

3 December 2021

The Director
Permanent Migration Planning and Policy Section
Department of Home Affairs

Via email to: migration.policy@homeaffairs.gov.au

Dear Madam or Sir

Planning Australia's 2022-2023 Migration Program

Thank you for the opportunity to provide a submission on **Planning Australia's 2022-2023 Migration Program**, which addresses each of the Primary Questions and two of the Supplementary Questions.

The Illawarra region is heavily reliant on migrants for its population growth, with over 80 per cent of Wollongong's growth coming from overseas migration. It has made the largest contribution to population growth in the Illawarra for the past three years and is vital for the continued growth of the regional economy.

RDA Illawarra is involved in administering two visa sub-classes requiring skilled migrants and has drawn on that experience to make **eight recommendations** regarding the Migration Program.

If you need anything further, please don't hesitate to contact me directly.

Yours sincerely



Debra Murphy
CEO
RDA Illawarra



Image: Aigars Mahinovs

Submission to Department of Home Affairs

Planning Australia's 2022-2023 Migration Program

Submitted by RDA – Illawarra

December 2021

EXECUTIVE SUMMARY

Regional Development Australia (RDA) Illawarra is grateful for the opportunity to provide a submission regarding **Australia's Migration Program for 2022-23**, which addresses the Primary Questions and two of the Supplementary Questions.

RDA Illawarra is involved in **administering two visa sub-classes requiring skilled migrants** and has drawn on that experience to make **eight recommendations** regarding the Migration Program.

The latest Intergenerational Report (2021) states that, "Migrants are expected to continue to be the largest source of population growth." The **Illawarra region is heavily reliant on migrants** for its population growth, with **over 80 per cent** of Wollongong's growth coming from overseas migration. It has made the largest contribution to population growth in the Illawarra for the past three years and is **vital for the continued growth of the regional economy**. A return to pre-COVID levels is desirable at the earliest, safely achievable date.

Consequently, RDA Illawarra would propose **maintenance of the migrant intake** (~160,000 per annum) for 2022-23 and recommend a **focus on a targeted entry for skilled migrants** required in the region. Consistent with this, RDA Illawarra is of the opinion that the composition of the **Skill and Family streams should revert to the two-thirds/one-third distribution** – at least in the short term to 2025.

Australia is already an attractive destination for overseas migrants, but RDA Illawarra **believes it can increase its appeal through visa conditions and policy settings** that permit greater job flexibility, access to health care and affordable housing, and provide locally led support in the community.

Economic migration is necessary to keep Australia competitive and innovative, and temporary **skilled visa holders of working age account for less than one per cent** of Australia's 13.5+ million strong labour force. RDA Illawarra feels there is demand for **locally skilled or reskilled Australians to complement skilled overseas migrants** in the application of new ideas, technology and international collaboration to create new high-value goods and services.

RDA Illawarra believes that the **early identification of emerging skills requirements (demand) is crucial** to the development of strategies that will properly target occupations that can be best filled by migrants, and those that can make use of the existing regional workforce. The result is a **more skilled workforce, increased employment and correct utilisation for the skills of overseas migrants** (i.e. they are qualified for jobs where shortages exist; not overqualified and unable to find suitable work, or work in less skilled roles, or for lower pay).

In conjunction with **better transparency and data** to derive regional skills lists, **more needs to be done about skilling and reskilling the Australian population**: this includes initiatives that will build **new pathways into the trades; better target Vocational and Educational Training (VET) subsidies; and improve occupational labour mobility**.

RDA Illawarra believes that **improved identification of demand for migrant skills and better targeting of VET subsidies** both require **more frequent and granular surveys of skills requirements in regions**. Access to more frequent and geographically relevant data on emerging skills shortages would ensure skills lists are pertinent to the local region (or even LGA) and facilitate

targeting of VET subsidies and training activities. **Commitment to a longitudinal survey** (over several years) will mean that the **research remains current, relevant and realistic**.

Recent reports indicate that there is a **significant job and skills shortage for skilled trades and professionals** in regional Australia: yet it **remains unattractive to skilled migrants**. RDA Illawarra surveys and evidence from other sources – including regional / remote pilot programs – indicate that success in attracting migrants to regional areas is enhanced by **locally coordinated and championed migrant programs, linked directly to employment, with access to housing or land and supported by a strong network** – especially for single migrants. Several of these issues for remote regions (housing, link to employment, support, isolation/loneliness) correlate with survey findings in the Illawarra; a region that is both populous and adjacent to Sydney.

