

Joint Standing Committee on Migration

Inquiry into Australia's skilled migration program

Submission from the Government of South Australia

6 April 2021



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Introduction

On 2 March 2021, the Department for Innovation and Skills provided initial feedback from the Government of South Australia to the Inquiry on Terms of Reference items 1a) and 2.

This submission provides the Government of South Australia's full input into the Inquiry's Terms of Reference. Previous feedback provided on items 1a) and 2 of the Inquiry is included for completeness (some additional material under item 2 is also provided).

The Government of South Australia welcomed the Committee's interim Inquiry report, which was released on 18 March 2021 and which focuses on an economic response to the effects of the COVID-19 pandemic. South Australia supports much of the intent of the report and agrees that skilled migration should be made easier and faster to assist businesses to access the workers they need.

Summary

The Government of South Australia supports fundamental change to the purpose and design of Australia's skilled migration program to ensure it is fit-for-purpose to rebuild the nation's post-pandemic economy and population. The skilled migration program needs to better assist businesses to access the skilled workers they need, particularly in regional Australia. The program also needs to ensure that both the state and territory nominated stream and the employer-sponsored visa products can more effectively facilitate skilled migration to regional Australia.

The Government of South Australia welcomed the Joint Standing Committee's 2019–20 review of Regional Migration, which highlighted the persistent challenges faced by regional Australia in attracting and retaining skilled migrants. As the economy rebuilds from the pandemic, it is even more important that the skilled migration program continues to be strengthened to enable businesses to grow and communities to thrive.

The Government of South Australia would like to build on its collaboration with the Department of Home Affairs through programs such as the Designated Area Migration Agreement and the Supporting Innovation in South Australia pilot program to ensure the national migration program is able to support:

- The growth of local businesses
- The State Government's economic and population growth strategies and innovation and entrepreneurship agendas
- The Australian Government's objectives to facilitate greater migration to regional Australia and post-pandemic economic recovery.

1a) Are any immediate adjustments to the skilled migration program necessary in the context of the future of work and pandemic recovery?

With the introduction of COVID-19 vaccines, world-leading quarantining arrangements, and short sharp responses to contain outbreaks, Australia has moved into a new phase in the response to the pandemic recovery. While the health response remains important, it is equally important that economic recovery is now the driving factor for the national migration program.

Across the national migration program South Australia supports maintaining the overall national migration planning levels of at least 160,000, with the skilled component being at least 110,000 places.

South Australia also supports a continuation of State and Territory nominated permanent and provisional visas, including maintaining an even split for subclass 491 and subclass 190 visas across all States and Territories to facilitate migration to regional areas.

South Australia strongly encourages reconsideration of the definition of 'regional' for migration purposes, to ensure the definition adequately represents and benefits growth-ready States and Territories.

South Australia supports a broad occupation list to ensure skilled migration can support a wide range of sectors and noting the different needs across the States and Territories. In particular, South Australia supports regional areas having access to a larger occupation list than is available for metropolitan areas. Program settings should also go further to incentivise skilled migrants to choose regional Australia, and those settings should be more favourable than for skilled migrants seeking to settle in the large capital cities of the Eastern States.

In regard to the employer-sponsored visa products, it is necessary that businesses can quickly and responsively access the skilled workers they need to rebuild and grow in the immediate term. This is particularly important in regional Australia, which has persistent problems in attracting and retaining skilled workers across a wide range of industries.

The South Australian Government has heard from regional employers who have been waiting well over the published Department of Home Affairs processing timeframes for visa grants for their skilled overseas workers. These skilled workers have been pushed down the queue because they are not on the Priority Migration Skilled Occupation List (PMSOL), yet these skilled workers are still critical for the growth of regional businesses and industry.

One pressing example is Diesel Mechanic, where the occupation is not on the PMSOL, but the position itself is part of the supply chain that supports agriculture, food production, energy, mining, transport and logistics industries, which have all been identified as a 'critical sectors'. As an immediate adjustment, South Australia strongly encourages:

- enhanced visa processing capacity to get through the backlog of regional visas and Temporary Skills Shortage (TSS) visas where the sponsor is located in a regional area, and
- cease the prioritisation of PMSOL occupations for visa grants and revert to the previous arrangements where regional visa products such as the subclass 494 and DAMAs are prioritised, or
- broaden the PMSOL to a wider range of occupations that are critical in regional Australia.

