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Productivity Commission  
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Dear Commissioners,

### **Draft Report on Migrant Intake in Australia**

Thank you for the opportunity comment on the draft report on Migrant Intake in Australia.

In its broadest sense, the Australian food and fibre industry encompasses a number of sectors - from the raw materials used in food production (the farming and fishing sectors) through to the fibre processing sectors and ultimately to exports and domestic sales. The Australian agriculture sector is a pillar of the Australian economy. There are approximately 136 000 farm businesses in Australia. In 2013, Australian farms exported almost two-thirds of their food and fibre to the world. Recent data from the Australian Bureau of Statistics indicates that farm and fisheries production and processing accounts for approximately two per cent of Australia's GDP and 16 per cent of the total value of merchandise trade exports. The value of Australian agricultural commodities is predicted to rise next year to \$57 billion.

The agricultural sector has strong cultural diversity and is an attractive opportunity for many overseas workers. Analysis of ABS statistics has revealed that Victoria has the highest number of non-English speaking persons employed in agriculture, fisheries and forestry (5036 or 24.5%), followed by NSW (4891) and Queensland (4690).<sup>1</sup>

While the sector invests heavily in programs to recruit, train and retain skilled workers within Australia, closing the gap from the local workforce is unlikely ever to be fully realised. Overseas workers will always be important participants in the agricultural workforce and migration policy settings must promote ongoing access to workers with the right skill mix, when and where they are needed.

The National Farmers Federation (NFF) presents the following response to the Productivity Commission Draft Report on Migrant Intake in Australia.

### **Enhancing Labour Market Outcomes**

The NFF supports the Productivity Commission's draft finding 5.1 that there is no discernible effect of immigration on wages, employment and participation of incumbent workers, noting that this may vary between industries.

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<sup>1</sup> Collins, J. and Krivokapic-Skoko, B. (2012-2015) *New Immigrants Improving Productivity in Australian Agriculture. (PRJ-007578) Rural Industries Research and Development Corporation (RIRDC).*

## **Managing the social and environmental impacts**

The NFF supports draft finding 6.1. It is noted that there is widespread acceptance by the Australian community of multiculturalism. In addition to the benefits of respect and trust between the different ethnic groups that make up the Australian community, migration can give new life to rural communities. This is a value driver for Australian agriculture.

The NFF supports draft recommendation 6.1. A review of the mix and extent of settlement services for immigrants is an opportunity have regard for rural communities and their particular needs. For example, a refugee program that facilitates the settlement of refugees in rural and regional Australia could be implemented in partnership with Government, industry and communities, with mutual benefits for all parties involved. New refugee families in rural communities can enrich these communities while also assisting to meet critical labour needs in the agriculture sector.

## **A better evidence base of the fiscal impacts of immigration**

The NFF supports draft finding 7.1 and notes that in addition to an overall, positive, net fiscal impact of immigration, there are productivity benefits that flow from immigration. A migrant workforce that is vibrant and well placed to fill Australian labour needs is a productive one.

Recommendation 7.2 is supported by the NFF. There is very limited access to data on the impacts of migration in Australia. This data drought impedes the capacity for effective policy that centres on the positive impact of immigration in Australia.

## **Economy wide impacts of migration**

The NFF supports finding 8.1. As the age of Australia's population increases, people move out of the workforce leaving behind a shortage of workers and consumers. Consumption habits change as people age, with younger consumers spending more money on homes, cars and children's education while older consumers spend more money on health care.<sup>2</sup> Not only do immigrants increase productivity by contributing to the workforce, they also create jobs as consumers.

According to a recent article in the Wall Street Journal, an eightfold increase in immigration from less-developed countries would be required to stabilise the elderly share of advanced countries' populations. However, in many cases this 'isn't politically feasible given the resistance even current levels of migration have generated.'<sup>3</sup> This highlights the importance of embracing the opportunities that overseas workers bring, in responding to the acute workforce shortage that Australia faces in coming years.

A 2014 survey by the Scanlon Foundation found that most Australians support short term visa holders working in Australia and believe that the entry of such workers is 'good for Australia.'<sup>4</sup> The NFF encourages all sides of the political spectrum to effect this sentiment for the benefit of the economy.

## **Managing temporary immigration programs**

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<sup>2</sup> Greg Ip, 'How demographics rule the global economy', *Wall Street Journal* (November 22, 2015).

