



**A migration system for  
Australia's future**  
Global Adelaide submission

Thursday 15 December 2022

With Australia facing population, skills and labour challenges, our economy, industries and businesses will struggle to find the resources that they need. A migration system that will facilitate overcoming these challenges will enable business to grow and support thriving communities.

Global Adelaide brings together South Australian industry to collaborate and advocate for a stronger economy, workforce and community. We advocate and inform policy makers to shape immigration policy and practice that empowers government, business, industry and the community to create lasting regional change.

Our goals are to:

1. Understand the economic value migrants bring to our state
2. Reform immigration programs to:
  - Facilitate population growth
  - Maximise economic value to South Australia
  - Power business and industry with a suitably skilled and experienced workforce
  - Revitalise and support regional communities
3. Attract skilled migrants to South Australia.

Reform of Australia's migration system is essential to ensure that Australians prosper, through business growth, employment, wages growth and welcoming communities. It's significance is enabling a region like South Australia to prosper, cannot be understated. On behalf of the members of the Global Adelaide community, we are pleased to submit our recommendations to assist in the establishment of a 'A migration system for Australia's future'.

## Recommendation

Australia's temporary and permanent employer nominated demand driven, and points tested human accumulation migration models would be modernised to provide 3 new contemporary programs. Existing temporary and permanent migration programs would be replaced with a new express permanent program as well as a provisional and regional provisional visa program with the provisional programs requiring the holder to live and work in a nominated occupation or a closely related occupation for 3 years and in a designated area before being eligible for permanent residency. Employers nominating or sponsoring employees would be required to complete annual monitoring/reporting and all provisional and permanent visa holders would be monitored/tracked through individual tax returns to demonstrate compliance with visa conditions and to ensure that the overall intent and objectives of the migration program is being achieved. Where it is not, evidence would be available to inform Government and policy makers with regards to changes needed to deliver and drive better outcomes. Employers would be required to demonstrate that they have a commitment to training within their business or pay an annual skilling Australians fund levy. The Federal Government would set the Macro/national settings or operational framework, states and territory governments in collaboration with business, industry and unions would set the micro policy settings across the 3 tiers, which would be defined as Express Permanent Residency, Provisional and Regional Provisional. Where modelling and forecasting (similar to the methodology developed by BDO Econsearch) evidences a net economic benefit for an occupation (or a sectorial group of occupations) the occupation or occupations would be included on a state occupation list (regardless of the skill level, job classification title or market salary rate). These occupations would be considered endorsed occupations that would not require Labour Market Testing. The TSMIT would be abolished and replaced by market salary rates applicable to the relevant occupation in the designated jurisdiction.

Express permanent residency would be for occupations where the salary is over \$100,000 and incorporate the existing permanent Employer Nomination Scheme subclass 186 visa and permanent Skilled Independent subclass 189 programs. The upper age limit would be increased to 50 years of age.

Provisional visas would be implemented for occupations where the minimum salary is at least \$85,000 and incorporate the existing permanent Skilled Nominated subclass 190 program and a national provisional employer nominated visa program with a structured pathway to permanent residency, which would be similar to the existing Temporary Skill Shortage subclass 482 program. Any provisional employer nominated provisional visa holder who is subject to exploitation would be able to transfer to a provisional skilled migration visa. This program would require the visa holder to live and work in their nominated occupation or a closely related occupation for at least 3 years before being eligible for permanent residency. The upper age limit would be set at 50 years of age.

A regional provisional visa program would be introduced for all ANZSCO skill level 1 to 4, the salary level for this would be set at the market salary rate. A regional employer nominated provisional visa would replace the existing 482 program in regional areas, it would also replace company specific labour agreements, industry labour agreements and designated area migration agreements. The same occupation list would apply to the regional nominated skilled provisional program, meaning that applicants could apply for either a regional provisional employer nominated or regional provision skilled nominated visa, with the regional provisional skilled visa requiring a job offer as part of the eligibility criteria. Each of these visas would require the visa holder to live in a designated area and work in the nominated occupation or a closely related occupation for at

least 3 years to meet the eligibility criteria to apply for permanent residency. Any regional provisional employer nominated visa holder who is subject to exploitation would be transfer to a regional skilled nominated provisional visa. Providing opportunities for independent skilled nominated applicants to obtain a visa to live and work in a regional area will reduce the use/demand of employer nominated visas, however, employer nominated visas would remain for businesses looking to access this program to address current and future workforce needs. The upper age limit would be set at 55 years of age.

