

# PLANNING AUSTRALIA'S 2022-23 MIGRATION PROGRAM

*Department of Home Affairs*

December 2021

## Introduction

The Chamber of Commerce and Industry Queensland (‘CCIQ’) welcomes the opportunity to make a submission to the Department Home Affairs to inform the planning of Australia’s Migration Program for 2022-23. CCIQ acknowledges the importance of Australia’s Migration Program particularly for businesses in regional locations, and small and medium-sized enterprises (SME) in industries experiencing labour shortages.

CCIQ is Queensland’s peak industry representative organisation for small and medium-sized enterprises (‘SMEs’). We represent over 448,000 Queensland SMEs who employ over 66% of Queenslanders working in the private sector. CCIQ works with a regional chamber network across Queensland to develop and advocate for policies that are in the best interest of Queensland businesses, the Queensland economy, and Queensland’s community.

CCIQ consistently advocates for both a state and federal government focus on the skilled workforce as an economic policy priority. This is to ensure the competitiveness, resilience and sustainability of Queensland’s businesses, industry and regional economies.

### CCIQ advocates for the following skilled workforce priority policies:

Incentivise upskilling in emerging sectors	Reinvigorate the regions	Improving funding arrangements
<ul style="list-style-type: none"> <li>Incentivise retraining in disrupted industries to support skill needs in emerging sectors</li> <li>Strengthen investment in STEM skills</li> </ul>	<ul style="list-style-type: none"> <li>Simplify the migration schemes and incentivise skilled and seasonal workers to relocate to the regions</li> <li>Strengthen linkages between universities and TAFE to provide flexibility in delivery and access to training and skills that better meet regional workforce needs</li> <li>Deliver market diversification support for export-ready SMEs</li> </ul>	<ul style="list-style-type: none"> <li>Support education and training programs focused on sustainability</li> <li>Extend apprenticeship and traineeship subsidies with a focus on future skills needs</li> </ul>

Skilled migration is essential for the prosperity of SMEs across Queensland. They breathe life into our regions and enable businesses to operate with a labour force that has the right skills. Migration also lifts our regional, remote and rural towns by increasing their populations and strengthening their economies.

## Executive Summary

**It is critical that the permanent migration program for 2022-23 addresses current skill shortages, future skill needs and to restart our regional economies.**

Queensland's migration profile shows that COVID-19 has had a detrimental effect on our population. Both skilled and unskilled migrants are crucial in sustaining Queensland's steady population growth and economic prosperity. The deficit of overseas migrants has resulted in widespread labour shortages, in high skilled professions and in jobs primarily held by working holiday makers or international students.

**CCIQ agrees with ACCI's analysis that the Migration Program for 2022-23 should be increased to 210,000 to address urgent shortages, triage poor performing regional economies and quickly get our migration numbers back to where they were before COVID-19.** Without the reintroduction of overseas migrants, businesses will lack the employees they require to keep their doors open and the economy will have greater difficulty recovering in the wake of COVID-19.

**The skills stream requires a greater focus on permanent employer-sponsored visas to facilitate the greatest benefit for Queensland's economy.** The skill stream should also reward successful agile initiatives such as the DAMA and implement it in other regions that are experiencing significant or unique occupational shortages across Queensland.

**To remain a globally competitive location for overseas migrants Australia must simplify the migration process.** For SMEs, this includes:

- simplifying lists and reviewing the ANZSCO
- reducing red tape that creates onerous administrative burdens
- waiving the SAF levy for the next two years, followed by a reduction in levy costs for small business and year-on-year payment options
- Improving access by supporting businesses by reinstating the Industry Outreach Officers Program and retaining Regional Certifying Bodies.

**Skilled overseas migrants present opportunities to local labour forces.** They enable and support:

- technological and scientific advancements and efficiencies in businesses
- significant growth in regional skills, including upskill and reskill opportunities within workplaces for existing workers
- greater innovation, research and development in industry and new sets of in demand skills that can be taught to local populations via training facilities.

## Summary of recommendations

### **Recommendation 1: Increase overseas migration to 210,000 for 2022-23**

CCIQ agrees with the economic analysis done by ACCI and recommends that an increase of 210,000 migrants is needed to address urgent shortages, triage poor performing regional economies and quickly get our migration numbers back to where they were.

This could be achieved by increasing and prioritising the intake in the final half of the 21-22 FY to allow those skilled migrants return from being offshore during the pandemic, but also a focus on attracting new talent to Australia to increase our migrant numbers.

### **Recommendation 2: Focus on bringing employer-sponsored migrants**

CCIQ recommends that the composition of the skill stream look towards permanent and employer-sponsored migrants. This is to ensure that businesses are finding the skilled employees they need, skilled migrants are arriving with employment and they remain providing economic benefits to our regions.

