

**Submission
No 36**

SKILL SHORTAGES IN NSW

Organisation: South Coast Labour Council
Name: Mr Arthur Robbins
Position: Secretary
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12 July 2013

The Chair
Committee on Economic Development
Parliament House
Macquarie St
Sydney NSW 2000

Inquiry into Skill Shortages in NSW: Submission by the South Coast Labour Council

Dear Sir,

Thank you for your invitation to make a submission to the above inquiry.

The South Coast Labour Council is the peak trade union body on the South Coast of NSW representing 28 affiliated unions, covering 50,000 workers and a geographic area spanning from Helensburgh in the north to the Victorian border in the south, the Southern Highlands and adjacent tablelands to the west.

Across this broad region are employed workers from almost every known occupational grouping and a diverse range of industries. In its industrial heart, the Illawarra, we also have a long and rich history of industry driven migration which contributed not only labour for the factories, but left a lasting and treasured legacy of multiculturalism whose value cannot be measured simply by the benefit of plugging gaps in short term labour requirements particularly in the 1960's and 70s.

I say this at the outset so that the Committee understands that our position is not driven by a fear of international labour, rather an attempt to address the underlying issues surrounding skill formation, deficits and the state of the regional labour market.

Should the Committee wish to have an appearance from the Council at your hearings I would be more than happy to address and expand on 5 central points:

1. Skilled migration has historically and generally been an effective and accepted part of regional population and economic policy. It's effectiveness has been greatest when it has been used as a targeted response for the long term development of particular industries or in dealing with unforeseen spikes in skill demand. In both cases, these programs would not have been effective and sustainable without the support of a well resourced and established TAFE system to ensure that the skills are properly accredited, updated and acquired by the domestic labour force over time.
2. These programs should not overlook the structure and history of regional labour markets, the availability of and in fact the reasons behind the migration of skilled workers out of regional areas in those targeted occupations. To put it more directly. When you have double digit unemployment it may be challenging to make a case for skill shortages – even in specialized fields.
3. The documented abuse of particularly short term international labour through the 457 and certain student visa categories by some employers has raised serious concerns about the integrity and compliance mechanisms of existing programs and the motivations of some forces who are resisting a

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more open and transparent approach to the use of international labour. So much so that the Federal Government has moved to close some of these loopholes (please see attachment).

4. The 'reforms' to the VET sector including the contestability framework introduced federally and the systemic dismantling of the TAFE system in NSW poses the greatest risk to skill formation and retention in our recent history. In our region, as I am sure elsewhere, the demise of TAFE threatens the future of not only targeted programs but skill formation and retention as a whole in the near future.
5. A little known fact outside of labour market circles is that there is no credible time series labour market data collected and available for regional areas such as the Illawarra and others around the country. The sample size used in the ABS unemployment data for regions is so small as to make it virtually useless for policy makers and stakeholders who require accurate and disaggregated data of not only general unemployment rates by population but also industry, occupation and other fields. This must be addressed as a matter of urgency as it is difficult to see how labour market policy makers can operate in an environment that is so deficient in basic data. We recommend that the State Government replicate the ABS labour force survey and methodology and add supplementary fields in a regional survey that will address this pressing issue.

Thank you for considering this submission and I can be contacted directly on my mobile on [REDACTED] or by email [REDACTED]

Sincerely

[REDACTED]

Arthur Rorris
Secretary

Attachment 1

On 28 June 2013, the Government's 457 legislation known as the *Migration Amendment (Temporary Sponsored Visas) Bill 2013* passed both Houses.

The Bill and related measures (new Regulations) do several key things:

- **Increased protections for Australian workers**
- Requires Labour Market Testing (LMT) - requires employers to search for Australian workers by advertising jobs all blue collar trades and sub-trades occupations eg riggers, scaffolders, crane operators (Skill Level 3 and below), before 457 visas can be approved; and Minister to approve 457 visas only where no "suitably qualified and experienced" Australian worker (Australian citizen or permanent resident).
 - LMT not required for Working Holiday Visa holders in agricultural sector, but required in construction.
- Tightens other loopholes, eg job vacancy must be "genuine", not one created for the 457 visa worker.
- Increases fees for employers applying for 457 visas, and charges for visa applicants.
- 457s cannot be 'on-hired' to an unrelated employer, unless specific on-hire labour agreement.
- Tripartite mechanism for scrutiny of 457 visa program also legislated, as proposed by unions – Ministerial Advisory Council on Skilled Migration (MACSM), Dave Noonan current member.
- **Increased protections for 457 visa workers**
- Strengthened 457 compliance monitoring and enforcement - Gives the Fair Work Ombudsman powers to investigate employer compliance with key 457 rules, which only DIAC Inspectors could do, ie check employer compliance with obligation:
 - 1) to pay '457 market salary rate', ie salary 457 visa approved at; and
 - 2) to employ 457 worker in the occupation for which the 457 visa was approved (ie, 457 Project administrator doing white collar work, not scaffolding).
- Gives 457 visa workers more time to stay in Australia after losing their job, or leaving job voluntarily (90 days instead of 28 days).
- New "Hot Line" for 457 visa workers to report abuse/exploitation.
- **Increases training obligations for employers of 457 visa workers**

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- 457 Training 'Benchmarks' - new obligation to meet these in each year that employer is 457 sponsor, not just once upfront as previously. Benchmarks are 2% of payroll into industry training fund OR 1% of payroll on training employer's Australian workers.
- But it's not yet clear if that means training more Australian apprentices.

Bob Kinnaird, CFMEU National office, 12 July 2013