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**SUBMISSION**

Submission to the Department of  
Employment on the Skilled  
Migration Occupation List Traffic  
Light Bulletin

November 2017

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**The Business Council of Australia draws on the expertise of Australia's leading companies to develop and promote solutions to the nation's most pressing economic and social policy challenges.**

## **ABOUT THIS SUBMISSION**

This is a Business Council submission to the Department of Employment consultation on the listing of occupations on the Short Term Skilled Occupation List (STSOL) and Medium and Long-term Strategic Skills List (MLTSSL). Listing determines eligibility for temporary work visas.

This submission focuses on a list of occupations (in Table 1) that the Business Council considers should be transitioned to the MLTSSL, sets out concerns about the methodology for determining the status of the occupations, and suggests enhancements to the skilled visa program should the occupations listed in Table 1 remain on the STSOL (or are unlisted).

The occupations included in Table 1 is not an exhaustive list. Business Council members will be lodging individual submissions highlighting the occupations they consider should be transitioned to the MLTSSL and providing the Department with evidence for change.

## **KEY RECOMMENDATIONS**

- The roles in Table 1 should be assigned to the MLTSSL to allow access to a four-year temporary skilled visa
  - the Business Council considers these occupations are of high-value to the Australian economy now and into the future, and align to the government's training and workforce strategies
  - these roles require company-specific, technical or global skills and experience that are not always available in Australia. The two year visa is not an adequate timeframe for many roles or for attracting the most qualified persons from outside Australia
  - this list is not exhaustive, Business Council member companies will also make direct submissions arguing for change
- The Department should publish an updated review methodology, following the consultation process in October. There should be ongoing engagement with industry as the methodology continues to be refined.
- The review methodology should be improved in the following ways:
  - greater transparency and guidance on how 'points' are to be allocated to each occupation, and what evidence is required to justify the movement of occupations on or off, or between the STSOL and MLTSSL
  - proactive engagement with business to enable it to provide timely evidence of Australian labour market shortages that may not be captured in data sets nominated by the Department
  - there needs to be an avenue for emerging and uniquely specialised occupations not currently reflected in the ANZSCO six-digit codes to be included in the STSOL and MLTSSL

- reviews should occur annually to provide greater certainty for business with their forward planning, and any changes should commence on 1 July (rather than 1 January)
- Consistent with our previous submission on the Revised Occupation Lists for Temporary Skill Shortage Visas, dated June 2017, the Business Council proposes that, should the government retain the occupations set out in Table 1 on the STSOL, that it applies a caveat that allows these occupations to be granted a four year visa where the salary paid is a minimum of \$180,000, in line with the top marginal tax rate. This will help to ensure the temporary skilled migration scheme continues to be targeted at highly skilled roles

The government should consider making these changes to its temporary skilled migration policy that will enhance flexibility and reduce the cost of regulation:

- introduce a ‘trusted companies’ program that provides greater flexibility and less red tape for low-risk employers
- relax the English language requirements for senior executive roles in multinational companies where there is no risk of exploitation and no serious safety concerns
- provide greater flexibility for intracompany transfers where companies with a multinational presence can utilise their skilled workforce (that have specialised and often proprietary knowledge) to achieve specific projects where the Australia workforce is deficient. This is particularly relevant for the technology and engineering sectors.

**Table 1: Recommended occupations for the MLTSSL (four year temporary skilled visa stream)**

| Occupation                       | ANZSCO | Rationale   |
|----------------------------------|--------|---|
| Sales and Marketing Manager      | 131112 | Attract retail specialists with experience in managing complex retail operations networks, building and managing large teams across multiple locations and delivering large sales targets   |
| Finance Manager                  | 132211 | Company-specific skills or global talent and experience. Includes Chief Financial Officers  |
| Research and Development Manager | 132511 | Research Laboratories need to complement their teams of Australian post-doctoral researchers and managers with highly qualified and specialised researchers from around the world if they are to operate at the cutting-edge of international research  |
| Procurement Manager              | 133612 | Strategic procurement skills (in addition to operational and tactical skills) are difficult to find in the Australian workforce, with large retailers requiring procurement managers with experience across many businesses, geographies and categories and with in-depth knowledge to support the size and complexity of large retail business and international supply bases. |
| ICT Managers nec                 | 135199 | Company-specific skills, technical skills or global talent and experience. An anomaly with this category is that the employees reporting to the ICT Managers are entitled to a four year visa, however the Managers themselves are not.   |

