



MAKING THE MOST OF OUR TALENT: SYDNEY AS A GLOBAL HUB

A COMMITTEE FOR SYDNEY REPORT

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INTRODUCTION

Access to global talent plays a vital role in the success of any economy, especially one with knowledge gaps and an ageing population. The most valuable companies rely on a diverse and open pool of workers. It's this access which gives them a strategic advantage over competition. A highly desired locality will play a role in attracting individuals at the top of their profession.

In this report, the Committee for Sydney looks at how we as a city compare globally when it comes to attracting the very best talent, what may potentially hold us back and what we can do to be seen as more desirable. For Sydney to remain a destination for high skill individuals, there are policy recommendations to be considered.

The environment which first piques the interest of international workers is important. What is it about Sydney that travellers love and residents stay for? What elements of other cities can we look to incorporate into our own Australian setting?

The benefits are clear. Attract the best talent and it becomes easier to attract even more talent – a cycle which can perpetuate when cultivated correctly. Attracting and holding on to highly sought-after workers offers advantages for the local talent pool too. Senior talent can act as mentors within the businesses they join. Knowledge sharing and increased access to global networks have proved successful across other international initiatives.

Sydney needs to compete for the best talent. The number of qualified professionals across key roles within business is thinning globally. Already 34% of employers nationally are reporting difficulty with filling roles mainly in skilled positions¹; 70% say it's down to lack of applicants, experience or hard skills. Demand is outstripping supply so it's more important than ever to remain relevant to those who have the potential to add real value to our city.

Sydney is recognised for its lifestyle – diverse, safe and secure with exceptional environmental amenity, climate and living standards. However, research conducted as part of this project has revealed an undercurrent of concern and challenges that if left unchecked may threaten Sydney's ability to recruit and retain the best global talent.

Chief amongst the concerns is how Sydney manages its growing pains – reconciling a growing population with the accompanying increased cost of living, affordability of housing and pressures on the transport network. There is also a sense that Sydney may be restricting its opportunities by not utilising its 24-hour economy to its fullest.

Global talent will also be crucial in realising the potential of growth within Western Sydney, where the population is expected to expand by 50% to three million residents over the next two decades. Driving this growth will be high-tech, innovative precincts in places such as Westmead, Liverpool and Macquarie Park plus developments around the new Western Sydney Airport. Attracting talent to build, then live and work within these precincts will be crucial not just to Western Sydney, but to the broader Sydney and NSW economy.

Another potential roadblock to attracting the best talent is getting them into Australia on valid visas. Whilst the NSW Government has led the field nationally in creating an appealing environment for global talent to work in the state, the Federal Government's decision in 2017 to reform the Temporary Work (Skilled) visa (subclass 457 visa) without consultation with the business sector, has created uncertainty as to the Commonwealth's approach to global talent. Subsequent reforms, which we will discuss later in this document, have brought some reassurance, but further discussion with local business leaders will be needed when reviewing such essential resourcing implements which arm Australian businesses to compete globally.

Current rankings find Sydney and Australia are doing well in the race for global talent. Sydney continues to rank in the top ten of preferred cities in several international indices, and Australia has substantially improved its position in relation to other OECD peers in the last decade. Global talent residents in Sydney have virtually doubled since 2006 and now make up some 6% of the workforce, the highest share of all the state and territory capitals apart from Canberra.

And yet the risk is real. The Committee believes the way Sydney stays ahead is by attracting the very best global talent. This means offering a diverse and cultured environment which appeals to a highly mobile talent pool.

¹ Talent Shortages at Record High: 45% of Employers Around the World Report Difficulty Filling Roles, Manpower, 2018.

WHAT IS GLOBAL TALENT?

The Committee's 2017 benchmarking report, *Joining the Top Table* report pointed towards the city moving in the right direction in terms of brand appeal and ease of doing business. However, complacency is the forerunner of mediocrity and the Committee is keen to ensure that Sydney remains hungry and eager for talent.

Sydney is ranked 20th in the 2018 Global Talent Competitiveness Index, the highest rated Australian city, but behind competitor cities such as San Francisco, Seoul and Amsterdam and top-tier global cities such as Tokyo, Paris and London. Stakeholders interviewed as part of this report have also suggested that Sydney may be being outdone by other cities marketing themselves more aggressively to global talent.

Sydney, as a global, aspiring city and community, presents its best face when it is open and inviting to the world. Memories of Sydney during the 2000 Olympics are still clear in the minds of many. It is also well recognised that Sydney's prosperity is, and always will be, built around the opportunity that trade and engagement with the rest of the world brings. Key to this prosperity are the exchanges that come with inviting the very best and brightest to Sydney and the transfer of knowledge that accompanies this movement. Policy makers understand that openness is important to Sydney, and that the attraction of global talent to Sydney is part of that picture. Turning off the tap is not a viable option.²



² "Talk around Sydney dinner tables is focused on city's growing pains" published in the Sydney Morning Herald, 16 May 2018 available at <<https://www.smh.com.au/national/nsw/talk-around-sydney-dinner-tables-is-focused-on-city-s-growing-pains-20180516-p4zfmq.html>>.

Sydney is unable to isolate itself from broader considerations nationally and internationally in trade, globalisation and immigration. Since 2013, the world has experienced significant changes, and some in the international community have flirted with the return of protectionism. Domestic decision makers are not immune to this global environment. At the national level, decision makers have responded to community concerns regarding immigration by tightening up the temporary visa program including adjusting the entrance eligibility for certain occupations and professions. Recent commentary has also explored whether Australia's immigration should be scaled back in the face of increasing stresses on the urban fabric.³ The challenge is ensuring that our national migration settings are fit for purpose and that the unique role that Sydney plays in this debate is recognised by policy makers.



³ T Abbott MP (20 February, 2018) "Address to the Sydney Institute" available at <<http://tonyabbott.com.au/2018/02/address-sydney-institute-governor-phillip-tower-sydney>>.

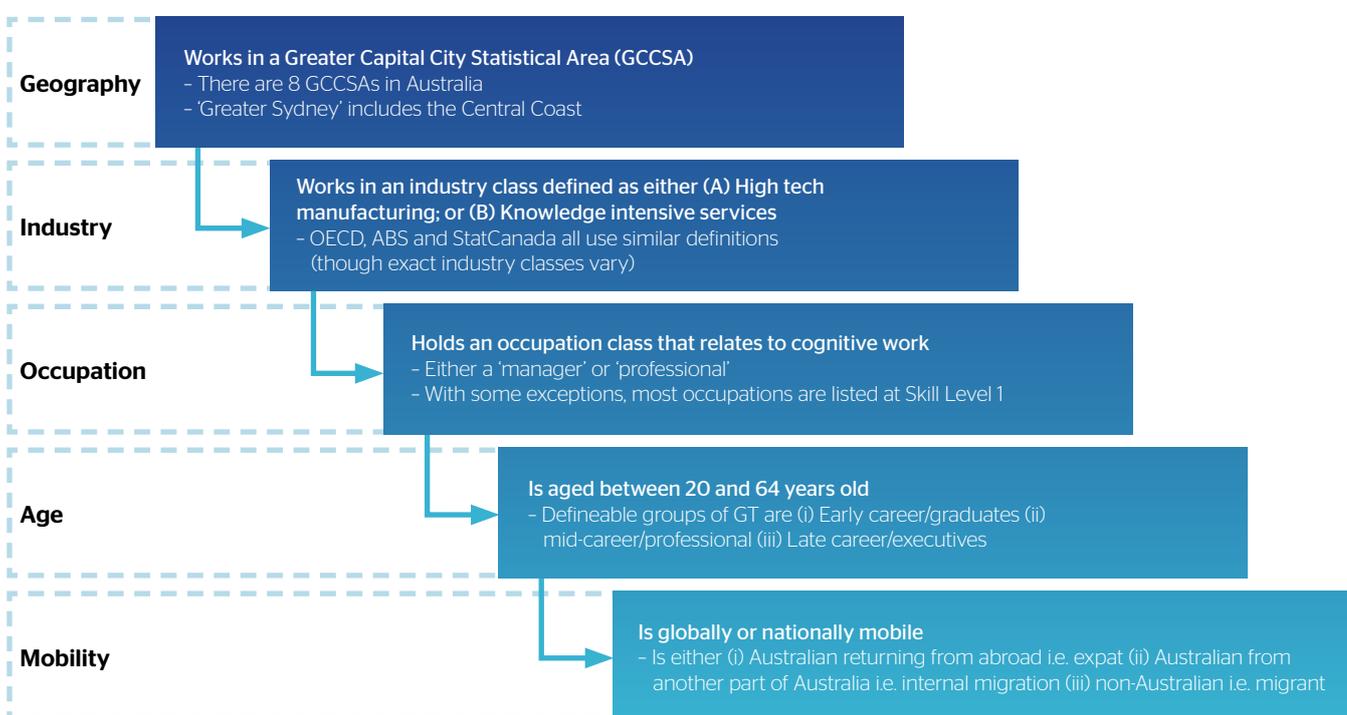
DEFINING GLOBAL TALENT

For the purposes of consistency and comparability, this report will continue to adopt the definition of global talent which was used in our previous report on global talent:

“Individuals in knowledge intensive industries who have employment options in multiple cities and countries. Such talent consists of both Australians and people from overseas.”⁴

The following figure demonstrates the characteristics that encompass a global talent worker.

Figure 1 Characteristics That Define Global Talent



Source: Various, Deloitte analysis

Global talent is often divided into cohorts of employees, based largely on their combination of qualifications, professional experience and salary. Commonly, the cohorts can be split into the following categories:

- **Specialist career/executives:** This cohort refers to senior members of organisations (e.g. managers, executives and CEOs) with unique skill sets and capabilities. These employees are recruited for their wealth of experience in developing, organising, and managing a business venture. Their key role is disbursing key skills and knowledge into their organisations or to add to the body of research and development in education and research institutions.

Globally erudite, these workers are highly sought after in the global community and are competed for aggressively.

- **Mid-career managers and professionals:** This group includes experienced workers and mid-level managers who are willing to relocate for the purposes of experience gathering and opportunity. They tend to include technical specialists and are sought after to meet particular skill shortages in industry.
- **Early career professionals and graduates:** Typically, this cohort includes individuals under the age of 30 who are commencing their professional career. These individuals are more flexible in salary and outlook and are attracted to the option of relocation for lifestyle and experiential reasons.

⁴ The Committee for Sydney (2013), City of choice: Sydney as a Global Talent Hub, Sydney Issues Paper 3.

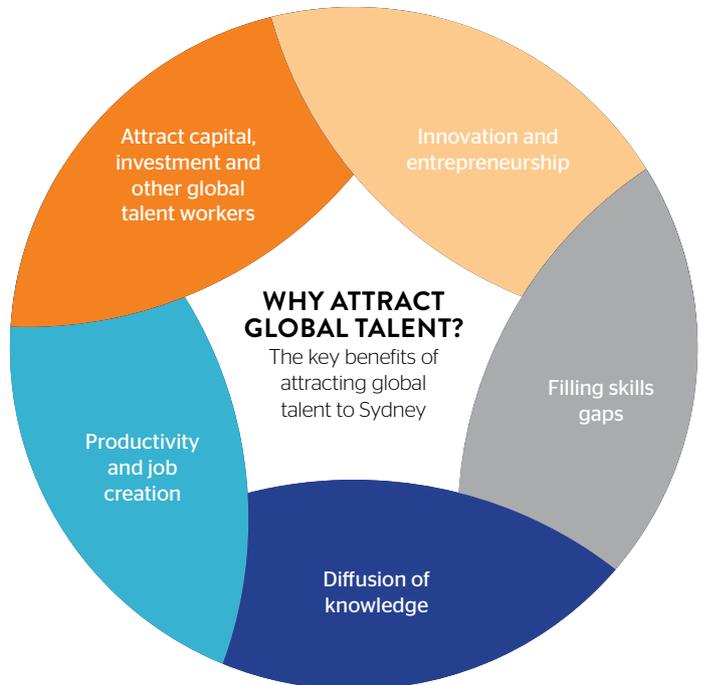
The above cohorts help to explain the drivers that lie beneath global talent. For example, specialist career/ executives are likely to be more attracted by the position/ role on offer and the ability for that role to advance their specialisation. In contrast, mid-career managers/professionals may be influenced by cost of living comparability, safety and security and the strength of the education system. Early career professionals/graduates may tend to be influenced by lifestyle and amenity considerations including the depth and strength of out-of-work leisure and recreational activities.

