

Step up immigration because Australia has run out of people

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The ACTU wants to throttle the skilled migration program with bureaucracy. That won't fill the worker shortages holding business back.

Australia has run out of people. An unemployment rate of 3.4 per cent and the ongoing COVID-19-related blockages to our migration system have worsened a situation that is constraining our ability to raise living standards and move towards our environmental objectives.

What we should be doing is using the momentum provided by the coming Jobs and Skills Summit to move the dial on our endemic skills shortages. We need this concerted effort on skills and training to raise our economic performance and incomes, and move us on the road to net zero emissions.

Without question, we need to expand our capacity to lift the skills of our current and future workforce. At present we do not have this capacity to the extent we need it and perhaps this is why the Skills and Training Minister Brendan O'Connor was reported as saying recently: "You cannot talk about skills without talking about immigration."

In many areas, it will take a considerable effort to expand domestic capacity. The training infrastructure needs to be expanded and the lead times, even once the training arrangements are in place, are often long.

You don't create engineers overnight, and we cannot afford to put ourselves on hold until our training and education system catches up.

Immigration has a central role to play.

This certainly goes for the current skills backlog. But even more generally, in a dynamic and changing economy, we need to continuously adapt and rebuild our skilling capabilities. While we gear up domestic capacity, we will of course need to call on skilled people from abroad to accelerate this capability building effort.

In short, while we certainly need to fix our tertiary training system, our economy will stall if our temporary programs are constrained in the ways such as those recently proposed by the ACTU in its submission on skills and migration to the Jobs and Skills Summit.

Proposals such as ramping up the minimum salary allowed for visa holders to about \$90,000 would gut the temporary skilled visa program at a time when we need it to step up. The Grattan Institute has estimated that if the temporary income threshold were raised to

\$90,000 it would practically knock out the entire cohort of the hospitality industry and 60 per cent of temporary skilled visa workers overall.

Other proposals would raise unnecessary barriers to an already costly and complex program.

The data consistently shows that when the economy is going strong and the demand for labour is high, the number of people on short-term skilled visas rises. The number of temporary skilled migrants falls when the economy slows and the peak demand for skilled labour falls.

This is a proven, flexible, demand-driven program that should not be throttled by bureaucracy or unnecessary restrictions.

Suggestions for the toughening of visa conditions carry the assumption that employers would rather go overseas for workers than source them locally. In fact, skilled visas are very costly and most employers will look overseas only when they are desperate for workers.

They can spend \$20,000 to \$30,000 to bring in a single foreign worker who can easily transfer to another employer-sponsor after they arrive. So, the risks are high for employers and they do not make decisions lightly to look overseas for staff.

Ai Group is proposing a number of measures to help businesses access the migration program when they can't find local workers. These include:

- Clear the backlog of hundreds of thousands of COVID-19 lockdown-era visa applications and free up resources to focus on skilled visa processing, both permanent and temporary.
- To encourage businesses to use the program, cut back some of the government visa charges, including by making it easier for employers to get refunds of the \$7200 Skilling Australians Fund levy if a foreign worker does not arrive or transfers to another sponsor.
- Allow 482 temporary skilled visa holders the right to stay for four years rather than for just two years in some skill categories, and give all a path to permanent residency.
- Loosen up and be more flexible with the skills list. Employers know which skills they need and they should not be curtailed by complex and outdated lists and labour market testing.
- Raise the capacity of the permanent program from a ceiling of 160,000 to a floor of 190,000, and ensure at least two-thirds of those visas are allocated to skilled migrants.
- Permanently extend the COVID-19 concessions allowing foreign students to work unlimited hours.
- Raise the volume of short-term visas with work entitlements to address widespread labour shortages.

Australian businesses will always prefer to hire locally – but when that is not possible, governments should make it as easy and efficient as possible for them to source that labour from overseas.

If common sense prevailed there would be no need for skills tests, or payments to the Skilling Australians Fund, to be able to access the migration program.

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