.

4. Policy settings to strengthen skilled migrant pathways to permanent residency;

Simplify and streamline policy and processes ensuring that there are sufficient protections to ensure suitable skilled workers are attracted to Australia. Regular reports are made to the media around the struggles employers have had to negotiate the visa processes for their sponsored workers. Including people having to leave the country and return in order to advance their VISA application status. Situations which defy logic in some cases.

Our SME members report that the front end of identifying and engaging in dialogue with suitably qualified skilled people off-shore is a key starting area but that the process currently to ‘bring people in’ is very costly and very slow. This presents real challenges to small to medium businesses in pursuing the option of sponsored migrants.

Streamlining of the process where there is a genuine fit of a skilled person to a business would make an enormous difference to SME uptake of immigrant labour.

The national Skilled Migration programme needs to be more consistent across States to avoid the challenges our member companies have reported whereby they have lost good employees on temporary visas to neighbouring states. In one case a member lost 5 skilled trades people/engineers. The reason for this exodus was that the employees were desperate to obtain their state sponsored 190 visas, offering a direct path to a Permanent Residency visa. It seems that the guidelines between NSW and Victoria differ slightly in that a qualified engineer, working as an engineer, is eligible to apply in Victoria for the 190 visa however, if they have been employed initially for a lower level technical role, they are ineligible to apply even though they are working and performing technical tasks essential to the employing business. In NSW, if the engineer is performing in a lower level position it does not negatively impact their ability to secure the 190 visa.

The above situation has apparently been exacerbated by migration agents who seem to be directing people to states where there are more visas available (NSW). It is also worth



noting here that the cost and administrative burden for employers of working through migration agents when trying to undertake an employer sponsored visa for a skilled migrant, can be onerous for SME's. Documentation and information requested include:-

1. ABN ; ACN
2. If the business operates under a trust, the trust deed + execution page.
3. Company Financials & Tax Return for FY 20xx
4. Company Financials & Tax Return for FY 20xy (if completed)
5. Lodged BAS for FY 20xy (from the ATO Portal)
6. Lodged BAS for JUL-SEP 20xy (from the ATO Portal)
7. Payroll breakdown of total payments made to apprentices for FY 20xy.
8. Payroll breakdown of total payments made to apprentices calendar year 20xy.
9. Payroll report for FY 20xy (Showing Total wages & superannuation paid)
10. Payroll report for Calendar year 20xy (Showing Total wages & superannuation paid)
11. Draft employment agreement for MR X (.docx format)
12. Draft job description of MR X (.docx format)
13. List of all Employees inc. (First Name, Job title & Visa status: e.g., Australian citizen, PR, student, Working Holiday Visa), alternatively an org chart showing this

Costs reported by our members vary, depending on individual circumstances, but can be in excess of \$10,000. The visa process is encouraging agents to manipulate the framework to ensure success for their applicants. Deeper audit traceability is required of agents to follow up on the occupation the successful migrants take over a period of 5 years, tracking the effectiveness of the programs / visa streams.

5. Strengthening labour market participation and the economic and social contribution of migrants, including family and humanitarian migrants and the partners of working migrants;

One of the positive consequences from the COVID pandemic, and the tightening labour market, is that employers in the Manufacturing sector are now much less likely to stick to a strict list of job criteria and perceptions are changing regarding the pool of available applicants. Not only perceptions, but the willingness by forward-thinking employers to offer increased flexibility to encourage people, especially mothers of school-aged children, to enter the work force.

Several SEMMA member companies have implemented employment practices to enable working parents (primarily mothers) to work shorter, more flexible shifts to enable them to drop off and collect children of school age. Other employers have offered places to groups of low-skill migrants with a peer with English language skills to support them. In one case a manufacturer proposed that he would be happy to employ two women for 4 hours each in place of one person for 8 hours per day. This would deliver the women the opportunity to



gain paid work experience in Australia and they would have the flexibility to support family members.

Industry has demonstrated that employers are willing to support innovative models to attract people keen to gain employment.

6. The role of settlement services and vocational training in utilising migrant experiences, knowledge, and opportunities; and

Refer Section 6 – Attachment A.