WHAT ARE THE BENEFITS OF ATTRACTING THE VERY BEST IN THEIR FIELD?

Extensive literature exists on the benefits and the importance of attracting highly skilled labour. In the main findings, the top five reasons for why attracting global talent is important in driving prosperity are outlined. These include:

- **Attracting capital, investment and drawing other global talent workers.** Global talent workers, in particular “marquee players”, are said to bring innovation and unique entrepreneurial skills that act as a magnet for additional investment. It is also said that these workers use their leverage in the market and with investment to attract other global talent to an economy.⁵
- **Inducing innovation and entrepreneurship.** Global talent workers, particularly in the knowledge space, are said to take on risk and are key sources of innovation and entrepreneurship to an economy.⁶
- **Productivity and job creation.** Global talent workers are highly productive. Their contribution to GDP is high and they support indirect “spill-over benefits” in the form of innovation, knowledge-sharing and further job creation.⁷
- **Knowledge diffusion.** Global talent workers are important players in upskilling the local workforce by diffusing their knowledge, skills and experiences which boosts the productivity of their host organisations.⁸
- **Closing particular skills gaps.** Global talent workers, in particular skilled migrants from overseas, can be used to fill niche, technical/specialist positions that may not be possible through local supply.⁹

Figure 2 Benefits of Attracting Global Talent



Source: Various, Deloitte analysis

WHAT ARE THE UNIQUE FEATURES OF GLOBAL TALENT THAT BUSINESS SEEKS?

Businesses have different needs and requirements which international employees can satisfy. But what is known of these characteristics?

To improve our knowledge of what Sydney businesses require, this project conducted a number of direct interviews with members of the Committee for Sydney representing large organisations in the field of technology, higher education, construction and financial services. In addition to direct consultations, the project undertook a further survey of Committee members to accrue more evidence on the characteristics which make global talent attractive to business.

5 Grossman, V. (2016), How immigration affects investment and productivity in host and home countries, IZA World of Labor.

6 INSEAD (2017), Global Talent Competitiveness Index.

7 OECD (2008), Knowledge diffusion and impacts of international mobility.

8 OECD (2008), Knowledge diffusion and impacts of international mobility.

9 Australian Chamber of Commerce and Industry (2018), Managing Australia's Migrant Intake: 2018-19 Migration Program.

Committee for Sydney members identified three desired qualities which were:

Unique and specific technical skills and experience:

Businesses identified the need for access to employees with skills in niche areas, not easily replicable in the domestic market. The interviews also highlighted that typically global talent had specialised experiences which made them a high demand resource. As one interviewee stated, *“we define global talent in terms of years of experience. What companies have they worked for? If I’m recruiting for my organisation, I want my employees to have worked for bigger companies than mine.”*

Deep and profound managerial skills: In addition to their own skill sets and capabilities, interviewees suggested that the best global workers were emblematic for their leadership, their capacity to make strategic decisions and ability to influence and shape organisations.

The capacity and willingness to impart knowledge:

Global workers were described as “marquee players” with an inherent capacity to boost the productivity of the wider

organisation by bringing in fresh ideas and diffusing their knowledge and experiences. The interviews suggested that far from depleting local jobs, migrating talent strengthened local labour markets through teaming and knowledge distribution.

To test the anecdotal evidence from the consultations, the project conducted a dedicated survey of Committee for Sydney members.¹⁰

The member survey highlighted the following:

- That the availability of technical skills and problem-solving capabilities separated global workers from their domestic peers.
- The availability of digital literacy and organisational strategy featured prominently with the need to recruit talented international workers.
- That the vast interest for plugging roles were in the professional and managerial space.
- That knowledge transfer and meeting particular skills shortages motivated business in employing global talent.

Figure 3 What Are the Features of Global Talent?

What is it about global talent that separates them from talent you can procure locally? (Rank from most important to least important).

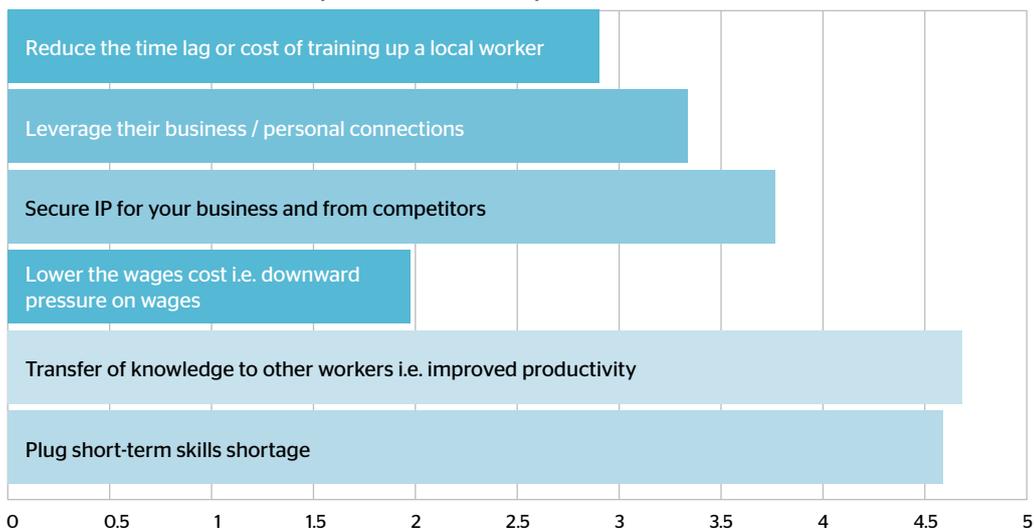


Source: Deloitte analysis

¹⁰ The survey was conducted online during the period April 20 through to May 13 through the Committee for Sydney membership.

Figure 4 Survey: Why Employ Global Talent?

From a business perspective, what are the principal reasons that you employ global talent? (Rank from most important to least important)



Source: Deloitte analysis

INDUSTRY 4.0

The fourth industrial revolution is here. Automation is sweeping across industries with no regard for the traditions established during previous steam, electric and computing eras that preceded it.

Disruption in most vertical sectors is already happening. The Internet of Things (IoT) is transforming farming practices. In NSW, AgTech accelerator SparkLabs Cultiv8 is leading the way with an R&D initiative with the Department for Primary Industries. Together they've created Global AgTech Ecosystem (GATE) which includes opening up 13,000 ha of trial farms along with 600+ technical staff for the right projects. Companies like Atlassian are globally celebrated for innovation in collaborative cloud computing.

Change is now taking hold with an unforgiving abruptness. The half-life of a learned skill has now dropped to just five years, meaning that ongoing re-training and re-skilling will be critical for maintaining a modern and competitive workforce. For some professions, such as software engineers, the fall-off is even steeper at 12-18 months.

Work is changing, but so is where we work. It's a topic that could have its own report, but remote working is giving workers the flexibility to improve their work/

life balance and also democratises the job application process. Geography is less of a barrier for workers or a requirement for firms. In America, the Freelancers Union found that independent workers will make up the majority of the workforce in the country within the next decade.¹¹ We are not immune from this trend, as every week 70% of Australian employees work remotely according to a study from International Workplace Group.¹²

Industry 4.0 brings new opportunities for the way we work, but with it come new challenges. The rise of machine use to augment our daily roles will redefine what tasks humans have in various business models. Upskilling and learning on the job will be the new constant; a 2017 Dell Technologies paper predicts that 85% of the jobs that will exist in 2030 have not yet been created.¹³ There already exists a problem for Australian businesses to fill roles when 34% find difficulty, and this paradigm shift in the workforce will increase the role of global talent in plugging the knowledge gaps.¹⁴

In response, Prime Minister Malcolm Turnbull has created an Industry 4.0 Taskforce, working on objectives together with the National Science and Innovation Agenda. Modelled on the German equivalent, the board of technology leaders will monitor industry trends and recommend measures to capitalise on this new global opportunity.

11 Freelancing in America Annual Survey 2017.
 12 Globalisation and technological advancement has fuelled the emergence of a mobile workforce with almost 70 per cent of Australians working remotely each week, Dynamic Business, May 2018.
 13 85% Of Jobs That Will Exist In 2030 Haven't Been Invented Yet: Dell, Huffington Post, July 2017.
 14 Talent Shortages at Record High: 45% of Employers Around the World Report Difficulty Filling Roles, Manpower, 2018.

WHAT IS AUSTRALIA'S POSITION?



Image Destination NSW

THE ROLE OF GLOBAL TALENT

The Australian workforce is at risk of shrinking due to an ageing population and reducing birth rates. Immigration will play a larger role in the solution for both Sydney and Melbourne according to a briefing paper presented to the Prime Minister in April 2018. “Migrants deliver an economic dividend for Australia due to current policy settings which favour migrants of working age who have skills to contribute to the economy. This leads to higher rates of workforce participation and likely productivity benefits. This, in turn, increases Australia’s GDP and GDP per person, with positive flow-on effects for living standards,” found the report commissioned by the Treasury last year.¹⁵

Importing global talent can also help boost the export potential of NSW’s industries, especially given the NSW domination of the nation’s services trade, accounting for 42% of all Australian services exports in 2015-16 (worth \$28.5 billion). Key NSW service exports include education related services (which account for around 30% of services), tourism and hospitality related services and the professional management services sector. Moreover, global talent is expected to help close the gap in the services trade given NSW is still a net importer of services.

Table 1 Services Trade

NEW SOUTH WALES' MAJOR, 2016-17:			NEW SOUTH WALES MAJOR IMPORTS, 2016-17:		
	A\$m	% Share		A\$m	% Share
Education-related travel	10,284	30.3	Personal travel excluding education	12,974	37.2
Personal travel excluding education	7,246	21.4	Professional & management consulting	3,859	11.1
Professional & management consulting	3,234	9.5	Charges for the use of intellectual property	3,272	9.4

¹⁵ <www.theage.com.au/politics/federal/joint-treasury-home-affairs-analysis-highlights-economic-benefits-of-australia-s-immigration-intake-20180416-p4z9yi.html>.

WHAT IS GOOD FOR SYDNEY IS GOOD FOR AUSTRALIA

Sydney is Australia's economic powerhouse, accounting for almost half of Australia's economic growth and has been central to transitioning the country from a mining and manufacturing based economy to a high-skilled, knowledge economy. Jobs for NSW has forecast that the share of knowledge-intensive jobs in NSW will grow from 48% to 61% over the next 20 years, meaning that access to skilled talent will become even more important for our future prosperity.

Sydney's economy is powered by financial and professional services, with developing sectors in education, health, design, engineering, technology and science.

The city is home to Australia's largest tech sector, supported by a new Start-up Hub which Jobs for NSW will invest \$35m in over the next five years. Coupled with our burgeoning

Fintech Hubs, Sydney is leading the way in developing disruptive technology and new financial products.

