

QUESTION TAKEN ON NOTICE

BUDGET ESTIMATES HEARING: 22 May 2006

IMMIGRATION AND MULTICULTURAL AFFAIRS PORTFOLIO

(113) Output 1.1: Migration and Temporary Entry

Senator Carr asked:

1. In the Estimates hearing of 22 May 2006, the Department mounted an argument that tradespersons entering under 457 visas who are paid less than the market or going rate are in fact “new entrants”. Could you explain this?
2. Are the “new entrants” new entrants to the trade, the industry or the country?
3. Why do you believe that the status of these workers as “new entrants” provides a rationale for the employer paying them less than the going rate?

Answer:

1. & 2.

All people who commence work in Australia for the first time are new entrants to the Australian labour market.

3. It is sometimes the case that new entrants to a labour market, even with skilled work experience, may start out on a lower salary than comparable skilled workers who are well established in that labour market. The major reason for this is a lack of knowledge of and familiarity with the labour market, including contacts with other skilled workers and employers. However, studies have shown that the majority of Subclass 457 visa holders move to higher income brackets.

The recent survey of 457 visa holders who had been in Australia for 18 months entitled *Temporary Skilled Migrants' Employment and Residence Outcomes: findings from the follow-up survey of 457 visa holders*, conducted by Professors Peter McDonald and Graeme Hugo and Dr Siew Ahn Khoo, has strongly corroborated this finding. This study found that around 25% of 457 visa holders surveyed at 18 months had moved to a higher income category and nearly 20% had a change in their occupation or job title, many of whom had been promoted. These improvements in earnings should be considered in the context that the average wage of a 457 visa holder is around \$65,000 and for a 457 visa holder in the ICT sector around \$70,000.

These findings underline the fact that 457 visa holders are able to compete in the Australian labour market for the going rate, if needs be by changing jobs. This point was made recently by Mr Bob Kinnaird in an article in the People and Place journal entitled *Current Issues in the Skilled Temporary Subclass 457 Visa*. Mr Kinnaird said “the 457 rules ... allow 457 visa-holders, even though sponsored by specific employers for a specific job, to change employers and effectively compete in the general Australian labour market (where the new employer takes on 457 sponsorship responsibilities)”.