

**Submission to the Senate
Education and Employment
Legislation Committee on
the Migration (Skilling
Australians Fund) Charges
Bill 2017 and the Migration
Amendment (Skilling
Australians Fund) Bill 2017**

December 2017

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1 PRELIMINARY SUMMARY

1. The ETU supports the principle of introducing a “user pays” system provided for in the *Migration (Skilling Australians Fund) Bill 2017* and the *Migration (Skilling Australians Fund) Charges Bill 2017 (the Bills)*.
2. However;
 - a. The Bills provide a perverse incentive for the Australian Government to increase the volume of visa entries into Australia at the expense of Australian workers;
 - b. The Bills provide a perverse incentive for Australian business to prioritise the employment of overseas workers rather than the employment and training of Australian workers; and
 - c. There appears to be no Regulatory Impact Statement supporting the Bills.
3. Accordingly, the current drafting of the Bills does not support the objective of the Migration Act 1958 to “regulate, in the national interest”.
4. The Bills need significant amendment to address their considerable shortcomings.

2 INTRODUCTION

The Electrical Trades Union of Australia (ETU) is the Electrical, Energy and Services Division of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU). The ETU represents approximately 65,000 electrical and electronic workers around the country and the CEPU as a whole represents approximately 100,000 workers nationally, making us one of the largest trade unions in Australia.

The ETU welcomes the opportunity to make a submission on the *Migration (Skilling Australians Fund) Charges Bill 2017* and the *Migration (Skilling Australians Fund) Charges Bill 2017*.

There are now 188,484 fewer Australian workers engaged through apprenticeships and traineeships in Australia than there was in September 2011¹. Funding for Australia's TAFE and Vocational Education and Training (VET) system has been cut by \$2.8 billion in the same period.² Those workers who are fortunate enough to have secured apprenticeships and traineeships have had to wear the brunt of the cuts through allowances such as "tools for your trade", which assisted them to complete their training.

The signing of the China Australia Free Trade Agreement (ChAFTA) has brought additional uncertainty to Australian jobs through the signing of various side agreements allowing for the importation of foreign labour regardless of the domestic availability of workers.

The introduction of the Building Code 2016 has made it unlawful for Unions and employers to negotiate and agree upon ratios of apprentices and trainees on Australian construction sites.

The Turnbull Governments record failure to support and promote vocational education and training for Australian workers speaks for itself.

The Bills, as currently proposed, do nothing to reverse these failings or to advance Australia's national interests.

3 INCENTIVE FOR GOVERNMENT TO INCREASE VISA INTAKE

The Australian Government handed down its budget on Tuesday 5 May 2017. The budget contained a forecast figure of \$1.2 billion over the next 4 years for revenue raised by the new Skilling Australia Fund.

This fund is the only source of revenue for provision of training for Australian workers in this capacity.

¹ <https://www.ncver.edu.au/> (VOCSTATS – Total Apprentices and Trainees in training July-September 2011 and April-June 2017)

² <http://stoptafecuts.com.au/index.php/blog/skilling-australians-fund>

In order to avoid a budget shortfall and to meet anticipated training needs, the Governments measures require that a minimum number of visa's are issued regardless of demand or any actual genuine need.

To avoid this perverse incentive the Government needs to ensure that a minimum level of Federal Funding is provided to the Skilling Australia Fund to meet forecast training requirements. Any additional funding acquired through the scheme could then be used to further expand training initiatives beyond the minimum forecast requirements, effectively guaranteeing a greater access to skills development for Australian workers.

4 INCENTIVE FOR EMPLOYERS TO INCREASE VISA INTAKE

The nomination contribution set by the Bill of \$8,000 and \$5,200 for temporary and permanent visa's respectively falls far below the actual cost of training an Australian worker to meet the skill shortage which triggered the need for a visa worker in the first place.

When faced with making commercial decisions about employment, business will be incentivised to pursue visa workers over Australian workers in every single occupation eligible for temporary and permanent visa's.

The difference between the cost of training an Australian worker and the nomination contribution for a permanent Visa worker, is in excess of three times higher.

By way of example – the cost of training an Apprentice Electrician in Queensland is approximately \$17,000. Compared with the nomination contribution of only \$5200 for a permanent Visa holder.

5 AMENDMENTS PROPOSED WITHOUT DUE PROCESS

The Australian Government was elected on a platform of "red tape reduction" and subsequently issued guidelines on the making of regulations.

It does not appear that a regulatory impact statement has been prepared at all for these bills.

If a regulatory impact statement had been prepared, with adequate stakeholder engagement, the deficiencies identified above would have been made clear in the early stages of drafting.

6 RECOMMENDATIONS

1. The Australian Government should guarantee a minimum level of funding to the Skilling Australia Fund which is not contingent on working visa's being issued, to remove the financial incentive to increase visa numbers and achieve funding targets.

2. The nomination contribution training charge needs to be the equivalent cost for an employer to train an Australian worker into the occupational skillset being acquired through an overseas worker.
3. The Australian Government should immediately repeal the Building Code 2016 to alleviate the reduction in numbers of apprenticeships and traineeships caused by the Code.
4. The Australian Government should ensure a Regulatory Impact Statement is completed for a revised version of the two Bills, ensuring that all stakeholders are consulted appropriately through the process.

7 CONCLUSION

It is imperative that amendments are made to the *Migration (Skilling Australians Fund) Bill 2017* and the *Migration (Skilling Australians Fund) Charges Bill 2017*.

The Bills provide a perverse incentive for the Australian Government to increase the volume of visa entries into Australia at the expense of Australian workers. Additionally, it creates a perverse incentive for Australian businesses to prioritise the employment of overseas workers rather than the employment and training of Australian workers.

The current Government has overseen a reduction in apprentice and trainee numbers of significant proportions, which can be attributed to policy settings and funding cuts to VET, skills and training over numerous consecutive budgets.

If amendments are not sought to the bills, there will be a huge financial incentive to increase the number of temporary and permanent visa holders, at the expense of Australians about to enter the work force.

The ETU endorses and supports the submission of the Australian Council of Trades Unions (ACTU) in relation to this review, to the extent that it is consistent with our own submission.

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