



Austrade Skills Roundtable

Summary of Feedback and Recommendations

2 September 2022

Austrade hosted a roundtable in the lead up to the Jobs and Skills Summit to discuss skills capability and the role labour mobility plays in attracting, building and maintaining global businesses in Australia. The roundtable was an opportunity to discuss and gather business insights on:

- Skills in shortage and the impact on business and investment
- Mobile workforces: needs of global companies
- Barriers to mobility and impact on business operations and investment
- Training and capability: investing in the Australian workforce

KEY ISSUES

- Australian Bureau of Statistics (ABS) research suggests a gap of around 400,000 workers in the labour force, largely attributed to limited migration due to COVID border restrictions (ABS, 2022).
 - Skilled migrants currently represent 0.7 per cent of Australia's workforce (CEDA, 2022).
- Domestic skill shortages and barriers to global mobility are impacting business continuity for international companies seeking to build and rebuild their Australian operations following border closures and COVID supply chain disruptions.
- These constraints are limiting businesses' ability to deliver projects, resulting in reconsideration of investment decisions, relocation of jobs offshore and loss of R&D opportunities.
- This is impacting Australia's international competitiveness, with an opportunity cost in terms of job losses and potential job creation.
- Skills shortages will impact the Government's ability to deliver on its economic ambition to build new transformational industries that will boost productivity, innovation and create higher paying jobs for Australians.

CURRENT VISA POLICIES DO NOT SUPPORT THE MOVEMENT OF STAFF NEEDED TO OPERATE GLOBAL BUSINESSES

"Intra-company transfer and a trusted trader visa program should be on the table for Australia's migration program –those who have demonstrated they are good employers should be rewarded"

[industry peak body]

- Global businesses need **flexibility to move their executive and specialised technical teams** to support Australian operations. These roles cannot be filled locally and serve to create local jobs and transfer technology, rather than displace Australian workers.
- Participants recommended streamlined **intra-company transfer provisions** to support international business. These provisions would bring Australia into line with competitor nations, such as the United States and the United Kingdom.
- Other recommendations included a **"trusted trader"** system to provide companies with a history of immigration compliance with **streamlined processes** when sponsoring foreign

workers. These provisions were available under the Accredited Sponsor scheme that was in place before borders closed in March 2020 and has not been re-instated.

ACCESS TO INTERNATIONAL LABOUR MARKET ESSENTIAL BUT VISA OFFERINGS AND TIMEFRAMES NOT ATTRACTIVE OR COMPETITIVE

"Skilled migration is not the first option that business turn to when building workforces in Australia – the current system is expensive and complex, but is used to fill specific skill gaps"
[Australian Multinational Company in Health Manufacturing and Research]

- Hiring international workers and sponsoring under the skilled migration program is **expensive, time-consuming, and not the preferred approach**.
- Given the projected skill shortfall in many industries between local graduates and industry need, skilled migration will play an important role in addressing skill shortages in the short to medium term.
- The two-year Temporary Skill Shortage (TSS) Visa is **not competitive** or attractive to international workers, particularly much needed mid-career professionals who may need to relocate families.
- Participants recommended setting **all TSS visas to four years** and introducing **pathways to permanent visas** in order to give certainty to prospective migrants. Clearer pathways to permanency for students would also help retain this potential workforce.
- **Slow visa processing times** are impacting competitiveness, with some companies reporting staff waiting up to 15 months to receive their visa. International hires are accepting roles in another country while waiting for their Australian visa.
- As a result, some companies are **moving projects offshore** where skilled labour is more accessible, rather than expanding operations in Australia.

OCCUPATION LISTS HAVE NOT KEPT PACE WITH ECONOMY AND BUSINESS NEEDS

"The current Skilled Occupation Lists only tell us the skills we needed yesterday and not what we need in the future"
[industry peak body]

- Participants reported sponsoring international workers was overly complex, expensive and confusing. They recommended **simplifying and reducing administrative complexity** by consolidating the five skilled occupation lists into one list:
 - Medium and Long-term Strategic Skills List (MLTSLL)
 - Short-term Skilled Occupation List (STSOL)
 - Regional Occupation List (ROL)
 - Regional Sponsored Migration Scheme (RSMS)
 - Priority Migration Skilled Occupation List (PMSOL)
- Eligible occupations **lists are restrictive and have not kept pace** with the changing needs of the economy and future-focussed industries.
 - Lists are based on occupations current in 2003 and have not been comprehensively updated since 2006.
 - As a result, many skills required by contemporary businesses are not eligible for the skilled migration program.
 - Updates to skills lists need to be **more dynamic**, or an alternative found to determine eligibility for the skilled visa program.

SECTOR SPECIFIC ISSUES

- The Defence and Space sector representatives reported difficulty attracting workers to more **remote locations**.
- Restrictions on foreigners attaining **security clearances** limits access to the international labour market for skills needed to deliver on defence contracts.

