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# Migration in Regional Australia

Submission to the Joint  
Standing Committee on  
Migration  
September 2019



Australian  
Chamber of Commerce  
and Industry



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## Summary of recommendations

This submission contains a number of recommendations that will encourage migration into the regions:

### **Recommendation 1:**

- Continue to expand the Working Holiday Maker program across more markets and the eligibility extended with a view to support regional jobs growth and labour needs.
- Reduce the Working Holiday Maker visa application fee to make Australia a more attractive destination.

### **Recommendation 2:**

Make eligible all skilled occupations for temporary as well as permanent migration in regional Australia, and provide a pathway the permanency for all temporary skilled visas in regional Australia.

### **Recommendation 3:**

Commence a review of ANZSCO immediately.

### **Recommendation 4:**

- Halve the Skilling Australians Fund levy to \$600 per year for small business and \$900 for large business for each sponsored temporary migrant.
- Ensure that in all cases where a visa application has not been successful that the SAF training fund levy be refunded.
- The Government commit to bridge the funding gap for the Skilling Australians Fund National Partnership Agreement, ensuring that the funding estimates in the agreement are made available in full to signatory states.

### **Recommendation 5:**

Set the Temporary Skilled Migration Income Threshold (TSMIT) at 10 percent lower for regional areas.

### **Recommendation 6:**

- Continue to improve digital infrastructure in the regions and facilitate digital connectivity for businesses and employees relying on the network for their businesses and jobs.
- Build up air and ground transportation infrastructure to facilitate greater regional connectivity.

### **Recommendation 7:**

- Work with and better promote regional education institutions to attract greater numbers of international students to the regions.
- Create infrastructure and appropriate support structures to retain students in the regions after completion of study.

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# 1 Introduction

The Australian Chamber of Commerce and Industry (Australian Chamber) welcomes the opportunity to make a submission to the Joint Standing Committee on Migration's Inquiry into Migration in Regional Australia. This submission does not set out to provide detailed commentary on all of the terms of reference, but will cover issues most relevant to the Australian Chamber membership.

Although Australia is largely an urbanised country, a strong and vibrant rural community is important for all of us. With concentrated population, cities have become the jobs and innovation hub of Australia delivering productivity and growing our economy. Large population centres also support increased building activity and attract infrastructure and services funding which in turn creates more jobs. All of this activity attracts migrants, as does the strong bias of international students to study in capital cities and the connection of cultures and families to live near one another.

This urban activity ignores the needs of regional Australia. There is a strong call from the regions for solutions that will ensure they have access to the skills and labour they need to keep their businesses and communities sustainable. Businesses such as abattoirs and poultry plants as well as seasonal industries rely heavily on migrant workers, as Australians are often neither willing nor available to do that type of work. We have understandably built a culture of aspiration for young Australians to work in a high skilled, knowledge economy, but work that does not fit this description is still required in many regional areas, and will be for years to come.

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 the difficult to satisfy seasonal needs.

This needs to be done with a carrot and not the stick approach. It is ineffective to restrict the movement of migrants, and we should not aim to satisfy regional needs at the expense of the cities. Ironically, any attempts to limit migration to the regions could be counterproductive as regional residents may be even more inclined to shift to the cities to fill higher paying job vacancies. Population moves to where the jobs are and jobs are created where there is population growth and economic opportunity. Jobs can be created in the regions to attract Australians, with positive policies that support this growth. Importantly, this can and needs to be achieved without policies that actively disadvantage population and jobs growth in the cities. This not a zero sum game.

The submission highlights key issues that influence regional migration such as skilled migration pathways, creation of jobs, barriers, international education and infrastructure in the regions.

## 2 Regional Migration Trend

Research by the Regional Australia Institute found that 151 regional local government areas were addressing a declining population by attracting international migrants. Census 2016 showed that for many small towns, international migrants were the only source of growth. Capital city economies have grown faster than regional economies over the last decade, with Australians and migrants moving to take up attractive opportunities in the capital cities and in cities of the mining states of WA and Queensland. Over 60 percent of Australia's population now resides in the capital cities. Despite the need for workers in the regions, and even though the regions are home to one third of all Australians, only one-fifth of migrants settle there<sup>1</sup>.

Creating more favourable settings for regional migration will assist in regional employers being able to access the skills they need. However, there should be no illusion that this alone will create major population shifts to the regions, as we may be able to limit the movement of migrants but not Australians. There needs to be broad understanding that population will move to where there are jobs. Therefore, tying migrants to the regions without creating the environment for economic growth and jobs will not create lasting population growth in the regions.

The Regional Australia Institute (RAI) in its National Population Plan for Regional Australia notes that there is no need to force people to move to regions to reduce pressure on capital cities. Rebalancing of population-supporting infrastructure from urban fringe to regional cities will rebalance flows. Supporting economic diversification and liveability in regional cities will address the perception that they are inferior, and this will also rebalance the flows<sup>2</sup>.

The RAI report highlights the importance of migrants to regional communities. Migrants play a key role in maintaining populations in small communities in regional Australia. Active strategies to match overseas migrant workers with employment needs are working well in many small communities and this can easily be enhanced (section 8). Australia's current immigration, employment and settlement services are relatively siloed, imposing barriers to rural settlement. There is no systematic way for migrant workers to link up with rural employers, nor is there a systematic policy or integrated support mechanism to facilitate secondary migration away from metropolitan cities. With greater facilitation of relocation to rural areas and active community welcoming, more overseas migrants will come to call a rural community their home. Underpinned by a locally-led settlement strategy, rural communities can welcome and host new migrants, play a key role in securing employment and housing, take into account culture, customs and the environment, and foster community cohesion<sup>3</sup>.

The lack of labour and skills to fill existing local jobs in the regions is an increasing reality for many businesses. With working age Australians also choosing to move to urban areas for study or work, businesses in the regions are in need of skilled labour but are unable to attract locals or Australians to move from other regions to the jobs. As reflected in figure 1, net internal migration<sup>4</sup> contributed

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<sup>1</sup> Longstaff, Emily 2017, Migrants are stopping regional areas from shrinking, The Conversation, <<https://theconversation.com/migrants-arestopping-regional-areas-from-shrinking-80740>>.

<sup>2</sup> Regional Australia Institute 2019, National Population Plan for Regional Australia, <[http://www.regionalaustralia.org.au/home/wp-content/uploads/2019/02/2019\\_RAI\\_NationalPopulationPlanForRegionalAustralia\\_Final.pdf](http://www.regionalaustralia.org.au/home/wp-content/uploads/2019/02/2019_RAI_NationalPopulationPlanForRegionalAustralia_Final.pdf)>.

<sup>3</sup> ibid

<sup>4</sup> Net internal migration is the net gain or loss of population through the movement of people within Australia from one region to another (both interstate and intrastate).



significantly to population increases in Melbourne and Brisbane, while Australians seemed to move out of Sydney, Adelaide and Perth. This negative trend was reflected in the population change trend for the rest of South Australia and Western Australia (figure 2), experiencing negative internal migration.

Businesses look to Australia’s migration program to fill their skills and labour gap when they cannot access the skills in the Australian labour force. However, attracting migrants to regional Australia is not easy except when they are employer sponsored. The most popular first point of arrival for independent migrants is Sydney and then Melbourne as evidenced by figure 1. Overseas-born people are more likely to live in capital cities (83%) compared to 61% of the Australian-born population<sup>5</sup>. Compared to figure 2 which reflects the trend in the rest of the state (ex-capital), the rate of net overseas migration is nowhere close to that of the capital cities (except for Queensland which includes the Gold Coast region).

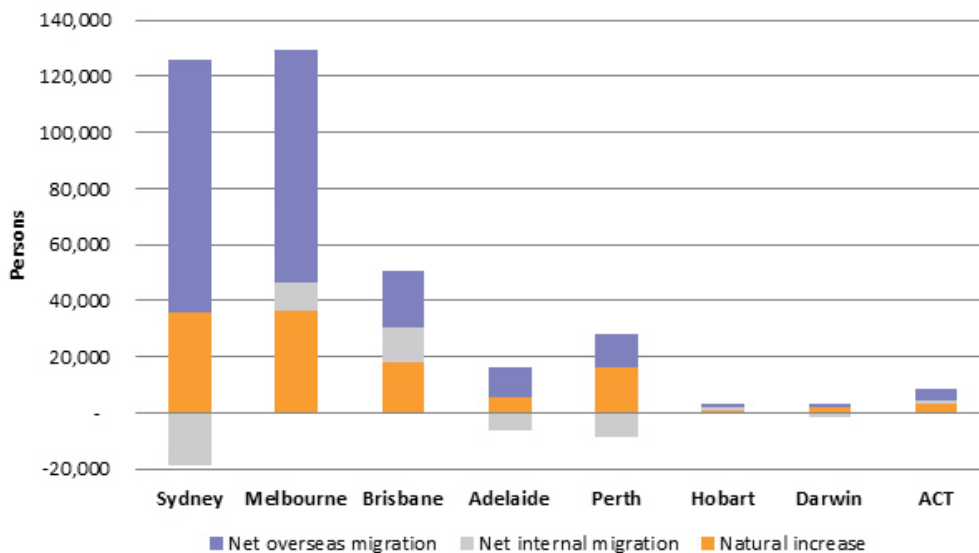


Figure 1: Components of Population Change: Greater Capital City Comparison, 2016-17<sup>6</sup>

<sup>5</sup> Australian Government 2019, Planning for Australia’s Future Population, accessed 30 August 2019, <<https://www.pmc.gov.au/sites/default/files/publications/planning-for-australias-future-population.pdf>>

<sup>6</sup> Parliamentary Library 2018, Population and migration statistics in Australia, accessed 13 September 2019, <[https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/rp/rp1819/Quick\\_Guides/PopulationStatistics](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1819/Quick_Guides/PopulationStatistics)>.



