The purpose of skilled migration

The Department's discussion paper poses some fundamental questions about the purpose of migration and the key goals we should be looking to achieve. As a professional society, we will restrict our commentary to skilled migration.

For ACS, we understand the core purpose of skilled migration can be found in the gulf between the projected needs of a profession and the domestic pipeline for that profession. The scope proposed in the terms of reference are for the Independent Strategy Leads is a good representation of the core principles that apply.

In summary, the skilled migration system should:

- Target specific skill areas where the domestic workforce and pipeline is insufficient to meet current and projected needs.
- Diffuse skills through the Australian economy, providing uplift for all Australians.
- Encourage cultural diversity.
- Provide economic value to Australia.
- Be fair and accountable to both the migrant workers and the Australian public.

Just as importantly, there are elements we should attempt to avoid. The skilled migration system should not:

- Be a mechanism for businesses to undercut the wages of Australian workers.
- Be punitive or arcane – we wish to welcome people to our country, not drive them away.
- Be a recipe for abuse, where migrant workers are dependent on a company or individual for their immigration status.
- Be a backdoor for other forms of migration.

To achieve these ends, we believe that much better data is needed, both on the current and projected needs of the domestic economy as well as the outcomes of the migration system. This data should be transparent and open, and aligned with the overall strategic needs of the Australian people and economy.

More data can better inform priority lists, volumes and models. As the professional society for IT workers, ACS has endeavoured to developed robust information about the needs of the Australian IT workforce, which we share in part below. However, we would be happy to work with the Independent Strategy Leads further to drill down and assist in modelling.

A key challenge: the need for IT professionals

Although this review is broader than one particular industry, the IT industry is one of (if not the) largest importer of migrant workers in Australia, and a prime case study of how needs and demands can be modelled and met.

There is a well-established need for a far greater number of IT professionals in Australia. The government's own target number is 1.2 million professionals by 2030; ACS modelling actually has Australia needing to reach that number by 2027[1].

That modelling indicates that Australia needs more than 60,000 new IT professionals every year to keep up with projected demand. Domestically, we are producing nowhere near that, with fewer than 5,000 domestic undergraduate IT degrees awarded in 2020.

As a consequence, Australian businesses are currently relying heavily on migrant workers to fill gaps in the labour force. Some 45% of IT professionals in Australia were born overseas. In 2021—22, a slow year in historical terms, there were 3,297 Software and Applications Programmers visas awarded and 1,429 ICT Business and Systems Analyst visas awarded, second and fifth overall in terms of numbers awarded by profession. ACS, the appointed skills assessor for all the IT professions, processed more than 25,000 skills assessments during the course of the year.

In terms of job advertisements, roles for IT professionals are second in number only to healthcare workers. Based on data from job analytics firm Lightcast, there were more than 117,000 jobs advertised nationally for IT fields in 2021, second only to healthcare.[2] The growth rate in job ads over five years is 14%, and IT jobs now comprise more than 10% of all jobs advertised.

Job ads by occupation family

Occupation family	2021 postings	2016 postings share	2021 postings share	2016 to 2021 Growth
Healthcare including nursing	141,704	10.1%	12.2%	21%
Information and communications technology	117,732	8.9%	10.1%	14%
Business management and operations	109,718	9.6%	9.4%	-2%
Sales	103,997	11.4%	8.9%	-22%
Hospitality, food and tourism	78,620	6.3%	6.8%	8%

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[1] https://www.acs.org.au/insightsandpublications/reports-publications/digital-pulse2022.html
[2] https://www.acs.org.au/insightsandpublications/reports-publications/ACS-guide-to-IT-professions-2022.html

Australia is not unique in this regard. There is currently a worldwide shortage of IT talent, and Australian companies are competing globally for talent. A study by management consulting firm Korn Ferry[3] revealed that by 2030, there will be a global shortage of more than 85 million tech workers. This makes it all the more imperative that the Australian migration system is not a disincentive to move and work here.

