

2 August 2024

Committee Secretary
Senate Legal and Constitutional Affairs Committee
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Parliament House
Canberra ACT 2600

Via email: legcon.sen@aph.gov.au



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Dear Committee Secretary

Migration Amendment (Strengthening Sponsorship and Nomination Processes) Bill 2024

The Chamber of Commerce and Industry Western Australia (CCIWA) is the peak body advancing trade and commerce in Western Australia. We are fundamentally committed to using our insights to develop and advocate for public policies that will help realise our vision to make WA the best place to live and do business.

We thank you for the opportunity to provide a submission to the Committee about the *Migration Amendment (Strengthening Sponsorship and Nomination Processes) Bill 2024* (the Bill).

From the outset, it is important to note that the migration system is no longer fit-for-purpose. It has become much harder and more cumbersome for businesses to navigate Australia's migration system, to the detriment of economic growth and productivity. This is a particularly acute issue for Western Australian businesses operating in regional WA, which have experienced sustained local workforce challenges over the past decade.

We hold the view that building local capability, as well as temporary skilled migration, with clearer pathways to permanency, are key to tackling Western Australia's unique workforce challenges.

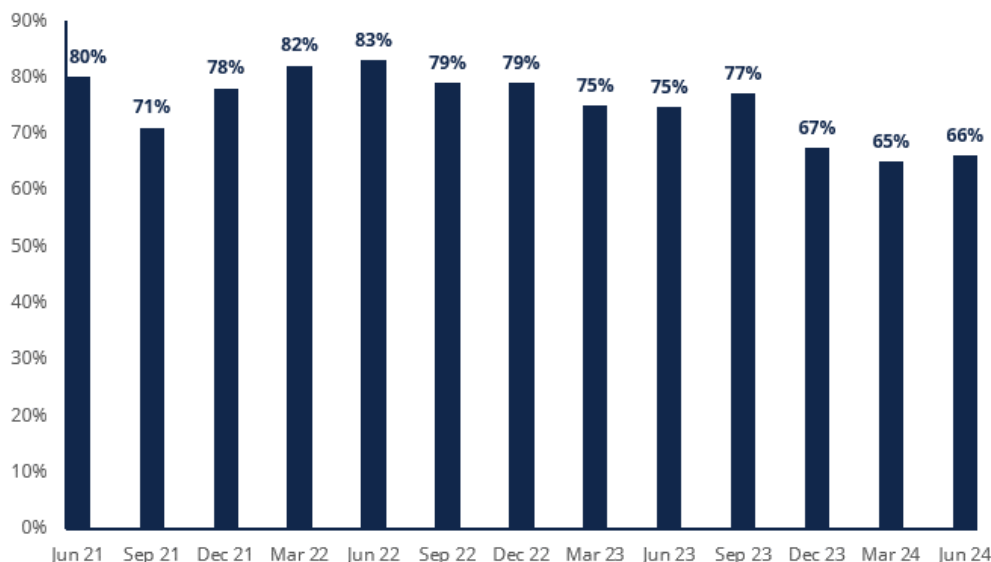
Unfortunately, we would argue that some of the provisions identified in this Bill will only make it harder for businesses to address their skill shortages. In what follows, we address our key concerns in more detail.

Labour shortages continue to hamper business growth in WA

For some time now, Western Australian businesses have reported persistent challenges with hiring skilled labour, making this a significant barrier to growth. Our most recent Business Confidence survey (June Quarter 2024), which provides the most comprehensive assessment of local business conditions in Western Australia, found that 66 per cent of businesses across Western Australia are still struggling to fill a position **[Figure 1]**.

This is reflective of the situation Western Australia faces currently, with an unemployment rate well below the non-accelerating inflation rate of unemployment at 3.8 per cent.¹

Figure 1: Percentage of respondents to CCIWA’s Business Confidence Survey struggling to fill a position, June 2024



Our survey data has found that many WA businesses are trying to address the skills gap through significant and continuous investment in training their local workforces, and seeking to attract staff through innovative means. However, a critical shortage remains across the WA economy for skilled, semi-skilled, and entry level employees. This underscores the importance of efficient and effective migration pathways to drive our future economic growth and prosperity.

Core skills income threshold excludes significant areas of skill shortages

Attracting skilled migrants is vital, however, the need for semi and lower-skilled migrant workers is just as pressing. Traditionally lower-wage sectors, like hospitality, retail, and health care & social assistance, have some of the highest vacancies, not just in WA, but across the country. Yet pathways to secure workers for these sectors are limited within our current migration system, which is geared towards higher-skilled and higher-wage occupations. If we do not expand or increase the pathways available to secure workers at various skill levels, labour shortages will persist in areas of critical need.