Changes would also be made to business visas, including the introduction of regional business visa settings, student visas programs where courses are delivered in regional areas with a focus on occupations in demand and designated pathways to permanent residency, entrepreneurial start up visas and training visas, with training visa occupation lists mirroring the express, provisional and regional provisional programs based on where occupational training will be delivered and demand.

The express, provisional and regional provisional visa programs would be subject to faster and more responsive processing time frames.

Mandatory annual monitoring of employers and visa holders would also allow cancellation provisions for sponsors and visa holders who do not comply with their visa conditions or sponsorship obligations to be enforced, substantially increasing the integrity of the Australian migration program and protecting vulnerable visa holders. The ability for a provisional employer nominated visa holder to transfer to a provisional skilled migration visa would help identify businesses or individuals that are breaching their sponsorship obligations and more importantly, provide an additional layer of protection for visa holders.

Temporary employer nominated/sponsored visas would be replaced by a provisional and regional provisional employer nominated, visa, however, these programs would remain an important part of the Australian migration program for those businesses and visa holders who only intend to remain in Australia temporarily.

Due to a shift from temporary to provisional visas (with provisional visas counted in annual migration program numbers), only primary visa holders would be included in annual migration program numbers. Secondary visa holders and family members data would still be captured in net overseas migration data and statistics, but would not be included in the overall migration program numbers. Only recording primary visa holders in the annual migration program would allow for a clearer picture of how many skilled/economic migrants applications are made and how many outcomes or decisions are made, and in which occupations and jurisdiction.

Other recommendations include changes to Australian citizenship eligibility criteria for people working on projects deemed to be of national significance, for example ship building or other defence projects where citizenship is required in order to obtain security clearances.

## Introduction

When looking at the settings and outcomes of the economic component of Australia's migration program including the uneven distribution of migrant settlement patterns over the last one to two decades it is evident that the overall economic benefits that should be the key objective and target underpinning the operational structure of the migration program favour large capital cities over smaller capital cities and regional Australia. As a nation, we have the ability to create and operate a robust and incredibly beneficial economic migration program capable of delivering significant benefits and gains for key business and critical industry sectors across all jurisdictions. This would also increase the integrity of the Australian migration program. This requires a significant shift in what is essentially a one size fits all program, which in recent times has been based on the findings of the 2016 productivity commission report into skilled migration, to a program specifically built and tailored based on the unique micro needs of all regions and jurisdictions which often differ from region to region or town to town. This can be done by creating a program that has national settings at the macro level but designed and operated on a micro level by state or territory governments and in some cases, by local government or regional development Australia authorities, in conjunction with other relevant stakeholders, namely unions, business and industry groups. A methodology of measuring the economic benefit of filling roles in regional and low population growth areas through the migration program has been undertaken by BDO Econsearch which includes measuring the creation of new employment and training opportunities for local residents. These benefits include increase demand for goods and services, new employment and training opportunities for local residents, increasing or stabilising regional population, increasing productivity, increasing fertility and reducing aging to name a few.

Currently there are parts of the Australian migration program that work very well, however, changes could be made to the operational structure of the migration program to deliver better outcomes in regional and low population growth areas across all ANZSCO skill level 1 to 4 occupational classifications to address current and future workforce needs.

Regrettably, there are also components of the current system that are open to exploitation from many actors which undermines the integrity of the migration program and have a significantly detrimental impact to the migration program in being able to achieve its intended outcomes or maximise the best long term economic opportunities that could be derived from the Australian migration program.

