

6/6/2025

DAMA Feasibility Study  
Business and Skilled Migration  
Investment NSW

Thank you for the invitation to provide a submission to the feasibility study for a state-led migration agreement being conducted by Investment NSW. This submission:

- Recognises the potential benefits of a state-led migration framework in aligning skilled migration settings with local workforce needs;
- Identifies risks and operational challenges that would need to be addressed for a framework of this kind to achieve its aims. These include:
  - Reducing the administrative burden on small and medium employers in working with Australia's skilled migration system;
  - Ensuring adequate service standards for both employers and migrants;
  - Preserving the integrity of existing arrangements, including under the Orana DAMA.

This submission emphasises that a state-wide migration agreement must enhance rather than dilute efforts to ensure the fitness for purpose of skilled migration programs and associated support services. The effective coordination of both will be essential if place-based solutions in regional economic development are to be effective.

We thank you again for the invitation to contribute to the feasibility study on a statewide migration agreement with the Commonwealth. We welcome further engagement on this matter, and are available at your convenience. Should you require additional information, please contact Dr Nigel Palmer, Senior Policy Manager, Skills and Education ([nigel.palmer@businessnsw.com](mailto:nigel.palmer@businessnsw.com)).

Yours sincerely,



**Mustafa Agha**

Head of Policy, Business NSW

## **Designated Area Migration Agreements (DAMAs)**

Designated Area Migration Agreements (DAMAs) feature among a range of place-based migration measures that enable states and territories to adapt federal migration provisions to local needs.<sup>1</sup> DAMA agreements are negotiated between a designated area representative (DAR) and the Department of Home Affairs. They establish a two-tier migration framework for a defined geographic area. The first tier is an overarching agreement between the DAR and Home Affairs. Once established, employers can apply for a Labour Agreement under the second-tier of the DAMA. These typically specify variations to standard provisions for subclass 482, 494 or 186 employer-sponsored visa programs.<sup>[1]</sup>

The Australian Government's 2023 *Migration Strategy* noted the value of DAMAs in helping regional employers meet their skills needs. DAMAs support a broader range of options for recruiting overseas workers, allowing greater flexibility in responding to local economic and labour market conditions. DAMAs achieve this through adapting federal programs to local circumstances. Opportunities for doing so include through variations to employer-sponsored visa subclasses in regard to designated occupations, English language proficiency, age requirements, educational attainment and salary thresholds.

The 2023 *Migration Strategy* also highlighted the administrative burden associated with DAMAs, particularly for small and medium-sized employers. The Strategy described the process of working with DAMAs as being both slow and complex. It recommended the existing DAMA framework be streamlined and modernised.<sup>[2]</sup> Specific opportunities for improvement identified in the Strategy include:

- Simplifying application processes;
- Enhancing support for regional employers; and
- Ensuring DAMAs remain responsive to local community needs.

The subsequent Discussion Paper for the 2024 *Review of Regional Migration Settings* reiterated that while DAMAs provide the opportunity to tailor federal migration programs to local needs, current arrangements remain complex and unwieldy. The Discussion Paper observed how customised DAMA agreements bring greater complexity, and the ability to effectively manage these arrangements varied between Designated Area Representatives (DARs). The Discussion Paper reiterated the Federal Government's commitment to exploring process improvements in working with DAMAs as part of its review of regional migration settings.<sup>[3]</sup>

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<sup>1</sup> These include migration agreements that align with Renewable Energy Zones and employer-specific or industry-specific labour agreements already in place or underway. Related measures include state and territory nominated visas (subclasses 188, 190 and 491), employer-sponsored regional visas (subclass 494), and regional incentives for both working holiday makers (subclasses 417 and 462) and graduating international students (subclass 485).

**A statewide DAMA for NSW**

The 2023 *Migration Strategy* noted scope for state and territory governments to play a greater role in ensuring the success of regional migration programs.<sup>[2]</sup> The *NSW State Migration Plan 2024–2028* affirmed the role of regional skills planning as part of the State's engagement with the Commonwealth on skilled migration. The NSW Plan reiterated the need for ensuring our migration system is fast, efficient and fair for both migrants and employers alike, emphasising the importance of meeting skills needs in regional areas.<sup>[4]</sup>

Investment NSW is currently undertaking a feasibility study on negotiating a statewide migration agreement with the Commonwealth. The rationale for doing so is informed by the goal of achieving an optimal operating model for skilled migration across the state. The aim would be to provide greater alignment between Commonwealth migration policy and local industry needs. A state agreement would, in practical terms, operate across two principal domains, having the potential to support:

- Improved alignment of visa program conditions with local industry needs; and
- Region-specific priority lists for industries experiencing critical skills needs.

Overall, a state agreement has the potential to support greater fitness for purpose in regard to Australia's skilled migration program.

