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COMMERCE &
INDUSTRY
QUEENSLAND

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Business

Submission to DEEWR and DIAC
Review of the Migration Occupations in
Demand List

28 August 2009



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1.0 INTRODUCTION

The Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to respond to the first issues paper of the Review of the Migration Occupations in Demand List (MODL). We are the peak business organisation in Queensland, representing the interests of 25,000 businesses and 135 chambers of commerce across the State (a detailed overview of CCIQ's membership is provided in Appendix 1).

2.0 CCIQ'S OVERARCHING POSITION

CCIQ is supportive of changes to migration policies and frameworks that improve the ability of Queensland businesses to meet their skills needs and address ongoing skill shortages. We currently see room for considerable improvement.

Skill shortages will be prevalent throughout Australia over the coming decades as our population continues to age and as the competition for skilled labour intensifies in both domestic and international markets. The situation will lead to an increasing number of businesses needing to access and rely on Australia's migration programs to fill their workforce skills gaps. As a result, governments must acknowledge the importance of migration to business sustainability and its associated links to economic growth and productivity, and implement migration policies that meet the needs of the business community.

According to the discussion paper, the following key points indicate that the current MODL system has not been successful in meeting its objectives of easing skill shortages and enhancing Australia's economic and productivity growth:

- The Australian Government has seen it as appropriate to review the MODL and surrounding framework to ensure skilled migration responds to future skill needs which can not be addressed through domestic training and skills development;
- Ongoing skill shortages continue to be a major constraint on business growth (although the current economic downturn has seen an easing in the situation);
- There are increasing numbers of enrolments in MODL focused courses and people nominating a MODL occupation on their applications, indicating that MODL points may just be seen as an easier pathway to permanent residence, rather than MODL occupations representing applicants' preferred career paths;
- Those applicants nominating a MODL occupation that gain permanent residence status do not necessarily participate in the labour market or work in their nominated occupation once settled;
- The current system is not demand driven, as there are no mechanisms in place to limit the number of successful applicants required by industry in relation to any MODL occupation. Thousands of applicants with the same MODL occupation can come in unchallenged, potentially flooding the market and making it more difficult for Australian citizens to find employment;
- The needs of small and medium businesses, regional communities and small productive industries are not being adequately met.

CCIQ contends that these problems may not be solely and directly related to MODL implementation rather that systemic issues in Australia's training and migrant support systems may contribute to MODL being unsuccessful in meeting its objectives and easing skill shortages.

CCIQ strongly recommends that any review of migration programs must not be completed in isolation of national and state skills, employment, and education and training policies. Furthermore independent skilled migration policies must complement the broader employer sponsored migration programs if they are to address the nation's medium and long term skills needs.

For both programs to deliver the desired outcomes, it is essential that they:

- Are efficient and effective in meeting the requirements of the business community;
- Are flexible to allow for appropriate responses to market conditions;
- Meet the skills needs of all employers, especially small and medium businesses, regional communities and skilled occupations within small productive industries currently not recognised on the MODL;
- Acknowledge and reflect on increasing skills shortage issues in Australia and industry's reliance on immigration options to meet these skills gaps;
- Are outcomes, rather than content, focussed.

CCIQ recommends that for the outcomes of this review to successfully deliver the desired results, it is essential that the new approach adequately addresses the concerns raised by industry above.

3.0 STAKEHOLDER CONSULTATION

CCIQ believes the review of the MODL is an important issue that requires extensive consultation with industry stakeholders. The position of government needs to be clear and transparent to ensure all stakeholders who are potentially impacted by changes to MODL are able to fully consider and provide feedback during the consultation phase. This is essential to ensure industry issues can be addressed by government prior to the implementation of changes to the current system.

We do not consider the current discussion paper to be appropriate for industry consultation purposes. It is not easily read or understood, with the proposed new MODL principles being overly complex, technical and therefore difficult to understand for some stakeholders.

CCIQ therefore believes that it is essential for the second discussion paper to be written in simple English with the proposed principles for a new MODL and associated implementation to be clearly explained to ensure easy understanding by all stakeholders. An extended response period is also strongly recommended to ensure consideration of the issues by stakeholders who could not respond to the first discussion paper. No recommendations should be implemented until this occurs.