RDA Illawarra makes the following eight recommendations:

Recommendations

Size of the Migration Program in 2022-23

Recommendation 1: RDA Illawarra would like to see the migrant intake for 2022-23 maintained at current levels (~160,000 per annum), with a greater focus on a targeted entry for skilled migrants required in the region.

Ideal Composition of Skill and Family streams

Recommendation 2: The composition of the Skill and Family streams should revert to the two-thirds (Skilled) /one-third (Family) distribution – at least in the short term to 2025.

Attraction of prospective migrants

Recommendation 3: Develop suitable visa conditions that allow migrants more flexibility in employment, access to free/low-cost health care and spousal work privileges.

Recommendation 4: Provide policy settings such as an incentive or tangible support that encourages migrants to locate in regional / remote areas.

Recommendation 5: Develop and support local community-driven initiatives to attract and welcome overseas migrants – particularly in regional, rural and remote areas.

Migration Program and Local Jobs

Recommendation 6: Develop more transparency regarding skilled migrant requirements by creating and implementing more frequent, geographically relevant and longitudinal data on emerging skills shortages. Such local, longitudinal 'Skills Demand Audits' could be carried out by suitably funded RDAs, given their extensive local knowledge.

Recommendation 7: Utilise the more frequent and geographically relevant data on emerging skills shortages to target VET subsidies and training activities.

Dealing with uneven population growth

Recommendation 8: Develop - and appropriately resource - additional locally supported migration programs to establish migrants in regional, rural and remote areas. The potential exists for such programs to be delivered through networks of existing community organisations.

BACKGROUND

Regional Development Australia (RDA) – Illawarra is grateful for the opportunity to contribute to the development of Australia's Migration Program for 2022-23.

As part of the RDA network, RDA Illawarra is involved with the administration of two Regional Visa sub-classes:

1. As a Regional Certifying Body (RCB) for 494 visas [Skilled Employer Sponsored Regional (Provisional)]; and
2. Assessing invited applicants and providing referrals to NSW Government for 491 visas [Skilled Work Regional (Provisional)].

This work brings RDA Illawarra into contact with skilled migrants across many occupations and nationalities, as well as existing and prospective employers of skilled migrants. Consequently, RDA Illawarra has a unique local and regional perspective on issues surrounding migration, and specifically skilled migration.