The current operation of the migration program and outcomes are based on existing rules, regulations and policy. One only needs to look back historically to see what programs delivered the most preferable outcomes and when we look at that through a regional distribution our outcomes lens, this was achieved through the regional demand driven temporary subclass 457 program which allowed visa holders to transition to permanent residency in a regional area after 2 years. This program was removed around 2008/2009 and replaced with a greater focus on labour agreements, including designated area migration agreements, company specific labour agreements and industry agreements which in comparison are very complicated, confusing and time consuming to prepare and submit and to assess and process at the Department of Home Affairs. Most demand driven programs that operate in regional and low population growth are very prohibitive, expensive and difficult to access for employers and potential visa applicants. Evidence of this can be seen by the very low number of visa applicants and visa grants through the NT and SA Designated Area Migration Agreement, and you compare the Regional Sponsored Migration Scheme (RSMS) permanent subclass 187 visa

program with the Skilled Employer Sponsored Regional (SESR) Provisional subclass 494 visa program, which replaced the 187 visa.

The challenges facing regional and low population growth areas of Australia in terms of visa outcomes and the distribution of migration outcomes is nothing new, nor is this phenomenon only experienced in Australia, this is a globally recognised challenge. Canada has very good provincial visa programs and the Economic Innovation Group in the US and others like Global Detroit have done a lot of work on creating a new "Heartland Visa". Fortunately, the solution is very simple, design a new regional provisional program that allows greater opportunities for individual migrants and employers to access demand driven migration in regional and low population growth jurisdictions of Australia. This would include a stream for international students to study pathways and programs in demand in regional Australia, have increase work opportunities and a pathway to permanent residency through a provision skilled visa or a provisional employer nominated visa, requiring the visa holder to live and work in the nominated occupation or a closely related occupation and in the relevant region for at least 3 years prior to meeting the eligibility criteria to apply for an Australian permanent visa. Being based on demand driven principles rather than the human accumulation methodology, this would require an offer of employment, ensuring that migration outcomes match local/regional demand. Visa holders being required to work in their nominated occupation or a closely related occupation for at least 3 years before meeting the eligibility criteria to apply for a permanent visa would increase the operational integrity and provide better outcomes. If a provisional visa holder wanted to change locations or occupations, they would be permitted to do so if they obtained another visa permitting this.

This differs from the current settings of the Australian migration program in a number of ways. Most importantly a program based on the recommendations of this submission will provide better outcomes, increase the integrity of the migration program and reduce exploitation.

A primary focus of this review must be identifying and closing loopholes that exist within the current program which can be exploited by international students, temporary and provisional visa holders, employers, migration providers, education agents, unregistered migration providers and some education providers. A taskforce should be introduced to investigate this matter in more detail, however, there are a number of initiatives and strategies that can be introduced to the international student program, the skilled migration and demand driven employer nominated programs, plus other temporary and provisional visas that will immediately uphold and increase the integrity of the Australian migration program. Care also needs to be taken to ensure that any changes to the migration program does not simply shut down one program where exploitation exists and replace it with another program where loopholes can be exploited.

One of the biggest challenges when it comes to identifying loopholes and exploitation – in terms of exploitation by visa holders and/or employers, is due to the very limited amount of post visa grant data regarding visa holders. For example, how many people nominated by the South Australian Government over the past 3-5 years to live in South Australia and work in a nominated occupation, are still living in South Australia and working in their nominated occupation or a closely related occupation. These statistics and reports are a critical component of migration reform. How many international students, international graduates, temporary or provisional visa holders simply access the SA Governments very generous state nomination visa program who only do so to obtain a migration outcome where they have no genuine intention to live and work in the nominated occupation or in South Australia. How does this outcome benefit or maximise the potential economic benefit that could be derived from the migration program.

