

07 February 2014

Geographic Labour Mobility study  
Productivity Commission  
Locked Bag 2, Collins St East  
Melbourne VIC 8003  
[labour.mobility@pc.gov.au](mailto:labour.mobility@pc.gov.au)

Dear Commissioner,

I write to you in relation to the Productivity Commission's draft report on Geographic Labour Mobility, released in November 2013.

**Executive Summary:**

Business SA supports the draft recommendations made by the Productivity Commission, in response to some key findings outlined in their draft report on Geographic Labour Mobility. Business SA is mindful that it is often more difficult for our member businesses which operate in regional areas to find appropriately qualified and skilled workers and to meet their required staff levels, than do their metropolitan counterparts. We believe that the State Government as well as the Commonwealth should establish migration programs that target skilled people overseas who can fill the skills gaps and contribute to economic growth in South Australia, particularly in the regions. Policies should also make it easier for international students to stay in Australia after graduating and contribute to investment and growth of our economy. It is through the creation of sustainable jobs and employment opportunities post graduation that we can attract more international students to South Australia.

**Background:**

Our previous submission to the Productivity Commission which was in relation to the Issues Paper on Geographic Labour Mobility outlined the issues that businesses face in regional South Australia.

Through consultation with our members, we found that businesses in remote regions often struggle to find workers who match the required skill level and potential employees find it challenging to commute or relocate to regional areas for work, given:

- limited infrastructure and inadequate (or no) public transport for commuting to work (especially if travelling to work from the city);
- lack of health and education services;
- low housing supply;
- high (higher than other states) stamp duty on purchase of a house; and
- the hardship of coordinating long distance commutes and shift work

Our members expressed concerns particularly about the difficulties they face in attracting and retaining employees for senior/managerial roles. To incentivise potential employees, some businesses take measures such as reimbursing new workers for their stamp duty costs, if they choose to relocate and buy a house and/or sharing expenses associated with sending employees' children to metropolitan

areas for secondary and tertiary education.

The Commission's draft report has picked this up as a 'pre-move' strategy for employers who seek to attract and retain suitable labour. However, it is important to acknowledge that approaches like these can put high cost pressures on a business, particularly small business and may not be sustainable for business viability in the long term. A grant-based scheme by the State Government could encourage skilled workers to relocate to the regions.

For example, in NSW the *Regional Relocation Grants Act* provides for payments to approved applicants who relocate from metropolitan areas to regional areas for the purpose of employment, self-employment or purchasing a home. The grants available under the Act are:

- Regional Relocation Home Buyers Grant (of \$7,000); and
- Skilled Regional Relocation Incentive (paid in two instalments of \$5,000).

Business SA is pleased that the Commission's draft report reflects the issues identified by our regional members in its key findings. We support the draft recommendations and agree that governments should use highly targeted approaches to address specific areas of skills shortages, through programs targeting students, international migrants and those with return of service obligations.

In addition, from South Australia's standpoint, the State Government should establish migration programs, targeting skilled people overseas who can fill the skill shortages and contribute to economic growth in South Australia. Programs attracting more people to live and work in South Australia will play a crucial role in the future, given South Australia's ageing population. It is estimated that the proportion of South Australians aged 65 years and older will increase to 24% of the State's total population in 2036, from 16.7% in 2013<sup>1</sup>.

In the last five years South Australia has experienced the second largest net loss of persons to interstate migration of all the States and Territories, with a net loss of close to 17,000 South Australians moving interstate for employment, study and other opportunities<sup>2</sup>. Over the same period, South Australia has experienced the lowest total population growth rate of all mainland States and Territories<sup>3</sup>. In order to grow our working population, it is essential to provide ongoing support for international migration programs and reforms to make it easier for international students to stay and work in Australia after completing their qualifications. The State Government must focus on retaining skilled employees and attracting expatriates back to South Australia by facilitating the creation of sustainable jobs.

In its *2014 Charter for a more Prosperous South Australia*, Business SA recommends that the State Government:

1. Should continue to support South Australia's status as a regional area for employer sponsored Visas. In addition, the State Government should continue to support conditions placed on some of the temporary/provisional skilled visas that assign South Australia as a designated area and a regional and low growth metropolitan area for migration purposes;

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<sup>1</sup> Steele R 2011, Population Ageing in South Australia, 2006-36, Department of Planning and Local Government, Government of South Australia, 8 April 2011; Australian Bureau of Statistics 2013, Australian Demographic Statistics, June Quarter 2013, Catalogue No. 3101.0

<sup>2</sup> Australian Bureau of Statistics 2013, Australian Demographic Statistics, June Quarter 2013, Catalogue No. 3101.0; Australian Bureau of Statistics 2011, Australian Demographic Statistics, June Quarter 2011, Catalogue No. 3101.0; Australian Bureau of Statistics 2010, Australian Demographic Statistics, June Quarter 2010, Catalogue No. 3101.0;

<sup>3</sup> Australian Bureau of Statistics 2013, Australian Demographic Statistics, June Quarter 2013, Catalogue No. 3101.0

*South Australia is currently classified as a regional area and it is vital that State Government continues to support the whole State's inclusion in the Regional Sponsored Migration Scheme and in the Points Based Skilled Migration Program.*

2. Should lobby the Commonwealth Government to review changes to the eligibility for international students to apply for skilled visas. The State Government should encourage the Commonwealth Government to make it easier for international students to stay and work in Australia after completing their qualifications, particularly in industries and occupations with skill shortages.

*This may include reintroducing more generous conditions and requirements that applied prior to 2007, particularly for graduates with university qualifications in occupations and industries with skills shortages.*

3. Must facilitate the creation of sustainable jobs which will increase the retention of locally educated and skilled people and attract more expatriates back to South Australia.

*To achieve this, the State Government must pursue policies to make South Australia a more attractive place to do business in and to employ people. Policies to this effect include, but are not limited to:*

- *a substantial increase to the payroll tax threshold<sup>4</sup>;*
- *reducing land tax rates and increasing the top land tax threshold;*
- *abolishing stamp duty on business transfers;*
- *targeting a minimum \$150 million reduction biennially in the regulatory burden on business;*
- *reforming the workers compensation system to reduce the average premium rate;*
- *fully deregulating shop trading hours;*
- *give policy priority to food production and food and beverage manufacturing; and*
- *provide practical assistance to increase the number of small businesses involved in exporting.*

Business SA agrees that poorly designed policies in areas such as taxation, housing and occupational licensing impede efficient geographic labour mobility. South Australia has one of the least competitive land tax systems in Australia and Business SA believes that land tax rates should be reduced, while the land tax threshold should be raised. Furthermore, inefficient taxes that affect businesses should be abolished, including stamp duty on business transfers and non-quotable marketable securities.

#### **Who we are:**

As South Australia's peak Chamber of Commerce and Industry, Business SA is South Australia's leading business membership organisation. We represent thousands of businesses through direct membership and affiliated industry associations. These businesses come from all industry sectors, ranging in size from micro-business to multi-national companies. Business SA advocates on behalf of business to propose legislative, regulatory and policy reforms and programs for sustainable economic

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<sup>4</sup> Raise it to \$1,000,000

growth in South Australia.

Yours sincerely

**Rick Cairney**  
**Director of Policy**