- Many sectors requiring access to **semi-skilled and lower skilled workers** at scale have struggled to access migration programs. A foreign meat processing company reported although in dire shortage, meat processing workers are not on eligible occupations lists. A further impediment are **English language** requirements that are not commensurate with the needs of this occupation. As a result, the company must negotiate a specific labour agreement with the Department of Home Affairs.
- Negotiating **labour agreements** to cover occupations not on eligible lists is expensive and time consuming. It is inefficient for each company to negotiate an agreement for skills known to be in economy wide shortage.
- For agricultural companies, these challenges have limited expansion of projects that deliver many benefits to rural communities and support export industries.

SKILLING THE DOMESTIC WORKFORCE FOR NEW AND EMERGING INDUSTRIES

"Australia needs to do wholesale retraining for people who have gone through old courses that will struggle with new industries"

[Australian Economist]

- Companies reported domestic workforce skill levels do not currently support their projects.
- Skill shortages will limit the government's ability to deliver on its ambition to build new industries. **Detailed labour market data analysis** and workforce planning will be needed to predict and meet the projected needs of the economy.
- Without workforce expansion, government incentives to attract new investment risk driving up wages and **undermining established operators** that have invested in and trained the domestic workforce. This is already being seen in the tech and biotech/vaccine sector.
- There is an immediate **need to access skills. Qualifications are not the benchmark.**
- **Graduates are not job-ready** and are learning skills that were relevant five years ago.
- Relying on future undergraduate or post-graduate students to fill short to medium term skill shortages is not a sustainable option.
- Over the last two years there has been an increasing trend of students dropping out of Vocational Education and Training – impacting the pipeline of much needed trades. Low pay rates make **apprenticeships less attractive** in the current competitive labour market.
- Australia needs to focus on industries of the future, complemented with industry-informed workforce data and insights provided by new Jobs and Skills Australia agency.
- More needs to be done to **inform universities and vocational education providers** of industry needs. Curriculum and skills development need to ensure graduates have the skills required to undertake the jobs of the future.
- Companies are taking initiative to ensure there is a domestic pipeline to fill technical roles.
 - For example, a bioprocessing technology company has opened an innovation facility that is providing **hands-on teaching and training experiences** for students and other biotech companies seeking to skill up their workforces.
- **Micro-credentialing**, rather than lengthy degree courses, can play an important role in equipping workers with necessary skills in the short-term.

TAPPING INTO MARGINALISED LABOUR SOURCES

"There is a skills shortage opportunity for economic equality for those Australians who have missed out"

[Australian Digital Services Firm]

- There are opportunities to increase skill levels and workforce participation of traditionally marginalised groups, including first nation Australians, women, and people with disabilities.
- Companies are offering free micro credentialing programs in digital skills to these marginalised groups.

- Australia has a world-class education system that is attractive to international students, yet **students trained in Australia with skills in shortage do not stay and work after graduation**.
 - Australia has the third largest cohort of international students globally, but only an estimated 20 per cent remain in Australia after graduation.
- More can be done to ensure Australia retains its international student graduates by **removing barriers to graduate employment and creating clear pathways to work** in sectors relevant to their training and expertise.

ENSURING OUR BUSINESS ENVIRONMENT ENABLES CONTINUED INVESTMENT

"We encourage the Government to provide the right business environment so we can continue to invest in R&D – the right tax incentives and less red tape to ensure investors and migrant choose Australia"

[Australian Multinational Company in Health Manufacturing and Research]

- Companies reported shortages and competition across all skill levels - with wage pressures and attrition rates at 30 per cent and above in some sectors.
- With limited pipelines for expansion, the tech sector and other industries are seeing **aggressive poaching** which is **driving up salaries** and undercutting the investment established companies have made to upskilling the workforce.
- To remain competitive, **taxation and superannuation laws** need to keep pace with the nature of work in service industries where workers may be based in different jurisdictions to their employer.
- Reform of state payroll tax and clarity on the treatment of superannuation for workers not based in Australia could **provide flexibility for companies** accessing a highly mobile workforce.

PROMOTING NATIONAL PRIORITIES TO ATTRACT INVESTMENT AND A TALENTED WORKFORCE

"How do we make Australia attractive enough to compete against job possibilities that people have in the US, Europe, Japan - how do we encourage them to pick us"

[Company in Defence and Space Sector]

- Marketing Australia to investors and potential migrants will help us remain globally competitive.
- This can be achieved through government-led promotion of the nation's innovation, advanced technologies, and vision for the future.
- Companies reported migrants have a limited understanding of what Australia has to offer outside major capital cities and tourist destinations.
- There are particular challenges when attracting migrants to more remote locations.
- Companies reported salaries are not the only factor – lifestyle, schooling, health and other factors all play a role when attracting potential migrants.