



HOUSING INDUSTRY ASSOCIATION



Submission to

The Joint Standing Committee on Migration

Migration in Regional Australia

20 September 2019

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ABOUT THE HOUSING INDUSTRY ASSOCIATION

The Housing Industry Association (HIA) is Australia's only national industry association representing the interests of the residential building industry, including new home builders, renovators, trade contractors, land developers, related building professionals, and suppliers and manufacturers of building products.

As the voice of the residential building industry, HIA represents a membership of 60,000 across Australia. HIA members are involved in land development, detached home building, home renovations, low & medium-density housing, high-rise apartment buildings and building product manufacturing.

HIA members comprise a diverse mix of companies including residential volume builders, small to medium builders and renovators, residential developers, trade contractors, building product manufacturers and suppliers and allied building professionals that support the industry.

HIA members construct over 85 per cent of the nation's new building stock.

The residential building industry is one of Australia's most dynamic, innovative and efficient service industries and is a key driver of the Australian economy. The residential building industry has a wide reach into manufacturing, supply, and retail sectors.

Contributing over \$100 billion per annum and accounting for 5.8 per cent of Gross Domestic Product, the residential building industry employs over one million people, representing tens of thousands of small businesses and over 200,000 sub-contractors reliant on the industry for their livelihood.

HIA exists to service the businesses it represents, lobby for the best possible business environment for the building industry and to encourage a responsible and quality driven, affordable residential building development industry. HIA's mission is to:

"promote policies and provide services which enhance our members' business practices, products and profitability, consistent with the highest standards of professional and commercial conduct."

HIA develops and advocates policy on behalf of members to further advance new home building and renovating, enabling members to provide affordable and appropriate housing to the growing Australian population. New policy is generated through a grassroots process that starts with local and regional committees before progressing to the National Policy Congress by which time it has passed through almost 1,000 sets of hands.

Policy development is supported by an ongoing process of collecting and analysing data, forecasting, and providing industry data and insights for members, the general public and on a contract basis.

The Association operates offices in 22 centres around the nation providing a wide range of advocacy, business support services and products for members, including legal, technical, planning, workplace health and safety and business compliance advice, along with training services, contracts and stationary, industry awards for excellence, and member only discounts on goods and services.



1. INTRODUCTION

1.1 The Scope of HIA's Submission

HIA welcomes the opportunity to provide comments to the Joint Standing Committee on Migration *Inquiry into Migration in Regional Australia*.

Providing a policy framework to encourage skilled migrants to settle in regional areas of Australia creates a crucial source of skilled labour to regional industries, including residential building. Boosting regional skilled migration would bring considerable benefits to regional areas across Australia's states and territories.

In a purely numeric sense, the starting point must be to reverse the downward trend in Australia's skilled regional migration intake, which more than halved between 2012/13 and 2016/17 and was little changed in 2017/18. A number of other benefits of regional skilled migration include: the creation of economic growth and household income growth in regional centres; the incentive for higher levels of business investment; and the mitigation of some population pressure in Australia's large capital cities.

In our submission HIA addresses the following terms of reference:

1. National and international best practice strategies to encourage people to settle and stay in regional areas;
2. Strategies to develop skilled migration;
3. Key local, state and federal initiatives for successful regional settlement outcomes;
4. Local volunteers, employers and community organisations and their role in facilitating regional settlement;
5. Relevant migration policy, including administration and state specific migration mechanisms;
6. Related infrastructure matters.

1.2 The benefits of a strong regional skilled migration policy

The evidence that a strong immigration policy is of net benefit to Australia is both comprehensive and compelling.

A number of domestic and international bodies and reports support this conclusion, including: the Productivity Commission; Commonwealth Treasury; the Intergenerational Reports; the Department of Home Affairs; the Organisation for Economic Cooperation and Development (OECD); the International Monetary Fund (IMF); and the International Organisation for Migration.

There are a range of benefits to non-metropolitan areas from policies encouraging regional skilled migration, including:

- It can often provide a crucial source of labour supply for a region required to enhance or maintain its regional economic development. In turn migration may in some instances make the largest contribution to growth in a region's working age population (aged 15 to 65 years).
- Higher levels of regional migration lead to faster population growth rates over time and, therefore, higher economic growth as:
 - migrants provide benefits to the three core areas of the economy: labour markets; the public 'purse'; and economic growth; and
 - migration boosts a region's working age population, something that is very important against the backdrop of an ageing population and workforce.



