



A Migration System for Australia's Future

A submission for System Reform of Australia's Migration System

**Primary Industries Skills Council
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The Need for Reform

Australia has a Labour and Skills Crisis. Six key factors are creating the current workforce crisis:

- Ageing of the population and record levels of retirements especially at a younger age
- Historically low fertility rates over the past 25+ years
- A dysfunctional and complex migration program that has failed to meet gap demand in key skill sectors
- An outdated national skill system that is continuing to fail Australian industries
- Global competition for scarce skilled labour which is now limiting supply of skilled labour to Australia
- Significant annual emigration of labour and especially skilled labour

These factors together with an absence of any meaningful medium and long-term national skill demand planning are currently creating extreme workforce stresses across all industry sectors.

The current migration program has developed over time in an incremental way, often in response to issues that were current at that time. As a result, the system has become so complex that it is failing in its core objectives of ensuring that Australia has sufficient labour to provide for a functioning economy and a changing skills environment.

Australian demographers have consistently emphasised that in this environment migration is the only certain pathway to maintain a workforce which can adequately service a larger and older population. Current Government migration policy has been framed by notional migration targets which do not relate to actual unmet skill demand in the economy.

The result has effectively been a population accumulation model that has not kept pace with workforce demand or actual skill demand despite the variety of skill demand listings and potential visa pathways. The evidence is very clear, the migration system is meant to cover skill shortages across the economy that cannot be filled from the domestic labour market and it has failed to do so.

More importantly, these failures are not just in labour and skills outcomes, they are impacting upon productivity growth within the economy.

At the heart of these problems is a lack of reference to Australia's changing demographic. This is a foundational issue for migration at a time of record workforce retirements by the baby boom generation and the long term impact of historically low fertility rates undermining population replacement.

These changes have been known for several decades but not factored into the policy settings and program responses for migration. To make matters worse the global pandemic has accelerated the contraction of the workforce by effectively halting migration for around two and a half years. This has brought forward more serious workforce shortages in a post Covid recovery environment, shortages that will be long lasting due to the significant demographic change we will experience between now and 2050.

With an ageing and declining workforce, especially due to large scale retirements between now and 2029, we now have to re-invent our migration program to supply both people and skills. This re-invention must factor in the larger population we are forecast to have by 2050 (37 million people) and a rapid increase in the dependency ratio (65 dependents for every 100 working Australians by 2050). The breakdown is likely to be 28% school aged, 35% workforce and 37% retired.

Younger age cohorts will not assist us as our fertility rate has been well below the replacement rate of 2.1 for around 25 years. The longer term fertility trend is expected to be around 1.6 to 1.7.

The outcome of these developments will be a larger and older population with a smaller workforce and an increased dependency on migration to maintain the economy and productivity.

In this environment, setting arbitrary skilled visa targets is likely to exacerbate the problem, especially if there is poor deployment of migrants as we have seen over the past 15 years.

A much more strategic migration model is needed that is targeted towards necessary population accumulation and ensuring the sustainability of the workforce in meeting actual labour and skill gap demand. Importantly, the system must be able to be future focused and flexible with adjustments to meet changing population and skill demand.

Currently Australia does not have a robust population strategy, or an effective skills strategy, or a targeted migration strategy. Understanding the urgent need for migration to meet labour and skill gaps must align with a new understanding of an integrated national planning model that understands the relationship between workforce, skills and infrastructure.

The biggest challenge will be in simplifying the entire system whilst maintaining integrity and having a model that removes the silo mentality that has created a segmented and complex system.

We do not need a complex model to deal with the core issues of attracting more people, predominantly in the younger age cohorts, attracting people with a range of skills in line with industry demand, providing more effective seasonal/temporary supply lines and building a stronger international education base for skills supply,

We will need substantial reform with the morass of visa categories that are not fit for purpose and we will need to understand more efficient ways to source key information which will be essential in evaluating the necessary employment and skill experience required for any permanent residency outcomes.

The current migration system in Australia is regularly cited as a worst case, system driven, management model with high regulatory requirements and poor outcomes (as measured by industry). The Review of the Migration System must not be a streamlining exercise, the level of reform needed is substantial and will determine the future of the Australian economy as we head to 2050.

Current Immigration Policies

- The current system is extremely complex, expensive and lacking responsiveness in meeting skill demand. In the skilled visa area, there are numerous visa pathways and numerous skill demand lists, none of which are addressing the actual skill demand numbers in all industry sectors.
- The complexity and cost associated with sourcing skilled workers from overseas has resulted in many sectors choosing to reduce production rather than use skilled migration visas, especially in the Agrifood production sector. Excessive visa processing times have played a key role in the decision making.
- The possibility of sourcing skilled workers through partner visas, humanitarian visas and student visas has not been explored in relation to contributing skill supply in a capped skill visa model. In essence each visa is a stand-alone “fit for purpose” response.
- Permanent residency options are not aligned to real skill demand, especially in the student visa area. This alone is seeing large numbers of international students choosing other countries which offer permanent employment options post study. In a global skill shortage environment this is a disastrous strategy for Australia.
- The ANZSCO model has failed to keep pace with a continuous change environment and its use in skilled migration determination has resulted in significant skill mismatches and in many

cases a total lack of skill recognition in numerous occupational categories. The model was originally designed for Census purposes rather than for skills identification or sector demand.

