

Australia's Skilled Migration Program

Submission to the Joint Standing Committee on Migration March 2021

Introduction

The Australian Chamber of Commerce and Industry (ACCI) welcomes the opportunity to provide input to the Joint Standing Committee on Migration's Inquiry into Australia's Skilled Migration Program.

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. 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 shortages as well as fill skills gaps 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.

This submission addresses the terms of reference 1(a) and 2 in the context of the current COVID pandemic crisis which has reduced Australia's migration program to a trickle.

1. *The purpose of the skilled migration program and whether it is meeting its intended objectives, including*
 - a. *if any immediate adjustments are necessary in the context of the future of work and pandemic recovery, and*
2. *Australia's international competitiveness in attracting entrepreneurs, venture capital, startups, and the best and brightest skilled migrants with cutting edge skills;*

Migration in the current environment

Australia's skilled migration program is a high priority issue for business and its virtual shut down over the last 12 months has created major concerns as shortages have been exacerbated. As the economy seeks to recover from the impacts of COVID-19, skilled migration will be a very important component in the recovery of the economy in this post COVID period. Australia's migration program can improve access to skills and stimulate economic growth only if the program is more responsive, less complex and less expensive.

Business has immediate issues of skills shortages including the right mix and coverage of skills. The December 2020 NSW Business Conditions Survey¹ indicated that almost half of businesses in NSW currently experience a skills shortage. Our member out west, CCIWA in their December 2020 member survey² reported that 1 out of 3 (33 percent) businesses identified skilled labour shortages as the largest barrier to growth over the coming year, including 52 percent businesses in the resources sector. Even industries heavily impacted by the crisis, including hospitality, have reported severe chef shortages across the country but particularly in regions, a position reinforced by the mining industry which is unable to attract chefs to mining sites even with lucrative packages. Job vacancies reached 254,000 nationally in November 2020, higher than they have been at any point in the last 10 years³. It is likely that global demand for highly skilled talent such as medical specialists, scientists, and research and development staff will be particularly high post-COVID. It may also mean that pre-existing skills shortages will be exacerbated in certain industries due to fewer skilled migrants, such as construction, hospitality and advanced manufacturing.

In this context, ACCI recommends that more is done to adjust the migration policy settings to adapt to these unique circumstances in order to meet the skills needs in our economy. These medium to long term solutions include improving access to all skilled occupations in employer sponsored skilled migration programs, the effective implementation of labour, enterprise and designated area migration agreements. From a business perspective, the numerous different occupation lists add layers of complexity and that skilled migration occupation lists for permanent and temporary migration need to be more responsive to industry needs.

In the immediate future, ACCI recommends the following changes to improve conditions for business to recover:

- Expand the priority list of occupations that can be sponsored, and exemptions sought for entry.
- Support the need to resolve a clearer pathway to international travel restart. The current system of quarantine caps where all arrivals are treated as being of the same risk is not working effectively. Migrants, and indeed returning Australians, fly in from countries that have different risk levels yet are bundled together so they end up being dealt with like the lowest common denominator.
- All temporary migrants in country who are with or can find an employer sponsor, be eligible to apply for permanent residency under an employer-sponsored skilled visa provided their occupation is at ANZSCO skill levels 1 to 3.
- Reduce the cost of employer sponsorships for permanent and temporary skilled migrants at least for the next 12 months. ACCI recommends halving the Skilling Australians Fund Migration Training Levy on a long-term basis.

Expand the Priority Migration Skilled Occupation List (PMSOL)

The PMSOL identifies 18 occupations which fill critical skills needs to support Australia's economic recovery from COVID-19. According to the Department of Home Affairs, employer sponsored nomination and visa applications with an occupation on the PMSOL will be given priority

¹ Business NSW 2021, Business Conditions Report, <https://www.businessnsw.com/content/dam/nswbc/businessnsw/bcs-reports/BCS%20DEC2020%20-%20Report.pdf>

² Chamber of Commerce and Industry WA 2021, <https://cciwa.com/wp-content/uploads/2020/12/1220-Business-Confidence.pdf>

³ Australian Bureau of Statistics 2021, Job Vacancies Australia, <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/job-vacancies-australia/latest-release>

processing⁴. Our members have identified a number of skills that are in critical shortage and have evidence that supports the inclusion of these occupations onto the PMSOL. The list of occupations is attached with supporting evidence as appendix A.

