

CHAPTER 5

Impact of temporary visas on training and skills development

Introduction

5.1 An underlying principle of the 457 visa program is that employers who sponsor a 457 visa worker will train and upskill local workers so that reliance on temporary visa workers can be reduced over time.

5.2 A key point made by several submitters and witnesses to both this and previous inquiries has been the negative impact that temporary visa programs have had on the opportunities for training across a range of industry sectors. Concerns were also expressed that recent Australian higher education graduates were missing out on employment opportunities due to a decline in the provision of graduate employment programs and an employer preference for recruiting visa workers. These submitters argued that the decline in workforce training and graduate employment had serious implications for Australia's future workforce capacity.

5.3 Conversely, other submitters and witnesses pointed out that the introduction of training benchmarks under the 457 visa program addressed these concerns, first, by imposing additional training costs on sponsoring employers to remove any perverse incentive to employ overseas workers, and second, by creating funds that would contribute positively to the national training effort.

5.4 This chapter therefore considers the impact of Australia's temporary work visa programs on training and skills development in Australia, the utility of the current training obligations, and proposals for improving their effectiveness so as to ensure the development of Australia's skills base and future workforce capacity.

Impact of 457 visas on training and skills development, graduate employment programs, and future workforce capacity

5.5 Several unions stated that the incentive for employers to train Australian workers has been undermined by the easy availability of temporary visa workers.¹ These unions identified cost as a relevant factor in the decision by certain employers to recruit overseas workers rather than train or up-skill Australian workers.

5.6 The Australian Federation of Air Pilots (AFAP) submitted that 'in certain instances the 457 visa program has operated to reduce training and skills development of Australian commercial pilots'. The AFAP provided an example where an airline introduced a new aircraft to Australia and then advertised for pilots under the 457 visa program. Although 'there were numerous experienced and qualified pilots on similar turbo-prop aircraft within Australia', it appeared the airline was trying to avoid the cost of providing 'specific training to the Australian pilots (instead preferring pilots

1 See, for example, the Australian Council of Trade Unions, *Submission 48*, p. 51.

already qualified on the type)'. AFAP made the point that recruiting 457 visa workers in these circumstances effectively reduced skills development within Australia.²

5.7 Likewise, the Australian Institute of Marine and Power Engineers (AIMPE) expressed concern about the dearth of relevant training for Australians trying to enter the marine industry and that employers were finding it cheaper to employ 457 visa workers than to train Australian workers. The AIMPE noted:

Gradually shipping companies have begun reducing the intake of cadets and trainee engineers into the marine industry. It is much easier for them to access the current temporary work visa programs and it is cheaper than to train. Meeting the current benchmark training requirements is easy to get around. This trend has serious and long term implications for marine engineers' employment in this country. Such benchmarks are ineffective and have not helped at all in the marine industry sector.³

5.8 Similarly, unions expressed concerns about the impact of temporary work visa holders on, firstly, the professional formation and career progression of Australian tertiary education graduates, and secondly, on the future workforce.

5.9 The Australian Council of Trade Unions (ACTU) pointed to an alarming drop in graduate employment in 2014:

...the latest figures show that only 68.1% of new bachelor degree graduates seeking full-time work were in full-time jobs in 2014, down from 76.1% in 2012. This is the lowest in the history of the series, which began in the early 1970s. In Western Australia, the results of a recent survey found just 53.1% of graduates were in full-time employment compared with 68.5 % in 2011.⁴

5.10 Specific concerns about increasing unemployment rates amongst engineering graduates and an inability to secure professional consolidation on the job were expressed by Engineers Australia:

When temporary migrant engineers are used in adverse demand circumstances, there are likely to be impacts on employment opportunities for new Australian engineering graduates. Statistics show that unemployment among new engineering graduates has increased which is a problem in its own right. However, professional formation for new graduates is undertaken on the job and when positions are occupied by temporary migrants, opportunities for professional formation for new graduates are restricted.⁵

5.11 Along with the impact on individuals of an inability to secure graduate employment, however, unions also pointed to systemic consequences in terms of effective workforce planning and the provision of a future workforce.

