

Hon. Andrew Giles MP
Minister for Immigration, Citizenship and Multicultural Affairs
C/- Dionne Avard
MACSM Secretariat
Department of Home Affairs

By email: Dionne.Avard@homeaffairs.gov.au

Dear Minister Giles,

RE: Submission regarding the TSMIT level and method for indexation

Thank you for the opportunity to provide feedback with respect to the Temporary Skilled Migration Income Threshold (TSMIT) and method for indexation. The Council of Small Business Organisations Australia (COSBOA) welcomes your consultation and review process, and appreciates your efforts to develop an effective migration system which will ensure Australia's economic growth.

The Council of Small Business Organisations Australia (COSBOA)

COSBOA is the national peak body representing the interests of small business. Collectively, COSBOA's members represent an estimated 1.3 million of the 2.5 million small and family businesses that operate in Australia.

As a collaboration of peak organisations across a wide range of industries, COSBOA acknowledges small and medium sized enterprises (SMEs) are major contributors to the Australian economy. SMEs employ 68% of Australia's workforce. In GDP terms, SMEs together contribute 56% of value added. Small and medium businesses are therefore key partners in rebuilding Australia's economy as Australia emerges from the COVID-19 pandemic.

Challenges

Worker shortages remains one of the most important issues for small businesses in the current post COVID-19 climate. The skills shortage is an immediate and pressing issue which needs to be addressed as a matter of priority. COSBOA welcomes and celebrates the diversity of the workforce created by migrants who bring highly valuable skills, experience, innovation, new ideas, creativity, and practical solutions to existing domestic labour and business problems.

COSBOA notes the recommendation made by the Grattan Institute to increase wages for temporary skilled migrants. The increase was also a focus in the Productivity Commission's sixth Interim Report. However, our consultations with members across a range of industries including accounting, financial services, and hairdressing and barbering have suggested there are concerns with this approach.

Small business owners are concerned that if the wage threshold is too high, they may not be able to attract skilled workers. Furthermore, their ability to then recruit people associated with the permanent skilled migration program may also be compromised.

It has been suggested that a wage threshold will facilitate labour market matching, avoid the need for skilled migration occupational lists, and protect against migrant exploitation. However, it is clear that labour markets do not adjust quickly, and occupational lists have the capacity to be improved. Detailed suggestions have been made by COSBOA members in relation to the improvements required.

COSBOA believes a higher TSMIT will not necessarily ensure all worker shortages are adequately addressed and that vulnerable workers are better protected. Labour shortages are evident in a wide array of occupations with varying salaries. Factors which must be considered include ensuring pay and protections commensurate with Australian workers who are performing a particular role; less constrained mobility for migrant workers who are tied to regions and employers which may leave them vulnerable; more options, choices, flexibility and support for small businesses seeking to employ migrant workers; a streamlined migration system with less administrative burdens and greater time-efficiencies wherever possible; and a wider range of supports for individual migrant workers.

In order to encourage the economic, social, and cultural contributions of migrants and grow the productivity of small businesses in Australia, it is necessary to address our nation's skills shortages immediately. It is recommended that visa processing and labour market testing be streamlined and made more time-efficient wherever possible, with increased support and flexibility provided to small businesses employing migrant workers and to the individuals themselves. The exploitation of migrants, particularly international students who are particularly vulnerable, is deeply concerning and needs to be addressed immediately through a combination of education, mentoring, the development of career pathways, and the provision of greater tailored support measures.

COSBOA is respectfully seeking further detailed information about the proposed TSMIT increase and the ways in which its implementation may impact upon small businesses. We will be very pleased to continue consulting with our members and providing feedback from a small business perspective.

Summary

COSBOA welcomes your consultation regarding the TSMIT level and indexation, however at this time we do not believe the proposed TSMIT increase will provide a complete solution. We remain concerned that small businesses may not be able to attract workers. We fear they will continue to be impacted by worker shortages, and visa processing delays, costs and challenges navigating the complexities of the system. We advocate for continued small business stakeholder consultation in relation to the TSMIT and the development of a more effective migration system.

On behalf of our members, I sincerely thank you for the opportunity to participate in this consultation process.

Yours sincerely,



Matthew Addison
Chair
Council of Small Business Organisations Australia (COSBOA)

9 January 2023

About COSBOA

Small business in Australia is the backbone of the economy. We harness its diversity and provide its people with a voice, distinct from big business.

Established in 1979, the Council of Small Business Organisations of Australia (COSBOA) is a member-based not for profit organisation exclusively representing the interests of small businesses.

The capability, representation and reach of COSBOA is defined by a mix of over 40 national and state-based association members. COSBOA's strength is its capacity to harness its members views and to advance consensus, across policy areas that are common to many. Our member organisations work behind the COSBOA secretariat, to assist us with policy development and to guide our advocacy - not just for small business but also for the benefit of the Australians they employ.

In this capacity, COSBOA makes submissions and representations to Government including its agencies, on issues that affect small business and in pursuit of good.