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# Business SA submission: Review of South Australia's Designated Area Migration Agreements (DAMAs)

January 2020

## Executive Summary

- Despite some recent gains, South Australia continues to have the lowest population growth of all the states, including Tasmania. South Australia's lack of population growth has created significant skills shortages across several industries and the state is now dependent on skilled migrants to fill these vacancies. Business SA supports the use of DAMAs to assist businesses fill vacancies that are unable to be filled by Australian workers, and to address population issues.
- A further review should be conducted to ensure the list of occupations and industries remains relevant. Geographical restrictions on the occupations and industries should be minimised or removed to ensure that businesses in all parts of South Australia can take advantage of the DAMAs.
- The concessions applied to the South Australian DAMAs need to be reviewed to ensure they are applied fairly and consistently. A number of occupations would benefit from receiving permanent residency concessions in order to attract suitable candidates from overseas. Additionally, the State Government should campaign the Federal Government to further increase the Temporary Skilled Migration Income Threshold (TSMIT) concession in South Australia. South Australian wages are lower than the eastern states, as is our cost of living. The 10% reduction still places the TSMIT above the market rate of pay, as well as the award rate for many occupations and acts as a disincentive for regional businesses to utilise the migration program as a way of addressing vacancies.
- The existing process for sponsoring workers from overseas is expensive and lengthy. The DAMA process adds additional time and steps to this process. Business SA recognises that additional steps are necessary, but the State and Federal Governments need to work towards streamlining the process to allow and ensure adequate information is provided to small and medium sized businesses on how to comply with the complex obligations.
- While the Greater Adelaide Technology & Innovation DAMA is a welcome initiative for South Australia, its geographic constraint will limit potential industry growth in regional centres which already lack substantive industry in such higher technology fields. Feedback to Business SA over many years has indicated a key concern in attracting families to regional areas is the lack of diversity in the jobs market. With the Space industry as an example which is likely to require regional operations, enabling high technology businesses to utilise the DAMA to attract specialist skills will provide much broader benefits to regional economies beyond that industry.

## Introduction

Business SA, South Australia's Chamber of Commerce and Industry, was formed in 1839 and has over 3,100 members across a wide range of industry sectors, from micro businesses right through to listed companies. We are a not-for-profit business membership organisation which not only works on behalf of members, but for the broader business community and in pursuit of economic prosperity for both South Australia and the nation. Business SA is also a founding member of the Australian Chamber of Commerce and Industry (ACCI) and on national issues such as migration, we work through ACCI to advance the interests of businesses across Australia.

Business SA has long operated its own migration service which provides us with direct experience on the workings of the South Australian market for migrant labour. Business SA's 'Move Work Stay Migration Services' provides services including general skills migration, business investor visas, family visas, student and temporary graduate visas, guardian visas, resident return and bridging visas.

The entire state of South Australia is designated a regional and low-population growth metropolitan area. South Australia continues to have the lowest population growth of all the states, including Tasmania and our lack of population growth has created significant skills shortages across several industries with the state now dependent on skilled migrants to fill these vacancies. Business SA believes the effective use of DAMAs is critical in addressing our population growth and skills shortage issues.

The DAMAs are intended to be labour agreements that provide flexibility for states to respond to unique economic and skill shortage requirements. Under a DAMA employers can sponsor skilled and semi-skilled overseas workers.

Business SA acknowledges that the following DAMAs have been established for South Australia:

1. **Adelaide Technology and Innovation Advancement Agreement** – which focuses on Adelaide's high-tech growth industries including defence, space, technology and advanced manufacturing industries covering the Greater Adelaide planning region.
2. **South Australian Regional Workforce Agreement** – which focuses on South Australia's regional high growth industries including agribusiness, forestry, health and social services, tourism and hospitality, construction and mining and covers the entire state of South Australia.

Nationally DAMAs have not made a significant impact in the number of skilled migrants moving to Australia or South Australia. South Australia has received 17 DAMA applications covering 51 positions and has made nine endorsements. Three applications did not meet the criteria, and the remaining five applications are being assessed by Immigration SA.<sup>1</sup>

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<sup>1</sup> As at 14 November 2019, Migration Advisory Council

This is similar to other states with the Northern Territory receiving less than 60 skilled workers successfully endorsed in the past two years under their current DAMA program.<sup>2</sup> This demonstrates the need for changes to make DAMAs more attractive to businesses.