### **Recommendation 3: DAMA should be extended to other Queensland regions**

### **Recommendation 4: We should adopt a simpler migration process including:**

- Simplifying lists and reviewing the ANZSCO
- Reducing red tape that creates unnecessary administrative burdens for business
  - Reducing LMT obligations for employer-sponsors for a skilled migrant in an identified occupation experiencing a local skill shortage
  - Ensuring there are no lengthy visa processing delays
- Waiving the SAF levy for the next two years, followed by a reduction in levy costs for small businesses and providing year-on-year payment options.
- Improving access by providing support to business through the Industry Outreach Officers Program and Regional Certifying Bodies.

**Recommendation 5: Ensuring clear pathways from temporary visas to permanent residency in Australia to reduce uncertainty for both the overseas migrant and employer.**

**Recommendation 6: Incentives to foster greater collaboration between overseas migration, education and training facilities and industry to support new upskilling and reskilling opportunities.**

**Recommendation 7: Prioritisation of employer-sponsored regional visas to ensure that businesses in our regions can compete for access to skilled workers.**

## Queensland Migration Profile

### Skilled migration levels prior to and after COVID

Queensland’s net overseas migration (NOM) sat at 28,630 persons in 2019-20 representing 5.8% Australia’s total NOM. By December 2020 this changed to -20 due to COVID-19 border closures pushing migrants from Australia back to their home countries (see Table 1).

**Table 1 NOM by permanent and temporary working visas in Queensland**

Visa type	2019-2020 FY	2020 CY	2019-2020 FY	2020 CY
	Queensland	Queensland	Rest of Australia***	Rest of Australia***
	Persons	Persons	persons	persons
<b>Permanent</b>				
Skilled	2,330	920	16,430	7,650
<b>Temporary</b>				
Skilled	2,000	400	7,380	-990
Student*	2,360	-3,770	10,460	-26,490
Working Holiday	2,170	-1,180	14,240	370
<b>Total working visas</b>	<b>6,500</b>	<b>140</b>	<b>38,050</b>	<b>7,030</b>
<b>Total all visa types**</b>	<b>28,630</b>	<b>-20</b>	<b>165,800</b>	<b>3,280</b>

Source: QGSO, Overseas Migration, Queensland, 2019-2020; QGSO, Overseas Migration: special COVID, Queensland, 2020

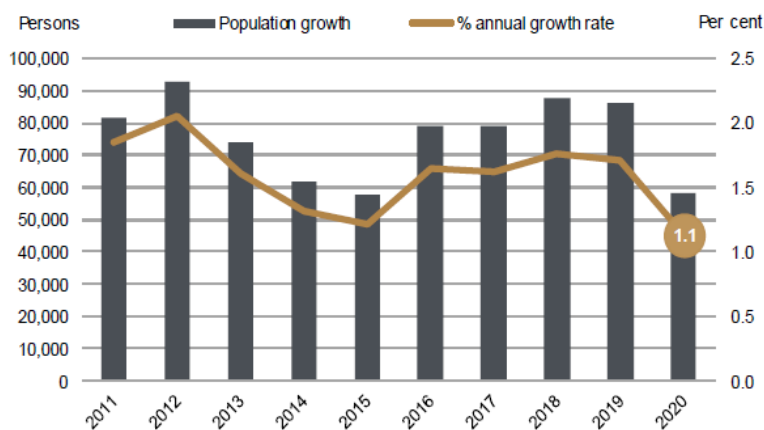
\*Includes VET, higher education and student other; not included in working visa total

\*\* includes all visas, including those not included in the table e.g. Family, New Zealand, visitor, other temporary visas etc.

\*\*\*excludes Queensland

The decline in net overseas migration in 2020 stagnated Queensland’s annual growth rate, from 1.7% in 2019 to 1.1% in 2020, as shown in Figure 1, below.

