



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

28 March 2023

Ms Maria Vamvakinou MP

Chair

Joint Standing Committee on Migration

PO Box 6021

Parliament House

Canberra ACT 2600

via email: migration@aph.gov.au

Dear Chair,

Skilled migration should be simpler, faster, more transparent and more accessible for small businesses

We welcome the opportunity to comment on the Joint Standing Committee on Migration's inquiry into the role of permanent migration in nation-building. Migration is key in addressing some of the complex challenges facing the Australian economy, by reducing the average age of our population, increasing the diversity of skills available, and contributing a positive fiscal impact over the course of a migrant's lifetime.¹

Many Australian businesses are experiencing talent and skills shortages that are unlikely to be filled through the domestic labour market in the short term. In its 2022 *Business conditions and sentiments* survey, the Australian Bureau of Statistics (ABS) reported that a lack of applicants was the main obstacle for 79 per cent of businesses in finding suitable staff.² The National Australia Bank's 2022 Quarter Four Business Insights report found that while conditions have slightly eased for small and medium-sized enterprises, '1 in 3 (34%) SMEs still [anticipate] labour shortages to be having a "very significant" impact on their business (vs. 38% in Q4) over the next 12 months.'³ These effects are particularly being felt in the construction industry, where one in two SMEs are experiencing significant difficulty in hiring labour.⁴

Despite the clear importance of migration to many aspects of the Australian economy, the current system is not fit-for-purpose. For small businesses and prospective employees, the system is expensive, slow, opaque and difficult to navigate. To ensure Australia's migration system does not create excessive barriers for employers in accessing suitably skilled labour, and to strengthen our national capabilities, we recommend that the Australian Government take the following steps:

1. Institute a small employer concierge to assist in navigating process and requirements

The Australian permanent and temporary visa application process is complex and costly for small business owners to navigate and comply with. The formation of a dedicated small employer

¹ Varela, P., Husek, N., Williams, T., Maher, R. and Kennedy, D. *The Lifetime Fiscal Impact of the Australian Permanent Migration Program*. 2021. The Treasury

² ABS, *Business conditions and sentiments*, ABS website, June 2022, viewed 10 February 2023.

³ National Australia Bank, *Business Insights. Labour Shortages: Q4 Update (2023)* NAB Behavioural & Industry Economics.

⁴ *ibid.*



concierge within the immigration system would ensure the ‘right-sizing’ of procedures and operating protocols, relevant immigration staff experience, and tailored assistance for busy employers in navigating this complex system. The case study below reveals the difficulties that small employers face, and the unnecessary costs and wait-times that could be avoided with a dedicated small business concierge.

In March 2023, the assistance function of my office received a case where a small business owner was declined a much-needed Temporary Skill Shortage (subclass 482) visa program application. This business had struggled to attract employees after the COVID-19 pandemic, and after unsuccessfully spending approximately \$4,000 to recruit local staff, instead decided to sponsor an applicant from overseas. A technological misunderstanding on behalf of the business owner meant that they had inadvertently not fulfilled all conditions of the job-advertising requirements. The Department of Home Affairs requested more information, which the employer incorrectly believed they had already supplied. The application was consequently declined. The business was advised that to appeal this process would cost \$3,153, and that a decision may take up to three years. After assessing their options, the business owner has since decided to restart their application from the beginning.

While the business owner accepts that they did not fulfill their requirements, they expressed significant frustrations with their experience, and indicated several ways that this could have been more easily resolved:

- A telephone call from the department to discuss the issue or advise the specific criteria which their application had not met, which could have been easily rectified
- A clearer and more user-friendly job requirement process, including a more common uploading method for requisite information
- An internal review process or opportunity to provide missing detail once a decision had been made, to avoid the costly and lengthy appeal process or restarting the application from scratch.

2. Simplify or remove excessively burdensome visa application requirements

There are currently more than 100 visa types to navigate across permanent and temporary visa programs, each with their own criteria.⁵ In the visa application process, employers and employees contend with multiple requirements, including but not limited to:

- skilled occupation lists
- domestic labour-market testing
- language proficiency assessments
- international qualification comparisons, and
- technical skill assessments.