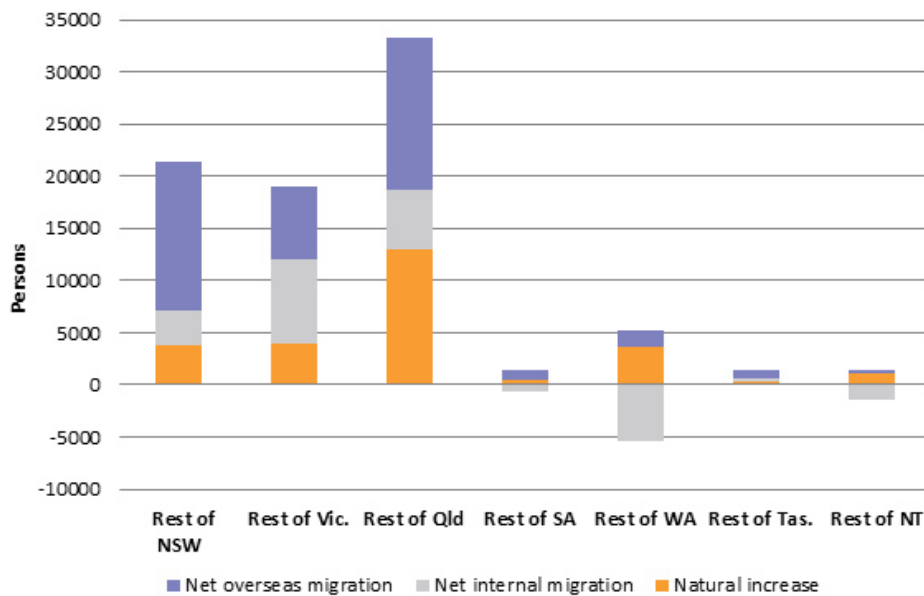


Figure 2: Components of Population Change: Rest of State Comparison, 2016-17<sup>7</sup>

Migrants tend to gravitate towards the cities due to the job opportunities, education, well-established transportation and service infrastructure and existing diaspora communities. By way of example, for the Chinese-born population, Sydney is the preferred destination, whereas for the Indian-born population, it is Melbourne. Perth is attractive for migrants born in the United Kingdom and for migrants born in New Zealand, Brisbane stands out as the main destination<sup>8</sup>. The main difference between the migrant populations and the Australian-born is that migrants have a higher proportion of out-migration from non-capital city areas than the Australian-born population. An Australian Research Council funded Discovery Project ‘The Demographic Consequences of Migration to, from and within Australia’ by ANU School of Demography<sup>9</sup>, finds that Australia’s migration policy aimed at attracting skilled migrants to regional areas is failing. The findings show that in some regions more than 60% of newly settled migrants from specific countries have moved on within five years. The research highlights the need to improve the social, economic and educational opportunities in regional areas to retain populations – both migrant and Australian.

“Our research demonstrated strong persistence over time in the high levels of out-migration from regional and remote areas. State capital city areas, especially Sydney and Melbourne, on the other hand, have not only attracted both immigrants and internal migrants, but they have increasingly retained them over time. The patterns for newer immigrant groups are exhibiting even more concentrated migration patterns towards capital city areas. Thus, policies attempting to direct immigrants to regional locations outside capital city areas need to provide, in addition to

<sup>7</sup> Parliamentary Library 2018, Population and migration statistics in Australia, accessed 13 September 2019, <[https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/rp/rp1819/Quick\\_Guides/PopulationStatistics](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1819/Quick_Guides/PopulationStatistics)>.

<sup>8</sup> Raymer, J & Baffour, B 2018, “Subsequent Migration of Immigrants Within Australia, 1981–2016”, accessed 16 September 2019, <<https://link.springer.com/content/pdf/10.1007%2Fs11113-018-9482-4.pdf>>.

<sup>9</sup> ANU Media 2019, Migrants leaving regional Australia at record levels, accessed 6 September 2019, <<https://cass.anu.edu.au/news/migrants-leaving-regional-australia-record-levels>>.

employment, a range of social, economic and educational opportunities. Indeed, we found the proportions of out-migration from regional areas to be increasing over time for the Chinese-born and Indian-born populations. Without such provisions, regional and remote areas of Australia will continue struggling to retain their populations, as they have for the past 35 years.”<sup>10</sup>

## 3 Temporary Migration Pathways for the Regions

Migrants are particularly needed in the regions, both for permanent settlement and to satisfy the significant demand for temporary and seasonal work, both skilled and unskilled. Regional migration should be encouraged, and regional growth strategies that create jobs and attract both internal and overseas migrants are critically important. For the purposes of accessing the migration system, the Department of Home Affairs classifies Regional Australia to include all of Australia except the metropolitan areas of Sydney, Newcastle, the Central Coast, Wollongong, Melbourne metro area, the greater Brisbane area, Gold Coast and Perth and its surrounds<sup>11</sup>. A new definition of eligible regional areas is to be released in November 2019<sup>12</sup>. All migration pathways are accessible to the regions but there are also regional specific visas that are available to fill the significant gap in population and skills in the regions.

The main temporary migration pathways into Australia are through the:

- International Students
- Visitors
- Working Holiday Makers
- Temporary Skills Shortage stream
- Seasonal workers

For the purposes of this submission, we focus on the impact of the working holidaymaker and the temporary skills shortage streams and to some extent the student stream (section 7).

### 3.1 Working Holiday Makers

Working holidaymakers are an important component of Australia’s visitor and labour market. The working holidaymaker program encourages cultural exchange and closer ties between arrangement countries by allowing young people to have an extended holiday supplemented by short-term employment.

According to the latest figures from the National Institute of Labour Studies at Flinders University, working holidaymakers created 23,000 jobs in the Australian economy, and spent two and a half times more than they earned, while 30% of working holidaymakers did not work at all<sup>13</sup>. The

<sup>10</sup> Raymer, J & Baffour, B 2018, “Subsequent Migration of Immigrants Within Australia, 1981–2016”, accessed 16 September 2019, <<https://link.springer.com/content/pdf/10.1007%2Fs11113-018-9482-4.pdf>>.

<sup>11</sup> Department of Home Affairs, accessed 17 September 2019, <<https://immi.homeaffairs.gov.au/visas/getting-a-visa/visa-listing/skilled-regional-provisional-489/regional-postcodes>>.

<sup>12</sup> Department of Home Affairs, accessed 17 September 2019, <<https://immi.homeaffairs.gov.au/what-we-do/regional-migration/eligible-regional-areas>>.

<sup>13</sup> National Institute of Labour Studies, Flinders University 2009, Evaluation of Australia’s Working Holiday Maker (WHM) Program



flexibility and value of working holidaymakers to the seasonal labour needs of businesses, especially in regional Australia is substantial. The program deliver enthusiastic and mobile young workers particularly into the regions to provide the labour needed when it is most valuable. These workers generally have skills above the seasonal job requirements, which increases the productivity benefit. This seasonal work is often not attractive or suitable for young unemployed Australians who are looking for longer-term employment solutions and the benefit of having access to working holiday makers is tremendous for regional Australia.

There is also emerging evidence that popular tourism areas have become less affordable for workers due to high house prices, rents and long travel distances. All of which makes it especially hard to recruit and keep trained and experienced staff in regional tourism businesses. An ageing workforce and the migration of young people to cities also present workforce challenges for the tourism industry. These barriers and the impact on the ability of regional tourism businesses to attract suitably skilled employees or access seasonal staff impedes the delivery of excellent tourism services, affects the productivity and competitiveness of the sector and are key inhibitors to growth.

