



Options to facilitate employment of an international workforce

City of Karratha



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1 May 2020

Dear Jacoba

Thank you for requesting Deloitte to provide advice on the complexities for local business to employ international workers. With our depth of knowledge of the industries embedded within the City of Karratha and wider Pilbara region, we understand the demographics of families and local business and appreciate their dynamic workforce needs.

We understand the local workforce needs rely heavily on the economic cycles driven by the resourcing sector and differ significantly during periods of peak performance and more quiet times. These workforce needs are also impacted by broader influences such as the economic climate we find ourselves in currently due to Covid-19.

We have provided an analysis of the following options that are currently available to enable local business to employ international workers, including a detailed breakdown of:

- Sponsored and non-sponsored visa types; and
- FBT exemptions and concessions available to regional Australia.

With future economic cycles in mind, Deloitte has also reviewed solutions which could be implemented to further benefit local business, including:

- Designated Area Migration Agreement (DAMA);
- City Deals; and
- Special Economic Zones (SEZ).

A DAMA is a formal negotiation between local council and the federal government which enables concessions to sponsored visa types that make sense to local businesses within the region. These concessions could include reduced salary thresholds, lower skill requirements and a broader range of occupations eligible for sponsorship.

City Deals are agreements between local, state and federal government, as well as the community and private sector. City Deals are measures to accelerate growth and deliver future prosperity to the region via a 3 phase approach. The implementation can exceed a 15 year timeframe, however the longer term benefits to the region are significant, as can be seen by initiatives that have been negotiated as part of other City Deals.

The establishment of a SEZ allows designated regions to be subject to economic regulations and policies that are unique to other areas. Whilst this may seem appealing to City of Karratha in theory, the lack of SEZs to date within Australia's borders suggest models and processes that may be difficult to implement.

Deloitte's recommendation

Whilst SEZ and City Deals are catalysts for broad economic stimulus in the region, the implementation of a DAMA is specific to mobilizing an international workforce to the area, within a reasonably short time. In our view, a DAMA would provide the most immediate benefit to the region as it would attract international workers to fill not only low and semi-skilled roles, but also allows local business to attract workers with skill requirements that make sense to the community. A combination of both the DAMA and City Deals agreements would provide the most comprehensive framework for success to meet the longer term objectives of growth and vitality of the city.

We would be happy to discuss our recommendations with you further and provide our expertise to support the implementation of these solutions. Please let us know if you would like to discuss this.

Yours sincerely

A handwritten signature in black ink, appearing to read 'F. Webb'.

Fiona Webb
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Current options available for local business to employ international workers

The City of Karratha, with its heavy reliance on the economic cycles determined by the resources sector, faces a unique challenge to meet local workforce needs. Whilst a large majority of workers attracted to the region during peak economic times are employed in either highly paid mining or oil and gas roles, local businesses outside of these industries struggle to attract and retain talent within the region's skill pool. As a result, the reliance on international workers becomes paramount to facilitate the upswing in growth in the area. With this in mind, the following are available to enable employment in local business and to attract international workers to the region.



Sponsored visa pathways

Sponsored visas enable businesses to employ visa holders in nominated eligible roles. The benefit of sponsoring a visa holder is that their visa is contingent upon their employment with the sponsoring entity. As part of becoming either a standard business or temporary activity sponsor, businesses must meet certain criteria, and the requirements of these visas are typically rigid in nature, with eligibility criteria such as:

- Minimum financial turnover for the business
- Minimum salary requirements for roles
- Minimum skill levels and periods of prior relevant work experience for individuals
- English language requirements
- Health and character requirements
- Age criteria in some instances

The labour agreement allows a business to negotiate a bespoke agreement directly with the Department of Home Affairs. This agreement enables concessions to the Australian employer sponsored visa program. The agreement, once approved, lasts for five years and during this time would allow a business to nominate foreign workers under the negotiated terms (in a similar format to a standard business sponsorship). The labour agreement is typically used to apply flexibility to the stringent 482 visa requirements and may include allowances for minimum salary rates, eligible occupations, skill requirements as well as other conditions. This pathway can also be used to negotiate permanent residence in cases where this may not have been available.

Whilst the labour agreement pathway sounds positive for local businesses to apply flex to the firm visa requirements, negotiations can take approximately 6 months and be a significant cost to the business. The benefit of any agreed concessions would be available only to the single business entity that has entered into the Agreement. The associated timeframes and costs generally makes the labour agreement process inaccessible for most small to medium employers.