About the Illawarra Region

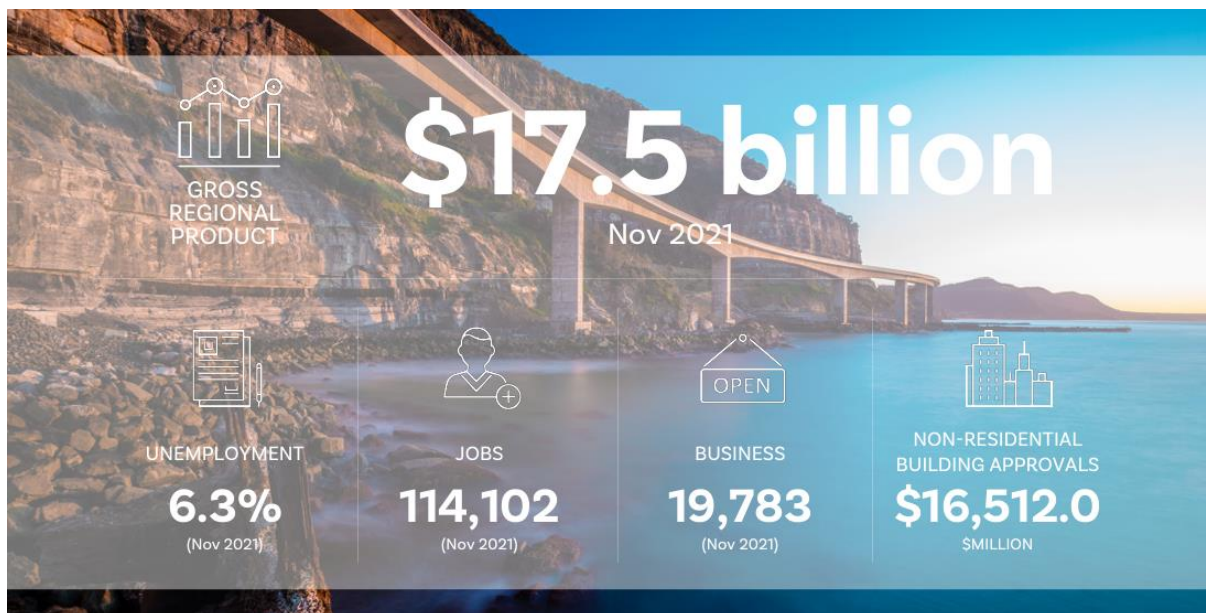


The Illawarra Region lies 70km south of Sydney and is bordered by the Tasman Sea and its magnificent escarpment. This narrow strip of coastal plain is an area of outstanding natural beauty that connects Greater Sydney to the attractions of the Shoalhaven and the NSW South Coast.

Historically, the Illawarra economy has been dominated by coal mining, steelmaking and heavy manufacturing. Today, those industries still succeed in the Illawarra, but its economic base has broadened to include tourism, education, construction and health care. Its proximity to Greater Sydney, magnificent beaches and overall liveability has seen the growth of tourism, and the world-class reputation of the University of Wollongong increasingly attracts students and researchers. The Illawarra comprises the three local government areas of Wollongong, Kiama & Shellharbour. This region has the third largest economy in NSW, a deep-water port at Port Kembla that is surrounded by significant

employment lands, and a local airport with interstate connections at Shellharbour. The Illawarra is close to Sydney, has a multi-cultural community and relatively cheap real estate - all of which make it a very liveable location.