2 The Australian Federation of Air Pilots, *Submission 15*, p. 2.

3 Australian Institute of Marine and Power Engineers, *Submission 17*, pp 5–6.

4 Australian Council of Trade Unions, *Submission 48*, p. 49.

5 Engineers Australia, *Submission 4*, p. 4.

5.12 The Australian Nursing and Midwifery Federation (ANMF) noted that while graduates possess substantial theoretical knowledge, they 'require further consolidation of their clinical skills to become a skilled practitioner'. Furthermore, graduate nurses need to obtain sufficient employment in order to retain their registration and be able to work as a nurse.⁶

5.13 Ms Annie Butler, Assistant National Secretary of the ANMF noted that their union had 'predicted for some time that in 10 to 15 years we are going to see perhaps half the nursing and midwifery workforce retire'. To prepare for this eventuality, university places were increased such that Australia now produces sufficient nursing graduates.⁷

5.14 Mr Nicholas Blake, Senior Industrial Officer with the ANMF noted that, historically, most healthcare facilities had a graduate program that employed nursing graduates. Indeed, twelve month graduate programs developed and implemented by an employer have been 'identified nationally as an effective way to deliver support for newly qualified nurses and midwives moving from the academic environment into the workforce'.⁸

5.15 However, the ANMF argued that temporary visa programs are not being used as intended because 'increasingly employers are reducing graduate nurse programs in favour of a greater reliance and utilisation of temporary overseas workers'.⁹

5.16 Ms Butler warned that the current inability of nursing graduates to transition into the professional workforce is a serious structural problem with potentially long-term negative consequences for the future workforce.¹⁰ This is not only a lost investment in the education of professional health workers, but if not remedied, 'will represent a lost generation of Australian graduates to the Australian health and aged care sectors'.¹¹

5.17 By contrast, Fragomen submitted that the root cause of the deficit in the training and skills development of Australian workers was a lack of government investment in training and skills development over the previous 20 years, particularly in the STEM subjects of science, technology, engineering and mathematics. Fragomen

6 Australian Nursing and Midwifery Federation, *Submission 37*, p. 12.

7 Ms Annie Butler, Assistant National Secretary, Australian Nursing and Midwifery Federation, *Committee Hansard*, 19 June 2015, p. 21.

8 Mr Nicholas Blake, Senior Industrial Officer, Australian Nursing and Midwifery Federation, *Committee Hansard*, 19 June 2015, p. 23; Australian Nursing and Midwifery Federation, *Submission 37*, pp 12–13.

9 Australian Nursing and Midwifery Federation, *Submission 37*, p. 13.

10 Ms Annie Butler, Assistant National Secretary, Australian Nursing and Midwifery Federation, *Committee Hansard*, 19 June 2015, p. 21.

11 Australian Nursing and Midwifery Federation, *Submission 37*, p. 12.

contended that there was a limit on the extent to which the shortfall in training and skills development could be met by the private sector.¹²

5.18 Fragomen argued that the issue of training and skills development and its relationship to the use of the 457 visa program was being examined from the wrong angle. In their view, the lack of adequate training and skills development opportunities for Australians was causing business to use temporary visa programs as an alternative source of skilled labour, rather than the use of temporary visa programs leading to a reduction in training and skills development opportunities for Australians.¹³

Impact of 417 visas on training in the meat processing sector

5.19 The committee heard evidence from the Queensland Branch of the Australasian Meat Industry Employees' Union (AMIEU) regarding training in the meat processing sector, and the impact that the heavy reliance on temporary work visas is having on the provision of training to Australian workers.

5.20 Mr Matthew Journeaux, Assistant Branch Secretary of the AMIEU (Queensland), noted the meat industry, and in particular red meat processing, 'is a very traditional industry'. It is 'very labour intensive and very competitive' and 'does not have huge amounts of technological improvements'.¹⁴

5.21 Mr Journeaux gave a breakdown of the skill sets in the industry:

The workforce typically consists of 30 per cent highly skilled—slaughterers, boners and slicers—and approximately 70 per cent labourers with varying degrees of skill required to perform their roles.¹⁵

5.22 There are no formal apprenticeships for meatworkers working in the meat processing industry. Instead, the training for skilled work occurs on the job with suitable candidates selected from the pool of existing employees performing unskilled roles at the establishment:

Typically the skilled positions have been filled from the labouring pool where labourers show promise and are trained to become slaughterers, boners and slicers. ...The candidates for training in those more skilled positions would typically perform their training on the job, where they would be assigned a mentor and their training would take place on the chain.¹⁶

12 Fragomen, *Submission 21*, p. 22.

13 Fragomen, *Submission 21*, p. 22.

14 Mr Matthew Journeaux, Assistant Branch Secretary, Australasian Meat Industry Employees' Union (Queensland), *Committee Hansard*, 12 June 2015, p. 10.

15 Mr Matthew Journeaux, Assistant Branch Secretary, Australasian Meat Industry Employees' Union (Queensland), *Committee Hansard*, 12 June 2015, p. 10.

16 Mr Matthew Journeaux, Assistant Branch Secretary, Australasian Meat Industry Employees' Union (Queensland), *Committee Hansard*, 12 June 2015, p. 10; Australasian Meat Industry Employees' Union (Queensland Branch), *Submission 52*, p. 2.

