



# CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND SUBMISSION

▼ *Migrant Intake into Australia*

Productivity Commission Draft Report

DECEMBER 2015

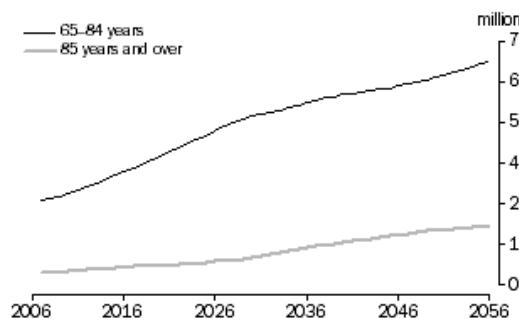
## **1. Introduction**

1. As Queensland's peak business body, the Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide a submission to the Productivity Commission regarding the draft report on Migrant Intake into Australia. CCIQ's submission is to be considered as supplementary to the submission made by the Australian Chamber of Commerce and Industry (ACCI).
2. CCIQ is supportive of considered immigration programs that allow Queenslanders and Queensland businesses to economically and socially benefit from the increase in overall population. In particular, CCIQ supports the Temporary Work (skilled) Program and the Skilled Immigration Program (Permanent) that addresses the skills shortages particularly in Queensland's regions and rural towns.
3. CCIQ's consultation with our members indicates that Queensland businesses want to hire Australian workers. However, skill and labour shortages have precluded businesses from using local workers to fully meet their staffing requirements and as a consequence, these businesses are unable to hire and grow. This dilemma is particularly acute in rural/regional Queensland.
4. Furthermore, while the document points to a key focus of net migration playing an important role in changing the size and structure of Australia's population into the future, increasing productivity of the workforce should be given greater emphasis when tackling these challenges, particularly those presented by the ageing population.
5. Innovation will become a key element to productivity growth, underpinned by collaboration between the private and public sectors, researchers and industry. Consideration will need to be given to supporting the adoption of best practice operation in small to medium sized enterprises in both the technology field and within management.
6. As such, CCIQ supports skilled migration to address the skills shortages, especially those in regional and rural areas, and recommends greater cross-departmental collaboration in formulating effective policies that place greater emphasis on productivity as an approach to tackling economic, social and environmental issues. Plans to alleviate the impacts of Australia's changing population structure needs lessening reliance on immigration and a renewed focus on the existing workforce.

## **2. Population structure**

7. The Intergenerational Report (IGR) projects that over the next 40 years, the proportion of the population over 65 years will almost double to around 25 per cent.

### PROJECTED AGED POPULATIONS: 2007 - 2056



Source: [Population Projections, Australia, 2006 to 2101](#) (ABS cat. no. 3222.0)

8. The larger proportion of older people will inevitably place pressures on the health, residential aged care and community services systems which will need to respond accordingly. However, instead of simply committing ourselves to increasing the population through immigration which would simply divert more of the government's scarce capital, increasing the productivity of the existing workforce needs to remain core to policy development.
9. Productivity growth is the key driver of per capita living standards over time, and Queensland's productivity performance over the last decade has been relatively low. Queensland labour productivity growth averaged 1.7% during the 1990s, dropping to an average of 1.1% during the first decade of the 2000s. The decline in productivity is not an issue isolated to just Queensland, but across a number of States and Territories when looking over the past few decades.
10. By investing in education, skills and training, and technology, the workforce could be more productive, generate more income and enhance Australia's capacity to fund the fiscal pressures of an ageing population. Focusing on productivity rather than just increasing the worker base through immigration would avoid the government continually needing to attract younger workers from overseas to offset the next and bigger wave of retirees, where there will be a larger proportion of migrants.

### 3. Innovation

11. Innovation will be a key element to productivity growth and has recently been given enormous support through policies announced in the Federal Government's \$1.1 billion innovation package. The suite of proposed initiatives is aimed at transitioning Australia's economy reliant on resources into an "ideas boom" that will drive Australia's future prosperity.
12. Measures such as tax incentives and solvency reforms allow Australia to shift away from an approach that is dominated by government programs towards a systematic and incentives-driven approach to innovation. The encouragement of entrepreneurialism is, for the most part, centred on increasing Australia's economic performance and improving our productivity.

13. This is especially important in the context of growing competition from globalised markets, the innovation economy thriving in other countries and other economic pressures that could influence Australia's competitiveness.
14. Australia is ready to capitalise on the current and future innovation settings that will allow creative people and businesses in our state to thrive and generate value from new ways of doing things. The increase in productivity through innovation - whether it is aimed at tackling economic, social or environmental issues – can offset the great need for immigration as an answer to the challenges presented by the future population structure.
15. With innovation accounting for 50 per cent of long term economic growth in advanced industrial countries, it is clear that innovation will fast become the cornerstone of economic and community prosperity in Queensland and Australia.

## 4. Conclusion

16. With regard to Australia's temporary and permanent skilled immigration programs, CCIQ is supportive of these measures as they have been largely effective in addressing the skills shortages in some industries, particularly in Queensland's regions and rural towns where the local workforce has been insufficient. The components, processes and outcomes of these programs are currently under review and CCIQ will continue to advocate for Queensland businesses and Queensland regions that require skilled workers from abroad.
17. The submission has also pointed towards focusing more on increasing productivity of the workforce to address the challenges of Australia's ageing population, with innovation as a key element to productivity growth.
18. Innovation will strengthen our economy and ensure that Australia can maximise our talent pool and create economic and social prosperity. However, it is critical for governments to recognise that small businesses require the focus and support that is afforded to start-ups when developing their innovation policies. Many of Australia's success stories are often from small business beginnings.
19. We thank the Productivity Commission for the opportunity to provide comment and welcome any feedback. Please contact Catherine Pham, Policy Advisor, [redacted] for matters relating to this submission.