



How the New UK-Australia Trade Deal Affects HR

By Leah Shepherd
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In June, the U.K. and Australia signed a free-trade deal that could have some lasting impacts on HR and recruiting.

For now, it's considered an agreement in principle—an agreement that removes most tariffs between the two countries and makes it easier for Britons under age 35 to work and travel in Australia. In both countries, it opens more opportunities to recruit the right talent with credentials recognized in both nations.

Previously, U.K. citizens under age 30 could get a visa to work in Australia for three years if they spent three months working in farming, fishing, mining or construction. The new agreement raises the age limit to 35 and eliminates the manual-work requirement. A new agriculture visa will be established to permit people to work on farms in either country. Australian firms will no longer have to prioritize hiring Australian citizens first under the new agreement.

"We expect this new agreement to open up services markets, facilitate further investment, and make it easier for professionals to travel and work in each territory, as well as having their qualifications recognized," said James Caldecourt, head of international trade at the multinational consulting firm Deloitte, based in London. "Recruiters could find they benefit from a wider talent pool and are able to conduct more business on a cross-border basis."

"This is likely to result in more U.K. nationals visiting Australia on work-related visas," said Reshad Ahsan, a professor of economics at the University of Melbourne in Australia. "I suspect the biggest impact will be that more U.K. citizens will likely find it attractive to work in Australia. This will open a new source of talent for HR."

The trade deal will make it easier for professionals like lawyers and engineers to transfer and use their qualifications in either country without extra cost or bureaucracy. That could make recruiting efforts easier for HR professionals and hiring managers. The other practical impacts on HR departments will depend on many factors, including the industry, turnover rates, and the location of offices and branches.

For now, HR should think carefully about ways to streamline various work processes and onboarding processes to allow for increased movement of staff between the U.K. and Australia in a seamless way.

It's unclear whether the trade deal will reduce national unemployment rates and help employers fill certain positions they've been struggling to fill this year, partly due to the COVID-19 pandemic. That's been a growing concern for many employers during the last six months.

"Once our border is open, there will likely be some increased availability of temporary workers from the U.K., but I don't expect it to be large enough to impact the overall unemployment rate" in Australia, Ahsan said.

Small Economic Boost

The trade deal is "expected to alleviate the tariff and regulatory burden on business, boost margins, and drive greater goods and services trade in both directions," Caldecourt noted. Gold, lead, wine, pearls and gems are the biggest exports from Australia to the U.K., while cars, medicine and alcoholic beverages are the U.K.'s biggest exports to Australia.

Ultimately, the new agreement might have more political importance than direct economic impact. U.K. political leaders hope it will be a first step toward enabling the U.K. to join a free-trade deal in Asia.

"Australia is a comparatively small trading partner for the U.K. In purely economic terms, the gains from this free-trade agreement are expected to be modest," Caldecourt said. "However, this agreement is strategically significant in providing a steppingstone for the U.K. to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, the vast and growing Pacific trade area consisting of 11 markets worth 13 percent of global GDP [gross domestic product]."

The trade deal with Australia came about six months after Brexit (www.shrm.org/ResourcesAndTools/hr-topics/global-hr/pages/brexit-more-than-six-months-in.aspx), the U.K.'s agreement to leave the European Union, took effect.

British Prime Minister Boris Johnson said in a press release, "Our new free-trade agreement opens fantastic opportunities for British businesses and consumers, as well as young people wanting the chance to work and live on the other side of the world. This is global Britain at its best, looking outwards and striking deals that deepen our alliances and help ensure every part of the country builds back better from the pandemic."

Dan Tehan, Australia's minister for Trade, Tourism and Investment, said in a press release, "When the agreement is finalized, it will deliver the most comprehensive and liberal agreement outside our partnership with New Zealand."

Leah Shepherd is a freelance writer in Columbia, Md.

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