5.23 As noted in chapter 4, both Mr Journeaux and Mr Grant Courtney, Branch Secretary of the AMIEU (Newcastle and Northern NSW Branch), had noted that the AMIEU was an active and supportive player in the meat industry labour agreement under which, an employer is required to reduce its reliance on 457 visa workers. In order to meet those obligations, an employer must therefore have processes in place to prioritise the upskilling of the local labour force.¹⁷

5.24 It was within this context that the AMIEU drew attention to what they saw as a 'disturbing' new trend that had emerged since 2010, namely the extensive hiring of large numbers of 417 visa holders (also known as the Working Holiday Maker or 'backpacker' visa) such that 417 visa workers now made up 'a significant proportion of the unskilled workforce of most meat processing establishments'.¹⁸

5.25 The AMIEU made two key points about this new practice. First, the hiring of 417 visa workers reduced the opportunities for local workers to obtain unskilled employment in meat processing plants. And second, because of the way training occurs in the meat processing sector, hiring 417 visa workers reduced 'the pool of local workers in the workforce who could be trained for skilled positions' and therefore deprived local workers of opportunities for training and upskilling.¹⁹

The effectiveness of the current training obligations

5.26 The Australian Government Department submission noted the 457 visa program 'is not intended to address long-term workforce needs', but rather 'support and complement existing domestic education, training and skills development'.²⁰

5.27 In 2009, training benchmark requirements were introduced for the 457 visa program 'to ensure that employers are working to reduce their future reliance on the program through the provision of training and skills development to Australian citizens and permanent residents'.²¹

5.28 The two training benchmarks in the 457 program require subclass 457 sponsors operating in Australia for 12 months or more to demonstrate:

17 Mr Matthew Journeaux, Assistant Branch Secretary, Australasian Meat Industry Employees' Union (Queensland), *Committee Hansard*, 12 June 2015, pp 12–14.

18 Mr Matthew Journeaux, Assistant Branch Secretary, Australasian Meat Industry Employees' Union (Queensland), *Committee Hansard*, 12 June 2015, p. 10; Australasian Meat Industry Employees' Union (Queensland Branch), *Submission 52*, p. 3; Mr Grant Courtney, Branch Secretary, Australasian Meat Industry Employees' Union (Newcastle and Northern NSW) *Committee Hansard*, 26 June 2015, p. 14.

19 Australasian Meat Industry Employees' Union (Queensland Branch), *Submission 52*, p. 3; Mr Grant Courtney, Branch Secretary, Australasian Meat Industry Employees' Union (Newcastle and Northern NSW) *Committee Hansard*, 26 June 2015, p. 14.

20 Australian Government Department, *Submission 41*, p. 7.

21 Australian Government Department, *Submission 41*, p. 7.

- recent expenditure, by the business, to the equivalent of at least two per cent of the payroll of the business, in payments allocated to an industry training fund that operates in the same industry as the business (benchmark A); or
- recent expenditure, by the business, to the equivalent of at least one per cent of the payroll of the business, in the provision of training to Australian citizens or permanent residents employed by the business (benchmark B).²²

5.29 This means that if a business cannot prove it uses one per cent of its payroll to train its workers, it must pay two per cent of its payroll into a registered training organisation or training fund. In cases where a business has traded in Australia for less than a year, 'it must have an auditable plan to meet the training benchmarks'.²³

5.30 The committee received evidence that businesses in certain industries regularly exceeded the training benchmarks. The Australian Mines and Metals Association (AMMA) pointed out training the local workforce was their 'first priority' and that the mining industry spent over \$1.15 billion on training in 2011–12.²⁴

5.31 Indeed, AMMA noted that, compared to the existing training benchmarks for the 457 visa program where employer sponsors are required to spend either 1 or 2 per cent of total payroll on training Australians, 'companies in the resource industry exceed those requirements, in fact contributing up to 5 per cent of payroll to training as an industry'.²⁵ Likewise, Fragomen also noted the majority of their clients had comprehensive training programs in place because they recognised the inherent value in skills development.²⁶

5.32 The committee also received evidence of collaboration between unions and employers in the training sphere in an effort to fill skill capacity and training gaps and compensate for the lack of suitable vocational training.

5.33 For example, in 2010, the Maritime Union of Australia (MUA) and industry employers jointly established the not for profit company Maritime Employees Training Limited (METL) as a response to a skill shortage of seafarers. The MUA noted that establishing training organisations 'is neither cheap nor easy' and required extensive research, planning and networking with industry. However, by the end of the 2012–13 financial year, METL had facilitated the training of over 100 seafarers and 36 had completed their traineeship, either with METL or with another employer.²⁷

5.34 The above examples notwithstanding, the committee heard various criticisms about the operation of the current training requirements under the 457 visa program.

