



# SKILLS AT A PREMIUM



**T**ruth is the most valuable thing we have," Mark Twain once said. "Let us economise it." In the increasingly contentious debate over Australia's temporary work visas, the truth often seems to be economised.

Is it really the case, as critics claim, that thousands of migrant workers are being exploited by a growing number of ruthless

way the government hopes they'll be used: that's to drive wages down, to take away your rights at work. You need to have a system of temporary work visas but you don't need to have a system that is open to exploitation the way the government's allowing this to go forward."

Likewise, ACTU president Sharan Burrow has claimed that the use of temporary migration visas is

program is that about 20 per cent of 457 visa holders obtain permanent residence. Temporary skilled migrants are the best source of permanent migrants because they already have a job, have already settled into Australia and have already been contributing to our economy and community for some time."

Whether it is due to a genuine skills shortage or because more profits can be made by employing

## A desperate shortage of skilled tradespeople and professionals has led Australian employers to recruit more than 50,000 foreigners on temporary visas in the past 12 months. Some ask what's wrong with that, while others say it's the wrong way to go.

STORY: GEOFFREY MASLEN

employers intent on maximising their profits by undermining the wages and working conditions of ordinary Australians?

Or is the temporary skilled migration program, as its supporters argue, a crucial element in providing essential services such as health and education as well as providing much needed skills in the critical industries of manufacturing, mining, construction and agriculture?

What is certain is that the number of migrant workers has expanded enormously in a very short time—up by 80 per cent since 2004 to some 50,000 in the past 12 months—while the number of sites where they are employed is estimated to be close to 10,000, a 25 per cent jump in the same period, according to evidence presented to a Senate estimates committee hearing in October.

"I wish I could say that this 457 visa system is out of control but it's worse than that," Shadow Minister for Immigration Tony Burke told a press conference the month before.

"What we're seeing with these visas is them being used in exactly the

out of control "because the [Immigration] department can't police its own rules". "The way the 457 visa system operates exploits foreign workers and threatens the jobs and training opportunities for Australians," Ms Burrow said.

In response, the then Immigration Minister, Senator Amanda Vanstone, rejected those accusations. Last September, Senator Vanstone noted that almost 40,000 temporary work visas were granted in the year to June—up from a little more than 27,000 in 2005—while an additional 32,000 visas were issued to the workers' dependants.

"These figures underscore the importance of the temporary skilled migration program to the provision of essential services," she said. "With average salaries of more than \$66,000, that is an indication that the visa is being used to bring in highly skilled people to meet the shortages that go hand in hand with the sustained economic growth enjoyed under the Coalition government.

"A key aspect of the success of our temporary skilled migration

foreign workers on lower wages and worse conditions, demand by employers across the various industry sectors is high.

At the beginning of this year, the road transport industry renewed its campaign to bring in more temporary migrants to tackle what it said were chronic staff shortages. Transport companies have urged the government to ease immigration rules that prevent them from hiring skilled drivers from overseas, claiming it was almost impossible to find qualified Australians to do the job in rural areas.

Chief executive of the Australian Meat Industry Council, Kevin Cottrill, estimated at least 30 employers were waiting to bring in about 1,000 workers, noting that 2,000 foreign workers were already working in Australian abattoirs. Mr Cottrill said labour shortages were worsening as graziers were having to slaughter their animals because of the drought.

But the secretary of the Meat Workers Union, Graham Bird, said by March the backlog would be

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A recent report listed nearly 100,000 vacancies for skilled workers.

cleared and slaughtermen would again be short of work. He claimed employers were using 457 visa workers—who must be paid a minimum of \$38,000 a year or \$750 a week in rural areas—to undercut local meat workers who can earn more than \$1,000 a week.

The opposition and unions have seized on many worrying reports in the media of migrant workers being exploited to attack the scheme and to call for stricter monitoring by the Immigration Department and the federal Office of Workplace Services. Whether these examples are the tip of an ugly iceberg or merely minor instances in an overwhelmingly successful scheme has yet to be determined—despite lengthy hearings into the issue by the Senate estimates committee in May and October last year.

Perhaps two other investigations may throw more light on the topic. One is an investigation by the Ministerial Council on Immigration and Multicultural Affairs which was asked last July by the Council of Australian Governments to “identify and implement cooperative measures to ensure the effectiveness, fairness and integrity of the temporary skilled migration arrangements, including appropriate and consistent minimum standards”. The investigation was expected to include wages for 457 visa-holders, more stringent labour market tests, English language requirements, and more cooperative compliance monitoring between the various governments involved.

Similarly, the chair of federal parliament’s Migration Committee, Don Randall (Member for Canning, WA), announced in December that his committee would hold a public inquiry into temporary business visas, including 457 visas. Mr Randall said temporary skilled migrants were vital to Australia’s ongoing prosperity.

