

DRAFT

**Future Workforce Needs
for South Australia:
Insights from Stakeholder
Consultation**

Preliminary Phase One Findings

31 July 2024

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Abbreviations

ABS	Australian Bureau of Statistics
ANZSCO	Australian and New Zealand Standard Classification of Occupations
ANZSIC	Australian and New Zealand Standard Industrial Classification
DAMA	Designated Area Migration Agreements
DTI	Department of Trade and Investment
DIIS	Department of Industry, Innovation and Science
DSD	Department of State Development
FIFO	Fly In Fly Out
PALM	Pacific Australia Labour Mobility
PIRSA	Primary Industries and Resources SA
RDA	Regional Development Australia
SWP	Seasonal Workers Program
SA4	Statistical Area Level 4
SA	South Australia
TSMIT	Temporary Skilled Migration Income Threshold
TGV	Temporary Graduate Visa
VET	Vocational Education and Training
WHM	Working Holiday Maker

Acknowledgements

BDO acknowledge the crucial role that the following South Australian businesses and associations have played in this research by participating in the interview process:

- RDA Murraylands and Riverland
- SA Forest Products Association
- Housing Industry Association
- South Australian Business Chamber
- TICSA
- RESA
- Petroleum Industry SA/NT
- SA Freight Council
- CCF SA
- RDA Yorke and Mid North
- DTC
- Property Council SA
- RDA Barossa Gawler Light Adelaide Plains
- MTA SA
- RDAEP
- RDA Metro Adelaide
- Aged Care Industry Association
- RavenMead Hospitality Group
- Primary Producers SA - PPSA
- RDA Adelaide Hills, Fleurieu and Kangaroo Island
- District Council of Cleve
- UDIA SA
- PISC
- SA Sardine Industry Association
- NDS
- SA Skills Commissioner
- AMEC - Association of Mining and Exploration Companies
- LGA SA /LG Professionals SA
- DSD
- Migration Solutions
- AusVeg
- Committee for Adelaide
- AHASA
- Australian Meat Industry Association

We thank Global Adelaide for their ongoing support during the project.

Document history and status

Doc Version	Doc Status	Issued To	Qty Elec	Date	Reviewed	Approved
1	Draft	Mark Glazbrook	1 Word 1 PDF	31/07/2024	ADM	ADM

Last Saved: 2/08/2024 12:55:00 PM
File Name: Future Workforce Needs for SA_Insights from Stakeholder Consultation
Project Manager: Anders Magnusson
Principal Author/s: Tania Dey and Anders Magnusson
Name of Client: Global Australia Initiative Limited
Name of Project: Future Workforce Needs for South Australia: Insights from Stakeholder Consultation
Document Version: 1
Job Number: ES2407

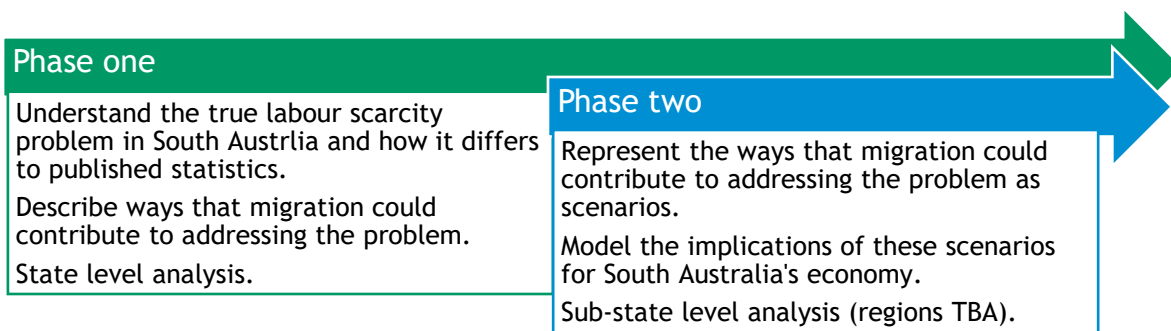
1. Introduction

1.1. Background

South Australia (SA) and Australia are experiencing labour scarcity. With this known, institutions are now trying to understand how best to respond and address the problem. Our previous research shows that this is a critical issue for businesses in both regional and metropolitan SA and that the understanding of the problem provided by published statistics varies widely between industries.

Migration provides access to a substantial source of labour. Its potential to address labour scarcity and its consequences should be adequately understood to inform migration policy design that benefits SA. While quality research has been undertaken at the national level to inform policy design, little attention has been given to the distributional effects of changes to national policy on the less populated states. Through our research, we seek to better understand the detrimental impact of ignoring these distributional effects on SA.

Our research is designed to build an understanding of the problems, identify potential solutions, and model the possible outcomes for the South Australian economy. In addition, the plan will identify gaps in data collection and articulate issues directly (e.g. application process for accessing international labour) and indirectly (e.g. infrastructure requirements such as housing, child care, etc.) linked to migration and migration policy. Our research is designed across two phases. Phase one builds an understanding of the problem, identifies solutions, and informs the design of the approach to Phase two. Phase two models and describes the possible outcomes for SA's economy.



1.2. This report

This report presents preliminary findings from stakeholder consultation undertaken in Phase One of the study. It includes a description of the stakeholder consultation process and a summary of findings from an industry and regional perspective, including a case study of the District Council of Cleve. The purpose is to provide content to support a submission by Global Australia Initiative Limited to the Australian Government's Regional Migration Review. Further reporting will follow completion of Phase One, and again after Phase Two.

1.3. Research design

The research design is illustrated on the following pages.

Fact SA and Australia are experiencing labour scarcity. Our environmental scan shows that hospitality, tourism, aged care and automotive industries, among others, are hard hit.

Evidence Our previous study shows the discrepancy between published statistics (Internet Vacancies Index collected by National Skills Commission) and industry estimates (Regional Workforce Data). Job vacancies are underrepresented in the national database in many industries compared to the regional database.

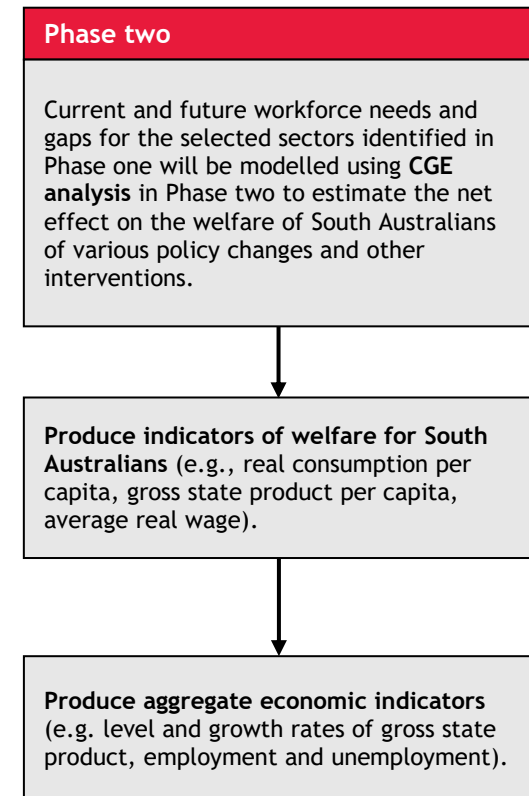
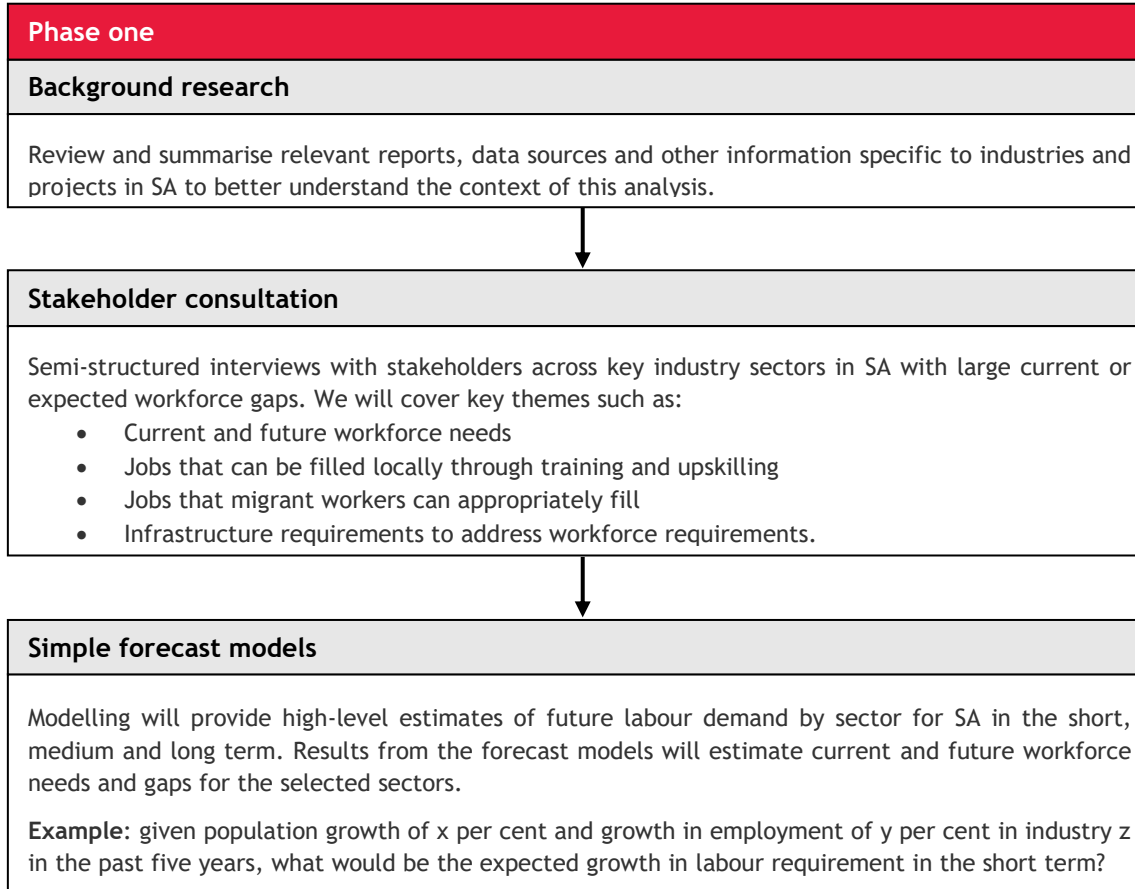
Gap There is a need for ongoing research at the regional level to identify industries with unmet workforce needs.