- The failure of the current skill visa model to provide employers with employee outcomes has resulted in both employers and industries having to develop specific Labour Agreements just to source the skills they need. This is a damning indictment of the failure of the current skill visa system.
- Current target numbers especially in the skilled visa category bear no relation to actual workforce needs. The mismatch has resulted in exceptional growth in skilled shortages by not forecasting future demographic driven demand.
- Current immigration policy places a very high level of risk management at the expense of outcomes, a practice that resulted in the 160,000 skill target last year being short by 18,000 people at a time of extreme skill shortages.
- The current skill demand model is not industry driven or supported by industry in the main. Decisions regarding actual skill demand are still centrally driven (DHA, DEWR, ABS).
- The lack of an integrated population/workforce/skill/infrastructure support model has resulted in a piecemeal approach which has poor or no outcomes.

An Inefficient Foundation

ANZSCO

We have an occupational classification system (ANZSCO) which was designed for the census out of the old ASCO model. It was never intended to be a classification model that determined complex skill levels for migration and emerging occupations.

Its structure does not relate to individual industry sectors and there are substantial gaps especially within the Agrifood industry. Poor responses in the initial development phase of ANZSCO from the wider Agribusiness sector resulted in arbitrary decisions about occupations and skill levels being made within Government which persist to this day. Whilst the ANZSCO series is finally under substantial review, its purpose as a key reference point for skill demand occupations must be questioned.

OCCUPATIONAL DEMAND

Determining occupational demand requires a more realistic industry sector management model to understand the type and quantum of demand within the value chain. Cherry picking occupations that national agencies believe are in demand will not result in sustainable industry outcomes.

There is, and always has been, an inter-dependency of occupational roles in each industry sector. That is why when the Horticulture Industry could not obtain workers, they developed an Industry Labour Agreement with the Department which contains no fewer than 31 occupations in high demand. These occupations cover high skill managers, medium skill technicians and supervisors, cold storage managers, truck drivers and tractor drivers (plant) ranging from Skill level 1 through to Skill level 5. This is a typical industry skill profile and in this case one which can only function when all skills are present.

SKILL DEMAND LISTS

Strong industry engagement is essential to understanding skill demand. Centrally driven occupational demand lists have not only largely ignored real skill demand, they have also resulted in visa rorting at the expense of real demand.

Of special concern is the current plethora of demand lists which is simply embarrassing. There are five major occupational demand listings none of which align with any other with only one State based listing likely to reflect actual skill demand occupations. The listings are MLTSSL (212 occupations),

SA Skilled Occupation List (496 occupations), SA DAMA (190 occupations), Skills Priority Skills List (153 occupations) and the 10 Priority Occupations list.

Quite apart from the in-built deficiencies of these listings, putting forward a Medium to Long Term Skills Supply List which only looks at skill levels 1-3 totally ignores real demand for occupations across the spectrum in each industry sector. Examples of key occupations in shortage that are not on the MLTSSL are Aged Care Workers (skill level 4) and Truck Drivers (skill level 4) both of which are in extreme shortage nationally.

The root cause of the problem can be traced to a previous Productivity Commission Report which made a strong case for sourcing higher skilled workers on the basis that they contributed more to GDP than lower skilled workers.

That argument ignores one essential fact, industry sectors only function with workforces that operate at a number of skill levels. In a wider skill shortage period, limiting supply to higher skilled operatives will result in a loss of essential lower skilled personnel without whom the majority of businesses would fail.

The pandemic exposed this error of judgement when thousands of hospitality establishments had managers but no support staff and numerous horticulture businesses cut production due to a lack of tractor drivers, truck drivers and nursery and production staff.

Focusing our migration model on higher skilled occupations only will seriously undermine the functioning of Australian industry.

Determining occupational and skill shortages is the business of industry. For too many years Government agencies have interpreted ABS data (which has high standard error rates for seasonal industries) and then been quite definitive and defensive about their skill shortage listings. This resulted in frequent industry lobbying for occupations to be added to the demand list which were generally ignored by Government agencies.

The relevance of centrally driven national occupational demand listings can be called into question especially as some shortages are State specific such as Cotton Farmers who do not exist in temperate regions and Tuna and Salmon farmers who only operate in temperate waters.

There are clearly variations in demand for most occupations across the States and Territories. Capturing occupational demand by interpreting occupations nationally is a flawed approach. It should be reflected in separate State and Territory listings which should be primarily informed by industry sector bodies in each State and Territory. These can also be aggregated in a national occupational demand system which preserves individual State and Territory demand.

