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Ms Joanne Towner
Committee Secretary
Joint Standing Committee on Migration
Department of House of Representatives
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Ms Towner

Joint Standing Committee on Migration Inquiry into Temporary Business Visas

The Australian Financial Markets Association (AFMA) appreciates the opportunity to contribute to the Joint Standing Committee's inquiry into temporary business visas. The availability of an efficient temporary regime, particularly through the 457 visa subclass, to fulfil employment demands that cannot be met by the local job market is essential to the financial services sector.

About AFMA

AFMA represents more than 120 participants in the wholesale banking and financial markets and represents members' interests on regulatory issues that affect their business. Our members are industry leaders and comprise both Australian and foreign owned institutions, including banks and securities companies; traders in specialised financial services; government treasury corporations; and leading companies (see attached list of members).

AFMA's mission is to represent and promote Australia's financial markets and its members as a fundamental part of those markets, and to advance Australia as a significant global centre for financial services. The Association's objective is to maximise opportunities for members to grow their business and contribute to the economic well-being of Australia by promoting government policies and business conditions that support a strong financial services sector.

AFMA Labour Agreement

AFMA is party to a Labour Agreement developed jointly with the Department of Immigration and Citizenship (DIAC) and the Department of Employment and Workplace Relations (DEWR). Under the Labour Agreement, AFMA can facilitate the efficient entry into, and stay in Australia, of an agreed number of overseas skilled banking industry professionals. AFMA can also assist these expatriate staff on temporary visas to convert to permanent residency.

The main purpose of this agreement is to provide access to skills that can be transferred to Australian employees and to strengthen the capabilities of the financial sector workforce in Australia. Staff brought into Australia by AFMA members on these visas must be executives, managers or specialists with expertise needed in their Australian operations.

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The recruitment of offshore senior executives and key specialists is often linked to the creation or growth of a business unit here that will generate business activity, including export sales that will create jobs for Australians. We can cite the example of an AFMA member bank that posted a foreign manager to Sydney in 2000 to develop a specialist business unit. When the manager left two years later, having imparted his specialist skills to Australian staff, the business unit had grown from 160 to 300 people and now employs 350.

During the 2005-06 financial year, the Labour Agreement¹ was used by 17 AFMA members. Through the year, 64 visas under the 457 visa subclass were approved, which represents 2.3 per cent of total new recruits between the 17 participating members. Australians continue to be the preferred source of new recruits, with members under the Labour Agreement recruiting 2,505 Australian workers for a range of positions within industry. The AFMA members that use the immigration service recruit many more Australians than foreign-based staff. Further, for every foreign-based staff member transferred to Australia on a temporary visa, the members who use the service posted four of their Australian staff to other countries. This interchange of skills favours Australians seeking to advance their careers in global financial markets.

Table 1. New Recruits by Occupational Grouping in 2005-06

	Australian recruits	Foreign recruits through IBSA Labour Agreement
Executives	175	29
Managers	531	23
Specialists	590	12
Graduates	128	-
Trainees	42	-
Other	1,039	-
Total	2,505	64

Source: IBSA Labour Agreement Monitoring Report to the Department of Immigration and Multicultural Affairs and the Department of Employment and Workplace Relations for reporting period 1 July 2005 - 30 June 2006.

For many member banks, particularly the Australian branches of subsidiaries of global banks and securities companies, it is necessary to transfer overseas-based staff to their Australian operations because they are part of a business unit established to service the bank's operations on a global or regional basis. Several AFMA members have back-office operations in Australia that support the international operations of the bank, generate export revenue for Australia and create employment opportunities in the local market. These activities often require the transfer to Australia of international staff with specialist skills.

Integrity of the 457 Visa Subclass

The integrity of the requirements and processes attached to the 457 visa subclass has been the topic of some discussion over the past year. Our experience, as a party to a Labour Agreement and also the representative of major financial market institutions who utilise this visa subclass, is that current eligibility requirements for visa applicants and arrangements for the monitoring, enforcement and reporting for the financial services industry is working well.