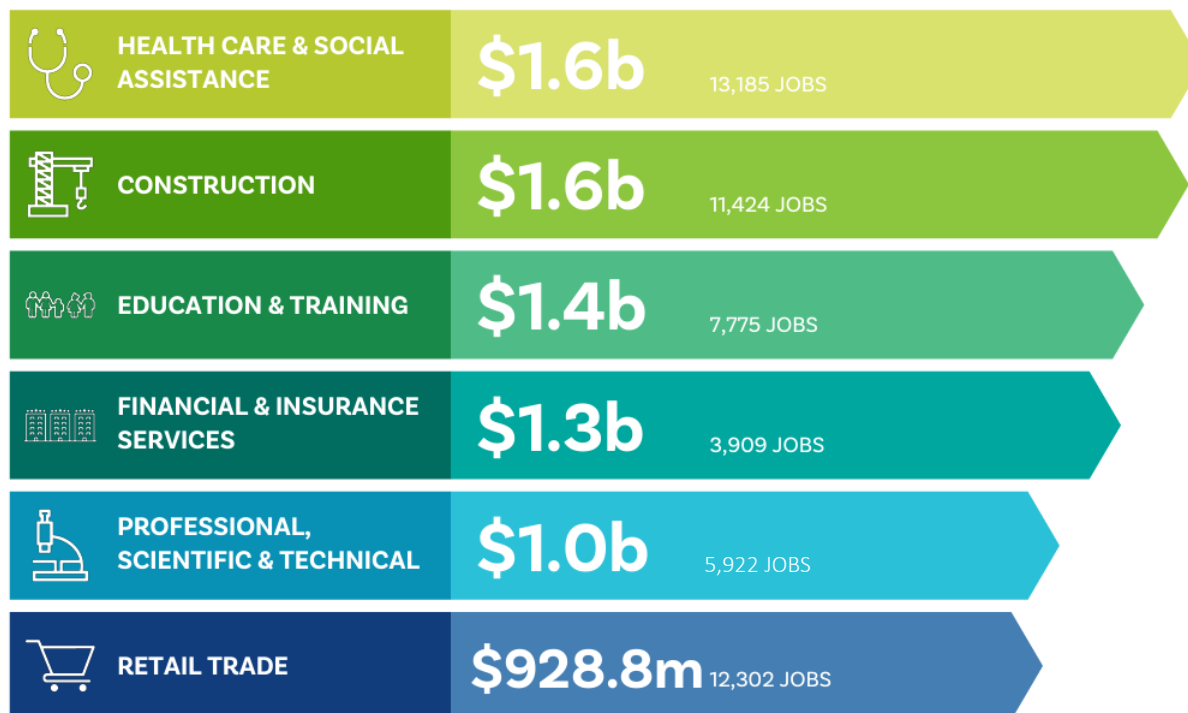
Regional Economy and Community Profile



Community Profile



Major Industries

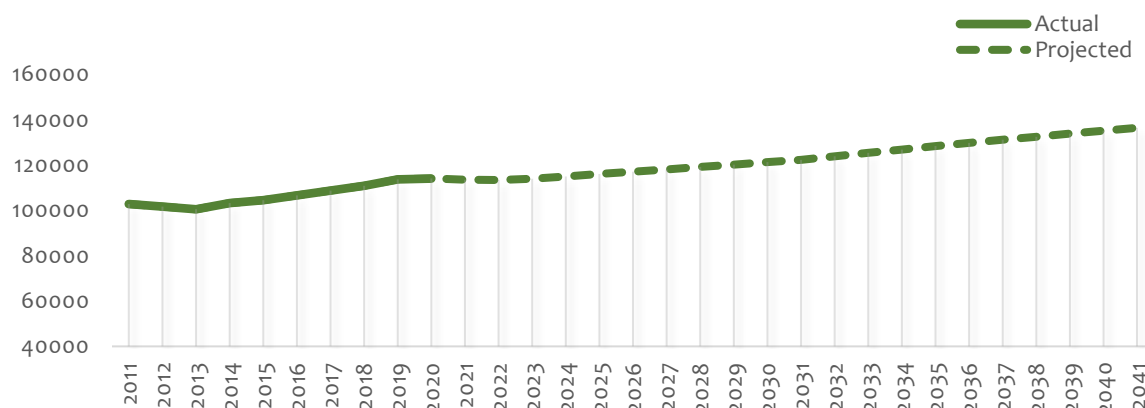


Against this regional background and experience in administering two visa sub-classes, RDA Illawarra makes the following submission regarding Australia's Migration Program 2022-23.

Size of the Migration Program in 2022-23

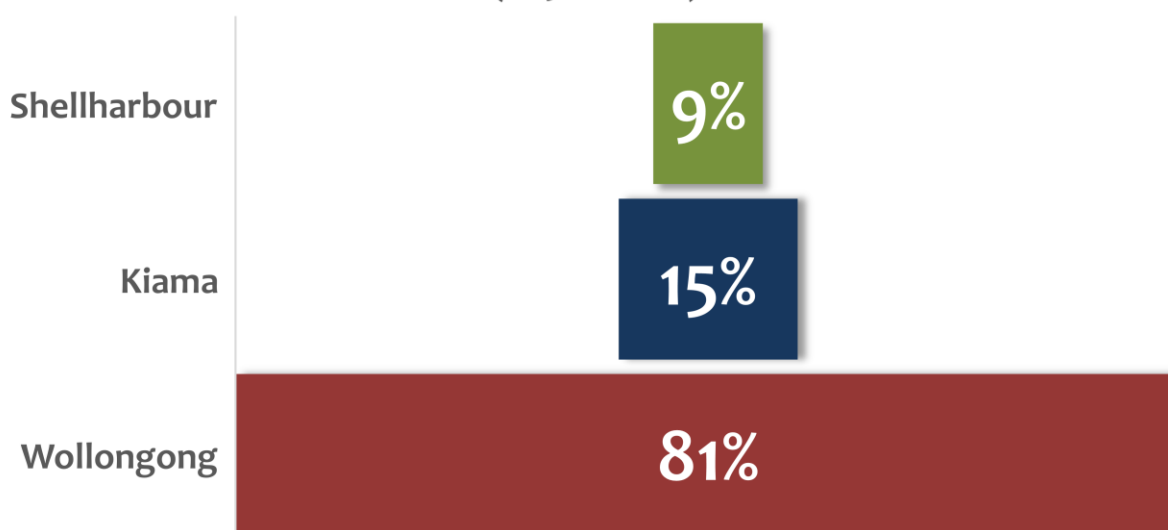
Employment projections² for the Illawarra show the impact that COVID-19 travel restrictions have had on regional employment, which plateaued in 2019-20 and has reduced during 2021. Employment is expected to remain flat during 2022 and then increase slightly in 2023, followed by increases that will average one per cent per annum through to 2041.

