



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**Federation Chamber**

**BILLS**

**Migration Amendment (Reform  
of Employer Sanctions) Bill 2012**

**Second Reading**

**SPEECH**

**Monday, 26 November 2012**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

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**Questioner**  
**Speaker** O'Dwyer, Kelly, MP

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**Ms O'DWYER** (Higgins) (17:09): I certainly agree with the comments that have been made by my colleague, the member for Riverina. I rise today to also speak on the Migration Amendment (Reform of Employer Sanctions) Bill 2012. The government states that the purpose of this bill is to reduce the use and exploitation of illegal foreign workers. This is indeed a noble purpose. Any business found to be exploiting workers should be punished accordingly.

The Howard government brought in some very strict rules in 2007 to deal with just this issue. However, it is clear when you look at the detail of this bill that, far from achieving the purpose of the bill, the new regulations and sanctions proposed by the bill are so onerous that they will impose excessive regulatory and compliance costs on all businesses, the vast majority of which do the right thing. The minister himself acknowledged that the vast majority of businesses do indeed do the right thing.

Why is it significant that this will be so onerous for businesses? Let us examine this question in more detail. The government, in coming into government, claimed that for every regulation it brought in it would get rid of a regulation—a one-in, one-out approach. It also claimed that it would fix the problem of deregulation by simply appointing a minister for deregulation. But these issues are not fixed; the facts do not support its claims.

Since coming to power the Labor government has introduced over 20,000 new regulations. It introduced over 1,000 pages of new regulations with the carbon tax alone. In that same period it removed fewer than 100 regulations. How can businesses be expected to plan, with any sense of certainty, when the goalposts are changed so frequently by this government? And what is the point of having a minister whose main function is to deregulate the economy, when all we see from this government is more red tape, more regulation and more burden?

Like all things this government does and says one must look past the spin and at the reality. This brings me back to the bill before the House—another piece of regulation, another level of bureaucracy and another impost on hardworking Australian businesses. What is it that this government has against Australian businesses? Why does it consistently try to make it harder to do business in this country, not easier? We understand that creating the right regulatory environment is critically important to our nation's future. We understand that removing red tape will increase productivity and, in turn, allow business—the wealth creators of this nation—to thrive and grow.

According to the Productivity Commission red tape represents four per cent of all business costs and red-tape reduction can contribute up to \$12 billion to our economy. Don't take my word for it; it was, after all, the current Treasurer who said 'Lifting productivity is essential to the nation's prosperity.' If only this government's actions were consistent with its words. To say this government's record on regulation is atrocious is an understatement. In a recent Global Competitiveness Report of the World Economic Forum Australia received a massive wake-up call on how we are doing. It showed that we are now ranked 96th in the burden of government regulation compared to 68th in 2007-08, noting that the lower the ranking the worse the burden of government regulation, in this instance. It also showed that we have slumped from 40th to 80th in pay and productivity for the same period. It is little wonder, when the same report showed that Australia had slipped from 12th to 29th in transparency of government policy and, most alarmingly, from a relatively strong position of 10th in wastefulness of government spending to 48th.

When you consider these trends it comes as no surprise to learn that productivity in this country is on the slide. A recent Grattan Institute report reinforced these claims. It showed that since 2007 Australia has experienced a drop in multifactor productivity of 4.2 per cent, while the OECD average remains in positive territory. This may not have an immediate effect on our economy but it does not bode well for our long-term economic outlook. The government should be doing everything it can within its power to introduce policies that address this emerging and alarming trend, not to introduce legislation that will further increase the regulatory burden and ultimately reduce productivity. Why is punishing all business with more red tape so detrimental?

The Business Council of Australia has reported that, compared to the United States, it costs 40 per cent more to operate resource projects in Australia, it is 92 per cent more expensive to build an airport and it costs 62 per cent more for hospitals. Perhaps this would not be such a problem if we lived 100 or 200 years ago, but in today's global economy, where capital is liquid and mobile, business competitiveness is more important than ever. It is essential that government create the regulatory environment that fosters business activity and growth. This legislation, however, is a step in the wrong direction. This legislation is an extra regulatory burden placed on all business, not just on those that are doing the wrong thing. It will further erode competitiveness.