Currently, the barriers, risks, costs, and timeframe to sponsor skilled migrants outweighs the benefits for many regional employers, and this is evidenced by the drastic decline in employer-sponsored visa grants in recent, pre-COVID, years. This needs to change urgently if the migration program is to enable businesses to access the skilled workers needed to facilitate economic growth.

To further boost the uptake of regional employer sponsored visas, South Australia would like to see the various program settings and requirements immediately revised and adjusted accordingly, including:

- Review the eligibility requirements to ensure they are not limiting regional businesses ability to sponsor skilled migrants, this includes excessive mandatory Skills Assessment requirements, work experience, or qualification requirements
- Review the end-to-end process with a view to simplification, including labour market testing requirements, labour agreement negotiation, and nomination and visa application processes
- Revise the Skilling Australia Fund levy to ensure it is not prohibitively expensive for small regional businesses, and reconsider the point of levy collection so regional employers do not have to bear the cost if they do not receive a positive visa grant outcome
- Find alternative ways of addressing the limitations of ANZSCO to determine occupation and Skill Level eligibility, to better enable a wider range of contemporary roles at different Skill Levels to be eligible for skilled migration
- Enhance capacity for the Department of Home Affairs to implement and oversee a strong employer-sponsored skilled migration program. This requires a renewed emphasis on resources to maintain integrity over the program, rather than relying on restrictive requirements, cost and processes that effectively limit uptake.

1b) Are more long-term structural changes warranted to the skilled migration program?

The Government of South Australia supports the Australian Government's recent focus on regional migration. However, the virtual shutdown of skilled migration in the past year to overseas workers caused by the pandemic has exacerbated the build-up of skills gaps in regional Australia, and has left many employers unable to hire the workers they need to effectively operate their businesses

Australia's skilled migration program is an important part of economic recovery and much more now needs to be done to facilitate skilled migration in regional Australia and growth-ready regional cities and centres. The Government of South Australia supports more comprehensive, long-term structural changes to achieve this outcome, starting with a fundamental analysis of the purpose and design of the skilled migration program.

The current skilled migration program is overwhelmingly weighted to the major cities of the Eastern States at the expense of the rest of Australia, which is defined by the Department of Home Affairs as regional for the purposes of migration.

The Government of South Australia does not have access to Home Affairs data on visa outcomes by location, but data from the Australian Census and Migrant Integrated Dataset (ACMID) shows that migration outcomes are much stronger in the Eastern State major cities than in regional Australia.

For newly arrived permanent migrants who were overseas in 2015, of those who resided in Australia in 2016, two thirds were residing in Sydney, Melbourne or Brisbane and only one third were residing in the rest of Australia.

Table 1: Number of persons residing in Australia in 2016, who were overseas in 2015

Greater Sydney	30 431
Greater Melbourne	28 506
Greater Brisbane	8 159
Regional Australia (rest of Australia)	33 395
Total Australia	100 491

Source: ABS Australian Census and Migrants, 2016

This distribution does not represent the general population distribution across Australia, where 50 percent of the population reside in Sydney, Melbourne and Brisbane, and the other 50 per cent reside in the rest of Australia.

Sydney, Melbourne and Brisbane are important economic powerhouses which have huge demand for skilled workforce and require population growth to drive their economies.

However, the structure of the current migration program does not adequately facilitate and incentivise regional migration and substantial structural changes need to occur if success is to be achieved in facilitating regional migration, addressing regional skills needs, and growing regional populations.

The Commonwealth Government's introduction of the new regional visas in 2019 was an important demonstration of the importance of regional migration, but further structural changes that incentivise and reward skilled migrants who seek opportunities in regional Australia over Sydney, Melbourne and Brisbane and the large growth centres that surround them are now urgently required.

State and Territory Nominated visas

The Government of South Australia strongly supports the use of State and Territory Nominated visas in facilitating regional migration. Without this mechanism, South Australia would struggle to attract and retain skilled migrants compared to the more populous eastern seaboard capital cities.

The State and Territory nominated visa program should be designed and intended for regional migration, to support low population, or low population growth States and Territories who want to facilitate greater skilled migration to their jurisdictions and boost population growth.

One of the challenges in facilitating regional migration is that the provisional subclass 491 visa, which is designed for regional migration purposes, is perceived to be an inferior visa product compared to the permanent visas. Skilled migrants with critical skills and higher points are highly incentivised to preference and choose either the subclass 189 or subclass 190 visa, which unlike the subclass 491 visas, are permanent visas with no location restrictions or secondary visa stage conditions such as income requirements or time periods for eligibility.

