



Productivity Inquiry – Labour market and migration roundtable

Thursday 27 October 2022 Commencing at 9:30 am AEDT via Zoom

Housekeeping

- The Chatham House rule applies: participants are free to use the information received, but the identity/affiliation of the speaker, and that of other participants, must not be revealed.
- Please use the digital 'raise hand' function to let the organiser and other participants know you have something to add to the conversation.
- Please mute your microphone as the default setting.

Agenda	Time
Welcome and introduction	9:30
Session 1: Migration settings to promote productivity	9:40 — 11:30
Break	11:30 — 11:40
Session 2: Occupational licensing, mutual recognition, and scope of practice	11:40 — 12:30
Close	12:30

Session 1: Migration settings to promote productivity

What are the issues?

- While migration occurs for many reasons, and has a range of social and economic implications, our inquiry is focused on its relationship with productivity. Broadly, migration settings can contribute to productivity by **increasing the supply of valued skills, diffusing knowledge about best practice from outside Australia, and improving labour market matching** between employees and firms' demands. Skilled migration is not the only relevant area of migration policy but is likely the most relevant lever.
- For migrants, labour market outcomes depend on having skills and experience that are valued and recognised. Other general qualities, such language skills, have shown to be influential. Migration settings can have a significant bearing on the matching between labour market needs and the migrant intake — employer sponsorship provides a more direct link between skills and needs.
- Employer sponsorship is currently tied to skilled occupations lists, which are based on estimates of skill shortages, among other factors. These lists are an imperfect mechanism — shortages are typically measured by the degree to which employers find it difficult to fill vacancies at current levels of pay, with no account of the potential for wage increases to attract Australian

Contact: Hudan Nuch | 02 6240 3246 | hudan.nuch@pc.gov.au | www.pc.gov.au



workers. Shortages may not be the only justification for skilled migration. Moreover, lists can be slow to update, costly, and restrictive.

- Migration policy needs to respond both to longer term needs and contemporary challenges. The COVID-19 pandemic severely disrupted global and intra-Australian migration patterns, with international and state and territory borders closed for prolonged periods. International borders remained closed even as Australia's economic recovery began in earnest. This led to relatively strong growth in both employment and job vacancies, as well as historically low levels of unemployment in mid-2022. Labour scarcity increased in sectors that typically rely heavily on migrant workers (such as hospitality). The 2022 Job Summit produced some agreed changes to the size of the annual permanent migration intake but not on composition.

Key topics for discussion

- How could migration better contribute to productivity?
 - How can policy improve migrants' labour market outcomes — for instance, by better matching the migrant intake to labour market demands, or by removing barriers to better labour market outcomes for migrants once they arrive?
 - What barriers are there to firms hiring skilled migrants?
- What roles should different forms of migration play?
 - temporary and permanent migration
 - employer sponsorship and other skilled migration
- What factors should be used to determine the composition of skilled migration?
 - What weight should be given to salary, skill lists, priority industries (like aged care), regions with protracted labour shortages, and age? Should the weight given to these vary between employer-nominated and points-based skilled migration?
 - If skill lists are retained, how, if at all, should they be changed?
- How can employer sponsorship be improved?
 - Is a wage threshold mechanism a viable substitute for, or complement to, occupation lists?
 - How can job mobility be improved for sponsored migrants (such as by reducing the net costs to employers of sponsoring migrants and by making it less costly for migrant workers to take up similar or better offers)?
 - How pervasive are underpayment and exploitation of migrant workers? Can labour laws be better enforced?

Session 2: Occupational licensing, mutual recognition, and scope of practice

What are the issues?

- Occupational licences can decrease information gaps between consumers and businesses and/or between employees and employers. They can be effective in preserving quality and safety standards. However, they can also limit entry into a market, with implications for both competition and labour allocation.
- There is little Australian research on the costs and benefits of occupational licensing and there is a lack of available data on licences. International evidence suggests the costs of licensing are high (reduced mobility, employment and labour productivity) but these findings may not translate



to the Australian context where the design of licensing regimes and the regulatory and competitive environment differ.

- The expansion of automatic mutual recognition (AMR) in 2021 across seven Australian jurisdictions has reduced barriers to labour mobility between states and territories.
- Migration can be limited by occupational licensing because foreign qualifications and experience will require additional assessment from regulators. Significant barriers exist in mutual recognition of international qualifications and licenses and a lack of synchronisation between skills assessments and licence/registration processes.
- The scope of practice covered by an occupational licence (activities reserved for licensees by law) can affect the optimal supply of labour where license restrictions are too broad and poorly justified.
- Reforming occupational licences is affected by the difficulties assessing safety risk and regulation, overreliance on anecdotal evidence and a lack of coordination between states and territories.