The Australian Government should review the objectives and efficiency of the above requirements to ensure the migration system is fit-for-purpose for potential migrants and employers, and right-sized with consideration for local capability and business needs. Simplifying or removing

⁵ Department of Home Affairs, *Discussion Paper: A Migration System for Australia's Future*. November 2022, Department of Home Affairs.



unnecessary requirements within the migration system may make Australia more attractive to international workers while reducing the difficulty and cost of navigating the system for small business owners.

A 2023 submission by Master Builders of Australia to the Department of Home Affairs described situations where international trade apprenticeships are not recognised appropriately, even though their qualifications may meet higher skills standards than the Australian equivalent.⁶ Applicants are required to undertake skills assessments despite their higher skill level, adding potentially unnecessary steps and delays to an already complicated process. Application and processing issues are compounded owing to the limited number of organisations approved to conduct trade recognition skills assessments, leading to further delays of up to six months.

3. Further improve visa-processing times

While visa processing times have improved, the median permanent visa application still takes six months to process.⁷ Businesses would benefit from faster processing times to react to changing conditions and alleviate pressing shortages of staff and skills. Long wait-times and expensive application processes are disadvantaging Australian businesses competing for talented workers, with more attractive migration processes available in other countries. Simplifying or removing excessively burdensome requirements should reduce the processing times of visa applications.

We suggest the Australian Government undertake further investigation into improvements to reduce visa processing times to ensure we are internationally competitive. An early ‘first pass’ review of submitted material to make sure any deficiencies or omissions are quickly identified and not allowed to delay the application process would be beneficial.

4. Create greater transparency in the migration system by adding a ‘stage of process’ tool

Increased transparency during the application process is essential to allow applicants and employers to make informed decisions regarding migration and workforce options. We suggest that the Australian Government investigate processes to improve transparency in the system, such as a visible readily accessible ‘stage of process’ tool to enable smaller employers to be informed in making time sensitive decisions. The Australian Government may wish to draw inspiration for such a system from the application status tracker used in Canada.⁸

5. Review the suitability of using the Australian and New Zealand Standard Classification of Occupations (ANZSCO) to inform skilled migration policy

ANZSCO is a skill-based classification of jobs used to describe all occupations in the Australian and New Zealand labour markets. ANZSCO is applied to a range of data sets within the ABS and is also used to inform policy decisions by governments in areas such as skilled migration, apprenticeship incentives and funding for education and training. However, the ABS recognises that, ‘while ANZSCO has previously had some minor updates, it largely describes the original 2006 version, which was based on the 2001 labour market.’⁹ There have been just five revisions to ANZSCO since it was established in 2006.¹⁰

⁶ Master Builders Australia, *Submission to Home Affairs Review: A Migration System for Australia’s Future*, 2023.

⁷ Department of Home Affairs, *Visa processing times*, Immigration and citizenship, 2023, viewed 10 February 2023.

⁸ Government of Canada, *Check your Application*, February 22 2023, viewed 10 February 2023.

⁹ ABS, *Participate in ANZSCO*, ABS website, 7 November 2022, viewed 3 March 2023.

¹⁰ ABS, *ANZSCO - Australian and New Zealand Standard Classification of Occupations*, ABS website, 22 November 2022, viewed 3 March 2023.



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We acknowledge the ABS is currently undertaking a comprehensive review of the ANZSCO to better reflect the contemporary labour market, with the updated classification to be released by December 2024. However, given the present nature of the challenges small and family businesses face in securing skilled labour through migration, the Australian Government should review the immediate suitability of the ANZSCO classification for informing the skilled migration program and identify alternative methods where appropriate.

Thank you for the opportunity to comment. If you would like to discuss any of the matters raised above, please contact Mr Jake Thomas on 02 5114 6146 or at jake.thomas@asbfeo.gov.au.

Yours sincerely

The Hon. Bruce Billson

Australian Small Business and Family Enterprise Ombudsman