It is important to note that sponsorship obligations apply to all sponsorships (standard business, temporary activity sponsorships as well as labour agreements) including:

- Requirement for the sponsor to maintain up to date records and provide information to the Minister at certain times
- Requirement to ensure the visa holder only performs the nominated activity for the nominating sponsor (or associated entity) whilst in Australia
- Requirement to ensure the visa holder is offered comparable terms and conditions of an equivalent Australian employee
- Requirement to meet certain costs including recruitment, sponsorship and nomination fees as well as repatriation costs for the sponsored visa holder at the cessation of employment if requested by the visa holder in writing.

Sponsored visa types comprise of the following:

Sponsored work visas

Temporary Skill Shortage (subclass 482) – Primary visa holder

<i>Purpose and suitability</i>	This visa allows for businesses to employ full-time workers for up to 2 or 4 years in occupations that have been identified as having a genuine skill shortage. The 482 visa requires applicants to have a minimum of 2 years post qualification experience, and as such is primarily designed to facilitate work for tertiary or trade qualified workers. Visa holders are restricted to working for their nominating employer and in the role for which their visa was granted.
<i>Employer obligations</i>	The sponsored role must be full-time and in an eligible occupation. Visa holders must be paid at the same rate as an equivalent Australian employee, which must not be less than the Temporary Skilled Migration Income Threshold (currently \$53,900). Further minimum salary caveats apply to some occupations. Standard business sponsorship obligations apply.
<i>Costs</i>	The 482 visa includes a nomination and visa application charge as well as a mandatory Skilling Australians Fund training levy per application, making it very costly for employers. A 4 year visa for a single applicant could cost in excess of \$10,000, with the majority of these costs being worn by business.

Skilled Employer Sponsored Regional (Provisional) (subclass 494)

<i>Purpose and suitability</i>	The 494 visa allows for businesses in regional areas to employ full-time workers in an eligible role for up to 5 years with pathways to permanent residence after 3 years. The 494 requires a minimum of 3 years post qualification experience, and again is aimed at bringing tertiary or trade qualified skills to the regional area. The visa holders must live and work in the regional area for the duration of their visa. Visa holders are restricted to working for their nominating employer and in the role for which their visa was granted.
<i>Employer obligations</i>	As per the 482 visa, standard business sponsorship obligations, minimum salary thresholds and Australian market rates apply.
<i>Costs</i>	The current cost of the 494 visa includes a mandatory \$5,000 skilling Australians Fund charge and \$4,045 visa charge for the primary visa applicant. This visa is also quite costly for the business.

Training and Activity visas

Training visa (subclass 407)

<i>Purpose and suitability</i>	The 407 visa allows employees to undertake occupational training in their eligible nominated occupation. Training may also be a formal part of the curriculum for a course of study or registration process. The 407 visa allows for a stay in Australia of up to 2 years. This visa is typically used for Graduate type roles.
<i>Employer obligations</i>	Whilst there are no minimum rates of pay, it would be expected that an employee be paid at least the equivalent rate to an Australian unless the role is for volunteer purposes. Sponsorship obligations apply.
<i>Costs</i>	The Training visa requires both a nomination and visa to be lodged. The 407 nomination costs \$170 whilst the visa application charge is \$310.

Temporary Activity visa (subclass 408)

<i>Purpose and suitability</i>	408 visas are typically used for specialist activities that do not constitute full time employment such as entertainers, researchers or sporting activities. These visas are typically granted for periods up to 2 years. Visa holders are restricted to undertaking the activity for which their visa was granted and should not seek secondary employment whilst in Australia. There are multiple streams of the 408 visa, including one for an "Australian Government Endorsed Event", which is currently being employed as an option for individuals seeking to remain in Australia and work in critical industries relating to the Covid-19 pandemic.
<i>Employer obligations</i>	Standard sponsorship obligations apply for periods of stay greater than 3 months.
<i>Costs</i>	Temporary Activity visas cost \$310.

Non-sponsored visas

Businesses can also employ international workers through non-sponsored visa pathways. These visas are typically applied for by an individual, and can include international students or graduates, working holiday makers (back packers) or family members. These non-sponsored visa types are attractive to local businesses to meet workforce needs where stringent pre-requisite criteria may be difficult to meet (such as salary thresholds or skill levels).

As these visas are not sponsored, the employer is expected to engage employees under the Fair Work Act and standard Australian employment law conditions, which include standard working conditions, as well as salary and benefit entitlements (such as annual leave).