7. Other related matters that may assist the inquiry.

An attachment has been provided by our SEMMA member REDEI Services Pty Ltd. which addresses the inquiry terms of reference in detail. SEMMA endorse the content of the REDEI submission.

Conclusion

Manufacturing is the industry upon which the economic success of industrialized countries is developed and sustained. Manufacturing remains a significant employer and provides jobs and the multiplier effect from manufacturing, is greater than most other industry sectors. Skilled migration policies and levels for 2023, and into the future, need to be in place which can meet the immediate and urgent needs of Australian manufacturing to ensure continued growth of this vital sector. In the short term, it would make sense to increase the proportion of skilled visas and to increase the total numbers of skilled, state sponsored visas.

Vonda J Fenwick.

CEO

South East Melbourne Manufacturers Alliance (SEMMA).

ATTACHMENT A. Response to Inquiry Terms of reference by SEMMA Member REDEI Services Pty Ltd.



ATTACHMENT A.

Comments from REDEI Services Pty Limited

Please see responses to the points below:

The Joint Standing Committee on Migration will inquire into and report on Australia's migration system, with reference to:

1. The role of permanent migration in nation building, cultural diversity, and social cohesion;

Comment: Increased coverage of the role of migration in nation building has dominated the Australian and Victorian news as Australia seeks to understand the benefits and downsides of our existing policies and practices and our levels and types of migration. Even this initial exploration, through constant repetition in social media, has reminded governments (Federal/State, & Members of Parliament) and now our citizens of our historic dependence on bringing people from overseas to live in Australia. We can see that they have already made an enormous contribution to building our nation, socially and culturally. Equally frequently do we hear at present on television and social media the claim that "Australia is the most culturally cohesive successful country in the world". *"Well might we believe this"*, as Prime Minister Gough Whitlam might have said, but our recent experience with the Covid-19 pandemic has revealed the cracks in our system preventing or delaying our ability to recover from the pandemic largely as the result of our limits to population. There have always been shortcomings but now they are prompting us to examine what they are and to make the necessary changes to fix them. As a result, the Joint Committee Report on Australia's Migration will be welcomed by many, and in particular by the manufacturing industry which increasingly relies upon skilled and experienced managers and workers familiar with the latest technology.

2. Immigration as a strategic enabler of vibrant economies and socially sustainable communities in our cities and regional hubs;

Comment: Australia is not the only nation post-pandemic facing the need to modernise its immigration system. Nor are we alone in having a history of dependence upon past migration to build a vibrant economy and socially sustainable communities in our cities and, particularly regional hubs. Canada has had similar demographic or population challenges to Australia's where the majority of the population settled around the major cities and borders leaving vast open land largely occupied by Indigenous people not attractive to new settlers who prefer to live in more crowded conditions, nor the formation of socially and financially sustainable regional hubs outside main cities. The Canadian Government is now moving towards strategic new policy initiatives to provide and support more options for new settlers to move to regional population hubs where economic activity can be sustained. The Joint Standing Committee on Migration might explore Australian government policy initiatives and the options likely to enable settlement in viable regional hubs



with appropriate infrastructure and educational opportunities. It is likely that modernising our Immigration System will require digitisation of migration processing to speed up our administration and AI.

- *For Canada the modernisation of its Immigration system, “required a business transformation and cultural shift within the organization”.*

3. Attraction and retention strategies for working migrants to Australia;

Comment: Australia and Canada’s similarities aside they are not the only nations at present exploring strategic policy and practices to attract and retain working migrants to Australia. The United States and New Zealand are also countries that are competing for migrant workers and Australia needs to be aware of where it sits in that competitive race. Part of Australia’s success in the competitive race is likely to be attributable to our cultural understanding of the importance of the problems migrant workers face, and the barriers they must deal with.

Not generalising to comment on all of the different categories of migrant workers the answers below represent comments from students and/or employed migrants in Melbourne:

Questions asked: What attracted you to study/work in Australia? As an employee or student in Australia did you face any difficulties either in applying to work/study in Australia, or inequities in working as a migrant?

