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Minister for Home Affairs, Minister for Cyber Security  
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Dear Minister

### Submission on the Migration Points Test Review 2024

Thank you for the opportunity to comment on the Review of the Points Test (**Discussion Paper**).

The UDIA is the development industry's most broadly representative industry association with more than 2,000+ member companies – spanning top tier global enterprises, expert consultants, small-scale developers and local governments. The development industry is critical to the Australian economy, contributing 1.316 million jobs (11%) and \$360 billion in GDP annually (9%).

The UDIA National strongly supports frameworks and policies that alleviate the immediate impacts of the skills shortage, builds the capacity of critical industries and boosts Australia's economic productivity. Skilled migration is critical to this and it is vital the points test is reformed to bring in the skilled labour we clearly need – Record immigration has not filled the industry vacancies.

The productivity decline and skills shortage means we need to be keenly focussed on driving the right migrant intake that will benefit Australia. We recommend that the points test:

- 1) **Focus on skilled construction trades/jobs as a core criteria for boosting productivity.** Industry productivity is very low due to the lack of capacity and cost driven by skilled worker demand.
- 2) **Remove the qualification bias that treats trades as inferior** to other tertiary education – equal points for trades and tertiary education.
- 3) **Remove the bias against overseas experience** vs domestic experience – the points difference should be far less or equal points given we need the absent skills of overseas trades now.
- 4) **Ensure points for various forms of education should be “additive”** but should not discriminate against overseas education.
- 5) **Ensure English qualifications are important, but the points difference is too great.** Competent English is sufficient for most jobs and the points difference should be 2-5 points difference not 10.
- 6) **Should not use age as a significant discriminator and be assessed on a (minor) sliding scale.** Trades/jobs are more valuable as experience grows with age. We need skills and experience.
- 7) **Ensure a partner's skills, experience and education are “additive” with a similar points weighting.** We are bringing two skilled workers into Australia and that should be better reflected.
- 8) **Should value the ambitions and intentions of migrants by formally awarding points** where they (for instance) agree to take on an apprentice within 18 months of permanent residency etc.
- 9) **Minimise transition impact, by ensuring reforms mostly relate to weighting and relevance of the criteria** so transition does not disrupt application processes – It is hard enough to get into the country.

- 10) **The migration system more generally needs to undertake several broader reforms** like regular annual review of occupations and regular consultation with industry to perform well over time.

For simplicity we have expanded on the main issues below and our recommendations.

### Migration for a more skilled Australia

Since Federation, Australia's economy has been reliant on international capital and migration to bolster our productivity and skill base. It has been an extremely successful approach. It is critical we continue migration to properly balance future skills needs against our capacity to support and house our necessary growth in population:

- 1) Net Overseas Migration (NOM) historically accounts for about 60% of the population growth needed to sustain a vibrant economy in Australia.
- 2) Critically, migrants have a fiscally positive impact on the economy - the 2018-2019 Treasury data shows permanent migrants each contributed \$127,000 more to the GDP than the general population.
- 3) Migrants own one in three Australian small businesses. That is 620,000 businesses, employing 1.41 million Australians.
- 4) The Migration Council of Australia reports that migrants add 15.7% to our workforce participation rate, and 5.9% in GDP per capita growth.
- 5) UDIA/URBIS research shows NOM usually accounts for 56 percent of Australia's housing demand.

We note the immigration points system reforms relate three different visas:

- 1) the Skilled Independent visa (subclass 189),
- 2) the Skilled Nominated visa (subclass 190), and
- 3) Regional Skilled Work Provisional visa (subclass 491),

which together form some two thirds of Australia's permanent intake of skilled migrants.

These programs provide a permanent visa pathway to migrants who may not have a job already in Australia (and as such are ineligible for employer-sponsorship), but who have skills and attributes that mean they can find skilled work and contribute to Australia now and in the coming decades.

The difficulty in the current approach is that the points allocated on the following characteristics are not allowing sufficient skilled trades into the country.

Currently only 1.8 % of the migrant quotas have industry related skills, given that the industry represents 11% of the total fulltime workforce, the skilled construction migration levels are severely underrepresented. **It is a fundamental flaw if a critical need that must be addressed through immigration, is not fulfilled in times of record migrant intake.**

The points test allocates points to migrant characteristics such as:

- age,
- qualifications,
- skills, and
- English proficiency, and

then ranks prospective migrants by their overall points.

Migrants need to have a qualification and relevant experience related to a job on an occupation list, speak competent English, be below the age limit of 45 and score at least 65 points to be eligible for a points tested visa.

