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31 May 2024

Jobs and Skills Australia
Department of Employment and Workplace Relations
GPO Box 9828
Canberra ACT 2601

VIA ONLINE SUBMISSION

Dear Sir / Madam,

Core Skills Occupations List Submissions – Information Technology Industry

1. ABOUT GILTON VALEO LAWYERS

Gilton Valeo Lawyers is an Australian boutique immigration law firm based in Sydney. We provide transactional services and comprehensive advisory services which include strategic advice to clients on immigration policy and compliance. We represent a broad range of clients across various industries including information technology, recruitment, healthcare, hospitality infrastructure and construction and many others. As part of our clientele, we also work closely with corporate clients of various sizes and renown, including major international corporations.

Further information about Gilton Valeo Lawyers, is available at: https://giltonvaleo.com/

2. SUMMARY OF POSITION

We refer to the Department of Employment and Workplace Relations request for public submissions to Jobs and Skills Australia's ("**JSA's**") consultation process on the Core Skills Occupation List ("**CSOL**").

We are pleased to provide submissions that have been compiled in close consultation with our clients that operate in the Information Technology industry. This industry is one of the most dynamic and rapidly evolving sectors in Australia. It is expected that the IT sector will witness significant growth in the next few years which indicates the robust nature of the industry and its ability to adapt to the constantly evolving technology landscape. As such, it is crucial that this industry continues to have access to the migration program by sponsorship of overseas skilled workers to fill the growing skill shortages in Australia. This will not only allow businesses to upskill the existing local workforce but to continue expanding at the rapid pace of growth that is anticipated in the coming years.

3. STAKEHOLDER GROUP AND BUSINESS PROFILE

Gilton Valeo Lawyers represent some of the top global technology companies. We have been instructed by our global corporate clients in the IT/Digitech industry to make this submission on their

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behalf to address the occupations listed on the draft Core Skills Occupation Lists. In particular, our submissions address the following occupations in context of the IT/Digitech industry:

Related occupations on Draft CSOL Confident Off List:

- ICT Project Manager
- ICT Support Engineer
- ICT Customer Support Officer
- ICT Support Technicians nec

Related occupations on Draft CSOL Targeted for Consultation List:

- ICT Account Manager
- ICT Sales Representative
- ICT Business Analyst
- Web Developer
- Analyst Programmer
- Software Engineer
- Computer Network and Systems Engineer
- ICT Support and Test Engineers nec

Our clients have requested for their identifying information to be confidential, as such, we have provided a general profile of their business and relevant industry.

- Size: 200-300 (Australian entity only)
  - Foreign employees only take up 1.5-3.5% of their total workforce
- Revenue: over 5 billion USD
- Industry: IT/Digitech – particularly SAAS platforms and software suites that support various clients and their industries, including finance, engineering, marketing, sales analytics, etc.
- Location: Metropolitan. Global corporation with offices in various regions, including US, Europe, APAC.
- How many years in operation: over 10 years in Australia. 20-40 years internationally.

4. SKILL SHORTAGE AND DEMAND IN INFORMATION AND COMMUNICATION TECHNOLOGY

According to Jobs and Skills Australia's own 2023 Skills Priority List Key Findings Report, one of the higher proportion of Professionals group occupations in shortage in 2023 was largely driven by ICT Professionals. Almost seven in ten ICT Professionals (69%) were in shortage[1]. As noted by JSA,

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[1] 2023 Skills Priority List Key Findings Report, September 2023, Jobs and Skills Australia, JSA report (jobsandskills.gov.au)

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growth in digitalisation across the economy may have resulted in demand in these occupations outpacing the supply of suitably skilled workers.

Peak industry body, Engineers Australia, released the *Statistical Overview of the Engineering Profession* report, which shed light on the concerning state of Australia's engineering workforce. This report also highlighted Software Engineering as a critical sector impacted. Engineers Australia have reported skills shortages and recruitment difficulties since the second quarter of 2021 and published their investigation into the dynamics of engineering skills supply and demand in Australia. The report identifies various suggestions for improvement, including improved employment outcomes for migrant engineers as a way to remove barriers for migrant engineers as an issue needing national attention[2].