Currently the migration program allows an international student to study a course in Australia in an area that has a designated pathway to permanent residency, in a nominated occupation that does not require any post study work experience to be eligible to obtain a positive skills assessment, for example an Australian bachelor degree in information technology followed by an Australian Computer Society professional year program. In other situations unscrupulous education agents, migration providers, education providers and employers will facilitate and/or provide a pathway for an international student to obtain a migration outcome, others will find other ways to game the system. An international student can complete a course and obtain a temporary graduate visa with full work rights for between 2 to 5 years depending on their eligibility. If the person does not meet the requirements for permanent residency, they will often re-enrol into another course and apply for a subsequent student visa. When an international student/graduate obtains a positive skills assessment (for example through completion of a professional year program which requires no work experience) or by being eligible for professional registration, they then shift their attention to meeting the requirements for a permanent visa or a state/territory nominated provisional visa. Some states including South Australia have incredibly generous eligibility criteria to be nominated by the SA Government, such as only having to live and work in an outer regional area – working in any occupation for 6 months. Therefore, an international student who completes a Bachelors of IT and completes a Professional Year Program with the Australian Computer Society in Queensland could move to Adelaide as the holder of a subclass 485 graduate visa, move to Whyalla in outer regional South Australia and live and work (in any occupation, such as a pizza delivery driver) for 6 months, before meeting the SA Government eligibility criteria and being nominated by the SA Government for a subclass 491 visa. Once the applicant has been nominated by the SA Government for a 491 visa, they could then return to Queensland and move to another regionally defined area. Once the applicant has a provisional 491 skilled visa, they must live and work in any regional area, in any occupation for at least 3 years to meet the eligibility criteria for Australian permanent residency. Someone could work as cleaner for 3 years and successfully obtain their permanent residency through Australia’s skilled migration program. Is this really the type of outcome Australia is trying to achieve through the national skilled migration program. This program also destabilises other migration programs such as the Designated Area Migration Agreement, industry agreements, company specific labour agreements and the subclass 482 and 494 visa programs as it is far easier to qualify for a 491 visa than to live and work for an employer in a regional, rural or remote area for 3 years to be eligible to then transition to an Australian permanent residency visa. Demand driven visas also required visa applicants to have either 2 or 3 years post qualification work experience in the nominated occupation. Keeping in mind that it is not uncommon for some international students or graduates to pay for work that leads to a positive skills assessment, or leads to the person meeting state/territory guidelines or qualify for an Australian provisional or permanent skilled migration visa, it is easy to see that there are some migration programs that currently exist that do not deliver the optimal long term economic benefit or outcome, nor improve economic growth or increase productivity, innovation or entrepreneurship in regional and low population growth jurisdictions, rather current regional programs are easily exploited by some seeking a migration outcome and others who do not have a genuine intention to live and work in a regional area, in their nominated occupation or a closely related occupation.

I am not sure if other matters such as skill assessments required for a permanent Australian skilled migration (including demand driven) fall under the scope of this review, however, why are skill assessment required if someone has completed an Australian qualification. If there are concerns about qualifications obtained from some institutions, perhaps such institutions should not be permitted to deliver courses to the (incredibly lucrative) international student market.

As set out in the South Australian Centre for Economic Studies reports (attached) consideration should be given to change business visa, creating a regional business visa program which could be designed to increase the opportunities for business owners to sell genuine ongoing businesses to business migrants with international business and entrepreneurial experience in regional and low population growth areas. An uncapped entrepreneurial visa should also exist for any person who has an endorsed start-up business and access to suitable funding to support themselves and start up their business. The structure of the existing subclass 188E visa works, however, as this provisional visa falls within the annual permanent residency cap/program, numbers or places available are capped/limited – thus resulting in lengthy delays. If the Australian international start-up entrepreneurial visa is to be internationally attractive and competitive, it must be a temporary uncapped program with clearly defined pathways to a provisional visa and permanent residency.

In order to transition to a new contemporary migration program there will need to be a range of short, medium and long term strategies and reforms to the Australian migration program. Interim changes are proposed as a temporary measure to enable the current migration program to address current and future workforce challenges prior to the design and implementation of a new long term national strategy.

Australia, including our states and territories need to develop a long term plan and strategy that firstly identifies what we want to achieve and why, then identifies the impact of increased migration in relation to capacity and infrastructure requirements, plus the increase on demand for goods and services and increased consumption expenditure, plus the creation of new employment and training opportunities for local residents. We need a system that provides certainty and the surety required for businesses, industry and governments to give them the confidence to invest in the infrastructure required to facilitate growth in regional and low population growth jurisdictions that have not benefited from an even or consistent distribution of migration outcomes at the same or at a similar level to which has been achieved in Australia's more populous capital cities. This uneven distribution of migration outcomes provides an unfair economic benefit and opportunity to larger cities at the cost of the same or similar benefits and opportunities to regional and low population growth jurisdictions.