This approach can provide migration supply numbers in line with real demand resulting in deployment to areas with specific occupational shortages. It's quite easy, quite simple and a highly efficient way of avoiding over-supply of migrants to the three largest State capitals, especially as notional population share can be used as a principal determining factor in distributing labour supply.

UNDERSTANDING GLOBAL SKILLED LABOUR SUPPLY

Most Western countries are experiencing societal ageing. This means that they are also short of skilled people. It is optimistic to think we can secure sufficient skilled workers in a market that is highly competitive. Over the past few years other countries have managed to snare significant numbers of essential skilled workers at the expense of Australia.

Canada is often cited as a front runner in the global competition for labour and in practice, they have improved pathways from study to permanent residency, reduced visa costs and naturally secured more than the lion's share of skilled migrants.

Canada has also gone further by expanding its migration program to 500,000. Not unnaturally they are sourcing thousands of nurses and other essential workers in a more seamless visa model. We can learn a lot from them and especially in devising a visa model that is competitive and aligned with labour force needs. We are a long way from being competitive at present for higher skilled people.

VISAS FIT FOR PURPOSE

The complexity of the current visa model has been the subject of deep concern within industry. It is now time to seek efficiencies through a rationalisation of visas and introduce processing models that deliver outcomes in line with workforce needs.

The consensus in industry is that managing risk in visa processing has become the over-riding concern within Home Affairs. Developing visa models that align more with desired outcomes and include appropriate risk management checks is a more sensible way of protecting the integrity of the system.

Some examples of visa complexity are outlined below

Parent and Aged Parent

There are five Parent and Aged Parent visas with hugely varying costs from \$47,825 to \$6,490. Given that most relate to parents who are of pensionable age, it is odd to read that the Subclass 103 Visa has long waiting times of up to 30 years. Even more odd to read that the Subclass 838 Visa (\$47,825) has waiting times of up to 50 years! That would result in the aged dependent relative being 115 years old by the time the visa was granted. This is the stuff of Monty Python.

Humanitarian

Humanitarian visas are a case in point. One would expect that a refugee would generally fall within two categories General Humanitarian and High Risk/Emergency Humanitarian. In reality, there are four visas with one separate visa for persons proposing (nominating) refugees. Importantly, whilst the application forms are lengthy and quite thorough, there is no mechanism for identifying skilled refugees who meet high demand occupation requirements and having them assessed for skill visas.

The fact that recent refugee applications cover an increasing number of tertiary qualified people should result in a mechanism for identifying them early rather than leaving them in lengthy refugee queues.

Partner

With globalization comes more travel and more opportunities to find a partner overseas. Over the past two decades, increasing numbers of Australians have married or lived with foreign partners, particularly from Asia. Current processing naturally checks health, character, criminality, trafficking etc.

The problem is when Australian men marry foreign women and have children with them. This results in the children becoming Australian citizens by descent but unable to join their father in Australia as the mother has to wait for 38 months currently to obtain a visa and be able to join her husband and bring the children to Australia. This is absurd.

Australian children need to be educated in Australia. We need lots of children to come to Australia to balance the demographic. Leaving them overseas for over three years makes no sense unless there are clear issues with the application of the mother.

There needs to be a priority assessment process for partner visas involving Australian Citizen children. These types of issues also ignore the skills of some of the partners, many of whom have tertiary qualifications and have held responsible jobs overseas. Importantly, there are generally no housing issues with partners and children coming to Australia. A 38 month wait time for a partner visa to be assessed is unbelievable and testimony to gross deficiencies in the management of the visa processing system.

Study Visas

Looking at how other countries have moved to secure international students to join their workforces rather than return them to their home countries provides us with some clear examples of aligning study visas with shortage occupations. Recent moves to secure international students in the UK prior to graduation emphasises the need for action in Australia. To some extent aligning study visas with shortage occupations is happening in an unplanned way through pathways to permanency principally using the MLTSSL.

The problem is that this “demand list” does not reflect actual demand and has skewed study visas towards a narrow group of occupations with short study and work experience requirements, providing fertile ground for a new education agent industry selling quick study pathways to PR in place of actual study preferences by students.

The sorting has become so bad it has created a new generation of international colleges with dubious work placement linkages and substantial “hidden fee” payments to agents. It appears to be a significant problem in occupational areas such as commercial cookery and automotive.

Skewing the system to a narrow group of MLTSSL occupations has undermined the integrity of the Study Visa system by designing the model around quick turn-around PR outcomes. It is reasonably clear that setting longer verifiable work experience periods (e.g. 5 years) will fix that issue.