Implication A critical issue for businesses in both regional and metropolitan SA.

Access to labour		
Short term: Attracting and retaining labour from interstate. Historical impediments: SA has a long history of losing skilled workforce interstate.	Short to medium term: Migration Barrier: Competition for a finite pool of labour both nationally and internationally Current policy: National migration policy has ignored the distributional effects on less populated regions like SA.	Medium to long term: Upskilling local labour through VET and tertiary education options. Issues: <ul style="list-style-type: none"> - Matching the right skills with the right job - Interest of local labour force in available jobs

Research questions

- Q1. Why are businesses in SA (regional and metro) struggling to attract migrant workers or failing to secure their labour requirements?
- Q2. What policy changes might facilitate better use of the migration system by South Australian businesses?
- Q3. Is there a need to address infrastructure requirements, e.g., housing, healthcare, childcare etc, to attract a workforce?
- Q4. What is the net effect on the welfare of South Australians under different scenarios for international migration, incorporating policy and other interventions?



2. Stakeholder consultation

2.1. Approach to stakeholder engagement

BDO developed consultation materials to support semi-structured interviews with stakeholders across key industry sectors in SA, including the Regional Development Australia (RDA) network, state government organisations, and other key stakeholders. Information was collected on key themes such as current and future workforce needs, the number of positions that can be filled locally through training and upskilling, and the number of positions that migrant workers can appropriately fill. Additionally, interviewees were asked about issues faced by businesses, barriers to the current immigration system, and policies and actions that would attract overseas workers to SA in a global context.

Emphasis was placed on sectors where there is a particularly large current or expected workforce gap, including traditional sectors such as hospitality, automotive, health, and agriculture, as well as growth sectors such as defence. Organisations were approached through phone calls and emails. Interviews were conducted via video call, and in some instances, stakeholders were given the opportunity to provide a written response.

Data collected through the consultation process will inform assumptions for forecast models, mentioned in Section 1 as part of the quantitative research, to estimate future workforce needs. In addition, the consultation data was analysed to identify key issues within each region and industry sector, and a thematic analysis was conducted on the interview data.

Concordances were established between RDAs and Australian Bureau of Statistics (ABS) Statistical Area Level 4 (SA4) geography. This geography divides the state into 7 regions:

1. Adelaide - Central and Hills
2. Adelaide - North
3. Adelaide - South
4. Adelaide - West
5. Barossa - Yorke - Mid North
6. SA - Outback
7. SA - South East.

Concordances between SA4 regions and RDAs were used to summarise feedback specific to regions. Fifteen industry sectors were identified through stakeholder interviews. In addition, a case study on the Skilled Migration Pilot Program in SA, which is currently being trialled in the District Council of Cleve, is also reported here.

3. Insights from Stakeholder Consultation

The stakeholder consultation was centred around gathering data about workforce shortages at the occupational level within different regions and industry sectors. It involved obtaining quantitative information regarding the extent of these shortages and any plans for workforce management. Additionally, participants were questioned about the training needs for both future and current workforces and whether local workers are available to address workforce shortages. This information provides a framework for researching the necessity of overseas workers in SA's various regions and sectors. The following sections summarise what we were told through consultation with respect to:

- Current workforce shortages for SA's regions and industry sectors
- Pathways for businesses to access labour and their preference for overseas workers
- Anticipated future workforce requirements of businesses and training requirements
- Reasons for workforce shortages and measures taken to address them
- Issues affecting businesses in industry sectors
- Barriers to accessing migrant labour
- Factors necessary for attracting migrants to Adelaide and the regions
- Prospective actions and strategies by local, state and federal governments

3.1. Current workforce shortages in SA

Table 3-1 presents a partial list of occupations with critical shortages across SA, from consultation with the SA Skills Commission. The highest number of vacancies are linked to occupations in the healthcare sector across all skill levels. Vacancy data is often used as a proxy for labour force shortages.

Due to limitations in data availability, it is challenging to estimate the size of the shortage across occupations. In many instances, RDAs, industry peak bodies, and other state and local government organisations identified occupations experiencing shortages anecdotally, but it was difficult to collect data on the actual size of the shortages.

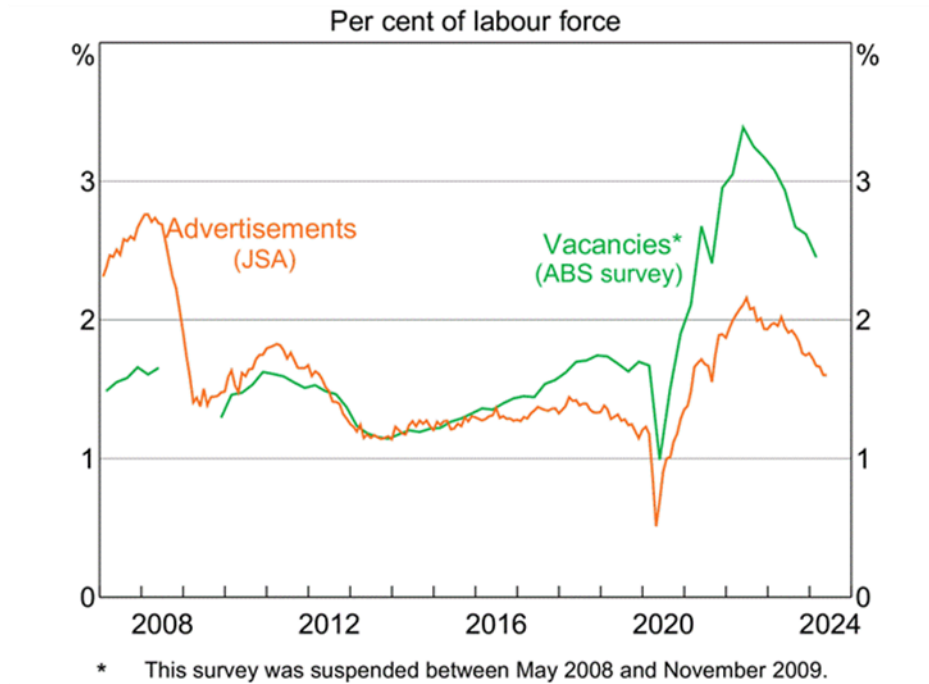
This points to the need for collecting data on workforce shortages more structurally – by occupation and industry sectors and at regional levels. Data collected at the regional level is likely to be much more granular and accurate compared to what is available nationally through the Jobs and Skills dashboard¹. For example, a regional employer may post one advertisement for multiple roles, which the dashboard would pick up as one vacancy. It may also be the case that if a position stays vacant for a few months, employers don't advertise it formally thereafter. So, the vacancy data provided in the table below is most likely an underrepresentation of the shortages experienced by businesses. The Reserve Bank of Australia publishes a national-scale comparison between the job advertisements reported by Jobs and Skills Australia and an ABS survey-based estimate of the actual vacancies of businesses, which suggests that since 2022 there have been at least 50 per cent more job vacancies than job advertisements at a national level². Figure 3-1 shows the

¹ <https://www.jobsandskills.gov.au/data/employment-region-dashboards-and-profiles/monthly-labour-market-dashboards>

² <https://www.rba.gov.au/chart-pack/factors-prod-labour-mkt.html>

gap between job advertisements reported by Jobs and Skills Australia and survey-based job vacancies data collected by ABS.

