Australian Computer Society Inc. (ACT)
ARBN 160 325 931

National Secretariat
Tower One, 100 Barangaroo Avenue, Sydney NSW 2000
PO Box Q534, Queen Victoria Building, Sydney NSW 1230
T +61 2 9299 3666 | F +61 2 9299 3997
E info@acs.org.au | W www.acs.org.au

31 January 2019

The Hon Peter Dutton MP

Minister for Home Affairs

Department of Home Affairs

Parliament House, Canberra, ACT 2600

ACS response to Australia's 2019-20 Migration Program

Dear Minister

Thank you for the opportunity to contribute to this discussion.

The Australian Computer Society (ACS) is the professional association for Australia's information and communications technology (ICT) sector. We are passionate about the ICT profession being recognised as a driver of innovation and business – able to deliver real, tangible outcomes.

Our vision is for Australia to be a world leader in technology talent that fosters innovation and creates new forms of value. We have over 45,000 members and seek to influence positive change within industry and in the area of public policy via publications that leverage the knowledge capital of ACS members.

ACS is one of 39 assessing authorities that undertake skills assessments for the purposes of general skilled migration. Our role is to assess the skills and qualifications of people who are considering temporary migration to Australia to work in the technology sector.

For the purposes of this submission, we will refrain from commenting on the family stream as this is an area outside of our expertise. We will limit our response to the skilled stream, with the one exception. As a guide, we would concur that maintaining the current composition of the permanent Migration Program at approximately 70% skilled immigration and 30% family immigration, strikes an appropriate balance that maximises the benefits of immigration for all Australians in 2019-20.

Challenges

ACS has long held the view that skilled migration should be a source of competitive advantage for Australia. It shouldn't, however, ever be at the expense of the domestic labour market and attracting full workforce participation.

The reality is that skills shortages are real, and particularly exacerbated in areas of technology development. If these gaps are left unaddressed for any length of time, the Australian economy will stagnate.

While the discussion paper acknowledges that temporary immigration contributes to short-term population fluctuations and that most temporary entrants depart Australia permanently when their visas expire, this is not well understood by the broader public. Broadening this understanding along with the associated economic impacts of temporary immigration would better inform public debate. For example, research has found that international students make a significant contribution to the Australian economy, not only through their tuition fees but also through their living expenses such as accommodation, food, transport and entertainment. This has been estimated as being equivalent to $17.4 billion in 2016-17 Australian dollar terms, supporting around 128,000 full-time equivalent jobs[1].

Similarly, strengthening the understanding of Australian migration outflows would also assist with informing public debate. At any one time, there are large numbers of Australian citizens living overseas for extended periods of time impacting the domestic labour market's ability to satisfy demand.

The fourth industrial revolution is transforming the nature of work. We are seeing an unprecedented rate of automation and digitisation across global economies in response to citizen demand for mobility and access to services anywhere and anytime.

The availability of ICT skills is critical to enable this transformation and ensure that Australia maintains its position as a leading world economy with a high standard of living.

As revealed in ACS Australia's Digital Pulse 2018[2] report, Australia will need an additional 100,000 ICT workers over the next five years just to keep up with demand. That's an average annual employment growth rate of 2.3%, compared to the annual growth rate of the workforce as a whole of 1.4%.

In order to become a world leader in technology, it will need twice as many as that. The 100,000 worker number represents a maintenance of the status quo, which will keep Australia as a middling nation when it comes to technological development. However, the addition of 200,000 new ICT workers in the next five years would be required to turn Australia into a world leader in technology, and potentially inject $54 billion into our nation's GDP. It will also improve our balance of trade, as ICT service exports are becoming an increasingly large part of the mix of Australian exports with an increase of 60% in just the last five years.

The pipeline studying through our domestic institutions are currently well below the demand needs with just under 4,000 domestic undergraduate IT degrees completed in Australia in 2016, while only around 1,500 post-graduate degrees were completed.

For the near term, skilled migration is required to fill these skill shortages, and we believe that precise targeting of key skills is required to ensure that Australia is well positioned for the disruption of the fourth industrial revolution. What's more, as Digital Pulse notes, the knowledge and technology transfer from international inflows of ICT workers can enhance the skills of the broader Australian workforce.

Under the Temporary Work (Skilled) visa (subclass 457 visa), Australia brought in about 13,400 skilled ICT workers in 2016-2017[3], which, combined with domestic production of ICT professionals through tertiary

---

[1] See ACS Australia's Digital Pulse 2018: Driving Australia's international ICT competitiveness and digital growth, page 25. https://www.acs.org.au/content/dam/acs/acs-publications/aadp2018.pdf
[2] See ACS Australia's Digital Pulse: Driving Australia's international ICT competitiveness and digital growth 2018. https://www.acs.org.au/content/dam/acs/acs-publications/aadp2018.pdf

and other educational schemes was roughly on par with the current needs of Australian businesses, and we would advise that this number should be seen a minimal baseline for ICT skills visas for the next five years.

