

RECEIVED 12 JUN 2007



National Farmers'  
FEDERATION

RECEIVED  
12 JUN 2007

BY: *MIG*

Submission No. <i>226</i>
Date Received.....

*[Signature]*

6 June 2007

Mr Don Randall MP  
Chairman  
Joint Standing Committee on Migration  
Department of House of Representatives  
PO Box 6021  
Parliament House  
CANBERRA ACT 2600

Dear Mr Randall

The National Farmers' Federation (NFF) appeared before the Committee on Friday 1 June 2007.

We undertook to provide additional information about the number of 457 visas lodged and approved. We have commenced investigation into ascertaining these statistics, however, in the interim we seek to clarify the issues relating to the regional concessions available through the 457 visa.

The 457 visa provides a regional concession that enable individuals to be sponsored by a business located in a region to fill a position at ASCO levels 5, 6 and 7. This is an extension to the visa that otherwise only applies to ASCO levels 1 through to 4.

When the regional concession was first introduced it extended the ASCO levels and waived the minimum salary level on the basis that the application be approved by a Regional Certifying Body (RCB). In July 2006 the Government amended the regional concession to provide a minimum salary level of \$37,665.00.

It is a requirement that a RCB certify the nomination application to obtain a regional concession. The Regional Certifying Body ensures that the:

- tasks of the nominated position correspond to the tasks of an occupation in the Australian Standard Classification of Occupations (ASCO) major groups 1 to 7
- position is genuine, full-time and necessary to the operation of the business
- position cannot reasonably be filled locally
- wage or salary will meet, at least, the Minimum Salary Level that applies at the time that the nomination application is made
- working conditions will be at least equal to those provided for under relevant Australian laws and awards.

A key element of the criteria for the RCB is that the position cannot reasonably be filled locally. This test does not otherwise apply to the visa category generally for levels 1 through to 4 and is in effect a form of labour marketing testing.

It is the understanding of the NFF that the predominant use of the 457 visa has been at level 4 being for skilled agricultural and horticultural workers (ASCO Sub-Major Group 46). Further, the

most common use of the regional concession of the 457 visa in agriculture is for an agricultural and horticultural mobile plant operator at level 7.

We reiterate that the NFF's concern relates to the impact of the minimum salary level for those skilled migrants undertaking positions at level 7. The market salary package for positions at that level in our industry range from around \$42,000 to \$46,000, however, usually 15 to 20 per cent of that salary is non-monetary benefits. Non-monetary benefits are typically provided in agricultural positions. If the non-monetary benefits and superannuation are taken off the salary package the cash component (the only component able to be taken into account for migration purposes) is \$30,000 to \$35,000 being below the minimum salary threshold.

A report by Holmes Sackett and Associates as referred to in our initial submission states that:

*"The results of this survey suggest that the perception of farm staff are underpaid compared to other industries, is largely just that, a perception. Whilst it may be true that higher paying jobs can be found in other industries on average the total package value of salaries received on farms is competitive.*

*A large part of the problem is that the total package value is not transparent because a large portion of it is made up of non-cash benefits that are received. When these are grossed up to their pre-tax values these benefits constitute upwards of 20% of the total value of the package."*

The NFF does not agree with a proposition that the regional concessions be removed from the 457 visa, indeed we seek that the regional concession should return to status quo without a minimum salary level to enable access in the agricultural industry. However, if the Committee holds concerns about the regional concession provision then NFF suggests the following:

1. That a review be undertaken of the RCBs process of how they test the "position cannot be reasonably be filled locally" criteria and then, if necessary, strengthen the process of that particular criteria; and
2. The minimum salary level is varied to instead require that the salary of a particular position sought must be commensurate with the market rate of that position within the relevant industry.

We hope this additional information is of assistance to the Committee.

Yours sincerely



**(MRS) DENITA WAWN**  
**Workplace Relations Manager**