

National Migration Plan Submission 2019

“Building a Better Australia”



URBAN DEVELOPMENT INSTITUTE OF AUSTRALIA (UDIA)

NATIONAL January 2019

Dear Minister Dutton,

The Urban Development Institute of Australia (UDIA) is the leading peak national body representing the property development industry interests with more than 2,100 member companies across the country, promoting the responsible and sustainable growth of our cities. UDIA is the development industry’s most broadly representative industry association counting top tier global enterprises and consultants to local governments and small-scale developers as members. Our federated structure and broad membership ensures that we receive timely, quality advice from people in the business of urban development. The property development industry supports 29.4% of Australia’s total workforce amounting to \$214.6 billion in wages and salaries.

The UDIA welcomes the opportunity to provide a submission on Australia’s 2019-20 Migration Program.

UDIA supports the recommendations on the Australia’s 2019/20 Migration Program, and notes that 162,417 migrants came to Australia in 2017/18. In total 68.9% of migrants were skilled, which is key to supporting the Australian economy and continuing Australia’s 27 years of uninterrupted economic growth which is revered around the world. UDIA is keen to engage with The Department of Home Affairs on how the skilled worker classes can better assist the development industry to build the houses and infrastructure needed for the growing Australian population.

The migration program and all arms of government must be conscious that Australia, currently has an aging population. If left unchecked, this has a real impact on the wider economy. Any migration program needs to target working age skilled migrants and families. The recent analysis released by Treasury and the Department of Home Affairs found that skilled migrants delivered an economic dividend, lifting the standard of living by 0.1% of GDP per capita, increasing productivity by 10% and raising the workforce participation rate. As well as driving economic growth, immigration is also essential to mitigating the risks of a rapidly ageing population. In 2017, 15% of Australians were aged 65 years and over. By 2057 it is projected there will be 8.8 million older people in Australia, or 22% of the population.

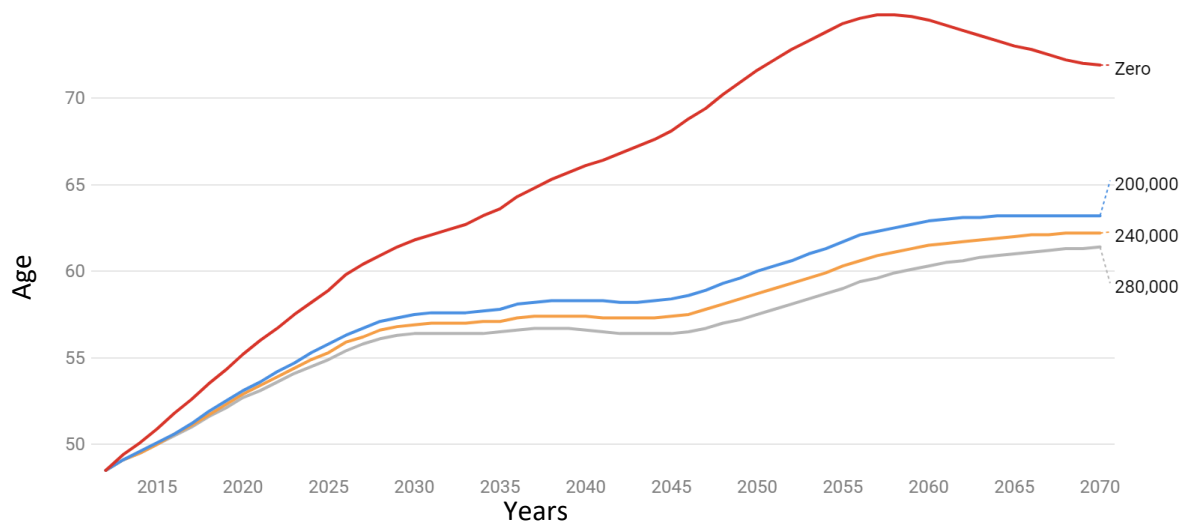
The proportion of tax payers to non-tax payers in 2017 was about 5:1 and within 30 years, by 2047 that’s projected to fall by more than 50% to 2.4:1.