Currently the more populous states are provided with a large quantity and ratio of permanent visa nominations, whereas smaller regional jurisdictions are reliant on the less appealing provisional visas. This creates an incentive imbalance, as skilled migrants understandably prefer the security of permanent visas.

South Australia supports the retention of settings that incentivise skilled migration to regional Australia, including ten points for subclass 491 nomination and five points for regional study. These settings were introduced by Home Affairs in November 2019, and other settings such as the larger occupation list for the subclass 491 visa and the introduction of an additional year on the graduate visa provide a good foundation from which to build on.

However, the introduction of regional visas alone is not enough to address the structural imbalance in the migration program that disadvantages regional Australia, and which is being exacerbated by the impacts of COVID-19.

To support the growth of those smaller cities and regions that want more skilled workers, the Government of South Australia recommends that the Department of Home Affairs considers the whole of the skilled migration system and the interplay between all of the visa streams and products, including the permanent visas which are utilised heavily by the populous Eastern states.

Opportunities exist to introduce different incentives, conditions and requirements depending on the regional category (major cities and growth centres, regional cities and major regional centres, and regional centres and other regional areas), rather than by visa subclass. Examples include the period to permanent residency for the second stage permanent visa (currently the subclass 191 visa), the minimum income threshold for eligibility for the permanent visa, occupation lists and nomination ceilings, with more favourable settings being implemented for regional cities, major regional centres and regional areas.

These mechanisms can all be utilised to incentivise and reward skilled migrants who seek opportunities in regional Australia over Sydney, Melbourne and Brisbane and lead to a better distribution of skilled migrants across Australia.

Employer Sponsored visas

Long-term structural change is required in the employer-sponsored visa system to support Australia's economic recovery and growth.

For businesses to rebuild and grow, now and over the long term, it is necessary that they can quickly and responsively access skilled workers. Access to overseas skilled workers is particularly important in regional Australia, which has persistent problems in attracting and retaining skilled workers across a wide range of industries.

Drawing on South Australia's experiences with the Designated Areas Migration Agreement (DAMA) and the State Government's role in certifying employers for the Skilled Employer Sponsored Regional provisional subclass 494 visa, it is evident that the uptake of employer-sponsored visas has been steadily declining in recent years. While the current low uptake is an unsurprising consequence of the global pandemic, data from earlier years shows that the decline in the use of employer sponsored visas was well entrenched before COVID-19.

Consistent feedback from South Australian businesses is that the eligibility barriers, risks, costs and timeframes to sponsor skilled overseas workers outweighs the benefits for many regional employers. These structural barriers need to change urgently to assist businesses

The consequences of inaction by Home Affairs is that employers will continue to opt out of employer sponsored visa programs because skilled migration is too hard and costly, and these businesses will effectively be forgoing growth opportunities.

Sections 3–6 of this submission provide further detail on the challenges around the administrative requirements, costs and complexity of the system that limits the effectiveness of the system in supporting employers to address their skills needs.

2) Australia's international competitiveness in attracting entrepreneurs, venture capital, start-ups, and the best and brightest skilled migrants with cutting edge skills.

South Australia aspires to be the destination of choice for new industries and entrepreneurship and the Government of South Australia is committed to supporting local start-ups and entrepreneurs to grow and thrive.

The State is well placed to build on its experience from piloting the Supporting Innovation in South Australia (SISA) entrepreneur visa program. Many of the SISA participants have made good progress with their business concepts, including in the FinTech, MedTech, AgTech, defence and space sectors, leading to opportunities to work in partnership with large organisations and investors.

The Government of South Australia welcomed the acknowledgement from the Commonwealth that the SISA pilot program was successful and supports the decision to make the Entrepreneur stream of the subclass 188 visa the mechanism for the roll out of the SISA model (noting the current \$200,000 funding threshold required is due to be removed).

As applicants for this visa stream will need to continue to be endorsed by a State or Territory government, this will give jurisdictions a clear pathway to attract international entrepreneurs. Priority visa processing by Home Affairs will be critical for this pathway to remain attractive in a globally competitive environment. However, a consistent issue raised by the start-up community in South Australia is that many talented individuals, who could be assets to Australia, may often fall through the visa framework (skilled and employer sponsored) mainly due to the Australian Government's rigid occupation definitions, skills assessment and education requirements. This cohort do not have formal qualifications, do not participate in activity which matches traditional occupation definitions, may work across various businesses concurrently and for short periods of time - they instead learn their skills on the job and perhaps have portfolio careers.