We note that Skilled Nominated visas and Regional Skilled Work Provisional visas, need state or territory government nomination and the governments set their own priority occupation lists as well.

The fundamental disconnect between the points test and Australia's needs may (in some instances), be bifurcated between states/territories and Federal Government, but they must act in concert to address the problem.

### The Issue for Industry

The development industry (like many others) is experiencing major cost increases and delays from skilled worker shortages. This means lower housing supply at increasing prices. Affordability is in steep decline as a result.

Development and Construction is a key driver of Australia's productivity and underpins 11% of full-time employment. Each dollar spent in new residential construction is shared between 40+ trades and businesses, and generates \$2.90 of broader economic activity.

The development industry's role as an engine room for jobs and the economy is in jeopardy by the emergence of perilously low forward-pipeline of new housing supply. Skilled labour shortages are significantly undermining capacity and productivity. This is being made worse by rising inflation and interest rates, with sharp increases in many basic building costs (by up to 30-40% in the past 12 months).

The impact of labour shortages cannot be overemphasised. Shortages of skilled workers over the last 2 years has delayed housing construction by six to 18 months.

The Master Builders Association, note the skills shortages have pushed out a standard residential build from 9 months to 12 months for construction.

### The Immediate Problem

**We note the purpose of this review is NOT to reform the size of the permanent program nor bringing migration levels back to pre-pandemic levels. It also clearly involves a different set of issues from the employee sponsored migration visas.**

That being said, it is important to understand the issues behind the lack of skilled immigration to know what should be reformed in the migration points test.

The pandemic has seen significant numbers of skilled workers repatriating to home countries with increased numbers of contractors and small business exiting the industry.

At the same time, low skilled worker migration in construction over the last two years, the natural attrition of the workforce and low uptake of new apprenticeships is delaying building and pushing up costs.

The loss of skilled workers has been further exacerbated by demand from other industries and sectors like mining and infrastructure, drawing off remaining skilled workers.

The resources heavy states have some unique challenges with skilled trade labour. There is a large amount of resources industry work already ongoing which is estimated to grow further which makes

the prospect of onboarding apprentices etc quite difficult, particularly in trades with cross-over potential in the resources space.

There are a lot of frustrated builders and civil contractors who lose staff because they cannot afford to pay the same rates as the resources industry – they can only combat it by offering a better lifestyle and not needing to commit to a FIFO roster.

In reality, we need immigration of skilled workers to fulfill both development and construction as well as long term infrastructure.

The issue is however more complex because the process from immigration to employment is stymied by unnecessary roadblocks and difficulties:

- it is very difficult to get international qualifications recognised and certified in Australia and the costs to establish here as a permanent skilled migrant are very high. This makes it difficult to establish from the very beginning of the application through to final integration into Australian life.

While the skilled work of migrants is excellent, adjustment to Australian life can be an issue in the short term. Companies taking on independent visa migrants (while not required) are put in a position of having to spend substantial resources helping them with local expectations around:

- Understanding our work conditions including working week, sick leave, annual leave, casual vs permanent, basic English, WHS training, certified PPE work gear, shoes and high vis
- Getting an Aussie drivers licence, understanding consequences of speeding, not parking in disabled bays, priority lanes on freeways, etc
- Toiletry/cleanliness/personal grooming
- Understanding housing costs, power, water, council rates, interest, loans, buying a house
- Shopping
- Cultural differences such as:
  - women bosses, women co-workers, women authority figures (Drs', Police, Fireys, Ambos)
  - Accessing a doctor, drugs and alcohol, prescription drugs, smoking
  - Religious freedom, discrimination, dating, LGBTQIA+

**While not the purpose of this review, it is important to note that the points system cannot compensate for lack of wrap around support services for new migrants.** This means there are substantial unrecognised costs.

**Greater Government investment in migrant support services will make the entire system including the points system more successful by streamlining the success of applicants.**

- Globally, when people immigrate to Australia, they are typically thinking about cities like Sydney and Melbourne which makes filling jobs in regions and states like WA, North Queensland, SA, NT difficult. We need to be using the points system to promote hard to fill opportunities in other cities.

Typically, using the points system more specifically to award substantially more points for people thinking of emigrating to Australian places where construction jobs are difficult to fill, like WA, North Queensland, SA, NT as well as regional areas etc.

- Equally, there is considerable difficulty locking down timelines and certainty from Government agencies, managing the process. The constantly changing and evolving parameters around independent, skilled migration as well as the bureaucracy and paperwork involved is excessive.

