



Australian Government

Australian Trade and Investment Commission

AUSTRALIAN TRADE AND INVESTMENT COMMISSION SUBMISSION 2

JOINT STANDING COMMITTEE ON MIGRATION INQUIRY
INTO AUSTRALIA'S SKILLED MIGRATION PROGRAM

19 April 2021



Terms of Reference

The Joint Standing Committee on Migration shall inquire into and report on Australia's skilled migration program, with reference to:

1. The purpose of the skilled migration program and whether it is meeting its intended objectives, including
 - 1a) if any immediate adjustments are necessary in the context of the future of work and pandemic recovery, and
 - 1b) if more long-term structural changes are warranted;
2. Australia's international competitiveness in attracting entrepreneurs, venture capital, start-ups, and the best and brightest skilled migrants with cutting edge skills;
3. Skills lists and the extent to which they are meeting the needs of industries and businesses and keeping pace with Australia's job landscape;
4. The administrative requirements for Australian businesses seeking to sponsor skilled migrants, including requirements to prioritise job opportunities for Australians and job creation;
5. The costs of sponsorship to businesses seeking to sponsor skilled migrants;
6. The complexity of Australia's skilled migration program including the number of visa classes under the program and their requirements, safeguards and pathways; and
7. Any other related matters.

Introduction

The Australian Trade and Investment Commission (Austrade) **helps Australian businesses** access international markets and **attracts productive international investment** to Australia to drive jobs creation, innovation and economic growth. Austrade is also the lead agency on tourism policy.

Austrade's comments on the skilled migration program are based on **business intelligence** gathered from clients, involvement in Government **policy processes** and our **knowledge of global markets**.

Austrade's first submission of 19 March 2021 addressed terms of reference 1, 1(a), 1(b) and 2. In the light of evidence presented to the Committee on issues confronting the tourism sector, this follow up submission offers additional information on immediate adjustments which could support tourism recovery.

This submission also addresses the remaining terms of reference and considers the wider/longer term issues. To be internationally competitive, Australia needs a skilled migration program that facilitates business and investment, is responsive to changing economic conditions and adaptive to the needs of emerging industries. This submission provides the Committee with insights Austrade has gathered from its clients and suggests program enhancements that would support economic recovery and international competitiveness.

Measures to support tourism sector

As noted in Austrade's first submission, the COVID restrictions on the skilled migration program risk constraining Australia's economic recovery. The **Priority Migration Skilled Occupations List (PMSOL)**, additional labour market testing requirements and determinations on **Critical Skills/Critical Sectors** all restrict business access to the skilled migration program. Austrade's first submission suggested the program should be opened to all eligible occupations on the Skilled Occupation List (SOL), **letting the market and companies decide what skills and people they need**. If the current restrictions are retained, eligibility should be expanded to include high-value cohorts essential to COVID recovery.

As the lead agency for tourism policy, Austrade supports the views on skills shortages shared by the tourism industry in submissions and evidence provided to the Committee, which confirms the feedback Austrade has received from the tourism sector. The comments and suggestions below are also supported by Tourism Australia.

The tourism industry has been particularly impacted by COVID restrictions. The value of tourism exports was \$31.2 billion in 2019–20, down 21 per cent compared with 2018–19 and consistent with the 27.9 per cent fall in visitor numbers over the same period. Over the same period, the economic value of tourism (as measured by its contribution to gross domestic product) fell 17.6 per cent to \$50.4 billion, while between December 2019 and December 2020 tourism job numbers fell by 10.8 per cent to 664,400 jobs. Tourism also makes an important contribution to regional economies, where it often accounts for a greater share of GDP and employment than in capital cities.

Supporting the tourism industry through this period is a priority for the Government. Without access to skilled labour, Australian tourism businesses may be unable to take advantage of the opportunities afforded by the return of domestic tourism.

There is a common perception the tourism, accommodation and hospitality sectors rely on low skilled labour and Australian workers will fill vacancies left by foreign workers as the economy restructures. However, the workforce needs of the sector are more complex and subject to seasonal and regional variations. The sector has traditionally relied on the skilled migration program to access skills known to be in shortage and on the eligible occupations list, including Chefs, Cooks and Hotel and Motel Managers. COVID border restrictions and disruptions to the sector have seen many skilled foreign tourism and hospitality workers depart over the past

year. Tourism stakeholders report significant difficulties filling vacancies outside major metropolitan areas in higher and lower-skilled occupations.