Typically, a start-up ecosystem would have contributors with various backgrounds and roles, but many face difficulties in fitting in to a defined visa pathway. The national visa system would benefit from an integrated pathway for all potential participants in the eco system including entrepreneurs, a suitable workforce for start-ups, investors and advisors/mentors. This could help to attract and retain highly skilled people, positioning Australia as a globally competitive designation for entrepreneurs in high growth and high value sectors.

The Joint Standing Committee will be cognisant of the Commonwealth Government's Global Talent Visa Program, which seeks the brightest and best global talent to work in seven future-focused sectors.

The attraction of this scheme is clear as the program provides a pathway to permanent residency for high-quality candidates that are not covered by, or are not attracted to, existing general skilled, employer sponsored and business programs. Simplified visa requirements and fast processing times are obvious attraction points.

However, it is important that the Global Talent Visa Program complements rather than competes with state and territory skilled migration programs, especially in those regions that struggle to attract high-end talent via independent visa streams. This means that settings for state and territory programs need to remain viable options for talented candidates, and controllable factors such as lengthy visa processing times do not become a deterrent.

It is also important that the Global Talent Visa Program does not present any unnecessary barriers to founders of start-up companies. The impacts of foreign-born entrepreneurs on national economies is well documented (see below) and the Australian Government should investigate increasing the proportion of overseas business founders that come through this Program.

One of the most highly regarded entrepreneur immigration programs globally is the New Zealand Edmund Hillary Fellowship (EHF). The EHF is a Fellowship program and community that provides exceptional entrepreneurs, investors and startup teams with a platform to incubate global impact ventures from New Zealand.

Immigration New Zealand designed and implemented a Global Impact Visa, which is exclusively available to individuals and teams that have been accepted into the EHF.

This provides impactful entrepreneurs and investors with a visa for three years that gives them an opportunity to create, support, and incubate ventures and models that can have a positive impact in the world. After the completion of three years, the EHF participant can apply for permanent residency in New Zealand.

The Joint Standing Committee is encouraged to consider how an EHF type program could be developed and applied to Australia, to improve its international competitiveness in attracting entrepreneurs, venture capital, start-ups. The focus of this type of program could be on integrating those candidates who might not traditionally fit into one of the visa categories. This program could complement rather than replace the Global Talent Visa Program

It is important that the state and territory nomination role in skilled migration is retained. While the Global Talent Visa Program is focused on world class talent, the skilled migration program also needs a strong state role to ensure it can bring in the best and brightest skilled migrants to meet each jurisdiction's individual needs. For example, in February 2021, South Australia launched a Talent and Innovators stream of its General Skilled Migration Program. This stream was introduced to provide opportunities to highly talented applicants including

those who have established a business in South Australia, are working in high skilled and high paid jobs for South Australian employers and high performing graduates in critical sectors.

The significant changes to the Business Innovation and Investment Program announced by the Commonwealth Government in December 2020, provide another opportunity to consider how more investment and business activity can be redirected from passive investments such as government bonds and low value business activities towards more productive and other high value business activities and thus better support start-ups.

In the United States, the impacts of foreign-born entrepreneurs on the economy is well documented. One study found that that from 1995 to 2005, immigrants were on a founding team for 52 percent of Silicon Valley start-ups and 25 percent of engineering and technology firms nationwide¹. In the United Kingdom, half of the fastest-growing companies have at least one foreign born co-founder².

It would be reasonable to assume that Australia's business migration program has not introduced as much high value innovation, productivity and competitiveness as would have been hoped in the past decade.

For the reoriented business migration program, the Department for Innovation and Skills supports a rebalancing of the Complying Investment Framework ratios for the Significant Investor Visa and the Investor Visa away from passive and balancing investments and more weighted to investment in emerging companies. This would help to signal support for these businesses.

There is also an important role to promote and market Australia's offering and competitive advantage for highly talented individuals who will often have the choice of being able to live and work in many different countries.

