



People caring for people

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

19 January 2018

1. Introduction and Background

Ramsay Health Care is a global health care group operating hospitals, day surgery centres, rehabilitation centres, mental health facilities and pharmacies across Australia, the United Kingdom, France, Indonesia and Malaysia. With a collective total of 72 hospitals, day surgeries, rehabilitation facilities and mental health facilities, Ramsay Health Care Australia is the largest operator of private hospitals in Australia. Ramsay Health Care Australia (“Ramsay”) employs more than 30,000 staff nationally and admits approximately 1.2 million patients annually. The company is well-respected as a leader in the private health care sector in Australia and is a well-recognised brand in the industry.

Ramsay has a strong history with the Department of Immigration as an Employer Sponsor with an excellent record of compliance with immigration and workplace relations law nationally.

Ramsay is committed to the ongoing employment and training of Australians, with a robust education and training program across the company and many strong links with the Tertiary Sector in relation to clinical education. Ramsay invests heavily in the training and education of our staff, through a dedicated in-house learning and development department, education support, professional development and dedicated full-time and part-time education and training staff available at all Ramsay workplaces (i.e. all 72 facilities located throughout Australia as well as National and State based roles), in addition to many other programs.

Ramsay’s in-house learning and development department, the Ramsay Training Institute (RTI), offers a wide range of clinical and management education programs for new and existing staff. Many of the RTI education programs are delivered as either online e-learning programs or blended programs with a combination of online and face-to-face learning. Two programs in particular, Maternity Fundamentals and Perioperative Fundamentals, are specifically designed to address current skill and staff shortages in these critical areas of shortage.

Ramsay also provides a number of scholarships for fully subsidised external tertiary training, diploma and certificate training programs run in conjunction with TAFE and other tertiary institutions. Further, we partner with over 75 Tertiary and Vocational Education Training (VET) providers (through more than 130 agreements) to deliver a range of graduate and student placement programs with 645 graduate nurses/midwives, five allied health graduates and 58 medical interns employed and almost 12,000 clinical placements offered in the last full financial year. Ramsay Health Care regularly spends on average more than 3.3% of gross payroll per annum on training costs.

2. Submission

2.1. Skilled migration is critical to the health care sector’s workforce strategy

A common misconception amongst the community and Unions is that it is easier for employers to appoint an employee via a Temporary Work (Skilled) Visa Subclass 457 than to employ an Australian applicant. Based on the experiences of our industry, we strongly disagree.

Australian nurses are familiar with Australian terminology, nationally recognised health care procedures, national clinical standards and drug names (sometimes names vary for the same drug in a different country). They are also available to commence immediately or in the very near future and do not require support with setting up their home or organising schooling for their children. In contrast, overseas nurses may take months to arrive and when they do, in depth orientation programs are required. Ongoing time to on-board into an organisation whilst housing and schooling are being organised is expected. The same is not experienced when recruiting from the Australian workforce.

However, there continues to remain an insufficient domestic supply of suitably skilled and experienced health care professionals to fill increasing numbers of clinical health care roles. National workforce data indicates that this shortage will significantly worsen in the coming decade. The inclusion of all nursing and midwifery occupations on the Medium and Long Term Strategic Skills List (MLTSSL) is recognition of this fact.

The 457 visa and its replacement, the Temporary Skill Shortage (TSS) visa, are designed to assist Australian businesses to fill temporary gaps in the Australian workforce, whilst at the same time ensuring a commitment to training Australian workers with the long-term goal of ultimately filling those vacancies with Australian workers.

For the health care sector and our business in particular, access to temporary and permanent skilled migration is an essential part of our workforce planning strategy as a direct result of national skills shortages across a number of occupations, particularly for those occupations facing shortages which are expected to significantly increase in the medium-to-long term.