22 Australian Government Department, *Submission 41*, p. 7.

23 Australian Government Department, *Submission 41*, p. 7.

24 The Australian Mines and Metals Association, *Submission 34*, p. 4.

25 The Australian Mines and Metals Association, *Submission 34*, p. 5.

26 Fragomen, *Submission 21*, p. 22.

27 Maritime Union of Australia, *Submission 22*, p. 7.

5.35 Mr Henry Sherrell, Policy Analyst at the Migration Council of Australia (Migration Council) was critical of the lack of an adequate 'paper trail' to determine if a particular company was in fact meeting its obligations under training benchmark A or training benchmark B. He noted there was no publicly available data about the size of the funds under training benchmark A and who is receiving those funds.²⁸

5.36 Mr Sherrell also pointed to the difficulties encountered by employers in actually proving that they meet the training benchmarks:

Anecdotally, many employers complain that, when you become a sponsor, the hardest part is demonstrating that you spend one per cent on training. Many pass that threshold, but going through the process to document and prove it is hard.²⁹

5.37 The ANMF and the ACTU argued that the current requirements are ineffective because employers are not obliged to provide training in the same positions that they employ temporary visa workers. The ANMF suggested that the nursing profession benefited little from the current arrangements because the training resources are 'typically consumed by medical staff, specialists and senior management'.³⁰

5.38 The ACTU also pointed to inequities within the current scheme such that an employer using just one 457 visa worker is required to meet the same training benchmark as an employer using multiple 457 visa workers.³¹

5.39 It was recognised that the availability of temporary overseas labour is not the only factor contributing to a deteriorating record on skills formation. The ACTU argued that the 'historical infrastructure for skills formation in Australia has been steadily dismantled over the last two decades':

On the one hand we have seen a proliferation of private training colleges as a contestable training market has been set up, and public training providers have lost funding and resources. On the other hand, many of the large public utilities or enterprises which once provided the core of the skilled blue-collar workforce have been privatised and have radically decreased their training commitment.³²

5.40 However, employers also made the point that deficiencies in the national training effort relate not only to specific vocational skills and the resourcing of training institutions, but also to a broader failure to ensure that young people have basic employability skills.

28 Mr Henry Sherrell, Policy Analyst, Migration Council of Australia, *Committee Hansard*, 17 July 2015, p. 5.

29 Mr Henry Sherrell, Policy Analyst, Migration Council of Australia, *Committee Hansard*, 17 July 2015, p. 5.

30 Australian Nursing and Midwifery Federation, *Submission 37*, p. 13; see also Australian Council of Trade Unions, *Submission 48*, p. 50.

31 Australian Council of Trade Unions, *Submission 48*, p. 50.

32 Australian Council of Trade Unions, *Submission 48*, p. 52.

5.41 For example, in response to committee questions about steps that could be taken to address high youth employment in terms of encouraging local workers to consider working in agriculture, Ms Sarah McKinnon, Manager of Workplace Relations and Legal Affairs at the National Farmers' Federation stated:

Schools do not regularly offer or encourage agricultural courses, because of the difficulty they have in getting their students out into the farm and back each day and the costs that that involves, so there is not great take-up in the TAFE jurisdiction—in the VET area. We do need to do more about getting these young people job ready for the kind of work that they are asked to do, because in agriculture a lot of the training is done on the job. So we do not always need structured, formal training before we get people out onto the farm, but what we do need is for them to have those basic job-ready skills: motivation, what to wear, the importance of turning up every day at the same time for the same period and those kinds of basic skills. I think we need to do a lot more work, particularly in the areas where there is high youth unemployment.³³

Proposals to replace the current training arrangements

5.42 Given the trenchant criticism of the inadequate operation of the current training benchmarks, and the lack of any hard data with which to measure their effectiveness, several submitters and witnesses proposed alternative arrangements.³⁴

5.43 In general, many of the proposals aimed to:

- ensure that employers who have a genuine need to sponsor overseas workers to fill skill shortages are also training the future workforce, and thereby reducing their need to rely on temporary overseas workers in future;
- increase employment and training through trade apprenticeships, traineeships and graduate degrees in the specific occupations allegedly in short supply; and
- increase the cost of accessing 457 visa workers relative to the cost of training Australian workers, especially young people in entry-level positions.³⁵

Requirements to engage Australian graduates, trainees, and apprentices

5.44 The key proposal put forward by several unions was a requirement to employ Australian graduates, trainees, and apprentices in the same occupations where the employer is seeking to use 457 visa workers. These submitters argued that the measures would develop the future skills base and reduce employer reliance on overseas workers.