Migrants are needed in South Australia for both permanent settlement and to satisfy demand for temporary and seasonal work, both skilled and unskilled. Unfortunately, in many circumstances the cost of the visa system prohibits small to medium businesses from bringing in skilled migrants for jobs that local workers either cannot, or will not, fill. DAMAs, which should assist the businesses, are in fact adding complexity to the system. Businesses who wish to sponsor migrants for positions face substantial costs, red-tape and a complex system that is difficult to navigate at both a state and national level. Many larger businesses have either in-house migration experts or can afford external representation; smaller businesses, who are the life blood of our state, are unable to meet these costs and do not have the knowledge to navigate the system on their own. Business SA encourages changes to the DAMA system that provide a more inclusive system for small and medium businesses.

## **What other industries and occupations should be covered by DAMAs?**

There are currently two DAMAs established in South Australia. The SA Regional Workforce DAMA, which as previously mentioned, is designed to meet the skill and labour needs in regional South Australia's most significant industries which include agribusiness, forestry, health and social services, tourism and hospitality, construction and mining.

This DAMA is applicable to the whole of South Australia, except for the agribusiness occupations which apply to businesses located in the 5110 – 5734 postcodes. As such, there is no need to extend the DAMA's location coverage.

There are a number of occupations that should be considered within the current industries. Business SA recommends reviewing the health sector stream to ensure all future NDIS job needs are addressed. Currently this stream includes occupations such as disability and aged care workers, nurses and allied health professions, however, it has been reported to Business SA that there are a number of regional organisations unable to recruit non-nursing and professional health carers as the occupation is not on the DAMA list.

Business SA also has concerns that the Adelaide Technology and Innovation Advancement Agreement only covers the Greater Adelaide planning region. It appears a lost opportunity and prevents the advancement of technology and innovation in regional South Australia, encouraging migration of a certain skill level only in the metropolitan and regional areas close to Adelaide.

There are a number of regional industries and businesses that may benefit from the Adelaide Technology and Innovation Advancement Agreement, particularly areas such as Whyalla, Port Pirie and Port Augusta which are experiencing renewed industrial growth.

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<sup>2</sup> NT Department of Trade, Business and Innovation's 2018 Annual Report



*The Greater Adelaide planning region<sup>3</sup>*

The expansion of the Whyalla steelworks is expected to create 1500 new jobs, and the Port Augusta solar thermal storage project by South Australian company 1414 Degrees is looking to build up to 400MW of solar PV on site, and install its own TESS-GRID technology.<sup>4</sup> DP Energy has also just announced a \$500 million investment by Spanish renewable company Iberdrola for its 320MW wind and solar project near Port Augusta. In September 2017 the South Australian Government created the South Australian Space Industry Centre (SASIC) to drive space industry innovation, research and entrepreneurial development. It is feasible that the defence and space industries will seek to establish hubs or centres in regional areas. This is particularly the case with the space industry which may require regional locations for development and testing.

Further, the restriction of the DAMA to the Greater Adelaide planning region presumes there are no regional businesses that require advanced technical skills. Consequently, Business SA would encourage the expansion of the DAMA to include the entire state of South Australia.

Business SA is aware that some occupations that are in demand are relatively new occupations which have yet to be listed in the ANZSCO, a further barrier to economic growth in the state. The Adelaide Technology and Innovation Advancement Agreement, which is focused on new and emerging technology, is unable to list all of the potential skills shortages in areas that are under development. The ANZSCO is maintained by the Australian Bureau of Statistics and the list has only been reviewed twice since its inception in 2006 (2009 and 2013) and is now six years out of date. There have been major changes to the economy and job market and without regular reviews, this list will not reflect technological progress and consequently the DAMA cannot include all of the potential positions in emerging fields.

<sup>3</sup> <http://location.sa.gov.au/viewer/?map=hybrid&x=138.22167&y=-35.05527&z=9&uids=224&pinx=&pinx=&pinTitle=&pinText=>

<sup>4</sup> <https://www.transcontinental.com.au/story/6518759/new-hope-for-port-augustas-failed-solarreserve-project/>

## Feedback on the available concessions and suggestions for additional concessions or application of the available concessions to other occupations.