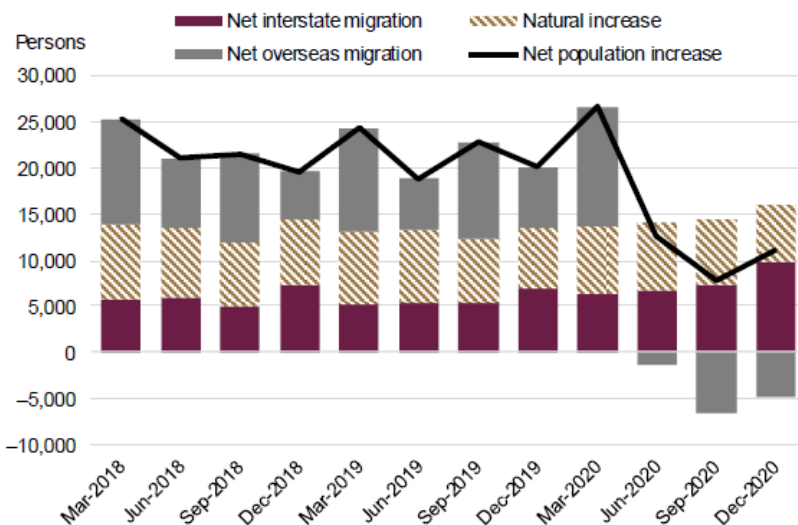
**Figure 1 Population growth, Queensland**



Source: QGSO, Overseas Migration: COVID-19 impacts, Queensland, 2020.

While 2019-20 saw Queensland having the second largest population growth of any Australian state or territory, through births (28,330), closely followed by net overseas migration (NOM) (26,880) and then net interstate migration (NIM) (25,350).<sup>1</sup> After June 2020 Queensland saw a large decline in population (see Figure 2, below). An increase in net interstate migration in the latter half of 2020 lifted Queensland's population, however net overseas migration had been in decline since the June quarter 2020. In December 2020 the only quarter-on-quarter growth Queensland experienced was from interstate migration.

**Figure 2 Population growth components by quarter**



Source: QGSO, *Overseas Migration: COVID-19 impacts, Queensland, 2020*.

This ‘bottoming out’ of overseas migration after the international border closures showed just how critical overseas migration to Queensland is to sustain steady population growth, and economic sustainability. Queensland’s total NOM was much lower than previous years, the reduction a result of COVID-19 mobility restrictions, including both international and state border closures.

Queensland lost a large cohort of international students, a critical unskilled labour market for key Queensland industries. In 2018-19, Queensland received international students through higher education, vocational education and training sectors, on student and other visa types. This equated to a cohort of 15,640 international students, 48.2% of the total number of migrants in Queensland that year.<sup>2</sup> The subsequent drying up of migration to Queensland, particularly those on working holiday visas and student visas, has resulted in labour shortages across Queensland in both skilled and unskilled work. Other flow on economic impacts, such as the decline in international tourism visitation, has also had detrimental effects on regions that are tourism reliant.

### Employment in Queensland

The unemployment rate in Queensland during COVID-19 was one of the highest in Australia. In May 2020, Wide Bay (12%), Outback (11.8%) and Toowoomba (8.6%) had the lowest rates of unemployment

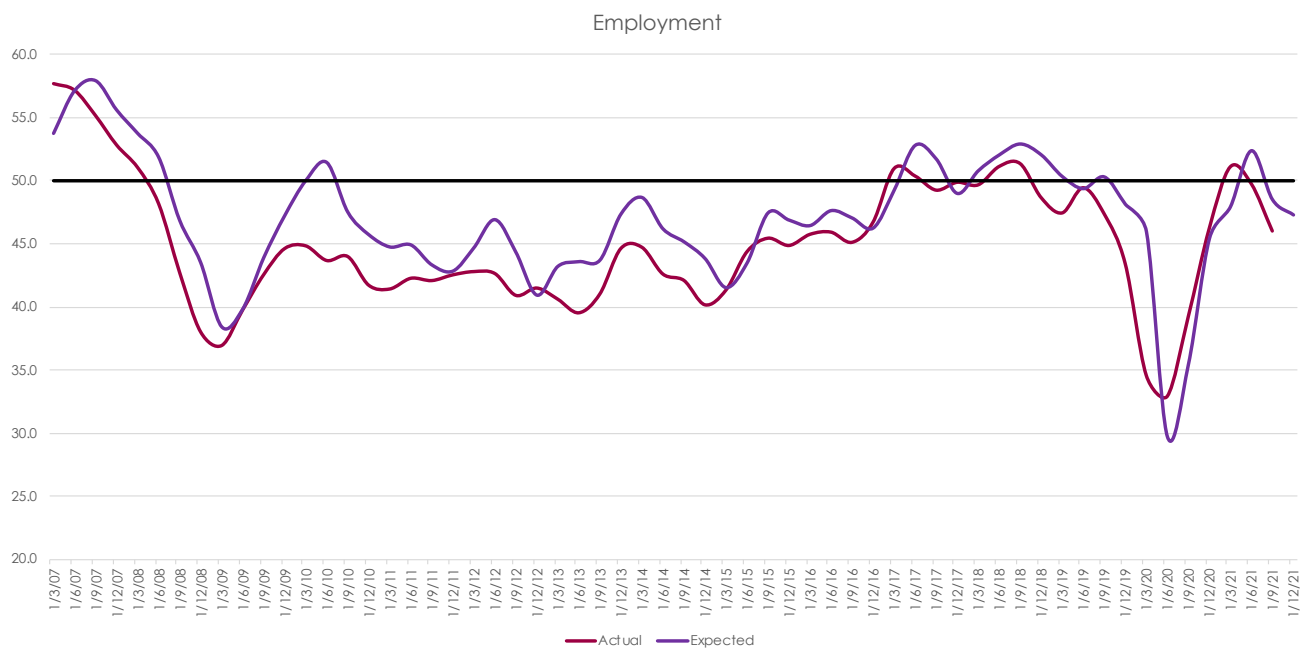
<sup>1</sup> QGSO, 2021, ‘Population growth highlights and trends, Queensland.’

