

QUESTION TAKEN ON NOTICE

SUPPLEMENTARY BUDGET ESTIMATES HEARING : 17 October 2016

IMMIGRATION AND BORDER PROTECTION PORTFOLIO

(SE16/142) - Labour market testing - Programme 3.2: Trade Facilitation and Industry Engagement

Senator Carr, Kim (L&CA) written:

In relation to labour market testing:

Does the DIBP believe labour market testing is an important part of a modern economy?

Does labour market testing protect Australian jobs?

Why has Australia continued to remove labour market testing from its FTAs?

Does the DIBP have concerns Australia is continuing to remove labour market testing from its FTAs?

Will the removal of labour market testing affect all industries equally?

Who will it most affect?

Who will it least affect?

Why is labour market testing important for some countries but not others in trade negotiations?

Is it possible to re-introduce labour market testing into a FTA?

How is this done?

Are there multiple ways?

Has a country ever done this before?

Has the Department planned for this at all?

Answer:

1. Does the DIBP believe labour market testing is an important part of a modern economy?

The Department of Immigration and Border Protection (DIBP) does not comment on Australian Government policy.

2. Does labour market testing protect Australian jobs?

This is a question for the Department of Employment.

3. Why has Australia continued to remove labour market testing from its FTAs?

Questions about FTA negotiating mandates are for the Department of Foreign Affairs and Trade.

4. Does the DIBP have concerns Australia is continuing to remove labour market testing from its FTAs?

The Independent Review of the Integrity of the Subclass Program found that the 'Labour Market Testing' provision is ineffective and recommended it be removed. The review found that it is effectively a form of self-regulation, and thus easily circumvented. The report notes the OECD has found the same.

An excerpt from their report is as follows:

Subject to exemptions, sponsors are required first to test the local market to see if there are any Australians who meet the employer's requirements. However, as the Organisation for Economic Co-operation and Development ("OECD") has pointed out, employer-conducted labour market testing is "not fully reliable". It would be far more reassuring for the public if there existed a transparent, responsive, and evidence-based approach to determining skilled occupations eligible for the 457 programme.

(The original OECD source is: International Migration Outlook: SOPEMI 2009, OECD Publishing, 2009, p. 134)

5. Will the removal of labour market testing affect all industries equally?

Labour market testing applies to occupations, rather than particular industries.

The impact on a particular industry would depend on their usage of the 457 programme at the time of the removal of labour market testing.

6. Who will it most affect?

Please refer to Question 5.

7. Who will it least affect?

Please refer to Question 5.

8. Why is labour market testing important for some countries but not others in trade negotiations?

This is a question for the Department of Foreign Affairs and Trade.

9. Is it possible to re-introduce labour market testing into a FTA?

This is a question for the Department of Foreign Affairs and Trade.

10. How is this done?

This is a question for the Department of Foreign Affairs and Trade.

11. Are there multiple ways?

This is a question for the Department of Foreign Affairs and Trade.

12. Has a country ever done this before?

This is a question for the Department of Foreign Affairs and Trade.

13. Has the Department planned for this at all?

Amendments to FTAs would need to be negotiated by DFAT and ratified by Parliament.