

Australia's 2024-25 permanent Migration Program

Submission to the Department of Home Affairs
December 2023

Introduction

The Australian Workers' Union represents over 70,000 workers across the nation. Our members are found in highly diverse industries including manufacturing, mining, energy, agriculture and civil construction.

The breadth of the AWU's membership affords us an insight into the profound importance of migration to Australia's economy and its society. Thousands of AWU members are themselves migrants with direct experience of the benefits a well-designed migration program provides.

The union supports stable, calibrated migration to meet genuine skills gaps, increase productivity and support higher wages across the workforce. Equally, the union recognises the importance of considered and coordinated decision-making in this area. In particular, migration is not a solution to underdeveloped skills policy, nor should it fuel cost-of-living pressure for the existing population. We also remain concerned that the migration program has been misused to undercut pay and conditions for the domestic workforce.

It is this outlook – practically-minded, and mindful of migration's interplay with other policy areas – that guides our position on permanent migration and the 2024-25 permanent migration intake. The AWU is also informed by the findings and recommendations of the Australian government strategy for migration as a whole ('the Migration Strategy') released in December 2023.

We therefore welcome the opportunity to provide a submission to the Department of Home Affairs' consultation on Australia's 2024-25 permanent migration program. Please find our specific input below.

Migration, prosperity and fairness

The AWU supports the Australian Government's view that a targeted migration program can meet genuine skills shortages and improve business productivity. As is surmised in the Commonwealth's recent Working Future White Paper, "*Skilled migration can support productivity growth by complementing the skills of the domestic workforce, improving connections to international markets and transferring global best practices...Employing skilled migrants brings in knowledge and ideas...*"¹

But while this is appropriate as an overarching position, design of the permanent migration program demands consideration of Australia's complex economic circumstances and coordination with several intersecting policy areas. This should be reflected in recurrent planning for each migration stream, including the 2024-25 permanent migration program. Skills, housing and infrastructure warrant particular attention.

Skills

Australian businesses continue to report an inability to locate suitably skilled workers, with a consistently high vacancies count and reported inability to fill vacant roles.² Though total vacancies declined by over 15% in the year to August 2023, the count remains very high by historic standards. Ambitious government planning to foster the development of strategic industries, including manufacturing and energy, is likely to compound pressure on employers to locate skilled workers. For instance, the Clean Energy Council projects that the renewable energy construction and operations workforce could increase from 30,000 to 50,000 in the short to medium-term.³ This skills outlook also comes amid a period of historically low unemployment.⁴

A larger migration intake might constitute a reflexive response to widespread skills shortages and strong engagement of the existing workforce. However, this confluence reflects, in notable part, the consistent underinvestment in skills development by the previous Coalition government. Indeed, productivity declined in the three years to June 2023, with the Reserve Bank of Australia citing weak investment among explanations for this trend.⁵

The AWU has consistently called for government to build the domestic skilled workforce, including via increased resourcing for vocational education and training from both government and industry.⁶ We acknowledge increased commitment to skills development by the incumbent Commonwealth Government. Decision-making on migration should increasingly be informed by the changing domestic skills picture as investment and other reforms are realised.

The AWU is also concerned that, in some instances, reported skills shortages may reflect a quality of work rather than a labour supply issue. This is the case where skills shortages are said to persist despite the existence of a suitable number of qualified resident workers. The most appropriate and direct means of addressing this issue, patently, is improved wages and conditions. This approach also reflects the principle that migration must complement the abilities and needs of domestic workforce. Utilising migration in place of suitable but disengaged workers may amount to further driving down already poor wages and conditions. The union notes that the Commonwealth defines a 'skills shortage' essentially by reference to employers' ability to fill vacancies on any terms.⁷ Adequately addressing this issue demands a new approach.

To this end, the AWU is pleased to see the Migration Strategy refer extensively to the need to address 'genuine skills shortages' and propose measures to improve identification of shortages.⁸ Australia's approach to permanent migration should reflect this same shift; Migration as it stands is not a panacea to Australia's skills challenge. To better realise the benefits of skilled migration while managing risks, the program must better afford regard to the interplay between migration, skills, wages and conditions.

Recommendation 1: The 2024-25 permanent migration program should reflect the priority afforded to domestic skills development by the Commonwealth.

Recommendation 2: The 2024-25 permanent migration program should reflect the Commonwealth's shift to identify and address genuine skills shortages, rather than quality of work issues, through migration.

Housing and infrastructure

Australia appears certain to shatter its record for net overseas migration this year. The country is projected to add over half a million new residents - a figure far higher than any seen in recent history. Low departures and the return of international students and working holidaymakers, as opposed to permanent migration, is driving this trend. Accordingly, it is likely that net migration will recede in the short-term, and that 2023's migration figure will stand as an outlier.⁹

Regardless, this recent surge has correlated with especially acute cost of living issues centred around housing. The 2.5% rise in average rents in the June quarter was the largest quarterly increase in almost 35 years.¹⁰ Nearly 60% of low-income households in the private rental market are now experiencing housing stress.¹¹ House prices in Australia's capital cities have also risen by nearly 24% the past year, and over 5% nationwide.¹² While housing costs have risen precipitously, the wage environment remains strained. The wage price index marked its strongest growth in a decade this year. However, that is partly a reflection of ongoing high inflation; Real wage growth remains muted as inflation moderates.¹³

While the discussion paper suggests migration may help to address supply side issues in the housing market,¹⁴ we suggest the final impact is unavoidably increased demand where net migration is atypically high.

