

1 February 2007

RECEIVED
02 FEB 2007

BY: MG



Submission No. <u>19</u>
Date Received

The Secretary
Joint Standing Committee on Migration
PO Box 6021
Parliament House
Canberra ACT 2600

Inquiry into Temporary Business Visas

Based on our research on temporary skilled migration to Australia, we would like to make the following submission to the above Inquiry.

Background

In 2002 the Australian Research Council awarded us a Linkage project grant (LP0210650) for a study of temporary skilled migration to Australia under the 457 visa subclass, with the collaboration and support of the Department of Immigration and Multicultural Affairs as the industry research partner. The objectives of the research project were to examine (1) the factors motivating the sponsorship and temporary migration of skilled workers to Australia, (2) the characteristics and views about the temporary business visa program of employers who have sponsored skilled workers and (3) the labour market experiences and residential intentions of the temporary business visa holders.

As part of the research project, we conducted two surveys in 2003-04: a survey of employers who had sponsored migrants on the 457 visa and a survey of temporary migrants who were holders of the 457 visa. DIMA assisted us with the survey by mailing out the survey questionnaires to 295 employers and 6000 temporary migrants randomly selected from their administrative records. 135 employers and 1175 migrant workers responded. The employers who responded were from all industries except government administration and defence and included small businesses, large multinational companies and public sector institutions. We also met personally with 10 employers in Sydney, Melbourne and Canberra representing a range of industry sectors to interview them about their experiences in sponsoring workers under the 457 visa program. The 1175 migrants who responded to the survey were from a wide range of managerial, professional and trades occupations in all industry sectors. They were similar in terms of their gender composition (2/3 male and 1/3 female) and distribution by country of citizenship and location of residence in Australia to the population of 457 visa holders on DIMA's administrative list at the time of the survey. We also re-surveyed 267 of these people one year later to find out what had happened to them; whether they were still in the same job, had become permanent residents or had changed their views about staying in or leaving Australia.

The research findings are discussed in three reports that are available on DIMA's website and several research papers that have been presented at academic conferences or published/will be published in academic journals. A complete listing is attached.

In this submission we discuss the research findings from our study in relation to the Inquiry's Terms of Reference.

Terms of reference 1(a): Adequacy of current eligibility requirements (including English language proficiency)

Employers in our study were asked what characteristics were important to them in employing foreign workers on the 457 visa. All of them rated work skills as very important or important. English language proficiency was considered important by most (83 per cent) but not all employers. Small businesses (68 per cent) were less likely to rate English language skills as important or very important in sponsoring overseas workers compared with larger employers (93 per cent). English language skills were also less important to employers in the restaurant and construction industries. Employers in our study included Indian and Japanese restaurant owners who had sponsored chefs from India and Japan. Some employers also indicated that they had sponsored workers with foreign language skills to liaise with Japanese tourists or overseas students.

Employers in the study were asked specifically if they had ever experienced language problems with their 457 visaed employees. About two-thirds responded that they had never experienced any language problems. Large employers are less likely than small employers (30 per cent compared to 46 per cent) to have language problems with their employees. Eight of the 12 Labour Agreement employers in the survey reported that they had experienced language problems with their foreign employees.

At the time of our study, the skill eligibility requirement was restricted to occupations in the first four ASCO (Australian Standard Classification of Occupations) major groups: managerial, professional, associate professional and trades occupations. This skill eligibility requirement was consistent with employers' most important reason for sponsoring overseas workers: because they required people with skills that were not available or difficult to obtain in Australia. Some employers required very specific skills, such as knowledge of a company's operations, product or culture. Others required people with specialised training such as drilling fluid engineers, patent and trade mark attorneys and audiologists. The 457 visa subclass was introduced to expedite the process of allowing employers to bring in highly skilled workers from overseas, and comments received from the employers in our study indicated that they were generally satisfied with the visa eligibility requirements in meeting their skills needs.

When asked if they had ever experienced problems relating to inappropriate or inadequate work skills with their 457 visaed employees, 82 per cent of employers in the study reported never experiencing such problems and 18 per cent said they did only some of the time. This was not surprising since they were usually aware of the skills of the people they had sponsored. Employers who had encountered problems relating to inappropriate or inadequate work skills were more likely to be small businesses (22 per cent) or Labour Agreement employers (33 per cent).

Recent problems with the 457 visa that were reported in the media appear to concern the sponsorship of semi-skilled workers in occupations outside the first four ASCO major groups. Beginning in 2004, employers in designated regional areas were able to secure a waiver that allows them to sponsor workers in the semi-skilled ASCO groups (major groups 5, 6 and 7). Our study did not include these employers and semi-skilled 457 visa holders.

Terms of reference 1(b): Effectiveness of monitoring, enforcement and reporting arrangements

Our study also examined employers' views about the 457 visa program including monitoring arrangements. Eighty per cent of the employers did not consider the monitoring process to be difficult for them. The small number of employers who rated it as difficult were more likely to be small businesses and Labour Agreement employers. Employers were generally satisfied with current

arrangements and many had positive comments about the temporary business entry program (see our report to the Department of Immigration for more details).

