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How can foreign-born workers support the development of the North?

Kate Golebiowska

Regional, Economic & Workforce Development

kate.golebiowska@cdu.edu.au

Alicia Boyle

Regional, Economic & Workforce Development

alicia.boyle@cdu.edu.au

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RESEARCH AIM

This paper presents key findings from our research into the employment of the foreign-born workers in the NT and identifies topics warranting future research to support strategies that can help create and maintain a skilled and stable workforce in the Territory.

KEY FINDINGS

- The foreign-born now represent a substantial proportion of the employed population in the NT. Their shares in different workforces have recently been increasing (thanks to the immigration program) and this upward trend is likely to continue. It is thus likely in the future, employers in the NT will be dealing with a greater variance in the level of education of the foreign-born and will need to find ways to help some of these workers upskill. Managers will need training in the selection and integration of foreign-born workers from diverse backgrounds into their work and organisational cultures.
- Employers sponsoring workers for the 457 temporary skilled visas need to guarantee their annual earnings are above the Temporary Skilled Migration Income Threshold (TSMIT). In a number of occupations in the NT, it appears this criterion is met by providing additional benefits to workers. The Designated Area Migration Agreement in the NT permits employers to sponsor semi-skilled workers with some concessional arrangements using the 457 visa. Monitoring of shifts in the market rates of pay, understanding of how businesses manage human resources to satisfy criteria to sponsor foreign workers and communicating this information to businesses will assist them in continuing to operate and flourish in the NT.
- Hospitality and tourism, and harvesting are examples that benefit from employment of temporary migrants such as the Working Holiday Makers and seasonal workers from selected Pacific countries. To assist the northern development, provisions are now in place for the former to work longer in the North but the impact of this may be affected by the new 'backpacker tax'. Temporary labour is critically important to the NT employers, as is regulatory stability around it.
- The NT has a transient non-Indigenous workforce. Instead, many regional skilled and family visa holders tend to now remain in the NT and are in paid employment. Economic, social and lifestyle factors are key drivers of their mobility. Employers, communities and the Government need to make a collective effort to create supportive work environments, backed up by friendly and safe communities and quality, affordable infrastructure that will encourage them (and others) to continue living and working here.



Introduction

Foreign-born workers provide the critical ‘top-up’ to the resident workforce in the Northern Territory (NT). With workforce development being one of the priority areas for action in the *White Paper on Developing Northern Australia* (Commonwealth of Australia, 2015) and one of the priorities for discussion during the NT Economic Summits (Northern Territory Government, 2017), it is timely to present results from our recent research into selected foreign-born workforces in the NT. We also identify topics warranting future research to support strategies and policies that create and maintain a skilled and stable workforce. Although population and economic growth in the Territory have slowed down and are anticipated to moderate in the short term (Northern Territory Treasury, 2016), having a skilled and stable workforce remains essential for future development and prosperity.

Foreign-born workers

At any given time, foreign-born workers make up a substantial proportion of those employed in the NT. Their shares in different workforces have been recently growing thanks to the continued immigration program in Australia and this upward trend is likely to continue. Many of these workers originate from South-East Asia.

The temporary work (skilled) visa or ‘subclass 457 visa’ is the most commonly used visa for employers to sponsor foreigners to work in the NT. This visa is key to alleviating labour shortages in the short term. The Temporary Skilled Migration Income Threshold (TSMIT) is used by the 457 program as an indicator that an occupation is skilled and to ensure that a visa holder has reasonable means of support whilst in Australia. If the market salary rate for an occupation in Australia is below the TSMIT, an employer cannot nominate that occupation to be filled by a 457 visa holder. However, if the market base rate of pay is below TSMIT but the guaranteed annual earnings (including non-salary related earnings) are above TSMIT then the position may be eligible for the 457 program. Market salary rates are underpinned by Awards and Agreements, however, actual values are not published by the Department of Immigration and Border Protection (DIBP), so understanding what the market salary rates are for occupations on the NT Skilled Occupation Priority List (NTSOPL) and by industry, is important. A recent study (Northern Institute, 2014) found there was evidence to suggest for a number of occupations the TSMIT is higher than the market salary rates paid to Australian workers in the NT. This suggests the 457 visa holders receive additional benefits that ensure their annual earnings exceed the TSMIT.