5.45 In this regard, the committee notes that similar recommendations have a long history and that the 2008 Deegan review suggested comparable requirements around

33 Ms Sarah McKinnon, Manager, Workplace Relations and Legal Affairs, National Farmers' Federation, *Committee Hansard*, 26 June 2015, p. 33.

34 See Australian Council of Trade Unions, *Submission 48*, p. 50.

35 See for example, Australian Council of Trade Unions, *Submission 48*, pp 54–55.

the training commitments of Australian employers and the employment of Australian graduates:

Employers seeking to benefit by bringing overseas workers to Australia should be required to make some tangible commitment to the training of Australians in the skills sought. The commitment could be commensurate with the level of overseas labour employed but should also have a real connection to training in the appropriate area of skill. Large employers could be required to hire a percentage of apprentices or new graduates. This, at least, might ensure that Australian graduates were not passed over for employment opportunities because they lacked relevant work experience and because it is more cost effective to employ experienced employees from outside Australia. Small employers could participate in industry-wide training schemes or contribute to scholarship or training funds in appropriate areas.³⁶

5.46 In terms of trade and technical occupations, the ACTU proposed that employer sponsors of 457 visa tradespersons 'must demonstrate that Australian apprentices represent at least 25 per cent of the sponsor's total trade workforce'. The threshold for this requirement would be the employment of four or more tradespersons.³⁷

5.47 With regard to trainees and cadets, the AIMPE recommended that all employers using 457 visa workers 'be required to employ a new entrant trainee or cadet engineer to be trained for the position that is filled by the temporary worker'.³⁸

5.48 In relation to graduate employment, the ANMF recognised that running a graduate employment program came at a cost to an employer 'because new graduates need support in the early period of their employment' whereas overseas workers may already have the requisite skills. However, the ANMF noted there were also 'cultural, professional and healthcare systems issues' that overseas workers faced on arrival in Australia and that it may therefore take some time for overseas workers to adjust. Consequently, while there may be instances where it could be cheaper to employ overseas labour, in other instances, the cost of bringing both graduates and overseas workers up to speed would be roughly equivalent.³⁹

5.49 The ANMF emphasised the importance of graduate employment programs in building workforce training capacity and therefore recommended:

36 Department of Immigration and Citizenship, *Visa Subclass 457 Integrity Review Final Report*, October 2008, p. 42.

37 Australian Council of Trade Unions, *Submission 48*, p. 55; see also Mr Ron Monaghan, General Secretary, Queensland Council of Unions, *Committee Hansard*, 12 June 2015, p. 8; Unions NSW, *Submission 35*, p. 3.

38 Australian Institute of Marine and Power Engineers, *Submission 17*, p. 6.

39 Mr Nicholas Blake, Senior Industrial Officer, Australian Nursing and Midwifery Federation, *Committee Hansard*, 19 June 2015, pp 23–24.

- every nurse or midwife graduate be afforded and guaranteed access to a graduate program to ensure the next generation of nurses and midwives are retained in the sector;
- each employer of a nurse on a temporary work visa be required to employ one graduate nurse on a full time basis for each nurse at the enterprise employed under a temporary work visa; and
- a 457 sponsor of nurse labour be entitled to a direct payment from the Commonwealth in recognition of the start-up costs and administration of graduate programs.⁴⁰

5.50 More generally, the ACTU proposed that:

...where employers are sponsoring 457 visa workers in professional and managerial occupations, recent Australian higher education graduates with less than 12 months' paid work experience should represent at least 15% of the sponsor's managerial and professional workforce.⁴¹

Training levy

5.51 The committee notes that the Azarias review proposed replacing the current training benchmarks with a training levy that would be paid into existing government programs run out of the industry and employment departments that specifically support apprenticeships and training.

5.52 The proposed levy would be \$800 per visa holder for a large business, and \$400 per visa holder for a small business. In practice, the more 457 visa workers employed, the greater the levy that would be paid.⁴²

5.53 While several submitters supported replacing the current benchmarks with a training levy, there was sharp disagreement over the size of the levy to be imposed.

5.54 The Migration Council supported the levy amounts proposed by the Azarias review.⁴³

5.55 However, the ACTU argued that 'the proposed contribution rate falls far short of what is required and is actually a step backwards from the current 1 per cent payroll requirement'. Instead, the ACTU proposed a \$4000 levy for each 457 visa worker employed. This levy would 'be paid to an approved industry training fund, group

40 Australian Nursing and Midwifery Federation, *Submission 37*, p. 12; Mr Nicholas Blake, Senior Industrial Officer, Australian Nursing and Midwifery Federation, *Committee Hansard*, 19 June 2015, p. 25.