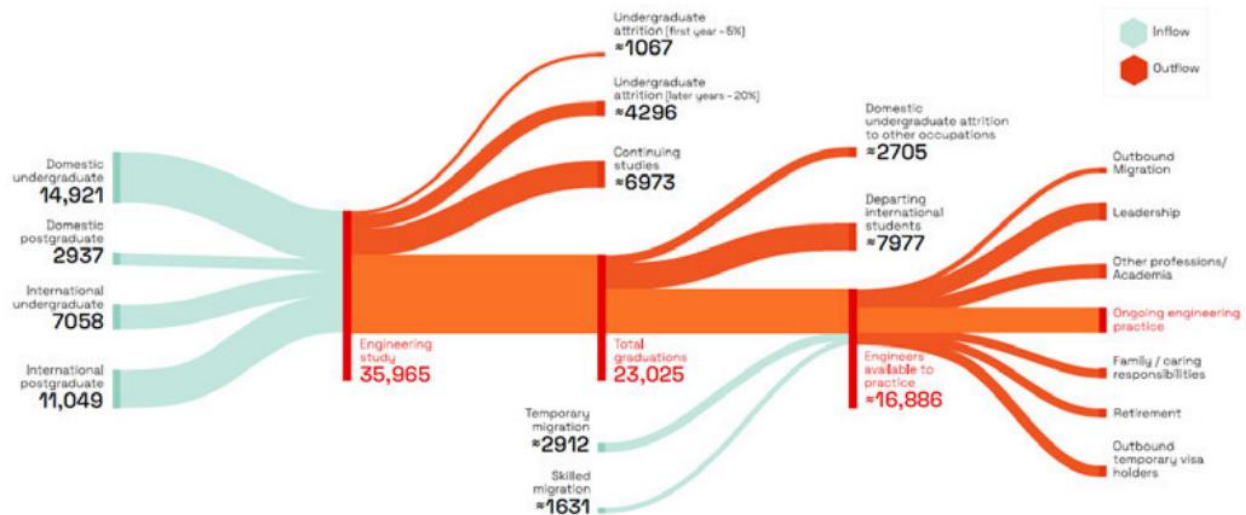
Key topics for discussion

- How, if at all, should mutual recognition of international qualifications and licences be progressed?
- How could synchronisation be improved between skills assessments and licensing regulators.
- Could international recognition be improved through migration policy adjusting to licensing requirements or through licensing requirements changing to support migration?
- What more could be done on automatic mutual recognition? (e.g. business licences, New Zealand AMR)
- Is it worth considering forms of national coordination on licensing, like the previous attempt at a national occupational licensing system?
- How should reform opportunities to scope of practice be identified and progressed?