Currently, of particularly high demand to our business are a range of occupations across the following occupation groups:

- Registered Nurses (in particular Critical Care, Perioperative (Theatre) and Surgical nurses)
- Midwife (ANZSCO code 254111)
- Enrolled Nurse (ANZSCO code 411411)
- Medical Technicians – including Anaesthetic Technicians, Cardiac Technicians and Operating Theatre Technicians (ANZSCO unit group 3112)
- Resident Medical Officer (ANZSCO code 253112), in particular interns and second year Junior Medical Officer positions
- Medical Practitioners (ANZSCO minor group 253)

In the most recent comprehensive forecasting for the health care industry, Health Workforce Australia (HWA) found that demand for health care workers is greatly outstripping domestic supply. HWA projected there will be a shortfall of approximately 85,000 nurses by 2025 (increasing to 123,000 nurses by 2030) and a shortfall of approximately 2,500 doctors by 2025 (increasing to 5,000 by 2030) without significant action being taken to address domestic supply issues.ⁱ

These shortages stem from a range of factors, including our aging workforce, insufficient domestic supply (particularly at senior levels) and the increasing demand for health care. For nurses and midwives in particular, the average age of the workforce has been 44 through several reporting periods between 2009 and 2015, with 39% of the workforce (two in every five workers) aged 50 years or older as at 2015.ⁱⁱ As our workforce ages, we also see an increasing trend towards part-time employment, which has the effect of adding to the increasing demand for staff (i.e. increase in headcount).

Our business continues to remain reliant on the skilled migration of senior nurses, midwives and medical practitioners to provide a balanced health care model so as to ensure access to care, patient safety and ensure that junior staff receive adequate training and support. Without the migration of senior staff to replace those retiring/reducing hours as they age, graduate recruitment to meet long-term needs of the industry would be severely affected.

2.2. Ramsay Health Care's current investment in training, development and education and the impact of the proposed training levy on our business

Currently, Ramsay accesses the 457 visa program by satisfying the requirements of Training Benchmark A, evidencing a training spend on our Australian workforce equivalent to at least 1% of gross payroll. For our business, we evidence a training spend of more than 3.3% of our gross payroll. The true spend on training is in fact far greater. This expenditure includes the costs of providing dedicated full-time and part-time educators across all our facilities, cost of graduate programs/initiatives, specialist doctor-in-training programs, operation of the RTI, paid study leave, payment of course fees/expenses and a range of other initiatives. We heavily invest in building the skills and capabilities of our employees to future-proof our workforce and ensure the continued provision of high quality health care services to our patients and community.

Removing the Training Benchmarks will not have any impact on our continued need to invest heavily in training and education to ensure our workforce have the required level of skills in order to service the needs of our patients and

the community. The introduction of this mandatory training levy when our current costs in this area are already well above the minimum requirements is unreasonable.

2.3. The proposed training levy is contrary to the recommendations of the September 2014 independent review

The proposed implementation of an annual training contribution in lieu of current training benchmarks was recommended in the independent review into the integrity of the 457 program released in September 2014. The panel recommended employers pay a fixed fee on a yearly basis for each 457 visa holder in their employ, suggesting the amount of \$400 per 457 visa holder, per year.ⁱⁱⁱ

The panel also made the following comments and recommendation in relation to the costs of the 457 program generally:

We note that the 457 programme operates in a highly competitive global market place in which permanent residence in Australia is a valuable commodity. The setting of visas fees must be seen within this broader international context. ... We also note that in the current settings, the fees attached to the 457 programme may be acting as a disincentive for participation in the programme. We question whether this was the government's intention. While it is outside the panel's scope to consider the specific dollar value of visa fees, we suggest that the fees be reviewed and set at a more reasonable level, particularly for secondary visa applicants and on-shore visa renewals.^{iv}

Rather than take any steps to improve the affordability of the 457 program, the current proposed fee structure changes will significantly increase the cost burden through unreasonable overheads to employers who rely on the 457 visa (and will rely on the TSS visa) to fill critical skill shortages. The proposed levy of \$1,800 per year for a temporary nomination and \$5,000 for a permanent resident nomination payable by a large business far exceeds the panel recommendation – 4.5 times greater in the case of the temporary nomination, with no explanation as to how this amount was determined. This proposed fee structure is exceedingly onerous. Based on the number of overseas workers who migrate to Australia and are sponsored to work in Ramsay each year, the proposed fee structure creates a multi-million dollar cost impost to Ramsay. Such an outcome is unacceptable. Put simply, if the current proposed fee structure is implemented, Ramsay will have no choice but to abandon its overseas migration of nurses and midwives from abroad.

