

CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND SUBMISSION

▼ *Planning the 2016-17 Migration Programme*
Department of Immigration and Border Protection

NOVEMBER 2015

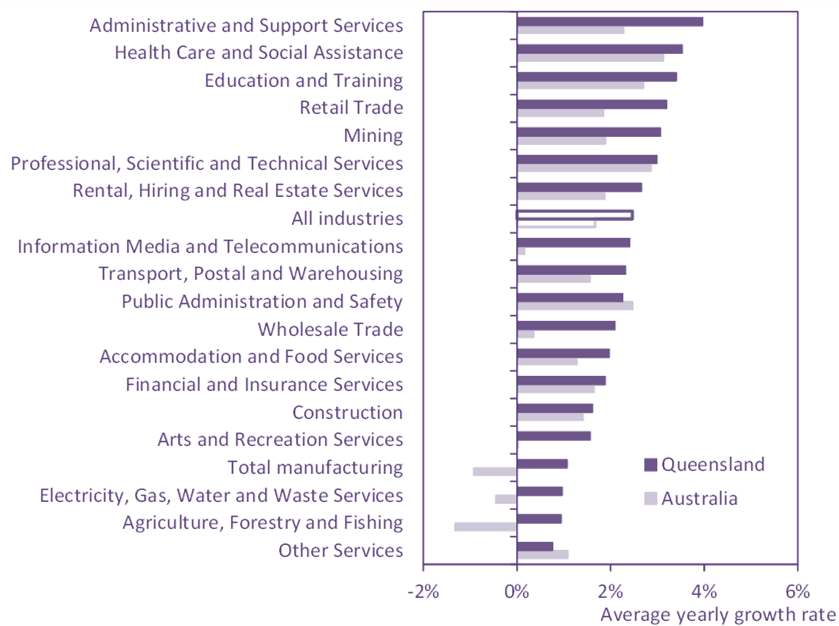
1. Introduction

1. As Queensland's peak business body, the Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide a submission to the Department of Immigration and Border Protection on the Discussion Paper (the Paper) for the Planning the 2016-17 Migration Programme.
2. The Paper seeks comment on the size, balance and composition of the 2016-17 Migration Programme and factors that should be taken into consideration in planning Australia's future migration intakes including longer term indicators.
3. CCIQ's consultation feedback from our members is that Queensland businesses want to hire Australian workers. However, skills shortages particularly in certain Queensland regions and industries have precluded businesses from using local workers to fully meet their staffing requirements in the short to medium term.
4. CCIQ therefore supports the continued availability of skilled migration channels into Australia as a means of combatting skills shortages. Together with policies to upskill the local workforce and increase labour market participation and mobility, a streamlined skilled migration programme will allow businesses to meet labour demand and compete globally. Subsequently, our responses to the Paper are focused on the migration of skilled workers only and do not factor in the composition of other migration streams.
5. Queensland's workforce will be influenced by a range of broad themes affecting the Queensland economy¹. These broad themes include:
 - Demographic change (expected population growth and the ageing of the population over time);
 - The changing composition of spending toward services in the economy;
 - Underlying productivity growth trends, with labour saving technology limiting jobs growth in areas such as agriculture and utilities;
 - Digital change as a key element of that productivity trend, affecting how businesses operate in a number of ways (affecting some sectors more quickly than others);
 - The changing face of the mining boom, moving over time away from engineering construction activity, and towards a ramp-up in exports;
 - Developments in interest-rate sensitive sectors, where the economic cycle may now be lifting (notably for residential construction); and
 - Developments in dollar dependent sectors, with the lower value of the Australian dollar improving competitiveness and potentially providing some economic impetus.
6. Projections show that employment growth in Queensland over the next four years to 2018-19 is expected to average 2.5% per annum. In total, Queensland employment is projected to increase by 308,000 persons over the five years to 2018-19.