Further details of these visa types can be found as follows:

Regional visas

Temporary Work (International Relations) visa (subclass 403)
Skilled – Regional (Provisional) (subclass 489)
Skilled Work Regional (Provisional) (subclass 491)

Purpose and suitability

Regional visas are designed to attract migrants to regional areas by providing visa holders with unlimited work rights. These visas require visa holders to live and work in regional areas for a period of up to 5 years and in return, offer pathways to permanent residence. The regional visa framework was designed with the issue of talent retention front of mind.

The 489 and 491 visas are applied for on the basis of either skill level (trade or tertiary qualified) or family sponsorship. Visa holders are suitable candidates for full-time or part-time roles within local businesses.

The 403 visa allows for eligible passport holders to travel to Australia to assist with low and semi-skilled seasonal work for up to 9 months.

Costs

403 visas cost \$310. 489 and 491 visas both cost \$4,045.

Non-sponsored work visas

Temporary Work (Short Stay Specialist) visa (subclass 400)

Purpose and suitability

Non-sponsored work visas provide businesses opportunities to bring in skilled workers without sponsorship obligations and the associated costs. The 400 visa is for highly specialised, non-ongoing work that is likely to be completed within a total period of 6 months or less. Visa holders typically have a unique skill-set in their field which is not easily found within Australia.

The 400 visa is used widely for contractor roles or short-term secondments, however secondary employment is not allowed. Visa holders must only perform the activities and work in the nominated role, and for the nominated Australian business which is approved as part of the formal visa application.

Costs

The visa application charge for a 400 visa is \$310.

Temporary Skill Shortage (subclass 482) – Secondary visa holder

Purpose and suitability

Secondary 482 visas allow for family members of the primary sponsored 482 visa holders to live and work in Australia (in line with the primary holder's visa term). The benefit of employing secondary 482 visa holders is that there are no restrictions on their ability to work.

Costs

The current visa application charge for a secondary 482 visa holder is dependent upon the occupation of the primary 482 visa holder but can be either \$1,265 or \$2,645. In many cases, this cost is paid for the primary visa holder's sponsor.

Working Holiday visas

Working Holiday visa (subclass 417)
Work and Holiday visa (subclass 462)

Purpose and suitability

The Working Holiday visas (WHV) are typically used by travellers to come to Australia to holiday and seek employment opportunities. The WHV initially allows for a stay in Australia up to 12 months, with options to renew to 2, and in some cases, 3 years. Visa holders have a 6 month work limitation with each employer unless they have performed 3 months of specified work in a regional area in the following industries:

Aged Care and Disability Services; Farming Fishing, pearling; Construction and Mining; Tourism and Hospitality

In order to be eligible for the first WHV, applicants must be less than 31 (or 35 for Canadian and Irish passport holders). There is no skill requirement for these visa holders and as such can be used widely in lower skilled / lower paid roles.

Costs

The current cost of Working Holiday visas is \$485.

Graduate visas

*Temporary Graduate (subclass 485)
Skilled – Recognised Graduate (subclass 476)*

Purpose and suitability

Graduate visas allow qualified graduates who have completed their studies at an Australian tertiary institution to remain in Australia for up to 4 years to seek employment opportunities. Visa holders have unlimited work rights and these visas are used widely for skilled graduate roles.

Costs

Graduate visas cost \$1,650.

Students visas

Student visa (subclass 500)

Purpose and suitability

Student visas enable holders to participate in an eligible course of study. Whilst in Australia, primary visa holders and any accompanying family members holding this visa are restricted to working only 40 hours per fortnight whilst their course is in session. Full-time employment is permitted only when course is out of session. As a result, student visa holders are not suitable for full-time employment all year round, with the exception of those studying masters by research or doctorate degrees, who can work unrestricted hours.

Costs

Student visas cost \$620.

Other visas

Partner visas, visas for New Zealand citizens etc

Purpose and suitability

Partner visas for those who are married or in a de facto relationship with an Australian citizen or permanent resident, allow visa holders to remain in Australia on an ongoing basis with transition into permanent residence themselves. Special Category visas for New Zealand citizens also permit an ongoing stay in Australia, whilst the temporary visa for family members of New Zealand citizens is granted for a stay of 5 years each time. Each of these visas allows full work rights for their visa holders.

Costs

The current cost of a Partner visa is \$7,715. Special Category visas for New Zealand citizens are free.