DAMAs benefit businesses by providing a number of concessions. The concessions are for English language testing (IELTS), wages (TSMIT), permanent residency and age. It is these concessions that should make the DAMAs attractive to employers and visa applicants. Currently the concessions are applied to each individual occupation and are not available unilaterally or consistently. Further improvements need to be made by the analysis of each occupation to determine if the concessions have been appropriately applied.

### *TSMIT concessions*

Employers are required to pay overseas workers according to the TSMIT, which is currently \$53,900. Business SA has previously argued that the TSMIT is problematic in South Australia considering our average wage is 10% less than New South Wales and 20% less than Western Australia.<sup>5</sup> Not only does South Australia have the second lowest average annual wage (Tasmania has the lowest), it also has significantly cheaper living costs with recent statistics showing it costs 21% more to live in Melbourne and 23% more to live in Sydney than Adelaide.<sup>6</sup>

Requiring regional employers to pay the TSMIT instead of simply a market salary or setting the TSMIT based on regional variations, sets an unobtainable wage floor in South Australia which is significantly above market salary for many occupations required locally.

As a basis of comparison, the TSMIT is currently:

- 40 per cent higher than the national minimum wage;
- 20 per cent higher than the level 5 worker rate under the Horticulture Award;
- 17 per cent higher than the level 6 worker rate under the Food, Beverage & Tobacco Manufacturing Award;
- 13 per cent higher than the level 5 worker rate under the Wine Industry Award; and
- 5 per cent higher than the level C5 worker rate under the Manufacturing Award.

Under the DAMAs, if a TSMIT concession applies, the nominating employer must provide the overseas worker with an amount of annual earnings which is equal to or greater than the annual market salary rate, and 'Reduced TSMIT' which is 90% of TSMIT.

While the TSMIT concession for the South Australian DAMAs allows for a reduction of 10% as the data above demonstrates, this discount only reduces the TSMIT to the average level of South Australian wages and does not take into account the premium over many award wages as evidenced above. Business SA recommends the State Government ensures the TSMIT applying to all occupations on the DAMAs accurately reflects market conditions.

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<sup>5</sup> <https://www.livingin-australia.com/salaries-australia/>; Australian Bureau of Statistics

<sup>6</sup> Economist Intelligence Unit <http://country.eiu.com/Australia>

### *Permanent Residence Pathway Concession*

The State Government should review the occupations that are currently available for permanent residence (PR) pathways. There are a number of occupations that do not have PR pathways and yet similar occupations can apply. For example, a psychologist does not have PR but a psychotherapist does. Some high-level medical professionals have PR such as dentists and dieticians, but physiotherapists, occupational therapists and audiologists do not.<sup>7</sup>

There needs to be greater incentive for overseas applicants to apply for such positions and permanent residency is one of the best incentives that can be offered. The cost of moving to Australia, especially with a family, is high and many potential applicants will not be willing to commit without the prospect of permanent residency.

### *Additional concessions*

The DAMAs available interstate provide access to occupations not in the Australia and New Zealand Standard Classification of Occupation (ANZSCO) list.<sup>8</sup> These include

- Bar attendant (supervisor)
- Waiter (supervisor)
- Cook (specialist ethnic cuisine) (NT DAMA only)
- Farm inspectors
- Farm supervisor
- Restaurant Supervisor

For these occupations, applicants need to demonstrate that skills, qualifications and experience align to the sample position descriptions.

Currently, South Australia has not included any of these occupations or other occupations not in the ANZSCO list. Business SA recommends the State government, leveraging the work underway by the various Industry Skills Councils (as part of the Training and Skills Commission), undertake an assessment of occupations in specific regional areas to identify occupations that could be added to the list. Furthermore, employers should be able to apply for exemptions for roles with skills sets that do not specifically match the ANZSCO criteria. Business SA is not suggesting the DAMAs be opened up for all jobs, but in specific situations there needs to be an avenue to address the need for new skills in South Australia.

The Federal Government's new 491 and 494 skilled visas also now include Medicare which at present is not available under DAMAs, another concession which needs to be considered to increase the attractiveness to employers and employees alike to go down the DAMA path.