Comments from regional tourism business owners best illustrate the concerns:

“It’s very hard. There are no housing options in the area and people will not travel to work. High demand for personnel during peak season with not enough staffing options.” – Grampians

“Very difficult to attract staff especially housekeeping and laundry staff. Due to the nature of the industry and the fluctuation in workload throughout the year we find it difficult to find casual staff. We try and employ staff all year round but it is difficult to find quality staff that are flexible with hours.” - Mornington Peninsula

“Local workers find it hard to commit. Many eligible workers are not readily available and if they are, they are often not motivated. We have chosen the path of backpackers after locals have disappointed us again and again. Affordable accommodation is a massive issue.” – Grampians<sup>14</sup>

Due to the attraction of these tourism regions, working holidaymakers are better placed to work within these costs constraints.

Australia’s Working Holiday Maker program currently has arrangements in place with 44 countries with the Federal Government has over the past year expanding the program across our key markets by extending the eligibility age and opened up new markets with increased caps and new agreements. To alleviate some of the regional workforce shortage, changes were made to the working holidaymaker program. The key focus was to provide farmers with immediate access to workers in key parts of regional Australia. These changes increase the number of Working Holiday Makers available for seasonal work needs in regional Australia. Employers will then be able to retain trained and experienced employees doing agricultural (plant and animal cultivation) work for up to 12-months, rather than the previous 6-months. Changes include:

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<sup>14</sup> Experience of a Victorian tourism business from the Victorian Tourism Industry Council

- Expanding the regional areas where working holidaymakers (subclass 462) can work in agriculture (plant and animal cultivation) to qualify for a second year of stay in Australia.
- Increasing the period in which working holidaymakers can stay with the same agricultural (plant and animal cultivation) employer, from 6 to 12 months.
- The option of a third-year for working holidaymakers who undertake 6-months of specified work in a specified regional area during their second year.

To further attract this cohort in our traditional markets, reducing the working holidaymaker visa application fee will go a long way in ensuring Australia remains an attractive destination for working holidaymakers. Competition in travel is intense and any incentive provided by our competitors takes away potential visitors from Australia. A reduction in the visa application fee makes planning and traveling to Australia more affordable.

#### **Recommendation 1:**

- Continue to expand the Working Holiday Maker program across more markets and the eligibility extended with a view to support regional jobs growth and labour needs.
- Reduce the Working Holiday Maker visa application fee to make Australia a more attractive destination.

## **3.2 Temporary Skills Shortage stream**

The overall objective of a temporary skilled migration program is to ensure that it meets the needs of the labour market where Australian workers are not available; and that businesses, no matter where they are located have the skills they need, when they need them, in order to survive, grow and employ. The program thus needs to be flexible enough to service any skills requirements across the country. In principle, temporary skilled visas are intended to be particularly responsive to the business cycle and adjust very quickly to market conditions<sup>15</sup>. In a 2018 report, the OECD stated that a survey showed relative to employers in other OECD countries, Australian employers have more difficulties meeting demand for workers with specific skills. 41 percent of employers in Australia report having difficulties filling vacancies, which places Australia well above the OECD average of 38 percent and among the top ten OECD countries possibly facing labour shortages<sup>16</sup>. A well-managed temporary skilled migration system will facilitate Australia's economic prosperity and contribute to the success of our society as a whole, particularly in the regions, by creating permanent jobs and growth through businesses that employ temporary migrants. It is also an important transition pathway into permanency (discussed in detail under section 5.4)

The temporary skills shortage visa (TSS) is the main visa category for temporary skilled migrants to enter Australia. All migrants under this stream are sponsored by an employer and thus as stated

<sup>15</sup> OECD 2018, Recruiting Immigrant Workers: Australia, [https://read.oecd-ilibrary.org/social-issues-migration-health/recruiting-immigrant-workers-australia-2018\\_9789264288287-en#page38](https://read.oecd-ilibrary.org/social-issues-migration-health/recruiting-immigrant-workers-australia-2018_9789264288287-en#page38)

<sup>16</sup> *ibid*

above are responsive to the business cycle and current needs of the business. The TSS visa comprises of a short-term, a medium to long-term and a labour agreement stream.

- The **short-term stream** of the TSS visa is for employers to fill temporary skills and labour needs with temporary migrants, in occupations determined to be on the Short Term Skilled Occupation List (STSOL) for a maximum of two years (or four years if an international trade obligation -ITO applies).
- The **medium-term stream** of the TSS visa is for employers to fill skills needs with migrants, in occupations determined to be on the Medium and Long-term Strategic Skills List (MLTSSL) or the Regional Occupation List (ROL) for up to four years, with the provision of permanent residency after three years.
- The **labour agreement stream** is for employers to access migrants who are not catered for in the above two streams, in accordance with a labour agreement as negotiated with the Department of Home Affairs.

The STSOL, MLTSSL and the ROL underpin both temporary and permanent employer-sponsored migration pathways.

## 4 Permanent Migration Pathways for the Regions

The main permanent migration pathways into Australia are through the:

- Skills Stream
- Family Stream
- Protection visas

Permanent migrants are free to settle anywhere in Australia, including the regions. Australia's permanent migration program is primarily geared towards attracting skilled migrants, often with young families, who counteract an aging population, provide the skills we need, make us economically stronger and create jobs and improve the workforce participation rate. As a result of migration, we have one of the youngest workforces of the developed world. Under the skills stream, Employer Sponsored Skilled migration is of particular importance, especially in the regions.

### 4.1 Employer Sponsored Migration

The Employer Nominated Scheme (subclass 186) and the Regional Sponsored Migration Scheme (subclass 187) are currently the two employer sponsored - permanent migration visas available to businesses in the regions to access skills and labour. The Regional Sponsored Migration Scheme visa will be phased out with the introduction of the new subclass 494 visa (detail below).

According to the Continuous Survey of Adult Migrants (CSAM) employer-sponsored migrants have the best labour market outcomes at the six-month stage of settlement compared to other migrant cohorts (for cohort 4)<sup>17</sup>.

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<sup>17</sup> Department of Home Affairs 2018, Continuous Survey of Australia's Migrants, Cohort 4 Report—Introductory survey 2016, accessed 17 September 2019, < <https://www.homeaffairs.gov.au/research-and-stats/files/csam-cohort4-report-introductory-survey-2016.pdf> >.

- Employment to population ratio—93.2 per cent (figure 3)
- Labour force participation rate—95.1 per cent (figure 4)
- Unemployment rate—2.1 per cent (figure 5)
- A larger percentage of employer-sponsored migrants are in highly skilled jobs compared to other cohorts (figure 6).