In recent months we have seen very high levels of study visa rejections due, it appears, to a huge wave of post Covid visa applications which the Department was ill prepared to deal with. The biggest problem with Study Visas is the way in which the Genuine Temporary Entrant criteria (GTE) is being routinely used to reject enormous numbers of study visa applications.

The GTE assumes that international students will return to their home country after graduation fully skilled with an Australian Qualification. A key determinant of the GTE is evidence that they have sufficient ties to their home country to return after study. This is almost always a subjective assessment based on what the aspiring students’ say in their Statement of Purpose and importantly it is an easy refusal reason with no appeal.

With the demographic crisis we are facing, we should not be routinely sending graduates back to their home country if they possess skills that Australia needs.

There will always be a percentage of graduates who just want an Australian qualification to secure better positions in their home country but we must be able to offer a clear pathway to permanency based on 5 years minimum employment post study and in the field of their study in a wider range of demand occupations. That is why it is so important that we get real demand data from industry sectors and marry that up with State and Territory occupational demand for effective skill deployment.

If we fail to attract existing skilled workers from overseas due to intense global competition for skilled labour, the only real hope we will have to secure these skills is to train overseas people in Australia and keep them here with their skills.

Our current track record is not good. We currently have a large number of people who graduated with an Aged Care qualification working in Australia under temporary visas including continuing study programs, Covid visas etc. There is no automatic pathway to permanency for these graduates

because the occupation is not on the MLTSS along with dozens of other extreme shortage occupations. The simplest way to keep them from returning to their home countries is to guarantee PR if these graduates complete 5 years of employment in aged care. Currently, the Certificate III in Individual care is less than 1 year and even when students complete the Diploma in Community Services the total training is less than 2 years of study. This prevents them from gaining a 485 visa.

We have the same problem in the Horticulture and Seafood industry sectors with no recognition for people who have qualified with a range of qualifications at the Cert III, Diploma level and above and have no possibility of meeting long term skill shortages in these industries, many of them in middle skilled positions in management and supervision.

In considering reform approaches for Study Visas we need a two phased approach.

1. The first phase MUST be to secure existing graduates still in Australia to meet current skills demand. That will mean offering PR to graduates who can accumulate 5 years of verifiable work experience in the industry post-graduation in the field of their study (generally at the level of their qualification but not necessarily so if they are utilising their skills in a similar skill area). Current PR offerings based on two year study models do not deliver long term skills utilization and should be abandoned in favour of minimum employment periods of 5 years for PR. This would remove the course routing and deliver people to work in a range of industry sectors experiencing labour and skill shortages.
2. The second phase must be to abandon current skill listings in favour of a sector driven demand model. The depth of the problem is evidenced by the remarkable effectiveness of the MLTSSL in providing a large scale labour supply for the Uber and Taxi industries.

Having a broader range of real demand industry sectors with mandatory post study 5 year work experience terms will result in more genuine applications for a wider range of courses. The fact remains that global population mobility will become a feature of future decades and our study visa model must align with PR to attract people for high demand occupations.

The other key factor that cannot be ignored is that in general, most students are in the younger age groupings, which is a critical issue for a more balanced demographic over the next 30 years.

A note of caution must be raised regarding any age restrictions for study. In some sectors, notably age and disability care, a high proportion of workers are in their 40's and even 50's. It is not a young person's industry and this must be taken into consideration in any settings for PR.

SEASONAL / REGIONAL DEMAND

The Agribusiness sector is the largest employer across regional Australia. As regional workforces continue to decline due to younger workers leaving for urban study and career choices, the regions are struggling to maintain their workforces and are already unable to maintain production levels.

Production losses in the Agribusiness Industry due to a lack of seasonal labour are very substantial and run into hundreds of millions of dollars of lost income. Since the start of the pandemic when we lost 22,000 seasonal workers we have yet to recover the seasonal labour force. Backpacker numbers are down and we are in danger of seeing a decline in food production at a time of population growth (mainly through ageing).

Whilst it has been reported that Covid issues have exacerbated food supplies, which is partly true, the main reason has been a lack of people throughout the supply chain.

Current policies rely heavily on the Pacific Australia Labour Mobility (PALM) scheme to ameliorate the shortages but in reality this scheme can only deliver around 25% of the total demand with

backpackers, other temporary visa holders and domestic casuals potentially covering around 35% of demand leaving us well short.

The concept of an Ag Visa did not secure broad support but much of the demand remains unfilled even with the PALM scheme. The seasonal labour issue still remains a key priority to support food production.

We clearly need to look at a better managed model which aligns with the PALM scheme. It needs to meet not only agrifood demand but regional tourism/hospitality demand which is also at critical levels in many areas.

There is strong interest from neighbouring countries to deliver specific workforces for particular sectors (seafood, horticulture, tourism etc). Vietnam and Indonesia in particular have expressed interest which may result in an improved trade relationship.