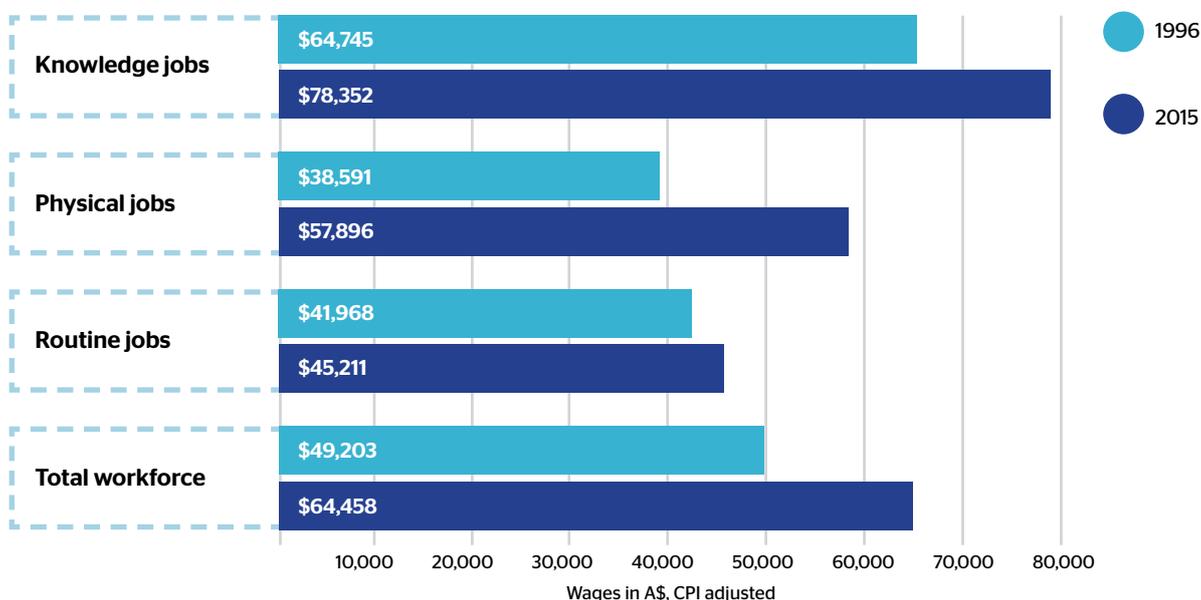
Banking and finance remain central to our future prosperity, accounting for approximately one in every five dollars generated by the Greater Sydney economy.

Further, employment in the knowledge-based industries of information, media and telecommunications and in professional, scientific and technical services account for nearly one-in-four of all managerial and professional services jobs in the Greater Sydney region.

Crucially, these emerging sectors have delivered an increase in average wages compared to more manual jobs over the past twenty years in NSW. This is a particularly striking figure given the overall wage stagnation that has taken place nationally (and often globally) since the Global Financial Crisis in 2008.

Figure 5 Average Wages in NSW by Job Type

Knowledge-intensive and physical jobs have both raised our average wages from 1996 to 2015.



Source: Jobs for NSW Jobs for the Future report, Aug 2016

This services boom is mirrored in statistics from a recent Committee for Sydney Fintech report, which showed a 579% increase in the number of companies operating in the space over the last three years.

The research also identified the potential for growth from new financial products around Payments, Regtech and Blockchain as three opportunities where Australia (and Sydney) have the potential to scale locally and to grow internationally through exporting capability.

TALENT CRISIS

Seven of the top ten most valuable businesses globally are tech brands. The fourth industrial revolution is forcing all companies to transform digitally. For some legacy businesses this process needs to be on a far larger scale than for others. Just as the way we do business is changing, so is the rate at which businesses succeed and fail. Just 12% of the Fortune 500 from 1955 still exist today, while a study from the John M. Olin School of Business at Washington University estimates that 40% of today's F500 companies on the S&P 500 will no longer exist in ten years.

The new technological focus within businesses typically comes from the CIO. Every year Gartner takes the temperature of global CIOs to forecast what trends are expected in the short to medium term. In 2018 the number one objective, for the 3160 CIOs surveyed, was growth. And when success is based not on what CIOs build, but on the services they integrate, then the tech capability within your staff becomes integral. Almost half (47%), admitted new skills in AI were needed. One in four said the same for security and progress with IoT.

While these skill gaps can to some degree be filled by global talent, Australia also needs to look at education and the supply of skilled domestic talent which is on offer for businesses. With the half-life of new skills being so low, on-the-job training will be required throughout a career.

Megan Lilly, Head of Workforce Development for the Australian Industry Group has been quoted as saying:

"Developing new and different skills utilising the right digital technology will be vital. This has major implications for our education and training provision, as well its intersection with work. The apprenticeship system sits neatly in this space. It is capable of providing a high-quality, fully integrated learning and employment experience at the leading edge of economic transformation. The education and training system should not always have to chase the future; it should be part of it."

As a country we need to 'retool the nation' and apprenticeships have the potential to bridge some of the gap. Yet the number of those starting as an apprentice or trainee (NCVER 2017) is down to 166,700 and the completion rate decreased by 15.1% last year.

As noted in the Australian apprenticeships trends, challenges and opportunities for dealing with Industry 4.0 report, 'Small business has a widespread impact, diffusing across the Australian economy. If it is easier for small businesses to employ staff, owners might not think twice about hiring an additional person. If one out of every 50 small businesses currently without employees started employing just one person, this could create 25,000 jobs.'

SYDNEY'S GLOBAL TALENT OVER TIME

Several leading organisations produce indices that seek to assess the attractiveness of cities to global workers.¹⁶ These indices are points in time and serve to highlight how attractive the location may be to global talent.

As the 2013 Committee for Sydney report on global talent observed, Sydney compares well as a destination for lifestyle reasons but is challenged with respect to how the city attracts workers beyond that. To better understand this issue, Deloitte developed a Global Talent Index that is designed to compare nations according to the characteristics that feature prominently in the race for global talent. These features include:

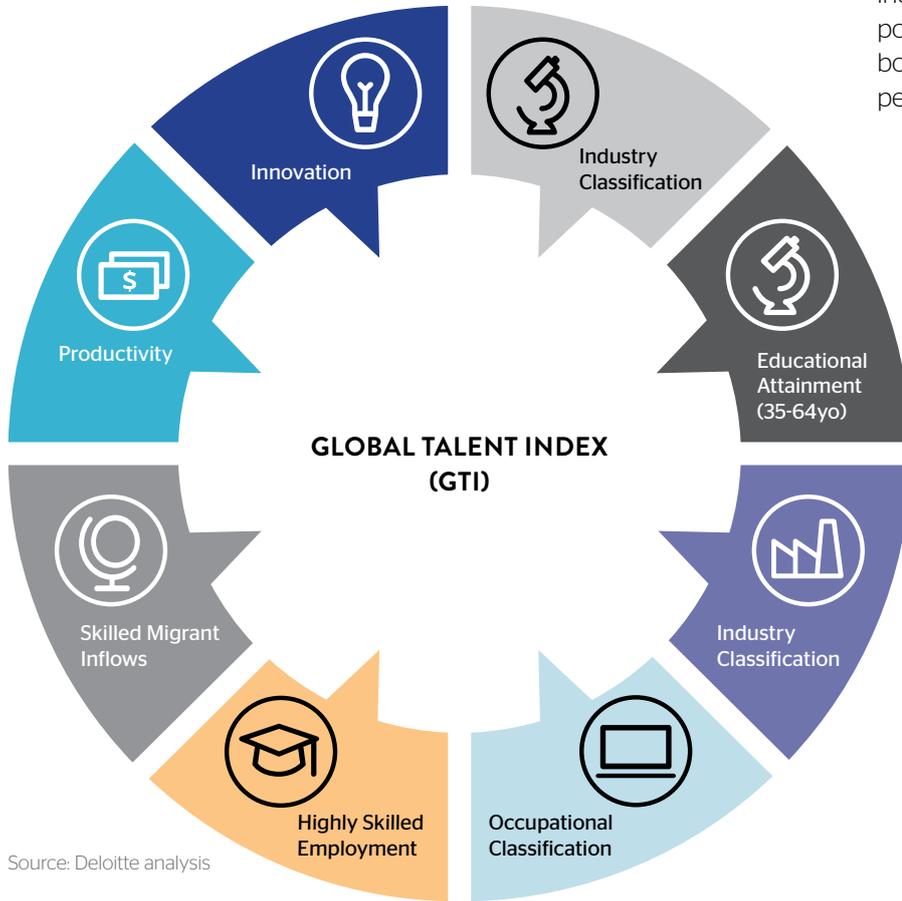
- The level of educational attainment within the "dream" demographic of 25 and 34-year olds;
- The educational attainment of the broader population;
- The structure of industry and the occupational shares in specific industries;
- The overall share of employment in highly skilled occupations;
- The extent of skilled migrant inflows into the country;
- The level of productivity and innovation.

Together, these elements combine to define the extent to which nations are improving their economic and policy settings that shape global talent. To ensure that the index captures the change in settings over the longer term, Deloitte has undertaken the assessment over three different time periods between 2005-2006 through to 2015-2016.

¹⁶ For example, INSEAD, the Economist, Mercers.

THE DELOITTE GLOBAL TALENT INDEX

Figure 6 Elements of the Deloitte Global Talent Index

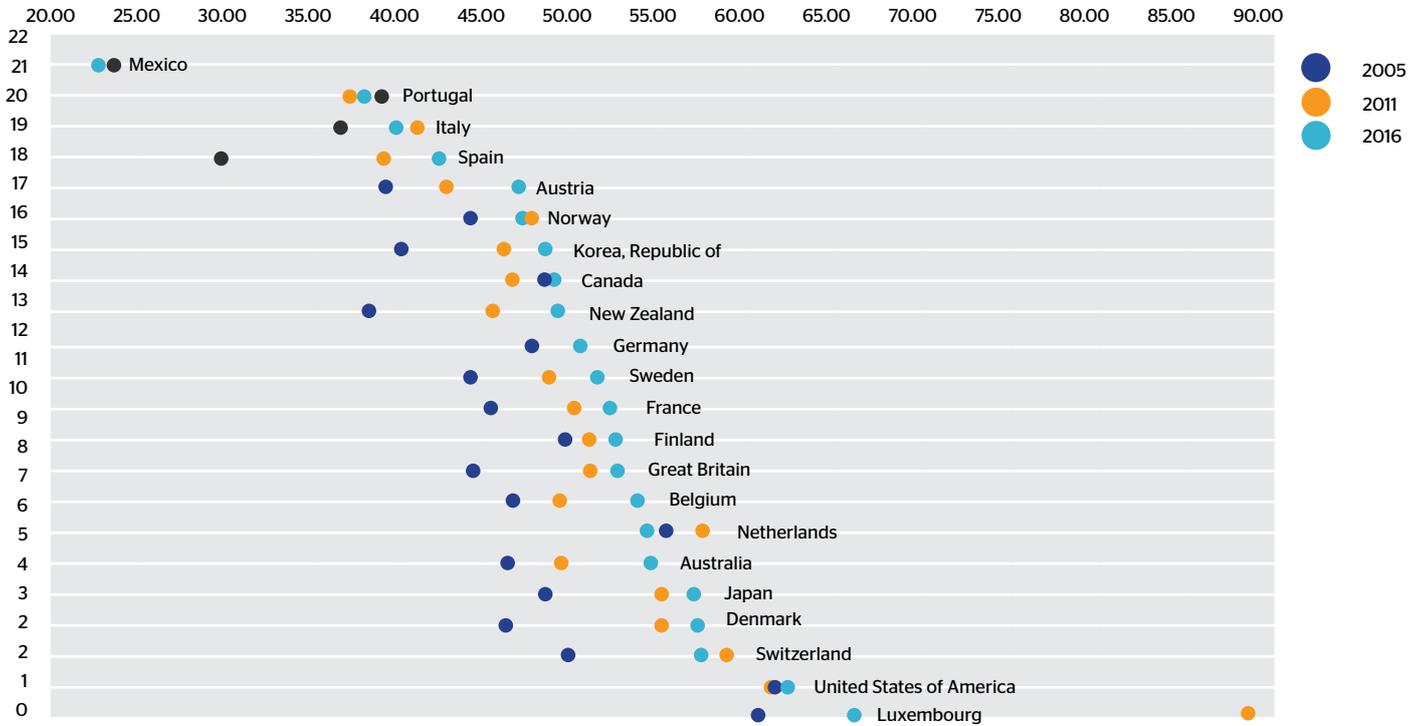


Source: Deloitte analysis

Assessing Australia's performance over time indicates that Australia has improved its position in the global talent race, improving both its own performance and its relative performance over other nations.