457 visa holders in the study were generally positive about their work situation. Job satisfaction was high for most migrants, with 73 per cent saying they liked or loved their job, 23 per cent saying the job was "OK" and just over 3 per cent stating that they disliked or did not care about their job. When asked specifically if they had ever had a dispute with their employers about salary or work conditions, 80 per cent of the migrants in the survey said they had not. Eleven per cent had had a dispute with their employer about salary and level of payment, 8 per cent had a dispute about holidays and leave, 7 per cent had a dispute about working hours, 6 per cent about the type of work and 5 per cent about quality of work. Comparable figures for Australian workers would be needed to interpret these figures in their proper context. Migrant workers in trades (30 per cent) or intermediate-skilled occupations (25 per cent) were more likely than those in managerial (13 per cent) or professional (17 per cent) occupations to have had a dispute with their employers on any of these issues.

A few 457 visa holders reported that their employers had exploited them by violating their contract in relation to salary and holiday leave or had taken advantage of their situation as temporary residents dependent on their employer's sponsorship. They had suggested that DIMA scrutinise and monitor employers more carefully.

Terms of reference 2: Identify areas where procedures can be improved

Our study indicates that employers are generally satisfied with the operation of the 457 visa and with the work skills of their sponsored employees. Suggestions for improvement of procedures relate to processing time and less duplication of information requested and recent changes introduced by the Department of Immigration have addressed these issues. A few 457 visa holders have suggested closer scrutiny and monitoring of employers to ensure they do not violate the terms of the employment contract, but there are no widespread concerns with the eligibility requirements or the monitoring, enforcement or reporting arrangements.

Concluding comments

Our study indicates that the skilled workers sponsored under the temporary business entry program are considered essential for the successful operations of the businesses, non-profit organisations and service industries that employ them. It also suggests that there is an increasing demand for people with specialised skills and knowledge that are often not immediately available in a relatively small population such as Australia's. The recent period of strong economic growth, the need to keep up with technological change and Australian consumers' preferences for a wider range of goods and services that come with a greater internationalisation of tastes have all contributed to this increase for specialised skills. The temporary business entry program has provided employers with the flexibility to tap into the global pool of skilled labour. The study finds that employers who have sponsored skilled workers from overseas and 457 visa holders themselves are generally satisfied with the operation of the program. A small number of migrant workers did report being taken advantage of by their employers in relation to salary and work conditions and suggested that the Department of Immigration scrutinise and monitor employers more carefully.

More details of the main findings from the survey of employers are in our report, *A Global Market: The Recruitment of Temporary Skilled Labour from Overseas*, available on DIMA's website, and in our paper, "*Temporary skilled migration to Australia: employers' perspectives*", presented at the

Australian Population Association's 12th Biennial Conference, Canberra, 2004, and to be published in the journal *International Migration* in 2007.

More details of the main findings from the survey of 457 visa holders are in our report, *Temporary Skilled Migrants in Australia: Employment Circumstances and Migration Outcomes* available on DIMA's website.

Yours sincerely



Dr Siew-Ean Khoo
Senior Fellow*



Professor Peter McDonald
Director*



Professor Graeme Hugo
Director[#]

*Australian Demographic and Social Research Institute
The Australian National University
Canberra ACT 0200
Tel: 02 6125 3045 / 02 6125 2129

[#]National Centre for the Social Applications of GIS
The University of Adelaide
Adelaide SA 5005
Tel: 08 8303 5646

BIBLIOGRAPHY

Reports, Publications and Conference Papers from the Temporary Skilled Migration Research Project

Reports to the Department of Immigration (available on the Department's website):

S. E. Khoo, C. Voigt-Graf, P. McDonald and G Hugo, 2004. *A Global Market: The Recruitment of Temporary Skilled Labour from Overseas*. Canberra: Department of Immigration and Multicultural and Indigenous Affairs, 48 pp.

S.E. Khoo, P. McDonald and G. Hugo, 2005. *Temporary Skilled Migrants in Australia: Employment Circumstances and Migration Outcomes*. Canberra: Department of Immigration and Multicultural and Indigenous Affairs, 80 pp.

S.E. Khoo, P. McDonald and G. Hugo, 2006. *Temporary Skilled Migrants' Employment and Residence Outcomes: Findings from the follow-up survey of 457 visa holders*. Canberra: Department of Immigration and Multicultural and Indigenous Affairs, 27 pp.

Journal articles and conference papers (available from the authors)

S.E. Khoo, C. Voigt-Graf, G. Hugo and P. McDonald, 2003. "Temporary skilled migration to Australia: the 457 visa sub-class," *People and Place*, 11(4): 27-40.

S.E. Khoo, C. Voigt-Graf, P. McDonald and G. Hugo, "Temporary skilled migration to Australia: employers' perspectives," Paper presented at the Australian Population Association Biennial National Conference, Canberra, September 2004. To be published in *International Migration*, 2007.

S.E. Khoo, P. McDonald, G. Hugo and C. Voigt-Graf, "A global labour market: factors motivating the sponsorship and temporary migration of skilled labour." Paper presented at the International Union for the Scientific Study of Population (IUSSP) XXVth *International Population Conference*, Tours, France, 18-23 July 2005. To be published in *International Migration Review*, 2007.

S.E. Khoo, G. Hugo and P. McDonald, "Which skilled temporary migrants become permanent residents and why." Paper presented at the *Population Association of America Annual Meeting*, Los Angeles, April 2006.

G. Hugo, S.E. Khoo and P. McDonald, 2006. "Attracting skilled migrants to regional areas: what does it take?" *People and Place*, 14 (3): 26-36.