In a research Tech Council of Australia (TCA), Australia's peak industry body for the tech sector, launched in Parliament House by Minister for Industry and Science, Hon Ed Husic and Minister for Skills and Training, Hon Brendan has revealed an 8% increase in tech jobs in 2022 brought Australia's tech workforce to 935,000 as of February 2023. This is 78% of one million tech jobs target by 2025, and 1.2 million by 2030 set in the Migration Strategy by Prime Minister Albanese[3]. TCA notes that "despite being on track, Australia still needs hundreds of thousands more people working in tech to meet the country's expected digital needs over the next decade'. To do this, the Government will need to 'improve diversity in the tech workforce, target skilled migration to areas of high-need and greatest shortages and improve industry-level workforce supply and demand forecasts'.

Australian Computer Society (ACS), the largest professional body representing the ICT sector, published an article regarding the skills shortage in October 2023. They stated that nearly 70% of ICT professionals' occupations were in shortage around Australia[4]. ACS also published "*ACS Digital Pulse 2023*", with Deloitte Access Economics in November 2023, addressing their findings and roadmap to meet the needs of Australia's technology sector. ACS called for an overhaul of the nation's skills, training, and immigration roadmaps, noting the combined importance of vocational education and training (VET), higher education, and migration[5]. The report noted that "efforts to address Australia's tech skills challenge are fragmented and no one entity is accountable"[6].

In ACS's Digital Pulse, it is noted that the Productivity Commission's Productivity Inquiry Report, Advancing Prosperity, released at the start of 2023, made 79 recommendations. Of these, 16 relate to

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[2] The Engineering Profession: A statistical overview, *Institution of Engineers Australia* (2023), https://www.engineersaustralia.org.au/sites/default/files/2023-11/engineering-profession-statistical-overview-fifteenth-edition.pdf
[3] Australia Set To Deliver 1.2 Million Critical Tech Workers By 2030 To Drive Productivity Across The Australian Economy (2023), https://techcouncil.com.au/newsroom/australia-set-to-deliver-1-2-million-critical-tech-workers-by-2030-to-drive-productivity-across-the-australian-economy/
[4] Nearly 70% of Aussie IT jobs are in shortage, *InformationAge, ACS* (2023) https://ia.acs.org.au/article/2023/nearly-70--of-aussie-it-jobs-are-in-shortage.html
[5] ACS Digital Pulse 2023, *ACS and Deloitte Access Economics*, (2023) https://www.acs.org.au/insightsandpublications/reports-publications/digital-pulse-2023.html
[6] Ibid.

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education and reskilling, and 12 to improving the migration system. ACS notes that "no real progress has been made on implementing these initiatives"[7]. In response to the ongoing skills shortages in the IT sector, ACS made 5 foundational recommendations, one of which includes "drive diversity by ensuring 500K women are in tech by 2030, along with better-utilising migrants' skills"[8].

In the Jobs and Skills Report "*Towards a National Jobs and Skills Roadmap*" published in October 2023, the report notes that while the Professional, Scientific and Technical Services jobs are projected to grow by 116,900 people by 2028, the second largest occupation within this subset – software engineers – has been in shortage since 2021 which "represents a tangible risk to Australia's ability to compete in a global digital world"[9]. Both Jobs and Skills Australia and ACS have emphasised the need to better utilise migrant skills and increasing migration in order to respond to these skill shortage challenges.

Australian Strategic Policy Institute (ASPI) noted in an article published in February 2024 that there is a shortage of critical and cyber technological skills in Australia[10]. Projected demands for skilled IT professionals in professional, scientific, and technical services sectors are to grow by 116,900 people by 2028, and by 233,600 by 2033, however, "only about 7,000 students are graduating each year in Australia with IT degrees"[11]. Furthermore, ASPI noted that Australia's national security is also challenged by tech skill shortages with both government and industry needing to recruit thousands of cybersecurity professional to meet workforce demand[12]. In light of recent well publicised cybersecurity issues experienced by Optus and Medibank, Australia is in need for tech skills migration to not only protect our national digital infrastructure and interests, but also to remain competitive internationally with the increase development of artificial intelligence and cybersecurity.

A survey conducted by Australian Information Industry Association in June 2023 revealed that 50% of Australian organisations are outsourcing IT roles offshore due to a lack of local skills[13]. For roles that are considered unavailable in Australia, AI skills were up from 21% in 2022 to 56% in 2023, and cybersecurity skills were up to 40% in 2023. This echoes ASPI's article that the Australian education system is 'underperforming in producing enough graduates with IT skills"[14].