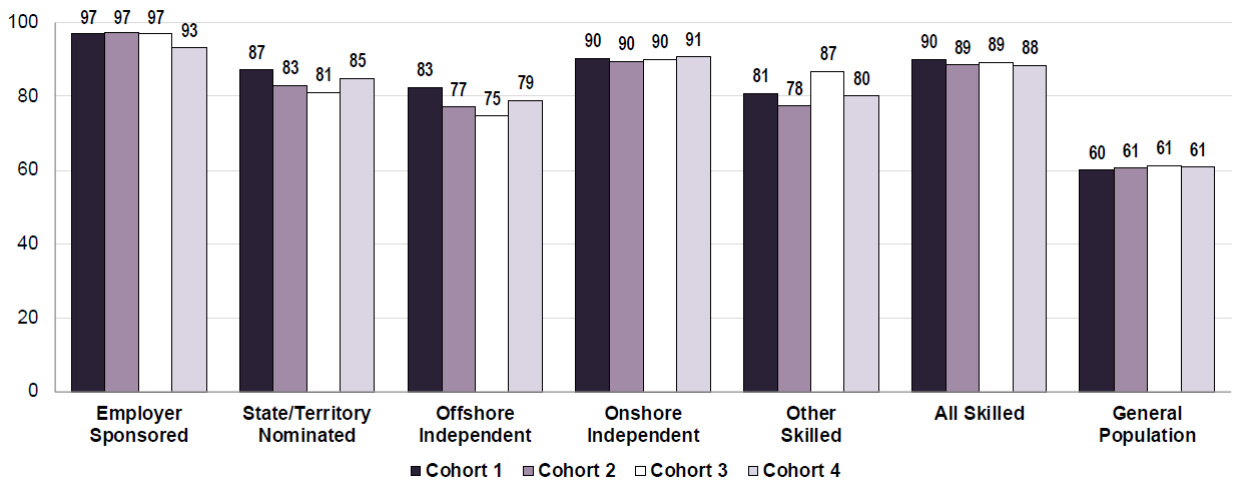


Figure 3: Employment to Population Ratio<sup>18</sup>

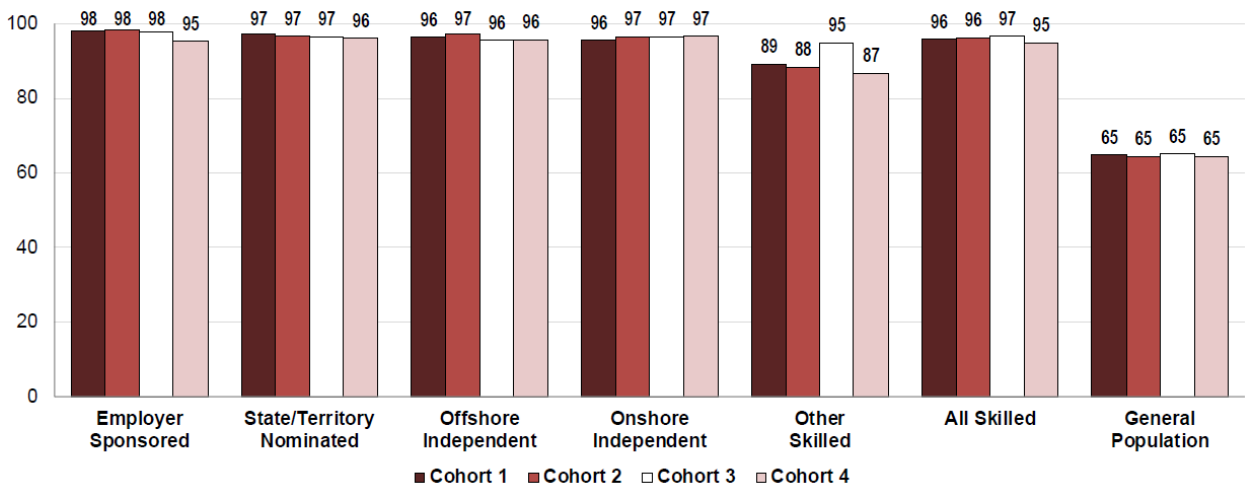


Figure 4: Labour Force Participation Rate<sup>19</sup>

<sup>18</sup> ibid

<sup>19</sup> ibid

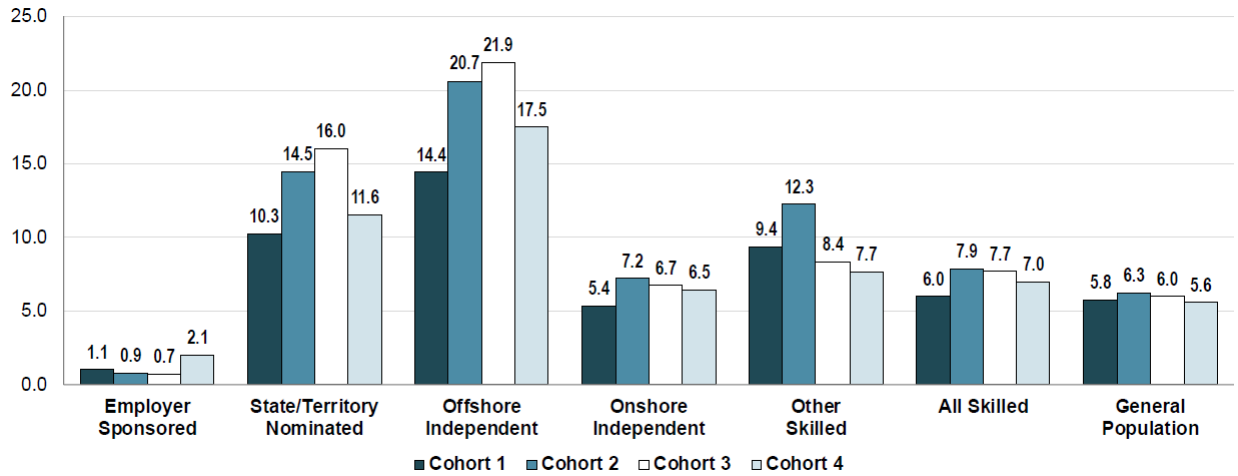


Figure 5: Unemployment Rate<sup>20</sup>

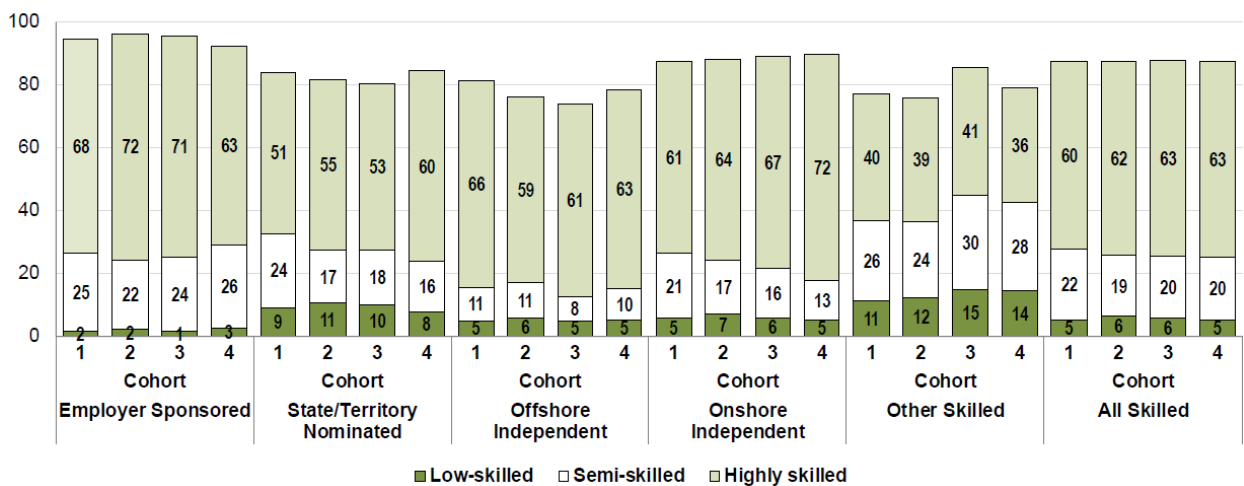


Figure 6: Skilled Employment to Population Ratio<sup>21</sup>

These relatively positive outcomes are attributable to Employer Sponsored migrants having a job waiting for them on arrival and a positive relationship with someone connected to a local community. The social connections made with the business employing them allows them to set up roots in the community much faster. The pull factor of a job in the regions accessed through employer-sponsored migration is the best approach to increase migration as well as population growth in the regions. However, migration settings need to be adjusted to incentivise a move to the regions.

<sup>20</sup> ibid

<sup>21</sup> ibid

## 4.2 New Regional Visas

The Federal Government has introduced a number of positive measures to encourage and increase regional skilled migration. The new visa classes introduced will direct up to 23,000 skilled migrants to the regions on a provisional permanent residency visa for 3 years. Two skilled regional visas, come into effect on 16 November 2019 and have a pathway to permanency<sup>22</sup>. To be eligible for permanent residence, holders of the skilled regional provisional visas will need to demonstrate they have lived and worked in regional Australia for at least three years.

**Independent Skilled:** A new Skilled Work Regional (Provisional) visa (subclass 491), with a new and enhanced points-test for applicants nominated by a state or territory government agency or sponsored by an eligible family member residing in a designated regional area. This will replace the Skilled – Regional (Provisional) visa (subclass 489).

**Employer Sponsored:** A new Skilled Employer Sponsored Regional (Provisional) visa (subclass 494), with two streams: Employer Sponsored and Labour Agreement. This will replace the Regional Sponsored Migration Scheme visa (subclass 184) once existing applicants are dealt with.

**Permanent:** A new Permanent Residence (Skilled Regional) visa (subclass 191) from 16 November 2022, for those who hold the above two provisional visas and satisfy the below eligibility criteria

- Hold a regional provisional visa when they apply for the permanent residence visa and have held that visa for at least three years;
- Have earned a minimum income for at least three years as the holder of a regional provisional visa; and
- Have complied with the conditions of the regional provisional visa.

A bill currently under consideration in the Federal Parliament looks to amend seven Acts to provide holders of these provisional skilled regional visas with the same access to welfare payments and government services as permanent visa holders, where eligible<sup>23</sup>. This will remove any disadvantage that regional skilled migrants on a provisional visa perceive, in comparison to permanent skilled visas, which allows them to settle anywhere in Australia. These favourable provisions also provide them with an incentive to settle in the regions as opposed to metropolitan areas.

## 5 Barriers to Regional Migration in the System

The 2017 changes to Australia's skilled migration system has made it increasingly difficult for regional businesses to look to both permanent and temporary migrants to fill critical skill shortages. The Australian Chamber supported the replacement of the subclass 457 visa, recognising the opportunity to reset a program that had lost public confidence. However, the 2017 changes to the migration program affected both temporary and permanent employer nominated migration without the opportunity to understand the proposed changes and provide input to the process. The

<sup>22</sup> Subclass 491 - Skilled Work Regional Provisional visa and the subclass 494 - Skilled Employer Sponsored Regional Provisional visa

<sup>23</sup> New Skilled Regional Visas (Consequential Amendments) Bill 2019, accessed



changes, especially to the occupation lists, have had a significant negative impact on business and local communities, with many businesses since then unable to access the skills they need, due to the occupation not being eligible for migration, or only eligible for short term TSS. Exacerbating the condition is the quantum of the Skilling Australians Fund Migration Training Levy, requiring even small businesses to pay substantially to use the system. The changes along with a heavy handed and time-consuming approach to processing has resulted in a system that is heavily regulated and very expensive for business to access while failing to meet the needs of the labour market.