<sup>2</sup> QGSO, 2018-19, ‘Overseas Migration.’

in the state, sitting well above Queensland’s state average (7.9%) and Australia’s average of (7.1%).<sup>29</sup> Youth unemployment (15-24 years) in Queensland sat at 14% in May 2019, increased to 15% in May 2020, and sat at 14.4% in May 2021.<sup>30</sup> Youth unemployment was and continues to be a critical workforce issue in Queensland.

The CCIQ Pulse Survey of Queensland businesses measures business conditions each quarter. In the September 2021 quarter, businesses reported a decline in their employment levels – along with other key indicators such as profitability and capital expenditure. However, this result reflects the skilled and unskilled labour shortages being felt across Queensland. While employment levels appeared to ‘recover’ into positive territory in the June quarter, this has not been sustained, and poor employment conditions are predicted to continue into the December quarter (as shown below).

**Figure 3 CCIQ Pulse Survey of Queensland Businesses – Employment**



Source: CCIQ, 2021, September Quarter Pulse.

Businesses have stated that:

*“Reducing our employment levels have helped reduce costs to the business and maintain viability.” Gold Coast*

*“Unless the state and International borders open soon, lack of confidence by small business, lack of access to a customer base that provides a profitable return on investment, insufficient sales/profitability to enable businesses to employ sufficient and professional staff.” Far North Queensland*

## Labour shortages and ongoing uncertainty

Many businesses are still faced with ongoing uncertainty about their ability to employ into the future. With border re-openings being seen as a light at the end of the tunnel for many, the upcoming summer period is seeing a hesitancy by businesses to employ as many staff as they usually would, especially in retail and other service sectors.

Those business who are trying to employ however, are having challenges with securing skilled workers. We are experiencing massive labour shortages and population declines throughout Queensland's regions for skilled and unskilled labour. The vacancy rate is increasing as we are unable to fill these vacancies locally.

State-wide, Queensland's third largest constraint on business growth was retaining and recruiting suitably qualified employees.<sup>3</sup> This issue has emerged due to a lack of international migrants and students into Queensland since March 2020.

Member feedback on labour shortages:

*"Continued border closures (both domestic and international) will have a continued impact. The lack of access to international candidates and expats will slow down economic growth. Lack of a clear strategy (not a brochure) for economic recovery in Queensland will have a significant impact locally."*

*"Staff shortages due to lack of overseas workers is spreading our existing workforce too thin."*

At the time of preparing this response, a new variant of COVID-19 has also emerged - the omicron variant - causing two-week delays on the arrivals of much needed skilled migrant workers and international students.<sup>4</sup> Given the uncertain conditions, and ongoing labour shortages, it is critical to find a way to ensure we have a safe, planned, and consistent approach to migration to reinstate this critical supply of labour.

## Benefits of Migration

Migration will strengthen our regions through **increased economic activity** and the flow on effects of better connectivity and infrastructure that is implemented in areas that grow the capability of our regions. Many reports show that there is a direct correlation between migration and economic growth.<sup>5</sup> This will be particularly important for the 2022-2023 financial year to recover from the population impacts stemming from net zero migration. Research has determined that long-term population growth mainly stems from permanent visa allocations rather than temporary visas.<sup>6</sup> This means that we should place some focus on permanent migration and its make up to provide better economic conditions for the future.

In addition to increased economic activity, migration is key for:<sup>7</sup>

- **Regional, rural and remote population growth:** Migrants help to support the regional workforce and population growth, whilst easing strains felt on infrastructure in larger cities.

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<sup>3</sup> CCIQ, 2021, September Quarter Pulse.

<sup>4</sup> AFR, 2021, 'Morrison states tread warily on omicron,' <https://www.afr.com/politics/federal/morrison-states-tread-warily-on-omicron-20211129-p59cvq>

<sup>5</sup> CEDA, 2019, 'Effects of temporary migration: Shaping Australia's Society and Economy', p11-13; Treasury, 2021, 'Intergenerational Report,' viii.

