



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

8 January 2018

Senator Linda Reynolds
Chairperson
Senate Education and Employment Committee

By email: eec.sen@aph.gov.au

Dear Senator Reynolds,

**RE: MIGRATION AMENDMENT (SKILLING AUSTRALIANS FUND) BILL 2017,
AND THE MIGRATION (SKILLING AUSTRALIANS FUND) CHARGES BILL 2017**

Thank you for the opportunity to submit comments to the Senate Standing Committees on Education and Employment. Australian Small Business and Family Enterprise Ombudsman (ASBFEO) represents the concerns of small businesses and family enterprises in Australia, and reviews key policies, legislation and industry practices that impact on the small business sector.

Finding the right balance between attracting overseas talent and local skilling

It is important for any skilled migration scheme to find an appropriate balance between attracting talent from overseas to fill particular gaps in the skills of the workforce and to educate and train the local workforce in the areas of need. While we acknowledge the policy approach underpinning the establishment of the Skilling Australians Fund to require employers who nominate a worker under the temporary and permanent skilled migration programs to pay a nomination training contribution, there are some aspects of the legislation that concern small business.

It takes time and effort to train and match a locally skilled worker with a suitable employer and job

Many small businesses will rely on foreign temporary skilled workers to fill positions that cannot be filled today by Australian workers. We are concerned about the additional costs to small business seeking foreign skilled workers, particularly in regional and rural areas where attracting skilled trade persons and workers can be challenging. The costs of obtaining skilled workers include not only the training contribution charge but also the requirements for advertising a position (labour market testing) which are quite onerous and impose a disproportionate burden on small business. There is an additional compliance burden of establishing internal processes to ensure that sponsorship obligations are not breached. The costs could even be a disincentive for seeking an overseas trained employee which, in turn,

T 1300 650 460 E info@asbfeo.gov.au
www.asbfeo.gov.au

Office of the Australian Small Business and Family Enterprise Ombudsman
GPO Box 1791, Canberra City ACT 2601

would limit small businesses opportunities for growth where a suitably skilled Australian worker is not available.

The training contribution charge is too high

The training contribution charge limit for the new visa are high. This is even more pronounced as employers must pay the total costs, depending on whether it is a short of medium term visa, on application. This can represent a significant impost on cash flow for a small business. The cost is an out-of-pocket expense with no guarantee that the application will be successful. Further, if a migrant has to return to their homeland, for example health issues, a death in family, it is not clear if and how the contribution charge, in whole or part, will be refunded.

We further note that the training contribution charge imposed by the Bill is expected to generate revenue of \$1.2 billion over the forward estimates and that expected revenue from the Skilling Australians Fund over the corresponding period is \$1.47 billion. Thus over 80 per cent of expenditure for the entire Fund is being met by employers simply seeking overseas skills. This is a disproportionate burden on those employers seeking foreign workers to meet skills shortages.

This is an important bill that affects small businesses and I am very happy to discuss these matters further. Please do not hesitate to contact either myself or Jill Lawrence

Yours sincerely,

Kate Carnell AO

Australian Small Business and Family Enterprise Ombudsman