Figure 3-1 Job vacancies and advertisements, Australia



Source: Reserve Bank of Australia

BDO’s interim report on this research will provide a more comprehensive list of occupations identified by industry sectors.

Table 3-1 Vacancies in SA, by occupation and skill level, May 2024

Occupation group	Occupations	Skill level	Vacancies (as at May 2024)
Managers	Construction project manager vacancies	1	237
	Retail managers	2	239
	Sales and marketing managers (automotive service sale and repair, supporting primary production)	1	194
Professionals	Registered nurses across hospital age care, community and disability	1	897
	Enrolled nurses	1	Higher than registered nurses
	GP and resident medical officer	1	199
	Software and applications programmers	1	180
Technicians and trades workers (more along the vocational line)	motor mechanics, vehicle technicians	3	268
	Metal fitters, fabricators, mechanical fitters, boiler maker, welder type, traditional roles	3	181
	Electricians	3	179
Community and personal service workers	Aged and disability carers	4	355
	Early childhood educators/childcarers	3	246
	Waiters - regional shortage	4	172
Machinery operators and drivers	Truck drivers	4	198
	Earthmoving plant operators - apprenticeship pathway	4	87
	Machine operators (in agriculture)	4	67

Source: SA Skills Commission

Table 3-1 does not provide an accurate estimate of shortages of labourers. It was argued that labourers permeate the entire trade space and are referred to as trade assistants; hence, with a shortage of electricians, carpenters, and plumbers, there is likely a symbiotic shortage issue with labourers. This is more pronounced as labourers often don't enter apprenticeship and traineeship pathways. In addition to the occupations mentioned above, there are many industry-specific occupations where estimates of shortages are not available. For example, saw doctors are a critical skill in the forestry industry are in shortage

3.2. Pathways to accessing labour

Table 3-2 shows different pathways for businesses to access their labour requirements. Businesses are open to employing local labour, labour from interstate, and accessing different migration pathways based on the requirements of respective industries to address their workforce shortages. Though some industries use Fly In Fly Out (FIFO), in SA, the more general trend is for people to move interstate for work and study. Businesses are willing to hire local labour, but often, there are not enough local workers with the right skills for employment and training. There are other issues, such as the employability of long-term unemployed and the employment preferences of the local workers for certain jobs. Stakeholders identified the need for training and building up a steady flow of workers through apprenticeship and traineeship pathways. Low pay at apprenticeship levels was also identified as a deterrent to completion.

Given these issues and considering the future growth of these industries and other state-level projects in the pipeline, stakeholders identified migration as a necessary solution to workforce shortages. Red tape, the time required for visa applications, and skills recognition are common issues across industries in accessing overseas workers. Stakeholders are willing to pay the same salary to migrants as they would pay a local worker. Several occupations identified by stakeholders are critical for the community and industry, and they are often classified as low or semi-skilled with lower pay packages and are often lower than the salary levels stipulated for migrants in recent migration policy changes. This deters businesses in SA from employing migrants. Some stakeholders were willing to fill the labour shortages with up to 100 per cent migrant workers in a hypothetical scenario where migration policies posed no barriers.

Table 3-2 Source of labour and future workforce requirements

Industry sector	Interstate or overseas workers	Backpackers, transient labour, on-hire companies or less skilled employees	Local workers	Future workforce requirement (next 5 or 10 years)	Preference to fill shortages with migrant workers
Agriculture	All sources. Overseas skilled for new horticultural technologies.	Backpackers, seasonal worker scheme.	Locals not interested in many jobs. In horticulture, local pickers.	In line with population and consumption growth.	100%

Industry sector	Interstate or overseas workers	Backpackers, transient labour, on-hire companies or less skilled employees	Local workers	Future workforce requirement (next 5 or 10 years)	Preference to fill shortages with migrant workers
Meat industry	Overseas workforce	Utilise backpackers but more reliant on longer stay visas and PALM.	Not provided	Not provided	That is not a solution
Forestry	Overseas - South Africa, New Zealand, Canada, America.	Labour hire firms and backpackers during tree planting season.	Yes. But there is need for training and changing perception about the industry.	7,919 (direct jobs- if proportion of forestry and logging product that is processed in the region doubled).	60%
Fishing	Overseas	Backpackers, transient labour.	Locals not interested even if training is provided.	No provided.	100%
Mineral and resources industry	Both	Labour hire companies.	Yes. But local labour would not be enough to meet workforce requirements.	5,740 (up to 2026, based on confidential data on projects and BDO estimates).	100%
Mining and mineral exploration	Both	On-hire companies.	Not provided	Not provided	Not provided
Fossil Fuel	Overseas	Transient labour, on-hire companies.	Yes. But lose skilled workforce to interstate.	Not provided	Less than 5%
Freight	Overseas, FIFO.	Highly skilled people but also short-term seasonal workers.	Yes	Not provided	50%
Tourism	Not provided	Backpackers, working holiday makers. Events/festivals would often rely on backpackers.	Yes. But unattractive for local workers due to nature of work (shift work) and location (remote, regional). Need for training small family businesses and upskilling workers.	16,000 (between now and 2030)	100%
Hotel and Hospitality	Both	Not in urban areas. Hotel sector relies on backpackers and transient labour in regional SA.	Yes. But not enough qualified staff.	Not provided	25-60%

Industry sector	Interstate or overseas workers	Backpackers, transient labour, on-hire companies or less skilled employees	Local workers	Future workforce requirement (next 5 or 10 years)	Preference to fill shortages with migrant workers
Residential and commercial building construction	Interstate and overseas workers. But have to compete with WA and Tasmania since they also have regional status.	High skilled with qualifications. High demand for low-skilled and semi-skilled workers. Competition with agriculture for low-skilled workers. On-hire companies, transient labour.	Yes. But competition with defence and mining. Need for attracting school age demographics. Low completion rate for apprentices (50%).	Not provided	30%-100%
Civil construction	Overseas-larger employers. Not so much for small businesses even with DAMA due to cost and red tape.	Transient-traffic management sector. Unskilled labourers.	Yes. Apprenticeship pathway.	Not provided	50%
Defence	From US and UK.	On-hire companies.	Yes. Some Australians will be trained overseas.	5,500 jobs now and more than 11,000 jobs in 2040.	Yes in infrastructure development. No in building submarines.
Automotive retail and repair industry	Yes	No	Yes. Need to build a pipeline of apprenticeships. Competition from defence, mines, FIFO.	Not provided	Less than 50%
Aged care	Overseas (30% workforce born in other country). Less from interstate.	Labour hire (agency staff).	Geography is an issue. RNs are difficult to find in Southern parts of SA.	Not provided	Not provided
Disability sector	Overseas. But hard to employ because of high minimum wage requirement.	On-hire companies (platform providers).	Not enough local workers to train.	31,710 (allied health professionals, disability support workers and other support workers by 2025).	Immediate need as well as missed opportunity need.

Source: BDO analysis

3.3. Reasons for workforce shortages and measures taken to address them

Stakeholder consultation identified various reasons for workforce shortages. Some issues commonly experienced across the state include a small population base with near full employment, lower completion rates for apprenticeships and trainees, and lack of adequate skills recognition for overseas workers. Some of the other issues identified by stakeholders across the state were:

- Demographic factors: An aging workforce and the lack of younger people applying for vacancies contribute to workforce shortages. This is compounded by a preference for working in urban centres over regional areas.
- Education and skills gap: Inadequate availability of school-to-university pathways and limited access to tertiary education, particularly in STEM courses, exacerbate workforce shortages. For example, universities cutting back on faculty funding results in fewer courses being offered to students, exacerbating skills shortage.
- Infrastructure projects: Infrastructure projects in SA, like AUKUS, North-South corridor, Northern Water project, and Women and Children's Hospital, will require workers from migration and vocational education pathways to address workforce shortages. The government included \$2.7 million for developing skills in the recent state budget to address those challenges and ensure that there are more graduates over time.

Stakeholders confirmed that immigration should complement traditional ways of addressing workforce shortages through training local workers and upskilling existing workers rather than replacing them. Accessing overseas workers through the immigration pathway was confirmed as essential to meet their workforce requirements by many industries now and into the future.

Consultation with local and state government organisations revealed various measures implemented or currently in the planning phase to address workforce shortages.