**All nomination and visa application charges are current at the time of writing the advice.*

FBT exemptions and concessions available for regional areas

Remote area benefits

Under the Fringe Benefits Tax (FBT) regime, employers may be entitled to exemptions and/or concessions to certain benefits provided to employees working in designated 'remote' areas, such as Karratha¹. These remote area FBT exemptions or concessions may apply to:

- housing provided by an employer as an employee's usual place of residence
- financial assistance ie. rent or mortgage interest associated with housing sourced by an employee as their usual place of residence
- residential fuel, for use in properties where the remote area housing concessions are used (as above)
- meals for primary production employees
- holiday transport for employees
- transport to and from a worksite for fly-in fly-out (FIFO) workers.

1.1. Shared conditions

It is noteworthy to highlight that to qualify for the FBT concessions above, certain conditions known as the 'shared conditions' must be met. Below we highlight some key 'shared conditions' to consider.

1.1.1. Usual place of residence

The accommodation must be the employee's 'usual place of residence'. This generally means the employee's move to a new place of residence cannot be merely temporary (but must rather be of a more long-lasting nature), per the terms of the employee's employment contract or award. If the dwelling in which the employee resides is not their usual place of residence, then some of the exemptions/concessions above may not be available.

1.1.2. Customary

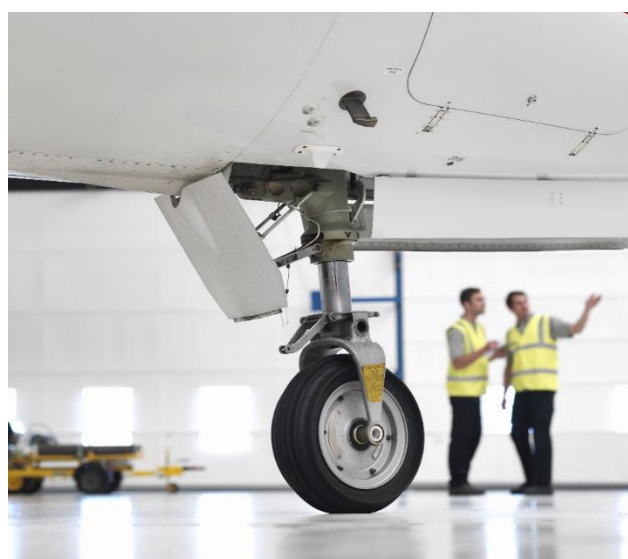
This condition requires it to be customary for employers in the industry in which the employee was employed, to provide housing assistance such as above, for their employees. The Australian Tax Office (ATO) generally considers a benefit to be customary in an employer's industry if it is normal or common for employees of that job description to be provided the same or similar benefits due to the nature of the conditions of employment. For example, housing assistance may be customary if an employer requires its employees to live at or

near a work site or direct them to perform their duties at a new location. It is not necessary that all or even a majority of employees in the industry receive the benefit, however a benefit is not customary where it is unique, rare or unusual to provide it in the employers' industry. If required, we will be happy to provide further specific advice on this matter.

Relocation benefits

Furthermore, there are some additional FBT exemptions/concessions available where certain benefits are provided to employees who are required to relocate to commence their employment. Common relocation FBT exemptions or concessions may include the following, which can also be provided to employees preparatory to the remote area benefits above:

- Transport including expenses incidental to the provision of transport e.g. visas, provided to an employee and their family to enable them to relocate
- Removals and storage of household effects as a result of the requirement to relocate
- Temporary accommodation either at the former and/or new location
- Engagement of a relocation consultant to help the employee relocate
- Incidental costs associated with sale or acquisition of dwelling
- Connection or reconnection of utilities



¹ At the point in time this advice was prepared, Karratha is regarded as a remote area for purposes of the FBTA.

Salary packaging translates to tax savings for employees

Under a salary sacrifice arrangement between the employer and their employee, the employee agrees to forgo part of their future entitlement (such as salary or wages) in return for benefits of a similar value. This is referred to as an 'effective salary sacrifice arrangement' and employers often deliver this via total remuneration packaging.

Salary packaging is approved by the ATO as a legitimate strategy for employees to restructure their income by tax effectively leveraging off specific tax concessions and/or exemptions available in FBT legislation including, but not limited to those highlighted above. The example below demonstrates the potential tax savings for an employee salary packaging their relocation transport.