41 Australian Council of Trade Unions, *Submission 48*, p. 58.

42 Mr Henry Sherrell, Policy Analyst, Migration Council of Australia, *Committee Hansard*, 17 July 2015, p. 5; Mr John Azarias, Ms Jenny Lambert, Professor Peter McDonald and Ms Katie Malyon, *Robust New Foundations: A streamlined, transparent and responsive system for the 457 programme*, September 2014, p. 61.

43 Mr Henry Sherrell, Policy Analyst, Migration Council of Australia, *Committee Hansard*, 17 July 2015, p. 5.

training company or the Commonwealth (where no relevant fund or training company exists).⁴⁴

5.56 The ACTU further noted that the 'amount of \$4000 is the same as the standard incentive payment the employer would have received if they had actually trained an Australian apprentice'. According to the ACTU, this measure would provide the appropriate incentive to an employer to take on an apprentice:

This means that if 457 visa sponsors actually employ a new apprentice, they will be entitled to a payment from the Commonwealth for this same amount. This provides an incentive to take on Australian apprentices as the net cost to the sponsor will be zero if they do so.⁴⁵

5.57 As noted earlier, the ANMF and the ACTU were critical of the current requirements under the 457 visa program because employers are not obliged to conduct training in the same occupations that they employ temporary visa workers. The ANMF and the ACTU therefore recommended that training funds be directly linked to the occupation in which the employer was sponsoring temporary visa workers.⁴⁶

5.58 By contrast, Ernst and Young was concerned that an annual training fund contribution would 'result in an unreasonable financial burden on many sponsors':

The proposed fund will impose an additional financial burden on employers, and large employers in particular, who invest in training their Australian employees regardless of any immigration requirements and who already make investments in upskilling and engaging target groups such as youth and Indigenous Australians.⁴⁷

5.59 To address this, Ernst and Young proposed that simplification and deregulation could be achieved by:

- retaining current training benchmark B: expenditure of at least 1 per cent of payroll on training Australian citizen and permanent resident employees; and
- replacing training benchmark A (contribution to an industry training fund of 2 per cent of payroll) with the proposed annual training fund contribution.⁴⁸

Data collection

5.60 The committee received evidence about the paucity of accurate publicly available information across a range of areas related to the employment of temporary visa workers and training.

44 Australian Council of Trade Unions, *Submission 48*, p. 57; see also Mr Ron Monaghan, General Secretary, Queensland Council of Unions, *Committee Hansard*, 12 June 2015, p. 8.

45 Australian Council of Trade Unions, *Submission 48*, p. 57.

46 Australian Nursing and Midwifery Federation, *Submission 37*, p. 14; Australian Council of Trade Unions, *Submission 48*, p. 57.

47 Ernst and Young, *Submission 24*, p. 6.

48 Ernst and Young, *Submission 24*, p. 7.

5.61 The ANMF stated it was very difficult to obtain information on both the number of people that come to Australia and work under different visa arrangements, and the domestic training effort by 457 visa sponsors in the occupations where 457 visa workers are being sought.⁴⁹

5.62 Ms Butler noted that the nursing regulatory authority would have figures on the number of migrants gaining registration as enrolled and registered nurses. However, she did note the overall numbers may be difficult to ascertain if some temporary migrant workers in aged care did not have a requirement for registration.⁵⁰ Nonetheless, the ANMF recommended that the Australian Health Practitioner Regulation Agency (AHPRA) publish annually all new registrations of nurses and midwives on temporary work visas.⁵¹

5.63 As noted earlier, the Migration Council drew attention to the absence of data on the training benchmarks and submitted that the lack of data hampered any attempt to examine the effectiveness or otherwise of the training benchmarks.⁵²

5.64 The ACTU was highly critical of the absence of data about the trends in national training:

It remains a glaring hole in the governance and transparency of the program that there continues to be no information available on, say, how many apprentices are being trained by sponsors who are employing 457 visa workers or whether the number of apprentices being trained by these sponsors is increasing or decreasing over time.

As outlined above, if the standard of 25% was applied to the current 457 tradespersons workforce of 27 790, the expected number of apprentices and trainees across those workplaces would be almost 7000 – but this information is not available.

Without this information, it is simply not possible to verify if there is in fact any training dividend at all from the 457 visa program.⁵³

5.65 In order that the public could be reassured that employers of 457 visa workers were in fact offering meaningful training, and developing Australia's future skills

49 Ms Annie Butler, Assistant National Secretary, Australian Nursing and Midwifery Federation, *Committee Hansard*, 19 June 2015, pp 20–21; see also Mr Nicholas Blake, Senior Industrial Officer, Australian Nursing and Midwifery Federation, *Committee Hansard*, 19 June 2015, p. 20.