## 5.1 Better Access to Occupations

The various occupation lists that classify skills shortages and multiple visa classes make it hard for small businesses in the regions to effectively navigate the migration system and access the skills they need. The STSOL, MLTSSL and ROL are products of a national skills shortage assessment undertaken by the Department of Employment, Skills, Small and Family Business. Any occupation deemed to be in shortage features on either of the lists, reviewed bi-annually by the Department.

Accurately identifying labour market needs across the country is a vital exercise that needs to be undertaken in the broader context of developing skills in the economy. However, the need for skills shortage assessment for employer sponsored temporary and permanent skilled migration is not keeping in line with the reality of business' labour and skills needs. The shortages experienced by an individual business in a particular location at a particular point in time cannot be identified by a national assessment or data set on skills shortages, since it requires a rich and diverse data set, one that needs to constantly adapt to capture market conditions. According to the OECD, skill shortages and recruitment difficulties exist at the national level and within states and territories. Within states and territories, there can be shortages between metropolitan areas and regional areas<sup>24</sup>. There are specialisations in occupations that an analysis of an occupation cannot possibly be able to accurately identify. This makes a profound difference to an assessment that the skills being sought are in shortage.

In other occupations and industries, new technology being introduced can often mean that specialists are needed to operate the machines and train others. A macro level nationwide data analysis cannot possibly identify these nuances. This is true even for regional skills needs where regional data sets are sparse and often inadequate to aid in constructing an accurate picture of various regional skills needs. For example, motor mechanics might not be in national shortage, but a business in Kalgoorlie might face a vacancy they are unable to fill due to lack of local mechanics in Kalgoorlie or the unwillingness of other Australian mechanics to move to Kalgoorlie to take up the job. In this instance, the business is left with no option but to negotiate a labour agreement, which is a long protracted and complicated process, especially for a small business.

The decision to allow all skilled occupations to be eligible for the (now discontinued) permanent Regional Skilled Migration Scheme was welcome, as it improved accessibility for regional Australia. It remains to be seen whether the replacement regional permanent visa will be successful given the limitations on movement of the migrants on arrival.

<sup>24</sup> OCED 2018, Recruiting Immigrant Workers: Australia, <[https://read.oecd-ilibrary.org/social-issues-migration-health/recruiting-immigrant-workers-australia-2018\\_9789264288287-en#page40](https://read.oecd-ilibrary.org/social-issues-migration-health/recruiting-immigrant-workers-australia-2018_9789264288287-en#page40)>.

## 5.2 Labour Agreements

Labour agreements enable approved businesses to sponsor skilled overseas workers when there is a demonstrated need that cannot be met in the Australian labour market and standard temporary or permanent visa programs are not available. Labour agreements are negotiated between the Australian Government (represented by the Department) and employers. They are generally in effect for five years and provide for visas to be granted under the TSS or the Employer Nominated Scheme. There are five types of labour agreements<sup>25</sup>:

- Company specific
- Industry labour agreements
- Designated area migration agreement (DAMA)
- Project agreements
- Global Talent Scheme (GTS) agreements

Labour Agreements have been suggested as a work around for those occupations not covered under the STSOL and MLTSSL to fill niche occupations or positions in regional areas that very few Australians are qualified in or are available for. However, it is very difficult for small businesses in the regions intending to employ just one or two skilled migrants have the resources, time and the administrative bandwidth to liaise with the Department of Home Affairs to negotiate a labour agreement, along with the primary task of running their business. Labour Agreements should be considered as a last resort option for businesses. The Government's primary focus should be on ensuring that conventional migration streams are fit for purpose, easily accessible, and assist businesses accessing people with the right skills at the right time.

## 5.3 Designated Area Migration Agreements

A DAMA is a type of labour agreement that is meant to provide flexibility for states, territories or regions to respond to their unique economic and labour market conditions through an agreement-based framework, under which employers in areas experiencing skills and labour shortages can sponsor skilled and semiskilled overseas workers.

A designated area migration agreement has a two-tiered structure:

- an over-arching agreement between a Designated Area Representative that is endorsed by a state or territory government and the Australian Government to bring overseas workers to a designated area; and
- individual agreements between employers and the Australian Government that allow employers to sponsor overseas workers to the designated area under the terms and conditions agreed to in the over-arching agreement.

The Government has also expanded Designated Area Migration Agreements (DAMAs) with seven DAMAs now in place - Northern Territory, the Goldfields, WA, Great South Coast, VIC, Adelaide City and Regional SA, Orana, NSW and Far North Queensland. Regional agreements that cater to

<sup>25</sup> Department of Home Affairs, <<https://immi.homeaffairs.gov.au/visas/employing-and-sponsoring-someone/sponsoring-workers/nominating-a-position/labour-agreements>>.

the specific needs of the regions are welcome. The five-year Far North Queensland (FNQ) DAMA is now operational with the Cairns Chamber of Commerce taking a lead role in the negotiations and subsequent process of guiding local businesses to apply under the agreement. DAMAs may assist in addressing a major issue with the current migration system, where certain occupations are not listed in the ANZSCO, with businesses requiring workers with those skills to fill vacancies within the regions (in detail under section 5.5). In addition, certain occupations may not be listed as being in shortage on an occupation list, however a rural business may desperately require someone for their local business (as discussed in section 5.1). For example, the DAMA allows the Cairns Chamber to make a business case for occupations that are underrepresented. The FNQ DAMA includes three positions not listed in the ANZSCO - Farm inspector, Farm Supervisor and Restaurant Supervisor. While the FNQ DAMA is only just operational, the Cairns Chamber commented that the DAMA will be useful in responding to regional needs and the level of interest from regional business is significant. It is expected that the approved first-year cap of 200 will be easily reached. This expectation of applicant numbers are based off market testing and occupation lists as well as comprehensive consultation with multiple shires and coastal areas.

Since a majority of the newly negotiated DAMAs are yet to be operational, it remains to be seen how effective the DAMAs will be in alleviating the skills needs of the regions. However, early feedback suggests that small and regional businesses find that DAMAs are not a silver bullet and the cost to employers is prohibitive and the process of the nomination lengthy. The DAMA itself has not made the migration process simpler for the sponsoring business. Businesses often require assistance from a migration agent to navigate migration processes, which can be costly. If businesses are unable to afford a migration agent, they report it is difficult navigating these processes without expertise. For example, the Designated Area Representative (DAR) cannot legally provide aid to businesses navigating the process. Subsequently, many businesses utilize migration agents, which imposes additional costs. For businesses that cannot afford these services, they are not provided assistance and may find application processes complicated. One exception has been the NT DAMA, where the NT Government has provided businesses with assistance in their applications.

While industry sentiment and significant business interest in the DAMAs suggest that it has the potential to be highly effective and is a much-welcomed initiative, if the current migration system worked efficiently and effectively for business, there would be no need for alternate arrangements such as labour agreements (DAMAs and the GTS).

## **5.4 Pathway to Permanency**

Pathway to permanency was a fundamental strength of Australia's skilled migration system. This allows the migrant to put down roots in the regional community, making them less likely to then migrate to the cities. As we have seen, the employer nominated category of visas are the most effective for regional migration. However, with the 2017 changes to the skilled migration program, this pathway to permanency has been removed for a number of occupations eligible for the TSS visa, including those in industries that are important to the regions such as accommodation and food services. Although there is a separate list (ROL) that allows employers from regional Australia

to access additional occupations, the removal of a pathway for important occupations has severely affected the flow of migrants to the regions.

To alleviate both these issues, the Australian Chamber recommends that all skilled occupations be available for temporary as well as permanent migration in the regions, thus positively skewing overseas migration trends towards regional Australia without disadvantaging urban employers who also access the migration program. Retaining the consolidated sponsored occupations list (CSOL), which was by-and-large a list of all skilled occupations on the ANZSCO, as the basis for employer nominated temporary and permanent migration, and to deal with integrity issues on an occupation basis through caveats rather than by national skills analysis is a much more responsive approach to meet regional skill needs. This would be in line with the recommendations of the 2014 457 Visa Integrity Review Panel's recommendations. The panel recommended specifically that all skilled occupations remain accessible to temporary skilled migration<sup>26</sup>. It also reflects the reality that for Regional Sponsored Skilled Migration (RSM), all skilled occupations remain available.

### **Recommendation 2:**

Make eligible all skilled occupations for temporary as well as permanent migration in regional Australia, and provide a pathway the permanency for all temporary skilled visas in regional Australia.

## **5.5 ANZSCO Review**

One of the pillars of labour market statistical infrastructure is the Australian and New Zealand Standard Classification of Occupations (ANZSCO). This infrastructure maintained by the Australian Bureau of Statistics (ABS) includes information from the Census and underpins a wide range of labour market data such as job outlook information and occupation lists that determine migration eligibility.