2.4. Ramsay Health Care's continued attempts to reduce reliance on skilled migration

Our company continues to invest heavily in a variety of initiatives designed to reduce our overall reliance on the skilled migration program. Examples of such initiatives include:

- increased overall nursing graduate recruitment places;
- dedicated speciality graduate programs in areas of skill shortage such as perioperative and mental health;
- cross training programs such as Theatre Novice aimed to upskill existing nurses in medical or surgical wards to Operating Theatres, to relieve pressure on the shortage of Perioperative nurses; and
- use of Enrolled Nurses and Assistants in Nursing through an alternative skills mix model to fill the general shortage of Registered Nurses.

During the last full financial year, Ramsay recruited 708 graduate nurses, midwives, allied health graduates and medical interns; however, Ramsay only lodged 457 nomination applications for 210 employees in total, of which 50 were medical interns allocated to our business by the Department of Health and Aging. The number of 457 nomination applications has remained somewhat constant despite Ramsay's growth through brownfield expansions and new business development. These business expansions have seen a progressive increase in our total employee headcount, demonstrating the organisation's continued commitment to build, upskill and retain our Australian workforce.

However, it is expected that during the next 10 – 15 years, whilst initiatives to rectify the domestic skills development and supply issues come to fruition, there will be heavy reliance on the skilled migration program, particularly in

regional locations that have greater reliance on internationally trained practitioners. This issue will continue far beyond the two – four year period available to the 457 and TSS visas.

2.5. Failure of proposed training fund to address training needs in the health care sector

The stated intention is that the proposed training levy will “offset expenditure from the Skilling Australians Fund, a training fund administered by the Department of Education and Training (DET), to support skills development of Australians” and “improve training opportunities and outcomes for Australian citizens and permanent residents.” The Federal Government has further stated that “funding a national training partnership through the sponsorship and nomination framework is an effective mechanism to promote training across a broad range of industries and occupations” and that the fund will “prioritise the funding of apprenticeships and traineeships in occupations that are in high demand and currently rely on skilled migration, or have future growth potential, including in regional Australia.”

The reality of the health care sector (the fifth largest industry user of the 457 program), however, is that apprenticeship and traineeship programs do not address the (skills) developmental needs of our critical and high demand workforce being in roles requiring degree level qualifications or higher - for example, Registered Nurses. A Registered Nurse newly graduated from university must undertake a graduate program offered with our company where the transition of theory into practice is supervised and periodically assessed. Education days, one on one coaching, mentoring and on the job and off the job assessments form a critical part of this program. In the last financial year, Ramsay ran these programs for 645 newly graduated nurses and midwives. Ramsay Health Care’s commitment to the skills development of Australians is extensive.

The Department of Immigration and Border Protection’s own response to the independent review into the integrity of the 457 program advised as follows:

6.1	<i>That the current training benchmarks be replaced by an annual training fund contribution based on each 457 visa holder sponsored, with the contributions scaled according to size of business.</i>	Supported*
6.2	<p><i>That any funding raised by way of a training contribution from sponsors of 457 visa holders be invested in:</i></p> <ul style="list-style-type: none"> <i>a. training and support initiatives, including job readiness, life skills, and outreach programmes for disengaged groups, particularly youth who have fallen out of the school system</i> <i>b. programmes allowing employers to take on apprentices/trainees from target groups, including Indigenous Australians and those in rural and regional areas</i> <i>c. mentoring programmes and training scholarships aimed at providing upskilling opportunities within the vocational training and higher education sectors that address critical skills gaps in the current Australian workforce. Target sectors include those industries, such as nursing and the IT sector, that rely heavily on 457 workers</i> <i>d. training and support initiatives for sectors of critical national priority. Target sectors include industries experiencing significant increase in labour demands, such as the aged care and disability care sectors.</i> 	Supported

