



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

6 January 2026

Mr Steve Georganas MP
Chair
Joint Standing Committee on Migration
PO BOX 6021
Parliament House
Canberra ACT 2600

via email: migration@aph.gov.au

Dear Mr Georganas

Inquiry into the value of migration in Australia

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) welcomes the opportunity to provide a submission to the Joint Standing Committee on Migration's inquiry into the value of skilled migration in Australia.

Small businesses are the engine room of the Australian economy. They employ approximately 5 million Australians, representing 42 per cent of the private-sector workforce, and contribute around one-third —\$590 billion annually— of Australia's GDP. While small business is often defined as having an annual turnover of \$10 million or less, about 93 per cent of these have a turnover of less than \$2 million.¹ This highlights that most Australian small businesses operate on a small or micro scale with resources and capabilities, whether in financing, compliance, staffing, or access to digital tools, that differ markedly from those of larger enterprises.

Skilled migration plays an essential role in supporting Australia's labour-force growth with new migrants continuing to be a major driver of employment expansion. The Council of Small Business Organisations of Australia's (COSBOA) *Small Business Perspectives 2025* report found that approximately 20 per cent of surveyed small-business owners were born overseas, highlighting the significant contribution migrants make to Australia's entrepreneurial landscape.²

The Department of Home Affairs reported that new migrants are a key contributor to employment growth in the Australian workforce. At June 2025, Australia's employed workforce stood at almost 14.7 million, 18.9 per cent higher than in June 2020. New migrants accounted for 34.6 per cent of these additional jobs, whereas Australian-born accounted for 40.7 per cent and established migrants 24.8 per cent.³

The current operating environment presents challenges for many Australian small businesses, and changes that reduce complexity and create 'right sized' regulation in skilled migration and

¹ Australian Small Business and Family Enterprise Ombudsman (ASBFEO), '*Number of small businesses in Australia*', ASBFEO, Commonwealth of Australia, August 2024, accessed 8 December 2025.

² Council of Small Business Organisations Australia (COSBOA), *Small Business Perspectives – 2025 Report*, COSBOA, 28 October 2025, p 6.

³ Department of Home Affairs, *Australia's Migration Trends 2024-25*, Department of Home Affairs, 2025, accessed 5 December 2025, p 36.



workplace relations would enable businesses to focus more on improving productivity, fostering innovation, and enhancing output.

Impact of skills shortages in Australia

The persistent shortage of skilled labour poses substantial challenges for small businesses across Australia. COSBOA's *Small Business Perspectives 2025* report found that the difficulty finding and retaining suitable staff continues to weigh on operations, with 43 per cent of respondents experiencing difficulties finding suitable staff and 70 per cent saying the top reason was a lack of skilled candidates. Sectors reported as experiencing the biggest challenges are construction, retail and hospitality.⁴ Businesses experiencing sustained difficulty in filling vacancies face elevated risks to operational continuity, reduced productivity, and diminished capacity to meet customer demand or pursue growth opportunities.

In December 2021, Varela *et al*/found skilled migrants from the 2018-19 cohort of Australia's permanent migration program are more likely to be employed, and have a higher paying job than the population overall, contributing a positive fiscal impact over the course of a migrant's lifetime.⁵ Additionally, evidence from the Organisation for Economic Co-operation and Development (OECD) finds that Australian regions with larger shares of migrants tend to have higher regional wages, which provides evidence of a positive link between migration and labour productivity.⁶ This confirms that migrants are not replacing local workers—they are enabling businesses to expand, service more customers, and scale operations.

Recent analysis by Jobs and Skills Australia (JSA) highlights the structural nature of current labour shortages. JSA's 2025 Occupation Shortage List (OSL) shows a shortage of skilled workers in 29 per cent of occupations spanning health, science, technicians and trades, and machinery operators and drivers. It also shows 21 occupations with a shortage in regional areas but not in cities—up from 12 occupations in 2024—demonstrating deepening geographic disparities in workforce availability.⁷

JSA's analysis shows a high correlation between workforce availability and industry productivity performance. Industries experiencing the highest workforce shortages—such as construction, mining, and health care and social assistance—have also recorded the weakest productivity growth over the past five years. Conversely, industries with below-average shortages, including information media and telecommunications, arts and recreation services, and agriculture, forestry and fishing, were more likely to record productivity growth above the national average.⁸

⁴ Council of Small Business Organisations Australia (COSBOA), *Small business perspectives 2025 report*, COSBOA, 2025, accessed 10 December 2025, p 34.