The government may well say: what is one more regulation going to do? What effect will one more piece of legislation have? Let us make it abundantly clear: as previously stated, it is but one of a multitude of regulations introduced since 2007. Increased regulation, as well as having an economic impact, has a human impact.

The Australian Chamber of Commerce and Industry, ACCI, recently conducted their national red-tape survey, and the results were distressing. Almost three-quarters of the 870 businesses that responded said they were spending more time on regulation today than they were just two years ago. Forty-four per cent of businesses are having to spend between one and five hours a week complying with government regulations—filling out forms, applying for permits, reporting business activity at a local, state or federal level. One in three businesses is spending more than five hours a week on regulation, and 11 per cent of those surveyed spent more than 20 hours a week on regulation. That is half the working week on regulation. This is time that could be better spent on growing businesses, which would be productivity enhancing or, as I said before, it could be time better spent with families, which would be emotionally enhancing.

We know that each piece of regulation comes at a cost. Seventy-three per cent of businesses reported to ACCI that their overall cost of compliance had gone up in the last two years; 42 per cent of businesses estimated they spent more than \$10,000 on compliance with regulation. Eighty businesses spent between \$50,000 and \$100,000. A resounding 60 businesses spent in excess of \$100,000 on regulation. About 60 per cent of businesses said red tape had a moderate to major impact on their business; while 54 per cent flagged that the effort taken to comply with regulations had prevented them from making changes to expand or grow their business.

With the extra regulatory burden this legislation places on all businesses, one would hope that the intended beneficiaries would be wide-ranging and vast. But it is not so. According to the Howe report there are approximately 100,000 illegal workers in Australia at any time. When you consider Australia has a workforce of over 11 million people, it means this legislation is relevant to only 0.09 per cent of the workforce. What kind of cost-benefit is that? What is this government saying? It is saying: 'Let's unload another level of administrative burden on all Australian businesses so we can target 0.09 per cent of the workforce.' Once again, the government is using the heavy sledgehammer of regulation when there are better, more targeted ways to achieve its objectives.

But of course this is not the first change the government has made to the temporary migration and skilled migration program. These changes come on top of the regulatory burden already imposed through the introduction of the Migration Legislation Amendment (Worker Protection) Act 2008, which gave the department of immigration expanded powers to monitor, investigate and penalise employers for non-compliance as a sponsor. That legislation allowed DIAC officers the investigative authority to conduct site visits, monitor workplaces and impose fines of up to \$33,000. In addition to this, the legislation imposed compulsory training requirements for 457 visa holders that effectively amounted to a two per cent payroll tax. It is little wonder that business in Australia is becoming so very expensive.

The recent bungled approach to skilled migration at the Roy Hill project highlighted the deep divisions within the government on this issue and just how beholden they are to the union movement. This piece of legislation is yet another example of the confused and contradictory nature of the way the government goes about making regulation. It is difficult for business to adhere to this regulation, given that it will be in conflict with much of the state based antidiscrimination legislation and federal antidiscrimination legislation.

Under this bill, employers need to demand proof of birthplace, gender and age documentation. Under existing state legislation, this could be used down the track as a basis for accusations of discrimination. As a result, ACCI has already referred to draft legislation to the Human Rights Commission and, should the legislation pass, they will be seeking exemptions under both state and federal antidiscrimination acts. It is, again, another example of the incompetence of this government.

The coalition understands the importance that skilled migration plays in our economy. We understand that it is an important component in the labour force to fill in the gaps that we have with certain projects in getting them off the ground. We also understand that it is not a replacement for full-time Australian workers. The coalition cannot support this legislation. It will only increase the regulatory burden to further stifle business and to further stifle productivity, and will certainly not achieve the outcomes and objectives that the government has indeed set for itself.

Debate adjourned.