- Migration and workforce development: The SA Skills Commission is considering various measures, such as temporarily relocating workers from other states and territories, focusing on overseas trade-qualified workers, and promoting apprenticeships and traineeships. They are also open to welcoming semi-skilled migrants, apprentices, and trainees, a unique approach within SA. Currently, skilled migration intake in SA accounts for only 7 per cent of the total national intake, which is insufficient to address workforce shortages in areas such as civil construction and other infrastructure projects. Looking to the future, the Commission is also working to attract a new generation of workers by promoting apprenticeships and traineeships. However, a challenge lies in providing experienced supervisors for these apprentices and trainees. The planned introduction of skilled migration trade recognition services by the Commission presents a significant opportunity for semi-skilled and skilled migrants in SA, regardless of the allocated skilled migration intake.
- Government initiatives: State and Commonwealth Governments have committed funding of \$2.3 billion over five years in skills and training under the National Skills Agreement to provide for the jobs of the future. Local governments have implemented or are planning measures to address workforce shortages as well. For instance, the Building Sector Capability Project is looking at lifting the profile of some job gaps by promoting careers in the council. At the state level, initiatives include bringing Department of Trade and Investment (DTI) and Department of Industry, Innovation and Science (DIIS) under Department of State Development (DSD) and creating 30,000 new TAFE positions across the state for defence, health, medical, and nursing students.
- Regional and industry-specific initiatives: Stakeholders revealed the limitations faced by various industry sectors in meeting their workforce requirements through traditional methods. For example, some regional councils use alternative and more innovative ways to recruit and attract migrants to grow their workforce by speaking with the schools about careers in the council.

The stakeholder consultation also identified reasons and measures that are more specific to regions and industry sectors. Though there is some overlap across regions and industry sectors, they are articulated separately here to identify specific issues faced by the regions and the industry sectors identified through the stakeholder consultation.

3.3.1. Reasons for workforce shortages and measures taken to address them, by region

Adelaide - North, South, West, Central & Hills

The four SA4 regions—Adelaide-North, Adelaide-South, Adelaide-West, and Adelaide-Central & Hills — include RDA Adelaide Metro. Feedback received from RDA Adelaide Metro is summarised here.

Reasons

The issues causing labour shortage in the Greater Adelaide region encompass demographic trends, education, and training, as well as industry-specific challenges:

- Demographic trends: An aging population has increased the demand for care and health workers.
- Education and training: A noticeable decrease in participation in vocational education and training, including apprenticeships and traineeships in the region, is a critical issue.
- Industry-specific challenges: In the construction industry, there are concerns about reaching a “cliff” in workers reaching retirement age and the need for training to fill this gap. There is a need for strategic planning and resource allocation in the construction sector.

Measures

- Registered Training Organisations and Group Training Organisations are taking some actions to address workforce shortages in the construction sector.
- Some programs were run in the region until 2015, which resulted in many people undertaking training at that time.
- Jobs matching was also done in the regions.

South East

The South East region includes RDA Murraylands and Riverland, RDA Limestone Coast and RDA Adelaide Hills, Fleurieu and Kangaroo Island. Feedback received from these RDA’s is combined and summarised here.

Reasons

The South East region highlighted that labour shortages were caused by the unavailability of both local and migrant workers.

- Apprenticeships and retention challenges: Low completion rate for apprenticeships fails to supply a pipeline of workers. Those who pursue local apprenticeships in the region often leave for jobs in the mining industry after a few years, attracted by significantly better wages.
- Long-term unemployed: Many job specifications require tertiary qualifications. Many long-term unemployed lack school qualifications and have numeracy and literacy issues. Moreover, they lack the support to seek employment, perpetuating a cycle of low socio-economic status.

- Skills recognition: People on skilled migration state-sponsored visas might have qualifications from overseas, but they are often not recognised in Australia. Certain jobs require understanding the Australian context, requiring migrants to have local experience.
- Labour mobility and urban migration: Labour mobility due to lifestyle choices and cost-of-living pressures also contributes to the shortage. Young individuals move to cities for university education and career opportunities, influenced by a strong societal emphasis on higher education as the primary path to success. This trend has persisted for the last two decades.

Measures

- Jobs for Programs: These are 16-week initiatives aimed at helping the long-term unemployed gain skills and confidence to overcome social barriers and secure meaningful, long-term employment.
- Study Adelaide tours: In partnership with Study Adelaide, international students can connect with local businesses and discover potential employment opportunities through organised visits to the region. This program has resulted in several students finding employment outside of Adelaide, including a nurse who relocated to Barossa and an early childhood teacher who found work in the Riverland.
- Local jobs plans: Employment service providers run work-ready programs funded by the federal government, offering short-term support to clients.
- Helping businesses apply innovative solutions to recruitment.
- Pre-employment programs funded by state and federal governments aim to enhance individuals' basic skills, making them more marketable in specific industries.

Outback

The Outback region includes RDA Far North and RDA Eyre Peninsula. Feedback received from RDA Eyre Peninsula was assumed to represent the Outback region.

Reasons

The following issues highlighted in the Outback region include policy issues, training, and skills recognition issues.

- Accessibility of training: Apprentices travel long distances for training, indicating a need for accessible resources in regional areas. There is a call for free TAFE for apprenticeship programs and more incentives for apprentices and trainees.
- Workforce/succession planning for the future: Insufficient succession planning exists in the region to envision how businesses will look in the next ten to fifteen years.
- There is a need for better career advice at school, informing students about various career pathways.
- Parental expectation that children need a university education and follow conventional career pathways, such as lawyers, doctors, engineers, etc., often leads to students leaving the region to attend universities in Adelaide.
- Housing availability is a critical issue in the regions.
- Restrictions on the type of work migrants can do have caused them to move back to Adelaide, as there are limitations on working outside of their professional area.

Measures

- Businesses have proactively attracted migrant workers by providing housing and in-house training.
- Businesses have tried to access nurses and aged care workers through FIFO.

Yorke-Barossa-Mid-North

Barossa-Yorke-Mid North regions include RDA Yorke and Mid-North and RDA Barossa, Gawler Light Adelaide Plains. Feedback received from these two RDAs is summarised here.

Reasons

The Yorke Barossa and Mid-North region is facing challenges set in motion due to COVID-19, along with other similar issues faced by other regions.

- Structural population issues: Regions have been suffering from depopulation for decades.
- COVID-19 and its impact on the labour market: The pandemic significantly reduced participation rates. There have been changes in employer and employee attitudes and retention issues.
- Job seeker payments: Job seeker support payments disincentivise locals from entering entry-level roles, impacting local skills development and employability.

In addition, issues around housing diversity, education pathways, not having enough engaged people in the region, the high cost of doing business, and a lack of human resource capacity were pointed out as causes contributing to labour shortages.

Measures

- SA Skills Commission is playing a pivotal role in changing the perception about trades and creating pathways to university education
- Local recovery funds at the state and federal levels fund different programs for skills formation among different groups.

3.3.2. Reasons for workforce shortages and measures taken to address them, by industry sector

Industry sectors may be experiencing labour shortages due to similar and varied causes, and it is important to identify them so that proper measures can be taken to address them. Table 3-3 provides a list of

Table 3-3 List of stakeholders consulted by industry sectors

Industry sector	Stakeholders
Agriculture, Forestry and Fishing	<ul style="list-style-type: none"> SA Forest Products Association Primary Producers SA Primary Industry Skills Council SA Sardine Industry Association AusVeg Australian Meat Industry Council
Mineral and resources	RESA
Mining and exploration	AMEC
Fossil Fuel	Petroleum Industry SA/NT
Freight	SA Freight Council
Tourism	TICSA
Hospitality	<ul style="list-style-type: none"> AHASA RavenMead Hospitality Group
Residential and commercial building industry	<ul style="list-style-type: none"> Property Council SA UDIA SA Housing Industry Association
Civil construction	CCF SA
Defence	DTC
Automotive retail and repair industry	MTA SA
Aged care	Aged Care Industry Association
Disability sector	NDS

Agriculture, Forestry and Fishing

Reasons

Stakeholders representing Agriculture, Forestry and Fishing industries reported multifaceted reasons for the labour shortages, encompassing the impact of COVID-19, issues with competitive salaries, demographic shifts, and perception issues related to certain industries.