¹ Wadhwa, V., Saxenian, A., & Siciliano, F. D. (2012, October). Then and now: America's new immigrant entrepreneurs, part VII. Retrieved from https://www.kauffman.org/-/media/kauffman_org/research-reportsand-covers/2012/10/then_and_now_americas_new_immigrant_entrepreneurs.pdf

² [Job Creators: The Immigrant Founders of Britain's Fastest Growing Businesses](#), The Entrepreneur Network, July 2019

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

The Government of South Australia is aware the skills lists are currently being reviewed by the Australian Government to ensure they reflect skills needs in Australia and are fit-for-purpose for migration. The State Government supports the retention of a wide-ranging occupation list for regional migration to reflect the fact that skills shortages exist across most industries in regional Australia. The State Government would not be supportive of a reduction in the occupations that are available under the Regional Occupation List (ROL) and the Short-term Skilled Occupation List (STSOL).

However, the Government of South Australia is concerned about the extent to which the skills lists can adapt and incorporate emerging occupations, particularly in areas like ICT, engineering and Ag-Tech. In many cases, the existing Australian and New Zealand Standard Classification of Occupations (ANZSCO) which underpins the skilled migration occupation lists, is not representative of emerging skills or niche skills, nor does it provide an adequate representation of changing occupations and the skills and qualifications needed for the job.

This is particularly problematic in industries like agribusiness, where the ANZSCO definitions for agribusiness occupations, and the skills lists which are dependent on ANZSCO, have not kept pace with changes to the complexity and structure of the sector.

ANZSCO was never intended to be used as a tool for migration purposes, and alternative or complementary tools need to be considered to ensure there is flexibility in skill lists to enable employers to access emerging or changing occupations.

One strong advantage of the DAMAs over other employer-sponsored visa products is that niche, highly specialised or emerging sectors are able to negotiate the creation of new occupations which would otherwise not be available for skilled migration under the standard migration program. The Government of South Australia has worked closely with a number of industry stakeholders in agriculture, high-tech and creative industries to add a range of new non-ANZSCO occupations to the DAMAs.

Allowing Skilled Employer Sponsored Regional subclass 494 visa holders to work across occupations within the parameter of ANZSCO 4-digit unit group code instead of the restrictive ANZSCO 6-digit occupations would introduce greater flexibility.

The skills assessment process, via authorised bodies, is also an avenue to cater for emerging occupations without requiring a major review of ANZSCO.

4) The administrative requirements for Australian businesses seeking to sponsor skilled migrants, including requirements to prioritise job opportunities for Australians and job creation.

The Government of South Australia routinely receives feedback on employer-sponsored visa products, through the formal DAMA review mechanism as well as general feedback on migration issues from employers and industry associations.

Many of the submissions to the State Government from employers and industry raise concerns and issues around the challenges and barriers that prevent or hinder employers from using the DAMA and other employer-sponsored visa products to meet their skills needs. The common issues raised are as follows:

Time and process

The time and process required for businesses to sponsor skilled migrants include entering into a labour agreement, the nomination stage, labour market testing, recruitment, skills assessment, and visa lodgment and assessment. This long-winded process is a major barrier to the uptake of employer-sponsored visas.

The State Government has received consistent feedback from employers referring to instances where employers had tried to sponsor skilled migrants on the former Regional Sponsored Migration Scheme visa, and the whole process took over 18 months, which did not alleviate their immediate skills needs.

While the DAMAs are meant to benefit from priority visa processing, feedback from one employer who has recently entered into a DAMA labour agreement with the Department of Home Affairs advised that the labour agreement process alone took around four months and the employer has not yet undertaken the nomination stage or commenced overseas recruitment and consequent visa lodgment processes.

Understandably some visa processing timeframes have lengthened since COVID-19 and the introduction of the Priority Migration Skilled Occupation List (PMSOL), and 'critical skills and sectors' which determine priority processing for visa applicants and travel exemptions. While the PMSOL and 'critical sectors' list served a purpose in the early stages of the travel restrictions, with its focus on the immediate COVID-19 response, its ongoing application is now disadvantaging regional employers outside of the critical sectors and occupations.

This is severely restricting their recovery and business growth. In preparation for the easing of travel restrictions, South Australia encourages a transition away from the PMSOL and back to the original arrangements where DAMAs and other regional visas are priority processed by Home Affairs.

In considering easing border controls, the State Government would welcome a transitional and targeted approach that prioritises skilled provisional visa holders to travel to Australia without requiring travel exemptions, followed by skilled workers including TSS subclass 482 visa holders and other temporary activity or temporary work visa holders. South Australia has nominated many skilled migrants for the former Skilled Regional (Provisional) subclass 489 visa and the current Skilled Work Regional (Provisional) subclass 491 visa. The State Government is aware that there are a considerable number of skilled provisional visa holders who are on track to permanent residency and have employment and families in South Australia. These provisional visa holders are separated from their families because they are unable to travel to Australia without a travel exemption.

