

Joint Standing Committee on Migration Inquiry into Australia's skilled migration program.

Initial submission from the Department for Innovation and Skills,
Government of South Australia

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Introduction

The Joint Standing Committee on Migration Inquiry into Australia's skilled migration program is an important opportunity to examine the broad settings behind the program.

The Government of South Australia supports a strong skilled migration program that assists the State's economic recovery, grows local businesses and creates jobs for South Australians.

Initial feedback to the Inquiry has been requested in early March 2021 on the purpose of the skilled migration program and whether it is meeting its intended objectives, including:

- if any immediate adjustments are necessary in the context of the future of work and pandemic recovery
- Australia's international competitiveness in attracting entrepreneurs, venture capital, start-ups, and the best and brightest skilled migrants with cutting edge skills.

This submission addresses the above two questions. The Government of South Australia will provide a response to the remainder of the Inquiry's questions in a separate response.

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.

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 startups 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 mainly due to the Australian Government's rigid skills assessment and education requirements. Many entrepreneurs do not have formal qualifications, instead learning their skills on the job and perhaps having 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 entrepreneurs that could help to attract and retain highly skilled people in Australia.

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.

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.

Finally, there is 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