### **Independent Skilled Migration**

The current skilled migration program does not require a skilled independent migrant to work in their nominated occupation or a closely related occupation, however, temporary to permanent demand driven migration programs such as the Temporary Skill Shortage subclass 482 visa or the Skilled Employer Sponsored Regional provisional subclass 494 does require the visa holder to work in their nominated occupation before being eligible to apply for permanent residency through the permanent demand driven migration program.

Consideration should be given to the intended purpose of the migration program and what outcomes Australia wants to achieve nationally across all jurisdictions and assess if the current system delivers on these intended outcomes or whether the program delivers the best possible economic outcomes. This will then identify areas and programs that need to be improved, amended or introduced which drive and deliver better outcomes, whilst improving the overall integrity of the Australian migration program.

Migration is a nation building opportunity that can stimulate long term economic growth and employment opportunities, drive innovation and increase Australia's economy and population. The current operational structure of the Australian migration program is based on a methodology that was identified and introduced at

a time when Australia's and international economic conditions including current and future workforce needs were significantly different to that which we face today. This is Australia's migration program, as a country we should strive to build a robust contemporary migration program to unashamedly deliver the best possible outcomes for all Australians.

Whilst there are significant challenges with the exploitation of temporary visa holders, it is important that we do not throw the baby out with the bathwater as temporary visas and in particular regional demand driven programs are very important for regional and lower population jurisdictions when it comes to addressing current and future workforce needs. Although current programs are not allowing businesses to access or maximise opportunities that could be available for various reasons as evidenced by very low usage and outcomes of regional programs such as the SA Designated Area Migration Agreement, the standard 482 program outcomes and the provisional 494 employer sponsored program, changes to the eligibility criteria for these programs would deliver a significantly better opportunity and outcomes without undermining the integrity of the migration program.

### **BDO Econsearch 'Understanding the economic opportunity of demand driven migration for South Australia'**

Recent evidence based research and economic modelling conducted by BDO Econsearch evidences regional demand driven migration being an important factor to Australia's post-COVID-19 recovery. The modelling found that filling persistent workforce shortfalls in occupations and regions that South Australians choose not to work in creates opportunities in areas they do choose to work in.

The research evidenced a positive correlation between regional demand driven migration, local job creation and an increase in gross state product. The research found that regional demand driven migrants are job creators, not job takers. Analyses of the impact of different migration policies on Australia tend to conclude that high-skilled, high-paid, young migrants are best for Australia most of the time. The BDO Econsearch report focuses on the 'rest of the time', finding that South Australia could be losing billions of dollars in Gross State Product and the creation of tens of thousands of new jobs due to ineffective migration policy for regional areas.

Undertaken by independent economic research consultants, [BDO Econsearch](#), the report is titled '[Understanding the economic opportunity of demand driven migration for South Australia](#)'. The report was commissioned to identify a methodology to understand the business impacts in regional areas because of limitations that exist in the migration program. The report researches and quantifies the resulting labour shortages and creates a methodology to measure the lost opportunity cost to the economy and specified industries. It finds that although Australia's labour migration system is highly effective at achieving national goals, its singular application across the nation means that some states have found it more fit for purpose than others. There is a mismatch between the semi-and low skill needs of many regional businesses in South Australia and Australia's focus on bringing in high-skilled labour. When migration reform is considered, it's not based on regional demand driven migration but of that of larger cities. As the skills and wages of regional demand driven migrants are often less than the highly skilled, high income, higher lifetime tax contribution methodology that applies across the east coast of Australia, the approach that underpins the current skilled migration program benefits major metropolitan areas and not regions.

Filling persistent workforce shortfalls in occupation and regions that South Australians choose not to work in creates opportunities in areas they do choose to work in. For example, BDO Econsearch estimate that filling 100 horticulture vacancies in the South East of South Australia with demand driven migrants would generate approximately 162 fte jobs and \$20.2 million of gross state product in the South Australian economy through flow-on effects, including approximately \$4.9m in gross regional product and 41 fte jobs in Adelaide due to the inter-regional economic linkages to the South East.