Research conducted by RMIT University in collaboration with Deloitte Access Economics, revealed that four out of the top five skills employers surveyed said they lacked were in the digital space –

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[7] Ibid.
[8] Ibid.
[9] Towards a National Jobs and Skills Roadmap, *Jobs and Skills Australia* (2023)
https://www.jobsandskills.gov.au/publications/towards-national-jobs-and-skills-roadmap
[10] Bridging the skills gap through India-Australia tech skills migration, *ASPI The Strategist* (2024)
https://www.aspistrategist.org.au/bridging-the-skills-gap-through-india-australia-tech-skills-migration/
[11] Ibid.
[12] Ibid.
[13] AIIA Survey – Digital State of the Nation 2023, *Australian Information Industry Association* (2023)
https://aiia.com.au/wp-content/uploads/2023/06/AIIA-Member-Survey-2023-final.pdf
[14] Bridging the skills gap through India-Australia tech skills migration, *ASPI The Strategist* (2024)
https://www.aspistrategist.org.au/bridging-the-skills-gap-through-india-australia-tech-skills-migration/

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including AI, data science, coding and cyber security[15]. RMIT's paper also echoed ACS's Digital Pulse report in noting the issue of the exponential rise in IT skill demands and evident gap in digital skills and training. Digital Pulse found that three out of five businesses believe that their workforces have outdated digital skills[16].

Report prepared by Accenture for the NSW Skills Board identified that demand for ICT workers is expected to grow at 3.8% per annum, reaching over 1.2 million workers nationally by 2023[17]. This report explained that employers of core ICT occupations are looking for experienced (more than 2 years), university-qualified candidates with skills in programming languages, communication and teamwork[18]. However, while the pipeline of university graduates is strong, 66% of graduates do not join the ICT sector. Meanwhile the number of VET graduates is falling, with just 40% of IT graduates seeing the training as relevant to their job after training[19]. Therefore, based on forecasted supply, there is expected to be a shortfall of 186,000 workers nationally by 2030; 85,000 in NSW alone[20].

With the ongoing skills issues experienced by the existing Australian workforce, as noted by ACS and Jobs and Skills Australia, there are clear and unresolved issues of inadequate supply of skilled IT professionals in the sector. All the findings referenced previously also noted that skilled migration is another important potential source of supply to meet these demands. Accenture's report noted that skilled migration has been disrupted by COVID, further exacerbating supply challenges for experienced workers[21]. If the barriers to immigration were to increase, such as the removal of these occupations on the CSOL, it would continue to disrupt the supply of skilled IT workers, and reduce Australia's competitiveness in the global digital world.

5. RECRUITMENT EFFORTS IN THE LAST 2 YEARS

Based on our clients' survey responses, they have experienced severe skill shortages in ICT roles in the last 2 years, with one client currently experiencing around 24 unfilled job vacancies and seeing a reduction in job applications in the last 2 years. Our clients' recruitment difficulties reflect the ongoing trends and issues pointed out in the abovementioned publications and reports.

The vacancies are largely in the ANZSCO occupations listed below, particularly within the ICT Support and ICT client servicing roles:

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[15] Maximising the ROI of Skills and Training, *RMIT* (2024) https://assets.online.rmit.edu.au/cdn/ff/psEcvlO7ZN5t_RHPOE_QazmSwall7ibru5TLJFnGXko/1710729052/public/whitepapers/RMIT%20Online_2024_Research%20Report_Final.pdf
[16] ACS Digital Pulse 2023, *ACS and Deloitte Access Economics*, (2023) https://www.acs.org.au/insightsandpublications/reports-publications/digital-pulse-2023.html
[17] ICT Industry Landscape Report, *Accenture* (2023) https://www.nsw.gov.au/sites/default/files/2023-02/ICT-Industry-Landscape-Report.pdf
[18] Ibid.
[19] Ibid.
[20] Ibid.
[21] Ibid.

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Related occupations on Draft CSOL Confident Off List:

- ICT Project Manager
- ICT Support Engineer
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- ICT Support Technicians nec

Related occupations on Draft CSOL Targeted for Consultation List:

- ICT Account Manager
- ICT Sales Representative
- ICT Business Analyst
- Web Developer
- Analyst Programmer
- Software Engineer
- Computer Network and Systems Engineer
- ICT Support and Test Engineers nec

The skill shortages in these occupations are not only directly experienced by our clients, but also by other businesses within the industry. Our clients have noted that conversations within the industry (including discussions with peak body of Australia's tech sector, Tech Council of Australia), with other competing business, as well as their own clients, often raise the issue of skill shortages and recruitment difficulties.

