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Driving business success for consulting firms in the built and natural environment

31 January 2019

Migration Policy Branch
Department of Home Affairs
Australian Government

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

Whom it may concern,

Australia's 2019-20 Migration Program

I write on behalf of Consult Australia regarding the Department of Home Affairs' public consultation on Australia's 2019-20 Migration Program (the migration program). We welcome this public consultation, and the opportunity to contribute our feedback. This letter outlines our submission, which focuses on the skill stream of the migration program. Our submission is structured on the following topics:

- Ensuring the migration program's responsiveness to business needs;
- the current skills assessment approach;
- the current age threshold; and
- Removing barriers by re-establishing the Industry Outreach Officer Initiative.

Consult Australia is the industry association that represents the business interests of professional services firms within the built and natural environment. These services include design, planning, civil engineering, architecture, technology solutions and project management. Our industry is estimated to employ over 240,000 people and generates a combined revenue of over \$40 billion per year.

Responsiveness to business needs

Consult Australia believes the current balance between skill stream visa categories is appropriate. Having employer sponsored as the largest visa category under the skill stream is logical, and ensures the overall migration program is effectively responding to skill needs of the Australian economy. We therefore discourage any decrease in the planning levels for the employer sponsored visa category in 2019-20, particularly if this is in lieu of an increase in the planning levels for the state, territory and regional sponsored visa category which in our opinion is not as effective in responding to the skill needs of industry.

To this end, we believe any failure to hit the planning level cap for the employer sponsored visa category, and the skill stream as a whole, in 2018-19 can be attributed to barriers in the skilled migration system rather than any improvement in the outlook for current domestic skill shortages. These barriers are resulting in lengthy and inconsistent visa application processing times, and are sometimes deterring businesses from the process altogether. Consult Australia therefore disagrees with using these results to justify any reduction to the migration program's planning levels for the employer sponsored visa category, and the skill stream as a whole. While a deduction to the migration program's planning levels has been flagged when discussing population challenges and the development of a broader population policy, we believe these challenges are better addressed through improved infrastructure delivery as any deduction will only result in a negative outcome for wider industry.

In the built environment sector, ensuring the skilled migration system is effectively responding to industry needs is essential. The built environment sector is currently facing a challenge around a growing skills gap from a significant increase in investments in infrastructure and other built environment projects across Australia. Consult Australia released our latest [skills survey results](#) in July 2018, representing the experiences of companies that collectively employ over 24,000 people across the country. The results

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highlight 61 per cent of respondents identified they are experiencing a skills gap, with the most affected disciplines being civil engineers, structural engineers and transport engineers. Geographically, our skills gap is most prevalent in Melbourne, Sydney and South East Queensland where the scale of investment in new projects is described as an 'infrastructure and construction boom' or the 'new normal'.

The skilled migration system, and the migration program, play an important role in addressing this skills gap, and enabling the continued delivery of infrastructure and other built environment projects at scale. These projects are focused on better connecting our cities, and will help address significant challenges around population growth. Therefore, to ensure governments across Australia and our sector can continue to deliver infrastructure and other built environment projects at scale, we discourage any change in the migration program's planning levels that may impact on our sector's ability to address our skills gaps through the skilled migration system, particularly in geographic areas with the greatest shortages.

We also encourage the Australian Government and the Department of Home Affairs to recognise the broader economic and social benefits of the migration program, such as the additional skills of the family members of skilled migrants.

The current skills assessment approach

Another concern we have with the migration program is in regard to the current skills assessment approach, primarily around the 'Australian and New Zealand Standard Classification of Occupations' (ANZSCO). We believe it is essential for the migration program to truly reflect industry needs, and this is not being achieved under current arrangements. ANZSCO provides an important pillar of labour market statistical information and is used to regulate which occupations are eligible for the migration program. Despite significant changes to the economy and the skills market, ANZSCO has only been reviewed twice since its introduction in 2006, with the last review in 2011.

In August 2018, a review of ANZSCO was again deferred by the ABS due to competing priorities and resource constraints. This means that at best a review of occupations and the jobs market will not be properly reflected until 2026, marking 15 years since the last major review. Rail engineers is an example of ANZSCO not reflecting the jobs market. 33 per cent of respondents to our latest [skills survey](#) agreed that rail engineers are most affected by shortages. Despite this, specialisations outlined under ANZSCO's civil engineering professionals grouping is missing rail engineers in addition to other job types. This means arrangements under the migration program cannot appropriately address this skill shortage, growing from a significant increase in rail and light rail infrastructure investments across Australia. The end result is a migration program that is failing to understand the jobs market or reflect skills needs, and does not maximise economic benefits.