50 Ms Annie Butler, Assistant National Secretary, Australian Nursing and Midwifery Federation, *Committee Hansard*, 19 June 2015, pp 20–21; see also Mr Nicholas Blake, Senior Industrial Officer, Australian Nursing and Midwifery Federation, *Committee Hansard*, 19 June 2015, p. 20.

51 Australian Nursing and Midwifery Federation, *Submission 37*, p. 8.

52 Mr Henry Sherrell, Policy Analyst, Migration Council of Australia, *Committee Hansard*, 17 July 2015, p. 5.

53 Australian Council of Trade Unions, *Submission 48*, p. 58.

base, the ACTU recommended that the following data should be collected and made publicly available:

- the number of employers currently sponsoring skilled tradespersons (ANZSCO level 3) on 457 visas;
- the number of apprentices and trainees employed directly by these 457 sponsors, in total and by sponsor industry and state/territory;
- the trades in which those apprentices are being trained, including the number of apprentices in the same trade classifications in which the 457 visa workers are employed;
- whether the apprentice and trainee numbers in each category have increased, decreased, or have not changed since approval of the employer as a sponsor; and
- the details of any other substantive action taken by the sponsor to increase apprentice and trainee training in each category (other than directly employing apprentices) e.g. participation in group training schemes as the host employer, cadetships and the results of such action.⁵⁴

Committee view

4.16 One of the key prerequisites for community acceptance of the 457 visa program is that skilled migration should complement domestic training. It should not be used as a substitute for training Australian workers, graduates, and apprentices. The committee is particularly mindful that the community needs to be reassured that temporary work visa programs are not having a negative impact on training opportunities for Australians, particularly young Australians.

5.66 Evidence to the inquiry has demonstrated the links between the demand for temporary visa workers and training and skills development in Australia, the skills base of the permanent Australian workforce, and future workforce capacity.

5.67 It is of the utmost concern, therefore, when evidence indicates that the 457 visa program has undermined the incentive for employers to train Australian workers, graduates and apprentices. It is a clear indication that the 457 visa program is not being used as intended when employers have taken what may appear to be the cheaper route of recruiting 457 visa workers rather than training Australian workers.

5.68 This is a particularly short-sighted approach, with obvious costs to those Australian workers, graduates and apprenticeship applicants that will miss out on opportunities for training and upskilling. In addition, there are implications for workforce capacity. Employing 457 visa workers rather than training Australians will perpetuate skills gaps in areas of identified need. Perhaps more seriously though, Australia risks creating skills gaps for the future by denying Australian workers and graduates of tertiary institutions the opportunities to develop requisite skills in areas of future workforce need.

54 Australian Council of Trade Unions, *Submission 48*, pp 58–59.

5.69 The evidence to the inquiry makes it clear that the current training requirements are ineffective and in need of complete overhaul. They are simply not meeting the needs of either our current or future workforces. This is not to say that promoting training is or should be a core aim of the 457 visa program. Rather, as noted in previous inquiries, it is to note that the 457 visa program should make a positive contribution to the national training effort. The committee believes this contribution is best achieved by removing ineffective obligations and replacing them with the correct incentives and more effectively targeted requirements.

5.70 Clearly, these matters are intimately related to the primary goal of ensuring that the 457 visa program is only used to enable employers to address short to medium term workforce needs by sponsoring skilled overseas workers on a temporary basis to fill positions where the employer is unable to find suitably skilled Australian workers.

5.71 In this regard, the committee notes that establishing a genuinely tripartite, independent, and transparent body with responsibility for providing objective evidence-based advice to government on matters pertaining to skills shortages, training needs, workforce capacity and planning, and labour migration (see Recommendation 6 (chapter 3)) would, if implemented, go a long way towards ensuring the 457 visa program is used as intended. Such a body could also provide advice on fostering greater coordination at a national level around training as well as greater integration between the supply and demand for skills and training. An independent expert body could also address one of the key questions raised by many submitters and witnesses: if approximately three quarters of a million temporary visa holders in Australia have work rights (this figure does not include the approximately 650 000 New Zealand (subclass 444) visa holders with work rights), what efforts are being made to identify skills gaps and train Australians to fill positions in those occupations?

5.72 Over and above Recommendation 6, however, specific measures should be taken to produce positive training outcomes for Australian workers and reduce the need to rely so heavily on temporary visa workers. In this regard, the committee endorses the views of the Deegan review on these matters.

5.73 With the Deegan proposals in mind, it is clear to the committee that a successful transition to graduate employment is a key element of securing Australia's future workforce capacity. To this end, the revival of graduate employment programs across a range of industry sectors is a high priority. Further, the committee is of the view that where an employer has hired a temporary visa worker, the employer should be required to employ a graduate in the same enterprise/location on a one-for-one basis.

