



MASTER BUILDERS
A U S T R A L I A

20 June 2013

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

Dear Ms Dennett

I am writing to express Master Builders' strong concerns at the *Migration Amendment (Temporary Sponsored Visas) Bill 2013* which will substantially limit the use of Subclass 457 Visas by Australian employers.

At the outset, I wish to reiterate our long held position that temporary 457 Visas and other channels of immigration complement – but do not substitute for – the skilling of the Australian workforce. Master Builders Australia and the building and construction industry remains strongly committed to the training and employment of Australians as its primary workforce objective. However, there will always be particular locations and occupations where it is hard to fill positions domestically at a viable cost and where 457 Visas provide employers the only practical option.

The ability to access workers through 457 Visas on reasonable terms has helped facilitate the timely and cost-effective delivery of major infrastructure, resources and building projects over many years, and until now such temporary skilled migration has received bi-partisan support. For the reality is that all Australians benefit from the 457 Visa system, both through the jobs and economic opportunities created by major projects, and from the use of the resulting infrastructure itself.

It would be folly to assume these projects would necessarily be able to proceed without the current 457 Visa system – the Bill would be a major deterrent and another regrettable example of Australia's move towards being a high cost, low return economy. It would consequently be highly detrimental to Australia's international reputation as an investment destination. The proposed market testing requirements are so onerous that few employers could even seek to use temporary skilled migration, and this is precisely the unacceptable objective of the Bill's proponents.

At the same time, there has been no evidence presented that the 457 Visa is not working as intended are that Australian jobs are suffering as a result. There are moreover already numerous safeguards built into the program, including minimum salary requirements and training benchmarks. These safeguards were strengthened further only in March this year.

Given the logistics and paperwork already involved in the 457 Visa system, it is highly unlikely that employers would use migrant labour on a 457 Visa when there are already Australian workers willing and able to fill the position. We are not aware of any systemic failure in this respect. In fact, the number of 457 Visas granted has

been in decline for almost a year, reflecting softening labour market conditions in construction, manufacturing and many other industries.

To put the use of 457 Visas in some perspective, in the six months to December 2012, there were 4650 Subclass 457 applications from the construction sector (out of a total workforce of around a million) at an average base salary of \$90,600. These could hardly be considered exploited workers.

Over two thirds of these positions were professional roles such as engineers and project managers rather than tradespeople. Nonetheless, the ability to use tradespeople on 457 Visas is an important one for employers, given Australia's long-standing pattern of skill shortages in many key trades in many locations. This has been demonstrated by the DEEWR Skill Shortage research as well as by Master Builders' own industry surveys. It is this skilled trades area that the Bill currently before Parliament seeks to attack.

As a final point, I would note that Master Builders is on the public record as supporting Australia's orderly migration program and does not condone employers who may abuse migration rules. Where there is abuse of existing 457 Visa rules, employers should appropriately be subject to investigation and any necessary sanction by Government on a case by case basis.

However, the plan to introduce highly burdensome market testing for prospective 457 Visa sponsors and other unnecessary measures is not evidence based, is misguided and will only cause Australia economic harm. The *Migration Amendment (Temporary Sponsored Visas) Bill 2013* should be rejected by the Parliament.

I would welcome the opportunity to appear before the committee to discuss this issue with you further.

Yours sincerely

Wilhelm Harnisch
Chief Executive Officer