Attachment A: Charts

Figure 1 – Multiple levers in the skills pipeline

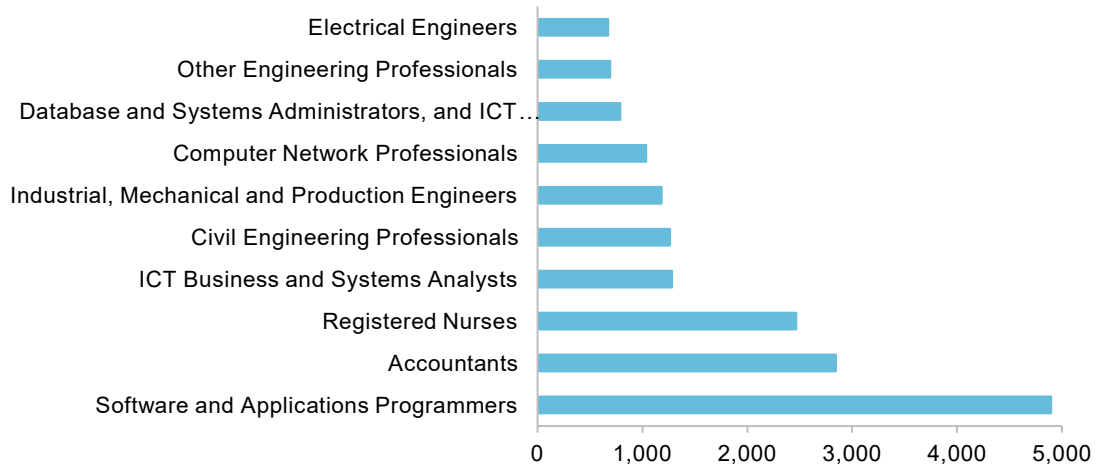


Source: Engineers Australia, sub. 85, p. 8

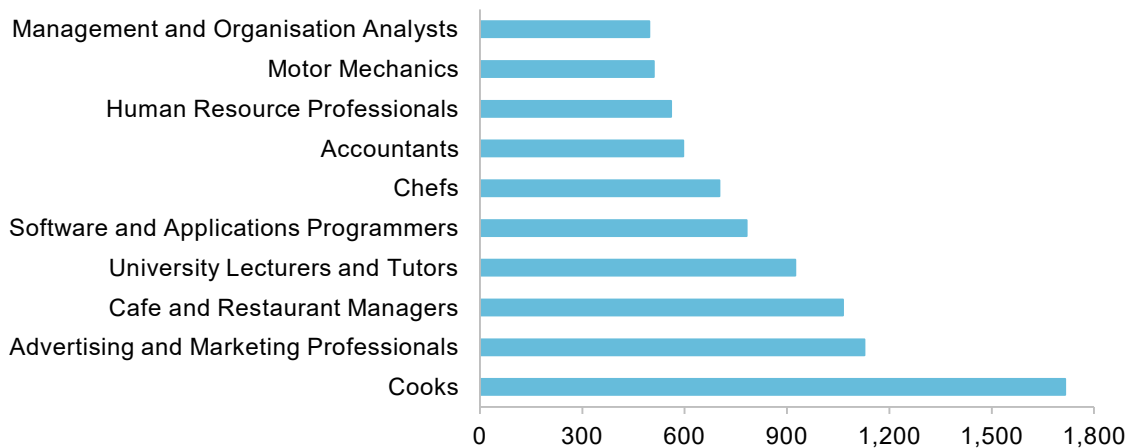


Figure 2 – **Top occupations for permanent skilled migration (pre pandemic)**

a. Point tested skilled migration visas, 2018-19



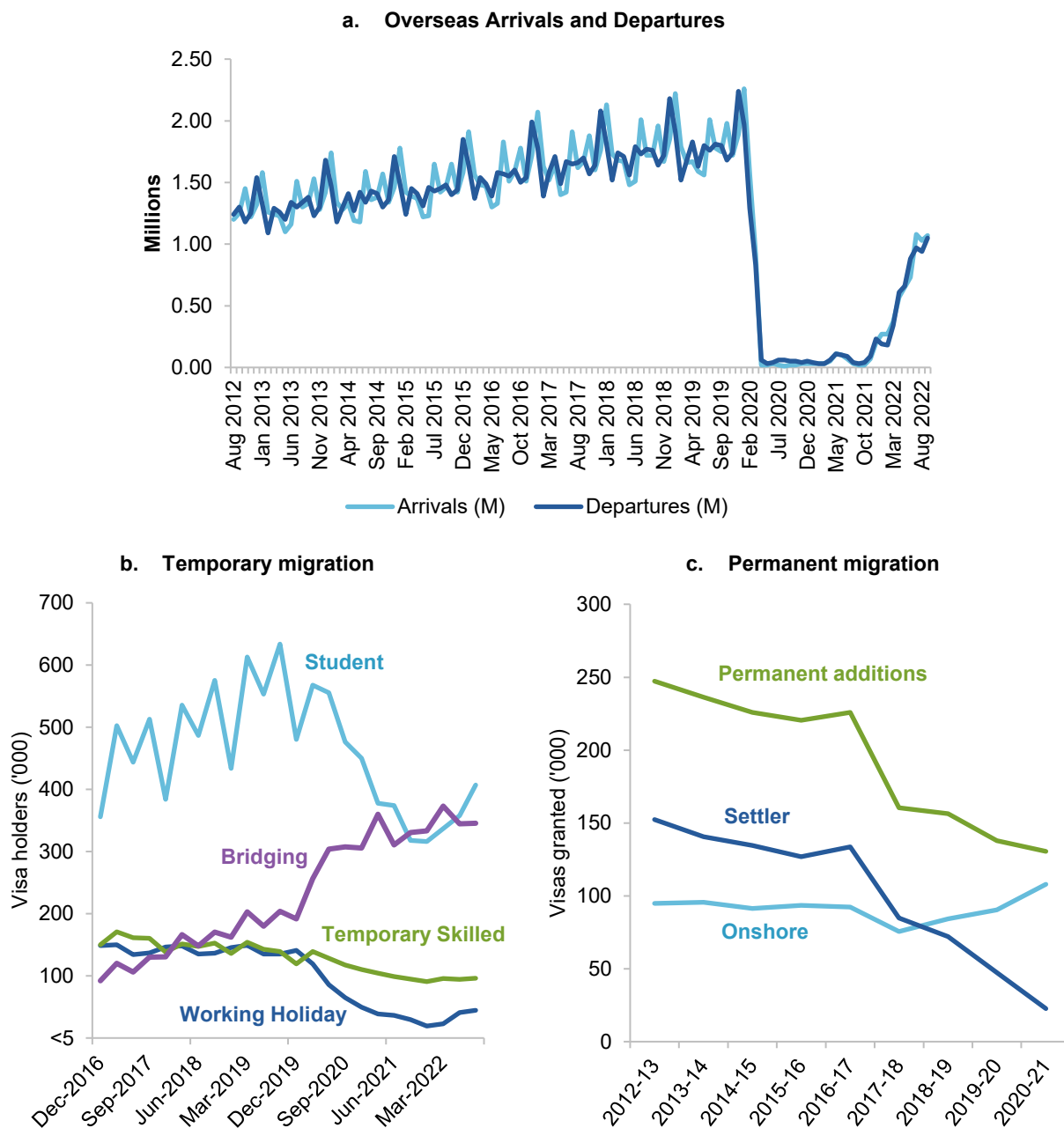
b. Employer sponsored skilled migration visas, 2018-19



