

Broome Chamber of Commerce & Industry
submission to
The Senate Legal and Constitutional Affairs Committee

on

**The Framework and operation of Subclass 457 Visas, Enterprise Migration Agreements
and Regional Migration Agreements**

Contact

Broome Chamber of Commerce & Industry

PO Box 1307

Broome WA 6725



INTRODUCTION

The Broome Chamber of Commerce & Industry represents almost 300 businesses in Broome who cover a range of industry sectors. Most of these businesses are small to medium size with the majority employing less than 20 employees. The skill range for these businesses is diverse.

Broome has been a town supported initially by the pastoral industry then pearling/aquaculture. From the early 1980's Broome transitioned to become a town heavily reliant on tourism and hospitality and more recently government services have played an increasing role. Broome is also a health services provider hub for the surrounding Kimberley region and its mainly indigenous population

Broome has demonstrated the capacity to reinvent itself and transition into new economic and social modes of being. But these transitions require specialised skills, not all of which are readily available in the local labour market. Attracting workers from other parts of Australia is a constant battle, particularly those with skills that enable them to be employed in their home location, and those wishing to build their careers through experiences not necessarily available in smaller remote towns.

Many of the workers in these industries have been 457 visa holders. The original pearling industry in Broome was based on workers from overseas. Some subsequently settled here and helped create the multicultural Broome of today, the Broome we love. Without the input of these workers and their specialised knowledge Broome's highly successful pearling industry would not have off the ground. This industry is now an integral part of Broome's economy providing employment and generating income for over 100 years and literally establishing Broome. Our reliance on these workers was so significant the Broome was excluded from the white Australia Policy; a fact locals are very proud of and continue to celebrate through sister city relationships.

More recently the health sector utilises workers from around Australia supplemented by 457 visa holders. Broome is a base for health workers to outlying communities who rely on the services these workers provide and without which the gap in life spans between indigenous and non indigenous people would widen. Many businesses have also traditionally relied on 457 visa holders for high level technical expertise, maintenance and some levels of management. Broome is use to and has welcomed these workers across a range of industries and in a variety of guises. We do not have the capacity or facilities to train these workers locally

As Broome moves to become a hub for regional mining activity access to 457 Visa holders will become increasingly important for employers. Currently 17% of jobs are filled by non locals, predominately FIFO/DIDO workers. Every effort is made to attract workers either to live in Broome or commute for work. Over 33% of our population has moved here in the last 5 years. However these efforts as significant as they are cannot meet all of the local demand Broome and the Kimberley will continue to need skilled immigrants for our local economy to prosper.

FUTURE GROWTH

Recent demographic forecasting by the WA Government suggests that Broome will continue to grow at some 4.6% per annum. There is evidence that these forecasts are realistic as Broome is going through further transformation with investment in light industry, technology, transport, hospitality, education and government services. Job growth is at 18% over the last 5 years significantly higher than the national average of 6% to 7%

Our starting point has always been that priority for employment be given to Australian workers. Businesses overwhelmingly prefer to hire Australians first, because it is cheaper and faster to fill skills requirements from the local workforce. But the simple reality is that in relatively remote locations, there is not the supply of skilled labour to meet employment demand. These pressures will increase as our population grows until a critical size is reached where we can support the breath of training necessary at a local level.

Temporary skilled migration works well to enable skills shortages to be filled by foreign workers. It enables investments in projects, economic expansion and basic service provision to proceed. It brings skills and knowledge into our community that boosts innovation, grows national income and in turn creates high-value job opportunities for Australians. It is an integral component of broader population policies as it establishes a pathway to permanent residence that works extremely well for both the Kimberley and the individual migrant.

RESPONSE TO SPECIFIED MATTERS

- (a) Their effectiveness in filling areas of identified skill shortages and the extent to which they may result in a decline in Australia's national training effort.

Broome is over 2,000km from its state capital the nearest centre offering a full range of tertiary training opportunities. Until recently most young people were sent down south for the high school education, most did not return and so the skills drain has historically been significant. Happily this situation is beginning to change as we now have excellent high schools. However our University only provides courses in nursing and indigenous studies. Our need for University qualified staff from; engineers, accountants, dental nurses vets, doctors, social workers psychologists to name but a few is significant but unable to be met by local training effort.