<sup>6</sup> Grattan Institute, 2021, 'Rethinking skilled migration after the pandemic.'

<sup>7</sup> ACCI, 2020, 'Planning Australia's 2021-22 Migration Program.'



- **Counteracting an aging population:** Australia has an aging population with one in six Australians above 65 years of age.<sup>8</sup> This puts a strain on public spending for this cohort of individuals needing access to health and other social assistance. A well-balanced migration system provides opportunity to even out this imbalance.
- **Introducing new entrepreneurial acumen:** One in three small businesses in Australia are owned by migrants. This means that entrepreneurial migrants generate job opportunities on shore for Australians.
- **A better skilled workforce:** Migrants lift the educational attainment of the Australian population and lead to better research and development through enhanced productivity, innovation and accumulation of human capital.<sup>9</sup> Access to skills and labour is the third greatest concern for businesses in Queensland.
- **Diversity:** Australia is culturally and linguistically diverse which has had positive outcomes for our education and tourism sectors. Diversity allows for better global linkages and within workforces it creates opportunity for out of the box thinking.

### Consequence of continued lack of migration

A lack of workers in businesses has been described as a “handbrake” to the economic recovery.<sup>10</sup> Abul Rizvi, former deputy secretary of the Immigration Department, stated that “to come out of that recession or depression [caused by COVID-19] is made all the more difficult if net migration falls.”<sup>11</sup>

Unfortunately, this is the reality we are now experiencing. Without skilled migration, businesses have been impacted by the inability to perform to their full potential, with skill gaps and labour shortages potentially crippling regional businesses and economies.

Not addressing the urgent need for migration will mean businesses will fail and regional economies will struggle to recover.

### Other factors to take into consideration

Queensland is currently facing a **rental squeeze and limited housing options for residents**. Low vacancy rates are being seen up and down the east coast of Australia<sup>12</sup>; the Wide Bay – Burnett region is experiencing the lowest vacancy rate of the last 14 years.

Pressures stemming from returning Queensland expats, investors returning to live in Queensland and interstate migration. If the lack of housing isn’t addressed in our regions it will be difficult to fill labour shortages, including securing employment for skilled migrants.

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<sup>8</sup> ABS, 2016, Census of Population and Housing: Reflecting Australia – Stories from the Census; Treasury, 2021, ‘Intergenerational Report,’ viii.

<sup>99</sup> PC, 2016, ‘Migrant intake into Australia, Overview and recommendations,’ p.3

<sup>10</sup> AFR, 2021, ‘Miners, nurses and baristas first to be welcomed back.’ <https://www.afr.com/politics/federal/miners-nurses-and-baristas-the-foreign-workers-first-to-be-welcomed-back-20211107-p596nr>

<sup>11</sup> Abul Rizvi, 2020, We need to keep migrants in Australia during coronavirus recession, <https://johnmenadue.com/abul-rizvi-we-need-to-keep-migrants-in-australia-during-coronavirus-recession/>

<sup>12</sup> ABC, 2021, ‘Regional rental housing squeeze.’ <https://www.abc.net.au/news/2021-04-21/regional-rental-housing-squeeze-maryborough/100084576>; ABC, 2021, ‘Queensland rental crisis homeless spike.’ <https://www.abc.net.au/news/2021-02-20/queensland-rental-crisis-homeless-spike-tent-city/13159838>; Urban Development Institute of Australia Queensland, 2021, ‘Facing the Affordability Cliff’.

Housing availability will need to be taken into consideration for the 2022-23 migration program. Where possible, **innovative, transient or remote solutions may need to be explored** in order to secure employment in sectors and regions with high labour shortages and for skills in high demand.

## Response to consultation questions

*Q. Should the Australian Government increase/reduce/maintain the size of the Migration Program in 2022-23 and why?*

### The Migration Program 2022-23 needs to be increased

Permanent migration has been capped at 160,000. The allocation includes 110,000 places for skilled visa holders and 50,000 allocated to family visa holders. Australia's temporary migrant intake remains largely uncapped, with this cohort spending anywhere between six months and eight years in Australia.<sup>13</sup>

Given the recent severe decline in migration to Australia and the resulting labour shortages being experienced across industry and regions Australia's migration program needs to increase substantially. This will provide benefits for the economy in the long and short term.

Analysis from the Australian Chamber of Commerce and Industry (ACCI) suggests that a

#### **Recommendation 1: increase overseas migration to 210,000**

CCIQ agrees with the economic analysis done by ACCI and recommends that an increase of 210,000 migrants is needed to address urgent shortages, triage poor performing regional economies and quickly get our migration numbers back to where they were.