The industry is aware people looking to immigrate to Australia from even the UK, have found the process too difficult and time consuming – eventually giving up on a migration opportunity or going elsewhere.

**This is a matter of making the migration system more efficient and encourage greater uptake of overseas employment.**

The industry has suffered accordingly:

- Drawing from the latest stats from the UDIA Housing Dashboard [UDIA Housing Index \(UHI\) | UDIA National](#) there were ~28,000 job vacancies in the national construction sector as at February 2024 (according to the ABS).
- This level of job vacancies in the construction sector is 56% higher than the long run average and 68% higher than pre-pandemic levels.
- There is currently 1.316 million persons employed in the national construction sector as at February 2024. This reflects a 2% fall from November 2023 and 0% change since May 2023. (we need to see the total employed increasing not stagnating/flatlining).
- According to BuildSkills Australia (March 2024) Australia needs an additional 90,000 extra construction workers (over the next three months) to meet the Federal government's housing target by 2029.
- Trades in need across states and territories vary (and need to be monitored), but the highest priorities tend to be; carpentry, plumbing, electrical work, plasterers, tilers, cabinet makers/installers, painting/wall and ceiling fixers and masonry workers.

Nationwide, key industry trades in need include those below with the highest priority skills in the top 20 or so (all however should be a priority skill):

- Construction Site Managers, Supervisors, and Foremen
- HSE Advisors / Coordinators or any Safety Professionals
- Formworkers
- Blocklayers
- Plumbers (particularly drainers ie for big subdivision stormwater and sewer pipes)
- Electricians

- Plumbers
- Tilers
- Roofers
- Carpenters
- Concreters
- Steel Fixers
- Joiners / cabinet makers
- Piling rig operators
- Ceilings & partitions / linings
- Civil and Structural Engineers
- Cadastral Surveyors
- Engineering Surveyors
- Finishing carpenters/kitchen installers
- Engineers
- Project managers
- Development Assessment Planners
- Development Assessment Engineers
- Renderers
- Hebel / cladding installers
- Civil machine operators (excavator, loader, dump truck, roller, compactor, backhoe, dozer)
- Crane operators
- Civil Designers
- Truck Drivers
- Urban Designers
- Skilled general labour - civil construction (welding, drainage, asphalt, dogman, cranes, site setout)
- Retaining wall construction labour
- Concrete kerb labourer
- Post tensioning trades
- Reinforcement fix

Critically, with immigration restarting, Australia has struggled to recapture skilled workers with our existing visa programs. This is undermining productivity.

## The Solution

**It is absolutely clear the migration points system is not up to par given the high rate of immigration has failed to fill construction jobs.**

This can be rectified by:

1) **Focus on skilled construction trades/jobs as a core criteria for boosting productivity.**

The occupation priority list must focus more comprehensively on trades needed in the Construction industry. Industry productivity is very low due to the lack of capacity and cost driven by skilled worker demand.

The list above is a good start but it needs to be reviewed on at least a 12 monthly basis to ensure:

- a) The occupations are being filled; and
- b) The occupational demand is still relevant – it is unlikely that demand will slow for overseas skilled workers given the huge backlog in vacancies and the capacity needs.

2) **Remove the qualification bias that treats trades as inferior** to other tertiary education – equal points for trades and tertiary education.

The current approach to education provides 15 points for a bachelor's degree but only 10 points for a trade. They are entirely different skills and equal occupations. They should have the same points. The only differentiation on education should be for higher qualifications.

3) **Remove the bias against overseas experience** vs domestic experience – the points difference should be far less or equal points given we need the absent skills of overseas trades now.

There is an inherent conflict in the system that we are trying to attract skilled migrants for positions we cannot fill here, but do not equally value their overseas experience. As a first

4) **Ensure points for various forms of education should be "additive"** but should not discriminate against overseas education.

We agree that migrants that take the effort to do more training or domestic training should be recognised in the points system, but the starting point should be (say) a domestic trade skill is the same weighting as an international trade skill (where they are comparable). This is important given you need to reach at least 65 points to be eligible.

Separate *additional* points should be awarded for domestic education on the basis that an effort was made to achieve the qualification. An additive points approach.

There should be no bias for international vs domestic qualifications if they are assessed as being equal – it should not be assumed that overseas qualifications are inferior.



5) **Ensure English qualifications are important, but the points difference is too great.**

We note that competent English is the bare minimum (as it should be), but the points awarded for proficient English (10) is far less than superior English at 20.