Figure 7 Global Talent Index Scores - 2005 to 2016



Source: Deloitte analysis



Image Destination NSW

Compared to other nations, Australia has improved its ranking from 11th in 2011 rising to 6th in 2016. Driving the improvement over the period has been an increasing proportion of migrants in the skilled category, although Australia has seen a dip in performance due to the number of patent occupations by origin.¹⁷ Countries with high levels of productivity in their international workforce, such as Luxembourg, Switzerland and the USA continue to dominate the global talent race.

Table 2 Global Talent Index League Table

Rank	Country	2016	Country	2011	Country	2005
1	Luxembourg	66.56	Luxembourg	89.39	United States of America	61.96
2	United States of America	62.71	United States of America	61.85	Luxembourg	60.95
3	Switzerland	57.72	Switzerland	59.27	Netherlands	55.67
4	Denmark	57.49	Netherlands	57.75	Switzerland	50.10
5	Japan	57.22	Japan	55.46	Finland	49.79
6	Australia	54.78	Denmark	55.44	Japan	48.74
7	Netherlands	54.60	Great Britain	51.33	Canada	48.65
8	Belgium	54.02	Finland	51.33	Germany	47.95
9	Great Britain	52.89	Germany	50.76	Belgium	46.81
10	Finland	52.60	France	50.43	Australia	46.56
11	France	52.36	Australia	49.57	Denmark	46.49
12	Sweden	51.66	Belgium	49.43	France	45.51
13	Germany	50.69	Sweden	48.90	Great Britain	44.50
14	New Zealand	49.47	Norway	47.89	Norway	44.27
15	Canada	49.18	Canada	46.80	Sweden	44.27

Source: Various, Deloitte analysis

Drawing on the Global Talent Competitiveness Index, the evidence from top ranked countries such as Switzerland, the United States and Norway suggests that important global talent is a key factor in retaining domestic talent.¹⁸ Additional research from Singapore, identified that “foreign talent, properly identified and absorbed, is vital to inspiring changes and raising standards towards higher value-added activities”.¹⁹ A major study of 600,000 researchers, entertainers, politicians, and athletes found that high performers are 400% more productive than average ones.²⁰ Globally 70% of financial services CEOs see the limited availability of skills as a threat to growth.²¹

17 The z score for skilled migration was 2.38; managers and professionals 0.72 and for patents - 1.23.

18 See The Global Talent Competitiveness Index 2018.

19 Abello, Manola, *Competing for Global Talent*, Singapore Management University (2006).

20 Herman Aguinis, *The Best and the Rest*, Department of Management and Entrepreneurship, Kelley School of Business.

21 PwC 19th Annual Global CEO Survey.

GLOBAL TALENT IN THE MAJOR AUSTRALIAN CITIES

In 2016, global talent in Australian capital cities numbered approximately 417,000 professionals, comprising approximately 5.3% of the total labour force.²²

Table 3 Global Talent in Australian Capital Cities, 2016

GCCSA	global talent	% labour force
Australian Capital Territory	21,028	9.8%
Greater Adelaide	20,013	3.1%
Greater Brisbane	61,629	5.3%
Greater Darwin	3,947	5.3%
Greater Hobart	4,018	3.8%
Greater Melbourne	120,074	5.3%
Greater Perth	39,954	4.0%
Greater Sydney	146,420	6.1%
Total	417,083	5.3%

Note: GCCSAs are ABS geographies designed to represent the functional extent of each of the eight state and territory capital cities.

Source: ABS

The bulk of global talent workers are distributed along the Eastern seaboard. Greater Sydney outperforms its rivals in this respect, with a share of international talent in excess of Melbourne (5.3%) and Brisbane (5.3%).

WHERE DOES GLOBAL TALENT COME FROM?

Global talent arrives into our capital cities from three sources. Typically, they are:

- Migrant flows of global talent without Australian citizenship or residency status;
- Resident Australians that have resided in another Australian location in the last five years, and;
- Non-resident Australians or “ex pats” returning home.

Table 4 Global Talent in Australian Capital Cities, by Category, 2016

	Migrants	Resident Australians	Non Resident Australians	Not stated
Australian Capital Territory	3,926	14,676	1,898	528
Greater Adelaide	9,343	8,473	1,353	844
Greater Brisbane	23,385	31,783	4,420	2,041
Greater Darwin	1,078	2,621	154	94
Greater Hobart	889	2,746	270	113
Greater Melbourne	66,336	39,292	10,480	3,966
Greater Perth	23,146	12,429	3,200	1,179
Greater Sydney	84,264	44,361	12,962	4,833
Total	212,367	156,381	34,737	13,598

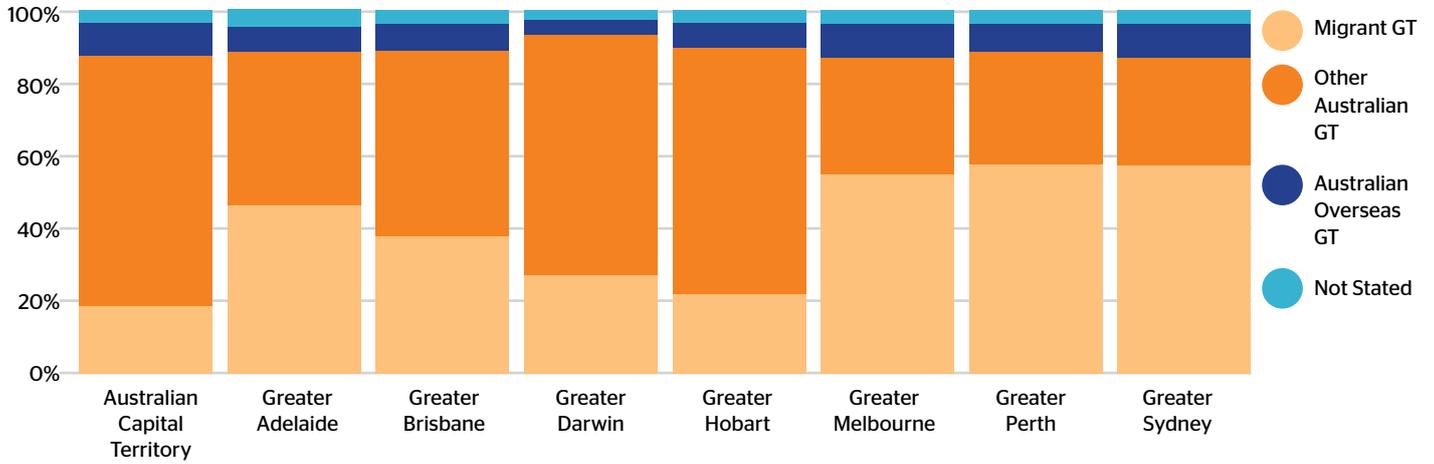
Note: ‘Not stated’ excludes those that did not respond to the question of citizenship.

Source: ABS

In 2016, migrants comprised more than half of all global talent in Australian capital cities. In Sydney, Melbourne and Perth migrant global talent exceeds 50% of the global talent pool, demonstrating the importance of getting the immigration settings right for Australia.

²² Deloitte’s definition of global talent (especially categories) relies on determining the Place of Usual Residence (PUR) of individuals five years previously. Thus, while professionals who reside in a place for more than five years may qualify as talented human resources, they no longer qualify as ‘global talent’. Similarly, the ABS does not permit users to extract small area level data (less than three persons) – a randomised weighting has thus been applied. For these reasons figures for global talent should be taken as approximate rather than exact.

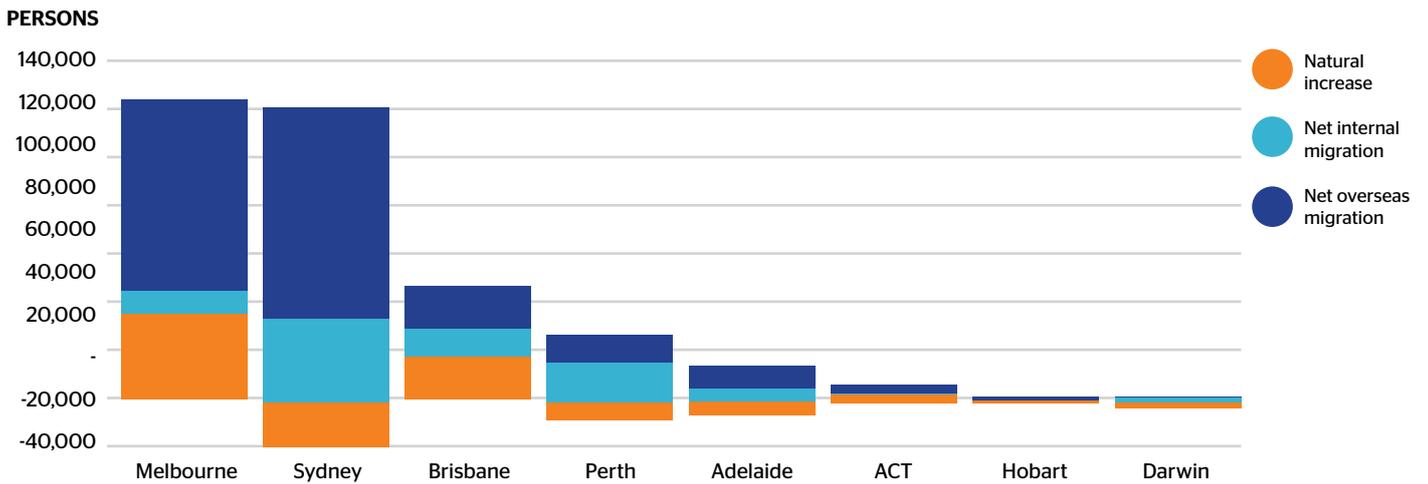
Figure 8 Global Talent in Australian GCCSAs, by Category, 2016



Source: ABS

Sydney continues to be the destination of choice for many new migrants to Australia. Close to one in three new arrivals to Australia in 2016-17 nominated Sydney as their destination, followed closely by Melbourne. The extent of immigration to these cities reflects that migrants to Australia are “voting with their feet” attracted by lifestyle and the positive economic prospects.

Figure 9 Components of Population Change, GCCSAs, 2016 to 2017



Note: definitions differ from those used previously for global talent. Internal migration and overseas migration figures are agnostic to citizenship status.

Source: ABS



WHAT IS SYDNEY'S POSITION?

The overall global talent population in Greater Sydney has increased by approximately 76% in the last decade to a population of almost 150,000.