<sup>3</sup> Ibid.

<sup>4</sup> Ibid, 37.

In relation to recommendation 9.1, the NFF notes that there are numerous public inquiries, underway or reaching completion, into the labour market and broader economy wide effects of work rights for international students, temporary graduate visa holders and working holiday makers. In 2009 Tan et al. undertook an evaluation of Australia's Working Holiday Maker (WHM) program.<sup>5</sup> In 2008 the Minister for Immigration and Citizenship, Senator Chris Evans released the report of the Visa Subclass 457 Integrity Review and in 2014 the Assistant Minister for Immigration and Border Protection, Senator the Hon Michaelia Cash, announced an independent review of the temporary work (skilled) visa (Subclass 457) program which reported on September 2014 and in respect of which the Government supported most of the recommendations. In 2015, a Joint Standing Committee inquiry has been undertaken into the Seasonal Worker Programme, a review of the permanent migration program has been undertaken, a Senate Education and Employment References Committee inquiry into the impact of Australia's temporary work visa programs on the Australian labour market and on the temporary work visa holders is underway. The Productivity Commission inquiry into the Workplace Relations Framework also touched on the impact of temporary migration. Numerous state inquiries are now addressing similar issues in relation to the role of labour contractors.

The NFF supports draft recommendation 9.2 and argues that the Australian Government should implement the recommendations made in the review. Many of the recommendations made in the review should not be limited to the 457 visa program but expanded to migration programs more broadly.

The NFF supports draft recommendation 9.3. A smart phone app that provides temporary immigrant workers with information about their work rights and responsibilities is a valuable tool for ensuring that the immigrant workforce is fully informed and able to address any issues that arise in the course of their employment. In our view the Department of Immigration should partner on this project and ensure that app is provided to visa holders at the same time as their visa is issued. In this way, they have access to the help they need from the outset, and don't have to wait until a problem arises.

The NFF notes draft recommendation 9.4.

In relation to information request 9.2, it is critical that industry can make the case for skilled jobs not on the Consolidated Sponsored Occupations List (CSOL) to be added. This will open up access to 457 visas to agriculture where the only viable current path is a labour grant (discussed further below).

### **Managing permanent immigration programs**

The NFF supports draft finding 10.2. There are clear benefits provided by overseas workers in Australia. They help to meet critical labour shortages and enrich Australian communities. Maintaining a range of visa subclasses with different requirements for visa grants provides pathways for a diverse skilled migration intake and ongoing benefits for Australian productivity.

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<sup>5</sup> Tan, Y. Richardson, S. Lester, L. Bai, T. Sun, L. 'Evaluation of Australia's Working Holiday Maker (WHM) Program' Department of Immigration and Citizenship, Canberra, 2009.

The NFF supports draft recommendation 10.1. Ongoing collection and analysis of information to assess the effectiveness of the various skilled immigration visa subclasses is very important. It offers significant benefit by ensuring that immigrants are available in the areas where they are needed the most and can make the most significant contribution.

The NFF supports draft recommendation 10.2. The Business Innovation and Investment Program (BIIP) has had significant value in the agriculture sector, and in particular the Victorian dairy industry where a significant number of former New Zealand citizens had established dairy farms in Australia but were facing difficulty obtaining permanent residency in Australia. The BIIP program has provided an avenue through which these business owners were able to obtain permanent residency. However, a number of issues have been flagged in respect of the current application of the BIIP. These include uncertainty surrounding eligibility requirements, little confidence in the application process based on previous experiences and the significant cost of application with no opportunity for refund. In the Victorian dairy industry, despite a large number of people eligible to apply for the BIIP, most of them were unaware that they qualified until NFF member, United Dairy Victoria (UDV), informed them of this program. The BIIP program must continue and the application process itself made more effective.

### **Effective pathways to permanency**

The NFF supports draft recommendation 11.1. In response to information request 11.1, the NFF has significant concerns with the current CSOL. The agribusiness sector has experienced considerable variations in skill base as new processes and requirements bring new technical and specific roles across the sector. New roles and the qualifications that match them are currently not captured or recognised within ANZSCO, which was never intended for use in migration policy, is out of date and is not due to be reviewed until 2016. As a result there are considerable limitations within the ANZSCO system that impact on a wide range of labour market and migration initiatives.