Given having a trade (the most critical determinant of success in our industry), only receives 10 points, the point scoring for English is out of sync with other criteria and comparably out of sync within its own scoring for English language levels.

Competent English is sufficient for most jobs and the points difference should be 2-5 points difference not 10. By all means increase the points for the lower skill levels and keep superior at 20 points – simply remove the significant disparity.

6) **Should not use age as a significant discriminator and be assessed on a (minor) sliding scale.**

While we want migrants with enough working years to contribute to society, age is inherently in conflict with experience – the higher the age, the greater the experience, yet the less points are awarded. Over half the age points are lost between 39 and 40 years of age – this only serves to exclude experienced trades.

Trades/jobs are more valuable as experience grows with age. We need skills and experience over age.

The industry actually needs to fill the gap in skilled tradespeople in the **50 – 60 year bracket** to supplement the wave of those who have exited post covid. **The points test actively discriminates against the most valuable cohort for experience.**

Younger ages locally are not entering the construction sector at adequate levels making this a need that could be filled with the appropriately skilled international workers. Skill matching would be important but could be provided through the RTO network with RPL and VOC programs.

More long term strategies should be adopted by promoting more female participation at trade and apprenticeship levels, by introducing manual arts for females in inter school curriculums. There is 70+ career opportunities available in the construction industry and can be accessed via both trade and / or degree pathways.

The Canadian model of a sliding scale is preferable, but it is even still too biased towards age.

We should award less points for age and reduce them less for each year that passes.

7) **Ensure a partner's skills, experience and education are "additive" with a similar points weighting.**

Although we want the best immigration outcome for Australia, the migration system is NOT a transactional bargain. It is an investment in a future relationship with the applicant and their family.

Where we are potentially bringing two skilled workers into Australia, the points system should award significantly more points on each of the characteristics as an additive advantage to the application.



Success of the whole family unit is in Australia's best interests and our system should better reflect that point.

8) **We should value the ambitions and intentions of migrants by formally awarding points for additional issues not yet reflected.**

Specifically, there are a number of factors that contribute to the success of Australia and the housing industry. These are not always reflected in the existing points system and we are aware it can be difficult to do.

For example, additional points should be awarded where the applicant:

- a) agrees to take on an apprentice within 18 months of permanent residency.
- b) agrees emigrating to Australian places where construction jobs are difficult to fill, like WA, SA, NT as well as regional areas etc - substantially more points should be awarded.

9) **Minimise transition impact, by ensuring reforms mostly relate to weighting and relevance of the criteria** so transition does not disrupt application processes - It is hard enough to get into the country.

With the exception of the examples in 8 above, the changes we are looking to reflect in the points test should impact the results not the application of the potential migrant.

The EOI, is valuable for identifying the ambitions and intentions of the applicant. There should be more effort to formalise the identification of issues of importance through simple, direct questions. It is hard to write an EOI without directive queries and it may hold back potential candidates.

Overall, the migration system should be looking to find the best candidates rather than eliminating candidates - this means it is in our best interest to make the process as simple, directive and supportive as possible.

10) **The migration system more generally needs to undertake several broader reforms to be a competitive, "match fit" process that continues to perform over time:**

- a) **The points system for occupations and regions should be reviewed every 12 months** to ensure it reflects Australia's needs. This should focus on criteria that will change over time like priority occupations and (where adopted), regions of need rather than age, education, experience etc, which are more stable criteria - we do not want to make the process uncertain. It would be necessary to ensure any applications already being processed are a "grandfathered" under rules that applied as at the date of the application to avoid frustrating candidates.
- b) **Set up an ongoing working group with key industries** to better understand the "coal face" occupation needs and barriers, so the system can be better adapted. These would include working with all priority industries and (at least), infrastructure, Development and

construction, resources and mining, agriculture, banking and finance, legal/accounting/consulting services, retail and commercial.

- c) Related to the success of the points system - **Review migration paperwork and costs** to streamline the process.
- d) Related to the success of the points system - **Review the ability to recognise and bridge overseas qualifications** to Australian standards and employment that can be undertaken while bridging is obtained.
- e) Related to the success of the points system - **Provide substantial support services to enable qualification bridging** (as migrants may not have adequate resources)
- f) Related to the success of the points system - **Provide local support services to enable migrants to adjust** to the Australian culture and rules in the short term.

We are keen to discuss these amendments at your earliest opportunity.

Please do not hesitate to contact the UDIA National Head of Policy and Government Relations - Andrew Mihno on 0406 454 549 to discuss this further.



**Col Dutton**  
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