

Question 1 – Senator Xenophon – at pp 17- 18 of the *Hansard* transcript

Senator XENOPHON: *Okay, that is extraordinary. You said on the second page of your submission that there has been a downward trend in relation to 457 visas. But the TWU submission asserts that the number of 457 visas continues to rise and that, at the end of February, there were 107,510 primary 457 visa holders, up 21.5 per cent on this time last year, and the total number of applications so far in this program year is 8.3 per cent higher. But that contrasts with the ANZ series of job advertisements, a fairly reasonable and respected benchmark which covers newspaper and internet job vacancies, which shows a 15 per cent decline in the year to October 2012. What is ACCI hearing in relation to that? You are switched on in terms of what small and big businesses are doing. Hasn't there actually been a softening in the local labour market? But there still seems to be quite strong growth in 457s. I cannot understand why there seems to be such a contrast between the two.*

Mr Bolton: *There certainly has been a softening in the local labour market. Indeed, when you look at the actual 457 visa figures, following a very large spike in August last year where numbers shot through the roof following what I heard was an effort by DIAC to go through a huge backlog of applications, there has been a fairly substantial downward trend in the months following.*

Senator XENOPHON: *But there is still a contrast. You may want to take this on notice. Isn't there a significant contrast? The 457 visa sector seems to be going quite strongly but there has been a corresponding drop in job ads in the local labour market. Don't you see something quite strange about that? We have got a softening labour market. For young people in the northern suburbs of Adelaide there is a very significant unemployment rate, and the same is repeated in areas around the country. The local market seems to be softening, yet we have this contrast with 457 visas. Does that show there is something not quite right with our local labour market or training or skills?*

In a media release dated February 2013¹ following the release of the February 457 visa usage, The Department of Immigration and Citizenship stated that:

Temporary work visa applications have been heading downwards since June 2012 and have now declined for the last three consecutive months. Reinforcing this trend has been a drop in actual 457 visa grants since August. This movement demonstrates the 457 visa program's responsiveness to the changing needs of the Australian economy.

The DIAC March monthly report of 457 visa usage shows that the number of subclass 457 primary visa holders granted in 2012 –March 31 2013 was 1.7% higher than the same period last year. However, the report goes on states that “*there has been a general downward trend in visa grants since the spike in August 2012,*” with The report goes on to show that the number of visas granted has fallen from just under 7000 in August 2012 to just under 5000 in March 2013.²

Under 1% of visas granted in the current program year were for occupations falling into ANZCO skills level 4 or 5, the lower skilled or entry level skills bands. The 2012-2013 program year saw only slight growth of 8.2% in visas granted in ANZSCO skills level 4 (equivalent to AQF Certificate II or III) off a

¹ <http://www.newsroom.immi.gov.au/releases/457-visa-program-responds-well-to-economic-needs-3>

² DIAC; Subclass 457 State/Territory summary report 2012-13, Pp 1.

low starting base of 440 grants. There was also a significant fall in ANZSCO skill level 5 (AQF level 1 or unskilled) of 92.1%, from 270 visas granted in the previous year to 20 in the current program year.³ The skills level of primary applicants under the 457 visa program generally fall into the highly skilled category, ANZSCO level 1 (equivalent to skill commensurate with a bachelor degree or higher qualification) makes up over 60% of the total program with ANZSCO skills levels 2 and 3 (associate professionals and experienced tradespeople) making up the bulk of the remainder.

Almost invariably, the nominated jobs that 457 visas are granted for are in higher skills levels, most often at professional and managerial levels along with some paraprofessional and experienced trades occupations. It is difficult to draw a link between the highly skilled and experienced occupations that make up the bulk of the nominated 457 visa applications and the entry level and semi-skilled occupations that the majority of Australia's long term unemployed and unemployed youth could expect to meet the skills requirements for. While there has been growth in the number of young people completing post-school qualifications, with 52% of 18-34 year olds with a post school qualification, including 26% with degree or higher level qualifications⁴, there remains a large pool of low skilled young people marginalised from the workforce.

Access to apprenticeships and traineeships for Australian youth and the labour market more broadly has been in decline since changes to employer incentives first announced in the 2011/2012 Federal Budget and continued through the 2012/2013 budget and the 2013 MYEFO. These changes saw a number of training incentives withdrawn from employers affecting Certificate 2 level traineeship incentives in the 2011/2012 budget and changes to existing worker incentives in the 2012/2013 budget. 2013 MYEFO changes to adult apprentice wage subsidies, part time apprenticeship incentive reduction and changes to Diploma and Advanced Diploma incentives which have again increased the rate of decline in non-trade apprentice commencements.

