

QUESTION TAKEN ON NOTICE

ADDITIONAL BUDGET ESTIMATES HEARING: 21 FEBRUARY 2011

IMMIGRATION AND CITIZENSHIP PORTFOLIO

(82 & 83) Program 1.1: Visa and Migration

Senator Cash asked:

In various publications the Government and the Department talk about the need to create a "Flexible Labour Force". Please advise what elements the Government believes are necessary to create a "Flexible Labour Force".

Does Australia currently have a "Flexible Labour Force?" If not, what changes are required to achieve this objective?

Answer:

This response contains input from the Department of Immigration and Citizenship and the Department of Education, Employment and Workplace Relations.

In January 2011, Australian labour market employment stood at 11,441,500. Full-time workers comprise 70 per cent of total employment and one quarter of all employees are casual workers. According to the ABS one in six persons are new workers (less than 12 months with current employer) ¹, indicating the existence of mobility and flexibility in the labour market.

The Government is taking significant steps in many areas to ensure Australia's labour force continues to meet the needs of a changing economic environment.

Migration Policy and Programs:

The Department of Immigration and Citizenship has consulted with the Department of Employment, Education and Workplace Relations (DEEWR) in reforming Australia's skilled migration program in recent years. The reforms have aimed to make the skill stream more flexible in order to supplement the Australian labour force in skilled occupations, and to complement Australia's domestic qualification and training strategies and programs.

¹ Australian Bureau of Statistics (ABS) publications provide data on population and workforce mobility. This includes the Labour Mobility Australia publication which provides an overview of persons aged 15 years and over who, within the 12 months to February 2010, had a change of employer of job. See [www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/A7DB73FBBA3653FFCA2577920018AB28/\\$File/62090_feb%202010.pdf](http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/A7DB73FBBA3653FFCA2577920018AB28/$File/62090_feb%202010.pdf).

The Skill Stream of the Migration Program is an important driver of economic growth through the delivery of higher levels of productivity, labour force participation, and labour force growth.

Within the Skill Stream there are several categories which provide significant flexibility in addressing Australia's skill needs. In particular, temporary skilled visas allow approved employers to sponsor skilled workers from offshore in selected skilled occupations. This category has proven to be highly responsive to changes in the business cycle, and demand for these visas is closely associated with national vacancy indexes.

While short-term skill needs can be addressed through the temporary skilled visa categories, the permanent skilled migration categories provide capacity for approved employers with longer-term and region-specific skill needs to attract workers with the required skills from overseas and to retain existing overseas workers on a permanent basis. The permanent skilled visa categories also contribute to Australia's productivity growth and prosperity through the introduction of persons with skills of long-term benefit to the nation into the economy. These categories are also an important component of Australia's strategy to address the structural challenge of an ageing population.

The Australian Government also administers non-sponsored temporary migration programs with a work right which contribute to the supply of labour available to Australian industry and increase the flexibility of the labour market. These programs include, but are not limited to, New Zealand citizens (resident in Australia under the Trans Tasman Travel Arrangement); working holiday visa holders; international student and temporary graduate visa holders; dependents of sponsored temporary skilled visa holders; and special program visa holders.

Workplace Relations:

The Australian Government recently reformed the national workplace relations system. The *Fair Work Act 2009* introduced a fair and flexible system designed to improve Australia's competitiveness and prosperity and provide appropriate protection for all employees.

The award modernisation process resulted in a reduction from 3715 existing state and federal instruments to 122 modern awards.

The agreement-making framework in the *Fair Work* system provides opportunities for employees and employers to negotiate enterprise agreements that best suit the needs of particular workplaces. At the same time, this flexibility is balanced by a strong safety net that all workers can rely on, comprising 10 legislated National Employment Standards (NES) and the modern awards which cover specific industries and occupations.

Enterprise agreements cannot undercut the NES and must result in employees being better off overall than under an otherwise applicable modern award. There is now a record number of enterprise agreements covering more than 2.3 million Australia employees.

All modern awards and enterprise agreements must include provisions that enable an employer and employee to agree to an individual flexibility arrangement (IFA). IFAs enable employers and employees to agree to flexible working arrangements that suit their specific circumstances, provided the employee is better off overall in comparison to the modern award or enterprise agreement. An IFA can vary the effect of modern award terms about arrangements for when work is performed, overtime rates, penalty rates, allowances and leave loading. An IFA can vary the effect of any term of an enterprise agreement.

The *Fair Work Act* contains a number of measures designed to promote workplace flexibility by better enabling employees to balance their work and family commitments. Such measures support employees' ability to re-enter or remain in the workforce, particularly following the birth of a child or where an employee assumes caring responsibilities. Other features of Fair Work include protections from unfair dismissal for all employees, protection for the low-paid and protection of the freedom to choose to be represented in the workplace.

Skills and Workforce Development:

The Government is working in partnership with industry to increase the supply of skilled labour for the critical industry sectors of construction, resources, infrastructure and renewable energy.

The Critical Skills Investment Fund provides \$200 million Australian Government co-funding for industry projects that train and place job seekers into available positions in these critical industries, and that up-skill existing workers to meet new business demands.

Maintaining national momentum on addressing skills gaps, the Government has accepted all 31 of the recommendations of the *Resourcing the Future* report as the first stage of a National Resources Sector Workforce Strategy. Working with industry to implement these recommendations will directly assist the resources sector to meet its increasing demand for skilled labour, promote workforce planning, strengthen workforce participation and further build Australia's productive capacity.

The Australian Qualifications Framework (AQF) contributes to a more flexible workforce in Australia by providing a clear framework and standards for Australian qualifications and by facilitating pathways into and between qualifications and through the promotion of lifelong learning and recognition of prior learning.

Training and Workforce participation

The Australian Government is committed to ensuring the Vocational Education and Training (VET) sector is flexible and responsive to the needs of industry, business and individuals and recognises the need for a National Training System that can deliver a highly skilled, flexible labour force that responds quickly to the challenges of a 'patchwork economy'.

To this end, the Australian Government released the *Skills for Sustainable Growth* package in 2010. These reforms are helping to drive improved quality and transparency in the training system and deliver an increased supply of skilled labour to meet the needs of employers and the economy. The package also supports better linkages between VET and higher education, to deliver higher level skills into the labour force, and contribute to productivity.

In VET, government subsidised training can be accessed via Australian Apprenticeships, Group Training and Australian Government Foundation Skills programs. State and territory governments also provide access to training through Public and Private Providers. Training is available in areas of skills shortage, including health related career training. Also available for VET students is VET FEE-HELP, a student loan scheme for the VET sector.

The Australian Government is also implementing a range of policy and programs to improve literacy and numeracy skills such that it increases the likelihood of labour force participation. These include the Workplace English Language and Literacy (WELL) program, the Language, Literacy and Numeracy Program (LLNP) and the Australian Apprenticeships Access Program (Access Program).

Labour mobility within Australia

Under the Council of Australian Governments (COAG) the Australian Skills Quality Authority (ASQA) has been established to drive better quality standards and regulation and to strengthen Australia's international education sector. The introduction of ASQA will ensure consistency of assessment and training outcomes of VET qualifications across all jurisdictions which will increase workforce mobility and flexibility.

To enhance both labour mobility and to reduce regulation, the COAG has also agreed to establish a national occupational licensing system to remove licensing barriers between the states and territories. The first wave of occupations in the new national licensing system on 1 July 2012 will be electrical; plumbing and gas fitting; refrigeration and air-conditioning; and property. The second wave in 2013 will include building and building related occupations, conveyancers and valuers.