While we note the intention of the Temporary Skilled Migration Income Threshold (TSMIT) is to protect local workers and ensure fair wages, we suggest this intervention will likely give rise to unintended consequences. At a rate of \$73,150 per year, many semi-skilled and lower-skilled workers – such as those within hospitality, early childhood

¹ Australian Bureau of Statistics, Labour Force data, May 2024

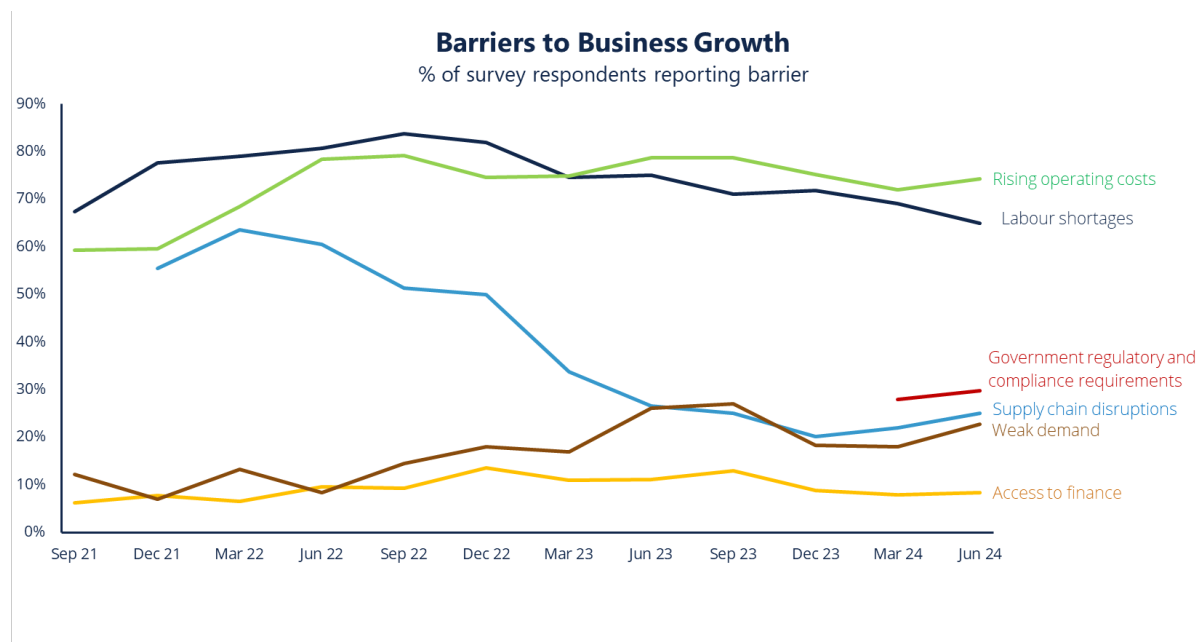
care, retail and health and community services sectors - will naturally be excluded, yet these industries are still desperate for workers.

As a case in point, the Jobs and Skills Australia’s *2023 Skills Priority List – Key Findings Report* identified the Motor Vehicle Parts and Accessories Fitters (General) as one of the many occupations facing skill shortages. However, under the proposal in this Bill, given their median weekly earnings are below the TSMIT at \$1,294, this occupation would not be eligible for the temporary skilled migration program, unless they receive written approval by the Minister.² This just creates an unnecessary layer of complexity, especially for small and family-run businesses, who would have to write to the Minister and hope their pleas are heard.

To address this issue, we recommend an exemption for occupations in areas of key skill shortage, where they fall below the TSMIT. There is a risk that this arbitrary income level could force businesses to either lower output and productivity, or push wages higher, well above market rates, to secure temporary migrants. This would be a concerning outcome as cost pressures currently weigh heavily on businesses, particularly wage costs, as shown in Figure 2 and Figure 3. We consider small and medium businesses to be especially vulnerable to these cost challenges and will likely have no other choice, but to pass these costs on to the consumer, adding to inflationary pressures.