Pathway to Permanency for all Employer Sponsored Migrants

Leveraging temporary skilled migrants who are already in country with a job, will help fill some of the gap created in the permanent migration program due to the pandemic. Changes made to skilled migration program in April 2017 resulted in the removal of pathways to permanency for over two-thirds of skilled occupations. Temporary migrants on the subclass 482 Temporary Skill Shortage (TSS) visa under the short-term stream do not have a pathway to permanency while those on the medium-term stream have an option to extend their visa for another 2 years after the initial 2 years, thereby opening up a pathway to permanency. The main difference is the list that their sponsored occupation sits under – the Short-Term Skilled Occupation list (STSOL), the Medium and Long-term Strategic Skills list (MLTSSL) and the Regional Occupation List (ROL).

ACCI recommends that all temporary migrants in country who are with or can find an employer sponsor, be eligible to apply for permanent residency under an employer-sponsored skilled visa provided their occupation is at skill levels 1 to 3.

As at 31 December 2020 there were 110,338 skilled temporary residents in country, out of which 83,925 were on the 482 TSS visa. Out of this number, a proportion will already have a pathway to permanency, but many will not. Another source of permanent skilled migrants are graduate visa holders and working holiday makers who are in country. Many of these temporary migrants may have skills in occupations that are not on the MLTSSL and are therefore not currently eligible for permanent residence. But they may have skills in demand by employers who may be prepared to sponsor them to become permanent residents.

The rationale behind this recommendation:

- Since the temporary skilled migrants are already in country, there is no need to navigate international travel, quarantine caps and requirements.
- Since many of these migrants already hold sponsored jobs, it will provide employers the option to permanently sponsor these migrants without causing any business disruptions.
- Fill the permanent migration gap created by the COVID-19 pandemic travel restrictions in the 2021-22 and 2022-23 program years.

In addition, stemming from labour shortages during the COVID-19 crisis, those on the Pacific Labour Scheme, Seasonal Worker Program and Working Holiday Makers (WHM) were allowed to continue to work in critical sectors including agriculture and food processing. Particularly, WHM working in critical sectors are exempt from the six-month work limitation with one employer and are eligible for a second-year visa to keep working in these sectors if their current visa is due to expire in the next six months. ACCI recommends extending the exemption to WHM employed in the tourism, hospitality and accommodation sectors and allowing for a second- and third-year visas if employed in the tourism, hospitality and accommodation sectors.

⁴ Department of Home Affairs 2020, <https://immi.homeaffairs.gov.au/visas/employing-and-sponsoring-someone/sponsoring-workers/pmsol>.

Reduce the Cost of Employer Sponsorship

Although a training levy was recommended by the 2014 457 Visa Integrity Review to replace the previous training benchmarks used in the migration program, the mechanism and quantum of the Skilling Australians Fund Migration Training Levy (SAF) applying to skilled migration was an unwelcome surprise in the 2017 Budget. The amounts of \$1200 per year for small business and \$1800 per year for large business were well in excess of the Review's recommendation of \$400 per visa holder per annum for the TSS visa. In addition, the SAF Levy is paid upfront for the whole term of the visa, which was also not consistent with the recommendation of the Integrity Review, which recommended annual invoicing. The 2017 Budget also included a levy for employers using the Employer Nominated Skilled Visa of \$3000 for small business and \$5000 for large business, paid upfront.

The quantum of these levies and how they are applied have had a negative impact on access to the migration program. Although there was some shift in the refund policy in the 2018 budget, it is still 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.

Australia's International Competitiveness in attracting Skilled Migrants

Australia has been a net importer of talent (IMD 2020) and ranks in the top twenty nations in global metrics of talent competitiveness. Australia tends to perform highly on measures of environment, climate, social mobility, tolerance and lifestyle, but lower on measures of talent investment and development, although the education system is recognised as high quality. It is largely the 'Australian lifestyle' that attracts skilled people living overseas⁵.