Mandatory Skills Assessments

Mandatory Skills Assessments for the Skilled Employer Sponsored Regional subclass 494 visa are often raised as an administrative burden and barrier for employers. Other temporary employer-sponsored visas with a permanent residency pathway, including the standard Temporary Skilled Shortage (TSS) program and the Employer Nomination Scheme temporary stream program, do not require mandatory skills assessments for most occupations, with only select occupations requiring mandatory skills assessments from some source countries. As the subclass 494 is a provisional visa with a permanent visa pathway, the Department of Home Affairs should consider removing the mandatory Skills Assessment requirement and align the Skills Assessment requirements with the TSS program.

Mandatory Skills Assessments add cost and time to the process, and disadvantages regional employers who are required to use regional visas to address their skills needs.

Similarly, unless negotiated differently through DAMAs, the skills, work experience and qualification requirements for the subclass 494 visa should also be consistent with the requirements for the TSS subclass 482 visa.

Labour Market Testing

The Government of South Australia supports the principle that Labour Market Testing is an important component of the migration system to ensure that job opportunities are available for Australian workers first. However, employers have often raised concerns over the complexity of the requirements and the duration of the validity of the Labour Market Testing. The State Government supports simplifying and streamlining the Labour Market Testing process, to ensure that it is a more straightforward and timely process for regional employers.

Employers have called for the validity of Labour Market Testing to be extended from four months to six months, which is particularly beneficial for employers in industries where the labour market conditions do not change rapidly.

In some industries with persistent, long-term skills shortages in regional areas, such as construction, motor trades, and agriculture, Labour Market Testing validity for regional employers could even be extended to 12 months.

One option is to introduce different Labour Market Testing validity periods to apply depending on whether the occupation is on the ROL, STSOL or the Medium and Long-term Strategic Skills List (MLTSSL), with longer periods for ROL and MLTSSL occupations and shorter periods for STSOL occupations.

Employers and industry associations have also indicated that the Labour Market Testing requirements are confusing and leading to unintended errors and refusals. The State Government has heard of examples where inconsistent decisions by Home Affairs have been made, where multiple applicants have had the same Labour Market Testing documentation, but some applicants were refused on the basis of failing Labour Market Testing and other applicants were afforded the opportunity to provide additional documentation to clarify the Labour Market Testing.

5) The costs of sponsorship to businesses seeking to sponsor skilled migrants

Cost and expense

The costs associated with the entire process of sponsoring a skilled migrant are consistently raised by employers in South Australia as a barrier to using the DAMA and other employer-sponsored products.

All employers accept there should be reasonable costs associated with sponsoring skilled migrants from overseas. However, across all components – including the Skilling Australia Fund (SAF) levy, skills assessment fees, migration agent fees, nomination fees, visa fees, recruitment expenses and relocation support – the costs can be significant.

Employers appear to experience particular frustrations with the SAF levy, which forms one of the largest components of employers' expenses. While the levy varies depending on size of the business, the total cost of the SAF for three years on a TSS visa and an ENS visa is \$6,600 to \$10,000.

The Government of South Australia recognises the need for the SAF levy to support training initiatives for Australia, however it is the period at which the levy is paid which most frustrates employers. The full SAF levy is required to be paid at time of nomination. If the visa is not granted employers may not necessarily receive a refund.

The State Government has received submissions from employers who have previous experience with the TSS and the former RSMS program after the SAF levy was introduced, where they have followed the correct processes, have paid their SAF levy at nomination, have had the visa application refused and have not been eligible for a refund. There is anger and frustration that the Australian Government is receiving levy income from businesses even though they have not been able to successfully sponsor a skilled migrant.

Other businesses have expressed frustration because they employ apprentices and trainees, and/or contribute to an industry training levy, and so they do not believe it is fair that they are required to pay another government levy when they are already making a substantial contribution to the training of local workers.

Given the costs and risks associated with sponsoring a skilled migrant and the relatively high visa refusal rates, the Government of South Australia is advised that the costs associated with the SAF levy, skills assessments and visa fees, and the risks associated with not receiving any benefit from that expense means employers are simply opting out of the migration system. This illustrates a clear need for reform as it represents a lost opportunity cost to help employers to meet their workforce and skills needs and to grow their businesses.

