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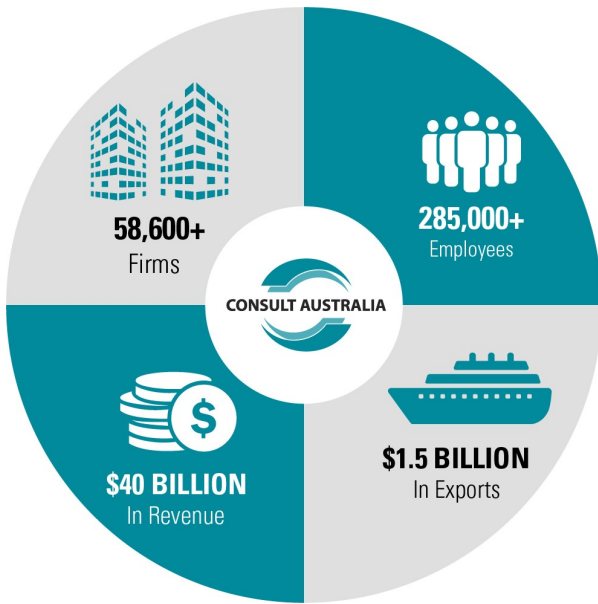
**United Arab Emirates Comprehensive
Economic Partnership Agreement
and
Gulf Cooperation Council free trade agreement**

SUBMISSION TO DEPARTMENT OF FOREIGN AFFAIRS AND
TRADE

Consult Australia

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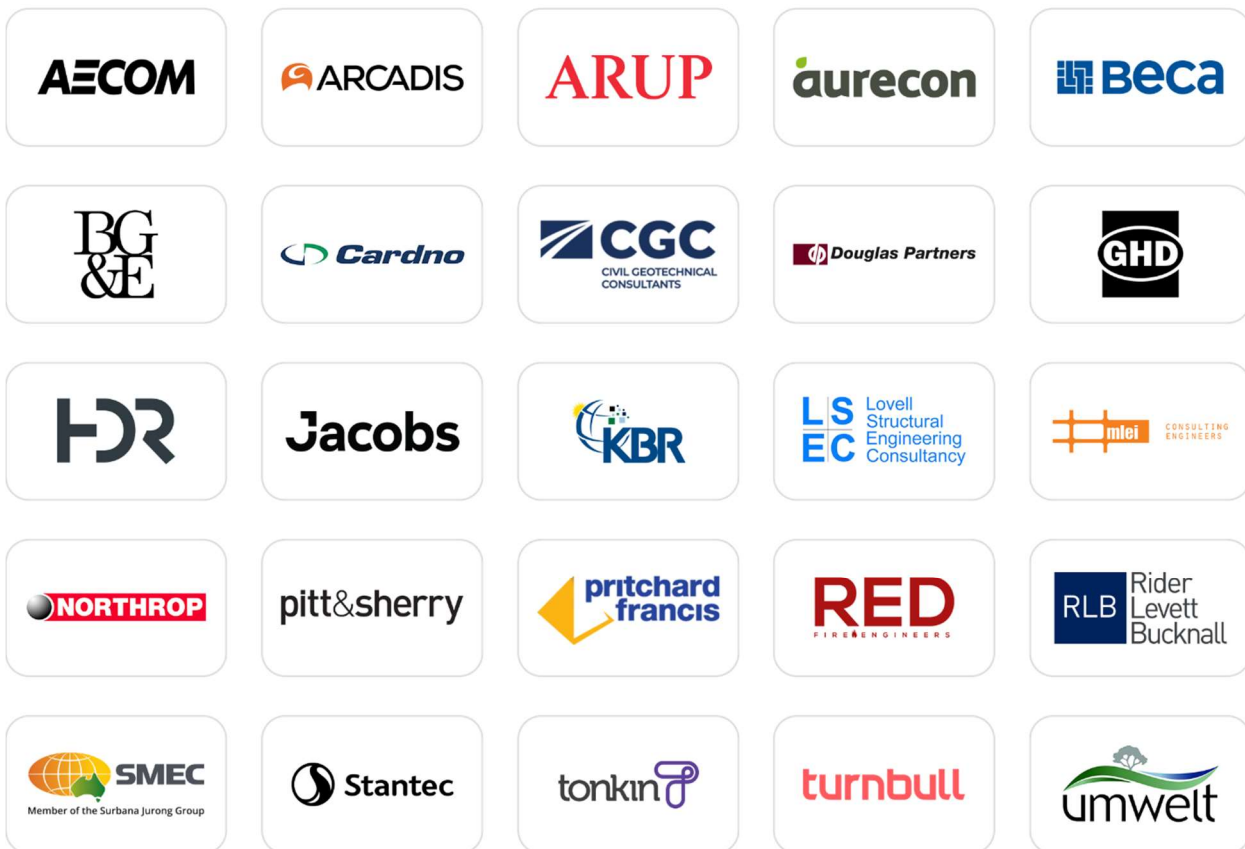
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ABOUT US

Consult Australia is the industry association representing consulting businesses in design, advisory and engineering, an industry comprised of over 58,600 businesses across Australia. This includes some of Australia’s top 500 companies and many small businesses (97%). Our members provide solutions for individual consumers through to major companies in the private sector and across all tiers of government. Our industry directly employs over 285,000 people in architectural, engineering and technical services and many more in advisory and business support. It is also a job creator for the Australian economy, the services we provide unlock many more jobs across the construction industry and the broader community.