Access to international recruitment is needed to support tourism recovery and businesses that employ many Australians, including in regional areas. Without a qualified chef or hotel manager there will be no restaurant or hotel. There are many reports of restaurants and accommodation businesses closing or restricting their offerings due to labour shortages.

Austrade **supports the Committee's recommendation "that the PMSOL be expanded urgently to include Chefs... [and] Café and Restaurant Managers..."** Austrade also suggests consideration be given to other key occupations being added to the PMSOL in parts of regional Australia, such as Cooks.

We also suggest consideration be given to creating more flexible solutions to address shortages of lower skilled workers by offering incentives and flexibility to temporary visa holders already in Australia. For example, hospitality, accommodation and tourism related work could be added as an eligible occupation for the subclass 408 Temporary Activity visa in certain regions. Working Holiday Makers currently in Australia could also be permitted to work for the same employer in the tourism sector for more than six months in rural and remote areas. These measures would bring tourism into line with changes made to support the agricultural sector, which faced similar shortages in seasonal labour.

Going forward, reviews of the eligible occupations lists should give greater attention to the regional variations and needs of the tourism sector.

Skills List

Eligible occupations list not dynamic or responsive to business needs

The Skilled Occupations List (SOL) underpins a range of employer-sponsored, points-tested, state-nominated and temporary-training visa programs. As noted in Austrade's first submission, the lists are based on dated ANZSCO occupation categories, which are not responsive to the needs of new sectors and industries. As part of the 2017-18 program changes, the lists were to be reviewed and updated every six months. The National Skills Commission leads reviews and proposes changes to the lists.

As of April 2021, only two reviews have been completed and minimal changes have been made to eligible occupations lists. A review close to completion in March 2020 was considering adding new occupations relevant to the gaming and other tech industries, but was not implemented due to COVID.

Companies and industry bodies are able to negotiate a labour agreement with the Department of Home Affairs where there is a demonstrated need that cannot be met in the Australian labour market and where standard visa programs are not available. Labour agreements are intended to cover exceptional or niche skills where there is evidence of a labour market shortage. Companies report this process is time-consuming and an administrative burden. Although the normal processing time for agreements may take up to six months, Austrade clients report there has been little progress in negotiations over the past year. Labour agreements should be prioritised to ensure businesses can compete internationally and access the workers needed to support economic recovery.

The current approach to occupation list reviews is not keeping pace with changes in the labour market or industry needs. Alternatives or enhancements/modifications to the ANZSCO classification system are needed to accommodate new industries and occupations. Ideally these solutions should be developed by Government in consultation with industry, rather than requiring each individual company or industry to negotiate a labour agreement where there are known economy-wide skills shortages. A priority should be more clearly identifying and adding ICT related skills to the SOL, as identified in the March 2020 review.

Inconsistencies in visa pathways

The SOL is divided into Short (STSOL) and Medium/Long term (MLTSSL) lists. Occupations on the STSOL are normally eligible for up to a two year stay, while occupations on the MLTSSL offer a four year visa with a pathway to permanent residency. While many Austrade clients report occupations required to support new industries are on the short term list, they also report that highly qualified skilled migrants are reluctant to relocate families and disrupt their careers for a short-term work opportunity in Australia. For many industries, the short-stay visa offering is not competitive internationally.

Austrade clients also report that weaknesses in the ANZSCO classification system have created situations where different employees performing similar functions may be on different visa pathways. More consistency and certainty when classifying eligible occupations would assist industry to attract and retain skills that are in high demand globally. **Longer-stay visas and pathways to residency are needed to attract mid-career and more highly skilled professionals.**

Complexity, cost and timeframes

The skilled migration program is complex and could be simplified to better support industry and economic recovery.

Companies must navigate a series of steps when sponsoring a worker, including: selecting the most appropriate visa category; determining eligibility against occupations lists; considering visa conditions, length of stay requirements and age restrictions; completing skills accreditation, English language, police and health checks; and considering visa costs, including contributions to the Skilling Australians Fund (SAF).