Despite major changes to the economy and jobs, including new jobs driven by technology as well as changes to the level of skill needed in certain jobs, ANZSCO has only been reviewed and revised twice (2009 and 2013) since its introduction in 2006 (having transitioned from the previous ASCO codes). Canada, which has a similar classification of occupations, has had regular revisions with a structural review scheduled every ten years (2001, 2006, 2011, and 2016). A major review of ANZSCO is long overdue. Occupations in ANZSCO are out of date in that skill levels are not reflective of the current work performed and for many industries it is woefully inadequate in assessing the skill needs in the context of new occupations. However, the Australian Bureau of Statistics (ABS), custodians of the statistical product are unable to commence a review due to labour and resource constraints and competing priorities. Regular review of major statistical infrastructure such as the ANZSCO needs to be built into the normal operating budget of the ABS.

<sup>26</sup> Azarias, J et al 2014, Robust New Foundations: A Streamlined, Transparent and Responsive System for the 457 Programme, Commonwealth of Australia.

The ABS has not even committed to a review in the future, only that it will be considered post the 2021 Census process.

All occupations are experiencing technological progress and the nature of work and job roles are constantly changing. ANZSCO not only identifies new jobs, but it also appraises the duties within their job and assigns an appropriate skill level. A large number of stakeholders across the economy share our concerns, including colleagues from Business NZ. The 2018 OECD Report on Getting Skills Right in Australia also highlighted the need to update the ANZSCO since emerging occupations such as cyber security, artificial intelligence experts and others were not included in the current classification<sup>27</sup>. According to the ABS Forward Work Program released October 2018, the resource required to fully implement the review is \$4 million<sup>28</sup>.

The Australian Chamber recommends the Federal Government immediately fund a review of the ANZSCO in the context of both workforce planning and skilled migration. Of equal importance is ensuring regular revisions and structural reviews are incorporated into the ABS' work plan at intervals which are in line with industry best practice with budgeted resources. It should not be contingent on external stakeholders advocating for the review.

However, in the absence of a review, in early 2019, the ABS and Statistics NZ agreed to jointly undertake maintenance work of the ANZSCO skills levels. This work is meant to support relevant agencies to apply ANZSCO to administer skilled migration policies. The maintenance of the ANZSCO skill levels is limited to updating the skill level definitions of existing occupations within ANZSCO, and will not result in the addition, deletion or movement of any categories or codes within ANZSCO<sup>29</sup>.

### **Recommendation 3:**

Commence a review of ANZSCO immediately.

## **5.6 Skilling Australians Fund (SAF) Migration Training Levy**

The Australian Chamber opposed the direct connection between the SAF migration training levy and the SAF National Partnership Agreement for apprenticeships. This has created unnecessary complexity around the convoluted funding arrangement at both ends. The quantum of the SAF levy is a major issue for business. The quantum of the levy is excessive and surpasses what was recommended by the 457-programme integrity review<sup>30</sup>. Adding to this is the upfront nature of the levy, which is proving to be a huge burden for small business. The Australian Chamber

<sup>27</sup> OECD 2018, Getting Skills Right Australia, <[https://read.oecd-ilibrary.org/employment/getting-skills-right-australia\\_9789264303539-en#>](https://read.oecd-ilibrary.org/employment/getting-skills-right-australia_9789264303539-en#>).

<sup>28</sup> ABS 2018, Forward Work Program 2018-19, <<http://www.abs.gov.au/ausstats/abs@.nsf/mf/1006.0?OpenDocument>>.

<sup>29</sup> Senate Standing Committee on Legal and Constitutional Affairs 2019, The effectiveness of the current temporary skilled visa system in targeting genuine skills shortages, Questions on notice - ABS, <[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Legal\\_and\\_Constitutional\\_Affairs/SkilledVisaSystem/Additional\\_Documents](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Legal_and_Constitutional_Affairs/SkilledVisaSystem/Additional_Documents)>.

<sup>30</sup> Azarias, J et al 2014, Robust New Foundations: A Streamlined, Transparent and Responsive System for the 457 Programme, Commonwealth of Australia.



recommends the levy be halved to \$600 per year for small business and \$900 for large business for each sponsored temporary migrant.

Stream	Small Business (annual turnover less than \$10 million)	Large Business (annual turnover more than \$10 million)
TSS (short-term stream for 2 years )	\$2,400	\$3,600
TSS (medium-term stream up to 4 years)	\$4,800	\$7,200

Under the previous training benchmarks, there was an option for employers to demonstrate that they invested in training by proving that they spent equivalent of 1% of payroll (benchmark) or more on training. We support this avenue of demonstrating a commitment to training and that in these circumstances an additional levy is not payable. In addition, it is a significant concern that the levy is payable upfront for the full duration of the visa with a refund available only in limited circumstances<sup>31</sup>:

- Where the migrant fails the health or character checks
- The sponsorship and visa applications are approved but the migrant does not arrive or commence employment
- The visa holder leaves the sponsoring employer within the first 12 months of employment where the visa period was for more than 12 months (refund is only given for unused full years)
- The nomination fee is refunded

The Australian Chamber recommends that the ability to access refunds should be extended to ensure that in all cases where the application has not been successful, the training levy would be refunded. The Australian Chamber notes that the proposed changes to the levy and the access to refunds will decrease the quantum of funding available for the National Partnership Agreement on the Skilling Australians Fund. Given that the funding available is volatile, below original estimates, and the Federal Government has already provided a one year top-up payment of \$34.2 million to SAF signatory states, the Federal Government should commit to bridge the SAF funding gap for the remainder for the National Partnership Agreement. This would have the additional benefit of providing certainty to industry and states to plan and implement effective initiatives that attract more apprentices.

**Recommendation 4:**

- Halve the Skilling Australians Fund levy to \$600 per year for small business and \$900 for large business for each sponsored temporary migrant.
- Ensure that in all cases where a visa application has not been successful that the SAF training fund levy be refunded.
- The Government commit to bridge the funding gap for the SAF National Partnership Agreement, ensuring that the funding estimates in the agreement are made available in full to signatory states.

<sup>31</sup> Department of Home Affairs 2018, <<https://immi.homeaffairs.gov.au/visas/employing-and-sponsoring-someone/sponsoring-workers/learn-about-sponsoring/cost-of-sponsoring>>.

## 5.7 Temporary Skilled Migration Income Threshold

The temporary skilled visa program is underpinned by both a market rates approach, and an eligibility that is built around skilled occupations. Overseas skilled workers are paid the same amount as an equivalent Australian worker. Commentary around the Temporary Skilled Migration Income Threshold (TSMIT) often is confused, and refers to the TSMIT as the amount an overseas worker is paid – this is not the role of the TSMIT.

The TSMIT has two roles:

- To provide an income floor primarily designed to ensure that temporary skilled visa holders are able to support themselves, given their ineligibility for certain benefits Australians receive and also to discourage working for others (income floor); and
- As an eligibility threshold, such that jobs that are paid lower than the TSMIT would not be entitled to access a temporary skilled visa holder (eligibility threshold).

In relation to the role as an income floor, TSMIT is a blunt instrument not reflective of the substantial differences in costs of living across industries, and across a wide range of locations and circumstances that would impact the cost of living. In the long term, with a market rates system in place and good compliance history in the program, the need for TSMIT to perform this role should be minimised, if not eliminated. While planned compliance measures are implemented which aim to build confidence in the program, there may be an argument to retain the income floor as it is a simple dollar amount. However, it should not be the long-term objective to retain the TSMIT as other integrity measures such as market rates and pay compliance in the program should be sufficient to ensure an appropriate income floor.

The second role of the TSMIT as an eligibility threshold should be removed immediately as it is not necessary given the requirement to only fill skilled vacancies on the occupation lists. Employers in industries and regional areas where the market rate of skilled workers is often below the TSMIT should not be denied the opportunity to use the skilled visa program if they are experiencing shortages. Remuneration in regional Australia is in most cases substantially less than in the metropolitan areas, and where this is not the case, the market rate of pay reflects the amount needed for workers to live and work. The cost of living in regional areas is also often lower. A substantial part of total household income is spent on housing, but even allowing for incomes being lower, the proportion spent on housing is less in areas outside of the greater capital cities.

To reflect differences in the market pay and the cost of living between cities and regional Australia and to assist in minimising the difference in the market rate of pay between an overseas worker and an Australian worker doing the same role, the TSMIT as an income floor should be 10 percent lower for regional areas (defined as work outside the capital city metropolitan areas of all states and territories).

### Recommendation 5:

Set the TSMIT at 10 percent lower for regional areas.