Very large net migration increases may also challenge Australia's infrastructure investment program. This is particularly so given the Commonwealth has now affirmed stable rather than increased investment in transport infrastructure over the coming decade.¹⁵

The regional dimension to these issues adds further complexity. While aggregate data suggests housing stress is most acute in capital cities,¹⁶ the AWU's membership includes thousands of workers in regional areas. Many report a severe undersupply of affordable rental properties, especially those in reasonable condition. In some areas no such properties are available at all. Equally, we recognise that approaching this issue requires government to achieve a particularly delicate balance, given genuine skills shortages are often most severe in regional Australia.

Plainly, multiple points of tension exist in relation to migration, housing and infrastructure, with important economic and social implications. This complexity underscores the need for a careful and coordinated approach to designing the migration program, including the permanent migration intake.

Recommendation 3: The 2024-25 permanent migration program should be informed by acute unaffordability in the housing market, including in regional Australia, and pressure on Australia's infrastructure pipeline.

Long-term planning

The issues outlined above call for longer-term and more collaborative planning of Australian migration - inclusive of unions, other non-government actors and all relevant areas of government. We therefore welcome the Migration Strategy's support for this very approach.¹⁷

Given its consistency with both the demands on the permanent migration program and the wider Migration Strategy, there is no reason why multi-year planning should not be implemented as soon as practicable. The discussion paper notes that a shift to a multi-year planning model for permanent migration is under consideration for 2025-26.¹⁸ This should be affirmed, and resourcing as necessary to support such a shift provided, as soon as practicable.

Recommendation 4: The Commonwealth should expedite implementation of a multi-year approach to planning and enhanced collaboration for the permanent migration program.

Reducing exploitation

Worker exploitation remains a too common feature of Australia's migration programs – worthy, unfortunately, of a dedicated chapter in the Migration Strategy. The AWU shares the government's position that migration will only truly serve the nation interest when it is underpinned by integrity and robust protections for all workers.¹⁹

The conversation around migrant worker exploitation is often focused on temporary migration programs such as the Pacific Australia Labour Mobility scheme. While the imperative for reform in those areas is clear, many factors that make migrant workers vulnerable – for instance, opportunistic employers and inexperience with Australian workplace law – apply across migration streams.²⁰

The Migration Strategy proposes a range of measures to combat migrant worker exploitation via improved detection of bad practice and increased penalties for culprits. While such action is welcome, this must be complemented by measures to address exploitation before it occurs. The most effective and direct means of preventing worker exploitation is the union membership. Deterring poor employer behaviour and promoting improved workplace practice and culture is central to the movement's reason for being.

The AWU has previously called for all new migrant workers, including those in the permanent program, to be made members of their union by default.²¹ As a means of preventing rather than only responding to migrant worker exploitation, this action remains as important as ever.

Recommendation 5: The Commonwealth should prescribe that all new migrant workers, including in the permanent migration stream, are made union members by default.

The AWU also strongly supported the campaign for improved communication with migrant workers on workplace rights, including from unions, as a means of addressing exploitation. We welcome the Migration Strategy's commitment to deliver as much.²²

Given the breadth of worker exploitation across Australia's migration programs, such briefings have a role not only for temporary migrants but for recent arrivals through the permanent migration program. The Commonwealth should expedite the formulation of options to build out and realise this commitment.

Recommendation 6: The Commonwealth should expedite delivery of its commitment to improve communication with new migrant workers, including permanent migrants, regarding workplace rights.

More information

The Australian Workers' Union welcomes further engagement from the Department of Home Affairs regarding Australia's permanent migration program and this submission.

¹ Australian Government (2023), 'Working Future: The Australian Government's White Paper on Jobs and Opportunities', <https://treasury.gov.au/sites/default/files/2023-09/p2023-447996-06-ch4.pdf>, p. 79

² Australian Bureau of Statistics (2023), 'Job vacancies, Australia', <https://www.abs.gov.au/statistics/labour/jobs/job-vacancies-australia/latest-release>; Jobs and Skills Australia (2023), '2023 Skills Priority List: Key Findings Report', <https://www.jobsandskills.gov.au/sites/default/files/2023-10/2023%20SPL%20Key%20Findings%20Report.pdf>, p. 5

³ Clean Energy Council (2022), 'Skilling the energy transition', https://assets.cleanenergycouncil.org.au/documents/CEC_Skilling-the-Energy-Transition-2022.pdf, p. 6

The figures cited do not include needs associated with new transmission infrastructure, for which the Commonwealth intends to provide \$20 billion in concessional finance in coming years; Department of Climate Change, Energy, the Environment and Water (2023), 'Rewiring the Nation', <https://www.dcceew.gov.au/energy/renewable/rewiring-the-nation>