Source: ABS



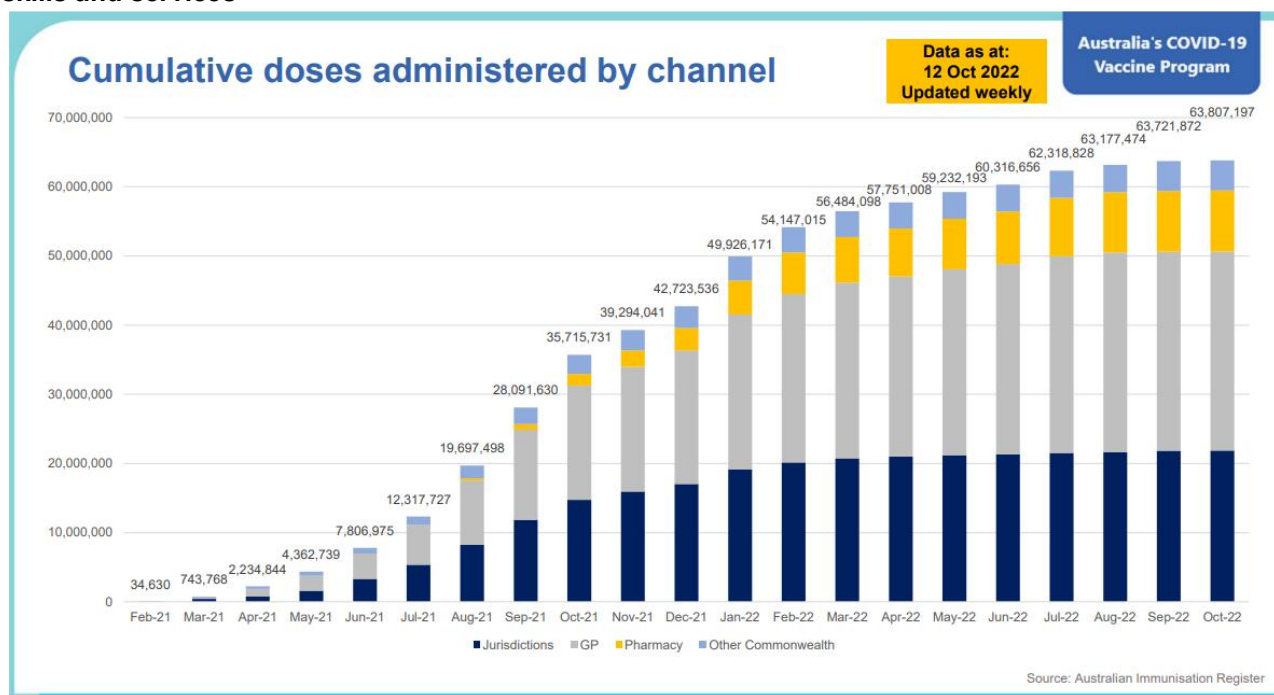
Figure 3 – Migration numbers are recovering



Source: ABS



Figure 4 – Reforming scope of practice for occupational licenses can improve the supply of critical skills and services



Source: Australian Immunisation Register