## 6 Creating the Conditions for Regional Economic Growth

The core proposition in this submission is that, although positive regional migration settings are critically important, they will not achieve regional population growth in their own right. The economic conditions for jobs growth need to be in place to attract and retain migrants in regions. There are many aspects to this, including the facilitating growth in larger regional employing industries such as tourism. Highlighted below are two key enablers for growth, being regional infrastructure and connectivity.

Our regional infrastructure challenge is enormous. The infrastructure needs of regional communities is met by the contribution of all Australians including the 67 percent who live in capital cities and 90 percent who live in urban Australia. Industries that generate jobs in regional Australia are playing their part in dispersing the economic benefits and improving the business case for investment in regional infrastructure.

**Digital:** Access to affordable broadband in homes and communities is essential to function as a digital citizen. Ranking compiled by the Commonwealth Parliamentary Library shows Australia is lagging other OECD countries in the affordability rankings for entry-level broadband services<sup>32</sup>. Inconsistency in service delivery, lack of access and digital connectivity in the regions inhibits the ability of business to operate effectively and grow. Businesses need to be able to collaborate, market and communicate with their customers; partners and other stakeholders effectively and efficiently, to innovate and grow. It is heartening that Australia ranked first out of 65 countries in the 2019 Digital Quality of Life index, which measures internet connectivity speed, affordability, cybersecurity, the availability of data protection laws, and the quality of e-government services<sup>33</sup>. Digital connectivity - broadband network and mobile coverage will be essential to transition to a future where businesses are run out of the family home and jobs performed remotely. High quality digital connectivity is also needed to facilitate the widespread access and usage of technology as part of the learning process to ensure the development of the skills required in a digitally enabled economy, where more than 90% of Australia's workforce will need digital skills. The Australian Chamber supports the efforts of the Federal Government and the NBN Co to improve digital connectivity across Australia, particularly in regional Australia to this end.

**Transport:** Relatively high regional airfares and lack of regional air connectivity are a significant barrier for businesses looking to set up in the regions as well as a barrier to tourism. A number of Federal and State Government inquiries<sup>34</sup> into the regulation of air route service delivery to rural, regional and remote communities have been undertaken but have not improved the reality for Australians who live in the regions or are considering visiting the regions. With slow or no

<sup>32</sup> The New Daily 2019, Australia ranks last in affordable broadband, accessed 6 September 2019, <  
<https://thenewdaily.com.au/life/tech/2019/08/28/australia-ranks-last-in-affordable-broadband/>>.

<sup>33</sup> The New Daily 2019, Digital quality of life: Australia tops rankings despite 'third-world' broadband, accessed 6 September 2019, <  
<https://thenewdaily.com.au/life/tech/2019/08/14/digital-quality-life-australia/>>.

<sup>34</sup> Parliamentary Inquiry into Regional Airfares in WA 2017, Federal Senate Inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities 2017-19, Productivity Commission Inquiry into Economic Regulation of Airports 2018-19



population growth, it becomes less viable for airlines to service these routes. Improving and expanding regional airport infrastructure has wider benefits for the entire local economy. This is a negative cycle – higher cost of travel leads to less travellers leads to higher costs. This cycle needs to be broken by investing in air infrastructure and encouraging aviation competition.

An important aspect of improving access to regional Australia is to develop regional airports so they can attract airlines (international and domestic) and support the viability of these routes through efficient service provision. Often, the cost of such infrastructure is passed onto airlines (in the form of landing charges), which result in these destinations not being viable for the airlines to operate in. Prospective residents, visitors and businesses are drawn to a region if it is accessible, affordable and there is certainty that the route will remain operational. Supply is what creates demand for the region. Regional routes are often more expensive to operate due to high security costs and charges that are passed on to airlines and ultimately consumers in the form of higher airfares. This undermines the viability of the region. By minimising airport security costs and improving capacity to cater to more airlines, airports can facilitate greater connectivity and grow the local economy.

#### **Recommendation 6:**

- Continue to improve digital infrastructure in the regions and facilitate digital connectivity for businesses and employees relying on the network for their businesses and jobs.
- Build up air and ground transportation infrastructure to facilitate greater regional connectivity.

## 7 International Education in the Regions

There needs to be a focused strategy to attract international students to regional universities and vocational education providers. International students gravitate towards the capital regions due to its proximity to a number of tertiary education centres, availability of part-time jobs, transportation and accommodation infrastructure and services, and pre-existing diaspora networks. As at June 2019, there were 630,247 international students studying in Australia<sup>35</sup>, 97 percent studying in our major cities, and 70 percent in NSW and Victoria combined.

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<sup>35</sup> Department of Education 2019, International Student Data monthly summary – June 2019, <<https://internationaleducation.gov.au/research/International-Student-Data/Documents/MONTHLY%20SUMMARIES/2019/Jun%202019%20MonthlyInfographic.pdf> >.



State / Territory	Share		Enrolments		Total
	*Major Cities	Regional area	*Major Cities	Regional area	
NSW	99%	1%	330,224	3,689	333,913
VIC	99%	1%	276,733	2,242	278,975
QLD	95%	5%	127,260	7,052	134,312
WA	100%	0%	51,597	233	51,830
SA	100%	0%	37,870	95	37,965
ACT	100%	0%	19,286		19,286
TAS		100%		10,796	10,796
NT		100%		2,632	2,632
<b>Australia</b>	<b>97%</b>	<b>3%</b>	<b>842,970</b>	<b>26,739</b>	<b>869,709</b>

Figure 7: Distribution of International Students in the Australian Capital and Regional Areas 2018<sup>36</sup>

It was estimated that onshore international students studying and living in the NSW region of New England and the North West contributed \$33 million to the local economy and supported 243 full time equivalent (FTE) jobs in 2014-15 and those studying and living in Cairns (Queensland) contributed \$36 million to the region, which supported 273 FTE jobs. In addition, regional economies also benefit indirectly from international students in metropolitan areas via supply chains. For example, spending by international students in Melbourne was estimated to contribute \$888 million to regional Victoria and supported 5,478 FTE jobs there<sup>37</sup>.

	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Australia	% change per year (Australia)
<b>2013</b>	84,491	65,519	37,886	11,931	18,483	1,938	718	4,853	225,820	0.6%
<b>2014</b>	85,747	67,938	37,992	11,784	18,086	1,771	798	5,009	229,124	1.5%
<b>2015</b>	87,882	69,513	37,273	11,313	18,341	1,914	837	4,756	231,830	1.2%
<b>2016</b>	88,392	72,292	37,067	11,030	18,078	2,113	821	4,895	234,688	1.2%
<b>2017</b>	92,965	75,997	37,327	10,568	16,261	2,614	808	5,242	241,783	3.0%
<b>2018</b>	95,692	78,914	38,220	10,514	14,626	3,162	797	5,529	247,454	2.3%

Figure 8: Full-time equivalent jobs supported by international education in Australia, 2013-2018<sup>38</sup>

<sup>36</sup> Department of Education 2019, International Students studying in regional areas, <<https://internationaleducation.gov.au/research/Research-Snapshots/Documents/Location%20of%20International%20Students%20in%202018.pdf>>.

<sup>37</sup> Department of Education 2019, International Students studying in regional areas, <<https://internationaleducation.gov.au/research/Research-Snapshots/Documents/Location%20of%20International%20Students%20in%202018.pdf>>.

<sup>38</sup> Department of Education 2019, Jobs supported by international students studying in Australia, <[https://internationaleducation.gov.au/research/Research-Snapshots/Documents/RS\\_Job%20supported%202018.pdf](https://internationaleducation.gov.au/research/Research-Snapshots/Documents/RS_Job%20supported%202018.pdf)>.

With regional economies benefiting from international education in terms of economic growth and jobs, it is essential that regional educational institutions – both private and public - and the regions are equipped to cater to the various needs that such a temporary migrant population might have. Infrastructure stock and jobs available at the end of their education will be vital to retain these students in the regions.

The Federal Government has already taken steps in the right direction with the introduction of \$93 million regional scholarship program that will provide 4,720 scholarships and the extension of the post-study work visa by one year for international students who study in regional institutions. To be eligible for the extra year of post-study work visa, international students must graduate from a regional campus and maintain ongoing residence in a regional area while holding the first post-study work visa. This provides additional incentives for international students to study and then work in regional Australia.

Extension of Temporary Graduate visa period for regional graduates from November 2021 will allow international students to apply for an additional year on a second post-study work visa if they graduate from a regional area or live in a regional area while holding a temporary graduate visa.

#### **Recommendation 7:**

- Work with and better promote regional education institutions to attract greater numbers of international students to the regions.
- Create infrastructure and appropriate support structures to retain students in the regions after completion of study.

## **8 Regional Migration Perspectives**

### **8.1 Western Australian perspective provided by the Chamber of Commerce and Industry WA (CCIWA)**

While employment opportunities vary from region to region, it is apparent that a locally driven, place-based approach is required. Furthermore, if effectively designed, this place-based approach is likely to be more effective when compared to a one-size-fits-all approach, such as using nationally set migration policies to achieve regional development outcomes.