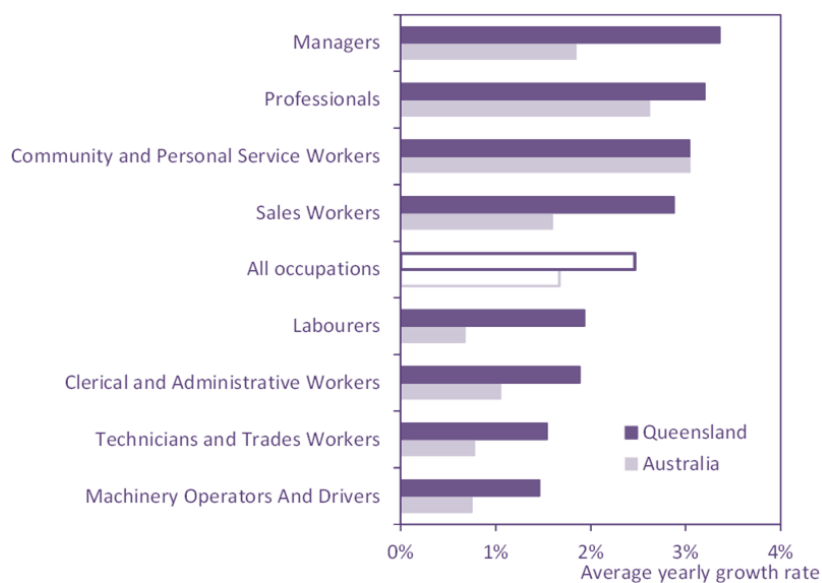
¹ Deloitte Access Economics (2014) *Ministerial Industry Commission*

7. There is a need to continue the strong recognition of the unique challenges of regional Queensland. CCIQ does not want to see an outcome where Queensland businesses are disadvantaged because the skills that we require, which may be dissimilar to other states and territories, are not classified as being of 'high economic value' to Australia. The following charts demonstrates how specific industries and employment types in Queensland will grow at an average yearly rate much greater than that of the national average².

Employment growth by industry 2013-14 to 2018-19



Employment growth by occupation 2013-14 to 2018-19



² Deloitte Access Economics (2014) *Ministerial Industry Commission*

8. Furthermore, professional 'business' skill areas such as entrepreneurship, small business management and commerce will be vitally important to the growth of the Queensland and Australian economies for decades to come. People with these skills are likely to start a business or become involved in the management of a business that will employ and train Australians. This is also essential for small and medium business in regional and remote areas of Queensland who need workers with 'business' skills, but cannot attract them in the same way their larger metropolitan counterparts can.

2. Responding to changing economic environments

9. The Paper rightly identifies that the Programme must respond to not only the changing economic environment in Australia, but also that of overseas. This involves identifying areas currently in need of human resourcing and anticipating needs into the future to remain competitive on a global scale.
10. A recent report by CEDA has found that more than five million jobs, almost 40 per cent of all Australia jobs that exist today, have a moderate to high likelihood of dramatically changing in the next 10 to 15 years due to technological advancements³. Australia and the world is on the cusp of a new but very different industrial revolution and it is important that we are planning now to ensure our economy does not get left behind.
11. Particularly in some parts of rural and regional Queensland, there will be a high likelihood of a greater rate of job losses. However, with planning and investment in the right areas, there will be new jobs and industries that emerge. A transition from the existing jobs we see today into the new jobs that are being created will undoubtedly involve us embracing a culture of innovation.
12. Immigrants with skills that can advance technological innovation in Queensland will provide clear economic benefits to the economy and greater opportunities for further domestic employment. Our labour market will be fundamentally reshaped by the scope and breadth of technological change. If governments do not adopt the necessary economic reforms and focus on supporting innovation, Queensland will simply be left behind in an increasingly competitive global marketplace.
13. Speaking broadly, innovation is just one component of the key trends and skill needs across all industry sectors. Together with the following priorities, all industries must move towards:
 - Cross industry skills and qualifications;
 - Regional variations;
 - Quality;
 - Innovation and new skill demands;
 - Sectoral growth; and

³ CEDA report (2015) *Australia's future workforce*

- Examples of excellence.