A cursory search on common job seeking platforms on Seek and Workforce Australia also easily demonstrates these skill shortages. As of 22 May 2024, we note that there are:
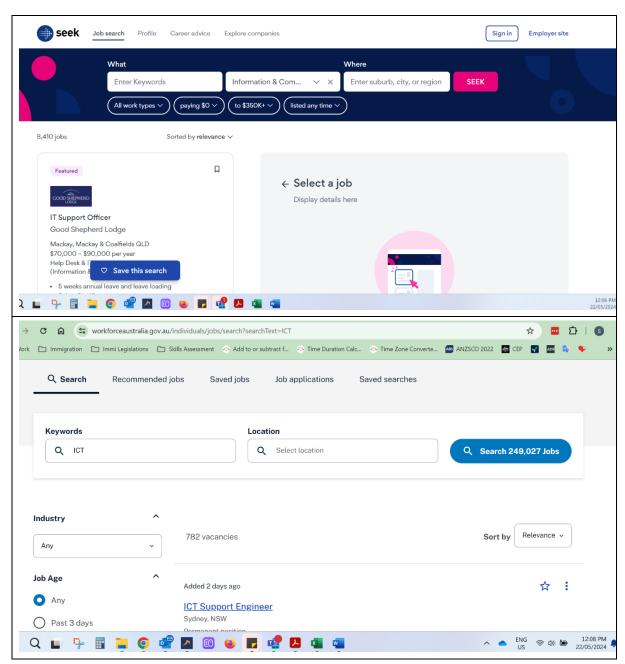
- Around 8,410 job vacancies nationally under Information and Communication Technology on Seek
- Around 782 job vacancies nationally under ICT on Workforce Australia

Screenshots attached below:

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To manage the skill shortages, our clients have taken the following measures:

- Increased workplace flexibility (e.g. hybrid/remote work arrangements);
- Emphasise benefits of working in the business to potential applicants (e.g. job security, job satisfaction, career progression)'
- Hiring foreign skilled workers;
- Intracompany transferee arrangements for existing skilled employees to support and train the Australian team;

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- Upskill existing staff or offer to subsidise education expenses.

Hiring of foreign skilled workers is one of the vital measures our clients have taken to manage their skill shortages. Our clients have used employer sponsored skilled visas to fill these skill shortages in the past 3 years and intend to continue to use them as part of their recruitment strategies.

For our clients, foreign employees only take up 1.5-3.5% of their total workforce, indicating that they do not overly rely on foreign talent. Rather, they use employer sponsored skilled visas to fill and supplement specific skill needs within the business, and continue to focus on hiring and upskilling the local workforce.

It is also important to note that the employer sponsored visa holders that they employ hold qualifications that are either similar to Australian standards or higher, another indication of the lack of qualified and experienced talents in the local labour market. For example, ICT Business Analyst is one of the occupations that these businesses have always ended up sponsoring on employer sponsored visa programs due to the level of skill and experience required, as well as the proprietary knowledge that is essential to undertake the role.

A troubling response commonly shared by our clients is that if they are unable to sponsor these ICT occupations, they wouldn't be able to expand or grown their businesses in Australia and the APAC region as quickly, and they may have to consider moving the occupation outside of Australia, either through outsourcing, or moving their APAC head office to another country instead of Australia.

In order to keep these corporate businesses' presence in Australia and to build Australia as the central hub of the APAC region, Australian immigration systems would need to continue supporting employer sponsorship and migration pathways for these skilled migrants.

6. REMOVAL OF THESE OCCUPATIONS WILL ADVERSELY AFFECT BUSINESSES

As per our clients' feedback, some of the main reasons why our clients use employer sponsored skilled visa arrangements is to get specialist skills not readily available or accessible in Australia, as well as retain skilled employees in the business.

Based on the above trends and findings, it is clear that Australia continues to suffer from severe skill shortages in the IT industry. Some of the key issues identified include the lack of training and development, as well as the lack of skilled candidates to fill the shortages. ACS and ASPI both noted that there is a lack of accountability and responsibility of Australian education system and training institutes in ensuring competitive training and development for IT professionals, thus leading to the lack of qualified professionals in the local labour market. The result of this is an obvious trend of outsourcing IT roles offshore. This is also reflected in our clients' survey results and feedback, where they note that the increase in barriers of sponsoring skilled foreign IT professionals will lead to their

decision to outsource the roles offshore or move their APAC business to another country where talent is easier to source.

The lack of competitiveness and lower skill level of Australian IT professionals is one of our clients' commonly cited difficulties in establishing and maintaining their presence in Australia. Experience is also a particularly important issue as these global corporations have their own proprietary software suites. In order to provide the standard of service expected with their brands and products, they require skilled IT professionals that have proprietary skills and experience in their products.