Employers and industry representatives have made suggestions for how the SAF levy requirements can be improved, and the Government of South Australia encourages the Department of Home Affairs to consider the following approaches for employers sponsoring skilled migrants:

- SAF levies should be payable at visa grant stage for employers sponsoring skilled migrants under the DAMAs and SESR subclass 494
- Lower SAF levies could be considered for small to medium enterprises (SMEs) in regional areas
- Lower SAF levies could be considered for employers sponsoring skilled migrants under the DAMAs, who have demonstrated they have apprentices and trainees under formal contracts of training.

6) The complexity of Australia's skilled migration program including the number of visa classes under the program and their requirements, safeguards and pathways.

Complexity of the system and need for greater customer service

South Australian employers have raised with the Government of South Australia their exasperation at the complexity of the national migration system. This is particularly an issue for SMEs who do not necessarily have the time or the human resourcing capability to be across the intricacies of the migration program, the process, and the legal requirements. Not all SMEs have the financial capacity to seek the services of migration agents and pay for immigration legal advice. The State Government is often advised that businesses simply opt out because they do not understand the system, or they embark on the process of sponsoring a skilled worker only to experience refusals because they did not fully understand all the requirements and expectations.

While the Government of South Australia welcomed the reintroduction of the Business, Industry and Regional Outreach officer role within the Department of Home Affairs, to provide high-level information to employers about the different programs and visas on offer, advice from employers and regional stakeholders is that they would like to see the establishment of a customer service support function within the Department of Home Affairs to assist employers with queries on the visa process.

The Government of South Australia is supportive of the simplification of visa streams, only in cases where it does not lead to reduced opportunity for migration, sponsorship or business investment. Any simplification process should not adopt a 'one size fits all' approach to skilled and business migration in Australia. Instead it needs to accommodate regional differences and population growth aspirations.

The State Government strongly supports clear pathways to permanent residency for all visa streams. Clear pathways to permanent residency are an important attraction and retention mechanism and are central in supporting the State's population growth ambitions. The Government of South Australia is supportive of the ability for skilled migrants and employers to apply for extensions to meet the permanent residency requirements.

The State Government has concerns about the implications and potential unintended consequences arising from the introduction of the minimum income threshold, whereby provisional subclass 491 visa holders must demonstrate they are earning an amount equivalent to the Temporary Skilled Migrating Income Threshold (TSMIT) for three years to be eligible for a permanent subclass 191 visa. This is particularly an issue in regional South Australia, where incomes for some occupations are below the TSMIT despite being in line with the relevant award. Opportunities for extensions to meet the permanent residency requirements, or waivers for regional areas, may help to mitigate these unintended

consequences and ensure all migrants meeting skilled workforce needs in regional Australia are not disadvantaged or restricted in their permanent migration outcome.

7) Any other related matters.

Business Innovation and Investment Program (BIIP)

The business migration program provides an important pathway for overseas businesspeople with a demonstrated history of success or talent in innovation, investment and business to make a significant contribution to the Australian economy.

While there are still some further details to be announced, the changes to the BIIP announced by the Australian Government in December 2020 appears to be a missed opportunity to better utilise the program to support investment in regional Australia.

Lengthy BIIP visa processing times cause delays to investment and flow on benefits for the South Australian economy. South Australia's strong nomination levels in recent years have not yet translated into a similar numbers of visa grants. A continued focus from Home Affairs to address this backlog would bring significant benefits to jurisdictions.

The Government of South Australia supports provision of a greater proportion of nomination allocations for the business migration program being given to regional areas, and priority visa processing arrangements for regional business migration applications.

A reduction to investment thresholds for regional areas would also incentivise investment into areas outside the traditional business migration markets of the Eastern States.

Intra-company transfers of overseas staff

The Government of South Australia urges the Department of Home Affairs to consider the opportunities for the existing visa products to facilitate more efficient intra-company transfers of staff, so that companies in Australia with head offices overseas can rapidly relocate staff from overseas to Australia for short and temporary periods to meet business needs.

Security clearances for overseas defence workers

The time taken for foreign national candidates for to obtain national security clearances for defence roles are extremely lengthy.

The Government of South Australia is committed to working in partnership with the Australian Government to progress security clearance issues and visa outcomes to assist with the National Naval Shipbuilding Enterprise.