Even as some South Australian businesses, particularly in regional areas, become more reliant on migration for addressing chronic skills shortages, the barriers to accessing lower skilled to medium skilled migrant labour have increased. The research found that many businesses struggled to access migrant labour to deal with these shortages because of; the complexity of the application process, the cost of accessing migrant labour, processing times, the absence of pathways to permanent residency, restricting migrant workers to only one role, restrictive occupation lists based on ANZSCO definitions and difficulty retaining migrants longer-term. This meant that many South Australian regional businesses simply cannot meet the workforce needs required to grow and thrive. While there is significant variation across businesses, sectors and regions, the aggregate effect of the workforce shortfall on the state is substantial and a long-run trend of declining access to labour was being exacerbated by short-run effects of COVID-19. South Australian regions that considered skills availability to be the number one issue facing their businesses included; Yorke Peninsula, Mid-North and Port Pirie, The Riverland, South East and Limestone Coast, Adelaide Hills, Murraylands, Mount Barker and Strathalbyn, the Eyre Peninsula, Whyalla, Port Augusta and Far North, Kangaroo Island and Barossa, Gawler and Light and Adelaide Plains. Only the Fleurieu Peninsula, McLaren Vale and Victor Harbor did not consider skills availability to be a top concern, with electricity costs the top rated issue. Whyalla, Port Augusta and Far North also gave an equal rating of importance to COVID-19 restrictions as its top issue in addition to skills shortages.

BDO EconSearch undertook extensive background research and consulted with South Australian businesses, associations and regional organisations as part of the research. Consultation included industry associations, RDAs and key employers reporting workforce shortfalls. Their preliminary estimates of the economic opportunity of a demand driven migration program are based on the review, consultation findings and BDO's multi-region model of the South Australian economy (RISE-MR). Economic impact is quantified in terms of employment, gross regional and state product (GRP and GSP) and household income. Results were reported by region and industry where possible with particular focus on the horticulture industry as a case study.

From interviews with horticulture businesses and associations in October 2021, BDO Econsearch estimate that horticulture businesses in South Australia have approximately 3,400 job vacancies and that approximately 850 (25 per cent) of these could appropriately be filled by demand driven migrants. In addition to the employment and production of the migrants themselves, their modelling estimated approximately 1,000 fte jobs and \$124.0 million of gross state product to be generated in the broader economy through flow-on effects. Just over half of the gross state product would consist of household income.

Most of the flow-on employment is expected to occur in the top 7 impacted sectors:

- Services to Agriculture Forestry and Fishing (113 fte jobs)
- Retail (101 fte jobs)
- Health (67 fte jobs)
- Wholesale (67 fte jobs)
- Administrative Support Services (67 fte jobs)
- Education and Training (62 fte jobs)
- Road Transport (61 fte jobs).

Flow-on employment effects are largely expected to occur in the South East of South Australia where most of the migrants would reside but a significant amount of flow-on activity is expected in regions where fewer migrants would reside due to inter-regional economic linkages. For example, around 65 fte jobs are expected in Adelaide's Central and Hills region due directly to migration to the region, but an additional 237 fte jobs are expected due to the economic effects of migration across all regions and associated inter-regional linkages. A common theme from interviews in the horticulture sector was that the unmet workforce needs were causing underutilisation of assets such as glasshouses where planting has not occurred due to a lack of labour for harvest or produce being left unharvested. Further, opportunities for financed expansion of production are also not being realised due to a lack of labour to facilitate production.

South Australia has consistently had lower levels of permanent employer sponsored visas in comparison to high numbers of state / territory nominated independent (STNI) migrants. Numbers of employer sponsored visa grants in South Australia have been declining since 2012-13 and in 2019-20 these numbers dropped significantly. This balance of visas may be problematic for South Australia because the OECD (2018) has found that STNI migrants tend to have poorer labour market outcomes in comparison to employer sponsored migrants and they have higher interstate mobility. This is consistent with the findings of a survey of State-sponsored / nominated skilled migrants in South Australia under the General Skilled Migration programme during 2010-2014 which found that 58 per cent of respondents were dissatisfied with the employment opportunities available in South Australia and that 37 per cent intended to migrate or had already migrated out of South Australia (Tan et. al. 2019). Of those respondents intending to move, 82 per cent attributed this to a lack of employment opportunities, or better career opportunities being available elsewhere (Tan et. al. 2018).