4.0 PROPOSED NEW MODL PRINCIPLES

CCIQ is supportive of investigating alternative approaches to the MODL that are capable of meeting the needs of Australian governments, businesses and the community. Keeping this in mind, we have specific comments in relation to the proposed principles that need to be taken into consideration:

4.1 The MODL targets skills of high economic value to Australia

Making a judgement of the relative value of particular occupations and skills to the Australian economy is a highly subjective process, made even more complex by the diverse and regional nature characterising Australian industry. Consequently CCIQ seriously questions this principle and the impact it would have on Queensland businesses.

We are especially concerned about the potential impact on small and medium sized businesses (SMEs). Currently, over 95 per cent of Queensland businesses are regarded as small (employ less than twenty people), with a further 4 per cent classified as medium-sized (employ between twenty and two hundred people). CCIQ does not want to see an outcome where SMEs are disadvantaged because the skill shortages they are faced with are not classified as being of "high economic value to Australia".

If high economic value is to be based on the level of compensation received by a skilled worker, for example a salary of \$100,000 a year plus, this would have significant implications for Queensland businesses. The ability of SMEs in most areas in Queensland to pay a salary of

\$100,000 plus to any employee, regardless of their level of skills, would be severely limited, particularly in light of the economic downturn. High economic value should not be dependent on how much a person is paid if the job they are undertaking contributes towards business growth and productivity. It is essential that no business is disadvantaged based on the salary levels they can afford to pay their employees.

CCIQ is also concerned about how this proposed principle would relate to niche occupations and small industries that are already overlooked in Australia's migration programs. Some examples that we are aware of include occupations within creative or emerging industries as well as occupations that are more specialised such as computer game programmers or irrigation technicians. Although these occupations or industries may not be seen as providing high economic value to Australia, many are providing a significant contribution to Australia's competitive edge by enhancing Australia's productivity growth and innovative capacity.

CCIQ believes Australia's migration programs must ensure that true industry demand is not overlooked and that the methodology applied to determine 'economic value' reflects industry and workforce needs.

4.2 The MODL complements domestic skills supply and maximises skill utilisation

CCIQ gives in-principal support for this proposed principle. We strongly support the notion of ensuring Australia's young people have the best opportunities of finding employment in their desired occupations once they have completed school or are qualified. It is important that MODL complements domestic skills supply as well as taking into consideration the initiatives and targets set by governments (such as funding additional training places or increasing participation rates).

However, we are not supportive of placing additional compulsory requirements on employers to train Australian residents prior to employing migrants. This would particularly disadvantage SMEs located in regional and rural areas and for those employers whose on-the-job training is not formally recognised for this purpose. It could also result in the perverse outcome of Australian employers shifting their operations offshore, further impacting on the unemployment rate of local communities and Australia's economic growth.

CCIQ is supportive of further exploring the idea of introducing a ceiling or cap on places for individual occupations. Discussion surrounding this proposal needs to include whether the elimination of points in relation to occupations would better serve the needs of the business community under a cap system. The introduction of caps on occupations could also mean that the MODL becomes redundant. Ensuring the needs of regional communities and SMEs are adequately addressed would be of key concern to CCIQ.

In addition to implementing changes to Australia's migration programs that improve the ability of Queensland businesses to meet their skills needs, CCIQ believes it is essential for governments to undertake appropriate initiatives and programs to efficiently and effectively deal with domestic supply issues. This would need to involve an analysis of existing initiatives and explore positive ways of moving forward. This will become even more important as the population ages and skill shortages become even more prevalent.

4.3 The MODL is prospective

CCIQ gives in-principal support to this proposed principle. We believe it is essential to maintain a long term approach to addressing skill shortages. However, it is also important to take into consideration past experiences relating to skilled occupations that have had strong demand within migration programs over previous periods and the differing and unique needs of regional communities.

The key concern for CCIQ is how government will accurately identify the skills that may be in high demand in 3 to 5 years time, particularly in regional areas. We believe that any approach would need to incorporate greater engagement with industry organisations that have a good

understanding of the skill shortages facing their members including areas of potential concern looking into the future.

CCIQ advocates the application of systematic national workforce planning approaches, drawing on existing industry intelligence at a national, state and regional level to identify and plan for the future skills gaps and needs of businesses.

CCIQ also believes that there must be flexibility built into the system to ensure unforeseeable shortages can be appropriately addressed in a timely manner, including those shortages experienced by SMEs, regional communities and small productive industries.