* Supported subject to further consultation ^{vi}

To our knowledge, no further consultation with industry has been engaged in and the proposed utilisation of the Skilling Australians Fund (SAF) towards apprenticeship and trainee places does not in any way assist the shortage in the nursing workforce which requires a higher level of qualification and training as well as a significant period of practice to become an experienced practitioner.

2.6. Labour market testing changes

Whilst we have no difficulty providing evidence of recruitment efforts, costings and detail for the lack of suitability of any local candidates, the blanket need for Labour Market Testing can cause significant delays in start dates in areas of known shortage and heavy reliance on locum and agency staffing which can be disruptive to the continuity of care and quality of our services.

3. Recommendations

3.1. Migration/Training Levy

- 3.1.1. The Department of Immigration and Border Protection has indicated that the migration/training levy will be determined by *“the type of visa sought, the nomination period and the size of the nominating employer’s business (in terms of annual turnover).”*^{vii}

We would submit that this falls short of reasonable and that the assessment should exempt businesses which can evidence significant training spend and investment in the development of its workforce with the total number of graduates offsetting the numbers of sponsorships sought.

In the alternative, we would recommend that the existing training/immigration levy structure that is currently in place, remain in place for sponsors who have a need to lodge high volumes of TSS nominations to meet industry skill shortages and who evidence a significant spend on training already, including spend related to appointments in regional locations where increased costs are experienced through recruitment and relocation to attract candidates to less desirable locations.

- 3.1.2. We further submit that it is appropriate that pro-rata refunds of any training/immigration levies paid towards a new nomination be available for the unused portion of a proposed employment period in the following circumstances:

- if a sponsorship, nomination and/or visa application is refused or withdrawn;
- if the employment relationship ceases during the proposed period of sponsorship;
- if the employee never commences employment; or
- if the employee is granted an alternative visa and the TSS visa ceases.

- 3.1.3. For these purposes, we submit that the period of time for a permanent visa nomination should be considered to be two years following grant of the temporary visa, in line with the program intention that an employee remain with a permanent visa sponsor for at least two years after the temporary visa grant. If an employee leaves before the two year post visa grant period, a pro-rata refund of immigration fees paid would be paid back to the employer.

- 3.1.4. We submit that any training/migration levy be payable on an annual or bi-annual basis based on total TSS visa holders in employment, to reduce the financial impact on each employer sponsor and to also provide greater clarity to the VET sector regarding the availability of funding. Requiring the levy to be payable upfront at the time of lodgement (such as the case at present) is unreasonable.

- 3.1.5. Sponsors taking over the nomination of an existing TSS visa holder should only be required to pay a pro-rata levy in line with the remaining visa period, or the proposed employment period (whichever is the lesser).

- 3.1.6. Finally, it has been indicated that the intention is to apply the migration/training levy retrospectively to any nominations lodged prior to the implementation of the changes, but which have not been finalised at the time of implementation of the legislation. Given the lack of certainty regarding the timing of the

implementation of any changes and the ability for the Department of Home Affairs to delay the grant of applications until after the implementation of the changes, we submit any migration/training levy changes passed by Parliament should only apply to those nominations lodged on or after the date of implementation of the changes.

3.2. Access to Training Levy

- 3.2.1. Any levies paid into the SAF should be more widely available to training initiatives that benefit those industries paying into the fund, rather than being used almost exclusively towards increased numbers of traineeships and apprenticeships.