The attractiveness of competitors has recently overtaken that of Australia, despite our excellent handling of the COVID-19 pandemic, and the far smaller economic and health impacts compared to other countries. However, the openness of our competitors during the pandemic may have blinded potential migrants to Australia's success. Reasons such as not having closed international borders and faster vaccine rollouts have contributed to other countries being much more attractive than Australia. In a competitive environment, Australia needs to leverage our pre-existing attractiveness around our quality of life and build on this by promoting our handling of the COVID-19 pandemic, especially as other countries are now making a concerted effort to issue more visas and recruit international students. The closure of the international borders and the lack of international students is another significant factor in reducing the pathways for international talent to move to Australia. This reinforces our recommendation to bring certainty to reopening international travel.

Around the globe our competitors have introduced various measures to attract more skilled migrants⁶ -

- Germany significantly enlarged its shortage occupation list and relaxed the requirements in terms of minimum educational attainment to recruit skilled migrant workers. Labour migrants with an employment contract or job offer no longer need to undergo a labour market test to work in occupations with labour shortage.

⁵ IMD World Talent Ranking 2018, <https://www.imd.org/wcc/world-competitiveness-center-rankings/talent-rankings-2018/> and IMD World Talent Ranking 2020, <https://www.imd.org/wcc/world-competitiveness-center-rankings/world-talent-ranking-2020/>.

⁶ OECD 2020, International Migration Outlook 2020, https://www.oecd-ilibrary.org/sites/ec98f531-en/1/3/4/13/index.html?itemId=/content/publication/ec98f531-en&csp_6cecdc0fb3b3828a41a7f738372ed214&itemIGO=oecd&itemContentTy=book.

- Canada introduced exemptions to travel restrictions for approved new permanent residents, workers and students; easing work limits for international students working in an essential service; enabling new temporary foreign workers to work in Canada while upholding mandatory quarantine measures; facilitating existing temporary foreign workers to change employers in Canada and extended timelines to restore temporary resident status.
- In the Netherlands, in order to attract knowledge workers, those with a permit under the Highly Skilled Migrant Scheme qualify for a special expenses reimbursement scheme since January 2019. This allows an employer to provide an employee with 30% of his/her wage, including reimbursement, as an (untaxed) reimbursement of the extra costs of the temporary stay outside the country of origin. Since July 2020, highly skilled migrants (holders of a Highly Skilled Migrant long-term stay (MVV) visa or permit, including EU Blue Card holders, Intra Corporate Transferees under Directive 2014/66/EU and researchers under Directive 2016/801) and students are allowed to enter the Netherlands, regardless of their country of residence.
- In New Zealand, Labour Market Testing (LMT) will be removed for high-paid jobs outside the five main cities. In parts of the country where fewer New Zealanders are looking for work, visa conditions for migrants will be more generous. The national median income will become the unique criterion to classify jobs into skilled and lower-skilled (which have to pass the LMT), replacing a complicated skills classification system that does not reflect all occupations and can cause delays in visa processing.
- In the United Kingdom, 2019-20 saw several changes to the immigration system implemented to improve the selection and retention of highly qualified migrants. The Shortage Occupation List (SOL) was expanded adding occupations in several fields, including health, IT, and STEM. Jobs in the SOL are exempt from labour market testing and are not subject to numerical caps. Start-up and Innovator visas replaced Tier 1 Entrepreneur and Graduate Entrepreneur visas in March 2019. Industry experts rather than immigration officers now make the selection of visa applicants. In February 2020, the Global Talent visa (with no numerical cap) replaced the Tier 1 Exceptional Talent visa. It is a fast track visa for talented and promising individuals in the fields of science, engineering, medicine, humanities, digital technology and arts and culture, with an accelerated path to settlement. A new Graduate Route will apply to international students starting with the 2020-21 university intake. It is similar to the two-year Post Study Work Visa discontinued in 2012. International students who will successfully complete an undergraduate or higher degree will be eligible to stay in the United Kingdom to look for a job for two years after completing their studies.

More needs to be done to make Australia attractive to the highly skilled migrant cohort especially in a post COVID world. As mentioned earlier, a less complex and more responsive and flexible migration system will create the conditions necessary to attract this talent.