4.4 The MODL should not be driven by short term employment cycles

We are supportive of creating long term sustainable solutions, rather than only being reactive to short term needs. However, flexibility is also required.

4.5 The MODL needs to take account of other migration arrangements

CCIQ provides in-principal support to this proposal as it would allow for a broader approach to skilled migration in Australia. However, the issues raised by industry throughout this submission would firstly need to be addressed as a matter of urgency.

CCIQ believes that a whole-of-government approach is required to ensure all migration arrangements complement each other as well as link with domestic supply initiatives.

4.6 The MODL is evidence based and underpinned by a robust and transparent methodology

CCIQ provides in-principal support for this proposed principle. It is essential that the MODL or a similar approach be evidence based and underpinned by robust and transparent methodology. However, serious consideration of what would be classified as such is required.

We have concerns surrounding current methodologies that we would not classify as meeting this criterion, and therefore would need to be rectified:

- Issues surrounding the robustness of surveys currently undertaken by DEEWR, and the associated resources allocated to these activities;
- Analysis of job advertisements is unlikely to represent a true measure of skill shortages, as most employers that have found the recruitment of certain skills impossible are unlikely to continue advertising the position due to cost and time constraints. Therefore job advertisements are unlikely to provide a true measure of skill shortages;
- Lack of consultation with industry organisations who are well informed of their members skills shortages now and looking into the future;
- Significant lag times between collecting data and updating MODL lists compromising the relevance and currency of skills in demand.
- Overall, CCIQ believes that Only jobs with at least 1,500 people employed in them at the time of the 2006 census can be included on the MODL. This effectively excludes many occupations which are suffering skills shortages, such as those in emerging industries. Furthermore, this does not allow for those people with new skills to come to Australia, for example someone skilled in new technology that has not yet been adopted in Australia, but could significantly enhance our competitive edge and innovative capacity;
- Lack of consultation with industry organisations who are best placed to identify the skill shortages faced by their members now and into the future.

Overall, a MODL list needs to be based on reliable and accurate information about current and projected labour and skill shortages, particularly at a regional level.

It is important to implement methodologies that are:

- Easy to understand and transparent;
- Based on thorough and reliable research;
- Not too onerous to deliver or maintain;
- Timely;
- Capable of leading to outcomes that improve the ability of the business community to meet their skills needs and address skill shortages.

5.0 ADDITIONAL PRINCIPLES

CCIQ believes the following additional principals need to be considered:

- *The MODL takes into account regional variations:* The scope of the current system needs to be extended to allow for regional variations and situations. For example, there are small regional and remote communities in Queensland that have relatively low unemployment rates, resulting in limited available labour supply and subsequently significantly high skill and labour shortages in occupations that may not necessarily be represented on a national skills shortage list.
- *The MODL needs to be flexible:* Mechanisms need to be put in places that allow for flexibility within the system and ongoing fine tuning. This would also ensure that unforeseeable shortages and needs can be appropriately addressed in a timely manner.

6.0 ADDITIONAL COMMENTS

CCIQ has some additional comments to be considered within this review:

- Labour shortages are a key concern to many businesses and industries. There are many circumstances where unskilled workers can not be found within Australia to meet labour needs, particularly in the agricultural and hospitality sectors. Serious consideration is required on how this issue will be addressed as the labour demand/supply equilibrium in Queensland worsens over the coming decades.
- The role of the private sector and industry organisations in determining what is on the MODL. Industry organisations can play an important role due to their connection to businesses (members) and their knowledge of industries as well as current and projected skill shortages.
- Consideration of more appropriate learning and support mechanisms for migrants to ensure they are better able to integrate into the Australian workforce and the community.
- Australia needs to be more competitive in attracting, recruiting and retaining high quality labour from abroad.
- Training providers enrolling independent skilled migrants should be more rigorously scrutinised and made more accountable for ensuring positive outcomes for their migrant students. Training providers should be providing all students, including international and migrant students, with quality workplace relevant training and ensuring they are capable of the transition into the workplace at the completion of their studies.
- The placement of DIAC Industry Outpost Officers (IOO) has proven a highly successful model for improving the awareness and understanding of industry organisations and their members in immigration policies and programs. This has subsequently enhanced the capacity of industry organisations to raise issues and respond to immigration reviews. Furthermore, as the industry experience of IOOs has also significantly enhanced during these placements, it is essential that their opinions are also sought during this review.