Example	Without salary packaging	With Salary packaging
Gross Base Salary	150,000	150,000
Less: Pre-tax salary sacrifice (eg. cost of relocation transport)	N/A	-5,000
Less: FBT payable	N/A	0
Total taxable income	150,000	145,000
Less tax	-42,997	-41,147
Less Medicare levy (2%)	-3,000	-2,900
Income after-tax and salary sacrifice amount	104,003	100,953
Less: Cost of relocation transport	-5,000	N/A
Net disposable income	99,003	100,953
Reportable fringe benefits amount (RFBA) for employee payment summary	N/A	N/A
Employee savings	0	1,950



Summary

The table below provides a high-level summary of the existing concessions available for the specific benefits mentioned above. Where the benefit is not fully exempt i.e. a partial concession exists, the employer should consider adopting an 'Employee Contribution' approach as part of the salary packaging arrangement, to mitigate the FBT liability that would otherwise arise.

Benefit	Existing concession
Remote area housing assistance	
Employer-provided housing	Exemption from FBT for employer-provided housing in designated remote areas (FBTAA, s. 58ZC)
Employee-sourced housing: rent	Exemption limited to 50% of gross rental expense (FBTAA, s. 60(2A))
Employee-sourced housing: Mortgage Interest	Partial concessions on other forms of housing assistance in designated remote areas (FBTAA, s. 60)
Residential fuel	Partial (50%) concession for residential fuel used in housing that attracts an FBT remote area concession (FBTAA, s. 59)
Other remote area benefits	
Meals for primary production employees	Exemption from FBT for meals provided to primary production employees on work-days (FBTAA, s. 58ZD)
Holiday transport	Partial (50%) concession on return holiday transport to specified destinations (FBTAA, s. 60A and s. 61)
FIFO transport	Exemption from FBT for temporary accommodation, meals and transport for FIFO workers. (Note: remote area transport (s. 47(7)) is the only concession linked to remote area boundaries)
Relocation benefits	
Relocation transport	Exemption for expenses in respect of the provision of relocation transport. It applies to both the employee and immediate family members (FBTAA, s. 58F)
Removals and storage of household effects	Payment or reimbursement of an employee's costs for the removal and storage of household effects will generally be an exempt benefit (FBTAA, s. 58B)
Temporary accommodation	Exemption is generally available for a fixed period of time, either at the former and/or the new location (FBTAA, s. 61C)
Relocation consultant	Exemption relating to fees charged as a result of engagement of a relocation consultant. It however does not include paying expenses on behalf of the employee or family member (FBTAA, s. 58AA)

If required, we will be happy to provide further in-depth advice of the specific criteria necessary to obtain the existing concessions/exemptions highlighted above. We can also provide further recommendations on the practical considerations when implementing and facilitating the employee salary packaging arrangements in the context of the abovementioned benefits.

Solutions could be implemented that would enable or support local businesses to employ international workers

The following solutions could be implemented to further benefit and support local businesses to employ international workers. Our analysis includes recommendations on the most suitable pathways forward, that will provide not only short term benefits to local business and the wider region, but also long term gains to maintain the success and vitality of the city. Possible solutions which could be implemented include the Designated Area Migration Agreement, City Deals and Special Economic Zones.

Designated Area Migration Agreements

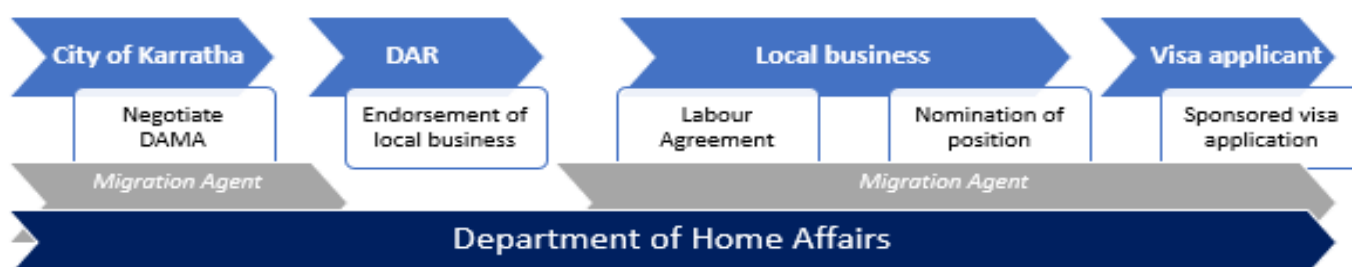
In order to maintain a sustainable migration program which allows local business to not only attract skill shortage talent within the region, but also retain low and semi-skilled workers, we recommend that the Designated Area Migration Agreement (DAMA) may be a suitable option. Much like a labour agreement, the DAMA is an agreement with the Australian Government to provide concessions to the standard Australian visa program. The key difference between a labour agreement and a DAMA is that labour agreements relate to one individual business, whereas the DAMA is an overarching agreement to cover all endorsed businesses within a whole region. City of Karratha could look to negotiate the DAMA alone, or to widen the scope of the Agreement and include the whole Pilbara region.