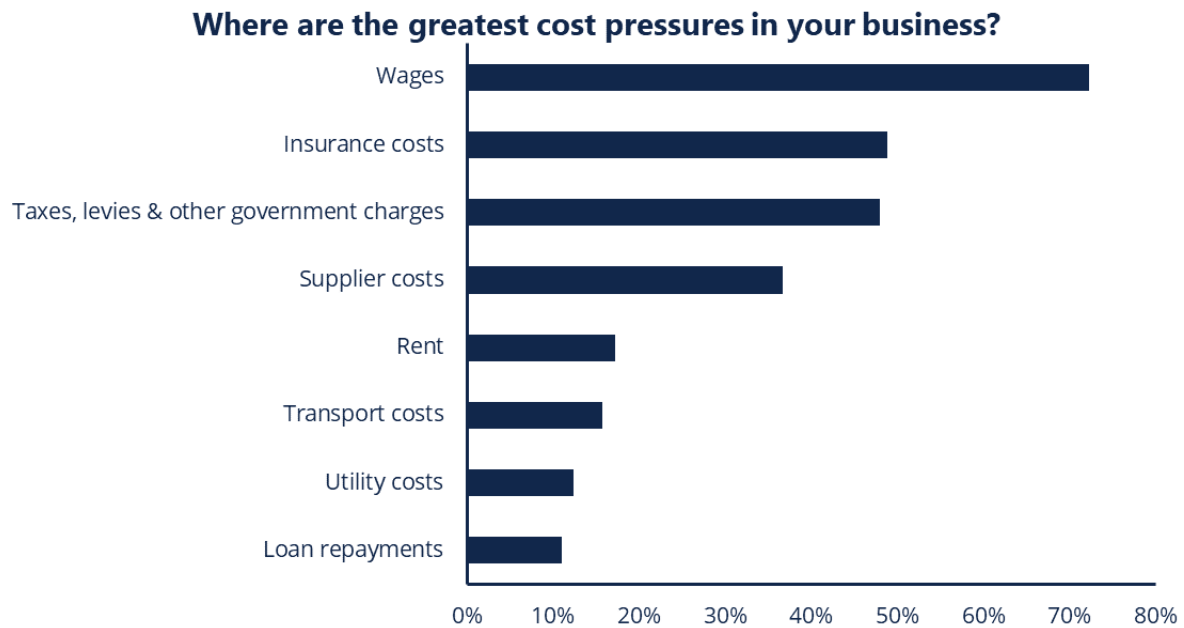
These concerns outlined here reflect those CCIWA raised with respect to [the Core Skills Occupation List](#) with Jobs and Skills Australia. We are concerned that the Federal Government continues to restrict skilled migration opportunities and make it more challenging for businesses to get the skilled workforces they need.

Figure 2: Rising operating costs a key barrier to growth



² Jobs and Skills Australia, Labour Market Insights by Occupation, Motor Vehicle Parts and Accessories Fitters, accessed 12 July 2024.

Figure 3: Wage cost hit businesses hard



Expansion of labour market testing

We hold the view that, when the unemployment rate is below the non-accelerating inflation rate of unemployment, labour market testing should be suspended. As such, we are opposed to further expansion of labour market testing at this time. Pausing market testing would help ensure that businesses can get access to the labour they need as soon as possible, to drive productivity gains.

We are also concerned about the impact of shifting from four to six months for market testing, as this would be detrimental to businesses already under pressure due to a lack of staff. In effect, this change would force businesses to reduce capacity and lower productivity, before having the opportunity to apply for sponsored migration.

More than a third of occupations are in a national shortage, and despite efforts to advance skill development locally, these shortages will likely persist into the foreseeable future. With lead times to fill vacancies already significant, any further extension is a detriment to alleviating the skill shortages. This is especially the case for those occupations that Jobs and Skills Australia have identified to have longer training gaps, such as electricians, occupational therapists, and early childhood (pre-primary school) teachers.

Register of approved sponsors – Section 140GE

We hold the view that those who misuse the migration system and exploit workers should be held responsible under the relevant legislative framework. To this end, there is a public good in publishing a list of businesses convicted of breaches to the Migration Act/Fair Work Act for exploitation of temporary migrants.

However, we do believe it would be unnecessarily divisive for businesses to report publicly how many temporary migrants they have sponsored, or how many workers are on temporary visas. There are some sectors, such as agriculture, which rely on a large

influx of approved temporary migrants during harvest, which may be perceived negatively, despite following relevant workplace laws.

Concluding remarks

Australia's skilled migration pathway is crucial to addressing pressing workforce needs. We all want a migration system that attracts skilled, semi-skilled, and entry-level migrants to call Australia home, help grow local businesses, and in return see the economic and social benefits. To deliver this outcome, we need to see efficient and effective migration pathways to drive our future economic growth and prosperity.

Labour shortages remain a persistent challenge for businesses in Western Australia, and skilled migration is key to addressing workforce shortages. The proposed model would restrict WA's potential, particularly the changes to the TSMIT and labour market testing. These can only result in making it harder for businesses to find the labour they need.

With this in mind, we reiterate that minor changes to the Bill could in fact deliver an improved migration system, at least compared to the current migration framework. We urge the Parliament to consider the real-world impacts of their decisions, particularly for businesses in Western Australia.

Should you wish to discuss the content of this submission, please do not hesitate to contact Aaron Morey, CCIWA's Chief Economist and Director of Policy, via email at

Kind regards

Chris Rodwell
Chief Executive Officer