An imposition on small local employers to invest set amounts in training is simply unattainable in any meaningful way for many employers. For example a much needed dentist/doctor/vet comes to Broome sets up practice with their partner undertaking reception, administration duties and has a need for a nurse. How and on what can such a business invest the required amount in training? The nearest appropriate training facility is over 2,000 km away.

Similarly for businesses seeking managers the four year experience requirement makes it unlikely that we would be able to attract a qualified person. After 4 years experience in their home location they are will have an established career path and be unlikely to relocate to Broome which can offer only limited further career prospects but we have no significant formal management training available.

Whilst local employers are generally keen to take on apprentices the lack of locally available training for many occupations combined with the lack of suitable accommodation at distant training facilities makes this very difficult. If this is a serious government concern then significant investment in remote area training is needed. Including ensuring the full range of training options to meet local need is available. At a minimum a significant increase is needed on the \$30 a day apprentices and trainees are paid to feed and accommodate themselves whilst on training in Perth. Employers and families are providing substantial subsidies to their apprentices to allow them access to training capital city residents take for granted.

- (b) The accessibility and the criteria against which applications are assessed and whether stringent labour market testing can or should be applied to the process.

The inquiry should not recommend additional training, reporting or other burdens on employers. Adding further tests, such as labour market testing, will only add cost and complexity for no demonstrable benefit. For remote areas it is impractical to conduct significant labour market testing in other undefined areas and any such requirement would only serve to lengthen the process. It is an onerous requirement that provides no demonstrated practical benefit

The cost premiums associated with hiring overseas workers mean it is in an employer's commercial interest to have already assessed whether there might be Australian workers available to fill the roles. The rules of the scheme already disallow the use 457 visas to undercut Australian wages and conditions.

Employers in Broome already offer significant above award wages to attract and retain staff but in many cases are still unable to lure Australian workers away from the capital cities. In the Kimberley there are on average 4 applicants for each advertised position of which 2 are rated suitable, the national average is 8 applicants. The top reason for difficulty in attracting staff is location followed by the tight labour market, according to a recent DEEWR survey, there is no need for further labour market testing

The 457 visa scheme is also hugely important to the success of the permanent migration program as it allows Australia to recruit highly credentialed specialists to go on to become permanent citizens and share their knowledge and culture with our local community.

We agree the integrity of the 457 visa scheme is important for its longevity. Enforcement is a necessary part of that. If there are individual visa holders or employers not complying with the legislation the government should deal with those cases directly. There is no evidence of employers in Broome or similar locations abusing the system. We argue that there is no reason to 'tighten' the system and impose additional burdens on remote communities.

(c) The process of listing occupations on the Consolidated Sponsored Occupations List

The listing of occupations does not take adequate cognisance of regional labour markets and a realistic assessment of their ability to attract workers from other parts of Australia. Whilst there may be no shortage of qualified workers in some occupations in capital cities, there is no guarantee these workers will move to fill positions in remote areas. The shortage of rural doctors is testament to this.

The list should not be applied to remote areas where shortages exist, particularly areas recognized as difficult to staff through the application of zone tax rebates.

(d) While steps have been taken to speed up processing times, the inquiry should identify ways to make it even more flexible and less costly for employers who already incur additional recruitment, training, relocation and other on-costs when hiring workers from overseas to fill skills gaps.

Making sure the system is flexible and low-cost to employers is important given that employers already incur higher costs when employing a foreign worker compared to local workers.

In making the decision that a skills shortage can only be met by hiring a 457 visa holder, business needs to factor in additional costs arising from:

- Funding assistance to help with relocation and repatriation – these costs vary, but are generally higher for professionals
- on-costs associated with worker top-up training, providing health insurance cover, funding and/or subsidising visa and residency applications
- Program compliance costs, e.g. demonstrating payment at the market rate, demonstrating that training requirements are being met, monitoring and reporting obligations.

We urge the inquiry to identify areas of reform that reduce 457 visa application processing times, and regulatory and compliance costs on business.

Undue costs and delays in the temporary migration scheme detract from economic growth, it is ultimately a cost borne by the community who miss out on essential services and by domestic employees who miss out on the business activities and other benefits generated by skilled migrants.

CONCLUSION

It is our contention that in some forums all areas of Australia are being tarred with the same brush. There is no evidence of 'rotting' by local employers and we should not be subject to harsher

restrictions rather given the freedom and assistance necessary to grow our local economy for the benefit of our community, region and country.

Maryanne Petersen

Executive Officer

Broome Chamber of Commerce & Industry

April 2013