- Labor shortages linked to COVID-19 impact: Labour shortages are connected to the impact of COVID-19, particularly due to border closures and restricted labour movement. This has a significant and lasting effect on regional and rural areas post-pandemic.
- Reform of the 457 visa program: The 457 visa supported over 2,000 skilled positions in agriculture across Australia. Since the reforms to the 457 program, there has been no viable alternative to providing visas for these positions at a scale required by industry.
- Seasonal Worker Programme (SWP) and Pacific Australia Labour Mobility (PALM) scheme: Low-skilled overseas workers are accessed via the Working Holiday Maker (WHM) program or through skilled migration programs such as the SWP and PALM. Caps on the number of low-skilled workers that can be accessed and the small pool of available countries under these schemes cannot meet the workforce demand. To make matters worse, with the current housing shortages, increasing migration intake is not sustainable in the regions.
- Competitive salaries and perceptions of certain industries: Salaries in these sectors are not competitive, especially relative to other positions. There is a bias towards valuing white-collar work, which might contribute to the shortage of workers. Additionally, there is a perception issue with certain industries, such as the fishing industry, with people not considering it a glamorous or desirable job.
- Demographic changes and shift from regional to urban areas: Demographic changes and a notable shift from regional to urban areas, driven by factors like education and job opportunities, exacerbate labour shortages in the regions.
- Skill levels: The agricultural industry heavily relies on labour, especially in horticulture and the wine grape sector. Workers in this industry have a wide range of skill levels, from low-skilled farm hands to highly skilled professionals with expertise in agricultural science. The industry is quickly moving towards a high-tech environment, and it is anticipated that future jobs will require an increased number of highly skilled workers, in addition to low-skilled and medium-skilled workers. There is growing demand for workers who can handle the high-tech operations on farms, going beyond traditional farm labour. This shift is raising concerns for the agriculture sector.
- Visa system limitations: The existing visa system may not adequately cater to the various workforce requirements essential for supporting the primary production sector. The visa approval process is considerably slow due to constrained government resources, leading to delays. Moreover, the current list of occupations covered by visa programs does not comprehensively align with the diverse roles within the industry, posing challenges for the industry to access requisite schemes for a full spectrum of occupations. Stakeholders raised concerns about the mismatch in Australian and New Zealand Standard Classification of Occupations (ANZSCO) occupations, considered in the immigration system, with occupations that do not align with Australian and New Zealand Standard Industrial Classification (ANZSIC) definitions.

Measures

Several measures are underway to address workforce shortages in these sectors:

- Primary Industries and Resources SA (PIRSA) has commissioned a project on workforce strategies in SA. It was mentioned that the current BDO research can be an input into that. The PIRSA project is looking at promoting agricultural career pathways from school through to the VET system and universities and beyond.
- In the horticulture industry, growers are investing heavily in accommodation facilities to accommodate the Seasonal Worker Program.
- Businesses are enhancing domestic employment by offering high salaries to graduates and mid-level management positions.
- Industries like dairy are rapidly moving towards automation, adopting robots and other labour-saving devices to reduce exposure to labour shortages and costs. This trend is reducing the number of workers required.
- The forestry industry highlights the need for training and upskilling people within the sector and the region, including having a housing strategy in place.
- The fisheries industry has participated in career days and job expos. It also engages with local schools and advertises positions locally.

Mineral and resources industry

Reasons

Industry growth, increased global demand for copper, and political factors were reported as contributing to workforce shortages.

Measures

The following measures were identified by the sector:

- Outreach program by Flinders University and University of Adelaide
- Provision of cadetships by industry

Mining and mineral exploration

Based on stakeholder consultation, this sector is experiencing sustained growth while facing labour shortages due to competition from renewable projects. It was emphasised that the industry cannot rely on automation as a solution, as many jobs in mining cannot be automated. Instead, it is expected to transition low-skilled roles to more highly qualified positions, thus increasing the demand for high-skilled workers.

Reasons

The following were identified as underlying causes for workforce shortages:

- Societal perception: The mining industry is often perceived as a “dirty” industry and not “on trend” to attract students.
- Lack of training options: Schools don’t offer geology in year 12, and there are no School-to-University transitional vocational pathways for STEM subjects relevant to the mining industry.

Measures

The mining industry offers high wages to attract people into the sector. Most people tend to work for multiple companies. The labour force draws on the domestic workforce using FIFO and DIDO however, some streams, such as metallurgists, can employ overseas workers.

Fossil fuel

Reasons

Competition from interstate was reported as contributing to shortages in this industry. Workers often find it more attractive to go to Western Australia or Queensland for higher pay.

Measures

Third parties are recruiting overseas and international applicants to fill those roles.

Freight

Reasons

The lack of truck drivers and signal engineers was cited as causing major workforce challenges in this industry. Stakeholders identified the following reasons:

- **Competency and licensing:** The truck driving profession faces a shortage of competent drivers. Licensing is a significant hurdle, with stringent requirements and tests to ensure the safety of the driver and the public.
- **Negative societal perceptions:** The profession is often seen negatively, which can deter potential drivers.
- **Work-life balance:** Many people are reassessing their work-life balance, reducing their working hours, or leaving the workforce altogether. This trend affects many industries, including truck driving.
- **Training pathways and career preferences:** The availability and accessibility of training pathways can influence career choices. While some people might prefer to train as train drivers there is lack of aptitude to train as signal engineers.
- **Competition from other industries:** The truck driving profession faces competition from other industries, including defence, which might be perceived as more societally attractive or prestigious. This competition can make it more challenging to attract and retain drivers.

Measures

The stakeholders in this sector commented more broadly that industries are not aligning themselves with the needs of the freight industry and emphasised the need to attract and retain workers in roles relevant to the sector.

Tourism

Reasons

Even though COVID-19 is known to have had a profound impact on this sector, stakeholders reported challenges faced by this industry post-pandemic.

- **Tourism as an ongoing career:** Young people don't perceive jobs in tourism as a career option. They perceive tourism jobs as part-time opportunities.

- Size of the tourism businesses: Most tourism businesses in SA are small family-owned businesses. Government policies often don't align with the size of these businesses.
- Lack of training opportunities: There is a lack of training opportunities in areas of tourism other than hospitality.

Measures

- Promoting tourism as a career: The state and federal governments, along with Austrade and TICSA, are promoting tourism as an attractive career option for the youth. They are undertaking projects to present the various opportunities within this sector.

It was suggested that the government needs to play a significant role in vocational training and understand the unique nature of tourism businesses, many of which are non-employing or family-run businesses. The government should focus on fostering development and support for these businesses rather than solely procuring skills and labour.

Hospitality

Reasons

The reasons pointed out by the hospitality sector show the ongoing impact of COVID-19 on the sector:

- Impact of the pandemic: The pandemic has significantly impacted the workforce, with many people choosing to leave their jobs due to health concerns, changes in work conditions, lack of incentives, or other pandemic-related factors. The situation hasn't improved post-pandemic, suggesting that the current policies or conditions may not be attractive enough to entice these individuals back.
- Restrictions on working holiday visas and student visas: There are now new limitations on working holiday visas, so rather than 6-month placements, many now have to leave once they have done their 88 days or less. Restrictions on the number of hours student visa holders can work per fortnight compared to during COVID-19 have also contributed to the shortages.
- Industry exodus: Experienced senior staff and business owners have chosen to leave the industry and return to their home countries. This could be due to better opportunities, more favourable conditions in their home countries, or dissatisfaction with the current industry in Australia.
- Demographic changes: An aging population and a net reduction in migration are also contributing to labour shortages in this industry.
- Poor retention rate for apprentices also contributes to shortages in the industry.

Measures

The sector benefited from government funding to ward off the detrimental impacts of COVID-19 and emphasised that similar measures could help mitigate current challenges.

- Commonwealth funding: During the pandemic, Commonwealth funding stimulated businesses to take on apprentices and trainees. This was beneficial because hiring apprentices and trainees is costly. Having skilled people available allowed businesses to upskill their workforce and even take on adult apprentices. The "Boosting Apprentices Commencement Scheme" was effective in increasing apprentice levels. Many businesses benefited from this funding, which continued until the end of last year.

The sector is currently facing a high cost of labour. A similar program exists post-COVID but does not provide sufficient support to cover wages. In addition, a lack of skilled trainers may also impact future apprenticeship training.

Residential and commercial building industry

Reasons

Many overlapping issues causing workforce shortages were highlighted by stakeholders in residential and commercial building industry.

- Demand and supply imbalance: The increased demand for housing and construction, stimulated by the Home Builder Grant, has put significant pressure on the available labour force. This imbalance was further exacerbated by the lack of migrants due to COVID-19.
- Economic factors: The rise in construction costs has led to financial difficulties for builders, straining the already scarce labour resources.
- Competing projects and industries: Infrastructure projects, such as the SA Women's and Children's Hospital and tunnel projects, have drawn workers away from private developments, creating a labour shortage in the residential construction sector. Workers often move from the construction industry to other sectors like mining, exacerbating the labour shortage in the residential and commercial construction sector.
- Lack of strategic planning: A lack of long-term strategic planning has led to an uptick in demand since COVID. This situation is worsened by societal pressures encouraging university education over trades, leading to a shortage of tradespeople as experienced workers retire without sufficient replacements.

Measures

Education and migration were identified as the two pathways to address labour and skills shortages in the residential and commercial building industry.

- Education: The government placed a strong emphasis on enhancing skills and education, particularly by increasing the number of apprentices entering the workforce. Substantial investments were allocated to vocational training, particularly within the construction industry, to bolster the labour market. This commitment was demonstrated through the establishment of trade training schools and the expansion of trade apprenticeships, facilitating a smooth transition from training to employment. Moreover, efforts were made to attract individuals to apprenticeship schemes and training programs, including industry representatives presenting to students in years nine and ten to encourage them to pursue careers in construction.
- Immigration: Some measures of immigration were implemented, although it's unclear if there was a massive influx into construction. It was noted that visa requirements for skilled trades need to be recalibrated. The federal government has been updating the targeted skills lists to include some of the professions relevant to the sector.