Under the AFMA Labour Agreement, only visa applications for executive, managerial and specialist positions are approved. Other AFMA members who

¹ The IBSA Labour Agreement - AFMA merged with the International Banks and Securities Association (IBSA) in January 2006 to form the newly merged Australian Financial Markets Association (AFMA). In July 2006 the IBSA Labour Agreement was discontinued, replaced by the new AFMA Labour Agreement.

apply individually to sponsor offshore applicants also report that expatriates who entered through this visa subclass typically occupy senior positions within their firms. At other times, less senior expatriate staff is recruited because they have specialist skills or comprehensive knowledge of the company's business.

Currently, there is no explicit English language requirement for applicants of 457 visas. Nevertheless, there is generally a high standard of English proficiency amongst expatriates sponsored by our member banks. It is widely recognised that the skills and competency of the workforce that comprise the financial services industry needs to be of a very high standard. Expatriates who hold integral positions within the Australian operations of our member organisations must meet minimum skill and competency requirements, through the financial services regulation regime administered by the Australian Securities and Investments Commission (ASIC). In addition, certain employees, Australian or expatriate, must also meet fit and proper requirements as determined by the Australian Prudential Regulation Authority (APRA).

In some circumstances, foreign banks may sponsor individuals with a functional level of English to occupy roles such as liaison with head office. Typically, these expatriate employees would have been recruited from the head office operations. In such instances, consideration of key skills (eg knowledge of company and market in head office location) may override factors such as the level of English competency.

All AFMA members party to the Labour Agreement would meet relevant Australian statutory obligations relating to employment conditions and occupational health and safety for the positions for which entry would be sought. All salaries paid (excluding superannuation, allowances including car allowances and living away from home allowances, accommodation, meals, shares and bonuses), would be at least the threshold salary gazetted for the visa subclass and the occupation. Indeed, the average salary of \$97,800 for the finance and insurance sector is well above the total average of \$71,400 for the 457 visa subclass in the 2006-07 financial year, as reported in the DIAC's *State/Territory Summary Report*.

Apart from the Joint Standing Committee's inquiry, the Council of Australian Governments (COAG) has also commissioned a review of 457 visas and we understand a report is currently being developed by the Commonwealth/State Working Party (CSWP) for COAG consideration. We are aware that through this process, some consideration is being given to recasting minimum standards of salary and other employment conditions for holders of 457 visas.

AFMA, and our members, agree that the highest accord should be given to the integrity of the temporary entry regime. However, we are mindful of additional administrative restrictions and requirements that would contribute to increased costs for sponsoring employees, particularly in the financial services industry where there has been high standards of compliance. We would highly recommend the consideration of applying a cap to additional requirements that are being considered, so that visa holders of a certain salary level are exempt from them. This would be a beneficial outcome, as employers of concern can be targeted, without overly onerous conditions being applied to compliant businesses.

Concluding Comments

The efficiency of the temporary entry of skilled employees through the 457 visa subclass is essential to the development of the financial services industry. This is particularly the case for our industry, as the globalisation of financial markets increasingly places value on the international interchange of skills. We appreciate the opportunity to comment, and should we be of further assistance, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in cursive script that reads "Duncan Fairweather".

Duncan Fairweather
Executive Director

Members of the Australian Financial Markets Association

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AMP Capital Investors Limited
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RMB Australia Limited
Royal Bank of Canada
SFE Corporation Limited
Snowy Hydro Limited
Societe Generale Australia Branch
South Australian Government Financing Authority
St George Bank Limited
Standard Chartered Bank
Stanwell Corporation Limited
State Electricity Commission of Victoria trading as Vicpower Trading
State Street Bank and Trust Company
Sumitomo Mitsui Banking Corporation, Sydney Branch
Suncorp Metway Ltd
Sun Retail Pty Ltd
Tarong Energy Corporation Limited
Tasmanian Public Finance Corporation
Telstra Corporation Limited
TFS Australia Pty Ltd
The Australian Gas Light Company
The Royal Bank of Scotland plc
The Toronto Dominion Bank Australian Branch
Travelex Limited
Treasury Corporation of Victoria
Tricom Futures Services Pty Ltd
TRUenergy Pty Ltd
Tullett Prebon (Australia) Pty Limited
UBS AG, Australia Branch
United Overseas Bank Limited
Victoria Electricity P/L
Western Australian Treasury Corporation
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