

14 April 2015

Committee Secretary  
Senate Education and Employment Committees  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Sir/Madam,

### **INQUIRY – TEMPORARY WORK VISA PROGRAMS**

This is a submission to the inquiry by the Education and Employment References Committee into the impact of Australia's temporary work visa programs on the Australian labour market and on the temporary work visa holders. I provide comments below against several of the inquiry terms of reference.

#### **a. Impact on Australian workers**

Many temporary work visa holders are being underpaid – see the comments under term of reference c below. This will obviously depress the wages of Australian resident workers who are competing with them for jobs. A ready supply of temporary foreign workers will affect the labour market, undermine wages and conditions and reduce employment opportunities for Australians.

The basic law of supply and demand will inevitably produce these results, short of strong government intervention (which is unlikely at the best of times).

#### **b. Impact on training and skills development**

Shortage of labour and high cost of labour have always acted as a stimulus to productivity improvement through innovation in technology and management techniques. The temporary work visa system and the flood of foreign workers that we are experiencing works against this. It cannot fail to have a deleterious effect on the productivity of Australian industry and commerce. Productivity growth has languished in various areas over the past 10-20 years, and the temporary work visa system has probably contributed to that.

#### **c. Wages, conditions, safety and entitlements**

There have been media reports alleging that temporary work visa holders have been underpaid. An example is a report in the *Launceston Examiner* on 8 January 2015, regarding a chef from China on a 457 visa who was underpaid by about \$100,000 over three years. In that case the underpayment was reported and the employer prosecuted, but there are undoubtedly far more cases that go unreported.

It stands to reason that some employers will exploit employees who are in a vulnerable position, and those on temporary work visas are especially vulnerable. The situation could, in theory, be mitigated by intensive enforcement by the government of workplace laws and award conditions. But that is highly unlikely to occur in these times of public sector budget cuts and a pervasive anti-regulation agenda.

**e. Adequacy of monitoring and enforcement**

As noted above, additional enforcement would be required to ensure that the temporary work visa system is not subject to exploitation, and that may not occur even in the best of times. It is highly unlikely at present. In recent times the State and Commonwealth agencies responsible for enforcement of workplace laws and award conditions have seen their budgets and staffing levels reduced along with most other agencies.

**g. Migration**

I am not clear on the intent of this term of reference. Nonetheless I would observe that labour shortages in particular industries and regions, that have not responded to internal solutions such as retraining and special economic incentives, have traditionally been addressed by increasing the quota of permanent migrants with the required skills or willingness to work in specific regions.

The immigration program has been perfectly acceptable to most Australians and has worked very well. There is potential for short-term abuse of the system (migrants can be used to depress the labour market in specific areas) but it is inherently self correcting. Migrants are permanent residents with a stake in Australia's future, and they are able to freely exercise the right to union activity and to seek the protection of the workplace laws.

**Conclusion**

The temporary work visa system is being widely abused. It is unlikely that sufficient regulatory resources will be available to remedy the situation in the near future, and I doubt that the present federal government has any desire to provide the necessary resources. The best and safest option in the long term would be to preclude the use of temporary work visas for most purposes. We should revert to using them in a narrow range of fields only – mainly for special-purpose academic, scientific and religious work.

The opposition parties and independents should introduce legislation to the Senate to this effect, pass the legislation and refer it to the House of Representatives.

Thank you for the opportunity to contribute to this important inquiry.

Yours sincerely

Derek Walter (Mr)