The need for migrant workers was emphasised particularly in the light of cost-of-living crisis and federally funded defence and infrastructure projects which require Australian citizenship. Eligible workers would opt for working in these projects as these projects pay more than commercial and residential projects when faced with cost-of-living pressures. This will divert workers away from other residential and commercial projects, making migrants crucial to fill this gap.

Civil construction

Reasons

This industry involves businesses related to civil construction such as earthmovers, mobile plant operators, bridge construction, tunnel construction, road construction and utilities.

- **Lack of federally funded trade pathway:** The absence of a federally funded trade pathway into various professions in the civil infrastructure industry is a significant cause for workforce shortages. This lack of funding means apprentices don't receive cost-of-living support, making it harder to attract them to the industry.
- **Absence of industry subsidisation:** The industry isn't subsidised to employ apprentices, which adds a financial burden on businesses that host or employ them. This lack of support discourages businesses from taking on apprentices, contributing to the workforce shortage.
- **Non-recognition of trade qualification:** The trade qualification that exists is only four years old and not federally recognised. This lack of recognition poses a barrier to attracting skilled workers to the industry.
- **Current economic conditions:** The prevailing economic conditions have led to a general shortage of workers. This shortage is felt across the industry, exacerbating the workforce shortage in the civil infrastructure industry.
- **Competition from new industries:** The emergence of new businesses and industries, such as defence, increases competition for skilled workers. This competition further contributes to the workforce shortage in the civil infrastructure industry.

Measures

Both the government and the sector are taking measures to address these shortages.

- **Employment programs to address shortages:** The industry collaborates with Schools SA on some of their employment programs. The sector has been successful in training unskilled workers, ex-offenders, injured workers, women, and Aboriginal and Torres Strait Islander people.
- **Grants for employment programs:** The sector has applied for state and federal level grants to run these programs and has been able to trial pilots and employment models to promote employment.

However, it was pointed out that even though these measures effectively address shortages, they are not adequately funded.

Defence

Reasons

The following reasons were reported as causing current workforce shortages in the defence industry:

- **Geopolitical tensions:** Increased demand due to changes in geopolitical circumstances.
- **US and China:** Ongoing and ramped-up tensions between the US and China are driving the rethinking or the reprioritisation of the Australian Government to reconsider its defence forces.

Measures

As part of the job summit, the sector will conduct workforce planning to meet the industry's future requirements.

Automotive retail and repair industry

Reasons

The following reasons were reported as causing current workforce shortages in the automotive retail and repair industry:

- Devaluation of trade-based occupations: Trade-based jobs were often considered a second-choice option for those who couldn't excel academically. However, this perception is changing, and efforts are being made to promote trade more effectively.
- Challenges in attracting young talent: Convincing young people to pursue trade careers remains difficult. While positive messaging from the government and schools is helping, there's still work to be done.
- Skill Shortage and Migration: The automotive industry faces a shortage of skilled workers. Smaller businesses struggle with skilled migration due to red tape, cost, and risk involved in hiring overseas workers. Larger dealerships are better equipped to engage in the migration process.
- Perceptions and pay: In recent years, perceptions of "dirty work" and lower pay have been challenged. However, the industry still needs to address these misconceptions.
- Shortage of applicants in SA: Businesses in SA receive fewer applicants than the national average. Lack of experience is another hurdle, leading some companies to manage with less-experienced staff and additional management support.

Measures

Several measures are taken in this sector both at a state and national level:

- Advertising to get young people to consider a career in the automotive industry
- Engaging with non-traditional schools to reach out to younger students about career pathways in the industry
- Investing in apprentices and skilled migration
- Partnering with Business SA, who have an arrangement with a migration provider to access skilled migrants
- Working with governments to advocate for the necessity of skilled migrants to fill these critical shortages
- Providing clean energy apprenticeship incentives.

Aged care industry

Reasons

The aged care industry highlighted the causes of labour shortages to demographic shifts, legislative changes, and workforce dynamics:

- Ageing population: SA has the second oldest population after Tasmania. This demographic composition presents unique challenges and opportunities.

- **Legislative changes:** Changes in legislation now require additional care time within residential care facilities. This includes an increase in Resource Management (RM) minutes and personal care minutes starting from October 2024.
- **Workforce ageing:** The median age of nurses is quite high, around 40, indicating an older workforce approaching retirement. This creates a need for new workforce entrants who must be trained to fill these positions.
- **Workforce entry:** There is a discrepancy between the number of people retiring and the number of people entering the workforce, leading to potential staffing shortages.

Measures

Two measures were identified to address workforce shortages:

- Aged care labour hire agreement to get more migrants to fill a gap in the sector
- Additional training places for nurses have been allocated at the SA universities.

However, the sector is sceptical whether additional training will be able to meet the demand for services.

Disability sector

Reasons

The main reason for workforce shortages in this sector was the rapid growth of the National Disability Insurance Scheme (NDIS), which has had more than 610,000 participants nationally in the past decade. The same growth trend was observed in SA.

Measures

Both the Federal and State governments have been aware of the shortages and are developing strategies, although they have not yet been finalised. Some targeted recruitment programs have been implemented, but they have been quite ad hoc and not particularly effective. Additionally, there is discussion around providing free TAFE for disability support workers.

3.4. Issues affecting businesses in industry sectors

Labor and skills shortages were identified as one of the top three challenges businesses in SA confronted. The high cost of conducting business, attributed to elevated energy prices, inflation, interest rates, wage hikes, and soaring insurance premiums, was also pinpointed as a major factor impacting businesses.

Some regions and industries highlighted housing availability as a key issue indirectly influencing businesses' ability to attract and retain more workers. Meanwhile, regions near Greater Adelaide experienced intra-region competition, with individuals having the option to commute to Adelaide. Additionally, businesses encountered competition from sectors offering higher wages, such as mining and higher-paying casual positions. Consequently, businesses encountered difficulties in retaining apprentices, leading to reduced completion rates and a diminished pool of locally trained, trade-qualified workers.

Businesses in the manufacturing sector also struggle to attract new workers due to a lack of training opportunities in modern machinery, as the free TAFE courses do not offer such training. There is also a lack of experienced trainers in SA. In addition, an aging population accentuated the problem as there is a shortage of trainers to train the next generation of workers as the current workforce retires. Climate

conditions such as bushfires and floods also impacted some businesses. Businesses, particularly manufacturing and exporting companies, are facing challenges in terms of reporting emissions.

While some common issues, like the high cost of doing business and the lack of affordable housing, are faced by businesses across sectors and regions, it is important to understand the specific issues faced by each industry sector. Stakeholders were asked about issues impacting their businesses and how labour shortages compare to those other issues.

Table 3-4 summarises issues reported by stakeholders for different industry sectors.

Table 3-4 Issues affecting businesses by industry sectors

Sectors	Key issues
Agriculture, forestry and fishing	<p>Forestry:</p> <ul style="list-style-type: none"> • Labour shortages coincided with a decline in new housing projects • Downturn in the housing market leading to lower timber demand. • Labour shortages are managed through less number of shifts at mills. <p>Agriculture:</p> <ul style="list-style-type: none"> • Ongoing labour shortages due to high labour costs • Unreliable energy supply with high costs affecting production • Expensive inputs (e.g. fertilisers) • Unsuitability of renewable energy policy for remote areas • Businesses leaving the industry or delaying expansion plans due to labour shortage • Grape growers affected by wine tariffs (oversupply of red grapes, decreased demand). <p>Fishing:</p> <ul style="list-style-type: none"> • Political concerns related to fishing rights • Labour shortages have affected smaller vessels. <p>Meat:</p> <ul style="list-style-type: none"> • Labour shortage • Lack of housing • Cost of housing • Attracting workers to the regions
Mineral and resources industry	<ul style="list-style-type: none"> • Labour shortages • Long timeframes for regulatory approvals • Competition from other sectors (e.g. defence).
Mining and mineral exploration	<ul style="list-style-type: none"> • Rising operating costs • Domestic markets struggling due to overseas competition (e.g. cheaper nickel producers overseas) • Changing government policies and regulations • Access to land and native title issues.