Table 5 Global Talent in Greater Sydney, 2006 to 2016

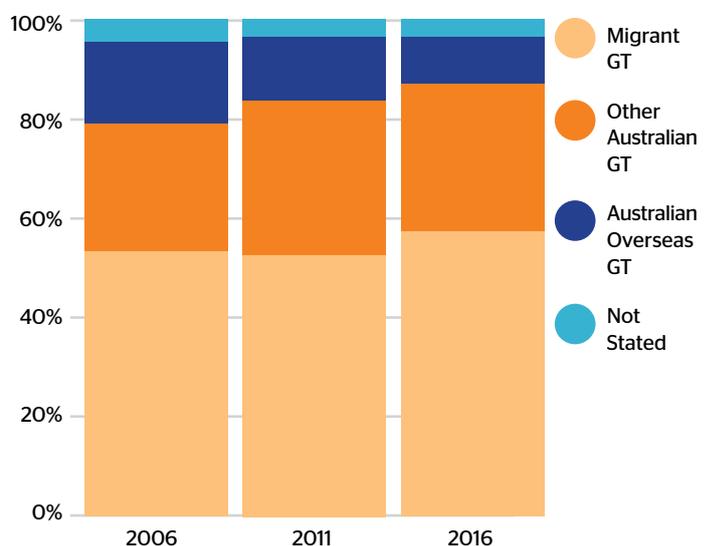
	2006	2011	2016
Migrant	44,576	62,388	84,264
Other Australian	21,519	37,921	44,361
Australian Overseas	13,708	14,830	12,962
Not stated	3,401	3,646	4,833
Total	83,204	118,784	146,420

Note: weighted place of usual residence (PUR) average used to determine 2006 figures. 2006 figures also based on ASGC geography (Statistical Divisions).

Source: Deloitte analysis

The bulk of this uplift is due to the growing number of migrants that make up Sydney's global talent profile. One reason may be the differing international conditions, with the Global Financial Crisis resulting in the Australian and Sydney labour markets becoming relatively more attractive to migrants. Moreover, the mining boom years of 2009 to 2012 led to increased internal migration of Australians to states other than NSW, in particular Western Australia and Queensland. The latter factor, seeing the number of expatriate Australians returning to Sydney, has remained steady over the period.

Figure 10 Global Talent in Greater Sydney Region, by Category, 2006 to 2016



Note: 2006 figures have been weighted to 2011/16 PUR average.

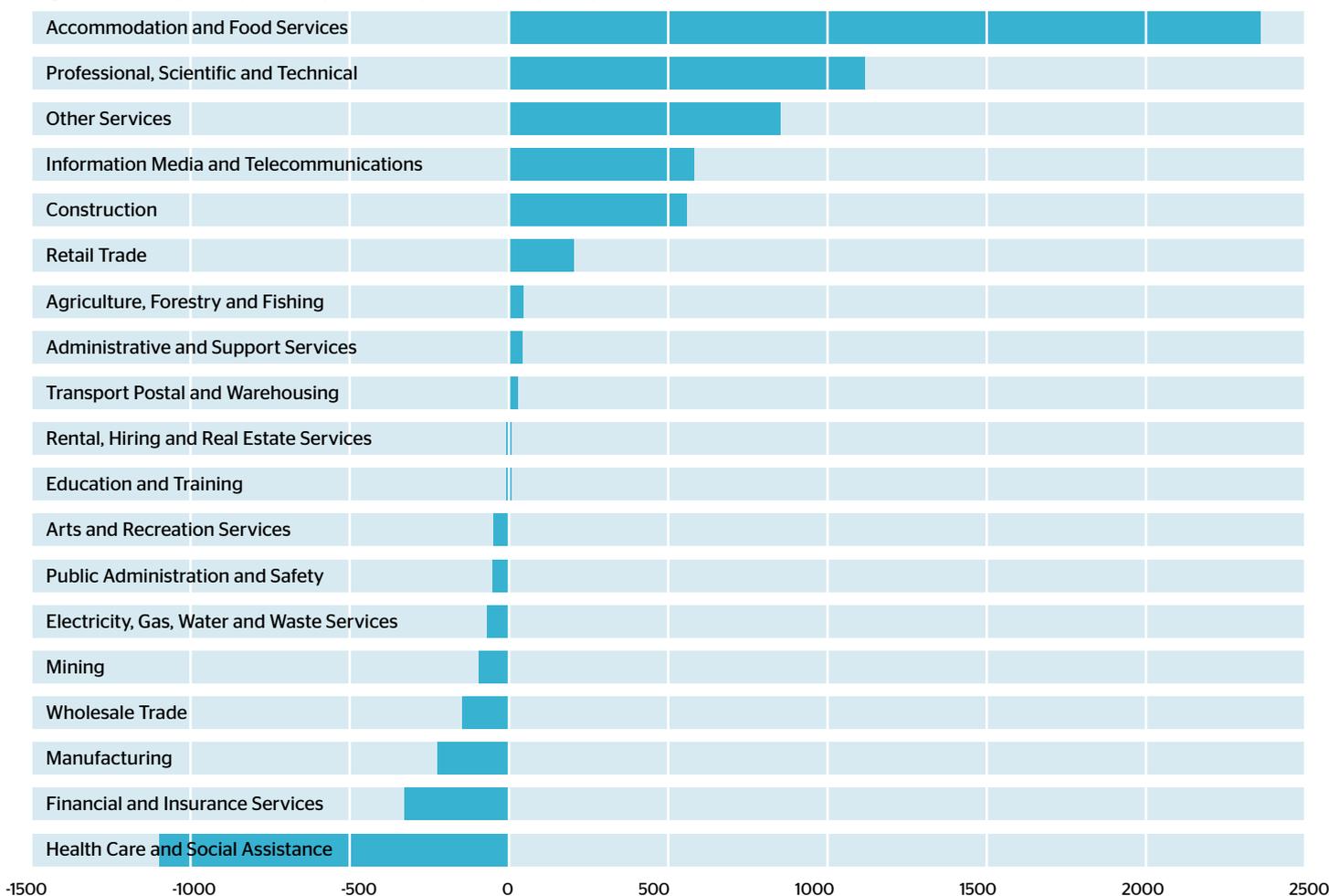
Source: Deloitte analysis

TRENDS IN TEMPORARY MIGRATION – SYDNEY

Analysis of temporary resident skilled migration data²³ indicates that the major industries utilising temporary skilled visas in Sydney have been in the accommodation and food services industries together with the professional, scientific and technical services sector.

Over the five years to 2017, temporary visas within Sydney for the food sector increased in absolute terms by approximately 2,400 or around 19% and in the professional, scientific and technical sector by over 1,100 or over 6%.

Figure 11 Temporary Visa by Industry Class – Sydney



The trends in temporary visa use are reflective of the growth in specific industry sectors in Sydney and the skills gaps evident in these industries. For example, the growth in accommodation and food service temporary migration is evidence of the significance of the tourism and international student sectors to Sydney and in particular, the growth occurring as a result of new markets in China. In contrast, the use of temporary visas in the professional, scientific and technical sectors are a manifestation of the expansion in infrastructure and housing and the concomitant need for skilled professionals to service such projects.

²³ Source: Department of Immigration and Border Protection.



Image Destination NSW

COMPETITION HEATS UP

How then should Sydney go about attracting the best global talent? What makes highly mobile and flexible skilled specialists choose one location to work over another? What characteristics of a city can deter the same people from investing and settling here?

Cities are engaging in a race now to woo individuals with specialist capabilities, as attracting the best people becomes as important to prosperity as the capital of old. Sydney is not immune from the challenge.

With an enviable landscape and a cosmopolitan, safe and secure lifestyle, it is perhaps no surprise that the global employees view Sydney as an attractive place and the city consistently rates highly on liveable city indexes.²⁴

The Committee's 2017 report, *Joining the Top Table: Benchmarking Sydney's Performance*,²⁵ developed in partnership with global cities expert, Professor Greg Clark, has found that Sydney scores very highly on many indices, with special strengths in liveability and brand appeal. *Joining the Top Table* notes that Sydney is the 8th most 'measured' city in the world, providing visibility on the world stage and is among a group of contender cities with the potential to join the great world capitals of finance and culture. It also found a widening appeal and credibility in terms of financial services, FDI and real estate, highlighting Sydney's growing maturity as a global city.

However, the report also highlights some unintended consequences of growth for Sydney that are now becoming starkly visible: the city's famed liveability is under threat by

cost of living pressures, declining social sustainability and a sizable infrastructure backlog. These are challenges faced by many of the world's top tier cities, and ones that will become more acute as Sydney grows to a city of eight million people by 2056.

Cultivating an even more diverse and welcoming culture and enhancing our natural and designed spaces will be central to winning the race (all whilst tackling the barriers to the city's growth). In 2013, the Committee observed that although Sydney ranked strongly in surveys that had a focus on assessing the attractiveness of a city to global talent, it ranked lower in those surveys that identified how the city *shaped* global talent.²⁶ We need to consider questions such as whether moving to Sydney can help with your career? With an increasingly demanding and mobile pool of global talent being developed both here and abroad, and with competitor cities already enacting measures to entice that global talent, Sydney needs to improve on both these metrics if it is to avoid falling behind.

In short, Sydney is unable to stand still and must be active in the task of securing individuals which can help shape its future. Being recognised for lifestyle and our unique natural wonders is a vital part of the offer, but it may be insufficient in the absence of accompanying measures. Joining the top table requires a concerted effort on the part of decision makers in business, government and the wider community to acknowledge that global talent matters to the future prosperity and dynamism of Sydney.

Together we need to make Sydney and Australia a more attractive proposition for international workers. Addressing the concerns laid out in subsequent sections will go some way toward alleviating pressures that exist at the moment.

24 See Economist "The world's most liveable cities" available at <<https://www.economist.com/blogs/graphicdetail/2016/08/daily-chart-14>> and Mercers "Quality of Living City Ranking" available at <<https://mobilityexchange.mercer.com/Insights/quality-of-living-rankings>>.

25 See Committee for Sydney (2017) "*Joining the Top Table: Benchmarking Sydney's Performance 2017: Issues Paper*" available at <<http://www.sydney.org.au/wp-content/uploads/2015/10/CFS-Issues-Paper-16-Joining-the-Top-Table-July-2017.pdf>>.

26 See NSW Government and the Committee for Sydney (2013) "*Sydney as a Global Talent Hub: Data and Analysis Report*" at page 4.

EMERGING TALENT HUBS IN SYDNEY

WESTERN SYDNEY AIRPORT

Badgerys Creek will not just play host to a new airport for Western Sydney, but also a new \$50 million centre of excellence. Announced by the Prime Minister in May 2017 as part of the new high-tech precinct, the centre will be built by Northcorp Grumann. The US defence industry giant has committed to doubling its workforce and partnering with universities and key institutions to help train highly skilled technicians.

NSW Premier Gladys Berejiklian has emphasised the importance of the project to help attract more investment in the region, stating: *“Physically, it’s not often that a major city like Sydney, a global city, has a greenfields site where you can invite the world’s best to set up shop.”*

“We already have global brands in NSW from the United States, but the second Sydney airport gives us that opportunity to really increase the footprint.”

MACQUARIE PARK

Another region which is set for increased investment as the city grows is Macquarie Park. It is already home to over 400 businesses including Optus and NAB, as well as housing close to 50,000 workers. Macquarie University is building an even bigger campus there and earlier this year Stockland confirmed its vision for a new \$500m high-tech business centre in the area.

PARRAMATTA

Western Sydney’s population is expected to expand by 50% to three million residents over the next two decades. The completion of a new business centre has been crucial. The \$2 billion Parramatta Square project will attract new people to the area and help to retain some of the 200,000 people who currently commute from Parramatta to the Eastern CBD per day.

WESTMEAD

As one of the largest health precincts in the country, Westmead already provides health services to almost 10% of the population. The number of high value jobs in the area is expected to double over the next couple of decades. All efforts are to enhance the prospects for scientific discovery, innovation and commercialisation – the project will also connect with users already at Sydney Science Park.

More than \$3 billion has already been committed by government, universities and the private sector. By the time it’s completed, it’s expected to increase its high-value, knowledge-based jobs to more than 26,000 and student numbers to more than 10,000 by 2026.

The potential for the precinct is expected to see economic output to the tune of \$4.5 billion – with the new jobs created and the increased size of university campus.

WHAT ARE THE KEY CHALLENGES FOR SYDNEY?