While the challenges of COVID-19 are very different to those of the GFC, both involved large scale disruption to business in South Australia and across the country. The Rudd Government found that demand driven migration would play a useful role in recovery from the GFC. The BDO report explains how it can also play a helpful role in Australia's economic recovery from COVID-19. Demand driven migration was identified in a Rudd Government migration review as a means to ensure migrants are employed in industries that have the highest need. This contrasts with independent skilled migrants who have high human capital but no employment arranged in Australia prior to their arrival. The review took place following the global financial crisis in 2008-09 (Commonwealth of Australia 2010).

This research shines a light on the needs of regional Australia and the prejudice of the Australian immigration program towards the larger metropolitan centres. It also highlights the significant opportunity cost for our

regions, industries and businesses resulting from national migration policy settings that do not support the South Australian or other regional and low population growth economies.

### **SACES report “The potential benefits of reforming migration policies to address South Australia’s needs”**

In 2017 The South Australian Centre for Economic Studies (SACES) of the University of Adelaide was commissioned by a consortium of businesses and peak bodies to explore national immigration policy in the context of challenges facing economic and business development in South Australia, particularly for regional South Australia (SA). It produced a series of 3 reports titled “The potential benefits of reforming migration policies to address South Australia’s needs” which is provided to this review to demonstrate the challenges that have faced the South Australian economy, South Australian Businesses and in particular regional South Australia for many years.

The research specifically focussed on barriers that previous and current visa regulations impose on utilising international migration to the benefit of the South Australian economy, and aspects of the migration system that are less effective for South Australian businesses relative to those in more populous, higher wage, states. In doing so, it not only considered skilled labour migration, but also business, student, and temporary graduate student visa access.

**Report 1:** Identified the key economic and business development challenges faced by South Australia in light of the federal immigration policy environment at that time. This Report, the first in a series of three, gathered evidence from businesses and organisations representing business in South Australia; particularly regional areas, and analysed this together with secondary data about key demographic trends in South Australia, the structure of the South Australian economy, including wages and costs of living, demographic and migration statistics. The research specifically focussed on barriers that current visa regulations may impose on utilising international migration to the benefit of the SA economy and aspects of the migration system that may be less effective for South Australian businesses relative to those in more populous, higher wage, states. In doing so, it not only considered skilled labour migration, but also business, student, and temporary graduate student visa access.

**Report 2:** identified aspects of the migration system that did not meet the needs of the South Australian economy or South Australian firms. It found that the South Australian (SA) economy faced a triple challenge of an ageing population and labour force,

regional depopulation and a disproportionate reliance on owner managers which are, on average, older. In combination, the three lead to, and accentuate, skill and general labour shortages, particularly in regional SA. These labour shortages affect semi and low skilled occupations, as well as skilled occupations. This report took a closer look at the concerns raised by business owners and representatives with regard to aspects of the Australian visa and immigration system, the potential impacts of the 2017 migration reforms, as well as the opportunities that changes to the existing immigration system may present in light of South Australia’s economic challenges.

**Report 3:** concluded the research exploring a range of policy options that could lead to the Australian international migrant visa system being more responsive to changing economic environments and, specifically, make a better contribution to supporting the South Australian economy and South Australian employers. It summarised some of the key challenges with the migration system, as it operated at that time, and identified potential policy changes that are consistent with the broad overall approach to managing

Australia's international migration, but which would address some of the challenges caused by the existing visa rules and Departmental practices.

Migration policy is particularly important for South Australia, as it lags the rest of the country in economic output and employment growth whether measured in absolute terms or per capita. The South Australian population is amongst the oldest in Australia and is getting older over time, as well as decreasing as a proportion of the country's total population due to lower population growth rates. Over the last three decades, the state's annual population growth rate of 0.74 per cent was roughly half that of Australia as a whole (1.37 per cent) (SACES 2016b), so migration holds the potential to assist in both population and economic growth.