In order to have their application meet the criteria for a 457 visa nomination, particularly in the hospitality and tourism, personal services, retail and manufacturing sectors, some NT employers have been forced to increase the salaries of all their workers (NT Department of Business, 2015, p. 2). This situation was the major driver behind the 2014 launch of Designated Area Migration Agreements (DAMA) umbrella agreements that allow eligible NT employers (outside the resources sector) to sponsor semi-skilled workers with some concessional arrangements using the 457 visa. The rationale for introducing DAMA was that large projects, such as the Ichthys LNG project, attract a large number of these workers away from small business. These concessions include access to some occupations that are not available under the standard 457 visa arrangements and limited concessions for English language requirements, and up to a 10% TSMIT salary concession in certain circumstances where it can be demonstrated that the salaries being offered reflect local market salary rates. Being aware of shifts in market rates of pay in occupations across industry sectors in regions where labour demand is driven by major (resources and infrastructure) projects, a business community dominated by small and medium-size enterprises (SMEs) is critical to economic development in the North. Given the importance of the 457 visa to various NT industries, future research into the market rates of pay, understanding how businesses manage human resources to satisfy criteria to sponsor foreign workers when the market rates of pay shift, and sharing the results with the small and medium-size enterprises will assist them to continue to operate and flourish in the NT.



Northern Australia concurrently experiences cyclical worker shortages linked with casual and seasonal occupations such as those in hospitality and tourism and harvest labour industries. The facilitation of entry into Australia of Working Holiday Makers (WHMs) and foreign-born seasonal workers to meet their workforce requirements is linked with the perception that few local job seekers appear willing to take advantage of these job opportunities.

The Working Holiday Maker (WHM) program allows young adults from eligible partner countries to work in Australia while having an extended holiday. The program includes the Working Holiday (subclass 417) and Work and Holiday (subclass 462) visas. These visa holders have traditionally provided labour to the NT employers in the industries above. Two new initiatives were announced in 2015 under the *White Paper on Developing Northern Australia*. The first initiative commenced in late 2015 and enables 417 and 462 visa holders to work for up to 12 months with the same employer in Northern Australia (previously 6 months) in high demand industries such as aged and disability care, agriculture, forestry and fishing, construction, mining and, tourism and hospitality. The second initiative commenced in 2016 and enables the 462 visa holders to acquire a second visa if they undertake three months' work on their first visa in the tourism, hospitality or agriculture industries in Northern Australia (Commonwealth of Australia, 2015, p. 112).

In 2016 a proposed new backpacker tax of 32.5% from the first dollar earned threatened these initiatives as it could leave a tropical horticultural industry without sufficient harvest labour and the NT without a valuable injection into its economy. However, a compromise bill was passed through Parliament securing from 1 January 2017 a Working Holiday Maker tax rate of 15% until \$37,000 is earned, then 19% tax on the income made between \$18,200 and \$37,000. Australia has been negotiating WHM agreements with new countries and once they become operational, NT employers may benefit from an enlarged pool of potential workers. Of note is the new agreement with China offering 5,000 WHM places/year) and with other countries that have long-settled cultural communities in the NT that can potentially attract young people from these countries to work here rather than in other regions of Australia. They include Greece, Vietnam (agreements signed, not yet in effect), Philippines, and India (negotiations on-going) (Golebiowska, 2016; Department of Immigration and Border Protection, 2016). We propose the combination of the new WHM visa provisions, the new countries being eligible to participate in the WHM program, along with the impact of the aforementioned tax should be studied in the near future through engagement with the WHMs and employers, to understand if the new arrangements continue to support the NT industries and what, if any, modifications should be made to improve outcomes for both workers and their employers.