“All technology products are made by people. Those people create new things – for the world and Australia. That innovation creates nearly all the new job growth in Australia. Yet our technology businesses are in a global war for talent and we’re losing the battle.”

Mike Cannon-Brookes, Co-Founder and Co-CEO, Atlassian

Despite the opportunities available, the Committee sees some risk in the environment and decisions being made which will impact the global perception of Sydney. We recognise that a new emphasis may be required when discussing global talent, both within Sydney and NSW.

Asked where Sydney compares “very well” or “well” relative to other cities, respondents ranked Sydney more positively in terms of lifestyle factors. Sydney was not perceived as offering as much in terms of work-related benefits than other countries.

WORK OPPORTUNITIES: HOW SYDNEY NEEDS TO IMPROVE ITS CAREER PROSPECTS AND GLOBAL INFLUENCE

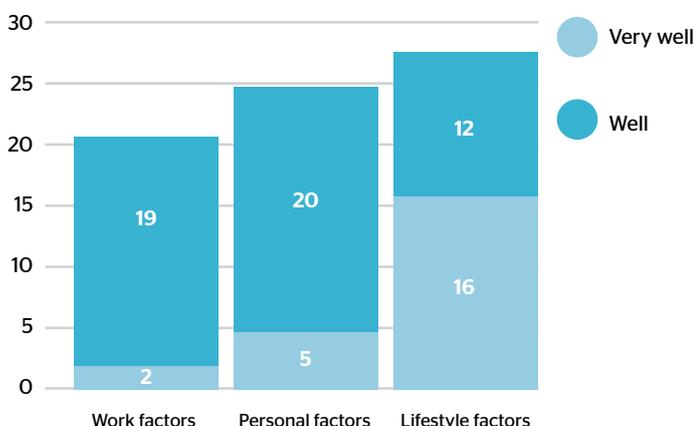
In 2013, the Committee for Sydney observed:

“There is a significant degree of consistency across the various global cities indices; London, New York and Paris were present in the top ten of all global indexes ... while Hong Kong, Singapore and Tokyo appear in the top 10 cities in five of the six indices ... The result for Sydney was more mixed; Sydney ranked more strongly in surveys that had a greater focus on assessing which cities were the most attractive to globally mobile talent, than those surveys which sought to identify the overall global influence of a city.”

As previously discussed, Sydney’s lifestyle and natural characteristics compare favourably but it has work to do when it comes to presenting a destination which will develop an individual’s work profile. This view is confirmed from the current survey when the Committee surveyed its members as part of this research. Respondents were asked to compare Sydney with the top five cities for global talent.

Figure 12 Sydney’s Position Compared to Other Top Cities in Attracting Global Talent.

How does Sydney compare to your top five cities for global talent?



Source: Deloitte Analysis

Table 6 Top Cities for Global Talent to Live and Work

Top cities for global talent to live and work (GTH Survey 2018)	Top cities for global talent to live and work (GTH Survey 2013)
Sydney	Sydney
London	London
New York	New York
Singapore	Melbourne
Hong Kong	Paris
Shanghai	Singapore
Tokyo	Hong Kong
San Francisco	San Francisco
Dubai	Tokyo
Berlin	Berlin

Source: Deloitte analysis

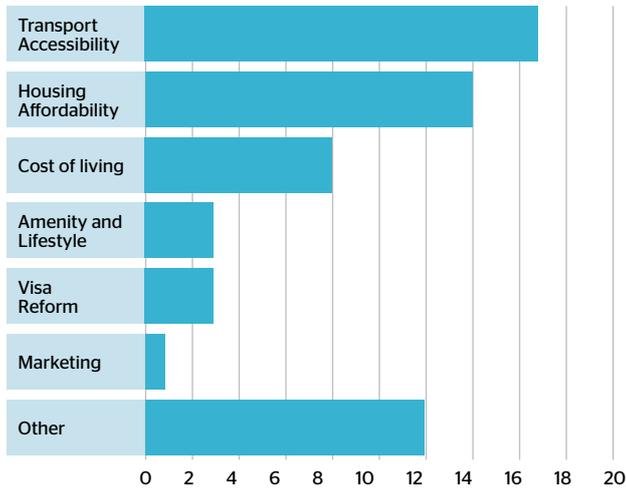
Consistent with the importance that those surveyed placed on lifestyle considerations, respondents nominated lifestyle related measures to improve Sydney’s attractiveness for incoming workers.

Nominating what interventions policy makers should make to improve Sydney’s offer to migrating talent, respondents nominated:

- Improving the accessibility of Sydney’s transport system;
- Improving Sydney’s housing affordability and cost of living, and;
- Improving Sydney’s amenity and lifestyle offerings.

Figure 13 Respondents' Beliefs on What Should be Improved in Sydney

What are two things you would change to make Sydney more attractive as a place for global talent to live and work?



Note. The 'Other' category included the following suggestions: tax rate/concessions, ability to find work for partner, more readily available support services for expatriates, better internet, more direct flights to other major cities, broader range of foreign organisations, decentralised job opportunities, affordable childcare.

Source: Deloitte analysis

Although resolving the challenges of Sydney's urban arrangements is necessary to attract more high-quality employees, a question remains as to whether it is sufficient. Other global cities are embarking on a number of programs and initiatives designed to compete on lifestyle and innovation. Many of these measures look to apply capabilities to resolve complex urban and societal challenges, such as urban congestion, sustainability and resource management. (See box).

Recommendation

- Sydney needs to be less introverted when it comes to success. Technology has made every business global and so local victories need to be viewed in context of the worldwide perspective. Partnerships with ASEAN Network and North American trade organisations are good, but the Committee believes there is more to learn from other countries about global success. Creative Queensland's introduction of the Hot DesQ programme should be looked at for inspiration. Short and medium-term initiatives which bring well connected individuals into the city should be investigated, together with consultations with businesses that have seen success on a global scale like Atlassian and Canva.

WHAT OTHER CITIES ARE DOING TO MAKE THEIR CITY ATTRACTIVE TO GLOBAL TALENT

Although well-known and internationally recognised cities, such as London and New York, are constantly working to improve their image to the world with investments in greening and culture and the development of unique urban precincts, a number of other cities are working aggressively to lift their offer to global talent.

For example, Singapore is attracting global talent under a theme of a city innovating under constraint. By working on the development of new models and programs to managing scarcity and constraint – such as for traffic and water efficiency – Singapore is drawing in talent in engineering, systems design and programming.

Other cities have adopted de-regulatory measures to invite dynamism and entrepreneurship. After years of decay post the GFC and the collapse of the car industry, Detroit is actively engaging in a path of red tape reduction and the offering of incentives for start-up enterprises in isolated and decrepit areas. Shinola, a leading brand of watches and luxury consumer goods now manufactures in downtown Detroit. And like Detroit, Houston has opted for the absence of zoning to remove the obstacles to development and re-generation and to invite enterprise into the city.

In Colombia, aggressive efforts to reduce crime has seen the city build infrastructure in challenging areas with a view to encouraging upward mobility and enterprise. And in Canada, cities such as Toronto are pioneering smart city technology and walkability.

Although undertaken for the purposes of urban improvement, these measures take on added benefits. Firstly, they compete in a key area of interest for global talent – lifestyle and amenity. Secondly, they demonstrate to global talent that decision makers are willing to take risks and they value dynamism and innovation. And finally, they are being developed on the basis of new ways of doing things, applying the best in technology and systems to deliver on societal challenges.

LIVEABILITY



COST OF LIVING: HOW MUCH IS TOO MUCH?

Sydney is often ranked as one of the most expensive cities in the world to live in. In particular, we have some of the highest real estate costs of any city in the world, with the average income to house price ratio of 12.9. To give context anything over 5.1 is considered by the annual Demographia International Housing Affordability Survey to be severely unaffordable.

To some degree, Sydney has become a victim of its own success. Like other attractive cities including Hong Kong, New York, Vancouver and London, Sydney appeals to residents and non-residents alike. Unfortunately, this has major economic implications. 2017 research from the Committee for Sydney noted that over over half of young Sydneysiders are considering fleeing the city in the next five years because of the high cost of buying or renting a home, long commute times and the city's lack of night life.²⁷

Making Sydney a more affordable city will require a multi-faceted policy approach. When thinking specifically about what can help with drawing in global talent in the short term, there are a couple of measures that may assist.

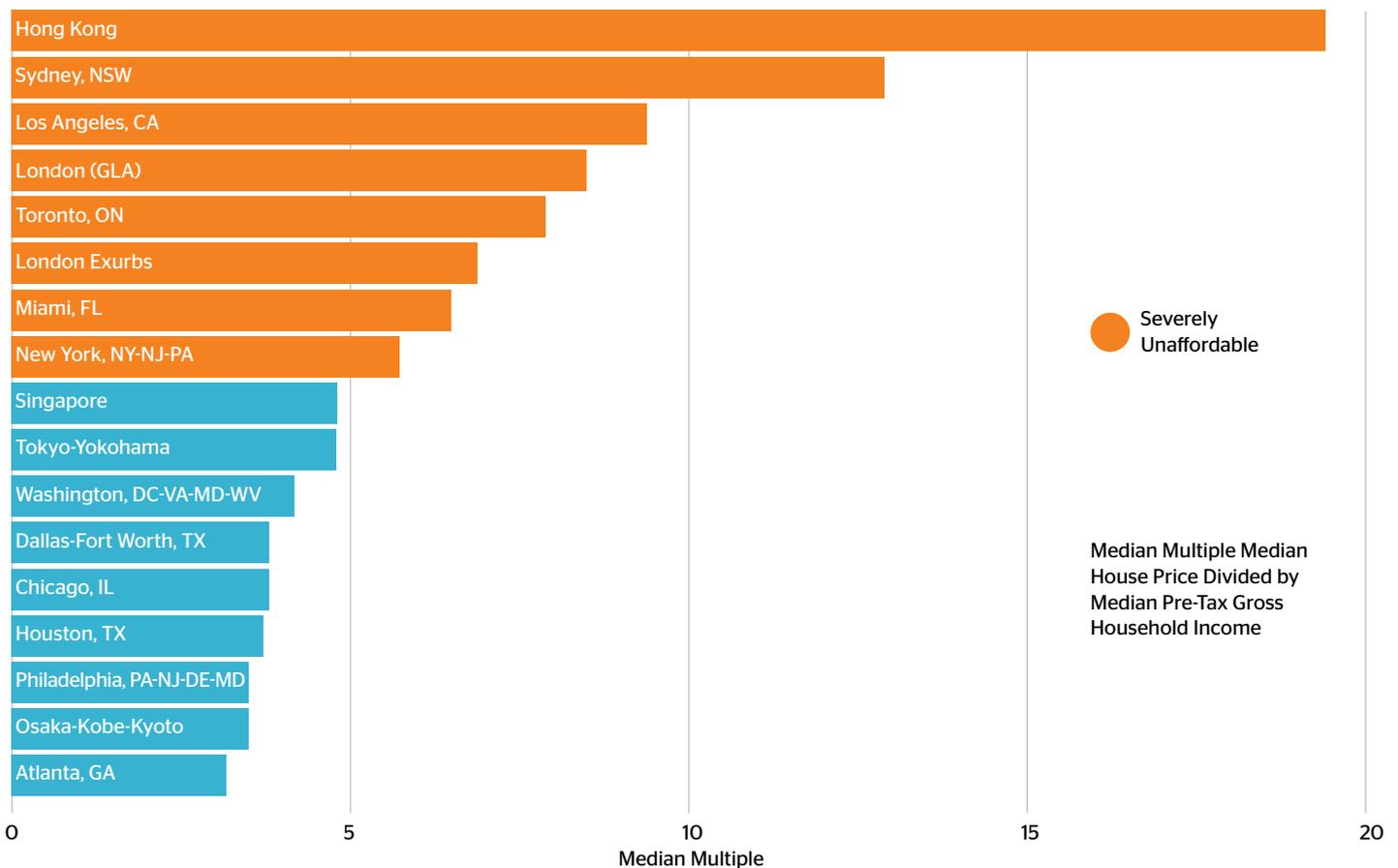
Recommendations

- A wider availability and range of rental accommodation options would assist global talent to make relocation decisions. Well-connected and located housing, especially for families, will encourage later-life-stage global talent workers to come to Sydney.
- Broader affordable housing measures, while not directly targeting global talent, are required to boost the availability of talent in Sydney.
- We should review the costs of school education for global talent workers arriving on a temporary basis and wishing to place their children in public schooling.