To advance this point, migration has a crucial impact on the age distribution of a region's population. Migrants, on average, are younger than the resident population and tend to be of prime working age. They also tend to be better educated than Australian residents nearing retirement. Migration reduces the average age of the population and slows the rate of population ageing. This increases the proportion of the population that are of working age and raises aggregate workforce participation, increasing economic growth.

This is very important to regional areas of Australia where rates of population growth are relatively low, stagnating, or even going backwards, which in turn stifles economic vibrancy and opportunity to an area. It is accurate that many regional areas lack sufficient labour for seasonal work, partly because Australian residents are often reluctant to take on the work, see particular jobs as lacking career prospects, or are simply unable to do the work. At the same time, regional areas also require skilled workers in the medical field, for example, together with carpenters, bricklayers and a range of other skilled occupations in the residential building industry. These skills are often in shortage in Regional Australia, but are necessary to ensure adequate care and services such as housing are readily available and affordable.

- Migrants who reside in Regional Australia will bring with them skills and make a positive contribution to the development of a region's human capital. Migrants also contribute to technological progress;
- Consequently migrants increase a region's pool of human capital;
- That leads to skilled migrants increasing the rate of regional economic growth, which has positive flow-on effects for the living standards of all residents;
- Regional migration also improves an areas public finances – as skilled migrants contribute more in taxes and social contributions than they receive in benefits.

These considerable benefits do not accrue themselves. There needs to be a holistic and strategic approach to developing a policy framework which encourages migrants to move to regional areas. Skilled and semi-skilled migrants will move to regional areas where there are: jobs; affordable housing; sufficient medical, social and community services; and because there is adequate physical and social infrastructure. As an aside, this economic and social environment also encourages Australian residents living in capital cities to make a 'lifestyle' change and move to a regional area.

This environment doesn't occur without strong cooperation between federal, state/territory and local governments. It also doesn't occur without a clear strategic plan.

2. TERMS OF REFERENCE

- **National and international best practice strategies to encourage people to settle and stay in regional areas;**
- **Strategies to develop skilled migration.**

The future prosperity of Regional Australia requires growth in population, employment participation and the productivity of labour and capital.



The fundamental requirement for successfully encouraging skilled migrants to regional areas is the second of the above three factors. There need to be employment opportunities and growth. It is well known that there are regions in Australia who lack sufficient labour and skills and that this is constraining economic growth and the broader vibrancy and sustainability of communities. Skills shortages in regional areas, which include shortages of skilled residential tradespeople, need to be clearly identified and regional migration programs need to successfully match the required skills and labour.

This on its own is unlikely to generate a vibrant and strong economic and social regional community. Strategies need to be implemented to encourage and incentivise local business investment to generate additional demand for skilled labour, which will provide a strong basis for successful and sustained regional migration.

Strong regional cities and areas in the United States and Canada, for example, are driven by employment opportunities, investment opportunities and a reinvestment of the subsequent increase in public funds and capital into the local economy and community (Portland, Oregon, for instance). Successful communities identify and leverage off their natural strengths and often engage in innovative strategies and programs to generate regional economic development.

The Federal Government's 'Planning for Australia's Future Population' report provides a starting framework. The report presents a seven point blueprint for 'investing in our regions':

- ***Regional Deals;***
- ***Decentralisation agenda;***
- ***Designated Area Migration Agreements;***
- ***Regional provisional visas;***
- ***Destination Australia Scholarships;***
- ***Extending the Temporary Graduate visa for regional students;***
- ***Roads of Strategic Importance.***

There needs to be strong engagement and cooperation across levels of government to ensure successful policy development based on this starting point. This will create the opportunity for regional employment opportunities and growth.

Population moves to where the jobs are, as implied above. Policies to support and encourage employment growth will provide an environment encouraging of skilled migrants and capital city residents moving to regional areas.

- **Key local, state and federal initiatives for successful regional settlement outcomes;**
- **Local volunteers, employers and community organisations and their role in facilitating regional settlement.**

The 'investing in our regions' platform provides a starting point for collaboration between different levels of government to identify and develop policies to encourage regional migration.

