



COMMITTEE FOR
ADELAIDE

**Submission 2 in response to the
Inquiry into Australia's Skilled Migration Program
by the Joint Standing Committee on Migration**

March 2021

This is the second submission from the Committee for Adelaide in response to the Joint Standing Committee on Migration's inquiry into Australia's skilled migration program.

With most of Australia's migration paused due to the global pandemic, it provides a genuine opportunity to re-think our approach to skilled migration and make changes that could have a real impact on the ground in our local communities.

For South Australia, low population growth is projected over the coming decades particularly for our younger working age cohort (18-34 years), as our young people continue to leave for interstate and overseas opportunities. Over the last three decades our state's population growth has been half the rate of Victoria and Australia as a whole and we now have fewer people under 24 years of age than we did in the early 1980s¹.

Future levels of net overseas migration will have the greatest impact on our state's population outcomes², which will be critical for our productivity and economic growth and to counteract the effects of fewer young people and an increasingly ageing population.

Are long-term structural changes warranted?

The Committee for Adelaide believes that long-term structural changes to the skilled migration program are warranted to make the program more flexible and responsive to local needs.

We support the Joint Standing Committee's consideration of the following structural changes:

- **Population distribution outcomes:** Australia's migration program continues to perpetuate population distribution issues by enabling migration to the eastern states whilst South Australia has the room to accommodate growth. Whilst we welcome the development of a national population framework, the critical absence of an overarching population strategy to provide a clear sense of direction and improve population planning, policy and decision-making across all spheres of government remains a concern.

- **Greater local control:** More local control is needed over skilled migration to help our city and towns thrive. To achieve this, we support a more "bottom up" approach that provides the states and territories with greater control over local migration policy,

¹ <https://www.adelaide.edu.au/saces/ua/media/126/saces-economic-issues-49.pdf>

² https://dpti.sa.gov.au/_data/assets/pdf_file/0008/563813/Population_Projections_for_South_Australia_and_Regions_2016-41_-_May_2019.pdf

including control over the occupations that are identified for inclusion. Local governments should play a key role in this approach as they are best placed to understand and plan for their local communities and industry needs.

- **Points-based system:** Most skilled migrants come to Australia using the points-based system and the way this program has been set up – particularly the program’s focus on employment opportunities that are generally found in larger cities rather than regional areas – means that migrants naturally gravitate to Melbourne, Sydney and Brisbane. Shifting to a predominantly demand-driven system would enable our state to better align business and industry needs with migration outcomes.
- **International students:** Over the last 12 months, South Australia has experienced a significant decline in onshore international student enrolments due to the global pandemic. This decline is expected to continue with borders unlikely to open soon.

International education makes a significant contribution to South Australia’s economy and is our state’s largest services export (2019, Deloitte). In 2017, our state’s educational institutions had 35,733 onshore international enrolments including 18,817³ higher education enrolments, presenting enormous potential to contribute to our state’s population growth.

When the students return to our shores, we need to harness the potential of a young newly skilled workforce, who for the duration of their courses, have been living in our cities and suburbs, networking and integrating with our communities. We need the federal migration system to support our efforts to retain young people whose skills align with regional needs, by offering pathways to residency coupled with support services on the ground that help with relocation, housing, transport and community integration.

More could be done at the federal level to promote good news stories and to highlight the value of international students and the contributions they could make as skilled migrants to our future economy.

³ <https://www2.deloitte.com/au/en/pages/economics/articles/international-education-in-south-australia.html>

Skills lists and the extent to which they are meeting the needs of industries and businesses and keeping pace with Australia's job landscape.

For those who migrate to South Australia, research undertaken by the SA Centre for Economic Studies⁴ (2019) reports a significant mismatch between General Skilled Migrants and the labour market here in Adelaide.

Of the migrants surveyed 70% reported at least one form of mismatch in the labour market; 53% were employed in a position requiring less than their qualification or experience offered in terms of skills (over-qualification); and 44% were not working in their nominated occupation.

Migration outcomes could be improved for both businesses and migrants if occupation lists and skill level requirements better reflected local labour market conditions. Shifting to a predominantly demand-driven system could improve the demand-supply connection and have an immediate impact on local business.

The administrative requirements for Australian businesses seeking to sponsor skilled migrants, including requirements to prioritise job opportunities for Australians and job creation; and the complexity of Australia's skilled migration program including the number of visa classes under the program and their requirements, safeguards and pathways.

In South Australia, most of our businesses are small to medium sized which means they have less capacity than larger businesses to undertake administrative requirements.

For some businesses in our regional and remote towns, the requirement to advertise job opportunities locally prior to the sponsored migration process creates additional administration and costs, with many businesses reporting few legitimate respondents and limited successful outcomes in response to local job advertisements⁵.

Offering more flexibility to accommodate regional differences could improve sponsorship timeframes and result in skill shortages being filled faster.

⁴ <https://www.adelaide.edu.au/saces/system/files/media/documents/2019-09/saces-economic-issues-52.pdf>

⁵ https://www.businesssa.com/CMSPages/GetAzureFile.aspx?path=~\businesssa\media\content\bsa_regional_voice_2020_web_1.pdf&hash=c2f608d6589214b32b0d0dab33980954b7afb308714520e07207cf1b2606ae6a

The costs of sponsorship to businesses seeking to sponsor skilled migrants.

- **Reducing costs and fast-tracking approvals:** Feedback we have received specifically from migration agents indicates cost, particularly the cost of skills assessments, is a major barrier. For example, skill assessments - not required in the Northern Territory DAMA but part of the South Australian DAMAs - can cost upwards of \$1000 per employee. While we acknowledge the administrative costs associated with assessments, the fees being levied appear to be particularly onerous and concerning for South Australian businesses who are attracting talent to our shores. Skills shortages are critical in regional areas, particularly the horticultural industry, which has been deeply affected by the global pandemic. We understand that negotiations relating to Horticultural Industry Labour Agreements can be slow and contribute to delays in getting workers on the ground in regional areas. Fast-tracking of such agreements is required to better meet regional industry needs.
- **Temporary Skills Migration Income Threshold (TSMIT):** For some jobs, particularly in regional parts of the State, the current TSMIT is too high and does not reflect the reality of wage conditions in these areas where the cost of living is also much lower, particularly housing. Wages are geared towards eastern states remuneration levels and need to be adjusted for regional differences. While the lowering of the TSMIT of about 10% for some occupations under the SA Regional Workforce DAMA is welcome, a review of whether this could be broadened out into other categories needs to be undertaken.