To add to the complexity, requirements vary depending on whether an international trade agreement applies. There are no clear guidelines on the application of trade agreements, requiring each company to seek independent advice.

Labour market testing (LMT) is expensive and time consuming

Austrade clients report LMT is a costly and time consuming impediment. In most circumstances, sponsoring companies must have published at least two advertisements in the past four months to demonstrate a role cannot be filled locally. Since September 2020, businesses are also required to place an additional advertisement on the Australian Government's *jobactive* website. LMT requirements are under-written by exemptions stemming from a range of different International Trade Agreements. The timeframes for completing **LMT limit companies' ability to move quickly when competing internationally for talent.**

Existing LMT requirements should be removed or streamlined for high-value cohorts, including workers on intra-company transfer and occupations with known shortages.

Although intended to preserve Australian jobs, in many instances LMT delays investment that would generate new Australian jobs in high-growth industries.

Costs

The costs involved in the skilled migration program are significant, and often include additional charges for English language tests, health checks, police certificates and biometrics as part of the application process. The SAF levy is regarded as an additional tax, largely due to company perceptions of a lack of transparency. It is not clear how this fund is used to build capacity in related occupations relevant to sponsoring companies.

Expand accredited sponsor categories

More streamlined visa processes are available to companies that register as an "accredited sponsor". Accredited sponsors receive **priority visa processing** (five days pre-COVID). An accredited sponsor may also provide a good character reference to support individual visa

applications instead of completing overseas police checks. This is a significant time saving, as some Austrade clients report waiting 10 months for a visa when overseas police checks could not be attained.

Accredited sponsorship **reduces red tape by offering a lighter touch for sponsoring companies considered of good character and low compliance risk.** The five eligible categories all require a track record of at least two years sponsoring workers in Australia. Eligibility is also based on the percentage of Australian versus foreign workers employed by the sponsor. In 2019, an additional "Major Investor" category was added to accommodate foreign companies that employ a small number of Australians directly, but make substantial investments into Australian companies that employ large numbers of Australian workers.

The program could be enhanced by **offering an accredited sponsorship category to companies that do not have a compliance history** of sponsoring workers. This category could offer similar fast-track services to newly established Australian companies and foreign investors. As many foreign investors may initially establish small offices with employees on intra-company transfer, the percentage of Australian workers requirement should also be waived. Alternative integrity measures could include support from an Australian government agency, such as Austrade, or state/territory government. Consideration could be given to the **international standing of the company and the potential future contribution of the proposed investment project** when assessing their eligibility for accredited sponsorship.

Such an accredited sponsor category would remove many impediments that delay new foreign investment projects.

Enhanced services for high value cohorts and projects

The skilled migration program could be enhanced by offering improved client service delivery models (for example, a concierge service) for high-value migrants and projects.

In the past, Austrade staff coordinated with the Senior Migration Officers at offshore posts to follow-up and expedite clients' applications. However, with the change in Home Affairs' offshore footprint, visa processing staff are no longer located in market. A client manager/concierge system would restore this link with Austrade and directly with high-value migrants or investors, providing them a more positive early experience of Australia.

Austrade is a lead partner in the **Global Business and Talent Attraction Taskforce** initiative, which brings a whole-of-government campaign to attract global businesses to Australia to support post-COVID economic recovery. The Taskforce represents a two-year surge until 30 June 2020. The **tailored service-delivery model** being developed under this program **adds to Australia's competitiveness** as an investment and business destination. Further initiatives and collaboration aimed at **facilitating the entry of high-value, job-creating businesses investing in Australia** would be welcome. This would bring Australia into line with other countries that provide tailored services and products to high-value migrants, companies and investors as part of their investment facilitation services.

Conclusion

Access to skills and workers is part of the "why Australia?" equation for companies considering investing and building their business in Australia. One year after Australia's borders closed, it is timely to consider how pandemic restrictions have impacted global mobility and highlighted the importance of the skilled migration program to economic growth and recovery.

This submission has suggested changes could be made to ensure the skilled migration program facilitates business and investment, is responsive to changing economic conditions, and adaptive to the needs of emerging industries.