A good example of this approach is the WA Wheatbelt town of Dalwallinu. Since 2010, the Shire of Dalwallinu has run a “Regional Repopulation Project” that aims to encourage new migrants to resettle in the Shire instead of the Perth metropolitan area.

The program utilised a metropolitan based liaison person to assist in secondary settlement, however, they found that active recruitment of people directly from overseas locations to fill local vacancies was the most effective means of encouraging permanent resettlement. The program has supported the integration of new migrants into the community through a range of initiatives, including English classes and welcome packs. Key to the program’s success was a bottom-up,



consultation driven approach to ensure that the services were appropriately designed to meet the needs of these people. As a result of this program, Dalwallinu's population has grown 15 per cent since 2011.

The program's bottom-up approach combined with employment, schooling and housing opportunities was vital to its success. Also, the community themselves needs to be on board to ensure that these new migrants feel welcome and become involved.

The Dalwallinu program is an excellent example of a community-led approach to resettlement. It also highlights that it is vital that any migration policy settings adequately recognise and reflect the characteristics of individual regions.

## **8.2 Queensland perspective provided by the Chamber of Commerce and Industry Queensland (CCIQ)**

CCIQ advocates that an emphasis should be placed on how migration can assist in transitioning rural and regional economies, especially those that were previously resource-reliant regions, to sustainable economic bases. Employers consistently report the absence of employable skills in new workforce entrants. Compounding this issue is students frequently depart the regional areas that they study in after graduating. While government assists in growing industry and supports students studying to stay, regional migration is crucial in providing the requisite workforce to account for deficits.

The lack of connectivity infrastructure impacts business' ability to upskill workers through digital means. This is a persistent problem for businesses looking to expand. Many express that they are keen to technologically adapt, as well as train existing employees through less labour-intensive methods, which is often through virtual means. Again, skilled migration assists businesses in hiring those already skilled for positions that could not be otherwise filled through simply training existing staff.

In addition, CCIQ would like to see greater engagement with business through labour agreements, DAMAs and modified job lists as well as greater transparency in data acquisition.

## **8.3 Victorian perspective provided by the Victorian Chamber of Commerce and Industry (VCCI) and Victorian Tourism Industry Council (VTIC)**

Tourism is a people business, with the experience of visitors dependent on the skills, qualities and attitude of the person behind the counter, in the restaurant, or making the beds. Skilled labour is crucial to the delivery of quality tourism experiences, especially as demands for service quality increase and a strong, vibrant tourism workforce is critical to growing tourism in regional Victoria.

Tourism and the visitor economy is one of the fastest growing and most important economic sectors in the world. In Australia currently, the tourism industry is growing three times as fast as the rest of the Australian economy. The effects of rising household income and growing efforts to



facilitate international visitor flows, mean the numbers of visitors to the APEC region is predicted to reach close to 700 million by 2030.

This future growth presents both opportunity and challenge for Victorians as the industry must grow its base of human capital to support the predicted increases in visitor numbers. The labour requirements of Victoria's tourism workforce fall into two broad areas: the need for an abundance of semi-skilled employees that cover both a permanent and casual base; and a depth of higher skilled, career oriented employees.

Vacancy rates across Victoria are high at 10 per cent, with approximately 32,000 additional workers forecast to be needed in the State between 2015 and 2020, including around 9,000 skilled workers. 30 percent of the national skilled labour shortage is needed in Victoria.

However, the sector's growth trajectory and the scale of employment opportunities that will accompany it, is not well known and the tourism industry is not currently an industry of choice for many employees. For some, the industry has a reputation for hard work, unfavourable conditions, poor work-life balance and relatively low pay scales when compared to many other sectors. There is also a perception that roles in tourism are simply an entry point to the workforce, rather than a longer-term career option.

Labour and skills shortages are particularly acute in regional parts of Victoria, where competition for labour is high and staff retention can be difficult. This is accentuated by seasonality issues, where employment can be limited in off-peak periods, high levels of casual employment and perceptions of limited opportunities for advancement. There is also emerging evidence that popular tourism areas have become unaffordable due to high house prices, rents and long travel distances. All of which makes it especially hard to recruit and keep trained and experienced staff in regional tourism businesses. An ageing workforce and the migration of young people to cities, an issue prevalent in regional Victoria, also present workforce challenges for the tourism industry. These barriers and the impact on the ability of regional tourism businesses to attract suitably skilled employees or access seasonal staff impedes the delivery of excellent tourism services, affects the productivity and competitiveness of the sector and are key inhibitors to growth.

Those businesses exploring alternative sources of labour in response to deficiencies rely on migrant workers to fulfil demand in regional and seasonal roles. The extent to which overseas workers can usefully address supply and skills shortages depends on migration policy. For example, reforms to working holidaymaker visa arrangements, such as including tourism on the list of eligible first-year work sectors for visa holders wishing to extend for a second year or expanding the age limit 30 to 40 would help ease conditions in the labour market.

Removing or reducing limits to the time which workers are permitted to stay in a single job may help them build experience in an occupation, reduce turnover and increase the return on investment for employers. For example, working holidaymakers are currently only permitted to stay with a single employer for six months.

## 8.4 South Australian perspective provided by Business SA

Immigrants have always been part of South Australia's economic fabric; successive waves of migrants from all over the world have made great contributions to the state's economy and social fabric. The entire state of South Australia is designated a regional and low-population growth metropolitan area. In March 2018, the Federal Government introduced changes which significantly affected the benefits of regional status and put the state at a further disadvantage. South Australia needs a regional status that provides employers access to a broader range of skilled migration visas with inbuilt flexibility allowing visa requirements to adapt to local market conditions. Without changes to visas that complement the regional status, South Australia will continue to compete with high-wage areas such as Sydney and Melbourne.

Migration to Australia cannot be assessed only at a national level. South Australia experiences vastly different problems to the eastern states. While Sydney and Melbourne are working out how to deal with high population and rising living costs, South Australia is desperate to attract people to the state. The Federal Government needs to recognise the state based nuances and ensure that future migration policy is set at a regional level. This will not only assist South Australia, but Australia as a nation. Tailored migration will assist struggling economies, such as South Australia's, to grow and disperse the pressures of population growth that the eastern states are encountering.

The family stream represents less than 30 percent of Australia's permanent migration program. Although the clear focus of the program is on the Skill stream, Business SA does recognise the importance of the family stream, and the inherent interdependencies between the two streams. Business SA members tell us the importance of families for the successful settlement of skilled workers. The single most important factor when determining if a migrant would remain in a regional area was the ability to bring their family with them. This was closely followed by a sense of community.

To be successful, any migration policy needs to be coupled with policies that offer long-term benefits to communities rather than short-term 'fixes'. Migrants tend to gravitate towards the cities due to job opportunities, well-established transportation and service infrastructure and existing communities from the same homeland. By requiring skilled migrants and their families to live and work for at least 2 and up to 3 years in a regional area, the policy intended that over that time regional migrants would have established sufficiently strong ties to their community to settle for a longer period. However, the statistics have shown that this isn't always the case. A strong economy and a job is not always sufficient to retain migrants in regional area as it overlooks the importance of family and community. Jobs are not the sole reason that people forge links and remain in the same community. Regional communities who wish to retain migrants need well-developed social support infrastructure including schools, childcare services, religious activities, meeting places, sporting facilities and the opportunity to volunteer, all which give migrants an opportunity to build links with the community. The partners of skilled migrants also need the opportunity to connect. Often, when children are at school a partner may be at home and isolated in a new country and a regional location. Social connectedness needs to be developed at a micro level through social participation in activities outside the home, including clubs and associations, political activities,



volunteering, sports and recreational organisations, religious organisations, community or school-related groups, cultural, educational and hobby-related groups or service clubs.

## 9 Conclusion

Increasing the flow of regional migration is not just an issue for Australia's migration system. As this submission highlights, there are number of policy levers available to the Federal, State and Territory Governments to enhance the liveability, attractiveness and economic conditions in the regions that are key to driving migration, both internal and overseas. That said, a key lever of the Federal Government is creating a well-managed skilled migration system that will facilitate Australia's economic prosperity and contribute to the success of our society as a whole. There are number of recommendations proposed that address both temporary and permanent, skilled and unskilled migration to Australia. An affordable, flexible and responsive migration system will go a long way in alleviating the labour and skills shortages in the regions.



## 10 About the Australian Chamber

The Australian Chamber of Commerce and Industry is the largest and most representative business advocacy network in Australia. We speak on behalf of Australian business at home and abroad.

Our membership comprises all state and territory chambers of commerce and dozens of national industry associations. Individual businesses are also able to be members of our Business Leaders Council.

We represent more than 300,000 businesses of all sizes, across all industries and all parts of the country, employing over 4 million Australian workers.

The Australian Chamber 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.



# OUR MEMBERS



## CHAMBER



## INDUSTRY ASSOCIATION