These figures point to clear needs: a short-term injection of IT professionals combined with a comprehensive long term strategy to shore up the domestic pipeline. Although outside the scope of this review, we believe the latter is critical, and the issue of worker shortages cannot be addressed in the long term without a multi-vector strategy that addresses both critical pipelines.

Recommendations
1. In the short term, IT professionals need to remain a high priority for migration inputs and processing. IT touches every business and every industry, is a key enablers of productivity growth, and Australian employers are desperate for skilled professionals to fill in gaps left by a weak domestic pipeline.
2. Migration policy alone cannot solve the problem. It needs to be combined with a robust domestic agenda to increase the pipeline of Australian citizens pursuing careers in technology.

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[3] https://www.kornferry.com/content/dam/kornferry/docs/article-migration/FOWTalentCrunchFinal_Spring2018.pdf

Job roles and prioritisation

While ANZSCO is the subject of considerable criticism, it is unlikely in the near term that a practical alternative will be available and any skilled migration model will almost certainly use the taxonomy in some fashion.

Given that, we recommend that the ABS be empowered (and budgeted) to provide more frequent updates to the taxonomy to ensure its relevance and usefulness as an administrative tool.

We would also encourage efforts to examine different models of use for the taxonomy, such as moving to four digit codes to encourage greater worker mobility. It's particularly common in the IT industry, where new job roles are being created every year, for there to be no "easy fit" into the ANZSCO system (for years, data scientists were ignored or classified as "software developers", for example), but moving to a more generalised model might alleviate some of those issues.

For the longer term we would also recommend examining and trialling skills-based models for selected fields. Such a model would focus on assessing potential migrants against a set of strategic skills rather than strict occupations.

ACS would be happy to help in such trials, and there is work currently being undertaking in conjunction with the Digital Skills Organisation around a working common skills taxonomy for the IT professions, likely based on the internationally-recognised Skills Framework for the Information Age (SFIA).

The potential virtue of a skills-based system is the specificity and granularity it offers, potentially delivering better-targeted outcomes. This is a notable issue in the IT industry, where, for example, 'software developer' can represent hundreds of different skillsets, depending on the programming language, toolsets used and field of speciality (embedded systems, for example).

A skills-based system de-emphasises 'work experience' in favour of capability demonstration.

It also has the potential to better focus in on 'soft' skills which strongly affect employability. Currently, English is the only requirement to attain a visa outside of technical skills. However, we have a seen a strong demand for additional skills from employers: communications, teamwork, governance, project management and other skills. In the 117,000 IT jobs ads posted last year, the number one requested skill was communication, appearing in 31% of job ads. Number two was teamwork (19%) and three was problem-solving (18%).[4]

These skills are proving critical for getting a job in Australia, but they are not well reflected in the migration system, leaving us to potentially import technically skilled but poorly employable workers.

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[4] https://www.acs.org.au/insightsandpublications/reports-publications/ACS-guide-to-IT-professions-2022.html

Skills-based assessment has the potential to mitigate those issues, as well as identify transferrable skills that affect worker mobility and the capacity to transition into different roles over time.

A skills model would likely place a greater burden on assessing authorities, since it would be unlikely that the Department is willing to maintain a global skills taxonomy, and the ABS does not currently track employment data with that granularity; however, for professional industries that have existing frameworks, we believe it is worth investigating. Organisations such as the Digital Skills Organisation and National Skills Commission can help in this work.

Recommendations
3. Empower the ABS to regularly update ANZSCO.
4. Trial a skills-based selection stream to see if it provides better outcomes than occupation-based streams.

Income-based models

One commonly touted solution is to use potential wages as an identifiable threshold; that is, allow only people with provable high income potential to be immigrated.

We recognise that it is a seductive idea, solving for a particular perception of worker migration: that companies are using cheap foreign labour to undercut Australian citizen wages.

As simple a solution as that might seem, however, it introduces enormous new problems.

There is a built-in assumption in such models that there is a perfectly functional free labour market with infinitely fungible skills, and therefore wages can be used a reasonable proxy for demand. That is belied by the evidence, however. Nurses and teachers, for example, are some of the most in-demand occupations in Australia, yet these are not typically highly-paid positions.