Australia had invested heavily in training young Australians, he said, but strong economic growth had led to a skills shortage in key industry



*People trained in food, hospitality and tourism are in high demand.*

sectors and the 457 visas were playing an important role in attracting people with the skills Australia needed. Now the committee wanted to see if the current arrangements were functioning efficiently or needed to be improved. It will examine the adequacy of current eligibility requirements (including English language proficiency), as well as monitoring, enforcement and reporting arrangements.

As with the Ministerial Council investigation, the Migration Committee’s inquiry will almost certainly receive plenty of evidence about the impact of 457 visas. This is likely to include examples of abuse, such as the 50 Korean welders who say their lives are in tatters after coming to Australia under the 457 visa scheme.

The Koreans arrived in Western Australia early in 2005 and claim they were misled about the work they would do and the money they would be paid. They told the ABC’s *7.30 Report* last October they came to

Australia believing they would be well rewarded and enjoy a better life for their families. But after they started work on a Perth building site, they discovered what they had been promised was very different to what they were getting.

“I was making a lot of money in Korea,” one of them said. “But when I saw the advertisements for the jobs in Australia, I thought it looked okay so I came here. I was guaranteed to get paid over \$75,000 a year. I don’t know how much I’m paid now exactly but I get \$16 an hour after tax.”

Under the 457 visa system, employers are able to recruit skilled tradespeople and professionals from overseas as temporary residents for up to four years. The Korean’s visas were arranged by a Perth-based labour recruiting company which, as well as offering attractive wages, also promised health insurance and help to get settled. The wages, however, were far less than Australian welders were

being paid, health insurance was not provided and the families received no assistance in finding homes.

Another case involved a Chinese worker, "Jack" Zhang, who was reported in the Fairfax media last September as having to pay just under \$10,000 to an employment agency in China to obtain a temporary work visa and a further \$10,000 to his employer in Australia. Each week, he had to hand over \$200 to repay that debt but, once the debt was fully paid, he was fired. When the media reported the case, he was evicted from his home because his employer was also his landlord.

Last year, too, the Office of Workplace Services investigated 38 Chinese construction workers employed at a Sydney factory on 457 visas by Hunan Industrial Equipment Ltd, a

labour hire company owned by the Chinese government. As a result of the OWS inquiries, it recovered more than \$650,000 in back-pay while the same week the office also recovered almost \$94,000 for another four Chinese workers at a Melbourne printing business.

Senator Vanstone responded to these reports of abuse of the system by announcing the allocation of nearly \$24 million over four years to fund "investigative mobile strike teams". These were to ensure employer compliance with their 457 visa undertakings, including paying temporary foreign workers the correct wages, and to improve negotiation and management of "labour agreements".

But as the Immigration Department's deputy secretary, Abul Rizvi, told the Senate estimates

hearing in October, most of the allegations made against employers come under other state or federal legislation rather than breaches of the Migration Act. Mr Rizvi said a significant proportion of the new money would be spent developing "state by state arrangements with a range of Commonwealth and state agencies" as well as coordinating cases where investigations were undertaken by another agency.

The issue of migrant worker exploitation was raised during an ABC interview last September with Prime Minister John Howard. He dismissed the opposition's claims that the government was deliberately encouraging the importation of workers from overseas and that this was taking away the jobs of Australians willing and able to fill those positions.

"Now that is not true and the Labor Party is being very hypocritical on this issue because the major users of 457 visas are state Labor governments," Mr Howard said. "There's no greater user of 457 visas in the country probably than the New South Wales Department of Health, so Labor governments are using these visas. They're constantly asking us to shorten the procedures, they're constantly saying, for example, in Western Australia that the meat industry will collapse in that state if we don't let in more foreign workers.

"Yet at a federal level, the Labor Party is saying we're taking away the jobs of Australians and trying to create the impression that the great bulk of the people who are coming in to fill these positions are from Asia and the Middle East, when they ought to know by looking at the figures that that's untrue. The largest source country for skilled migrants, and that's not surprising, is the United Kingdom because the language and the culture and the way of life and everything is still so similar to ours that it's easier to get skilled migrants with the right set of skills from that country.

"But we very happily take them from India and China because we do run a non-discriminatory policy, and the point needs to be made that if anybody is to be involved in a



*The NSW Department of Health is one of the biggest users of 457 visas, the Prime Minister said.*

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responsible debate about this issue, they should not misrepresent to the Australian community the sources from which our skilled migrants come.”

Mr Howard said where there has been abuse of the 457 visa system it should be punished. But he said the whole system should not be shut down just because some individuals might abuse it.