The ‘dependency burden’ refers to the ratio of the number of children (0-14 years old) and older people (65 years or over) to the working-age population (15-64 years old). As presented in the chart below the population dependant on support increases significantly without migration. A migration program is essential mitigation factor for the major economic dilemma and the Federal Government’s management of this issue will be crucial over the next decade as the ageing demographic grows exponentially.

The population dependent on support increases significantly without migration

Projected dependency rates (per 100 people) using different net overseas migration assumptions, Australia - 2012-2070



Note: The dependency burden is the ratio of the number of children (0-14 years old) and older people (65 years or over) to the working-age population (15-64 years old), per 100 people

Source: ABS • [Get the data](#)

Analysis by Dr Kim Johnstone of Astrolabe of the current NSW Premier's stated desire to halve immigration into NSW, is predicted to result in 700,000 fewer people in twenty years' time – who would all be within the working age group (20-64 year olds). Even more alarmingly, if migration were halved into NSW Dr Johnstone predicts there would be fewer people aged 25-34 in 20 years' time compared to now.

The UDIA advises that migration and population settings need to be carefully considered and inform strategic land use planning to ensure our cities prosper in a globally competitive market. Unco-ordinated planning across Australia has left some major cities with housing backlogs, driving up prices. Other Australian cities like Perth in WA and Adelaide in SA would welcome additional migration but have lacked Local, State and Federal co-ordination to build the infrastructure needed to attract migrants or incentivise the populations to remain. Some of these cities – like Adelaide, have now begun developing State strategies and policy levers to incentivise and support a greater intake of migrants. The UDIA suggests that the migration plan work closely with other arms of Local and State Government to;

- Establish regular short/medium/long-term population forecasts to better inform strategic land-use and infrastructure plans.
- Identify the base level of services expected for key elements of liveability to accommodate a larger population including housing affordability measures, transport, key infrastructure and the environment.
- Use data to inform a national strategic population plan that predicts infrastructure and housing requirements, to accommodate population growth and delivers detailed, costed infrastructure and land release plans, including delivery time frames.

- Examine options for settlement planning to ensure the benefits of population growth are more evenly distributed across Australia inclusive of employment opportunities. This would also need attention to support jobs, social infrastructure and land use planning.
- Infrastructure and federal tax grants to states to be aligned with the infrastructure needs required to accommodate the aforementioned population forecasts.

The following UDIA policies address the key headings in Australia's 2019/20 Migration Program:

Purpose and configuration of the permanent Migration Program

The UDIA understands the purpose of the permanent migration program, however the program needs to be strengthened to work with all layers of government such that strategic land use planning can accommodate the forecast populations. As the migration program is a 'ceiling and not a target', population distribution plans and land use planning should work off the maximum, 190,000 to ensure there is appropriate capacity building plans.

The UDIA ultimately believes that population growth is essential to Australia's economic prosperity, and that it is the lack of infrastructure planning across and within states which is creating the perceptions of congestion and "growth-fatigue". Settlement planning, co-ordination of infrastructure delivery and strategic land use planning need to all work together to allow increasing migration levels and population growth to be catered for.

The contribution of temporary immigration in 2019-20

The UDIA understands that the temporary visa programs are uncapped, and demand driven. Whilst this is good in-principle, the UDIA would like to further understand how the demand is measured and if there is a skilled component to this. The property industry employs almost one third of Australia's workforce and needs consideration for a range of services from low skilled to highly skilled workforces. UDIA seeks engagement with the Department of Home Affairs to make sure the settings are right to support and provide the best outcomes for Australia and the development industry.

Maximising the value from the Migration Program

The value of migration is held in the utilisation of the skill sets that migrants bring. UDIA notes that there is 1.6% unemployment for sponsored migrants, the goal should be set to 100% employment. All migrants that are sponsored for employment should be in employment.

Federal treasury analysis shows that a significant portion of Australia's economic growth is built on immigration. The migrant intake from 2014-15 alone provides a predicted \$10 billion boost to the economy over the next five decades – migrants boost the economy by up to one percent a year. The report also indicates that migrants who have arrived since 1996 have performed better in the workforce than the average Australian born employee.