Our members include:



A full membership list is available at:

<https://www.consultaustralia.com.au/home/about-us/members>

EXECUTIVE SUMMARY

Consult Australia welcomes the opportunity to contribute to the Department of Foreign Affairs and Trade consultation on the potential trade negotiations with the United Arab Emirates (UAE) and the Gulf Cooperation Council (GCC). We are particularly interested in the positive impacts the negotiations could have on global recruitment and improved business opportunities for consulting businesses.

Our industry is suffering from a systemic skills shortage which has been prevalent since before the global pandemic and has only intensified as result. It is predicted that we need 57,000 full-time engineers right now for the infrastructure projects scheduled in 2021-22 and we will reach a peak deficit of 70,000 engineers, scientists, and architects in the next few years.¹ This is just on infrastructure projects. Consult Australia members are also involved in other sectors such as commercial and residential buildings.

Our members are also interested in opportunities to work with and in other countries, including the UAE and those that make up the GCC (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE). However, there are a raft of business issues that need resolving to ensure those opportunities can be realised. Issues including taxation, prescribed ratios of nationals and prescribed business configuration.

In summary, for the negotiations with both the UAE and GCC Consult Australia recommends a focus on:

- global recruitment:
 - providing mutual recognition of qualifications between the UAE/GCC and Australia for occupations in design, advisory and engineering
 - an exemption from labour market testing for professional services particularly where critical skills shortages have been identified as is evident in design, advisory and engineering services.
- improved business opportunities:
 - clarity on taxation and banking issues
 - consideration of changes to current prescriptions, such as ratios for nationals and business configuration
 - reduced business costs include set-up and visas.

¹ Infrastructure Australia, [2021 Infrastructure Market Capacity Report](#), p. 53 and p. 14.

GLOBAL RECRUITMENT

There is a critical skills shortage impacting consulting professions. Civil engineers, structural engineers (or bridge engineers), civil engineering drafters, transport engineers (or traffic engineers), mechanical engineers, hydrologists, electrical engineers, environmental professionals (consultant), geologists, geotechnical engineers, telecommunications engineers, and engineering managers are recognised as being in national shortage by industry stakeholders.² Infrastructure Australia notes that engineering occupations are currently most at risk of shortages and there is anticipated to be a 98% increase in major public infrastructure pipeline activity over the next three years which will further exacerbate these shortages.

Consult Australia welcomed the introduction of the Priority Migration Skilled Occupation List. This list allows businesses in Australia to apply for priority processing of visa applications, providing some relief to the skills challenge and capacity concerns. We encourage ongoing support for occupations facing a critical skills shortage such as those we have identified above.

It is therefore recommended that the negotiations with UAE and GCC prioritise global recruitment.

Mutual recognition

Consult Australia has actively advocated for a more seamless and less burdensome approach to occupational registration, in respect of engineers and other design professionals. With shortages in engineering skills across Australia, mutual registration opportunities between jurisdictions will provide consistency and reduced burdens on business.

We welcome the recent Australia-India Economic Cooperation and Trade Agreement which provides mutual recognition of architects, engineers and accountants. It was also positive to see the post-study rights for eligible Indian students.

We hope to see a similar agreement reached with the UAE and GCC to enable Australia the opportunity to connect with professionals and students in those jurisdictions to strengthen Australia's capacity.

Labour market testing

The current labour market testing arrangements under Australia's skilled migration system create an unnecessary burden for many of our member businesses. Consult Australia recommends moving away from a one size fits all approach to labour market testing arrangements.

Consult Australia's advocacy on this was endorsed in the Parliament's [Final Report of the Inquiry into Australia's Skilled Migration Program](#) which included a recommendation to streamline intra-company transfers of executive employees of multinational companies to strengthen operations within Australia.

We are aware that the agreement with United Kingdom includes an exemption from labour market testing. We recommend a similar agreement with UAE and GCC, especially for professional services where there is sufficient information about the skills shortages in the market.

² See: Consult Australia's [2020 skills survey](#) and Infrastructure Australia's [Market Capacity Report](#).

IMPROVED BUSINESS OPPORTUNITIES

Consult Australia members are keen to work with and in the UAE and GCC countries. However, there are several issues that are limiting the ability of Australian businesses from growing into those regions, as discussed below. It is recommended that the negotiations with UAE and GCC prioritise improving business opportunities by clarifying and resolving the following issues.

Taxation and banking issues

Our members have requested clarity about taxation.

In the past the treatment of WHT and VAT vary depending on if the project, the project team and/or the lead/subconsultants are in or outside the country. This can lead to complicated tax arrangements, for example where the lead is VAT exempt but needs to account for VAT to subconsultants.

The repatriation of cash is also of concern to member business, with concerns about dual taxation. Further, access to bank accounts is also another barrier to businesses operating in the UAE and GCC regions.

Current prescriptions

Consult Australia members have noted several prescriptions that create barriers to doing business in the UAE and GCC.

In some regions, such as Saudi Arabia there is a prescribed ration of nationals that must be used. While this is an understandable requirement in some instances, it is not always practical, especially when talking about technical or specialist consulting services.

There are also certain prescribed ways a business must be configured to meet regional requirement – this configuration does not always suit the Australia business and how it is configured for the Australia market. Finally, there are certain staffing requirements, for example in Saudi Arabia a local legal representative must have a stake in the business and access to profits.

Business costs

There are a range of business costs involved in providing consulting services to the UAE and GCC which can make it prohibitive.

Members advise that the general set-up cost for a business in Saudi Arabia is around USD\$40,000-\$50,000. On top of this the cost of visas and local identification can cost a further \$USD60,000. Any assistance on these business costs would be appreciated.

CONTACT

We would welcome any opportunity to further discuss the issues raised in this submission.

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