This could be achieved by increasing and prioritising the intake in the final half of the 21-22 FY to allow those skilled migrants return from being offshore during the pandemic, but also a focus on attracting new talent to Australia to increase our migrant numbers.

*Q. What is the ideal composition of the Skill and Family streams of the 2022-23 Migration Program?*

### The ideal composition of the skill stream of the 2022-23 Migration Program

The composition of the skill stream and weighting we put on each visa type is important for Australia's recovery. The make-up of the skill stream includes a mix of temporary, permanent, regional, state-led, employer-led, short-term focused and long-term focused visas. A stream of permanent skilled migrants must be prioritised to replenish the numbers that were lost in 2020. Moving forward, the skill stream needs to have a **balance between both future focused visas and visas that meet current needs.**

The following needs to be considered:

- **A stronger focus on permanent employer-sponsored migration.** Permanent migration will provide the greatest benefits to our economy and skilled migration will fill skill gaps and vacancies that we are seeing in businesses throughout Queensland. Employer-sponsored visas

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<sup>13</sup> Grattan Institute, 2021, 'Rethinking permanent migration after the pandemic.'

are a beneficial option as it means that a skilled migrant that arrives already has employment in a position that has been unsuccessfully filled by the local labour market. 94% of employer sponsored migrants were found to be in paid employment whilst other cohorts including the general population had a much lower employment to population rate.<sup>14</sup>

- **Extending initiatives for targeted migration to key regions of need.** The Cairns Chamber of Commerce has a Far North Queensland (FNQ) Designated Area Migration Agreement (DAMA) covering certain postcodes. The DAMA in this area has been incredibly effective at reaching specific regional gaps due to its agility and adaptability. We would recommend that more DAMAs be negotiated for regions that are experiencing significant or unique occupational shortages across Queensland.

**Recommendation 2:** CCIQ recommends that the composition of the skill stream look towards **permanent and employer-sponsored migrants**. This is to ensure that businesses are finding the skilled employees they need, skilled migrants are arriving with employment and they remain providing economic benefits to our regions.

**Recommendation 3:** Initiatives like the **DAMA should be extended to other Queensland regions** so that we can address acute and/or specific shortages that regions are experiencing.

*Q. How can Australia remain attractive to prospective migrants to support our recovery from the impacts of COVID-19 in the short term and support a future Australia for 2030 and beyond?*

### **Making the process simpler and increasing the number of skilled permanent employer-sponsored placements.**

Australia is a high-ranking destination for many migrants, however Australia still needs to remain globally competitive to continue to attract high calibre talent.<sup>15</sup> There are many ways that we could make Australia a more attractive location for skilled migrants:

- **Making the process simpler** by providing lower costs, shorter wait times and greater certainty that high quality applicants will receive permanent residency will help make Australia a more attractive location to migrate to.<sup>16</sup>
- Increasing the number of skilled permanent **employer-sponsored placements**.

#### **SME barriers to skilled migration**

Small and medium enterprises (SMEs) experience difficulties utilising and accessing skilled migration for their businesses for a multitude of reasons. These can include:

- having a skill shortage not included on a list or not listed as an ANZSCO occupation
- onerous administrative requirements

<sup>14</sup> ACCI, 2021, 'Submission to the Joint Standing Committee on Migration's Inquiry into Australia's Skilled Migration Program,' p11.

<sup>15</sup> OECD, 2019, 'How Do OECD Countries Compare in Their Attractiveness for Talented Migrants?' p.5

<sup>16</sup> Grattan Institute, 2021, 'Rethinking permanent skilled migration after the pandemic.'

- the Skilling Australia Fund (SAF) levy
- the complexity of the process, and
- access constraints due to location, particularly for those in regional, remote and rural areas.

#### *Having a skill shortage not included on a list or listed as an ANZSCO occupation*

There are multiple skilled migration lists that look at short, mid and long-term skill shortages. These are generally reviewed annually and may not accurately reflect every skill need in Australia or in the state (for the state specific lists). The ANZSCO has not been reviewed for a decade leading to difficulties for businesses trying to fill vacancies in occupations that do not appear on the list at all. For example, a reef tour business in Far North Queensland required workers who could be the tour guide, speak another language and collect reef samples for government research. They attempted to recruit a marine biologist however, this occupation was described as a person who works in a laboratory, so it did not properly describe their labour needs. Fortunately, their business was located in the FNQ DAMA and they were able to request a deed of variation that included this a non-ANZSCO occupation and recruit from there.