Any program should have a joint management approach with selection, pre-training and preparation offshore and industry managed supply and control onshore. Strict guidelines will have to be drawn up to avoid exploitation and bad practices from labour hire contractors. Importantly deployment must be to areas where unmet labour demand is verified.

Once again the current approaches have not always produced the right outcomes and continue to see significant levels of crop losses due to no harvest workers.

It should also be noted that the Seafood industry has been hard hit by extreme shortages of skilled crew. Vessels have been tied up across the country and seafood processors have closed their doors. This has had an adverse impact on regional economies and with long term shortages emerging, especially in the marine aquaculture farms (oysters, fin fish, abalone, mussels, tuna) we are seeing a more significant impact from labour shortages

Specific Migration Reform Issues

The Policy Agenda

There is a concern that dealing with actual demand numbers of say 300,000 each year, will create significant societal and infrastructure issues for the States and Territories. That is true in respect of housing and education and health BUT if the planned migration program delivers skilled people in essential occupation shortage, this will be less of an issue. Clearly the Department is nervous about delivering on the target numbers be they 160,000 or 195,000 as evidenced by an 18,000 shortfall on the previous year skill visa target of 160,000. Current approaches to include family members as part of the quota cannot be justified.

A much more strategic model should be developed to ensure the integrity of the system and meet the labour and skill demand the economy needs now and will need over the next two decades.

The Preferred Migration Model

- **Delivers on the demographic crisis – sufficient labour to maintain the economy (an annual total migration number)**
- **Delivers on an economy that serves an estimated 37 million people by 2050 by maintaining and building the workforce share of total population**

- Delivers on major skill needs from 2023-2050 from offshore skilled and study in Australia programs.
- Delivers on a balancing of the demographic through targeted visa approvals for applicants between 20 and 40 with children
- Delivers on recognition of skills obtained in Australia to deliver PR, rather than lose these skills.
- Builds a stronger pool of skilled workers through international education with PR options for those who work for 5 years post study in their field of study.
- Prioritises essential occupations, high demand occupations, growth occupations, emerging occupations by sector (e.g. Agrifood, Health, Caring, Transport etc) with demand identified by each State/Territory including regional area demand and aligned with specific credentials/experience.
- Recognises skills from a range of visa types (Humanitarian, Partner, Global talent etc) and prioritises applications from these visas.
- Supports “pipeline supply” models which deliver sufficient people for lower skilled positions especially seasonal demand. This would be in the form of additional seasonal worker programs parallel to the PALM model with country to country joint management. These may be sector specific such as maritime skills, horticulture skills, tourism/hospitality skills etc. Not Labour Agreements.
- Avoids setting artificial wage barriers in sourcing skilled people at all levels in all categories to ensure supply.
- Establishes effective monitoring systems that track visa condition compliance (e.g. relevant work activities, relevant study requirements, etc.)

Rationalisation of visas

With no fewer than 8 different ways for skilled people to come to Australia, we have confused everyone and unnecessarily delayed processing. We need a single Skill Visa which is designed to accommodate the range of options (nomination, independent, etc.) and which aligns with industry verified demand in State/Territory demand lists. Segmenting visas for essential occupations, high demand occupations etc will mean that most people will choose urban options rather than regional. There has to be an incentive for regional which can be shorter employment requirements (say 3 years instead of 5),

Of real concern is the lack of monitoring of visa holders in relation to visa requirements especially in areas of working such as commercial cookery.

All applicants should be interviewed online by case officers to verify their English ability and relevant skill background. We do have the option of having two skill visas, or two visa options for PR within one skill visa related to urban based occupations and regionally based occupations with different employment requirements (5 years minimum experience urban, 3 years minimum experience regional)

Quite apart from the 5 different elderly relative visa issues, we need to understand the participation benefit that a grandparent can provide for a parent by looking after their children.

We have a plethora of study visas. There is scope for a single international education visa for secondary education, a single visa for tertiary education (VET and HE) covering several courses and a single post study work rights visa that specifies obligations for PR (e.g. 5 years working in field of study at commensurate level of skill).

The better approach is to detach the 485 visa from MLTSSL occupations and for non ANZSCO occupations, look at establishing a separate skills assessment authority to deal with these occupations (similar to the DAR in SA). Clearly finalising non-ANZSCO occupations for a revised ANZSCO is a priority but it will take time.

There is an issue with the 2 years study requirement which needs to be addressed for some high demand occupations. A case in point is Aged Care Worker where a student can achieve a Cert III in around 9 months and a follow on Diploma in Community Services in 1 year. If the system could recognise that the 1 year and 9 months was the required study period for an Aged Care worker to gain their skills assessment, then they would need to complete a 5 year post study period of work as an aged care worker to gain PR and meet the current extreme demand. Once again setting a barrier such as minimum 2 years study actively blocks supply of skilled workers.

