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Ms Julie Dennett
Committee Secretary
Senate Legal and Constitutional Affairs Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Via email: legcon.sen@aph.gov.au

Re: Framework and operation of subclass 457 visas, Enterprise Migration Agreements and Regional Migration Agreements.

Dear Ms Dennett

This submission has been prepared for the consideration of the Senate Legal and Constitutional Affairs Committee by the Australian Motor Industry Federation (AMIF). AMIF is a federation of the various state and territory motor trades associations and automobile chambers of commerce. Through its Member Bodies, AMIF represents the interests of over 100,000 retail motor trades businesses employing over 308,000 people. Those businesses have an aggregated annual turnover typically in excess of \$162 billion, which, in combination with the industry's scope and size, makes the retail motor trades the largest small business sector of the Australian economy.

The retail motor traders represented by AMIF can be found throughout more than 35 distinct trade-based sectors. Those sectors cover all aspects of the motor vehicle's presence within Australian society, from the sale of new vehicles, to that vehicle's servicing, maintenance and repair, its tyre, fuel and lubricant needs, its repair following collisions, and so on, right through to, and including, its decommissioning at its end of life.

AMIF Position

AMIF supports the current operation of the subclass 457 visa program. It is one of the few avenues available to the Australian automotive industry to access skilled workers, when traditional local avenues are exhausted. AMIF does not support any suggestion that the current system should be capped or altered and has no evidence the program is being 'rorted' in the Australian automotive industry. AMIF also calls on government to intensify its efforts to support skills development and training in this industry.

Discussion

Issues surrounding the operation of subclass 457 visas in the Australian labour market are of considerable interest to AMIF, just as they were to its predecessor organisation in the form of the Motor Trades Association of Australia (MTAA). Senators will likely be aware of the skills shortages that exist within the retail motor trades and of the extent and depth of those shortages. Given that there are skills sets that can be shared across industries (diesel fitters, for instance, are in shortage in both the retail motor trades and the resources sector), some are in critically short supply.

To illustrate the extent of those skills shortages, reference is made to Auto Skills Australia's (ASA) *Automotive Environmental Scan 2013*¹. Of 700 businesses across all sectors of the automotive industry surveyed by ASA during October / November 2012, 50 per cent reported that they were affected by shortages of skilled labour. More than 92 per cent of those affected expected this situation to persist for over 12 months. Of the 50 per cent of respondents not affected by skills shortages, 56.5 percent anticipate experiencing skills shortages over the next 12 months². Modelling of skills shortages undertaken by ASA indicates a shortage of approximately 19,000 motor mechanics during 2012-13. This represents an increase of around 3000 persons from 2011 – 12 levels³. Indeed the predicted shortfall of 13,000 positions made in the organisations 2012 scan was more than realised when compared to Australian Bureau of Statistics figures.

The situation of skills shortages within the retail motor trades is, though, not an entirely recent development. Rather, it is one that has existed for near on a decade. But, it is reasonable to suggest that those shortages have been felt more keenly by the industry in recent years. And it has been for around a similar time that holders of subclass 457 visas – particularly in recent years -- have been filling areas of skill gap within the retail motor trades while, it must be said, also making a valued contribution to overall skills development in the majority of situations.

It would be AMIF's contention, therefore, that far from occasioning a decline in Australia's national training effort within the retail motor trades, holders of subclass 457 visas have assisted in maintaining, or even adding to, that effort.

Any suggestion that the operation of the subclass 457 visa program has a deleterious effect on apprenticeship commencements within the motor trades is also misguided. While AMIF acknowledges there are significant difficulties in attracting secondary and tertiary educated young people to automotive trades, this is a reflection of many changing attributes of current generations and their aspirations, rather than the impact of the subclass 457 visa program. AMIF would suggest to the Committee that the issue for the industry is not so much that of apprenticeship commencements (though this is an issue of significance and concern to it), but one more of apprenticeship completions.

AMIF is of the opinion that the subclass 457 visa program is a highly effective and almost only source of identifying alternative skilled workers when traditional domestic avenues are exhausted. While it maybe true that the mining and resources industry has not in itself been a high user of 457 visas, the industry has been extremely attractive to skilled Australian workers across many sectors and it is the void this workforce transfer creates, which is contributing to shortages in the automotive industry, both in actual occupations, but also as a result of individuals changing occupation.