Sectors	Key issues
Fossil Fuel	<ul style="list-style-type: none"> • Government approval for projects • Shortages due to delay in project approval as labour moves to approved projects.
Freight	<ul style="list-style-type: none"> • Issues around reliability of supply chain and construction sector. • Issue of perception around working in the freight sector.
Tourism	<ul style="list-style-type: none"> • Business and housing costs • Labour shortage was a primary issue previously.
Hospitality	<ul style="list-style-type: none"> • Ongoing labour shortages • Costs of living pressures resulting in reduced consumer spending • Work from home policies impacted businesses in the CBD.
Residential and commercial building industry	<ul style="list-style-type: none"> • Labour shortages is a prominent issue • Tight labour market has led to increased wage demands and overall cost of businesses • Lower productivity due to limited availability of capable labour • Lack of coordinated infrastructure provision (e.g. water) resulting in construction delays and housing supply.
Civil construction	<ul style="list-style-type: none"> • Tight labour market contributing to high wage growth • Employment legislations, red tape, new workforce relations.
Defence	<ul style="list-style-type: none"> • Security clearances.
Automotive retail and repair industry	<ul style="list-style-type: none"> • Labour shortages, compounded by a generational shift • Transition toward hybrid and electric vehicles • Updating skillsets according to new safety standards, servicing, and technologies.
Aged care	<ul style="list-style-type: none"> • Labour shortages preventing the opening of new facilities or limiting the number of available beds • Meeting regulatory requirements.
Disability sector	<ul style="list-style-type: none"> • Labour shortages • Sustainability issues due to low prices set in NDIS • Sector falling behind since these prices are not inflation-adjusted.

Source: BDO analysis

3.5. Barriers to access migrant labour and suggested solutions

Many stakeholders pointed out limitations in state and federal government migration policies, government regulations, skills recognition, bureaucratic hurdles, and family and housing concerns as the main barriers to accessing migrant labour.

3.5.1. State and federal government migration policies

Issues

The following issues were identified as barriers in relation to the state and federal government migration policies:

- **Mismatch of skills and jobs:** The “Fiona methodology” emphasises the fiscal benefits of attracting highly skilled, high-income migrants who contribute more in taxes and use fewer government benefits. This doesn’t align with the needs of certain industries like agriculture, horticulture, and food processing and also leads to workforce shortages in critical sectors like aged care, healthcare, and education, especially in regional areas.
- **Underutilisation of skilled migration program:** The program is not fully utilised, impacting not only primary applicants but also secondary applicants who contribute to the local economy.
- **Ineffectiveness of State-Sponsored Programs:** State-nominated independent Visas (491 visas) and subclass 190 visas have been criticised for their ineffectiveness in retaining migrant workers. Migrants often leave or don’t work in their intended industry sectors after obtaining permanent residency.
- **Ineffectiveness of Designated Area Migration Programs (DAMA):** Despite being designed to sponsor overseas workers in sectors like defence, space, advanced manufacturing, and tech, DAMA programs have been largely ineffective due to design flaws that make them inaccessible to businesses.
- **Salary variations and Temporary Skilled Migration Income Threshold (TSMIT):** The TSMIT, which serves as a minimum salary floor for visa applicants, does not reflect regional wage differences. This discrepancy poses challenges for regional areas where wages are typically lower than the national average.
- **Migration and work rights:** While international students and backpackers can work in Australia, businesses face difficulties attracting the specific skills they need due to the complexity, risk, and cost of demand-driven migration.
- **Impact of policy changes on regional programs and international students:** Proposals to eliminate regional programs and remove incentives for international students to study in regional areas could harm the international student market and regional economies.
- **Impact of lowering the age limit of certain graduate visas:** While these changes are intended to lower migration, for SA, this will exacerbate the workforce shortages further.

Suggested solutions

The following suggestions were made to strengthen the migration system to remove barriers to accessing migrant workers by businesses as well as attracting and retaining workers to SA:

- **Increase support for demand-driven migration:** To address workforce shortages, stakeholders suggest increasing support for demand-driven employer-sponsored migration outcomes.

- Track movement of workers: Implement mechanisms to track workers' movement across industry sectors to evaluate the success of visa programs, e.g. issuing tax file numbers along with visas.
- Lower wage threshold for regional areas: The current minimum wage set by the government (TSMIT) is considered too high for small businesses in regional areas.

In addition to the above barriers, some sector-specific barriers were identified during stakeholder consultation.

3.5.2. Sector-specific barriers

Agriculture, Forestry and Fishing

The horticulture and agriculture industries face barriers to accessing migrant workers. In horticulture, at present, the process is slow, requiring businesses to engage expertise, and is only economically viable for establishing labour agreements or bringing over senior staff for hard-to-fill positions.

Fossil Fuel

Skills recognition and compliance issues are related to that and are a challenge. Affordability of housing, language, and rural living are further challenges. People want to be in Adelaide rather than Greater Adelaide or regional SA.

Freight

It is difficult to find people from overseas who would be interested in working in this industry. Online interviews with prospective overseas applicants also may not be as effective as face-to-face interviews.

Tourism

The size of businesses in the tourism sector was a major barrier to accessing migrant workers. About 80 to 90 percent of businesses in the tourism sector are small to medium-sized, with half being non-employing or having three or fewer full-time equivalent employees. Small to medium businesses often cannot engage with and navigate complex bureaucratic processes and systems. This is particularly true when employing non-permanent residents or non-citizens, which involves navigating red tape. Larger businesses are more likely to engage in discussions with the federal government and work through issues such as migration visa capacities. In contrast, smaller businesses often avoid these engagements due to their complexity and time-consuming nature.

The tourism sector is broad, encompassing hospitality, transport, and retail. This diversity can make understanding and addressing the sector's needs challenging. To help small—and medium-sized businesses overcome barriers and engage more effectively with necessary processes and systems, it was suggested that bureaucratic processes must be simplified and made easier to navigate.

Hospitality

Businesses considered the existing sponsorship process unaffordable; hence, a more streamlined approach to hiring skilled workers without excessive administrative hurdles was suggested as preferable. Most small businesses find it difficult to navigate the sponsorship process without a migration agent. Visa processes take time and often do not align with businesses' immediate labour requirements.

Although overseas workers may not have accredited trade qualifications, they come with experience valued by the industry. For example, a head chef from France provides valuable expertise even though he may not have attended a trade school.

Residential and commercial building industry

The housing industry raised concerns that many occupations currently facing shortages are not recognised and, hence, are not on the occupation list for visa purposes. Also, the administrative process involved in visa applications and the time between application and visa grant are issues.

Civil construction

Navigating the system is an issue. Many businesses find it expensive to hire a consultant.

Defence

Security clearance and time are major issues.

Automotive retail and repair industry

This sector raised two issues as major barriers to accessing overseas workers. It was expensive and hard to navigate for small businesses. Businesses find it difficult to retain migrant workers from going to bigger cities or mines.

Aged care

The cost of bringing in overseas workers was a major issue for businesses. In addition, migrants often want to bring families with them, which can be even more expensive for small organisations. The aged care sector also highlighted the availability of suitable housing as an issue, along with the retention of workers within SA. Once they are here, overseas workers tend to move to the Eastern Seaboard.

Disability sector

The disability sector identified multiple issues. The latest TSMIT acts as a salary barrier for overseas support workers. Sponsoring someone as a service provider involves significant costs, including the expenses for orientation and subsequent supervision. Lack of housing was also identified as a significant barrier.

3.6. Factors necessary for attracting a migrant workforce

All states and territories in Australia are competing globally to attract and retain a migrant workforce. Stakeholders were asked about factors that they consider essential to attracting overseas workers to Greater Adelaide and remote and regional SA in a global context. The feedback received from the consultation can be broadly classified into five key themes.

Promoting and advocating for SA

The stakeholders thought it was crucial to actively support and promote Adelaide and the surrounding areas through job fairs, migrant expos, and international events. They cited similar events in Adelaide that welcomed new migrants as a good example. At these events, regions had the chance to display their offerings, including job opportunities, to attract migrants. They suggested that individuals with experience living in remote and regional areas like Port Pirie or Renmark are better suited to promote those regions than ministers or policymakers. Some regions have created videos showcasing the regional way of life as an alternative to a more suburban lifestyle.

Showcasing SA's lifestyle benefits and jobs of the future

Based on consultation, it is imperative to improve the reputation of Adelaide and SA compared to Sydney and Melbourne. SA offers compelling advantages such as affordable housing near the beach or workplace, a family-friendly environment, and reduced traffic. It is crucial to promote SA as the festival state and underscore its cost-effective living compared to other states, as these factors have traditionally attracted people to the region. Additionally, the state is emerging as a centre for new renewable energy, hydrogen, and infrastructure projects, opening up promising career opportunities.

A trilateral agreement can potentially attract experts from the UK and the US to contribute to the AUKUS project. They would have the chance to enjoy a superior lifestyle in Adelaide compared to London or New York, along with rewarding and well-compensated jobs.

However, enticing individuals to regional areas poses challenges due to housing and infrastructure issues. There are reports of businesses struggling to retain employees who face difficulties finding local housing and commuting long distances, often prompting them to seek employment closer to home after a year. One of the suggestions was to utilise vacant buildings as housing options for migrants.