²⁷ Young Sydneysiders being forced out of city by housing costs and commutes, *Daily Telegraph*, 27 June 2017.

Figure 14 Housing Affordability: Very Large Markets

2017: Population over 5,000,000



Source: 14th Annual Demographic International Housing Affordability Survey

CULTURAL DIVERSITY

The lack of cultural diversity within senior roles in Sydney (and Australia) across the public and private sectors does not reflect the deeply multi-cultural and diverse nature of Sydney. The Committee recently published *Leading for Change: A Blueprint for Cultural Diversity and Inclusive Leadership* identified this as a priority area for change. A more diverse leadership pool will send the right signals to a more diverse pool of talent, both with regards to attracting that talent and encouraging it to stay.

Recommendation

- We encourage the NSW Government to take a lead in this area by collecting meaningful data on cultural diversity and considering the introduction of targets to add accountability for cultural diversity. Demonstrating that organisations reflect diversity will, we believe, encourage talent from across the world, particularly Asia, to live and work in Sydney.

24-HOUR ECONOMY

Sydney is a great place to live and visit but the Committee believes that more could be done to maximise the social, cultural and economic potential of the city at night. These are key aspects in encouraging talented, particularly young, global talent to live and work in Sydney.

Our 2018 report, *Sydney as a 24-Hour City*, shows that people want and need to use the city and its services at night. For some the night is when they work, shop or attend classes. For others, it is a time for entertainment, going out and enjoying the life of the city. It is a time when people want to be about and move around the city. Our research also shows how people of different backgrounds and ages want different things from the city at different times of the evening and night. Meeting their needs represents a significant opportunity for Sydney.

We need a multi-disciplinary approach that answers questions about culture, transport, design, policing and community involvement.

Recommendations

In “*Sydney as a 24-hour City*”²⁸ The Committee for Sydney sets out in clear terms the measures that can enhance Sydney’s lifestyle presentation to the world. Among the specific measures mentioned in the report, several would strengthen Sydney’s identity and attraction to global talent. These include for example:

- NSW Government to drive a 24-hour economy strategy;
- Consideration of designated, planned night-time precincts;
- Expanding additional public transport for night-time entertainment precincts;
- Councils piloting ‘Night-time Business Improvement Districts’;
- Enhanced marketing for night-time activities across Greater Sydney;
- The introduction of a coordinating figure to bring together different agencies and actors in the night-time economy.

TRANSPORT INFRASTRUCTURE

The Committee recognises the substantial investment being made by NSW Government in the transport infrastructure, particularly public transport, across Greater Sydney.

NSW is also the nation’s infrastructure capital, with an expected \$87.2 billion in infrastructure committed in the next four years.²⁹ Sydney leads the way in infrastructure spending with a range of large scale projects including the North West Rail Link, Westconnex, Metro rail and light rail in the CBD and Parramatta. The completion of Sydney Metro and the CBD and Eastern Suburbs Light Rail will create much needed extra capacity and connectivity across Sydney’s transport network.

A key issue while Sydney moves to complete these additional transit offerings is managing the perception internationally that Sydney is beset by access issues. Similarly, our transport network must better connect the assets that international observers value to where Sydneysiders live – overwhelmingly our international brand is focussed on our Eastern City, which must be accessible to the millions of residents to live to the West, South and North of this area.

28 See Committee for Sydney (March 2018) “Sydney as a 24-hour City” available at <http://www.sydney.org.au/wp-content/uploads/2015/10/CFS_Sydney-24hr-City_SINGLES_WEB_V11.pdf>.

29 See NSW Government Infrastructure Statement (2018-19) available at <https://www.budget.nsw.gov.au/sites/default/files/budget-2018-06/Budget_Paper_2-Infrastructure%20Statement-Budget_201819.pdf>

SYDNEY AS A GLOBAL HQ

NSW is home to the headquarters of 62% of the financial services companies, 56% of the professional, scientific and technical services companies, and 73% of the media and telecommunication businesses listed in Australia’s top 500.

Sydney is currently home to 75 global company headquarters, making it the 14th largest city for global HQs in the world. However, the number is dwarfed by Tokyo (613), New York (217) and London (193).

Recommendation

- We urge the NSW Government to adopt the target of increasing the number of global HQs in Sydney to 100 by 2022.

ENHANCING THE MARKETING OF SYDNEY

While the results show that Sydney is tracking well, business representatives surveyed as part of this project suggest that, arguably, Sydney may have lost in its way in the race for international talent. Although in the past decade Sydney has performed well (as confirmed by the evidence) a widely held view from stakeholders is that contemporaneously Sydney risks faring less strongly. A decline in performance, or continued attraction of global talent may be likely in the short term.

It’s the responsibility of policy makers to counter any stories which could be negatively perceived by international professionals. What are the reasons for living here beyond lifestyle? And will a move hurt my professional career?

The marketing of Sydney as a global destination falls on a number of departments including NSW Government, Destination NSW, Business Events Sydney and individual councils. Whilst these agencies individually perform a significant role in promoting the city, the Committee would like to see a more central role for NSW Government in promoting Sydney as a key global business destination.

Recommendation

- Sydney needs a coherent brand that recognises the diversity of our city, but that also encourages international engagement with Sydney in a diversity of ways. This means a brand that attracts tourists, but also encourages new residents, potential investors and businesses to come to Sydney.

VISAS



One policy area of significant context is the link between global talent and immigration policy set by the Federal Government.

In the words of the Productivity Commission, “immigration is a defining feature of Australia’s economic and social life”, but it is also an area that invokes substantial public and political debate, both in NSW and across Australia. The purpose of this report is not to critique Australia’s immigration policy, though we recognise that areas of the national policy approach naturally blend into the debate around global talent.

One particularly important reform at a national level has been the Federal Government’s decision to abolish the Temporary Work (Skilled) visa (subclass 457 visa) and replace it with the new Temporary Skill Shortage (TSS) visa in March 2018.

The impact of the changes was felt almost immediately in many areas of the economy, particularly in the technology sector, where in the second half of 2017 the number of visas awarded to analyst programmers were cut by 50%, developer programmers by 31% and software engineers by 10%.³⁰

OPEN DIALOGUE WITH BUSINESS NEEDED

Two important developments have taken place since the original announcement in April 2017. Firstly, the Committee welcomes detailed consultation between the Federal Government and the business sector on the proposed changes. That has led to changes in some of the visa categories. Building upon this understanding, the Committee recommends that in the future such mutually beneficial consultation should take place prior to policy announcements being made, rather than in the aftermath.

Secondly, the Federal Government has announced a new visa to attract highly skilled global talent.³¹ This visa, which came into place from July 1, 2018, was introduced by the Government to help with “fierce competition globally for high-tech skills and talent and attracting people to transfer skills to Australian workers and grow Australian-based businesses”. The Committee supports the introduction of the new visa and its associated language promoting the mutual benefits of attracting global talent. We also note that the reforms have been well received in many sectors, including Sydney’s tech sector.³²

31 See the Hon. Alan Tudge MP (19 March 2018) “Joint media release with the Hon. Michaelia Cash – New visa scheme to attract highly skilled global talent” available at <<http://minister.homeaffairs.gov.au/alantudge/Pages/new-visa-scheme-skilled-global-talent.aspx>>.

32 See Senate Select Committee on the *Future of Work and Workers* and Mr M Cannon- Brookes (14 March, 2018) “Future of Work in Australia senate hearing speech” available at <<https://www.atlassian.com/blog/announcements/address-at-senate-committee-hearing>>.

30 Global talent scheme a win for tech, *The Australian*, 27 March 2018.

The Federal Government has also consulted extensively with a wide range of business stakeholders on the details of the visa reforms. Based on feedback from a number of respondents, including the Committee for Sydney, we are pleased that the Government has amended the salary level 'cap' from \$180,000 to \$145,000. A higher cap had the potential to exclude talent from sectors where average salaries are potentially lower. We are therefore pleased with the amendment, but also urge the Federal Government to consider greater flexibility for salary levels in the future, including the use of sector-specific caps.

Sydney is at best when it is open to the world, diverse in its culture and open to innovation and progress. As Mike Cannon-Brookes from Atlassian – a great Sydney success story – argued before the Senate's 'Future of work and workers' Committee, *"technological change has been a constant throughout the history of industrial civilisation... We must approach this future with empathy and planning – not denial and hope. As I love to say at work – "Hope is not a tactic".*³³

To heed Mr Cannon-Brookes' advice, the challenge for Sydney remains to look beyond hope and to work on the things that allow Sydney to respond to the challenge of attracting global talent with vigour. To do so requires evidence and the purposeful steps to improvement. This report is a contribution to that conversation.

REFLECTIONS ON THE GLOBAL TALENT VISA

In March 2018 the Commonwealth Government announced a new visa pilot scheme to attract skilled global talent and innovation to Australia. The pilot scheme was introduced following business community concern over the impacts of the changes to skilled migrant visa arrangements and in particular, the abolition of Temporary Work (Skilled) visa (i.e. 457) and its replacement with the Temporary Skill Shortage (TSS) visa.

At the time of writing, the Commonwealth is consulting the business community on the structure of the pilot scheme. The arrangements proposed by the Commonwealth for entry under the scheme include:

- Criteria for both established businesses with turnover of at least \$4 million per annum and a start-up stream operating in STEM related fields such as digital, biomedical, ag tech etc.
- For established businesses an entry wage stream of no less than \$145,000 (initially \$180,000) per annum and for the start-up stream, at market rates (including equity).
- Up to 20 positions per year for established businesses and five per year for start-ups.

During the course of the report, stakeholders raised the concern that the high entry wage for global talent under the proposed visa may act as a barrier. Stakeholders in the arts and cultural industries, in particular, identified that due to funding and resourcing constraints, the ability to offer higher rates of pay may preclude them from accessing the global talent scheme. We are pleased that the Commonwealth Government has responded to sectoral feedback and lowered the entry wage stream level.

Stakeholders also raised examples of impediments faced by highly skilled workers currently working in Australia. Concerns were raised around the practical transfer of superannuation balances, the additional costs incurred in health and schooling for those on temporary visas and the challenges and barriers to securing permanent residency after a period of temporary work. In the case of the latter, stakeholders were mindful that other jurisdictions were more flexible in their pathways to residency, and that in order to compete internationally, Australia may need to support smoother transitions.