7.0 CLOSING COMMENTS

CCIQ trusts that this information is of assistance to the two departments undertaking the review. Please do not hesitate to contact Nick Behrens (General Manager – Policy; 3842 2279) if you wish to discuss any aspect of this submission in more detail.

> Chamber of Commerce & Industry Queensland Profile



CHAMBER OF
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Chamber of Commerce & Industry Queensland is the state's peak industry body, representing the interests of 25,000 businesses, across all industry sectors and in all regions. We champion business to gear up for the future today with the right set of solutions for success in tomorrow's world.

Chamber of Commerce & Industry Queensland is a non-government organisation that seeks to work with Government and other groups to shape Queensland's economic and social environments in a way that promotes business growth and community prosperity.

Chamber of Commerce & Industry Queensland is called upon by thousands of enterprises to deliver a broad range of business services including business representation, business compliance, business skills, business safety, business sustainability, business connections and business globally. We are commercially-minded and expertly-qualified.

Chamber of Commerce & Industry Queensland is a founding member and influential partner of the Australian Chamber of Commerce and Industry (ACCI) and part of the worldwide network of Chambers of Commerce and affiliated business service organisations.

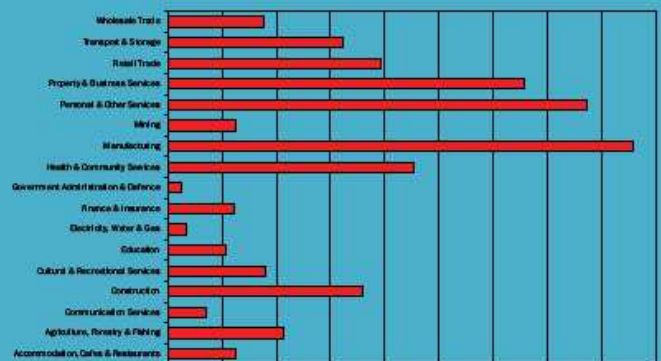
Chamber of Commerce & Industry Queensland has in excess of 3,700 members across 8 regional offices and represents over 135 local chambers of commerce and 60 trade and professional associations.

Our vision is to invigorate business success in Queensland.

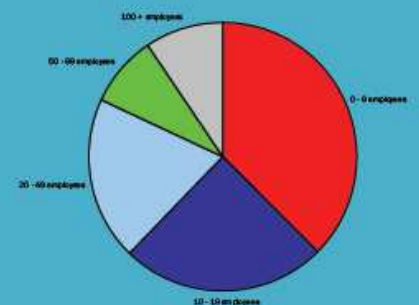


The diversification of Chamber of Commerce & Industry Queensland's membership is illustrated in the following charts:

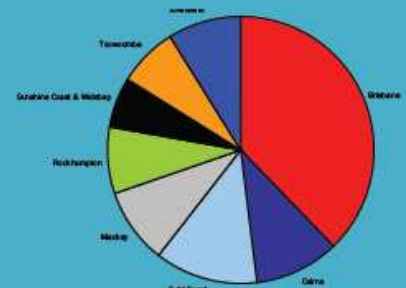
Commerce Queensland members by Industry



Commerce Queensland members by Employment Size



Commerce Queensland members by Region



Invigorating Business

CCIQ – Solutions for Business Success

Chamber of Commerce & Industry Queensland (CCIQ) represents over 25,000 businesses in Queensland. We are committed to ensuring our customers have the right tools to achieve real results in their business.

At CCIQ we harness the results of our research, lobbying and policy achievements to offer the best possible business support solutions to invigorate growth statewide, nationally and globally. By joining CCIQ you support the organisation that supports the Queensland business community.

Membership also ensures you are an integral part of an organisation dedicated to providing first class services to assist Queensland industry with relevant and practical business solutions. Not only is membership your connection to information, industry best practice, training and consultancy services, it also allows you to take advantage of the many benefits CCIQ offers.



Our success is success for all Queensland businesses.

Chamber of Commerce & Industry Queensland members are informed and connected business people. Whether you run a small business or form part of a large industry sector, call us today to take advantage of the opportunity to associate yourself with the CCIQ brand.

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