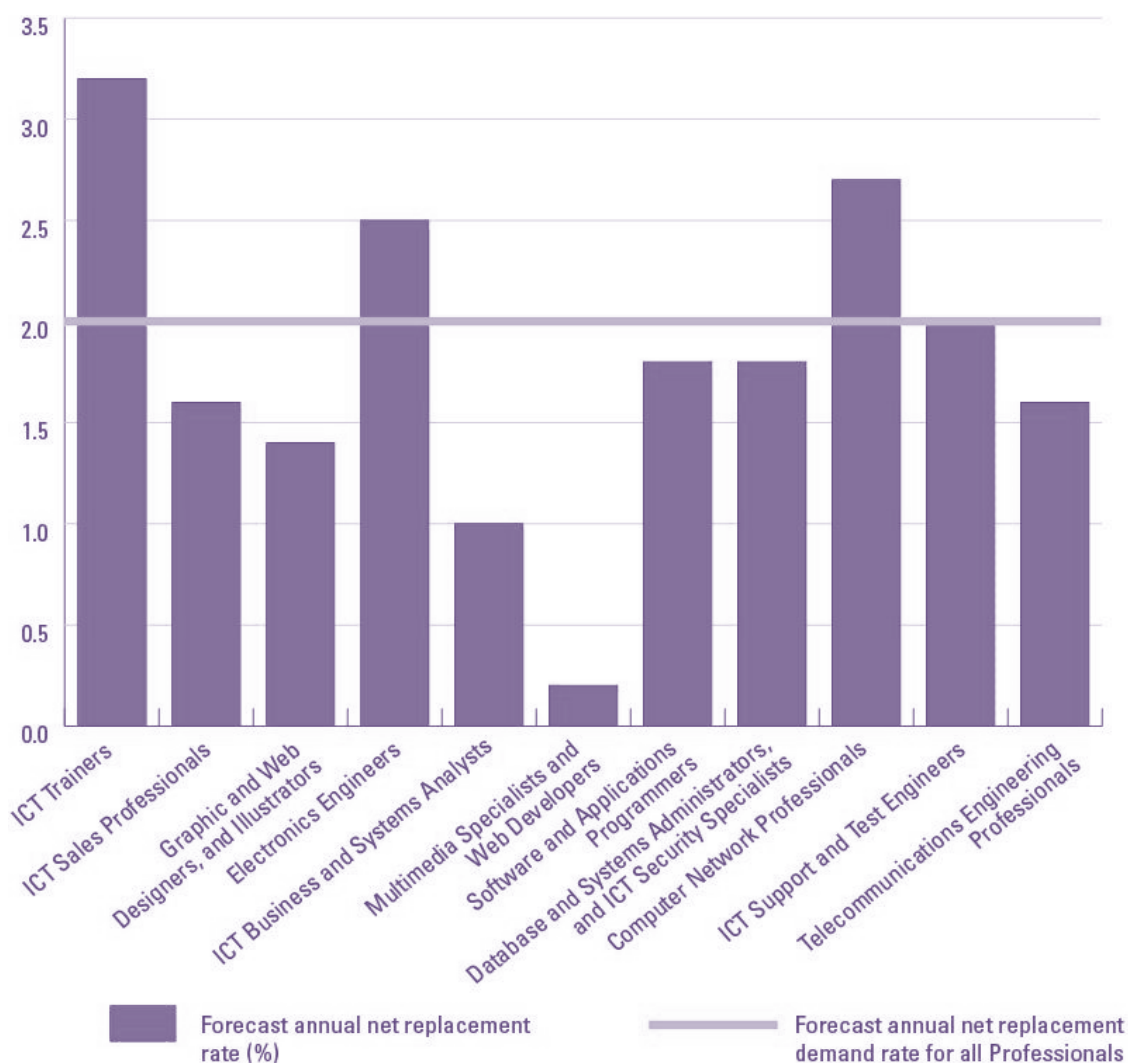
3. Queensland's fastest growing industries

14. Compared to Australia as a whole, Queensland's industry structure has a higher share of activity devoted to mining, construction, and tourism related sectors such as accommodation, as well as public administration and health care. The employment projections show strong gains over the next four years accruing to:
 - sectors benefiting from population growth, such as health care and administrative services (largely representing services to households);
 - retail trade and education, which also gain some benefit from a lower Australian dollar;
 - business services such as professional services, property services and IT; and
 - mining, led by the operational requirements of the oil and gas sector.
15. Queensland's services sector is positioned to underpin future job growth in the state and in Australia. This will be particularly vital as Queensland businesses increase their engagement in international trade, expanding exports of services, enhancing the competitiveness of goods exporters and expanding international operations.
16. While the service industry covers many different types of employment, a large number of these positions are critical in transitioning Australia into an advanced services industry (or knowledge economy) including highly skilled employees in fields such as finance, health, education, law, information technology and other professional services.
17. Queensland's services sector is already the largest contributor to the state's economy. These industries employ almost nine out of ten Queenslanders. The demand in Asian economies for services will expand with the burgeoning middle class set to grow from around 500 million today to 3.2 billion people by 2030.
18. Australia-wide, service businesses will present a growing opportunity to support a million Australian jobs by 2030, more than 50 per cent increase from 2013. Queensland can already take advantage of this opportunity, and the right legislation around employment and migration could be the solution in closing some of the skills gaps.

3.1 Information and communications technology

19. The skills gap in the technology sector in Australia is well recognised and among the circles that debate this issue, digital skills issues are quite well understood. The long-term outlook to 2025 points to a potential undersupply of qualifications for key ICT occupations. This will be compounded over the next two years as Australia starts to witness low replacement rates for the majority of ICT occupations (see figure below). Inevitably, skilled migration will form an important source of labour supply for the ICT sector.