### **Other Considerations**

- Remove or reduce the Skilling Australians Fund levy in regional and low population growth jurisdictions.
- Training benchmark to be amended to be either the Skilling Australians Fund (SAF) levy, or evidence of 1% of salary/wages committed to training, or combination of SAF and 1% benchmark.
- Allow certain high calibre applicants to be endorsed by a relevant state/territory government (including the relevant industry sector) for a permanent or provisional endorsed skilled/talent migration visa, regardless of age, qualification, points or other eligibility criteria.
- Increase the number of Distinguished Talent visa places to ensure that processing times do not exceed 6 months (apart from any delays encountered with health and character assessments)
- Include ANZSCO "Not Elsewhere Classified" (NEC) occupational classifications in occupation lists to provide flexibility for new or emerging occupations not independently coded within ANZSCO, with skill level eligibility based on relevant ANZSCO skill level 1, 2, 3 and 4 occupational levels.
- Provisional visa holders to be given access to the same benefits as permanent residents/citizens.
- Allow recognised charity work to be eligible work experience for independent skilled and employer nominated migration programs.
- Trial an uncapped provisional skilled independent and provisional employer nominated stream within Australia's humanitarian programs, allowing an increased humanitarian program at a lower service delivery cost, with an increased economic outcome.
- Remove all sponsorship requirements such as standard business sponsorship, Labour Agreements, subclass 494, and subclass 186 and replace with one sponsorship application for all visas, called an endorsement.
- Remove the Genuine Temporary Entrant (GTE) requirement for international students applying to study in regional and low population growth areas, studying occupations deemed to be in demand. GTE requirements would apply to any new unrelated application onshore to reduce course-hopping.
- Allow International students studying in occupations and regional locations to work full time.
- Reduce costs to visa applicants and employers.
- Allow provisions for cost recovery if sponsored visa holder changes jobs/employers,

## Conclusion

What are the key outcomes, goals and objectives that Australia as a nation and South Australia as a state are trying to achieve from the Australian migration program. Identifying the most favourable short, medium and long term outcomes, goals and objectives through evidence based research, modelling and forecasting are critical to designing and the implementation and operation of the Australian migration program in conjunction with significant investment in training and career opportunities for local residents to meet future workforce needs. Improved monitoring and tracking visa holders to measure short, medium and long term benefits, outcomes and patterns are critical to the integrity, ongoing development and improvement of the national migration program and to maximise the overall economic benefits attainable through a contemporary national migration program.

Looking back historically at the Australian migration program outcomes and distribution, and settlement patterns, it is clear that operational settings of the Australian migration program have resulted in an uneven settlement and distribution pattern of migration outcomes to larger capital cities compared with regional and low population growth areas.

Current migration settings contain loopholes which allow some visa applicants to exploit the program to deliver a migration outcome that is not in Australia's national interest.

Current monitoring of approved sponsors must be reformed and introduced as a mandatory annual requirement to ensure that visa holders are not subjected to or at an increased risk of exploitation, and providing opportunities for employer nominated visa holders to transfer to a regional provisional or provisional visa provides greater flexibility for visa holders and will ultimately result in less exploitation, further enhancing the integrity of the Australian migration program.

Internationally, lessons can be learned from other countries and networks such as the Economic Innovation Group in the US, Global Detroit and Canada's Century Initiative who play a very valuable role in promoting the overall economic and other benefits that migration can deliver.

Through the Federal Government setting the broader operational framework for an express, provisional and regional provisional program, and state and territory governments implementing their own unique micro policy and program settings and occupation lists developed in conjunction key stakeholders (unions, industry, regions and business), backed by evidence based research, modelling and forecasting, plus better monitoring, recording and an understanding of visa outcomes, there is a unique opportunity design and develop a contemporary non-partisan national migration program that delivers the best possible outcomes that are in the national interest.

The Global Adelaide network looks forward to meeting with panel members to discuss the Global Adelaide submission and the individual needs of industry and business in South Australia.