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Via email [legcon.sen@aph.gov.au](mailto:legcon.sen@aph.gov.au)

Dear Senator

Thank you for your letter dated 16 September 2019 inviting submissions to the inquiry into the New Skilled Regional Visas (Consequential Amendments) Bill 2019 (the Bill). The Northern Territory Government is pleased to have the opportunity to provide you with the enclosed submission to the inquiry.

The Northern Territory's ability to attract and retain migrants is of paramount importance when it comes to driving population and economic growth. We welcome the Australian Government's focus on encouraging new migrants into regional areas, and acknowledge that introduction of the new skilled provisional visas is a positive step toward this end.

The Northern Territory supports the Bill, which purports to extend access to welfare payments and government services to provisional skilled visa holders, and further submits that access to Medicare is also imperative for these visa holders to remain in the Territory on a long-term basis. It is the Territory's view this would alleviate the challenges posed by the lack of access to services for holders of the existing Skilled Regional (Provisional) subclass 489 visa.

I reiterate that access to Medicare is a crucial factor in alleviating living costs and effectively retaining skilled migrants. It is acknowledged that such access is outside the scope of the Bill and would require a legislative instrument to be made under the *Health Insurance Act 1973*.

I trust that the Legal and Constitutional Affairs Legislation Committee will give due regard to the submission, and look forward to your findings and recommendations.

Yours sincerely 

 MICHAEL GUNNER

26 SEP 2019

# NORTHERN TERRITORY GOVERNMENT SUBMISSION TO THE SENATE LEGAL AND CONSTITUTIONAL AFFAIRS LEGISLATION COMMITTEE INQUIRY INTO THE NEW SKILLED REGIONAL VISAS (CONSEQUENTIAL AMENDMENTS) BILL 2019 [PROVISIONS]

## 1. INTRODUCTION

On 12 September 2019, the Senate referred the above bill to the Legal and Constitutional Affairs Legislation Committee for inquiry.

The Northern Territory Government Department of Trade, Business and Innovation welcomes the opportunity to provide a submission, and supports the Australian Government's policy that holders of provisional skilled regional visas which come into effect on 16 November 2019, have access to welfare payments or government services as if they are holders of permanent visas.

Attracting and retaining skilled migrants is crucial for the Northern Territory for effectively grow its population, diversify skill base and achieve economic growth. The Department of Trade, Business and Innovation has carriage of the state and territory nominated business and skilled migration program in the Territory.

### ***New Skilled Regional Visas***

Upon introduction of the new Skilled Work Regional (Provisional) Visa Subclass 491, the Department of Trade, Business and Innovation will nominate eligible skilled workers for the visa. The Department of Trade, Business and Innovation is authorised as the Regional Certifying Body in the Northern Territory (NT), and will assess and certify nominations by local employers to engage overseas skilled workers under the new Skilled Employer Sponsored Regional (Provisional) Visa Subclass 494. Both of these visas have a duration of five years, and provide a pathway to permanent residence for eligible visa holders who have lived and worked in a regional area for at least three years. Having adequate access to government services in this qualifying period is a crucial contributor to successful settlement into the regional area. Providing provisional visa holders with access to these services will alleviate the costs of living in a regional area and put the NT in a better position to attract and retain skilled migrants.

The New Skilled Regional Visas (Consequential Amendments) Bill 2019 (the Bill) purports to provide provisional visa holders with access to a number of welfare payments and services. It is noted that one important government service that appears to be outside the scope of the Bill is access to Medicare. The NT considers that access to Medicare should be provided for provisional visa holders as such access would go a long way towards alleviating living costs and lead to better settlement outcomes. It is acknowledged that providing such access will require a ministerial instrument to be made under the *Health Insurance Act 1973*.

## **2. THE NORTHERN TERRITORY CONTEXT**

### ***Population and Demography***

The NT occupies one-sixth of the Australian continent with a total land mass of 1 348 177 km<sup>2</sup> and an overall population of 245 854 unevenly dispersed throughout the NT, representing less than 1% of Australia's total population.

Three quarters of the population reside in the five largest regional centres: greater Darwin (Darwin, Palmerston and Litchfield Shire); Katherine; Alice Springs; Tennant Creek; and Nhulunbuy. These cities and towns function as supply and service centres for their surrounding regions. Darwin, the capital city, is the commercial and administrative centre of the NT with the majority of Territorians (59.1% or 148 564) living in the greater Darwin region, followed by Alice Springs with 26 534 people. The distances between Darwin and the major NT centres are vast and travel times are significant.

Aboriginal Territorians represent 30.3% of the overall population, and Territorians hail from over 100 countries, making us one of the most multicultural and integrated communities in Australia. The NT has a younger age profile, with the median age of 32.7 years, being the lowest in the country and five years below the national median age at 37.3.

### ***Northern Territory Population Growth Strategy***

Population growth in the NT has been below trend over the last five years and is generally well below the national rate of 1.6% per annum. It is forecast to decline by a further 0.7% in the coming year (2019-20). The NT is proactively taking measures to increase its population as outlined in the 2018-2028 Northern Territory Population Growth Strategy (the Strategy) released in August 2018. It is one of few jurisdictions to already have a comprehensive approach to population growth. The Strategy sets out a framework for attracting and retaining people to the NT in the long term, but also recognises that there is no single solution to the issue of low population growth. One of the NT Government's priorities is to return the population growth rate from 0.6% to its long term average of 1.4% which equates to an increase of 2600 people per year over the next ten years.

