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Submission to the Senate Inquiry into the Australian Workforce and Productivity Agency Repeal Bill 2014

1. This submission has been prepared by Dr Joanna Howe. I am a labour and migration law scholar in the Law School at the University of Adelaide.
2. This submission advocates that the Bill be rejected and that AWPAs role be maintained and expanded.
3. The Australian Workforce and Productivity Agency (AWPA) plays a critical role in identifying the skills needs of the Australian economy. This role is too important to be subsumed into the Department of Industry because independent labour market analysis should be conducted by an independent statutory agency, as in other comparable OECD countries.
4. By way of example, the United Kingdom's equivalent to AWPAs, the Migration Advisory Committee (MAC) has an important role in domestic workforce planning and development and advising on Britain's temporary and permanent migration programs. Despite the Cameron Government's 'Red Tape Challenge' which involved the abolition of many statutory bodies, the MAC was deemed as critical to the success of the British economy.
5. Indeed, Ruhs and Martin's study of the British temporary skilled migration system's reliance on independent labour market analysis conducted by the Migration Advisory Committee ('MAC') suggests that an independent body (such as AWPAs) can be a highly effective regulatory mechanism in managing the interaction between labour migration supply and demand. They state:

After almost five years, the MAC has had three major effects on British labor migration policies. First, the MAC has earned a reputation for careful analysis of the data and evidence on which it bases its recommendations, which has helped it to win credibility both with the government and the public. There are stakeholders who disagree with some of the MAC's recommendations, but the MAC's willingness to consider both top-down labour market indicators and bottom-up evidence from employers and advocates gives all stakeholders a voice in the process of determining whether there are labor shortages. Second, even if the MAC concludes there is a labor shortage, it does not

always recommend that migrant workers be admitted....Third, MAC shortage findings can trigger governmental actions to reduce labor shortages in the future. When the MAC puts an occupation on the shortage list, making it easier for employers to employ foreign workers, there can be a formal review of the training system that trains British workers for that occupation in question.¹

6. The third benefit identified by Ruhs and Martin would be of particular use in Australia for helping differentiate between skill shortages that need to be met by temporary migration and those that could be met by increased training of domestic workers. A reliance on independent labour market analysis would also identify where resources for training purposes need to be placed in the medium- and long-term to enable more strategic reliance on the temporary migrant worker program and improve the employment prospects of domestic workers.
7. Other OECD countries also possess strongly resourced, independent statutory bodies that advise government on skills development and domestic workforce planning. The recent edition of the international journal *Migration Letters* was devoted to this topic, recognising the increasing importance of expert national commissions and bodies in providing evidence-based advice and regulation in this area.²
8. Clearly, Australia could learn from the approach of other OECD countries to identifying and meeting domestic skill shortages. Instead of abolishing the one, independent, federal agency with expertise in this area, the Government should be increasing its investment in AWP. This agency is critical to the integrity of Australia's permanent migration program and its role should be expanded (as in the UK) to include the temporary migration program, namely the subclass 457 visa. In addition to compiling the Skilled Occupation List, AWP should also put together the list of occupations (the Consolidated Sponsored Occupations List) for which the subclass 457 visa can be used. This would improve the efficacy of Australia's temporary labour migration program.
9. With youth unemployment on the rise and with the recent Budget announcing the reduction of payments for the unemployed, it is essential that we provide employment opportunities and career pathways for Australian workers. Whilst it might be simpler, quicker and easier to plug many skill shortages with temporary or permanent migrant workers, a better response would be to invest in the training of the domestic workforce where possible. To date, AWP has provided a critical independent voice in this regard.

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¹ Martin Ruhs and Peter Martin, 'Independent Commissions and Labor Migration' (Paper presented to the Expert Commissions and Migration Policy Making Conference, University of California, April 18–19 2013)

² Volume 11 Number 1 of *Migration Letters*: <http://www.metapress.com/content/x236t0215868/>