Early estimates from the National Centre for Vocational Education Research (NCVER) of apprentice commencements from the March Quarter 2013 indicate a slight drop in trades commencements from previous years but a very substantial drop in non-trade commencements following the introduction of the changes from the 2012/2013 budget. Commencement in non-trades apprenticeships has fallen from a peak of 71 000 commencements (seasonally adjusted) in the March 2012 quarter to 31 000 (seasonally adjusted) in the March 2013 Quarter.⁵ Total apprenticeship commencements have dropped to the lowest March Quarter figure, March traditionally being the strongest quarter for commencements, since the changes to the apprenticeship system which saw the introduction of the New Apprenticeship Scheme under the Howard government in 1998.

³ DIAC; Subclass 457 State/Territory summary report 2012-13, Pp 12.

⁴ ABS, 4102.0 - Australian Social Trends, April 2013

⁵ NCVER, Apprentices and trainees 2013 - early trend estimates, March quarter, May 2013

Question 2 – Senator Xenophon – at p 18 of the *Hansard* transcript

Senator XENOPHON: Sure. I have one more question, but can I invite you to reconsider. It seems that what you have just told the committee and what you have said at 4.7 in your submission are somewhat inconsistent. I am not suggesting that it is a deliberate inconsistency, but could you perhaps elaborate on that, on notice, about what you think could help in terms of some long-term planning for skills shortages, particularly amongst our young Australians, who have an extraordinarily high unemployment rate?

Ensuring a skills match between the available pool of labour and the needs of industry is essential for boosting workforce participation, overcoming skills shortages and achieving sustained productivity growth for industry. Planning for skills in recent years has focussed more on the supply of skills, achieving increased school retention and boosting numbers of post-school qualifications. Whilst boosting educational outcomes has clear economic and personal benefits, the link to industry has been marginalised. This missing link has exacerbated those remaining pockets of skills shortages as well as causing disengagement and dissatisfaction in the education and training sector by students who have undertaken qualification that do not lead to work and by employers who cannot find qualified employees. Facilitating more efficient and effective connections between potential students and educational providers, as well as between job seekers and employers, not just at the beginning of the journey but throughout life is essential in ensuring that we reduce funding wastage in the education and training sectors and avoid future crippling skills shortages.

With the uncapped places in higher education and student entitlement becoming available in the Vocational Education and Training sector, it is essential that students approach their study options well informed of industries and occupations that will be in demand in the medium to long term. One essential sub-component of labour market planning that has been neglected under the current government is industry led careers advice structures.

With the demise of the Careers Advice Australia (CAA) program in 2008, there has been no coordinated pathway for industry to pass information through to the broader education sector, informing careers advisors and students of areas of demand and growth, where the jobs in that sector will be in the future and the most appropriate qualification pathways needed to secure entry into the industry. ACCI has built a good working relationship with the Career Development Association of Australia in an effort to ensure that information on skills demand is effectively communicated to careers advisors and then onto students. This narrow information conduit does not, however, fill the almost void of readily available and easily accessible information to the broader labour market on areas of skills demand and growth.

A core recommendation of ACCI in its submission to the *National Career Development Strategy Green Paper* is that there is a need for a well understood, easily accessible, central system or “clearing house” (real and/or virtual) where information about careers, jobs and opportunities can be deposited in a timely and convenient way, and accessed by any person seeking up to date information on the needs of the Australian labour market and the skills required to enter into various occupations. In addition, at the back-end would be expertise, information about connections and networks to industry, which can be utilised by education and training providers,

careers counsellors, schools, career expo promoters, job services providers and the many other potential distribution channels of information.

A critical outcome of having a more structured approach to the gathering and distribution of information is that it will be more accessible and useful for industry bodies to provide up to date market information. Currently, and particularly since the discontinuation of the National Industry Careers Service (NICS), industry associations on behalf of employers struggle to have the resources and opportunity to communicate to career industry professionals in education and training institutions as well as Job Services Australia providers. It is a major inefficiency in the system that there is not a mechanism to send relevant and timely information to those that are in a position to communicate it to students, job seekers and those seeking to change careers.