Illawarra Employment Projections



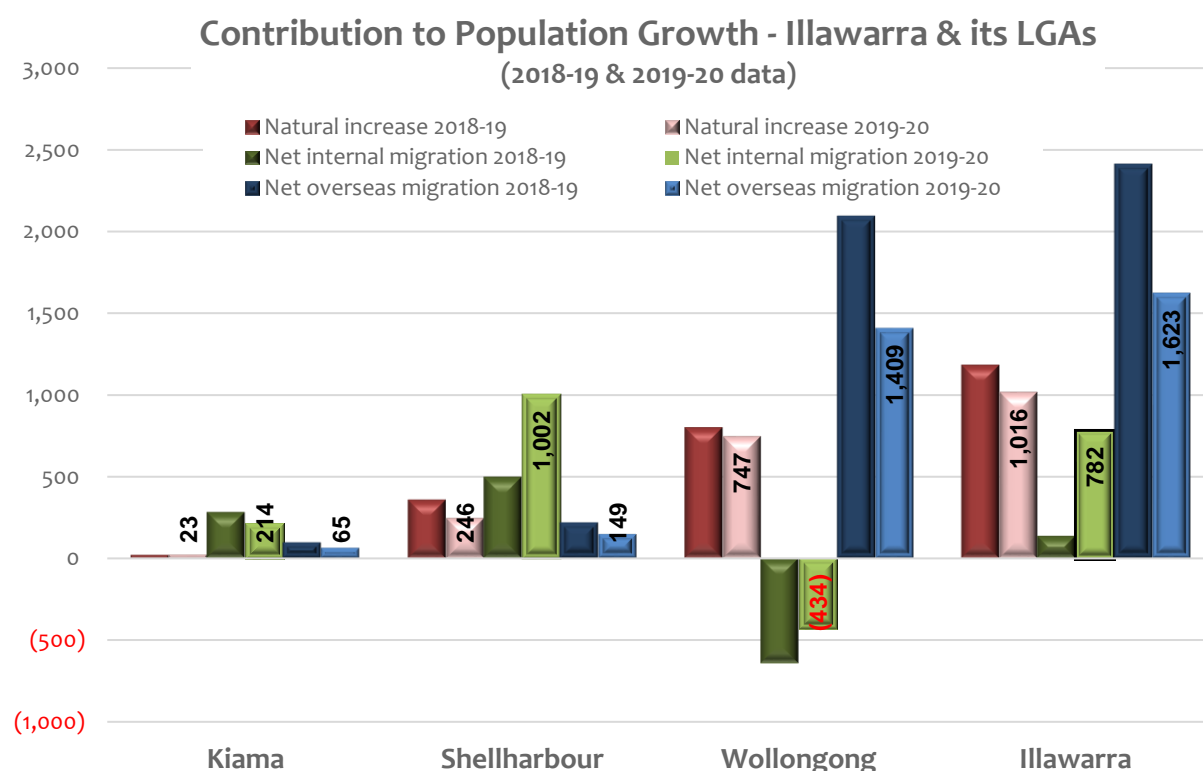
The Illawarra – and Wollongong LGA in particular – is heavily reliant on overseas migrants for its population growth, which is a key contributor to regional economic growth. Data from the Australian Bureau of Statistics (ABS)³, analysed by RDA Illawarra, indicates that over 80% of Wollongong's population growth in 2019-20 was from overseas migration; pre-COVID, data for 2018-19 indicated this reliance was higher.

Proportion of Population Growth from Overseas Migration - By LGA
(2019-2020 data)



Overseas migration has made the largest contribution to population growth in the Illawarra for the past three years and is vital for the continued growth on the regional economy. A return to pre-COVID levels is desirable at the earliest, safely achievable date.

Given the need to balance other important aspects of migration and population growth (infrastructure, housing, education, availability of employment for residents), RDA Illawarra believes that the current level of migration (~160,000 per annum) should be maintained.



Recommendation 1: Consequently, RDA Illawarra would like to maintain the level of migrant intake (~160,000 per annum) for 2022-23, but with a focus on a targeted entry for skilled migrants required in the region.