Answers: (These comments demonstrate some of the difficulties experienced by migrants who have already chosen to study and gain undergraduate degrees and work in Australia:

1. Attracted to Australia by the friendliness of the people, lifestyle and opportunities
2. Australia requests applicants to show sufficient funds to cover their course fees and living expenses. Can be AUD \$20,000
3. Canada does not ask for funds up front on application
4. On a Bridging Visa with Work Rights and working in manufacturing a visa holder cannot leave the country to visit family back home without a permanent visa
5. “It is really hard work, expensive and competitive” says one visa holder
6. “It’s so hard” said an employed migrant worker - to come to Australia and a slow process”
7. Another migrant worker points out that they are an “Australian Citizen for taxation purposes only”.
8. This worker on a student visa who works pays the same tax as citizens but cannot join Medicare or Centrelink.
9. Overseas students need to join private health insurance, with few funds choose to join a cheaper fund only to find that GP visits not included.
10. A graduate of a top university in Melbourne pays \$4,200 for a Visa, but when returning overseas to marry and return with wife to Australia will have to pay \$8,000 – a total of \$12,200



- These instances need more than ‘attracting’ migrants but retaining them. Australia has been an attractive destination but we must strive to maintain that in the face of such competition for scant human resources.

4. Policy settings to strengthen skilled migrant pathways to permanent residency;

Comment: As the 10 short comments indicate from a small sample of student/workers policy the strengthening of policy settings around the following would make a positive contribution:

- Digitisation of immigration process and end to paperwork
- Cost of applying and living expenses in Australia
- Time for processing of various visas redesigned
- Flexibility or inflexibility of different categories of visas
- Strengthen review of Australia’s competitive profile globally

Benefits such as Medicare/Citylink and some TAFE courses opened to migrant workers with expected restraints

- Above all, clear pathways simply explained to permanent residency

In modernising existing migration system incorporate needs of those already in the system and not only new migrants – could otherwise be an equity issue for those who have managed to get visas the hard way

5. Strengthening labour market participation and the economic and social contribution of migrants, including family and humanitarian migrants and the partners of working migrants;

Comments:

- Review cost of wife/husband partner in additional cost of visa – for example $\$4,200 + \$8,000 = \$12,200$ – not easy for working new graduate newly married
- Develop policies to support “vulnerable people”, refugees, without discrimination and respect for their contributions
- Increased number of TAFE places can assist family members not currently in labour market to participate to gain jobs
- Continued awareness and following UN Human rights

6. The role of settlement services and vocational training in utilising migrant experiences, knowledge, and opportunities; and

Comments: Both settlement services and vocational training will be key factors in establishing the financial and social sustainability of communities within cities and regional areas. Cultural Competence and experience will be critical success factors.

Some options to assist their effectiveness:



- Prioritise administration and recruitment of key staff with applicants with demonstrated experience and understanding of “other” cultures overall, and specific cultures and language where possible.
- Staff who process forms, applications and queries given opportunity to directly communicate and learn from migrant experiences
- All staff undertake cultural diversity and inclusion courses
- Research demonstrates that while cultural skills are seen as ‘soft’ their absence has caused many otherwise excellent programs to fail.
- Vocational training initiatives are currently being explored to enable a range of all students to follow more flexible study options
- Consideration given to identifying and offering Cert IV VET courses to migrants to enable them to deliver settlement training courses in culturally and linguistically appropriate ways to new arrivals

7. Other related matters that may assist the inquiry.

Some direct sources:

- <https://policyoptions.irpp.org/magazines/august-2022/digital-transformation-immigration-system/>
- <https://www.canada.ca/en/immigration-refugees-citizenship/news/2022/01/modernizing-canadas-immigration-system-to-support-economic-recovery-and-improve-client-experience.html>
- “I know that processing delays have been incredibly frustrating for many individuals. Helping clients come to Canada quickly, with predictable processing times and efficient communication with IRCC, remains a top priority for me. Immigration benefits all Canadians—it helps grow our economy and strengthens our communities across the country. Many people are choosing Canada as the place to visit and build their future, and to ensure that we stay competitive, we have introduced concrete measures to make sure those who want to come to Canada have the client experience they deserve.”
- – The Honourable Sean Fraser, Minister of Immigration, Refugees and Citizenship

Prepared: Dr Wendy Bell, Redei Services Pty Limited, 7 December 2022