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Secretary: .....

#### **4.5 Proposal for the inclusion of movement of skilled labour in Australian Free Trade Agreements with China and India**

ACCI requests that the Australian Government consider including commitments on the temporary employment of skilled workers as part of the free trade agreement currently being negotiated with China and in a possible future agreement with India.

China and India are currently two of the largest sources of skilled migrants to Australia with PRC nationals constituting 15 per cent of the Skill Stream, 48 per cent of business skills visa grants and 6 per cent of 457 visa grants in 2006-07. Indian nationals constituted 16 per cent of the Skill Stream and 14 per cent of 457 visa grants in 2006-07.<sup>1</sup> The participation of Chinese and Indian skilled workers in the Australian labour force is clearly important to the Australian economy in terms of filling skill shortages but China and India cannot be taken for granted as ongoing sources of skilled labour. Increasing competition for skilled migrants not only from other OCED nations but also from the rapidly developing internal economies of China and India and from other Asian nations means that Australia must remain competitive as a destination of choice for skilled migrants if we are to meet our ongoing skills needs.

ACCI notes that the joint Australia-China feasibility study for a free trade agreement cited possible mutual commitments regarding increased cooperation in the temporary entry and mobility of business people (section 6.5.3). These included transparency and improved processing times for visa applications with prioritisation for business people and service providers in key enterprises, enhanced cooperation and coordination on the APEC Business Travel Card scheme and other mechanisms to facilitate the mobility of business people and the entry and stay for work purposes of skilled employees of companies with a commercial presence. ACCI supports these measures but we suggest that more needs to be done to guarantee Australia's future skilled labour supply.

ACCI proposes a preferential skilled temporary worker arrangement allowing for a certain percentage of our annual temporary skilled migration intake to be dedicated to Chinese and Indian skilled workers to enter Australia on a similar arrangement to the 457 visa but with concessions such as accelerated and prioritised visa processing.

Incorporating commitments on the temporary employment of skilled workers in future free trade agreements will go some way toward ensuring Australia remains a desirable destination for skilled workers from China and India. ACCI suggests a model that in some measure emulates the provisions of Article 130 of the NZ-China FTA but on a scale more applicable to the Australian demographic setting.

ACCI recognises that creating visa classes or setting quotas for migrants of particular nationalities represents a shift from the current non-discriminatory policies of the Department of Immigration and Citizenship's (DIAC) application procedures. We suggest, however, that in the interests of Australia's economic future, the Australian Government no longer shy away from such preferential arrangements. A number of our major trading partners have preferential arrangements for skilled workers such as

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<sup>1</sup> Commonwealth of Australia, 2006-07. *Population Flows*. Department of Immigration and Citizenship, Canberra.

the USA, which introduced the E3 visa especially for Australian nationals alongside the Australia-United States FTA to encourage skilled labour mobility. The E3 visa is granted to a maximum of 10,500 highly skilled Australians per year, allowing them to live and work in the USA and is renewable indefinitely in two-year increments.

ACCI also recognises that offering faster and preferential processing represents a substantial shift from current practice. China and India are non-ETA (Electronic Travel Authority) countries which means the current processing time for a 457 visa application from these countries is a minimum of three months and is often substantially longer. Measures to facilitate faster processing will need to be put in place, perhaps by offering sponsorship of workers under the FTA only to employers with a proven good record in 457 sponsorship or finding a way to designate certain pools of labour in these countries as having ETA status.

**Recommendation 14:** ACCI recommends including commitments on the temporary employment of skilled workers as part of the free trade agreement currently being negotiated with China and in a possible future agreement with India.