Some of the greatest challenges faced by smaller states/territories such as the NT are the issues of critical mass, population retention, skills shortages and economic growth. Migrants can contribute positively to the NT's population, economy and community.

As a small jurisdiction with a declining population, it is imperative for the NT that national policy settings take into consideration the challenges of attracting and retaining population in northern Australia. A sustainably growing population that supports a healthy economy and thriving communities is essential to the future of the NT.

### ***The NT labour market***

Compared to other Australian jurisdictions, the NT's labour market is significantly different, isolated, relatively small, highly mobile and widely dispersed, particularly across remote and very remote areas. Skill shortages are acute across many industries in the NT and while local jobs and training remain a priority focus for this Government, the NT recognises the important contribution migration plays in addressing workforce shortages, growing the local economy and delivering high quality goods and services to Territorians.

A diversified workforce is likely to benefit from different skills, qualifications and mindsets which increase innovation and deliver international connectedness. Migrants are needed across the NT, in all our regions, to address significant demand in skilled and unskilled occupations.

The NT has a relatively small labour market compared to other Australian jurisdictions, with a total working age (15 years and over) population of 189 080 of which 129 469 are in the labour force. This represents a labour force participation rate of 71.9% compared to 66.2% nationally, the highest of all jurisdictions and an unemployment rate at 5.1% as at August 2019 compared to nationally at 5.3%. Low unemployment levels and high participation rates have been a feature of the NT labour market landscape for a considerable period of time.

While the NT's workforce shortages would preferably be met through training and up-skilling Territorians and supplemented by the relocation of Australians from other states, the reality is that it has been difficult to encourage Australians to move to the Territory.

## **3. IMPORTANCE OF SUPPORT SERVICES FOR PROVISIONAL VISA HOLDERS**

The NT has historically been heavily reliant on attracting and retaining skilled workers through the General Skilled Migration Program. In particular, the Skilled Regional (Provisional) Visa Subclass 489 has allowed the NT to nominate eligible skilled workers who commit to living and working in the region. Nominations under this program ceased on 10 September 2019, in preparation for introduction of the new Skilled Work Regional (Provisional) Visa Subclass 491 on 16 November 2019. Changes to the migration points test under this visa, and the requirement to live and work in a regional area for three years to qualify for permanent residence, purports to provide further encouragement and incentives for skilled migrants to settle in regional areas.

The measure of success of the provisional skilled visas is the extent to which nominees settle into regional areas on a long-term basis. The NT's experience is that the lack of access to welfare and government services presented subclass 489 visa holders with significant challenges to successfully integrate into and settle in the NT. Subclass 489 visa holders who arrive in the NT from overseas often do not have ready jobs and rely on community organisations and NT Government support in the initial settlement period. The NT Government has funded programs through community organisations which aim to provide provisional visa holders with pre-employment training and connect them to potential employers. Some community organisations in the NT have also received funding through the Australian Government's Fostering Integration Grant to support migrant employment. While such funding is beneficial, the programs are finite in duration and are not adequate to effectively alleviate the significant costs of living in a regional area such as the NT.

There is a significant disparity in resources available to the NT to support these visa holders when compared to larger jurisdictions. This often means that provisional visa holders nominated by the NT are drawn to regional areas in other jurisdictions which are better resourced to support them. This presents significant issues for the NT, especially in light of the fact that there are currently no significant consequence for visa holders who fail to comply with their commitment to live and work in the jurisdiction. The NT Government is aware of a number of such cases in which nominees for provisional visas have failed to either reside in the NT for two years from their visa grant or enter the NT at all. The decline in the NT's population growth rate in recent years is also indicative of this. Lack of adequate support to manage the costs of living while seeking relevant employment is often cited as a key reason for provisional visa holders to leave the NT.

This issue will become even more pronounced under the proposed new definition of 'regional Australia', which provides that all of Australia bar four capital cities (Sydney, Melbourne, Brisbane, Perth) and Gold Coast will be considered regional. Without adequate support, provisional visa holders will find it more enticing to move to other jurisdictions with regional areas that are closer to metro centres and with a better capacity to support their journey of settlement.

To achieve positive settlement outcomes and effectively attract and retain skilled workers in regional Australia, provisional visa holders should be provided with access to welfare and government services, including access to Medicare. With this support, holders of the new Skilled Work Regional (Provisional) Visa subclass 491 will be better positioned to settle into the nominating jurisdiction. With access to adequate support, holders of the new Skilled Employer Sponsored Regional (Provisional) Visa subclass 494 will be able to better support themselves and their families in regional areas and settle into the NT. Retaining such workers in the NT will be highly beneficial for local employers and contribute towards the sustainable growth of businesses.

#### **4. SUMMARY**

The NT, more than any other Australian jurisdiction, relies upon domestic and international migration to fill skill shortages and achieve sustainable population growth. Overseas migration is essential to the NT's prosperity and quality of life. Migrants will continue to play a pivotal role in the economic development of the NT, establishing businesses, creating jobs and contributing to our unique cultural melting pot.

Attracting and retaining skilled workers is imperative for the NT to effectively achieve sustainable population and economic growth. The NT's experience with provisional visas thus far demonstrates that access to support services is a crucial factor for long-term settlement in regional areas. This is particularly important for the NT in light of the proposed expanded definition of regional Australia. The NT submits that access to welfare and government services, including access to Medicare, should be made available for holders of the new skilled provisional visas.