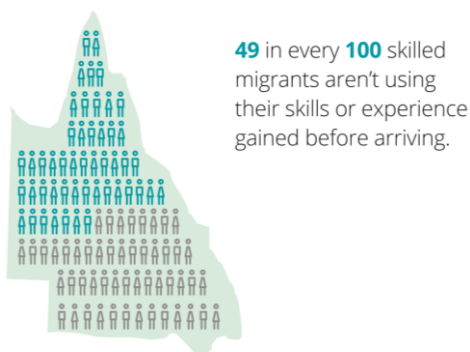
Distribution of migrants is important

As stated, "in 2016, 83 per cent of the overseas-born population were living in capital cities. Growth has been particularly concentrated in Sydney, Melbourne and South East Queensland". The UDIA strongly urges the Government to recognise cities like Perth and Adelaide that need population to grow their economy and industries. Cities like Perth in WA and Adelaide in SA would welcome additional migration but have lacked Local, State and Federal co-ordination to build the infrastructure needed to attract migrants or incentivise the populations to remain. Some of these

cities – like Adelaide, have now begun developing State strategies and policy levers to incentivise and support a greater intake of migrants. The capital cities also have regional areas that would welcome additional migration, provided planning and infrastructure accommodates. Settlement planning for internal and external migration has been lacking in Australia. Co-ordinate all levels of government and examine options for settlement planning to ensure the benefits of population growth are more evenly distributed across Australia in line with employment opportunities and established social structures.

Australia competes globally for migrants

In a competitive market Australia needs the best possible candidates to grow the country. Migration is competitive and the UDIA welcomes the Department of Home Affairs interest in being globally competitive. To remain competitive, visas need to be clear and streamlined. In addition, migrants need to know that the skills that they have are able to be transferred into an Australian context. Migrant skills are not being utilised; 49% of skilled migrants aren't using their skills or experience that they have gained abroad (Deloitte, QLD Department of Local Government, Racing and Multicultural Affairs) Australia is missing out on this experience, this makes Australia uncompetitive. More needs to be done to support these migrants and the UDIA would like to see programs in place that fast track skilled migrants into the workforce in the disciplines in which they are trained where possible.



Source: (Deloitte, QLD Department of Local Government, Racing and Multicultural Affairs)

Risks and threats exist and need to be managed

There are risks in any venture and these need to be managed. The risk in not having robust skilled migration with an aging population will dramatically burden the economic position of Australia. We must continue migration and focus of working age skilled migrants.

Questions for consideration in developing your submission

Would maintaining the current composition of the permanent Migration Program, approximately 70 per cent skilled immigration and 30 per cent family immigration, strike an appropriate balance that maximises the benefits of immigration for all Australians in 2019-20?

The skilled component needs to be a minimum of 70%. Preference should be given to skilled family migrants, where additional family members have skills Australia needs. This is emblematic of the Australian culture of working families. As children do not count towards the migration ceiling this could have the effect of dramatically increasing the intake of skilled migrants.

UDIA would caution that the skills industry needs are ever changing. Consultation with industry is important to match market demands and immigration visa policy. A points-based or quota system for skill areas may be appropriate.

How can Australia maximise the economic outcomes from the Skill stream in the 2019-20 Migration Program?

Careful consultation with industry to identify the skill sets that Australian needs is the best way to maximise the current economic benefits. Identification can then be made for emerging trends and to cater for this. There needs to be a points or quota system in place that allows The Department of Home Affairs to assess against a series of measures making the best decision for Australia.

What should the balance between skilled categories be in order to best meet the needs of Australians in 2019-20?

A focus should be placed on working age skilled migrants. Dual skilled migrant families should also be a key consideration when reviewing the policy. UDIA would suggest that dual-skilled families should not have to wait until one partner attains full citizenship for the immediate family to be reunited. This may be addressed via the skilled visa option or a skilled family visa class.

Is the current size and composition of the Family stream appropriately balanced between partners, parent and other family? What should the balance between family categories be in order to best meet the needs of Australians in 2019-20?

The current size of the family stream at 30% is appropriate where it meets the expectations of migrants attaining permanent residency/citizenship to bring immediate family to Australia. UDIA would again stress that where a partner has skills that Australia needs there should be no delay utilising the skilled visa option mechanism.