⁵ Varela, P., Husek, N., Williams, T., Maher, R. and Kennedy, D. *The Lifetime Fiscal Impact of the Australian Permanent Migration Program*, The Treasury, December 2021, pp 7-13.

⁶ Organisation for Economic Cooperation and Development (OECD), *Migration and regional productivity: Evidence from Individual wages in Australia*, OECD, 4 December 2023, p 3.

⁷ Jobs and Skills Australia (JSA), *2025 Occupation Shortage List*, JSA, 2025, accessed 10 December 2025, p 5.

⁸ Jobs and Skills Australia (JSA), *2025 Occupation Shortage List – additional notes*, JSA, 2025, accessed 10 December 2025, p 8.



We offer the following recommendations to improve the skilled migration process.

Recommendation 1: The Committee examine the cost to Australian small businesses resulting from a lack of skilled workers.

JSA reports that productivity is being shaped by shifting skill demands and structural barriers; and that there is a need for better alignment between education, migration and workforce settings to unlock participation and modernise skills pathways.⁹ Persistent shortages of skilled workers place substantial operational and financial pressures on small businesses, limiting their capacity to meet customer demand, maintain productivity, and pursue growth opportunities.

Where skilled labour is scarce, firms are reluctant to invest in sophisticated production methods that require a steady supply of skilled workers. This in turn reduces the opportunities for skilled workers and may diminish the incentives for workers to acquire skills, reinforcing the cycle of shortages.

A clearer understanding of the economic impacts of labour shortages is essential. Modelling the economic cost of labour shortages on small business will build our understanding of how workforce dynamics, including migration, skills shortages and labour productivity, affect operational viability, growth opportunities, and overall contribution to the national economy. This analysis will enable policymakers and industry stakeholders to better identify structural challenges facing small businesses and design targeted measures that support sustainable business development, enhance resilience, and strengthen national productivity.

Recommendation 2: The Committee review the Core Skills and Occupations List (CSOL) to ensure it accurately reflects current and emerging job shortages across key sectors

Industry stakeholders maintain that the current CSOL does not align with current skills shortages. While the CSOL serves as a mechanism for identifying occupations eligible for the Skills in Demand visa, ASBFEO's discussions with key stakeholders have raised concerns that small businesses cannot access skilled migration pathways due to structural constraints within the mechanism, most notably the application of the Temporary Skilled Migration Income Threshold (TSMIT). In industries where average wages fall below the TSMIT (e.g. hospitality and other service sectors), employers are effectively prevented from sponsoring skilled migrants, even when those roles are demonstrably hard to fill. Hard-to-fill vacancies provide an excellent means of identifying where firms are having difficulty in recruiting to meet their production requirements.

Removing the income threshold and aligning the list with real-time labour-market demand would improve the effectiveness of skilled migration pathways. Regular updates informed by robust workforce data and industry consultation would help ensure that small businesses are able to access the skills required to maintain operations, pursue growth, and enhance productivity. A more dynamic and responsive list would also support workforce planning and mitigate emerging skill gaps before they become entrenched.

⁹ Jobs and Skills Australia (JSA), *Connecting for impact: Jobs and Skills Report 2025*, JSA, 4 November 2025, accessed 19 December 2025, p 4.



Recommendation 3: The Committee investigate whether the process for moving from a temporary skilled migration visa to a work stream permanent visa is fit for purpose

Stakeholder feedback gathered through ASBFEO consultations indicates that the current skilled migration framework does not adequately support the workforce needs of small businesses. These businesses often rely on workers who come to Australia on working holiday visas and gain essential skills experience, and firm-specific knowledge during their time in Australia. However, the requirement for these workers to return to their home country to gain additional experience before qualifying for a skilled migrant visa creates a significant gap, causing small businesses to lose access to workers who have integrated into their operations and contributed to their growth.

Stakeholder feedback further highlights significant cost and administrative burden in the skilled migration process. The process requires extensive documentation and lengthy timeframes, while high fees deter small businesses from hiring qualified candidates. High visa-related costs often deter small employers from progressing employees from student or working-holiday visas to skilled visas, despite a clear business need.