|                                  |        |  |
|----------------------------------|--------|--|
| Financial Dealers nec            | 222299 | Includes a range of technical specialisations (such as commodities financial products, broker execution platforms, structuring and negotiating financial alternatives) that require extensive international experience which cannot always be sourced in Australia, achieving change in such roles usually takes longer than a maximum of four years   |
| Recruitment Consultant           | 223112 | Within this category, there are two subsets that are not accurately reflected within ANZSCO: an in-house recruitment consultant that is part of a human resources team, and a specialist recruiter. Specialist recruitment agencies need their employees to have skills and experience in the industries in which their clients operate. Specialist recruitment skills are not readily available in the local labour market. |
| Organisation and Methods Analyst | 224712 | Requires targeted expertise in business improvement, particularly in areas of risk and compliance, where it is difficult to find such expertise in the local market  |
| Management Consultant            | 224711 | Specialists (usually at the manager or senior manager level) requiring global sectoral experience of five to 10 years to solve issues, create value, maximise growth and improve business performance in their area of responsibility. Employed to provide objective advice and expertise in their field   |
| Marketing Specialist             | 225113 | In retail, the need to attract merchandising specialists with skills in retail category management that have been developed in competitive international grocery markets   |
| Market Research Analyst          | 225112 | Specialist analysts are in short supply in technology development. Roles typically involve intricate product testing of complex digital technologies and analysing how customers are interacting with them. Deep understanding of proprietary knowledge is generally required.   |
| ICT Account Manager              | 225211 | Highly specialised roles, particularly in the technology sector where customer service requirements are technically challenging.   |
| Graphic designer                 | 232411 | In the technology sector, it is essential for graphic designers to have sound computer science knowledge to be able to design a digital product and experience that integrates consumer behaviour  |
| Multimedia Designer              | 232413 | Responsibilities of this role are similar to the graphic designers (which highlights the limitations in applying ANZSCO codes to the technology sector)  |
| Urban and Regional Planner       | 232611 | Required for integrated teams of specialists engaged in major infrastructure projects  |
| Nurse Manager                    | 254311 | Where a Registered Nurse gets promoted to become Nurse Manager, they revert back to a short-term visa. This at a time of serious workforce shortage  |
| ICT Support Engineer             | 263212 | Need specialists with international experience to ensure technology systems can withstand internal and external threats  |

|  |        |   |
|--|--------|---|
| Systems Administrator                      | 262113 | Required to manage the network, and requires deep understand of a company's proprietary system  |
| ICT Systems Test Engineer                  | 263213 | Global expertise needed to support technology systems that can withstand internal and external threats  |
| Mechanical Engineer                        | 312512 | Large numbers often required on complex projects, specialist technical skillset required to guarantee service levels  |
| Aircraft Maintenance Engineer (Avionics) * | 323111 | Field service representatives or training professionals with detailed aircraft knowledge  |
| Aircraft Maintenance Engineer (Mechanical) | 323112 | Rare technical skillsets. For example – a Propeller Repair Technician who works primarily on propeller maintenance and repair, with a Certificate IV in Aeroskills, needs significant on the job training.  |
| Contract Administrator                     | 511111 | High level of technical, commercial and product knowledge required for managing contracts for specific projects. Examples include large customer projects/service contracts ranging from 50M to 640M with across several States and NT.   |
| Program or Project Administrator           | 511112 | Project managers with key technical, product and project delivery experience on high value projects. Given the breadth of this categories responsibilities vary across industries. This category can include the management of large infrastructure projects with bespoke solutions across the Energy and Oil & Gas industry. |

## **SUPPORTING ANALYSIS**

### **Moving occupations onto the MLTSSL**

The Business Council recommends the occupations in Table 1 (above) should be transferred from the STSOL to the MLTSSL. Prioritisation should be given to ensure transfer of senior management roles including Finance Managers, roles that support business innovation such as Sales and Marketing Managers and Management Consultants, and technical specialists that support high quality service levels and safety such as ICT Specialists and Engineers.

