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Skills Australia would like to thank the Joint Standing Committee on Migration for the opportunity to make a submission on the economic impacts of migration in Australia. Our response addresses the issues raised in 4, 5 and 6 of the enquiry.

Skills Australia recognises the important role migration plays in building Australia's skill base and facilitating economic development. Australia is experiencing comparatively low fertility rates and an ageing population, and global competition for skills is increasing.¹ At a time of heightened economic activity skill shortages and skills gaps are increasing and a program of carefully targeted migration which helps meet these skill needs is vital. A focus on skilled migration promotes greater social and economic outcomes for migrants, with evidence suggesting that those with strong language and employment abilities have better migration outcomes.

Skills Australia and the Skilled Occupation List for General Skilled Migration

Skills Australia is an independent statutory body, providing advice to the Government on Australia's current, emerging and future workforce skills needs and workforce development needs.

In February 2010, the Australian Government asked Skills Australia to develop a new Skilled Occupation List (SOL) for migration purposes. The Australian Government's objectives for the SOL are to ensure Australia's General Skilled Migration (GSM) program attracts migrants with high level skills, in occupations which meet Australia's medium to long term skills needs, which cannot otherwise be met through efforts and measures aimed at employing, training, skilling and re-skilling Australians.

The SOL is reviewed on an annual basis, with consultation taking place in October/November and advice provided to the Australian Government in February/March of the following year. The first review of SOL will be released by the Department of Immigration and Citizenship (DIAC) in May 2011.

To be accepted for the GSM program, applicants must have skills and qualifications for an occupation listed on the SOL. An occupation is assessed against four criteria, namely long lead time, high use, high risk and high information. To be included on the SOL, an occupation must satisfy the mandatory criterion of long lead time and one of the two criteria of high use and high risk. The criterion of high information must also be satisfied. Occupations for the SOL are also assessed against a range of economic, labour market, education and training, and migration data.

Other pathways for skilled migration

With respect to occupations that are not on the SOL, there are a range of other migration options, including employer-sponsored migration (temporary and permanent) and state sponsored migration:

¹ G Hugo (2009), Care Worker Migration, Australia and development, Population, Space and Place, p. 189.



- Sponsored migration by employers or by states and territories allows a more targeted approach to migration, allowing enterprises to directly access the skills they need, in the locations where they are needed. This enables state and territory governments and regional employers to influence the number and profile of skilled migrants settling in their areas in line with their skill needs and development objectives.
- In relation to temporary migration the Subclass 457 visa is the main temporary visa for skilled temporary migration.
- International students also contribute to the temporary labour force, in so far as they can work up to 20 hours a week. They are also an important potential source of skills and expertise, and it is recognised that international students studying in Australia may go on to work in Australia after graduation. This is recognised by Government as a valid and valuable avenue for contributing to Australia's future skills base.
- Another form of temporary migration is the Working Holiday and Work and Holiday Maker visas (Subclass 417 and 462) for people under the age of 30. We understand that these visas currently assist employers to fill short term vacancies in jobs at lower skills levels, albeit on anecdotal evidence.

Skills Australia supports this range of initiatives for skilled migration. By ensuring that migrants are genuinely highly skilled, and employed in occupations experiencing genuine skill shortages, this methodology promotes high workforce participation of migrants and long term contributions to Australia's economy and productivity. There is some evidence that this targeted approach to migration is having a beneficial impact on the Australian economy with respect to production and participation. Data provided by the Continuous Survey of Australian Migrants (CSAM) conducted by the Department of Immigration and Citizenship indicates that skilled migrants have a participation rate of 95 per cent, which is much higher than the 65 per cent participation rate for the general Australian population.² The DIAC Annual Report for 2009-10 also states that an estimated \$716 million is contributed by skilled migrants in the first year after their arrival, and the cumulative contribution increases to \$10.2 billion after 10 years. Migrants using temporary business entry visas are estimated to contribute about \$728 million in the first year after arrival and a cumulative benefit of \$4.6 billion 10 years after arrival.³

However, Skills Australia would caution that these mechanisms for obtaining skilled labour from abroad should not displace investment in training for the domestic labour force. Efforts to improve wages and conditions in occupations which have high turnover rates and high rates of occupational wastage should also be considered. Training for the domestic labour force, or encouraging domestically skilled labour that the Australian Government has already trained to take up skilled labour positions may be a more efficient allocation of resources than importing skilled labour from abroad. More research is needed in this area.

Skills Utilisation

Skills Australia recognises that the application or use of skills in the workplace is very important as it increases productivity, employee engagement and satisfaction. Improved productivity through the better and more strategic use of skills in the workplace benefits both individual enterprises and the entire community. If migrants can be encouraged to use their skills in the Australian labour market, in occupations that are in shortage, this increases the overall productive capacity of the economy. There is evidence to suggest that if migrants are given some training to boost their English language proficiency this raises their productivity and engagement in the workforce.

² Department of Immigration and Citizenship, 2010, How new migrant fare: Analysis of the Continuous Survey of Australian Migrants. This analysis is based on data from the CSAM of September 2009 and March 2010.

³ DIAC, Annual Report 2009-10, pp 46 and 48.

Skill utilisation of skilled migrants is affected by a number of factors. The manner in which employers use the skilled migration programs, such as the 457 visa and employer sponsored permanent migration, may influence the way in which migrants are using their skills. They face obstacles to successful skills utilisation such as:

- Lack of consistent offshore skills assessment meaning that skilled migrants may not be sufficiently qualified to perform their nominated occupations
- Cultural and language barriers.

Skill utilisation of migrant workers may also vary across industries, depending on differing labour market needs. Research into this area has found that the majority of employers find the 457 visa program a success in meeting skills needs. The CSAM for 2009-10 shows that while the outcomes of independent GSM migrants was very good, with more than 90 per cent in a skilled job, only just over half of those in the "Skilled Graduate" category were able to secure skilled employment.

Skills Australia would support the use of programmes that would actively seek to boost the participation of skilled workers in their nominated occupations. For example, some companies have provided training in literacy and numeracy skills which has helped employees to improve their understanding of their own job functions and how to improve their skills in general, thereby developing their confidence and productivity. We recognise however that research is needed to determine the extent to which migrant workers are utilising their specialist skills in the Australian labour market.

In conclusion Skills Australia recognises targeted skilled migration as essential in order to meet the medium and long term skill needs of the Australian economy. Changing demographics and industry dynamics – such as an ageing population and new and emerging areas of growth and innovation – indicate that migration will make a valuable contribution to Australia's 'talent pool'. Migration is also expected to continue to play a significant role in supplementing domestic training efforts and measures for Australians, by supporting and helping to balance any anticipated shortfalls. However, it is also widely acknowledged that Australia should not rely on migration to meet our skill needs, but should also focus efforts on effective workforce planning, skills acquisition and the utilisation of existing skills within the local labour force.

Once again thank you for the opportunity to provide input to this review.

Yours sincerely,

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Skills Australia
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