5.74 Mindful of the additional costs that employers may face in terms of training Australian tertiary graduates (as compared to employing temporary visa workers), the committee considers a short review is appropriate to assess the extent of any potential additional costs involved in running a graduate training program, and the desirability and feasibility of directing funds collected from the training levy (see below) towards such a program, in order to ensure that graduates gain ready access to graduate employment positions.

5.75 In terms of trade and technical training, the committee is persuaded of the need to expand apprenticeships in areas where employers are recruiting 457 visa workers. Given that the Commonwealth provides a standard \$4000 incentive payment to an employer that engages an apprentice, it seems reasonable to expect employers that sponsor a 457 trade worker to also make a quantifiable commitment to training Australian apprentices in the same occupations where temporary visa holders are being employed.

5.76 Noting the training benchmarks imposed on 457 visa sponsors are not a proportional payment and do not reflect the number of 457 visa workers employed in a business, the committee agrees with the Azarias review that the benchmarks should be abolished and replaced with a training levy that would be paid per 457 visa holder employed in the business. However, the committee regards the levies proposed by the Azarias review as insufficient to ensure the correct incentives are in place to ensure that employers make a genuine commitment to training Australian workers, graduates, and apprentices.

5.77 Finally the paucity of accurate data across a range of areas relating to the employment of temporary visa workers needs to be addressed as a matter of urgency in order to underpin meaningful action on training to address identified skills shortages.

Recommendation 13

5.78 The committee recommends that employer sponsors of a 457 visa worker (professional) be required to also employ an Australian tertiary graduate in the same enterprise on a one-for-one basis.

Recommendation 14

5.79 The committee recommends that employer sponsors of a 457 visa worker (trade) be required to demonstrate that apprentices represent 25 per cent of the sponsor's total trade workforce (with the threshold for this requirement being the employment of four or more tradespersons).

Recommendation 15

5.80 The committee recommends that the current training benchmarks be replaced with a training levy paid per 457 visa holder employed in the business. The committee recommends that the levy be set at up to \$4000 per 457 visa worker and that the levy be paid into existing government programs that specifically support sectors experiencing labour shortages as well as apprenticeships and training programs. The committee notes that this levy would need to be closely monitored to ensure it is paid by the sponsor and not passed on to the visa holder.

Recommendation 16

5.81 The committee recommends a short review be conducted into the costs to employers of running graduate employment programs, and the desirability and feasibility of directing funds collected from the training levy to assist employers

implement and administer graduate programs, such that Australian tertiary graduates are afforded ready access to graduate employment positions.

Recommendation 17

5.82 The committee recommends that the following data be collected and made publicly available on an annual basis (either by the relevant statutory agency, or the relevant government department):

- **all new registrations of nurses and midwives on temporary work visas;**
- **the number of employers currently sponsoring skilled tradespersons (ANZSCO level 3) on 457 visas;**
- **the number of apprentices and trainees employed directly by these 457 sponsors, in total and by sponsor industry and state/territory;**
- **the trades in which those apprentices are being trained, including the number of apprentices in the same trade classifications in which the 457 visa workers are employed; and**
- **whether the apprentice and trainee numbers in each category have increased, decreased, or have not changed since approval of the employer as a sponsor.**

5.83 Although this chapter has focussed primarily on the 457 visa program, the committee also has serious concerns about the effect of the 417 visa program on the opportunities for training and upskilling local workers.

5.84 The widespread use of 417 visa workers in the meat processing industry is not only impacting employment opportunities for local workers, particularly in regional areas, but is drastically reducing the opportunities for the training and upskilling of a local labour force, and as a consequence, exacerbating and prolonging skills shortages.

5.85 Reducing the pool of local workers that may be considered suitable for training and upskilling as slaughterers, boners and slicers in the meat processing industry will, in practice, entrench dependence on 457 visa workers to fill those skilled roles. This is short-sighted, counter-productive, and iniquitous.

5.86 Furthermore, using 417 visa workers in this manner undermines an underlying principle of the 457 visa program, namely that employers who sponsor a 457 visa worker will train and upskill local workers to address skills gaps so that reliance on 457 visa workers can be reduced over time. It also undermines the meat industry labour agreement, because to the extent that one of the requirements under the labour agreement is for an employer to reduce its reliance on 457 visa workers, an employer must prioritise the upskilling of its local workers.

5.87 The committee will have more to say on the 417 visa program in chapter 5. In light of the above, however, the committee therefore emphasises the critical importance of examining the impacts of the full array of temporary work visas in combination, rather than just assessing their operation in isolation.