The Business Council welcomes the Government's approach to consult on its skilled occupation lists, and supports the recent movement of business-critical roles, such as the Chief Executive Officer and the Chief Information Officer, from the STSOL to the MLTSSL. This allows Australian businesses to remain competitive, and we believe there are further occupations that should also be provided with this extension.

Australian businesses overwhelmingly prefer to employ Australians; it is more cost effective and easier to do so. The considerable costs and uncertainties of hiring internationally means businesses will seek this option when local workers are unavailable.

However, it can be challenging to fill critical roles. Imposing tight time restrictions with the two-year visa for international workers exacerbates this challenge for business.

Highly skilled workers are unlikely to move to Australia for two years. Placing the occupations set out in Table 1 on the two-year visa list will disadvantage Australian businesses who require highly skilled workers from the global labour market.

### **The two-year visa will not work in practice for many businesses**

For occupations included in Table 1, a two-year visa does not give business sufficient continuity for filling important roles. Australia's economic growth relies on globally competitive businesses with strong leadership teams and technical specialists investing, employing and doing business here.

It is vitally important for the competitiveness of these businesses to be able to appoint employees who have the expertise to fulfil the role's requirements, at the time they are needed. Business may require temporary skilled migrants because the company-specific, technical or global skills needed for a role means there are not enough available workers in Australia or the most suitably qualified candidate is located outside Australia.

Capital and talent are highly mobile, and businesses will look to locate their regional headquarters or high value business activities in more globally competitive jurisdictions if they are severely restricted in accessing available talent.

### **The two-year visa will not attract the best highly skilled migrants**

Australia will be at a disadvantage if it cannot attract talented and highly skilled employees into roles that are unable to be filled here in the local labour market. For many highly qualified candidates, a two-year visa, coupled with no path to permanent residency, does not justify moving to Australia.

Australia is in an increasingly competitive contest for the best global talent. We cannot assume a sufficient supply of skilled migrants willing to come here to fill jobs on a short term basis.

Highly skilled employees are likely to have options to work all over the world. They will not risk their careers or bear the financial costs and inconvenience of uprooting their lives and their families' lives to move to Australia for a maximum guaranteed period of two years.

### **It will take many years to train Australians to fill some roles on the two-year list**

It is reasonable to expect large Australian and foreign businesses to train and recruit locally to fill skilled positions in Australia wherever possible. The vast majority do this very well.

However, businesses need to be able to draw on expertise, at the time it is required, to be competitive. For many of the highly skilled roles on the STSOL, it will take longer than two years to be able to train enough Australians to be able to fill the roles in the economy.

Furthermore, encouraging skilled visa holders to Australia will upskill the Australian workforce, as they impart their knowledge and transfer their expertise to the local workforce.

### **Skilled migrants fill critical roles but the proportion of total jobs is small**

While temporary skilled migrants play a critical role in filling skills shortages, as a proportion of total jobs, their numbers are very low, representing less than one per cent of the total workforce.

