

Dr Martin Parkinson AC PSM, Dr Joanna Howe and Mr John Azarias
'A Migration System for Australia's Future' Review Panel
C/- Alison Larkins PSM FIPAA
Head, Migration Reform Taskforce
Immigration and Settlement Services Group
Department of Home Affairs

By email: alison.d.larkins@homeaffairs.gov.au

Dear Dr Parkinson, Dr Howe and Mr Azarias,

RE: Submission regarding 'A Migration System for Australia's Future' Review

Thank you for the opportunity to provide feedback with respect to the review of Australia's migration system. The Council of Small Business Organisations Australia (COSBOA) welcomes your consultation and review process, and appreciates your efforts to develop a Strategy (the Strategy) which will ensure an effective migration system. Our collaborative consultation on this issue has included discussions with members including Australian Hairdressing Council, Australian Meat Industry Council, Australian Music Association, Australian Retailers Association, CPA Australia, Local Post Office Group, and the Australian Foodservice Advocacy Body.

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.

Small business worker shortages

Small businesses are the backbone of the Australian economy. They provide employment and training opportunities, contribute richly to the diversity and culture of our local communities, and ensure the Australian economy continues to grow. A healthy, competitive environment in which small businesses are supported by Government to thrive with greater opportunities for improved productivity through the migration system is essential.

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. Migrants bring highly valuable skills, experience, innovation, new ideas, creativity, and practical solutions to existing domestic labour and business problems. An effective migration system needs to ensure Australia attracts and retains global talent, encourages diversity in

our workforce, addresses an ageing population with associated productivity issues, and strengthens international relations.

Industry specific case studies

Worker shortages are particularly evident in the hairdressing and beauty industries. Our members, the Australian Hairdressing Council, advise the hairdressing and barbering industry has experienced a skills shortage for over 20 years in regional and CBD areas. An estimated minimum of 4,500 extra hairdressers per year will be required for sustainability and growth of the industry.

An AHC survey demonstrated Victoria lost 20% of their stylists and barbers during the pandemic in 2020 and 2021. Since the end of the pandemic in 2021, the industry has seen a 12% closure of small businesses due to the financial and psychological stress experienced by small business owners and an inability to find and recruit staff. With sponsored workers not eligible for Jobkeeper, and a loss of job security, the industry lost over 3,000 skilled employees returning overseas.

Salon businesses have an under supply of skilled staff. The Morrison Government incentive, Boosting Apprenticeship Scheme (2021 – 2022) resulted in an increase of 14% in hairdressing apprenticeships, however no number of apprentices will currently fill the skills shortage and demand for professional services from consumers. An effective migration system is necessary to ensure skilled workers can fill these shortages.

It is recommended that internationally qualified professionals assist in addressing this shortage. Recent changes to Australia's temporary skilled migration program, including the abolition and replacement of the 457 visa and the permanent employer sponsored skilled migration program, have adversely impacted the ability of Australian salons and salon owners to sponsor skilled workers from overseas. Due to its longer duration, the 457 visa was an effective tool for the hairdressing and barber industry to address the skills shortage and its impacts. Under the current skilled workers visa regime, the hairdressing and barber industry is listed on the 'Short Term Skilled Occupation' list. The 'Short Term Skilled Occupation' list is unsuitable for the hairdressing and barber industry and does not enable the industry to address the skills shortage in any meaningful manner. It is recommended that the hairdressing and barber industry be removed from the 'Short Term Skilled Occupation' list and placed instead on the 'Medium and Long Skilled Strategic' list with a pathway to residency.

Our members, the Australian Meat Industry Council (AMIC), also describe a shortage of workers across Australia. The meat processing sector's needs are particularly acute due to a slowdown in immigration over the last three years and strong competition for labour from other parts of the economy. While the meat processing sector employs many professions and skill levels, those classified as labourers under ANZSCO make up a large portion of the workforce. Other sectors, such as construction, are competitive over this reduced pool of labour. Without effective migration to alleviate the acute shortage, output will be constrained which will result in an additional upward inflationary pressure on prices of goods from affected sectors.

Visa reform is essential to ensure the industry can recruit a suitable and sustainable workforce, and food supply is not impacted. AMIC envisages the key features of a suitable visa program to support the vitality and sustainability of Australia's largest agricultural sector would include streamlined application and administrative processes; access by employers throughout the supply chain including meat processors, further manufacturers and retail butchers; access to a broad range of skills categories including low-skilled, semi-skilled, skilled, and trade qualified roles such as butchers, smallgoods makers and maintenance personal; access to training and skills development; suitable (long-term) duration of visas incorporating pathways to permanent residency; English language skills

settings suitable to workplace and community needs, and streamlined Labour Market Testing requirements.

Our members, the Australian Music Association, also identify a skills shortage, a lack of training, and an ageing workforce as challenges. The skills shortage is evident in tuning high end concert pianos and musical instrument manufacturing. There are several manufacturers, mostly for guitars, which are facing skill shortages which are affecting their businesses. The ability to support sponsored visas would substantially support some of these businesses. Australia is making world class musical instruments, but the skilled workforce is insufficient to keep up with demand.

Opportunities for improvement

In talking with our members across a wide range of industries, we learned the current use of occupational lists is sub-optimal. Occupations are listed rather than skills, and the classification of occupations has not kept pace with job transformation. Best use is not being made of migration talent, as insufficient weight is given to the important objective of increasing human capital and diversity of our workforce. Shorter form credentials are not being recognised. Lengthy visa processing delays, costs and difficulties experienced due to the complexity of the system are leading to less than optimal experiences. There is also a significant level of constrained mobility as migrants are tied to regions and employers which can leave them isolated and vulnerable. Poor treatment of migrants by some employers has impacted negatively upon Australia's reputation and it is essential that we remain competitive in the global quest for talent. Less constrained mobility for migrant workers and more options, choices, flexibility and support for small businesses seeking to employ them would assist.

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 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 through education, mentoring, and the provision of greater support measures.

Summary

COSBOA welcomes your consultation and review to develop a Strategy (the Strategy) which will ensure an effective migration system. However, we remain concerned that small businesses will continue to be impacted by worker shortages, difficulties with occupational lists, 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 development of a more effective migration system to ensure small businesses have greater opportunities for improved productivity through the 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.