Given the ongoing global refugee crisis and the likely higher demand for skilled refugee applicants to come to Australia, we should deal with Humanitarian visas in the following way, Nominated (sponsored applicants) with demand skills - High priority processing. Nominated (sponsored applicants) with no demand skills -lower priority processing. Non-nominated applicants with demand skills - Priority processing. Non-nominated applicants with no demand skills processed by level of risk to life. Emergency visas should be retained for urgent evacuation circumstances e.g. Afghanistan.

Partner visa processing must urgently change. The criteria for establishing genuine relationships, is not that hard, especially when there are Australian children of the relationship. It should be automatic.

Visa Costs and Processing

By any measure of efficiency and quality the Department has failed spectacularly in managing the migration program. Processing times for even low risk applications are extremely long, possibly the longest visa processing times in the world. This is untenable and requires the establishment of clear KPI's including maximum processing times with minimum visa grant percentages to stop the Department automatically refusing high percentages of visa applications to meet agreed processing deadlines. The expectation of industry is that emergency visas will be processed within 24 hours, routine applications that meet the criteria will be processed within 14 days and more complex cases within 30 days.

Visa costs are prohibitive and in some instances very difficult to justify. If the costs have been set around cost recovery principles, then there needs to be an in-depth analysis of the performance of the Department including an independent assessment of the processes and justification of costs. It may be more cost effective to outsource some or all of the processing functions.

Whatever the issues are, the level of regulation and red tape is extraordinary and deserving of an in depth analysis of the operations.

Judging by the extremely high level of AAT hearings for refused visas which are costly and typically resolved over two years or longer, there needs to be a better assessment process.

There are elements of concern regarding the competencies of some assessors who in one case refused a visa for four workers at a business in Adelaide because she thought something was amiss due to three of the workers having the same name of Singh!

On another occasion an assessor refused a visa on the grounds that protected cropping was a low skilled position when the company had some of the most advanced growing systems in the world. There is scope for assessments to be undertaken by sector so the assessors are fully aware of the technologies and skill levels being employed in the industry. Judging by recent international student visa refusals there is much more work to be done in this area.

When industry sought more relevant State based demand lists the Department implemented the Designated Area Migration Agreement (DAMA). Unfortunately, the criteria for applications is so complicated that employers simply run away. It is costly, complex and ties employers in to conditions that are not reflected in the marketplace. It was meant to be a simpler way of attracting skilled labour to meet specific State demand. The DAMA has failed spectacularly with very few approvals since it was first implemented. Sadly this has negatively impacted on South Australian industries and the economy.

The Council has received regular concerns regarding costs of securing skilled workers with one large employer stating that it appears the Department is actively trying to block labour supply by imposing high costs on sourcing the skills they urgently need. .

One key concern that has the potential to destroy skill supply is the Temporary Skilled Migration Income Threshold (TSMIT). The industry is governed by Modern Awards that generally provide lower levels of remuneration in the Agrifood sector than in many other industries.

Establishing a benchmark through the TSMIT of AUD53,900 provides a differential between lower Modern Award rates and higher TSMIT rates. This results in workers being remunerated at different levels for the same work. Many employers have simply not pursued nominations because of the TSMIT. There seems little justification for a TSMIT in a Modern Award environment which governs almost all employees, except reward for effort sectors.

If the aim is to source a greater percentage of permanent migrants to meet identified skill shortages then this may be less of an issue moving forward. However we must recognise that any artificial remuneration level that is above the lowest Modern Award rate will result in a slowed supply of temporary migrants.

Recommendations for Improvement

Issue 1 Identifying Demand

Immigration is vital to the continued functioning of the Australian economy. Establishing parameters and operational targets to deliver the workforce and skills needed, especially between 2022 and 2029 when the last of the baby boom bubble are expected to retire, is a priority task.

It cannot be done at an agency level without a clear understanding of the actual skills needed, the quantum required by occupation and skill and the locality of the demand. In the case of seasonal industry sectors, such as Agrifood and tourism, there are specific State and Territory skill demand requirements that do not fit into a nationally driven model. Current models simply oversupply the three mainland Eastern States with all categories of migrants, not very strategic.

Preferred Option

Create a new national occupational demand model, which is sector based and embodying specific State/Territory skill demand. The National demand list and quantum can then be prioritised for essential worker groups where the data is better aligned to each industry sector

in each State/Territory. The demand should be future focussed to account for long term demographic change.

In the case of Agrifood around a third of all skilled worker positions are not recognised on ANZSCO so the new national listing will have to accommodate current generic code numbers for these occupations until ANZSCO can catch up, e.g. Production Horticulturalist, Skilled Nurseryperson (both Skill Level 3).

Such an approach would do away with the need for employer labour market testing as the State/Territory would identify occupational demand and list that demand by sector and region. Sector bodies routinely hold data on current and emerging sector developments including labour shortages.

There is scope for a hierarchy of need within State demand lists. The strongly preferred model is to identify Essential occupations within each State and Territory industry sector. The number of these may vary between sectors with health most likely to have a longer list of essential occupations than other sectors. The intent is to deliver on all occupations in demand with special efforts made for essential workers.