As a part of the DAMA process, the region could seek to negotiate concessions such as lower salary thresholds, broader eligible occupation lists, reduced English language ability or pathways to permanent residence for workers who would not otherwise have this pathway. The Agreement could therefore be tailored to meet the labour challenge the City of Karratha is expected to face during periods of peak economic activity.

To be successful, the City of Karratha would need to demonstrate that the region's labour needs cannot be met within the local Australian labour market and that standard temporary or permanent visa programs are not sufficient to meet these needs. Given the region's reliance on the resourcing economic cycle, evidence of the unique demands on local workforce capacity for low and semi-skilled roles within small to medium businesses would be required. Canvassing local businesses to understand their workforce challenges would be a starting point to collating the necessary evidence, which could be based on a combination of local job vacancy, recruitment and attrition data, external data or information demonstrating the challenges more broadly such as professional industry reports, articles and research. Deloitte can offer valuable datasets to evidence historical challenges and provide valuable insights and projections on future skill shortages within certain occupations and regions, to support a DAMA request.

A nomination ceiling must be included in the agreement, and this is the opportunity for the region to forecast the number of international workers they believe would need access to this DAMA. As an example, the Goldfields DAMA nominated 500 positions to be filled within the first year of the agreement.

Key Stakeholders and process





Processing times for the DAMA negotiation phase is around 6 months. There is no government cost associated to the DAMA negotiation phase, although it would be strongly recommended that experienced migration agent assistance be sought due to the complexity of evidence required. Agent fees associated with the DAMA negotiation would be dependent on the terms, the range of occupations and concessions sought and regions included in the agreement. Expected fees could be between \$30,000 and \$50,000. Once finalised, the DAMA lasts for five years.

As the DAMA process is labour intensive in terms of the evidence required for the initial negotiation, it is recommended that experienced migration agent support is received. Deloitte would be happy to assist in this regard if required.

After the DAMA Agreement is finalised, local businesses need to apply for endorsement to the region's Designated Area Representative which effectively administers access to the DAMA concessions. The Designated Area Representative ("DAR") is a body that carries responsibility for the oversight and management of the DAMA program in their region. This involves the following activities:

- Formulating and agreeing the settings for endorsement of local businesses wishing to access a Labour Agreement under the DAMA, and assessing businesses against those requirements
- Monitoring the use and efficacy of the program and reporting back to government
- Supporting employers and visa holders with information and guidance on the DAMA program

Typically the DAR is a City Council, Regional Body or State Department within the DAMA region, however this role can be outsourced to a migration agent or other body if needed. An outsourced model of the DAR management would be typically covered under an all-inclusive monthly retainer set out as follows:

Support Feature

An all-inclusive monthly retainer fee would cover the overarching management of the Agreement including ongoing communications with the City of Karratha representatives (and wider region if applicable), centralised maintenance of local business data, live time reporting functions and management of all communications and reporting to Department of Home Affairs. Response to ongoing general enquiries around DAMA requirements by the City of Karratha could also form part of the arrangement but would be capped at a set number of hours per month (exact scope to be negotiated). This retainer would not include strategic advice and would be negotiated separately.

Benefit

Benefits would include "on tap" support for the local government around the DAMA requirements. The ability to access correct live time data and up-to-date advice in this ever-changing political climate is integral to the overall administration of the DAMA.

Price

Expected fees for this arrangement could be between \$1,500 to \$3,000 per month, which is dependent on the number of stakeholders involved and volume of endorsement applications managed. Fees on the higher end would be applicable for a DAMA negotiated with the City of Karratha and the wider Pilbara region.

Support Feature

Ongoing support for the local employers and visa holders could include a vast array of tools or activities, including FAQ documents, interactive eligibility tools or "town hall" meetings in the region.

Benefit

By providing this ongoing support for the wider business community, local businesses would be feel supported to make informed decisions around hiring international workers, including a full understanding of the benefits a DAMA would offer, as well as the ability to access information around sponsorship obligations and strategies to ensure compliance with visa conditions.