Ideal Composition of Skill and Family streams

Consistent with the initial recommendation, RDA Illawarra is of the opinion that the composition of the Skilled and Family streams should revert to the two-thirds/one-third distribution – at least in the short term to 2025. So, most overseas migrants – in the short term - will contribute to the skills required to grow regional economies.

Recommendation 2: The composition of the Skill and Family streams should revert to the two-thirds/one-third distribution – at least in the short term to 2025.

Attraction of prospective migrants

Australia is already an attractive destination for overseas migrants. It enjoys political stability, democratically elected government, high standards of living, good climate, excellent healthcare and education services in a multicultural society. In a COVID-sensitive world, Australia has one of the highest vaccination rates at nearly 90 per cent of the 16+ population: data for NSW shows and even higher uptake.

Surveys of overseas migrants carried out by RDA Illawarra, and anecdotal discussions, indicate that

key attractiveness attributes include the following:

- ▶ Availability of suitable housing at affordable prices (rental or owner-occupied)
- ▶ Employment opportunities for partner or spouse
- ▶ Availability of other jobs within nominated occupation (career flexibility)
- ▶ Access to health care. Many skilled migrants are excluded from free or subsidised government services but still contribute to tax revenues⁴
- ▶ Tangible support / incentive to move to regional (or rural/remote) location.

It is accepted that these attributes will differ by region: for example, housing affordability may not be as acute on the South Coast of NSW as it is in the areas surrounding Sydney. Further, several of these desired attributes are structural or policy areas that are not under the control of DOHA.

However, visa conditions that allow more (or quicker) job flexibility to migrants; permit access to free or low-cost health care (even if limited); allow partners / spouses to work and contribute to the local economy will be welcomed.

Similarly, policy settings need to provide an incentive and tangible support that will encourage migrants to locate in regional / remote areas, with skills that are required in the local economy. Once cultures establish a 'critical mass' in a region, it becomes increasingly attractive to overseas migrants who may otherwise feel isolated and lacking support. It is important that such initiatives are supported and driven by the local community, who see the need for skilled migrants to support and grow their region.

Recommendation 3: Develop suitable visa conditions that allow migrants more flexibility in employment, access to free/low-cost health care and spousal work privileges.

Recommendation 4: Provide policy settings such as an incentive or tangible support that encourages migrants to locate in regional / remote areas.

Recommendation 5: Develop and support local community-driven initiatives to attract and welcome overseas migrants – particularly in regional, rural and remote areas.

Migration Program and Local Jobs

A 2019 report by the Committee for the Economic Development of Australia (CEDA) conclude that temporary economic migration is necessary to keep Australia competitive and innovative⁵. It added that future economic development will require the right people at the right time to apply new ideas, technology and international collaboration to create new high-value goods and services. Further points of interest (based on 2018 data) included:

- ▶ Temporary skilled visa holders of working age account for less than one per cent of Australia's 13.5 million strong labour force⁶
- ▶ The top four occupations⁷ granted visas in 2017–18 were:
 - Developer Programmer
 - ICT Business Analyst
 - University Lecturer
 - Cook
- ▶ Temporary migrants tend to be employed in higher paying jobs – the average base salary for nominated positions was around \$95,000 in 2017-18⁸.

RDA Illawarra believes that the early identification of emerging skills requirements (demand) is crucial to the development of strategies that will properly target occupations that can be best filled by migrants, and those that can make use of the existing regional workforce. In the ideal scenario, identified workforce shortages are filled by migrants as well as upskilled or re-skilled Australians, leaving neither disadvantaged. The result is a more skilled workforce, increased employment and correct utilisation for the skills of overseas migrants (i.e. they are qualified for jobs where shortages exist, not overqualified and unable to find suitable work, or work in less skilled roles, or for lower pay).