In terms of Seasonal workforce requirements for planting and harvesting/catching, we must have a simple seasonal pathway program that is negotiated country to country to guarantee the supply of seasonal labour after establishing overseas selection criteria (functional basic English, character test). This can be a suite of programs which mirror the Pacific Labour Scheme which at best can only provide around 20% of all seasonal demand.

Issue 2 International Education

The global demand for skilled workers in such industries as health, motor trades, food production and construction is greater than the supply. This will continue to be the case for at least two decades due to low fertility rates in western countries (and some key Asian nations such as Japan and China).

Realistically, even with attractive visa conditions we will be competing with other nations for high skilled workers. The demand numbers in Agrifood, health, aged care, transport and logistics and education are far beyond our capacity to source existing skilled workers from overseas in an increasingly competitive global labour market.

Improving International Education is an obvious way to source large numbers of skilled people to meet our current workforce demands whilst providing workers during and post study.

Preferred Option

Currently the GTE is focused on getting students to justify their links to their home country with the goal of sending them back home as Australian trained skilled workers. This benefits our competitor nations when we are already desperately short of skilled people.

The model has to be radically different to the current system with PR being offered for a wider range of occupational shortages in line with a new skill demand model (Issue 1).

Importantly it must have a longer automatic post study work rights model (e.g. 5 years industry experience in the field of and level of their study). In essence a new 485 visa. PR would only then be granted upon a proper assessment of their actual work experience. We know that previous linkage of the 485 Visa to the MLTSSL has resulted in significant rorting by agents promoting short term PR study options (1 year study and 1 year work experience).

The current international education model is not delivering graduates for the significant shortages of skilled middle management and technical roles in Agrifood as well as extreme shortages of Skilled Aged and Disability Care workers. The issue is related to a lack of identification in skill demand listings and consequently no PR offerings. There are a range of options including establishing a new Long Term Skills Supply List (LTSSL list) with study, work experience and then an application for PR (5 years additional monitored work experience)

There is an opportunity to investigate the development of an International Traineeship model which could be developed as an integrated work/study model both in VET and some Higher Education areas. This concept is important for graduates who are qualified but find difficulty sourcing work due to no experience.

In an ideal situation, we would mandate appropriate industry experience throughout the study program to provide real context for the learning and opportunities to work part-time during study

Issue 3 Pathway Visa Models

Our current system segments study pathways without formulating a career path for students. Pathway visa models need to be pursued in international education. They could also be explored for seasonal work.

In Agrifood we will need more people in both professional and middle management/technical roles. Many of these roles have emerged as a result of new technologies such as advanced hydroponic protected cropping systems, some of which can only be found in certain States in Australia.

Preferred Option

Sourcing Ag Science graduates for Graduate Diploma programs leading to a range of specialist Masters Degrees will provide Australia with the next generation of highly skilled Agrifood managers and technicians.

Similar models can be applied to progressive skill occupations such as Vessel Masters and Marine Engineers as well as some professional and semi-professional roles such as Nursing.

The one model that is currently delivering on this, is now a preferred model for linking different study levels within Higher Education and between VET and Higher Education (University of Adelaide, University of New England, and Torrens University).

This needs to be enshrined in a new Study Pathway Visa model allowing students to undertake several levels of study.

Issue 4 Rationalisation of Visas.

By any reckoning the current plethora of visas with different occupational demand listings is a mess. There needs to be a simpler way of securing skilled people with pre-existing skills or with relevant skill qualifications for study.

With no fewer than eight major visa pathways for occupations and five separate occupational demand listings, it is no wonder industry is confused.

Preferred Option

We must implement a new skill visa model that relates to real industry demand. Without that the skill visa model serves no purpose. There are arguments to be made for special visa arrangements to deal with regional demand but for all other skill visas a Single Visa model must be pursued.

If we implement a new single national demand listing to be developed between industries at a State and Territory level with Government, we are likely to get the occupational and numerical requirements agreed. In such a model we would need to ensure that any State/Territory apportionment was at least in line with the notional population share entitlement unless actual demand was less than that notional share.

The structure of the visa must also be addressed by referencing the occupation and skill level applied for, the required qualification or experience needed and any special assessment requirements. The aim must be to expeditiously cover the integrity requirements such as health, criminal checks and character checks once the minimum skills/experience requirement has been identified.

Rather than have various visas by nomination type, the new skills visa should have sections which deal with type of application (nomination or individual application for sector demand occupations). That allows employers to source applicants who are nominated or who independently apply with the condition that they be employed in their field of skill/qualification as for employer nominated (5 years) before accessing PR. If the skill demand is real in particular States and Territories they will secure work.

Issue 5 Identifying skills in non-skill visa applications.