Price

Estimated fees for these tools or activities would be dependent upon the level of support required. Further information and more defined fee quotes can be provided if required.

Once a local business receives endorsement from the DAR, they submit a formal request to enter into their own labour agreement with the Australian Government. The individual business labour agreement via the DAMA pathway is similar to the labour agreement process described above, however the standard of evidence required under the DAMA is significantly less, as the overarching agreement terms and endorsement of the business has already taken place. Once the Labour Agreement is finalised, local businesses can then look to sponsor international workers under the Employer Sponsored visa pathways, including the Temporary Skills Shortage visa (subclass 482) and Employer Nomination Scheme (subclass 186) for permanent residence under the negotiated terms.

Costs and processing times for the endorsement stage would be determined by the appointed DAR and the resourcing model used. If the DAR was outsourced to a migration agent, fees would \$275 per endorsement (payable by the local businesses).

The structure of both would be influenced by the size and scope of the Labour Agreement, with respect to the number of positions available annually. In the case of hundreds of nominations across a wide range of occupations being agreed, it may indeed require a small team within the DRA to manage the process efficiently and support each business wishing to access these concessions. Whether guidance is provided in relation to the nomination and visa application for each individual, would further impact the structure and skill set of those within the DRA. This component may be outsourced to an immigration service provider with Registered Migration Agent staff who are experienced in managing high volumes of applications and providing individual technical advice and case management support.

Current government lodgement fees associated to the nomination and visa application are as follows:

Nomination application fee	\$330
Skilling Australians fund (payable at nomination stage)	\$1,200 - \$1,800*
Visa application fee (main applicant)	\$2,645
<i>*per year of visa term</i>	

Expected timeframes for the business labour agreement stage through the Department can fluctuate up to approximately 3 months depending on current workloads within the Department of Home Affairs. Again, there are no associated government costs with this application. Nomination and visa applications made by the respective local businesses under the Labour Agreement, are given priority processing and would typically a full and complete application would be decided within 1-2 weeks.

Benefits of entering into a DAMA would include a sustainable migration program that would attract migrant workers to the regional areas that are able to fill not only skilled roles, but also low and semi-skilled roles with eligibility criteria that makes sense to the local area, including:

- A broader range of occupations eligible for visa sponsorship;
- Lower salary thresholds;
- Lower skill requirements;
- Lower English language requirements; and
- Pathways to permanent residence where they may not have otherwise existed.

Sponsored visa pathways outside of a DAMA agreement often have rigid eligibility requirements that would not allow for sponsorship for these lower skilled roles at salary or with minimal qualifications or employment experience.

Sponsoring visas through a DAMA is more favourable than having a number of employees on non-sponsored visa types, as it ensures a coordinated and cohesive approach to employee data management. The ability to understand and monitor numerous visa conditions for multiple visa types can be quite cumbersome for small businesses. For instance, weekly hour restrictions for Student visas or 6 month employer limitations for Working Holiday visas may require sophisticated processes or functions built into recruitment and payroll systems to ensure compliance. The benefits of having multiple workers with one set of visa conditions makes it much easier for local businesses to maintain a compliant recruitment and employment practice.

The DAMA opens up consultation between local business, regions and the Australian government, allowing efficient solutions to be implemented that are customised to the specific needs of your region, that will benefit the wider community during its economic cycles. The DAMA also safeguards international workers from exploitation ensuring equivalent terms and conditions are offered as would be to Australian employees.



City Deals

City Deals are commitments between the 3 tiers of government, community and private sector, working together to accelerate growth and deliver future prosperity to the city. The focus is on transformative investments, planning and regulatory changes that propel the city towards a shared long-term vision. There is a history of successful negotiation of these agreements, and currently 7 such City Deals are in place – these are for Townsville, Launceston, Western Sydney, Darwin, Hobart, Geelong and Adelaide. With two more currently being negotiated for Perth and South East Queensland respectively.

City Deals are for the long term and typically constitute a 10 – 15 year agreement between the parties. Whilst each city has its own unique challenges and priorities, the key pillars of any City Deal will involve commitments to investments and planning with respect to:

1. Jobs and skills
2. Infrastructure and investment
3. Housing, liveability and sustainability
4. Innovation
5. Governance and regulation

The benefit of City Deals is cohesive planning, coordinated action and oversight, through which complex and unique economic challenges can be targeted and transformed step by step over time.