#### *Administrative requirements*

There are administrative burdens felt by SMEs who try to sponsor migrants. Labour market testing (LMT) is one aspect that creates an additional red tape burden for business. This requirement is onerous as most businesses will initially reach out locally before they look to hire an international migrant. The means that when they are putting their application together to hire an international migrant, they need to again go to the local market to report they have done their LMT adding further delay to recruiting staff. Many other OECD nations including Germany, New Zealand and the United Kingdom have removed this burden for certain applicants.<sup>17</sup> Australia could follow suit for businesses looking to be an employer-sponsor for a skilled migrant in an identified occupation experiencing a local skill shortage. There are also significant delays felt in processing times. Minimising these give businesses greater confidence that their labour needs can be met through international migrants if needed.

#### *The Skilling Australia Fund (SAF) levy*

The SAF Levy is a huge burden to many SMEs trying to fill labour shortages through skilled migrants. The levy is expensive, requires a business to pay up-front and is in most cases non-refundable. A 'small' business (annual turnover of less than \$10 million) looking to pay the SAF levy for a Temporary Skills Shortage (TSS) visa holder who will stay for four years will need to pay \$4,800 upfront.<sup>18</sup> For a mum and dad business that is a significant up-front payment and can create cashflow difficulties.

#### *Complexity of Process and Poor Accessibility*

The skilled migration program is incredibly complex deterring many businesses from recruiting skilled migrants. There is a distinct need for the Department of Home Affairs to provide businesses with support in navigating the broad variety of options for their business as well as regulatory and compliance obligations. The Industry Outreach Officers Program was highly regarded and valued as it

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<sup>17</sup> ACCI, 2021, 'Submission to the Joint Standing Committee on Migration's Inquiry into Australia's Skilled Migration Program.'

<sup>18</sup> Department of Home Affairs, 2021, 'Cost of sponsoring.' <https://immi.homeaffairs.gov.au/visas/employing-and-sponsoring-someone/sponsoring-workers/learn-about-sponsoring/cost-of-sponsoring>

provided a link between migration specialists from the department and industry. Regional Certifying Bodies also provide an important service to regional businesses by providing the department with local knowledge and assisting in resolving processing delays through direct departmental feedback.

### Falling number of Regional Sponsored Migration Scheme (RSMS)/Skilled Employer Sponsored Regional (SESR) visas

CCIQ is a regional certifying body (RCB) for the SESR visa which superseded the RSMS visa in November 2019. The RSMS visa was a direct entry, permanent employer-sponsored visa. The SESR visa is a temporary employer-sponsored visa.

CCIQ saw a large drop in the number of visas after March 2018, due to a large number of significant changes that were made to the eligibility criteria for the RSMS visa.<sup>19</sup> This included an occupation list reduction, the SAF levy (\$3000 for small business), minimum market salary increase to \$53,900, at least three years work experience in your occupation, transition to permanent residency increased from two to three years and an age reduction to 45 years.

The changes that CCIQ as an RCB saw around the strict implementation of new eligibility requirements to the RSMS visa in 2018 is testament to how sensitive migration is to increased red tape. There was an increase of 183% to certifications in February compared to January 2018, and a 45% decrease in uptake for this visa in April compared to March 2018. This downturn has trended over time with the visa uptake remaining at around half of its previous uptake before the March 2018 changes. This is likely due to the temporary status of this visa, harder eligibility requirements, businesses adapting to the new SESR visa (November 2019) and the impacts of COVID-19.

**Recommendation 4:** CCIQ recommends a **simpler migration process**. This will enable more businesses to access employer-sponsored migrants, and provide greater certainty of work when migrants arrive. Improving the system should include:

- **Simplifying lists and reviewing the ANZSCO**
- **Reducing red tape that creates unnecessary administrative burdens for business**
  - Reducing LMT obligations for employer-sponsors for a skilled migrant in an identified occupation experiencing a local skill shortage
  - Ensuring there are no lengthy visa processing delays
- **Waiving the SAF levy for the next two years, followed by a reduction in levy costs for small businesses** and providing year-on-year payment options.
- Improving access by providing support to business through the Industry Outreach Officers Program and Regional Certifying Bodies.

**Recommendation 5:** Ensuring clear pathways from temporary visas to permanent residency in Australia to reduce uncertainty for both the overseas migrant and employers.