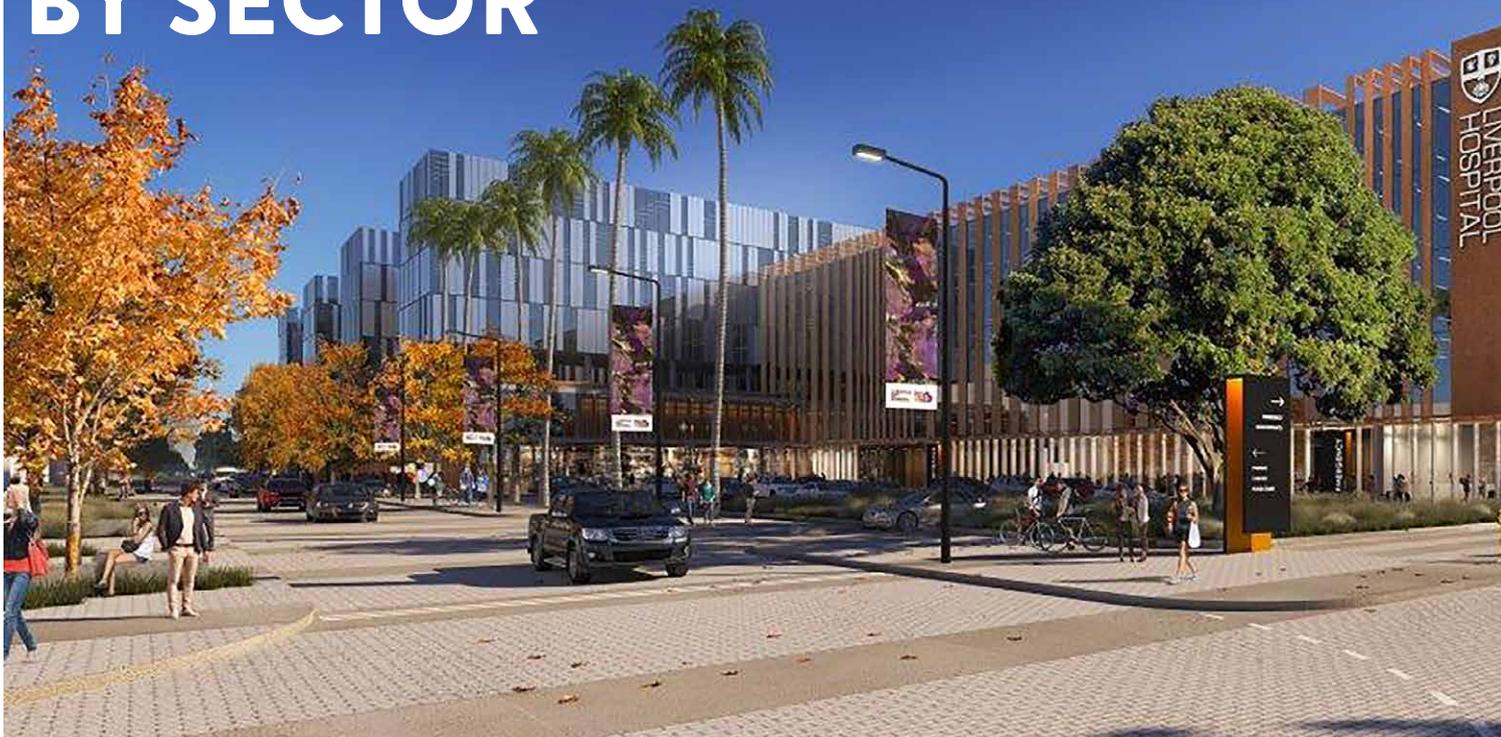
Although the establishment of the Global Talent Visa has been welcomed by the business community, stakeholders urged some additional flexibility in the arrangement. Stakeholders identified that carve outs may be required depending on the industry or alternatively, that entry wage thresholds be "less one size fits all" and a function of the industry proposed. Alternatively, stakeholders suggested consideration be given to replacing the wage test with an experience/seniority test or some other forms of skill assessment.

Recommendations

- There are two components of the new visa where the Committee urges ongoing evaluation. These relate to directives that companies applying for the new visa must demonstrate that they prioritise the employment of Australians and that there will be skills transfer to Australian workers as a result of the person being granted a visa. Whilst the Committee supports both principles in practice, there is the potential for both regulations to be difficult to quantify, with a risk of the arrangements becoming bureaucratically burdensome for companies. We urge the emerging industry advisory group which will monitor the new visa's impact to continuously review the impact of both regulations.
- We also note that the visa has only been introduced as a pilot scheme for twelve months and are keen that, depending on the results of the pilot, certainty around the long-term future of the visa is resolved swiftly. As part of reviewing the Global Talent Visa scheme, the Federal Government should assess the merits of flexible wage thresholds in separate industries and sectors.

33 Mr M Cannon-Brookes (14 March, 2018) *op cit*.

CHALLENGES BY SECTOR



CONSTRUCTION AND ENGINEERING

Sydney is in the midst of an infrastructure boom, leading the nation with ground-breaking investments. The scale of Sydney's undertaking is without precedent and includes investments in road and rail (North West Rail Link, Sydney Metros, Westconnex and Northconnex); Light Rail (CBD and Parramatta); housing (North Parramatta, Macquarie Park and Waterloo) and health (Westmead, Campbelltown and Nepean hospitals). These investments are complemented by the Commonwealth Government's commitment to build Sydney's second airport and the accompanying infrastructure attached to the airport and Western Sydney City Deal.

The scale of the infrastructure task is expected to see the construction, engineering and design sector call on scarce resources and suffer skills shortages. Engineers Australia, has observed that on average, Australia produces around 9500 engineers per year notwithstanding a requirement of between 13,000 to 25,000 annually. The pressures on the sector are expected to be magnified in the face of Sydney's infrastructure boom.

Enhancing access to global talent, and in particular the right technical and strategic skills, will be crucial to ensuring that projects are delivered on time and on budget. Moreover, as infrastructure skills become more exacting, especially as they move towards a smart city framework, the specialist skills needed in engineering and technology will become more acute. Given that the nature of these skills makes their holders highly competitive (and in turn mobile), Sydney will be required to take action to ensure access to such key personnel.

Recommendations

- NSW Government should conduct research into the motivations behind a construction and engineer's choice to relocate internationally – the findings of which should be executed as soon as possible to ensure that the city has the best teams in place who will lay the foundations and be responsible for quickening the time which transport and urban development can become more of a draw to other sectors within global talent. This should be viewed as a priority concern for Sydney's decision makers.
- Getting the right talent at the right time is crucial to delivering on the NSW Government's pipeline of infrastructure. Long-term planning for matching talent to this pipeline is required to ensure funding can be invested at the right time.



TECHNOLOGY AND IT

ACS, the peak industry association for Australia's ICT professionals has stated that there is a skills shortage in Australia's technology sector. The issue is particularly acute in Sydney, the country's hub for tech and IT.

Whilst the Global Talent Scheme visa may alleviate short-term problems, greater vigilance is also required. For example, companies like Atlassian have suggested that they might have to move their Sydney headquarters offshore in order to keep up with their demand for overseas talent. Allowing for flexibility and a reduction in the costs of attracting global talent will be fundamental in ensuring that home grown firms such as Atlassian enjoy the capability to expand globally without the need to go offshore.

Recommendations

- Australia's tech sector doesn't just need global talent to help provide the wider benefits highly educated and experienced individuals bring. The whole education system needs to prepare our next generation for a workforce which will constantly need to upskill. Foundation topics in the ICT sector need to come as standard for any child. All future business will be digitally focussed and so too must our education system transition with those needs. Better advice needs to be available for school leavers about the options they have

for the career path they choose to follow – be that an apprenticeship, further education or heading straight into the workforce.

- At present Australia doesn't track the skills/professions which are in most demand nationally. The Committee recommends the introduction of an annual report which identifies the current and future gaps within the workforce. Our education system must be agile enough to allow for the larger trends across industry. Learning from the Industry 4.0 Taskforce, the government needs to set out clearly how Australia can better prepare our children for the very different world of work which waits in store for them.

AEROSPACE AND DEFENCE

The once-in-a-generation opportunity provided by the construction of Sydney's second airport at Badgerys Creek and the surrounding industrial and commercial development that will accompany the airport will be underpinned by securing the human resources to support the project. As the Western Sydney City Deal outlines, the future success of the airport will depend on a skilled workforce, matched to the current and future needs of the airports industries. The creation of the Aerospace Institute in the airport precinct will include world class science, technology and engineering facilities – requiring the personnel to deliver its ambitious program.

Recommendation

- NSW Government should maximise the potential of visiting specialists during the development of the Aerospace precinct through engaging with young people currently in training and education.

ARTS AND CULTURE

Sydney enjoys a reputation for being home to national significant arts companies including Opera Australia, the Australian Chamber Orchestra, Bangarra Dance Company and the Sydney Theatre Company. According to Create NSW, over 1.3 million people in NSW attend performances with over \$11 billion spent. Create NSW also report that around 60% of Australians employed in screen production are based in NSW.

The significance of engaging in global partnerships is evidenced in Create NSW's strategic plan to support international partnerships, exchanges and tours; and to enhance NSW cultural exports. Ensuring access to global talent and supporting visiting artists is integral to the success of this undertaking.

Recommendations

- To attract the best arts and cultures talent, it's vital that Sydney itself have a healthy 24-hour economy. The changes needed to the 24-hour economy, as previously outlined, will improve the current situation. The introduction of a coordinating figure will help, especially one which has experience in the arts and culture sectors.

Sydney performs well when it is competitive and globally engaged. Although Sydney enjoys unique environmental and lifestyle qualities, these comparative advantages can be built upon by actions from decision makers that leverage their potential.

EDUCATION

Sydney leads Australia in the number of international students studying in Australia. Over two hundred thousand students come to Sydney to either undertake university or vocational education courses, adding some \$11.3 billion to the local economy.

Although anecdotal evidence suggests that international students face challenges in terms of work and industrial relations, the overwhelming response from the cohort is that they find Sydney a safe and welcoming city and would recommend it to their peers and family.

The international comparative advantage that Sydney has with international students presents a unique opportunity to attract the best and brightest after they have completed their local studies. After enjoying the benefits that Sydney has to offer and having immersed themselves in the local community and culture, international students offer the most immediate opportunity to secure global talent.

To ensure that Sydney remains attractive to international students post their studies, efforts will need to be made to ensure that Sydney remains vibrant and dynamic to the cohort. Further, given that the bulk of international students are from Asia, ensuring that businesses embrace diversity in their management ranks will also be fundamental in retaining students looking to develop their career paths post their completed studies.



CONCLUSION

This report contains two stories. On the one hand, Sydney has an enviable story to tell as a hub for global talent. On the other, the pace of change occurring in the city necessitates it to be more open to talent than less. In a global environment where some countries are raising protective barriers to skilled migrants, others are marketing themselves aggressively to the best and brightest. Within this context, Sydney and Australia must remain an open and welcoming place to talent.

Sydney's future growth and prosperity relies heavily on the continued success of its professional and business services sectors, as well as new emerging tech sectors and other mainstays of the economy like construction, advanced manufacturing and engineering. The ability to tap into a pool of expertise from across the world is vital to all of these industries. To cut off the supply would risk Sydney and NSW going backwards.

This is particularly true for Western Sydney. The NSW Government, in partnership with the Greater Sydney Commission and local councils, have developed a strategic plan to transform the Central and Western Parkland cities into high-skilled, multi-industry precincts. Securing the right talent to build, live and work in these precincts will be crucial to their success. We have already seen the private sector and universities invest in their potential; it would be a tragedy if projects were compromised by the lack of available talent.

NSW's journey from the worst performing state economy in the country, to now being the economic powerhouse of the nation, has coincided with a growth of global talent working in our state. This is not a coincidence. Global talent has not only filled gaps in skills, it has also helped to improve overall levels of skills in sectors across the state. The impact has largely been 'win-win'.

However, the Committee recognises that there is more to be done to promote the benefits of global talent. A perception remains in parts of the public debate that a role taken by an overseas worker is one taken away from an Australian employee. This report attempts to demonstrate that a system that encourages global talent, underpinned by a fair but rigorous visa structure, both creates jobs, improves wage growth and broadens the skills base. There is more we could do to make Sydney an attractive place to live and work, but we should also celebrate the fact that so many highly-skilled and talented people want to come to our city. Closing the door to them would help nobody.



The Committee for
Sydney

“I commend the
Committee on the
role they are playing
in intellectual thought
leadership for Sydney.”

THE HON. GLADYS BEREJIKLIAN MP
PREMIER OF NSW

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