**Current arrangements**

The Orana region in NSW already has a DAMA in place. This agreement provides access to a broader range of priority occupations, and allows concessions to standard visa requirements for employers in areas designated under the agreement. The fundamental premise of the Orana DAMA is to support inland employers in areas of critical skills need, and to keep pace with evolving labour market demand. The Orana DAMA is due to extend to cover 90% of the state, capturing most of inland NSW.

**Statement of principle**

Business NSW supports measures whereby the NSW Government works with the Commonwealth on policy and programs in a way that helps ensure their fitness for purpose. This includes tailoring the parameters of Federal programs to provide a better fit for local needs. Business NSW supports the efforts of the NSW Government in working with Home Affairs to ensure NSW employers are able to benefit through engaging with Australia's skilled migration system. Business NSW also supports the aim of achieving an optimal operating model for skilled migration across the state.

The fundamental purpose of Australia's skilled migration program is to address labour shortages, support innovation and economic growth, enhance regional development and build vibrant communities. Business NSW does not have an in-principle objection to the idea of a statewide framework for improving the fitness for purpose of Australia's skilled migration program for the local needs of NSW employers.

However, the current arrangements specific to the Orana DAMA are in place for a reason. The over-arching aim of statewide coordination does not displace the rationale for having the Orana DAMA in place. In fact, it should strengthen it. In other words: an optimal operating model for skilled migration in NSW should strengthen rather than dilute the ability to tailor commonwealth programs to local needs. There is a risk that simply overlaying existing arrangements with a statewide agreement will achieve exactly that.

**Related concerns**

A series of related concerns are pertinent to the feasibility of implementing a statewide migration framework. These include the quality and relevance of complementary policy and programs, and associated service standards.

Attracting skilled migrants to regional Australia is only part of the solution in responding to regional skills needs. An effective operating model for skilled migration should include a range of complementary programs and services. These include settlement services, welcome initiatives, community engagement programs, skills development opportunities, school partnerships, housing advice and a variety of other personal, professional, family centred and community-based strategies that combine to support success for both migrants and employers. High attrition rates among sponsored workers reflects poorly on those agencies charged with ensuring their success. The over-arching aim of complementary services should be to align broader regional development initiatives with local settlement services and efforts to ensure successful workforce and community integration. An effective operating model would achieve the right balance between centralised coordination and place-based delivery: leveraging both strategic direction and local knowledge.

Migration services have seen a dramatic decline in service standards in recent years. Feedback from our members suggest that both employers and skilled migrants have encountered difficulties in obtaining even the most basic level of advice and support on regional migration matters. Informed by this, Business NSW has serious reservations regarding the potential for negative outcomes on the ground as a result of implementing a statewide migration agreement. These include:

- A lack of transparency at both the program and caseload level;
- A continued decline in service standards for both employers and skilled migrants; and
- An overall degradation of Commonwealth programs through the centralisation of programs and services at the state level that is poorly executed and inadequately resourced.

Implementation of a state-wide framework for skilled migration should not compromise the integrity of existing arrangements.

### **The feasibility of arrangements as proposed**

Parameters informing the implementation of a statewide migration framework should be forward-looking when it comes to promoting economic growth. They should enhance rather than inhibit regional development. Encouraging skilled migrants to settle in regional and rural areas supports more balanced population growth and revitalises local economies. Support services are instrumental in achieving those aims. A successful outcome from implementing a framework of this kind would be a skilled migration program that is effective, efficient, and accessible. It should be affordable for participating stakeholders and tailored to local needs. It should also ensure adequate service standards for both employers and skilled migrants, supporting successful employment and migration outcomes that deliver sustainable results. A range of concerns would need to be addressed before a statewide DAMA would be feasible.

### **Recommendations**

Noting the feasibility of implementing a statewide migration agreement is still under consideration, and steps toward doing so are still at an early stage, several preliminary recommendations in regard to this proposal are included below.

1. Ensure fitness for purpose when adapting federal migration programs to suit local circumstances;
2. Ensure service standards for both employers and migrants show an improvement on current levels, are subject to rigorous reporting requirements, and benefit through periodic review; and
3. Preserve the integrity of existing migration arrangements, particularly in the case of the Orana DAMA.

### **References**

- [1] Department of Home Affairs, "Designated Area Migration Agreements." Accessed June, 2025. Available at <https://immi.homeaffairs.gov.au/visas/employing-and-sponsoring-someone/sponsoring-workers/nominating-a-position/labour-agreements/designated-area-migration-agreements>.
- [2] Department of Home Affairs, *Migration Strategy*, Commonwealth of Australia, Canberra, Australia 2023.
- [3] Department of Home Affairs, *Supporting Strong and Sustainable Regions: Review of Regional Migration Settings Discussion Paper*, Australian Government, Canberra, Australia 2024.
- [4] NSW Government, *NSW State Migration Plan 2024–2028*, NSW Government, Sydney, Australia 2024.