ICT Professionals: Net replacement demand rates to 2017



Source: AWPA analysis of ABS, 'Census of Population and Housing 2006' and 'Census of Population and Housing 2011'

20. A recent report has found while there has been 5% growth in the number of ICT professionals to 600,000 ICT workers in 2014, and demand for a further 100,000 workers over the next six years. Despite the demand, the number of graduates with ICT qualifications has declined significantly since the early 2000s⁴.

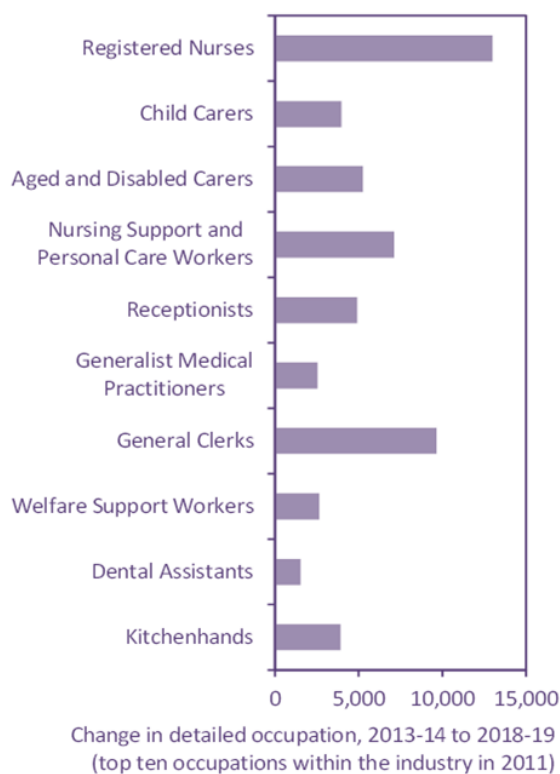
3.2 Health care and social services

21. Health care and social services will be the second fastest growing industry for Queensland, behind administration and support services. Employment demand in the health care and social assistance industry to 2018-19 is expected to grow by 3.5% per annum in Queensland, well above the State average.

⁴ Deloitte Access Economics (2015) *Australia's Digital Pulse*

22. The strongest employment gains are projected to be in the greater Brisbane area, given that population numbers and the population age profile are the key drivers of demand. The need for aged care and disability support workers in particular is expected to grow significantly over the next four years.

Projected employment growth for key detailed occupations



23. Forward estimates for the industry are for strong employment growth to continue, with almost one in every five additional jobs in Queensland to come from the health sector over the next four years. That equates to an additional 55,000 workers in the health sector in Queensland in 2018-19, compared to 2013-14.

3.3 Tourism

24. Economic factors are beginning to turn from a net negative for the tourism sector to a net positive. International tourism from North American and European markets has been subdued given poor economic conditions since the GFC hit, but economic growth from developed countries is now improving. Meanwhile, China continues to grow in importance as a source market for tourism.
25. Overall, tourism sector employment is projected to grow at around 2.5% per annum leading up to 2018-19, and is in line with broader State employment growth. The greatest contribution to the level of tourism workers over the next five years is expected to come from the cafes, restaurants and takeaway food sector.

26. A recent report found that more than 120,000 new workers will be needed in the tourism industry over the next five years, which includes 60,000 skilled workers⁵. With tourism being identified as one of five super-growth industries for jobs and prosperity in Australia over the next 20 years⁶, the skills shortage will unquestionably have an impact on our economic potential.
27. Tourism is a priority for Queensland and one of its greatest successes. The \$23 billion industry supports more than 230,000 jobs throughout the state and energises regional economies. With focus away from the resources sector, tourism has the potential to be the source of our next boom.

4. Conclusion

28. Queensland businesses want to hire Australian workers but have found it difficult due predominantly to localised and specific skills shortages. Therefore, there is widespread support across the business community for skilled migration to fill in these gaps.
29. This submission has highlighted the need to heavily consider three areas that will respond to Australia's changing economic environment and that of the world. The first is about advancing Australia's technological innovation sector by increasing the number of ICT workers with entrepreneurial skills. The second recognises the considerable skills shortage that will be faced in our health care and social services sector, and the third area of focus is on the tourism sector which aligns to Queensland's comparative advantage.
30. However, there will always be a need for a two pronged approach to immigration. Queensland must also reconsider how to deal with reskilling workers as particular fields of employment disappear. Ideally, upskilling programs should start even before people find themselves in the situation of unemployment.
31. We thank the Department for the opportunity to provide comment and welcome any feedback you may have. Please contact Catherine Pham, Policy Advisor, at cpham@cciq.com.au for matters relating to this submission.

⁵ The Australian Tourism Labour Force report (2015) commissioned by Austrade and produced by Deloitte Access Economics

⁶ Deloitte Access Economic (2013) *Positioning for Prosperity? Catching the Next Wave*