With the ongoing difficulties in training and development of IT professionals in Australia, without hiring foreign employees with established skillsets to not only maintain the level of service required, but to also transfer their expertise to the local workforce, our clients will not be able to expand their businesses as quickly in Australia or the APAC region. The time required to train and develop junior IT professionals to the level required by these corporate businesses will take several years, leading to these businesses considering moving their operations outside of Australia.

As suggested by ACS in the Digital Pulse report, while forecasts suggest strong growth will continue in the sector, "there is a risk the Australian technology workforce will not grow quickly enough to meet the rapidly growing demand in technology skills"[22]. In order to supply workers to meet the demands projected between 2022 and 2030, Australia's technology sector will need to skill an additional 205,000 workers to match demand by 2030, and an additional 237,000 workers if Australia was to match levels of spending on critical technology in the USA (proportionate to GDP)[23].

With the ongoing skill shortage and increasing recruitment difficulties across the economy, to fill the skill gap, Australia must be able to attract skilled migrants. If ICT occupations are removed from the CSOL and the barriers to hiring skilled migrants increase, it will not only adversely affect the businesses in the IT sector, but all across the economy due to the increase IT usage and digitisation of the workforce.

Another issue is if ICT occupations are removed from CSOL and relegated only to the "Specialist Skills" stream of the proposed Skills in Demand Visa, where the salary threshold is $135,000, it would remove the ability for IT business to hire mid-level experienced employees. The $135,000 salary threshold will limit sponsorship to management-level employees, who do not necessarily undertake the day-to-day, frontend, client-servicing tasks (e.g. coding, gap analysis, customising software for business requirements, etc). However, a majority of the skill shortages outlined by our clients require the support of mid-level experienced employees in client servicing roles. They are required to grow the businesses of our global corporate clients in Australia quickly, while being able to develop and support clients within Australia and across the APAC region.

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[22] ACS Digital Pulse 2023, *ACS*, (2023) https://www.acs.org.au/insightsandpublications/reports-publications/digital-pulse-2023.html
[23] Ibid.

The average salary range of the roles our clients are hiring for is between $80,000 to $100,000, which is above the current TSMIT but below the specialist skills threshold of $135,000. This is an indication of the skill level required to meet their skill shortages, and also an indication of the continuing need to include ICT occupations in the CSOL stream.

7. CONCLUSION

Based on the abovementioned surveys, findings, and projections, Australia's current workforce cannot keep up with the demand for digital skills and experienced IT professionals, and the Government's commitment to deliver 1.2 million critical tech workers by 2030.Australia requires further training and development in digital skills, as well as skilled migrants to fill these vacancies and skill gaps.

This aligns with the survey results received from our clients in the IT industry. They have been experiencing shortages in ICT occupations in the last 2 years, exacerbated by the disruption to immigration by the COVID Pandemic. Hiring foreign skilled employees is one of their vital measures to manage their skill shortages.

Employees are hiring for bachelor (or higher) qualified, experienced (at least 2 years) IT professionals to fill the skill gap and keep up their competitiveness on both a national and global scale. Based on the reports by ACS and Jobs and Skills Australia, it is clear that there is a wide knowledge gap in Australia, and businesses have turned to skilled migrants to fill these gaps. As noted by our clients, experienced IT professionals are required to grow the businesses of our global corporate clients in Australia quickly, while being able to develop and support clients within Australia and across the APAC region.

Disruption to immigration and increased barriers to accessing employer sponsored visa pathways will be detrimental to Australian businesses, as well as Australia's position as leaders within the APAC region or globally. It will also set back the Government's strategic goals to contribute $250 billion to GDP from tech-related activity by 2030, making Australia one of the best places to start and scale a company, globally. Removal of these ICT occupations from the CSOL is giving rise to fears from our clients that they will need to start considering moving these roles or even their operations outside of Australia, which will lead to a significant detriment to the Australian economy and our ability to keep up internationally with the increase development of artificial intelligence and cybersecurity.

In order to keep these corporate businesses' presence in Australia and to build Australia as the central hub of the APAC region, Australian immigration systems would need to continue supporting employer sponsorship and migration pathways for these skilled migrants.

In light of the data findings identified, we recommend that JSA include the following ANZSCO occupations to the CSOL:

- ICT Project Manager
- ICT Support Engineer
- ICT Customer Support Officer
- ICT Support Technicians nec

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- ICT Account Manager
- ICT Sales Representative

Should you require any further information, please do not hesitate to contact us on ███████████ ███████████████████████████████

Yours sincerely,

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