Politically, under an income-based model, you have the mirror of the undercutting wages argument: "why are we giving our highest paid jobs to foreign nationals?"

Strategic needs cannot be simply bucketed into wage brackets – we need workers across the wage spectrum, and ACS cannot see an unproblematic or workable way to use wages as a proxy for strategic need.

At best such a model would need to have very messy per-occupation thresholds, or alternatively distort the intention of skilled migration to fill strategic gaps in the Australian skills market.

Recommendations
5. Income thresholds are not appropriate for general visas, being unworkable and having no respect for strategic needs. Income-based models make extremely naïve assumptions about wages and set aside issues of strategic demand.
6. There are also political risks in such visas, as it may seem that we're focusing on giving high-paying jobs to immigrant workers and leaving the low-paying work for Australian citizens (ultimately strategic need is not a wage issue, and wages cannot be used a proxy for it).

Tracking and correcting outcomes

The Australian Government does not currently undertake effective tracking of migrant outcomes, nor does it engage meaningfully in remediation of poor outcomes.

There is potential to do a far better job of tracking the journeys of migrants coming into the country, including:

- issues with accommodation and acclimation
- employment outcomes and experiences
- wages and income.

Simple reporting requirements for migrants could help gather qualitative and quantitative data. Assessing bodies can help with that process, and could potentially be used as a mechanism to provide assistance to individuals that may be struggling in their migrant journey.

ACS, for example, would be keen to help successful skilled migrants who have arrived in Australia to acclimate and get job ready. However, we have no way of knowing when those migrants arrive, since we receive no reporting on that, and have to rely on surveys and manual polling.

We can also assist those migrants with continuous learning and career progression the same way we help domestic professionals.

For migrants that fail to find employment in the field for which they were awarded a skilled visa, we recommend investigating possible remedial actions. Research has found that close to a quarter of permanent skilled migrants are working in a job beneath their skill level.[5]

The Department of Employment and Workplace Relations has already initiated the Pilots program[6] with providers such as ACS and VetAssess to help struggling migrants get assessed and job-ready. We would recommend investigation of expanding such a program and making it a requirement for all under-employed migrants.

Recommendations
7. That the government gather more data on the migrant journeys, including employment, wages and acclimation.
8. That the government investigate job-readiness programs for migrants who may be struggling to attain work once they have arrived.

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[5] https://www.ceda.com.au/ResearchAndPolicies/Research/Population/A-good-match-Optimising-Australia-s-permanent-skil

[6] https://www.dewr.gov.au/skills-assessment-pilots

Employer sponsorships

Employer sponsorship currently comprises the largest section of the skilled migration stream, with 29.3% of all skilled migration applications coming from employer sponsorships.

It is even more significant for the IT industry. The most common employer-sponsored profession for migrants by a considerable margin is Software and Applications Programmers, with ICT Business and Systems Analysts also making it into the top five. Australian employers are desperate for people in these highly skilled occupations, and they are braving the complex and time-consuming process of employer sponsorship to get them.

Current long visa processing times are proving problematic in this stream. An employer typically cannot wait for months to onboard a sponsored employee. Even though wait times for processing of employer-sponsored visas is substantially shorter than independent visas, it is still not uncommon for wait times to exceed six months.

To help resolve this issue, we recommend that employer-sponsored migrants be formally prioritised for processing ahead of other streams. We also recommend that skills assessing bodies be advised and authorised to prioritise employer-sponsored assessments. That will require some reworking of the communications models for visa applicants – perhaps a separate stream of assessments for employer-sponsored visas – since current skills assessment models are typically visa-agnostic.