At the heart of these is a lack of capacity to respond to the changing needs of industry. Workers with relevant skills are ineligible for 457 visas because they are not 'on the list' or because they have generic, rather than industry-specific, qualifications. This has resulted in fewer skilled migrants working in regional areas and more farmers frustrated at the amount of time and money spent trying to sponsor skilled workers, who they know can do the job, to no avail.

The NFF sees a number of differences in ANZSCO definitions to current practice, such as definitions used in the Pastoral Award 2010 and a number of occupations that have their skill levels classified too low to enable employers access to the 457 visa programme. The result is that many applicants do not pass the required skills threshold. In addition, many workers in the sector have little or no post-secondary qualifications. This reflects the reality that in farming, much of the training is done on-the-job and experience is valued more highly than tertiary qualifications. By confining the scope of the 457 visa programme to occupations on the CSOL, much of the skilled labour performed in the agriculture sector is outside its scope.

Exacerbating this problem, the restrictive approach to recognition of relevant skills means that without an agriculture-related degree, workers are ineligible for sponsorship under the 457 visa programme by a farm employer. This is so even if workers hold other relevant

qualifications, for example in engineering, project management, electrical or business administration. The skilled occupation list and consolidated skilled occupation list exclude key agricultural occupations, such as farm overseer or farm manager.

Consideration should be given to the development of a 'semi-skilled list' in consultation with industry. Agriculture has a number of semi-skilled occupations, including dairy operators, artificial inseminators, livestock handlers, plant operators, headers, earth moving workers, horticulture workers, dam sinkers and fencing contractors. These classifications are not found in the ANZSCO codes, despite industry currently experiencing a labour shortage in these areas. Such a list could be incorporated into the ANZSCO occupational titles of Agricultural, Horticulture, Animal Care, Conservation and Land Management. This would assist access to workers and reduce industry's view of the current criteria as restrictive. Additionally, it would facilitate access to skilled and semi-skilled migrants in the areas they are most needed.

Key skilled agricultural occupations that should be eligible for 457 visas, but are not, include Farmhand/Senior Farmhand, Farm Overseer, Farm Production Manager, Senior Stock Person and Irrigation Supervisor. See also the **attached** paper prepared in 2011 by Dr Rochelle Ball and Mark Cody for the Primary Industries Skills Council, which among other things, identifies current shortcomings in the approach to recognition of prior learning or experience as well as agricultural occupations that were literally lost in translation between the Australian Standard of Classification of Occupations (ASCO) and ANZSCO.

The next major review of ANZSCO is scheduled to begin following the 2016 census and release of the next full edition of ANZSCO in 2021. Given this timeframe, the Australian Bureau of Statistics should work with industry to identify any significant changes from the existing ANZSCO classifications and assess what impact they may have on training and migrations programmes which rely on ANZSCO as a proxy for decision making. In the meantime, the focus of permanent employer sponsored visa categories should shift toward better education, resources and assistance for employers to achieve best practice in overseas recruitment, retention, training and career pathways. Consideration should be given to a new category of visa which enables workers who come to Australia on a working holiday visa to remain in Australia under sponsorship on the basis that their qualifications and experience are relevant to the business of the sponsoring employer, even if their qualifications are not specific to the particular industry sector.

Workers on farms must, as a minimum, be able to read and speak English so that they can understand basic instructions and respond in a way that is easily understood. In response to information request 11.2, the NFF supports the removal of barriers to access for workers who are competent communicators but, for example, may not have strong written skills, where such skills are not required for the type of work to be undertaken.

### **A price-based system: high risks – low returns?**

The NFF notes draft finding 12.1 and draft recommendation 12.1. The adoption of a price based immigration system is not supported by the NFF for the reasons outlined in its earlier submission.

### **Visa Charging**

The NFF notes draft recommendation 13.1. Key data on migration programs is lacking. Published information on the number, and characteristics of immigrants, under Australia's immigration system will help inform future debate on these issues.

**Conclusion**

Overall, the NFF supports the findings of the Productivity Commission in its draft report on Migrant Intake in Australia. Immigrants make a key contribution to Australia's productivity and are of particular importance in the Agriculture sector where there is a critical labour shortage in many areas.

Once again, we thank the Commission for the opportunity to comment and we look forward to reading the final report.

Yours Sincerely

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