The process of negotiating a City Deal is as follows:

Step 1

A City Deals Memorandum of Understanding is signed, which provides a framework for the discussions and signals the commencement of the preparation phase. This stage can include community awareness, preliminary stakeholder engagement, and working with levels of government to identify opportunities to explore within the agreement, and to crystallise the shared future state vision.

Approximate timeframe for this phase: 6-12 months.

Step 2

Local, State and Federal Government collaborate to shape the deal in line with priorities and target outcomes. Governance requirements, engaging with community and private sector and specialist consultations are explored in this stage, to develop and focus the initiatives, which are ultimately finalised in the City Deal agreement.

Approximate timeframe for this phase: 12-18 months.

Step 3

Once the City Deal is formalised, a plan and timeline is agreed for implementation of the initiatives, which can run over 10-15 years. A critical component of this implementation phase is monitoring the outputs and performance of the deal, to inform the next steps as the city grows and evolves. Formal evaluations are conducted annually by an oversight committee to ensure progress against initial objectives, and to consider any new risks or opportunities that have emerged.

Approximate timeframe for this phase: 10 -15 years.

The advantages of a City Deal supported by 3 levels of government with shared purpose and commitment, are extensive. Examples of the types of initiatives agreed and implemented in other City Deals are:

- The Launceston Apprenticeship Pipeline Project which helps the construction industry train more apprentices across different projects to build a more capable local workforce.
- The Western Parkland City Liveability Program was established with contributions of \$60 million each from the Australian and NSW governments, and \$50 million from the eight Councils of the Western Parkland City to provide essential community infrastructure to support the growth of this area of Western Sydney.
- A redeveloped and greener State Square to cool the city, making it more livable and increasing space for outdoor events and festivals, ensuring Darwin is a vibrant tropical capital.
- A business case assessment for Stage 2 of the Haughton Pipeline and confirmation of full funding for construction to deliver a continuous water supply pipeline, in conjunction with Stage 1, from the Burdekin River to the Ross River Dam.

Special Economic Zones

In contrast to negotiating a DAMA which provides specific relief from requirements of the standard immigration framework, establishing a Special Economic Zone ("SEZ") incorporates a range of measures such as state tax concessions, removal of regulatory restrictions, and introduction of grants or other financial incentives, all with the overall objective of promoting economic growth in that specific geographic area. These measures are designed to encourage investment in the region, facilitate employment and address labour shortages by attracting workers, and provide industry with a competitive edge to grow and manage projects which will further stimulate economic activity.

In practical terms, a SEZ may comprise of the following measures at a state or federal level:

- Tax concessions
- Wage subsidies
- Grants
- Reduced regulatory and planning requirements
- Provision of infrastructure

In other countries where SEZ have been established, the purpose of the zoning has been focused on such goals as:

- promoting free trade - by such incentives as reduced tariffs or duty-free areas, and provision of storage and distribution facilities
- encouraging enterprise – through tax incentives and financial grants to stimulate investment in revitalising urban and rural areas in need
- developing special purpose zones – such as airport industry hubs, logistics hubs, technology/biotech parks and petrochemical zones to attract direct investment and stimulate employment in the area.

While the benefits seem appealing and there are various examples of SEZ internationally, such as Shenzhen area in China, Australia has not yet seen the establishment of any SEZ within its borders. This in part may be due to a 2012 Parliamentary Inquiry into the establishment of Special Economic Zones, which concluded that the effectiveness of the SEZ model was mixed at best, and in fact held some disadvantages, in terms of impact to adjacent areas and potentially promoting inefficient or unsustainable practices. State and Federal government involvement is a critical component in the establishment of SEZ, and we understand from recent discussions with government that there is currently no appetite to commence this process. As such, whilst internationally there is evidence of its success, and within Australia there have been various reports and support for the economic benefits that may result, at this time this is not a feasible option to pursue.

Deloitte's Recommendation

A City Deal is a long term commitment with long term gains. Taking into consideration the economic cycles experienced so acutely by City of Karratha, reliance on a City Deal alone, is unlikely to provide sufficient speed of response to meet the next resources peak. Nor will a City Deal alone provide the specific concessions needed to access international workers to fill semi-skilled roles in the area.

Taking into account the shorter term goal of facilitating employment of an international workforce, and longer term objectives of growth and vitality of the city, a combination of the DAMA and City Deals agreements would provide the most comprehensive framework for success.

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