

QUESTION TAKEN ON NOTICE

BUDGET ESTIMATES HEARING: 22 May 2006

IMMIGRATION AND MULTICULTURAL AFFAIRS PORTFOLIO

(101) Output 1.1: Migration and Temporary Entry

Senator Carr asked:

Has there been consideration of making it a requirement that employers seeking to become sponsors under 457 visa subclass arrangements show evidence that they have sought employees at by advertising at market rates in areas of the country where there is no labour shortage in the relevant trade or area?

Answer:

The sub-class 457 visa is designed to assist employers meet their skilled labour needs from overseas where they are unable to access appropriately qualified skilled labour from within Australia.

Traditional forms of labour market testing (LMT), as **partly** described in this question, have progressively been abolished starting with an August 1995 report to Minister Bolkus on directions for temporary entry of skilled workers.

Traditional forms of LMT have over the years been found to:

- create unnecessary delays for employers seeking to fill positions quickly; and
- be ineffective in that they required DIMA officers to over-ride individual recruitment judgements made by employers.

Traditional approaches to LMT in respect of standard business sponsorships under sub-class 457 have been replaced by use of skill and salary thresholds. These are based on a 'price signal' approach to encouraging employers to consider hiring Australians first rather than the cumbersome and ineffective approach involved in traditional LMT. The price signal effect is achieved because the costs of hiring a skilled overseas temporary worker are greater than hiring a similarly qualified local worker. The costs to be considered in this context include minimum salary requirements, the fact that skilled overseas temporary workers are able to move from one sponsor to another in order to bargain for higher wages and the range of additional costs/obligations that employers of temporary overseas workers must meet.

Additionally, for those lesser-skilled positions nominated in regional Australia, Regional Certifying Bodies (RCBs) must certify that these positions could not reasonably be filled locally. RCBs are either State governments or agencies, or bodies that they endorse and are well placed to understand skills and labour shortages in their jurisdictions.