We propose organisations in the health care sector obtain full access to their contributions to the SAF to upskill existing nurses into high demand areas, such as perioperative training programs, and build the capability and capacity of new graduates through upskilling our educators and training new graduates (e.g. investing further in perioperative and midwifery training programs to upskill the existing workforce and provide specialty training to new graduates).

3.3. Labour Market Testing

- 3.3.1. We recommend that the Department of Home Affairs maintain a list of occupations known to be in high demand, in addition to the occupation lists, which are exempt from the need to provide evidence of Labour Market Testing, e.g. Perioperative Registered Nurses and Midwives. Such a list could be easily reviewed in consultation with the Department of Education and Training and industry at the same time as the bi-annual reviews into the skilled occupations lists.
- 3.3.2. We also seek continued exemption for executive level management appointments through intra-company transfers. As a global employer, movement of our senior executive between countries is not uncommon and their background and experience as Ramsay Executives is crucial to the ongoing success of our business.
- 3.3.3. The proposed legislation does not make it clear whether Labour Market Testing will need to be met for each visa renewal, or whether evidencing a need to hire an overseas trained worker at the time of initial hire will be sufficient for renewal applications. We would argue that providing evidence of advertising efforts at the time of the initial hire and sponsorship should be sufficient, particularly for those occupations known to be in short supply.

Conclusion

Maintaining a stable workforce in an environment of increased health care cost, an aging population and an aging workforce has significant challenges and we expect the health care sector will continue to be reliant on the migration of overseas trained health care staff for many years to come. We acknowledge that safeguarding opportunities for, and supporting the training needs of, Australians is crucial for not just our industry, but the Australian community at large. The move away from the Training Benchmarks to the migration/training levy will result in unreasonable overheads and no benefit to businesses such as ours in addressing our workforce shortages, delivering quality patient care through quality staffing or in decreasing our reliance on the 457 or TSS visa program, at a time when it is widely acknowledged that the nursing workforce in particular is facing critical and increasing shortages. Re-directing much needed funds away from our own industry needs towards a migration/training fund that will have little to no impact on our industry does not align with the needs of the Australian community, our industry or the purposes of the skilled migration program as a partial solution to a skills shortage issue.

Thank you for the opportunity to provide a response to your inquiry.

For further information, please contact:

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ⁱ Health Workforce Australia 2014, "Australia's Future Health Workforce – Nurses – Overview report" (p.vii)

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ⁱⁱ Health Workforce Australia 2014, "Australia's Future Health Workforce – Nurses – Overview report" (p.8)

Australian Institute of Health and Welfare 2016, "Nursing and midwifery workforce 2015" <https://www.aihw.gov.au/reports/workforce/nursing-and-midwifery-workforce-2015/contents/who-are-nurses-and-midwives>

ⁱⁱⁱ *Robust New Foundations: A Streamlined, Transparent and Responsive System for the 457 Programme – An Independent Review into Integrity in the Subclass 457 Programme*, John Azarias, Jenny Lambert, Prof. Peter McDonald & Katie Malyon, September 2014 (p.12)

<https://www.homeaffairs.gov.au/ReportsandPublications/Documents/reviews-and-inquiries/streamlined-responsive-457-programme.pdf>

^{iv} *Robust New Foundations: A Streamlined, Transparent and Responsive System for the 457 Programme – An Independent Review into Integrity in the Subclass 457 Programme*, John Azarias, Jenny Lambert, Prof. Peter McDonald & Katie Malyon, September 2014 (see pages 73-75)

^v Migration (Skilling Australians Fund) Charges Bill 2017 Explanatory Memorandum (see pages 2 and 8)

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^{vi} *Government response to the Independent Review into the integrity of the subclass 457 programme*, Department of Immigration and Border Protection

<https://www.homeaffairs.gov.au/about/reports-publications/reviews-inquiries/independent-review-of-the-457-programme/response-to-integrity>

^{vii} Migration (Skilling Australians Fund) Charges Bill 2017 Explanatory Memorandum (p.8)