¹ See: <http://www.autoskillsaustralia.com.au/wp-content/uploads/2013/03/E-scan-2013.pdf> Accessed 24 April 2013; 1308 hrs.

² Ibid. Page 9

³ Ibid. Page 10.

There is a shortage of 19,000 automotive mechanics, today. This is a shortage of skilled people, not people entering the workforce, or in training, and reflects an aging industry demographic, business closures and increasing reliance and use of motor vehicles by the Australian population. For those remaining in business it is translating to longer hours, longer years in the workforce and longer waiting periods and potentially, in time, less choice for Australian consumers in terms of retail, service, repair and recycling services.

There is no evidence that the subclass 457 visa program has had any impact in the attraction and retention of people to the automotive trades or to the workforce decisions of employers. AMIF's constituents are largely small businesses who in making the decision to access skilled workers through the 457 visa program, have already invested considerably in scarce time and resource. It is often not the first course of action, but a last resort and when all other avenues of seeking the skills and experience necessary to maintain an operation have been exhausted. The rigour surrounding the existing program some businesses would regard as too onerous and resource consuming.

AMIF is satisfied with the process of listing and monitoring occupations on the Consolidated Sponsored Occupations List and the adequacy of departmental oversight. AMIF annually, and sometimes more frequently, has had to make representations and justify those representations for the maintenance of some occupations. Departmental access to wide sources of data and statistical information as well as its own enforcement capabilities are considered adequate.

AMIF believes there is scope for further investigation into 'bonding' 457 visa recipients to the profession and or location to which the visa was granted. It had been the experience of some automotive business members, that having secured a skilled worker under the subclass 457 visa program, they have too soon lost the worker to another industry or location or both. This is a particular problem in regional and rural Australia where the skilled workforce shortages are often more pronounced.

AMIF is of the view that better long-term forecasting of workforce needs, and the associated skills training required, would reduce – to some extent – the industry's reliance on such visas. The issue here, however, is the speed with which technological and other change is occurring, and will continue to occur, within the industry and the ability of 'forecasters' to maintain pace with it.

AMIF would go so far as to suggest that such is that pace that there will perhaps always been some element of 'lag' in terms of skills. The reality is that vehicle manufacturers invest many millions of dollars in applied technological advancement every year in order to meet the ever growing regulatory demands placed upon the motor vehicle. AMIF is aware of one European manufacturer, for example, that spends around Euro 1 million *every day* on research and development alone. It is a folly to suggest that comparable resources exist to ensure that skills development is kept not just abreast, but ahead of such a pace.

It would also be AMIF's assertion -- based, as it is, on the anecdotal yet reliable reports of retail motor traders -- that neither is the subclass 457 visa scheme 'riddled with rorts', nor is it placing others before Australians in the labour market. The reality for this industry is that the skills required by some sectors simply do not exist in sufficient quantity to meet industry demand, or demand of a requisite standard.

AMIF's view on the subclass 457 visa scheme is, however, very well informed: perhaps much better informed than other industry sectors. This is likely attributable to the fact that AMIF and, before it, MTAA, has been a participant in the Department of Immigration and Citizenship's Out-posted Officer program for almost the entire duration of that program's existence. This has enabled AMIF / MTAA to acquire a detailed awareness of the function and operation of the subclass 257 visas scheme (which, in

turn, is passed to its Members), as well as enabled the Department to acquire a detailed awareness and understanding of the characteristics, nuances and market forces acting upon the retail motor trades.

To that end, AMIF supports the current operation of the subclass 457 visa program, while calling for government to intensify its efforts to support skills development and training in this industry. The Government's current support for the MAPP Scheme within the industry is an example of that support and one for which AMIF, and the industry as a whole, are grateful.

In conclusion, AMIF thanks the Committee for the opportunity to provide it with its views and experiences of the manner in which the subclass 457 visa program operates within the retail motor trades. The AMIF National Secretariat stands ready to provide the Committee with any further clarification and assistance it might require in its inquiries.

26 April 2013
AMIF National Secretariat
Canberra

Mr Colin Duckworth
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Mr Richard Dudley
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