Many small businesses lack the capacity to meet complex compliance requirements, resulting in missed opportunities to recruit and retain talent, and fill critical roles. These challenges not only disadvantage small businesses but also exacerbate labour shortages across key sectors, constraining productivity and economic growth.

Investigating whether current pathways from a temporary skilled migration visa to a work stream permanent visa is fit for purpose would enable the Government to identify barriers that constrain small business access to talent. Streamlining eligibility requirements, reducing administrative complexity, and improving transparency in the process would also support their ability to maintain a stable and skilled workforce. This, in turn, would contribute to the overall economic growth and competitiveness of Australia's economy.

Recommendation 4: The Committee consider recommending the Government provide ongoing, responsive and tailored assistance to help small businesses navigate the skilled migration process.

Small businesses face significant challenges in understanding and navigating the skilled migration process. Many small businesses have limited resources, including access to compliance and reporting expertise, highlighting the need for regulatory compliance support that is accessible, practical, and tailored to specific needs.

To help small businesses access skilled workers to meet their employment needs, the Commonwealth and state governments should institute a dedicated small employer concierge within the immigration system. This would ensure the 'right sizing' of procedures and operating protocols—supported by resources such as templates and checklists that reflect the operational realities of small businesses—and provide tailored assistance for busy employers navigating what is a complex system. It would also provide governments with a valuable source of intelligence about the challenges small businesses face in this area.



To enable a smooth and effective skilled migration process, it is essential that guidance be developed for skilled workers from countries that contribute a significant number of migrants. This guidance should help prospective migrants understand the necessary qualifications, relevant experience, and required documentation to inform their application. Clear and accessible information can improve the quality of applications and facilitate a skilled migrant's integration into the sponsoring business, enhancing their contribution to the Australian economy.

Recommendation 5. The Committee recommend that the Government review the administrative process and fees to apply for a skilled migration visa.

Australia's skilled migration visa process is complex, imposes significant fees, and experiences frequent delays that disproportionately disadvantage small businesses, many of which lack the resources to navigate complex requirements or absorb high costs. This complexity has created a reliance on migration agents who may promise unrealistic outcomes for the fees they are paid.

Reviewing the administration of the process with a view to improving its efficiency and effectiveness, for example, by streamlining documentation, reducing application fees and leveraging digital technology, would help lower the cost of accessing skilled labour and ease the pressure on small businesses, empowering them to focus on growth rather than red tape. Furthermore, enhancing process transparency, such as adopting real-time application tracking, would allow small businesses to plan and respond proactively to workforce needs. Such changes, along with tailored guidance and support, would open essential skilled migration pathways to small businesses, enabling them to attract and retain the talent needed to sustain operations, foster innovation, and drive economic growth.

A current lack of transparency impedes effective workforce planning, with applicants and sponsoring businesses lacking clear information on application status or expected timeframes. This uncertainty undermines confidence in the system and creates planning challenges for small businesses. Implementing a system that provides real-time updates on the status of migration applications would allow small businesses to strategically plan their workforce needs based on expected employee numbers.

We urge the committee to recommend the establishment of a readily accessible 'stage of process' tool to alert applicants to any time-sensitive decisions. The tool should, for example, confirm receipt of a 'complete application' and indicate the expected assessment timeframe. This would help avoid unnecessary delays in processing that can arise from missing information or documents or an otherwise incomplete application. The Canadian Government's 'Check your status' tool provides a useful reference model.¹⁰

In terms of cost, stakeholder consultations indicate that nominating sponsors may incur costs exceeding \$25,000 to secure a skilled migrant. This is beyond the capacity of many small businesses, noting that Australian Taxation Office data shows 46 per cent of small businesses did

¹⁰ Government of Canada, *How to check your application status [website]*, Government of Canada, accessed 6 January 2026.



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not record a profit in the most recent financial year. Furthermore, approximately three-quarters of self-employed business owners—whose business represents their primary source of income—earn less than the average full-time weekly wage. Costs of this magnitude risk excluding small businesses from accessing skilled migration pathways, leaving them unable to fill critical roles necessary to maintain operations or achieve growth.

If you require any further information, please do not hesitate to contact the Policy and Advocacy team via email at advocacy@asbfeo.gov.au.

Yours sincerely

The Hon. Bruce Billson

Australian Small Business and Family Enterprise Ombudsman