Humanitarian visa (HM) applicants often have high level skills. Currently no consideration is given to these applicants meeting skill shortages in HM applications. This can and does delay processing of skilled refugees within the limits for the established HM visa cap and denies Australia access to skilled people by virtue of their current status (e.g. refugee).

Similarly, Partners of Australian citizens who are currently locked into 38-month processing times should also be given high priority processing if they have qualifications and experience commensurate with skilled occupational demand. There is currently no linkage.

Preferred Option

All HM Visa applications should have a designated skill assessment box which identifies applicants with skills/qualifications in demand and copies these to the skill visa application division. In this way the applicants can be prioritized for the HM visa with a skill visa condition (eg 5 years working in their field of study/experience).

Partner Visa applicants with qualifications and experience in demand occupations (and especially those with Australian Citizen children) must be given very high priority processing to allow them to join their partners and contribute to the workforce. It is totally unacceptable to have them wait for 38 months when Australian industry is experiencing critical skills shortages and smaller numbers of children.

Issue 6 Population Accumulation

We not only need people, we need children, lots of them, to balance the current demographic. In all visa categories we should give higher priority to all visa applicants with children.

Those applicants with children in the 11-20 age group should be given top priority as they will be in the workforce from 2030.

Summary

Full system reform cannot happen overnight. However, there are a number of changes that can be implemented almost immediately which are to do with how visas are assessed and how caps are administered. Removing the current GTE model is one such change, prioritizing skilled Humanitarian visa applicants for skill positions is another change that can quickly be undertaken.

The current skill visa cap of 195,000 should apply to the skilled visa applicant not his or her family. Current practices are delivering small skill visa numbers when the demand numbers are huge. Examples are:

- The Workforce planning projections for the nursing workforce show that in the medium to long- term, Australia's demand for nurses will significantly exceed supply, with a projected shortfall of approximately 85,000 nurses by 2025, and **123,000** nurses by 2030 under current settings (HWA).
- The CEDA Report in 2021 forecast dire shortages of aged care workers citing the need for an additional 17,000 workers annually for the next ten years and a total of an additional **440,000** by 2050.
- In the lead up to the Jobs and Skills Summit, Independent Food Distributors Australia calculated that the food supply chain needed **172,000** skilled and unskilled workers from paddock to plate.

It is easy to focus on areas where we can improve our current efforts to deal with labour and skills shortages but with historically low unemployment and lower workforce entry numbers, we don't have any room to move.

The main issue that the migration system must address is that **we do not have sufficient people in Australia to meet current and forecast labour demand even if we are successful in lifting the participation rate and re-engagement levels.**

A survey of the primary industry sector conducted in South Australia in 2018 (pre-Covid) showed a shortage of just under 3000 workers with about 760 in the middle to higher skilled categories. Despite numerous communications with the Federal Government to provide improved visa pathways, nothing was done. A recent phone survey of the industry confirmed that the shortages were broadly the same, albeit slightly higher. These demand numbers change with seasonal requirements but seem to have become a permanent feature.

Even with larger AgTech take up in the industry, the fact remains that these shortages will have a direct impact on food production and will result in longer term food price rises,

Although the current National Industry Skills Councils are being re-vamped around a broader advisory role which is more than just reviewing National Training Packages, the workforce intelligence that these bodies gather and outline in their skills forecasts, also seems to have been ignored or it hasn't filtered through to the training market or the Immigration Department.

To make matters worse, there has been no real reform of occupational demand lists to reflect changes in job roles and skills put forward by these Skills Councils in their industry forecasts. That is

why a fundamental reform of intelligence gathering must be undertaken based on the priorities as put forward by Australian industry.

The loss of the previous national ITAB network which was funded to do this work at a State and Territory level was a grave mistake as it resulted in centralist Government forecasting based on internal data assessments **which are consistently at odds with industry data.**

This is one of the main reasons that the Federal Government has been surprised at the level of labour and skill demand and the current extreme shortages.

Our lack of preparedness for the larger 2050 population figure is deeply concerning as current National and State policy settings are not aligned with future population demand needs. In essence there is a lack of a central plan for a larger population and workforce which must be addressed as a matter of urgency. This can provide realistic forecasts of workforce requirements to inform migration.

Whatever the workforce numbers are likely to be in the next 20 years, it is clear that there will be long term shortages of specific skills which have not been adequately addressed since the early 2000's.

Of particular concern is the lack of preparedness for an ageing society both in terms of adequate care and health support arrangements. Many of the current issues in health and ageing stem from an inadequate skill response to growing service demand which has been further exposed by spikes in pandemic numbers and quarantining.

What this tells us is that there is a broader lack of responsive planning based on the demographic changes which are now beginning to impact upon a wide range of important societal issues, issues such as housing, skills, health, education, energy and infrastructure support.

Of even greater concern has been the way in which Australia's migration model has failed to meet this growing skill demand since around 2010.