The seasonal worker program (visa 403) allows employers in the agriculture and accommodation industries to access workers from selected Pacific Ocean countries. In 2016 around 398 workers from 10 countries were employed to pick fruit across 12 farms in the NT. This figure represented a 33% increase in comparison to 2015 and is believed to have resulted from the uncertainty created by the debate around the backpacker tax. Farmers using seasonal workers considered them more reliable than backpackers and having previous staff returning for subsequent harvests was an advantage (Fitzgerald 2016). The above example illustrates the critical importance of temporary labour to industries in the NT and that regulatory stability around it is necessary.

Foreign-born workers on both temporary and permanent skilled visas are employed in other industries in the NT beyond those requiring additional labour on a seasonal basis. Examples of industries with substantial proportions of the foreign-born include allied healthcare, where foreign-born nurses and midwives represent around a quarter (Garnett et al., 2008, p. 69) of the nursing workforce, and dental professionals where the foreign-born account for between 30% and 50% of the workforce, depending on the actual occupation (Hall et al., 2007, p. 6). In the early childhood education and care workforce in the NT nearly one-third is foreign-born (Golebiowska & Boyle, 2014, p. 5). While these workers enable services to be delivered, two things need to be kept in mind. First, employers and professional bodies in the NT will likely be dealing with greater variances in the levels of education in the future. They will need to understand qualifications obtained abroad and assist these workers in bringing them up to the Australian standards as needed. This means creating pathways to full qualifications recognition through locally



flexible and affordable bridging courses, learning-on-the job and other forms of industry-specific training. Second, managers will need training in selection and integration of foreign-born workers from diverse backgrounds into their organisational cultures (Rosenman et al., forthcoming). This space is ripe for future research including looking at the use of foreign qualifications, job roles and experiences of the foreign-born in other allied health and human services sectors in the NT, looking at current ways of integrating these workers in order to inform future strategies to integrate them fully in the NT workforces, and studying the likelihood of, and experiences of stepping up to managerial roles among the foreign-born, especially from the non-English language backgrounds. The latter has not yet been examined in the NT. The diversity of the workforce is evident at an employee level, but we know little about the career progress of the foreign-born. Insights and strategies based on the research proposed above will be invaluable to share with the business community.

The NT has a transient non-Indigenous workforce. The foreign-born are attracted to the NT to live and work here, to stay, and ultimately to leave the NT by a combination of similar economic, family/social and lifestyle factors (Garnett et al., 2008; Golebiowska & Boyle, 2014). Factors conducive to retention include friendly work environments and supportive management (Golebiowska & Boyle, 2014), opportunities for career progression and professional challenge (Garnett et al., 2008), established family and/or broader social connections in the community, enjoyable lifestyle, climate, and a sense of community (Golebiowska & Boyle, 2014; Taylor et al., 2014; Hall et al., 2007). Employers, communities and the Government all have a role to play in ensuring the NT offers friendly and supportive work environments with opportunities for career progression, friendly community relations and communities are safe, and quality and affordable infrastructure such as transport, recreation, housing, health and education facilities are there to meet expectations and demand from the residents. These are all ingredients of an attractive place to live and work that can help improve retention rates. On a positive note, recent surveys and interviews with skilled¹ and family visa holders in the NT revealed generally high retention rates and participation in paid employment (Golebiowska et al., 2016; Golebiowska & Boyle, 2014). This suggests that even if some foreign-born leave the NT, we can still benefit from their participation in the labour market.

Summary & Conclusions

This paper shows that the foreign-born make a critically important contribution to the NT workforce. If we took away the one-third of the early childhood education and care workforce, which is provided by the foreign-born, or if the seasonal WHM labour were not available, services and goods could not be delivered to the detriment of Territorians. Mindful of the key drivers of mobility of the foreign-born, a continued and joint effort needs to be made by the business community, the Government and the general community to create working and living conditions conducive to their continued retention. With various temporary and permanent visa holders making important inputs in the NT economy, future research should focus on the impact of their visa conditions and labour regulations on their economic contributions as well as their employment experiences and prospects. Insights from such research will provide invaluable information to the NT business community and will inform their employment and promotion policies.

¹ This refers to the regional skilled migration visa holders. They are typically required to reside and work in the NT for a specified period of time, usually two years. These visa conditions are aimed at enhancing the retention outcomes in areas that experience difficulties with achieving sustainable population growth.



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