In conjunction with better transparency and data to derive regional skills lists, more needs to be done about skilling and reskilling the Australian population. In that regard, the NSW Productivity Commission made several recommendations in its 2021 White Paper⁹:

- ▶ **Building new pathways into the trades** (Recommendation 3.2).
Introduce new pathways to trades qualifications aimed at HSC-holders and mature-aged workers. New pathways should allow trades training outside the traditional apprenticeship model.
Continue roll-out of the Trades Skills Pathways Centre to pilot new pathways in the construction sector.
- ▶ **Better targeting of Vocational and Educational Training (VET) subsidies** to encourage higher quality training (Recommendation 3.3)
Target VET subsidies more effectively using labour market data and redirect course funding to address identified skills shortages.
- ▶ **Improving occupational labour mobility** (Recommendation 4.2)
Pursue automatic mutual recognition [of qualifications] to help overcome NSW skills shortages.

RDA Illawarra feels that improved identification of demand for migrant skills *and* better targeting of VET subsidies both require more frequent and granular surveys of skills requirements in regions. Access to more frequent and geographically relevant data on emerging skills shortages would ensure skills lists are pertinent to the local region (or even LGA) and facilitate targeting of VET subsidies and training activities.

Commitment to a longitudinal survey (over several years) will mean that the research remains current, relevant and realistic.

Such local, longitudinal 'Skills Demand Audits' could be carried out by suitably funded RDAs, given their extensive local knowledge. RDA Illawarra is currently proposing this approach as a pilot program for the region, using the same methodology.

Recommendation 6: Develop more transparency regarding skilled migrant requirements by creating and implementing more frequent, geographically relevant and longitudinal data on emerging skills shortages. Such local, longitudinal 'Skills Demand Audits' could be carried out by suitably funded RDAs, given their extensive local knowledge.

Recommendation 7: Utilise more frequent and geographically relevant data on emerging skills shortages to target VET subsidies and training activities.

Dealing with uneven population growth

A recent report by the Regional Development Institute¹⁰ stated that there were, “Over 67,500 job vacancies in regional Australia in April 2021 - Highest job figures in 12 years!” Most vacancies in the regions are for skilled trades and professionals: lack of demand does not seem to be an issue in the regions, yet they remain unattractive to skilled migrants. The report also highlighted the following success criteria in attracting skilled overseas migrants to regional areas:

- ▶ Locally coordinated and championed migrant programs
- ▶ Support of the immediate community and local government
- ▶ Program linked to employers / employment
- ▶ Access to housing and/or land
- ▶ Delivers a strong network for single migrants, with links to support in capital cities/other regions. Loneliness or isolation is a key issue for migrants – even in more populous regions - especially those who are single.

Several of these issues (housing, link to employment, support, isolation/loneliness) correlate with survey findings from RDA Illawarra, for a region that is populous and adjacent to Sydney.

Recommendation 8: Develop - and appropriately resource - additional locally supported migration programs to establish migrants in regional, rural and remote areas. The potential exists for such programs to be delivered through networks of existing community organisations.

ABOUT RDA ILLAWARRA

Regional Development Australia (RDA) Illawarra is a well-established, locally based, not-for-profit organisation.

We are neutral brokers of economic development and have no competing or member-based conflicts to manage – we exist for the greater good of economic growth of the Illawarra region.

REFERENCES

¹ 2021 Intergenerational Report Australia over the next 40 years, p.viii, Commonwealth of Australia June 2021 accessed on 29 November 2021 at <https://treasury.gov.au/publication/2021-intergenerational-report>

² AEC (unpublished). Employment Estimates Model. AEC Group, Brisbane accessed on 29 November 2021 at <https://dataau.com.au/dashboard/projections/insights/employment-on-29-november-2021>

³ ABS Estimated Resident Population and components by LGA (ASGS 2020), 2017 to 2020, published March 2021. RDA Illawarra analysis.

⁴ Effects of temporary migration Shaping Australia's society and economy, Committee for Economic Development of Australia (CEDA), July 2019, accessed on 29 November 2021 at www.ceda.com.au/TemporaryMigration

⁵ Ibid

⁶ Ibid

⁷ Ibid

⁸ Ibid

⁹ Productivity Commission White Paper 2021: Rebooting the economy, NSW Government Productivity Commissioner, accessed on 29 November 2021 at <https://www.productivity.nsw.gov.au/white-paper>

¹⁰ Attraction and Retention of Migrants in Regional Australia, Shyla Vohra, Regional Australia Institute, June 2021 accessed on 29 November at <https://www.rda.gov.au/sites/default/files/documents/shyla-vohra-5-2.pptx>