A strong critic of the 457 visa system is Sydney labour market analyst Bob Kinnaird, who has made a study of the system and published his findings in the Monash University journal, *People and Place*. He notes the growth in 457 visas has been so rapid that, for the first time in Australia this year, there will probably be more temporary visas granted than skilled permanent residence visas.

Mr Kinnaird argues this is moving Australian skilled migration towards the American model. He says it is a deliberate strategy as the federal government has frozen the

permanent skilled migrant intake at 2004-05 levels and opted to aggressively promote employer-sponsored temporary visas as the best way to meet the nation's skilled labour needs.

“Australia has a more deregulated temporary skilled visa than either America or Britain.”

“Australia has a more deregulated temporary skilled visa than either America or Britain,” Mr Kinnaird says. “There is no US-style cap on the annual number of 457 visas and the rules do not require employers to show that there are no local residents able to do the work—or to pay market rates to the visa-holders. Even on the limited evidence the government makes available, concerns about key aspects of the 457 visa scheme are justified.”

One particular issue Mr Kinnaird has highlighted is how the 457 visa program, along with other factors, has contributed to a greatly reduced demand over the past five years for computing and information technology graduates—so much so that the poor job prospects for graduates has caused plummeting enrolments by young Australians in IT courses.

His research shows that between 2001 and 2005, the proportion of Australian computer science graduates unable to find full-time work was at record or near-record levels of 25 to 30 per cent while enrolments by Australian students in university IT courses fell by 50 per cent to less than 9,000. There are now fewer Australians commencing IT courses than in 1996 when the Howard government first came to office. Yet despite the evidence of a serious oversupply of domestic IT graduates, increasing numbers of 457 visas continue to be granted to foreign workers.

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"If the government wants to ensure community support for the expansion of 457 and other temporary visa programs, then it needs to address these concerns," Mr Kinnaird says.

"First, there should be much greater transparency and public disclosure about the 457 program.

"Second, the current policy on minimum salaries should be reviewed and the principle requiring market rates should be adopted as this is the single most important change needed to the visa rules because it offers the greatest protection against cheap labour.

"Third, the [Immigration Department's] employer compliance monitoring system should collect data on actual salaries paid to visa holders [and] this should be published regularly and compared with department-approved salaries for those visas.

"Finally, [the department] should review its blanket opposition

to labour market testing... Some form of test should be mandatory in occupations where there is an oversupply of Australians or declining training opportunities for Australians."

The government meantime shows no sign of limiting the intake of foreign workers. On the contrary, it is stepping up its efforts to attract skilled workers from abroad by establishing offshore skills assessment centres in countries with the greatest potential to supply people who can fill existing shortages. They include Britain, India, the Philippines, South Africa and Sri Lanka.

The centres will target people in the many trades where shortages exist. The government wants its offshore bases to be operating by mid-year.

A recent report from the Department of Employment and Workplace Relations listed nearly 100,000 vacancies for skilled workers, including 17,000 positions for

factory and machine workers, and 11,400 jobs for people trained in food, hospitality and tourism. That suggests the 457 visa system will remain a powerful magnet in attracting many more temporary migrants to this country. ■

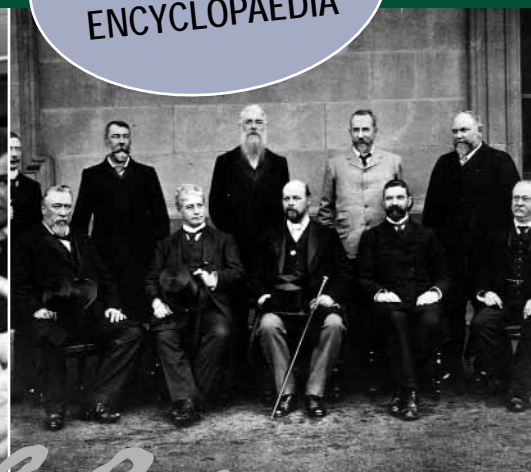
*For more information about the Migration Committee's inquiry into temporary business visas, visit [www.aph.gov.au/house/committee/mig/457visas](http://www.aph.gov.au/house/committee/mig/457visas) or email [jscm@aph.gov.au](mailto:jscm@aph.gov.au) or phone (02) 6277 4560.*

*Transcripts from the Senate estimates hearings are at [www.aph.gov.au/hansard/senate/committee/S9331.pdf](http://www.aph.gov.au/hansard/senate/committee/S9331.pdf) for October 2006 and [www.aph.gov.au/hansard/senate/committee/S9770.pdf](http://www.aph.gov.au/hansard/senate/committee/S9770.pdf) for May 2006.*

*Bob Kinnaird's paper 'Current Issues in the Skilled Entry Subclass 457 Visa' is in the Monash University journal *People and Place*, vol 14 no 2 ([www.arts.monash.edu.au/sociology/cpur](http://www.arts.monash.edu.au/sociology/cpur)).*

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