Consult Australia therefore supports wider industry calls for the Australian Government to immediately allocate the resources needed to commence a review of ANZSCO to incorporate all jobs performed in the modern workplace. This review will ensure the migration program best meets the needs of the Australian economy into the future, and is bringing in the best skills from the global talent market.

Increasing the age threshold

Consult Australia has concerns around the Australian Government's decision to decrease the age threshold for most visa categories under the skill stream of the migration program. The age threshold is a factor when professionals are looking for international work opportunities, particularly individuals with valuable experience in senior roles. A majority of the highly skilled workforce in our sector with skillsets that are beneficial are in their 40s, with many of our member firms including the pathway to permanent residency as part of their attraction strategy when engaging professionals who are settled in their respective fields in other countries.

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A key finding in our latest [skills survey results](#) is that skills shortages are most significant for key mid-level and senior staff for our member firms. 84 per cent of respondents are experiencing staff problems at the mid-level and 41 per cent at the senior/principle level. This compares to 14 per cent at the junior level.

The challenge here is mid-level and senior staff roles in professional services firms in the built environment require years of professional experience, and many are therefore over the age of 45. These roles are critical in providing oversight of a growing number of large and complex projects in the Australian market, some of which are multi-billion dollar projects.

We do not accept the rationale for the decrease in the age threshold to 45 years on the tipping point for a skilled migrant being a 'net tax contributor' over their lifetime instead of a 'net taker'. This overlooks salary circumstances, which for experienced professionals shifts the tipping point to an older age. We also believe it also overlooks the actual retirement age of many professionals, which anecdotally tends to be older in engineering roles.

For example, according to research from Engineers Australia on transition probabilities for employed engineers leaving the labour force by age between 2006 to 2011, the probability for engineers remaining in the workforce over the age of 65 was 44 percent.¹ Therefore, an engineering manager with a base salary of \$140,000 (which aligns to the 2016 salary guide by Professionals Australia)² would contribute \$39,432 in taxable income over the current financial year. If this engineering manager was 45 when granted a permanent skilled visa and retired in their late 60s, with salary increases in line with inflation they would be contributing well over \$500,000 in taxable income alone over their working years. This is in addition to their contributions from other taxes and through the taxable income of other family members. A scenario such as this is clear a net gain to the Australian economy.

Consult Australia recommends the age threshold for the migration program should be increased back to 50 years, particularly in sectors such as ours where the 'net tax contributor and net taker' logic cannot be applied due salary circumstances or retirement ages.

Removing barriers from the migration program – re-establishing the Industry Outreach Officer initiative

The skilled migration system is complex for industry and we believe there is a role for the Department to provide assistance in navigating the system's processes for sectors experiencing significant skills shortages.

Consult Australia believes this support for sectors experiencing critical skills gaps could be in line with the previous Industry Outreach Officer initiative. The expert assistance provided through the initiative helped to break down barriers by improving the information flow between businesses and the Department, ensuring up-to-date information regarding changes to policy and legislation was communicated in a timely easy-to-understand format.

In our industry, we experienced significant skills shortages during the mining boom and the professional relationship built between industry outreach officers and our sector was a big factor in meeting demands. For our member firms, who have increased reliance on specialist engineers and other technical professions, a detailed understanding by the Department of the particular issues they face helped to ensure that their skilled migration needs were efficiently met.

Lastly, removing barriers from the migration program and providing support to industry to smoothly navigate the visa application process is good for the Australian economy. Particularly in professional sectors such as ours, the reality is that Australia is competing in the global marketplace for talent. If we

¹ Engineers Australia, [The Engineering Profession: A Statistical Overview \(2017\)](#)

² Professionals Australia, Salary Guide for Managers in Engineering, Science and IT (2016)

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are not putting in place the right measures to ensure the migration program is fit for purpose and is effectively responding to industry needs, Australia runs the risk of losing these skills to other countries.

Consult Australia thanks the Department for the opportunity to contribute to this consultation. If you would like to discuss our input, please contact James Robertson (Policy Advisor) at on 0448 853 144 or at james@consultaaustralia.com.au.

Yours sincerely,

Nicola Grayson
Acting Chief Executive
Consult Australia