### **Unintended consequences of leaving the skilled occupation lists unchanged**

The Business Council sees the following unintended consequences if the lists are not amended to provide more occupations with access to the four-year visa:

- the competitiveness of Australian companies will be harmed
  - the exclusion of many occupations from the four-year visa will deprive Australian companies of the global talent they need to innovate and to compete with foreign companies
- harmful to the innovation economy
  - to pursue the National Innovation and Science Agenda in competition with the United States, Singapore and New Zealand, Australia needs access to globally competitive skills (including research and development managers ANZCO 132511, and mechanical engineers ANZSCO 312512)
- risk of relocation of headquarters, making Australia a branch economy
  - Australia risks businesses moving to more flexible jurisdictions, leaving the Australian operations as 'branch offices' in many sectors. Some companies are already considering moving operations to other countries like Singapore and New Zealand where they can readily assemble project teams with the required skills (including program or project administrators ANZSCO 51112).
- risk to delivery of infrastructure projects

- the roll out of projects in the government’s infrastructure program relies on companies being able to assemble integrated teams of specialists covering the full range of disciplines (including urban and regional planners, ANZCO 232611)
- reciprocity of visa arrangements in other countries at risk
  - Australia is a global leader in migration policy, and there is a risk that other countries may follow suit, and impose similar restrictions on temporary skilled visas for Australian workers. Currently Australian skilled professionals are working under similar arrangements in other countries, managing the expansion of Australian business or gaining valuable experience in foreign business to bring back to Australia. This is unquestionably good for Australia (and applies to all occupations listed in Table 1).
- risk of losing valuable economic activity
  - increasing the cost and administrative burden of the skilled visa program may deter businesses from filling critical skill shortages, forgoing innovation, new projects and/or business expansion. Opportunities for knowledge transfer and training and development of local workers will also be forgone.

### **Minimum salary threshold**

For highly skilled occupations (included in Table 1) that remain on the STSOL, a minimum salary threshold should be introduced, above which the government has the option to issue a four-year visa. This could be set at \$180,000 per annum in line with the top marginal tax rate. This will allow businesses to access the best global talent, whose skill set commands a higher salary, and in turn be beneficial to the Australian economy.

### **Review methodology**

The department recently consulted with stakeholders on its draft methodology for this review of skilled occupation lists. The Business Council made a submission on the draft methodology and met with departmental officials. An updated methodology was not published in time for this review. It is recommended that the department publish the updated methodology and that it continues to consult with industry as the methodology is refined.

There are limitations in using the ANZSCO categories to define roles in the economy. The ANZSCO was established to classify occupations for statistical purposes. As a result, while the codes are useful for categorising most occupations, they are not good at capturing emerging and uniquely specialised occupations where skill shortages often occur. It can be challenging for businesses to identify suitable ANZSCO codes for specialised skills and knowledge that are in demand in the market, and in shortage in the Australian workforce.

ANZSCO codes are static and backward looking. To provide flexibility in the types of occupations that are to be assessed for the STSOL and MLTSSL, the methodology should include proactive engagement and consultation with industry to inform of Australian labour market shortages. Both lists should then be suitably updated.

Businesses and other participants of the visa framework should also be provided with greater transparency and guidance on how the status of occupations is determined, including the application of points, and a detailed explanation of evidence that results in occupations moving on or off, or between the STSOL and MLTSSL.

Under the new policy, occupation listings on the STSOL and MLTSSL are to be reviewed every six months. This frequency is likely to result in uncertainty and disruption to Australian businesses, particularly as they seek to forecast their business strategies and project specific work. A twelve month review period would be preferred, with changes announced on 1 July each year.

## **Proposed improvements to temporary skilled migration policy**

### **‘Trusted companies’ program proposal**

The Business Council proposes the introduction of a ‘trusted companies’ program to streamline visa processing and create more flexibility for low-risk businesses with a good track record for hiring and training locally. Under the program, more skilled occupations would be eligible for the 4-year visa. Safeguards would be designed to ensure the integrity of the temporary migration program is maintained.

### **Relaxation of minimum English language standards**

The Business Council proposes that the government relax the minimum English language standards for certain highly skilled or senior occupations where there are low risks of exploitation or serious workplace safety concerns.

### **Flexibility for intracompany transfers of skilled employees**

International businesses now face greater restrictions on how they can use their own skilled and highly trained workforce to fulfil critical roles in Australia. Providing greater flexibility for intracompany transfer of employees will ensure these companies can remain competitive and effective in fulfilling their assignments.

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