Changes to the migration program

- Increase support for demand-driven migration: To address workforce shortages, stakeholders suggest increasing support for demand-driven employer-sponsored migration outcomes. They also suggested reforming the skilled visa system to resemble the previous 457 visa system, indicating a need for a more flexible and accessible visa system.
- Expansion of seasonal worker program: To expand the countries and caps under the Seasonal Worker Program, emphasising the critical role of an international workforce in food production in developed countries.
- Track worker movement: Implement mechanisms to track workers' movement across industry sectors to evaluate the success of visa programs, e.g., issuing tax file numbers along with visas.
- Lower wage threshold for regional areas: The current minimum wage set by the government (TSMIT) is considered too high for small businesses in regional areas.
- Simplify hiring process for small businesses: Small businesses face challenges due to the bureaucratic process and red tape in hiring migrants. A new system is proposed to expedite the process, particularly for skilled workers. Suggestions were made to fast-track PR and citizenship and extend visa terms to four years from two years to encourage migrants to come to regional areas.
- Recognition of qualifications before arrival: Stakeholders suggest that qualification recognition should be done before migrants arrive in Australia. Also, collaborating with industry sectors and employers to design a system that meets the needs of regions was suggested.

Welcoming communities

Building welcoming communities and providing support are essential in attracting migrants to the regions and SA. It's important to emphasise the need for more support for communities to help them understand the integration of multicultural communities and develop an appreciation for cultural differences.

In addition, stakeholders suggested that financial support should be provided to assist migrants with relocation costs and settling into the community. Migrants should also have access to healthcare benefits and school fee relief in regional locations.

Social infrastructure

When considering migrating to a new country, key factors such as suitable housing, access to education, childcare, healthcare, and social services are crucial. However, affordable and diverse housing options pose a challenge for many regions, including SA.

In addition, Adelaide's limited connectivity with other countries acts as a barrier for international migrants, as they often require an extra flight to reach the city. Improving Adelaide's connectivity is essential to attract a greater number of migrants. If SA and its regions can offer affordable housing and strong social infrastructure, it will be better positioned to attract and retain a diverse migrant workforce.

3.7. Prospective actions and strategies

Stakeholders were asked about actions and strategies that state, local governments, RDAs, and Global Adelaide can adopt to be globally competitive and attract migrant workers to Greater Adelaide and the regions. The feedback received from stakeholders is summarised under the following themes:

- **Unified direction:** Establish a single entity representing and promoting SA as a destination of choice, with other organisations contributing funding. This would prevent message dilution and reduce confusion, making it easier to discern a clear direction.
- **Incentives for migrants:** Stakeholders suggested financial and non-financial incentives should be provided to migrants to attract them to the regions. In addition, incentives should be provided for migrant workers to stay in regional areas for a specific time.
- **Job connection programs:** At a state government level, programs that connect people to jobs in their area of expertise should be implemented, where prior learning and tertiary education are recognised.
- **Inclusive communities:** State and local governments, RDAs, and Global Adelaide should foster welcoming environments and offer employers information about available programs.
- **Enhancing appeal:** Expedite the process for permanent migration and offer incentives beyond financial gains. This could involve providing region-specific training and support to improve English language proficiency.
- **Migrant resource centre:** Address the absence of a migrant resource centre in the Riverland, which has a significant migrant population.
- **Collaborative strategy:** Governments should work collaboratively with all industry sectors to avoid working in isolation and a zero-sum game.
- **Matching skills with workforce requirements:** Targeting a workforce overseas that can fill local workforce needs. For instance, Global Adelaide has talked about a pool of staff being available in London that could come and fill the workforce in SA for disability support workers. This pool of workers is already well-trained and well aligned with the work that disability sectors do.
- **Promoting local employment:** For instance, a recent collaboration with RDAs promoted local employment through Workforce Australia. This successful event was only possible due to the combined efforts of all these different entities working together effectively.
- **Understanding workforce demand at the occupational level:** Multiple stakeholders have highlighted the importance of collaboratively understanding workforce demand at the occupational level and creating supported pathways to address it at the right time and place.

- Higher salaries and incentives: Offer higher salaries and incentives to attract overseas workers, such as grants for moving to SA or a bonus upon completion of twelve months in the regions.
- Visa settings: To avoid losing skilled workers, consider raising the maximum eligible age for a Temporary Graduate Visa (TGV) Subclass 485 from 35 to 50.
- Ease of navigation: The sponsorship process should be made easier to navigate to reduce the length of time it takes to sponsor a migrant worker.

These recommendations of the consulted stakeholders emphasise the importance of a collaborative approach and seamless transition from initial contact to employment commencement. It's crucial to continue to collaborate closely to achieve meaningful outcomes across government and non-government organisations.

4. Case study on skilled migration pilot program in SA: District Council of Cleve

4.1. Background

The District Council of Cleve is a rural region located in SA. It is home to approximately 1700 ratepayers and covers a vast area, including three major towns: Cleve, Arno Bay, and Darke Peak. The main administrative service centre is located in Cleve, while Arno Bay serves as the coastal tourism hub.

Economy

The primary economic drivers in the district are agriculture and agriculture-related industries, which contribute significantly to the gross income. The district has a large agricultural footprint, with a demographic split of approximately 70% rural living to 30% town living.

Investment and Growth

The district has a strong pipeline of investment, driving growth and providing opportunities for the local workforce. This investment is focused on mining, extractive industries, and renewable energy. A seaweed manufacturer is also establishing operations in the district, further diversifying the local economy.

Services and Infrastructure

The district is well-serviced, with one general practitioner servicing all three towns and one hospital. There is one shopping centre, two local Foodland agencies, an ANZ bank branch, and an Australia Post office. Diesel mechanics and diesel fitting supplies are also readily available.

Demographics and Future Direction

Over the past decade, the district has experienced a shift in its demographics. While there was a period of population decline, this was more due to aging than out-migration. Over the past five years, the council's agenda has been focused on stimulating growth and attracting a younger demographic to balance the age profile of the district. This strategy has resulted in a growing population and a promising future.

Labour shortage

The region is currently grappling with a significant labour and skills shortage, a challenge that has persisted for the past year. This shortage spans various occupation groups, including managers, professionals, technicians and trade workers, community and personal service workers, sales workers, machinery operators and drivers, and labourers. The shortage is particularly acute in some specific occupations. Agricultural mechanics, especially diesel mechanics, are in high demand but short supply. The healthcare sector, encompassing roles such as nurses, carers, and doctors, is also experiencing a substantial shortage. The education sector, particularly early childhood education, is the third area facing a significant workforce challenge. This situation underscores the need for targeted interventions to address these labour and skills shortages.

4.2. Skilled Migration Pilot Program

The Skilled Migration Pilot Program is an innovative initiative aimed at addressing the shortage of health workers, particularly nurses and carers, in SA.

Objective

The primary objective of the pilot program is to study the influence of immigration on the state and the potential policy changes that could strengthen the skilled migration agenda within SA. The pilot could serve as a case study for Australia.

Implementation

The pilot program involves bringing tertiary qualified nurses and carers from overseas to SA. These professionals undergo a bridging course to get their international qualifications recognised in Australia. This process catapults them into the Australian market as skilled workers and recognised professionals. The process is estimated to take a minimum of 12 to 18 months to two years.

Expansion

There are high-level talks about expanding the pilot program to include skilled motor mechanics, auto electricians, and diesel mechanics. This expansion would be the next evolution of the pilot program, beyond the health sector.

Infrastructure

To support the influx of overseas workers, the pilot program has facilitated the construction of nine new houses under a federal grant for essential workers and student accommodation. These houses are targeted towards new skills brought to the district. Plans are to build an additional nine houses, bringing the total to 18 houses for these purposes.

Future Prospects

The pilot program is expected to continue indefinitely and aims to become a perpetual initiative. The ultimate goal is to bring new skills to the district, provide affordable housing for these skilled workers, and hopefully serve as a model for similar initiatives across Australia.

Conclusion

The Skilled Migration Pilot Program is a promising initiative to address workforce shortages in SA through skilled migration. The program presents a comprehensive approach to leveraging international talent to meet local needs by focusing on economic impact and providing the necessary infrastructure. As the program continues to evolve and expand, it can significantly contribute to the local economy and serve as a model for other regions in Australia.

Disclaimer

The assignment is a consulting engagement as outlined in the 'Framework for Assurance Engagements', issued by the Auditing and Assurances Standards Board, Section 17. Consulting engagements employ an assurance practitioner's technical skills, education, observations, experiences and knowledge of the consulting process. The consulting process is an analytical process that typically involves some combination of activities relating to: objective-setting, fact-finding, definition of problems or opportunities, evaluation of alternatives, development of recommendations including actions, communication of results, and sometimes implementation and follow-up.

The nature and scope of work has been determined by agreement between BDO and the Client. This consulting engagement does not meet the definition of an assurance engagement as defined in the 'Framework for Assurance Engagements', issued by the Auditing and Assurances Standards Board, Section 10.

Except as otherwise noted in this report, we have not performed any testing on the information provided to confirm its completeness and accuracy. Accordingly, we do not express such an audit opinion and readers of the report should draw their own conclusions from the results of the review, based on the scope, agreed-upon procedures carried out and findings.

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