⁴ Australian Bureau of Statistics (2023), 'Labour force, Australia', <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>

⁵ Bruno, A. et al (2023), 'Recent trends in Australian productivity', Reserve Bank of Australia, <https://www.rba.gov.au/publications/bulletin/2023/sep/pdf/recent-trends-in-australian-productivity.pdf>, pp. 4-7

⁶ See for example, Australian Workers' Union (2022), 'Building Australia: A fairer approach to skills and migration', <https://awu.net.au/wp-content/uploads/2022/08/Skills-report-August-2022.pdf>

⁷ Jobs and Skills Australia (2023), '2023 Skills Priority List: Key Findings Report', <https://www.jobsandskills.gov.au/sites/default/files/2023-10/2023%20SPL%20Key%20Findings%20Report.pdf>, p. 2

⁸ Australian Government (2023), 'Migration Strategy: Getting migration working for the nation', <https://immi.homeaffairs.gov.au/programs-subsite/migration-strategy/Documents/migration-strategy.pdf>, p. 54

⁹ Australian Bureau of Statistics (2023), 'Net overseas migration: Arrivals, departures and net, State/Territory, age and sex - Financial years, 2004-5 onwards', [https://explore.data.abs.gov.au/vis?tm=NOM_FY&pg=0&hc\[dataflowId\]=NOM_FY&df\[ds\]=PEOPLE_TOPICS&df\[id\]=NOM_FY&df\[ag\]=ABS&df\[vs\]=&pd=2005%2C&dq=1%2B2%2B3.TOT.1%2B2%2B3..A&ly\[cl\]=SEX&ly\[rw\]=MEASURE%2CTIME_PERIOD&ly\[rs\]=REGION](https://explore.data.abs.gov.au/vis?tm=NOM_FY&pg=0&hc[dataflowId]=NOM_FY&df[ds]=PEOPLE_TOPICS&df[id]=NOM_FY&df[ag]=ABS&df[vs]=&pd=2005%2C&dq=1%2B2%2B3.TOT.1%2B2%2B3..A&ly[cl]=SEX&ly[rw]=MEASURE%2CTIME_PERIOD&ly[rs]=REGION); Australian Bureau of Statistics (2023), 'Overseas migration drives Australia's population growth', <https://www.abs.gov.au/media-centre/media-releases/overseas-migration-drives-australias-population-growth>; Read, M. & McIlroy, T. (2023), 'Migrant intake has 'already hit record 500k'', The Australian Financial Review, <https://www.afr.com/politics/federal/migrant-intake-has-already-hit-record-500k-20231024-p5eehp>

¹⁰ Australian Bureau of Statistics (2023), 'Consumer price index, Australia - June Quarter 2023', <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/jun-quarter-2023>

¹¹ That is, where low-income households spend more than 30% of gross income on housing costs: Australian Institute of Health and Welfare (2023), 'Housing affordability', <https://www.aihw.gov.au/reports/australias-welfare/housing-affordability>

¹² Australian Bureau of Statistics (2023), 'Residential property price indexes: Eight capital cities', <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/residential-property-price-indexes-eight-capital-cities/latest-release>; Australian Bureau of Statistics (2023), 'Total

value of dwellings, <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/total-value-dwellings/latest-release>

¹³ Australian Bureau of Statistics (2023), '*Wage price index, Australia*', <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/latest-release>; Hannam, P. (2023), '*Australia's lowest-paid workers for get 5.75% increase in minimum wage*', Jericho, G. (2023), '*Real wages to take over a decade to recover*', The Australia Institute, <https://australiainstitute.org.au/post/real-wages-to-take-over-a-decade-to-recover/>

¹⁴ Consultation paper, p. 2

¹⁵ Department of Infrastructure, Transport, Regional Development, Communications and the Arts (2023), '*Final report of the Independent Review of the National Partnership Agreement on Land Transport Infrastructure Projects*', <https://www.infrastructure.gov.au/sites/default/files/documents/nlt-npa-review-report.pdf>

¹⁶ SGS Economics et al (2023), '*Rental affordability index - November 2023*', https://sgsep.com.au/assets/main/SGS-Economics-and-Planning_RAI2023-Website.pdf

¹⁷ Australian Government (2023), '*Migration Strategy: Getting migration working for the nation*', <https://immi.homeaffairs.gov.au/programs-subsite/migration-strategy/Documents/migration-strategy.pdf>, pp. 41, 78

¹⁸ Consultation paper, p. 3

¹⁹ Australian Government (2023), '*Migration Strategy: Getting migration working for the nation*', <https://immi.homeaffairs.gov.au/programs-subsite/migration-strategy/Documents/migration-strategy.pdf>, p. 73

²⁰ Ibid., pp. 73-74

²¹ Australian Workers' Union (2022), '*Building Australia: A fairer approach to skills and migration*', <https://awu.net.au/wp-content/uploads/2022/08/Skills-report-August-2022.pdf>, p. 4

²² Australian Government (2023), '*Migration Strategy: Getting migration working for the nation*', <https://immi.homeaffairs.gov.au/programs-subsite/migration-strategy/Documents/migration-strategy.pdf>, p. 75