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<sup>7</sup> <https://www.migration.sa.gov.au/local-employers/designated-area-migration-agreements/dama-occupation-lists>

<sup>8</sup> <https://www.cairnschamber.com.au/regional-migration/fng-dama/overview>; <https://business.nt.gov.au/migration-information-for-business/northern-territory-designated-area-migration-agreement>

## The barriers industry face in utilising DAMAs to address skills shortages

While Business SA supports the DAMAs, we have concerns about the administrative burden for employers. Currently the process currently requires:

**Step 1.** The employer (sponsoring business) applies to Immigration SA for endorsement.

**Step 2.** Immigration SA assesses the endorsement application.

**Step 3.** If the assessment is positive Immigration SA issues a letter of endorsement to the employer and notifies the Department of Home Affairs (Department).

**Step 4.** The sponsoring business makes an application to enter into an individual DAMA labour agreement with the Department.

**Step 5.** The Department assesses the labour agreement.

**Step 6.** On receipt of a positive outcome from the Department, the employer can proceed to lodge a nomination for the employee

**Step 7.** The employee lodges a visa application under the labour agreement stream with the Department.<sup>9</sup>

The process of applying for a visa under a DAMA is lengthy and cost restrictive. The costs have been reported as high as \$15,000, which is a significant cost for a small business or a business that requires multiple employees.

Business SA acknowledges that the State Government has committed to processing the application for endorsement (Step 1) within a short amount of time, however there are significant time issues due to the large amount of documentation that is required by the employer and the applicant, even before the endorsement step. Prior to the State Government receiving an applicant for a DAMA, employers must have already undergone labour market testing and the applicant undertaken the relevant English language test. In addition, at Step 6 for the applicant for visa, there are further steps for police clearances, health examinations and skills assessments.

The length and breadth of the application process can see applications taking over 6 months. Considering the employer can only commence the process once they have established there are no suitable applicants in Australia, the need for faster processing and reduced paperwork is essential to ensure businesses can continue to operate at full capacity.

In addition to the length of the process is the complexity of the steps. Regional areas have been reaching out to Business SA for assistance in deciphering the migration and DAMA system. Local Chambers and regional development boards are seeking assistance for small to medium businesses who do not have the capacity to engage a migration specialist directly, and without some knowledge of the system face fees from migration agents as well as lengthy waits. Educating small to medium businesses on the process and training in regional areas is essential if DAMAs are going to be better utilised by South Australian businesses.

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<sup>9</sup> <https://www.anzscosearch.com/dama/>



In the Northern Territory, skill assessments for workers on the short-term skilled occupation list are not required,<sup>10</sup> however in South Australia, they are. This aspect of the South Australian DAMAs can cost upwards of \$1,000 per employee while other criteria such as police checks and health assessments put similar barriers in place. The DAMA process needs to be improved and streamlined if it is to succeed in South Australia and Business SA recommends the skills assessment criteria be reviewed. This will enable the South Australian DAMAs to be consistent with other states and remove unnecessary red tape.<sup>11</sup> Business SA is not suggesting that all skill assessments be removed, but there needs to be greater consistency and certainty. 29 occupations have had their exempted skill assessment & experience abolished since the DAMA was launched, including in hospitality, with these applications now requiring an \$880 skills assessment. Furthermore, across all skilled visa classes, international student graduates of local tertiary institutions still require skill assessments which needs to be addressed.

## Conclusion

Immigrants are an important part of South Australia's economic fabric and over many years have made significant contributions to the state's economy and society. DAMAs have the potential to attract more immigrant workers and their families to South Australia, but currently they are too complex and costly to be a viable option for many small to medium businesses. South Australia's future population growth will be dependent on migrants and in order to ensure the state's continued economic viability, positive changes need to continue.

Reaching the correct balance of checks and assessments is important to ensure DAMAs are attractive to businesses. This means ensuring that the costs are minimised and timeframes for approvals improved without compromising on the quality of applicants. Education is needed in regional areas to demystify the migration process, and to ensure businesses are not required to pay significant amounts of money for unnecessarily lengthy application processes.

Migration needs to be a strong driver of growth in South Australia. Skilled migrants are necessary to increase population and in turn drive economic growth. Our state is founded on migration and we encourage the State Government, in addition to the review of DAMAs, to review any additional policies and rules that limit migration numbers or make it less attractive to bring in skilled migrants to South Australia.

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<sup>10</sup> <https://business.nt.gov.au/migration-information-for-business/northern-territory-designated-area-migration-agreement/overseas-workers-to-demonstrate-qualifications-and-experience>

<sup>11</sup> Committee for Adelaide, Submission to the Joint Standing Committee on Migration – Inquiry into Migration in Regional Australia