There are risks that will need to be managed with respect to employer sponsorships. Any model that tries to short-circuit the quality control processes in place presents unacceptable risks of abuse. In particular, we would oppose any push to cut out some of the current checks in the system that prevent abuse (this would include expanding the labour agreement model to include more entities). Some of the potential risks include:

a) **Undercutting wages.** Maintaining high wages for Australians should be a priority for the Australian government. Minimum income requirements for migrant workers in particular roles could provide a solution, but would be problematic as there is no one-size-fits-all wage threshold (for example, $80,000 for a teacher would not be unreasonable, but $80,000 for an experienced software developer would be impractical).

b) **Quality.** Putting quality control entirely in the hands of business is a high risk. There can be no guarantees about the diligence of private companies when importing migrant labour. What happens if the company finds that, ultimately, their new migrant hire is not a good fit or they hadn't undertaken proper diligence and they cut them loose? We are left with a potentially unemployable migrant worker in Australia. This might be mitigated by forcing employers to either commit to a minimum employment period (two years, for example) or to pay repatriation and compensation costs should they cease employment of the sponsored individual. However, even such measures can be problematic – if a migrant is dependent on a company for their migration status, that creates conditions for abuse.

c) **Fairness.** A employer-focused model will benefit larger companies that can take advantage of the system far more than smaller companies.

d) **Fraud.** There are substantial fraud risks, with employers potentially acting as 'clearing houses' for migrant labour under the scheme.

Recommendations

9. Employer-sponsored visas should be prioritised above other independent visa categories for processing and assessments.

10. Current controls on employer-sponsored visas should be maintained or enhanced to prevent abuse.

Processing times

ACS welcomes the additional resources that have been provided to the Department of Home Affairs to process outstanding visa applications.

If Australia is to be a destination of choice in a global economy, then we need to be able to process visas as a rate that is at least comparable to our major peers.

That being said, we should not be willing to compromise quality controls for the sake of speed. 'Opening the floodgates' would not likely be in the best interests of the Australian people. Instead we should look for instances where additional efficiencies in the system can be achieved, and how best to apply a prioritisation mechanism to achieve the greatest good. A truly efficient system is not measured purely by processing times, but by assuring the correct workers for the correct roles.

In terms of prioritisation, we have recommended here that employer sponsorships be placed at the front of the queue, since those are positions that are guaranteed, but care must be taken to avoid abuse.

It should be noted that while the Department has multiple streams for processing applications, allowing it to prioritise, skills assessors currently do not. That keeps things simple with a single assessment certificate for all visa classes, but it does mean that assessments for independent visas, for example, get put in the same queue as employer-sponsored visas. There is potential to improve this, as noted above.

> **Recommendations**
> 11. The government should seek efficiencies in processing, but avoid shortcuts that might compromise the integrity of the migration system.

Assessing bodies

With respect to the appointment of assessing authorities, we continue to believe that it should focus on trusted organisations with a social license to perform this critical work. This is work in the national interest, and only organisations with a proven record of integrity and honesty should be entrusted with it.

As an assessing authority, ACS is a not-for-profit with a 60-year history of representing IT professionals, for example and international accreditation for assessing IT skills and programs. It is in the best interest of our organisation to uphold highest standards of IT professionalism, an attitude which is applied to assessing skilled migrant visas.

Recommendations
12. Ensure that all assessors have a social license to perform assessments.

Foreign students

A substantial element of the government's current thinking is to reduce the number and reliance on temporary visas, since it is highly inefficient to be bringing over workers and sending them home after just a few years.

Similar principles can be applied to the many foreign students who study in Australia and who would like to work here but do not meet the work experience requirements of the current points system.

The Department currently has a program to allow such students a pathway further their careers and to avoid having to return home: the Professional Year (PY). This program provides work-equivalent experience and job readiness training, along with actual work experience placement to ensure that students meet the requisite skills threshold for the select occupation. Many of the students who undertake the PY program get direct employment following from the work experience part of the program.

Given the demonstrated value of the program, we recommend that it be continued and perhaps expanded to jobs beyond the current engineering, IT and accounting models. We also believe PY could be applied more broadly, to migrants who are struggling to find work in the field for which they immigrated.

We would also recommend a review of how PY-awarded applications are processed. There is an ongoing issue with students who have completed their PY program and have achieved the necessary points to qualify for a visa, but still have to wait in-country for the processing of the visa itself before they can formally apply for work. Reducing the time for this – perhaps by pre-approval of visas pending PY completion, would be a fairer outcome for those students.

Recommendations
13. That PY programs be continued, and potentially expanded to help migrants struggling to find work.

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