A foundational element of success in this regard will be identifying the labour and skills needs that businesses in a particular regional area require; and identifying new opportunities to generate business investment and consequently a fresh wave of employment growth. This analysis won't work at a federal or state/territory level. The analysis needs to be undertaken at each area to which the regional migration program is applied. That will ensure the correct skills-match is found and the new opportunities for economic and employment growth can be developed.



Engagement with the local business and broader community needs to be part of this process. For example, HIA has 22 offices Australia-wide and can be of assistance in identifying skills shortages in the residential building industry in local areas. For instance there is a prominent shortage of bricklayers, together with wall and floor tilers, in the Wagga Wagga region.

Designated Area Migration Agreements (DAMA) exist in seven areas of Australia, one of which is Far North Queensland. In this instance the Cairns Chamber of Commerce has taken a lead role in guiding local business in the process of applying under the DAMA.

This brings us full circle to the importance of local information, analysis and communication. A DAMA is designed to provide flexibility for a region (or state/territory) to meet its unique economic and labour market conditions. It needs to be known and communicated what these unique conditions are.

This requires cooperation among the local community and businesses and government initiatives based on sound local market intelligence and analysis.

- **Relevant migration policy, including administration and state specific migration mechanisms**

Relevant migration policy is about accurately meeting the skills and labour requirements of a particular regional area and linking regional economic development, and the nurturing of further employment prospects that would be part of such a plan, back to the migration policy.

There are a range of temporary and permanent migration pathways for regional migration. HIA will not cover these in great detail, but starts by noting that the Federal Government has introduced a number of measures which should encourage regional skilled migration. These measures include: a new visa class to direct up to 23,000 skilled migrants to regional areas on a provisional permanent residency visa for three years and a provisional new Skilled Employer Sponsored Regional Visa.

Australia's temporary and permanent visa system will need to be flexible and consistently assessed to ensure it is achieving the desired objectives. Creating a vibrant and developing regional economy with the help of skilled (and unskilled) migrants is a fluid and dynamic process. It is important to ensure that the needs of business and the wider local community are being met by the visa programs available.

Within the residential building industry there are local manufacturers and suppliers to the residential building industry who experience a shortage of skilled labour. Flexible and successful temporary and permanent visa programs can assist filling the gaps.

While a large number of skilled trades within residential building are on the Temporary Skilled Shortage Visa list, HIA remains concerned that the employment requirements fail to recognise the unique needs of the residential building industry. There remains no practical way for a fully qualified tradesperson to take up the temporary skilled working visas where there is no employment relationship.

HIA believes that the unique nature of the workforce in the residential building industry should be taken into account through the introduction of a specific temporary visa category.

- **Related infrastructure matters**

The Federal Government's infrastructure investment program includes upgrades to key roads and rail corridors to connect major capital cities with regional centres. Some of this is occurring through the Regional Deals program with state, territory and local governments. This is a strong start, from an infrastructure perspective, to creating a platform for regional development and enticing migrants to settle in regional areas.



There will also need to be investment in local infrastructure and a crucial element of this is residential infrastructure, both physical (e.g. roads and drainage) and community (e.g. sporting facilities and education facilities). The most important part of a decision to settle in a regional area after employment opportunities is housing affordability. Indeed, if an employment opportunity is available, but the relative cost of housing is high, then there will be less regional migration.

An important component of any successful migration policy is recognition that there needs to be a strategy and support for residential development and related infrastructure investment to house a growing regional population.

3. CONCLUSION

Migration provides multi-dimensional benefits to regional areas of Australia.

Migration can plug labour shortages which are known to exist in many regional areas of Australia. This is not only in terms of seasonal workers, which often receives prominent coverage, but also skilled labour needed to anchor a local economy - such as medical staff and residential building tradespeople.

There are a large range of economic benefits from regional migration. Ultimately all residents living in a regional area with a strong migration program benefit from a larger working age population, a bigger pool of human capital and a faster rate of economic growth.

The fundamental requirement for successfully encouraging skilled migrants to regional areas is employment growth and opportunity. The framework for achieving that will come from a holistic and strategic approach to developing a plan for regional economic development. This will require cooperation between federal, state/territory and local governments, together with local businesses, organisations and communities.