However, we do note with concern that the latest numbers on the new TSS visa indicate a substantial reduction in the number of skilled worker visas granted. According to the latest figures from the Department of Home Affairs, there has been an 18.1% drop in the number of visas granted to professional, scientific and technical workers in the last year, as well as a substantial drop in the number of software developer and business analyst visas granted[4].

This is cause for concern for the future of Australia, and we risk backsliding on our technological progress due to a lack of skills. This issue is particularly pressing in Australia's booming start-up scene, where the lack of availability of skills remains the number one issue experienced by start-ups.

Supplementary programs like the Global Talent Scheme (GTS) do offer some additional avenues for businesses in need to acquire skills, but at the present, the GTS is a trial program only and not widely understood in the industry.

Given the pressing need for skilled ICT workers in Australia, we recommend the Department of Home Affairs does everything in its power to continue to assure Australian businesses that they will have the skills they need in order to advance and transform their business for a changing world. We believe that skilled visas for ICT workers should remain at least at 2016-2017 levels, which will be required at a bare minimum to meet the needs of Australia businesses for the next five years. Supplementary programs like the GTS should be continued to be developed, promoted and expanded with a greater emphasis placed on the targeting of particular skill shortages – such as data scientists, blockchain developers and cyber security specialists.

We would offer a cautionary note too on public debate concerning concentration of migration growth in Sydney and Melbourne, and the capability for regional areas to be targeted locations for migration pathways.

At the end of 2016-17, there were 2,238,299 actively trading businesses in Australia[5]. Of these, 868,248 were employing businesses, with 70.1% of them employing between one and four people, and only 0.5% of employing business employing more than 200 people.

The reality is that for most migrants landing in Australia, they will seek employment with established large private sector employers and the public sector, finding that remuneration can be distinctly higher than business with one to four people.

It is also worth noting that the traditional firm, where grouping employees together in hierarchical structures reduces transaction costs, is under challenge from digital platform businesses in which purchasers (employers) and providers (employees) can now transact much more efficiently giving rise to

---

[3] See ACS Australia's Digital Pulse 2018: Driving Australia's international ICT competitiveness and digital growth. https://www.acs.org.au/content/dam/acs/acs-publications/aadp2018.pdf

[4] See https://www.homeaffairs.gov.au/research-and-stats/files/temp-res-skilled-rpt-summary-30062018.pdf

[5] ABS Cat. No. 8165.0 http://www.abs.gov.au/ausstats/abs@.nsf/mf/8165.0

freelancer and portfolio work[6]. This in turn will continue to reduce traditional employment opportunities, requiring a new lens for identifying where skills shortages exist.

Benefits of current system

It is pleasing to see the Government recognise that Australia is competing with other countries for the same pool of globally-mobile migrants and that systems need to be in place, along with public messaging, that best positions Australia to attract the best and the brightest migrants who will make the strongest contribution to the nation.

We are also supportive of planning levels being treated as a ceiling rather than a target to ensure that standards are not lowered to meet an overall number.

Potential strengthening opportunities

There has been public debate at times surrounding the need for defined levels of employer-sponsored migration, satisfying labour market testing requirements. To provide greater assurance to the public that skills being brought into the economy meet those areas identified as being in need, the Department might consider replicating the role of its 39 assessing agencies in the skilled independent stream and mandating this too for the employer-sponsored stream. While marginally increasing costs, the independent review may afford an opportunity to improve turnaround times in employer-sponsored migration.

Final notes

As in much of the rest of the world, demand for ICT professionals continues to grow at a very high pace. The winners and losers of the next decade will be determined by how well nations can adapt to a world transformed by artificial intelligence, blockchain, autonomous vehicles, the internet of things and other transformative technologies.

In short, technology skills will be critical to the success of Australia in the 21st century, and we're pleased to see that the Federal Government and Department of Home Affairs continues to be committed to ensuring that Australian businesses have access to the tools they need to succeed in a transforming world.

---

[6] See Tomorrow's Digitally Enabled Workforce https://www.acs.org.au/content/dam/acs/acs-publications/16-0026_DATA61_REPORT_TomorrowsDigiallyEnabledWorkforce_WEB_160128.pdf

It's critical that we continue to work towards ensuring that skilled technology workers are made available to Australia's businesses in order to ensure that innovative Australian companies have every opportunity to succeed in the global technology ecosystem. The nation will need at least 20,000 new ICT workers every year to keep up with baseline demand, and a significant proportion of those will have to come from skilled visas. As a baseline, we should look to maintain the 2016-2017 visa numbers, and ensure that Australia remains a competitive and desirable destination for talented individuals.

Once again, thank you so much for your time and this opportunity. If you have any queries, please don't hesitate to call Troy Steer, ACS Director of Corporate Affairs on 0417 173 740, or email at troy.steer@acs.org.au.

Yours sincerely

Andrew Johnson

Chief Executive Officer