<sup>19</sup> PAX Migration, 2017, 'RSMS visa eligibility ending March 2018,' <https://paxmigration.com.au/rsms-visa-eligibility-ending-march-2018/>

*Q. How can the Skill stream of the Migration program effectively address workforce shortages while boosting efforts to upskill and reskill Australians?*

**Workforce shortages can be addressed by the migration program focusing on current day skills gaps. Upskilling and reskilling opportunities for Australians can be enhanced by securing skilled migrant employment in direct areas of expertise, and providing incentives for collaboration between industry education and training providers.**

There is a prevailing belief that overseas migrants take jobs away from Australians and reduce opportunities for the local population. However, overseas migrants only make up a small proportion of Queensland's population. In June 2020, net overseas migration made up 0.4% of Queensland's total population.<sup>20</sup> If 100% of those overseas migrants were employed this would only account for 1.2% of our workforce.<sup>21</sup>

There is also strong academic research that indicates that migration has positive impacts on the economy and employment for local Australians.<sup>22</sup> By filling skill shortage vacancies with migrants with direct expertise in the relevant occupation and/or sector, migrants bring the knowledge and experience required to keep businesses productive, and allow them to grow to hire more employees in the local market. Acquiring new skilled overseas talent creates further benefits by:

- enabling technological or scientific advancements and efficiencies in businesses
- significant growth in regional skills, including upskill and reskill opportunities within workplaces for existing workers
- greater innovation, research and development in industry
- new sets of in demand skills that can be taught to local populations via TAFE or universities.

Skilled migrants are a largely untapped knowledge resource, however greater collaboration between education, training facilities and industries could support greater upskilling and reskilling opportunities. This should be supported with incentives for industry, migrants, and the local labour force.

**Recommendation 6: Incentives to foster greater collaboration between overseas migration, education and training facilities and industry to support new upskilling and reskilling opportunities.**

<sup>20</sup> QGSO, 2021, 'Population Growth, Queensland, June quarter 2020'; QGSO, 2021, 'Overseas Migration, Queensland.'

<sup>21</sup> QGSO, 2021, 'Labour and employment,' <https://www.qgso.qld.gov.au/statistics/theme/economy/labour-employment/state>; QGSO, 2021, 'Overseas Migration, Queensland.'

<sup>22</sup> CEDA, 2019, 'Effects of temporary migration: shaping Australia's society and economy.'; Grattan Institute, 2021, 'Rethinking permanent skilled migration after the pandemic.'; Treasury, 2021, 'Intergenerational Report.'

*Q. How can the Migration Program help address the challenge of uneven population growth and economic development between urban and regional Australia?*

### **The Migration Program should help address the divide between urban and regional Australia by prioritising skilled migrant employment opportunities in areas with the greatest need**

Population retention has been a big difficulty for most regions across Australia. The population growth trend in metropolitan areas is generally strong, whilst stagnating or declining in many non-metropolitan, other urban and rural areas.<sup>23</sup> This creates a growing divide in economic, social and cultural opportunities however, this can be assisted through targeted regional skilled migration.

From the perspective of the regional Queensland business community, one in two regional businesses state that access to suitably qualified employees is a major or critical concern.<sup>24</sup> This is due to their location away from major cities and a lack of local talent in their labour markets.<sup>25</sup> Migration is not just an option but a necessity for many businesses located in regional, remote and rural areas and is necessary to address the challenges of uneven population between urban and regional areas.

Feedback we have received from Queensland SMEs on this issue include:

*“Even though we are only two hours to Brisbane and the Coast, we cannot entice professional staff to leave a city lifestyle for a rural lifestyle. The drain of people from rural areas to the Coast is another problem that I have no solution for.”*

*“Inability to attract quality employees - they prefer the greater social opportunities on the coast Inability to replace employees at short notice.”*

*“Extremely difficult to find qualified skilled staff anywhere in Australia who will work in rural Qld.”*

**Recommendation 7:** Prioritisation of **employer-sponsored regional visas** to ensure that businesses in our regions can compete for access to skilled workers.

## **Conclusion**

CCIQ would like to thank the Department of Home Affairs for the opportunity to make a submission to inform the planning of Australia’s Migration Program for 2022-23. If there are any questions in relation to the submission, please contact Luisa Baucia, Policy Advisor, at [lbaucia@cciq.com.au](mailto:lbaucia@cciq.com.au).

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<sup>23</sup> The Regional Australia Institute, 2015, ‘Population Dynamics in Regional Australia,’ <http://www.regionalaustralia.org.au/wp-content/uploads/2015/01/FINAL-Population-Dynamics-in-Regional-Australia.pdf>

<sup>24</sup> CCIQ, 2020, ‘Challenges of being an Employer in Regional Queensland Survey.’

<sup>25</sup> AFR, 2021, ‘Wanted: 3500 staff in Qld tourism industry as skills shortages bite,’ <https://www.afr.com/policy/economy/wanted-3500-staff-in-qld-tourism-industry-as-skills-shortages-bite-20211118-p59a0f>.