

QUESTION TAKEN ON NOTICE

SUPPLEMENTARY BUDGET ESTIMATES HEARING: 30 October 2006

IMMIGRATION AND MULTICULTURAL AFFAIRS PORTFOLIO

(109) Output 1.1 Migration and Temporary Entry

Senator Carr (L&CA written) asked:

1. In answer to QON 113 from the last Estimates round, the Department makes the point that “all people who commence work in Australia for the first time are new entrants to the Australian labour market.”

While this is logically true, it is not clear what exactly is meant in a substantive sense. Can a distinction be made between “new entrants” to the labour market in general from “new entrants” to the Australian labour market?

2. The comment quoted is made to justify the practice of paying workers on 457 visas at a lower rate than the going rate in Australia.

Does the Department’s observation imply that it equates workers on 457 visas, even those with many years of relevant experience, with entry-level Australian workers, junior workers?

Answer:

- 1 Yes such a distinction could be made.
- 2 No. This distinction is not designed to align sub-class 457 workers with entry-level Australian workers or junior workers. The distinction makes the point that there will be some discount in salary for people who are new to the Australian labour market. However, an industry by industry comparison shows that in most instances sub-class 457 workers are paid, at the time they are visaed, well above the industry average paid to all Australian workers in the relevant industry. This demonstrates that sub-class 457 workers are, on average, more highly skilled and better paid than the industry average and certainly well above the pay rates for entry-level workers. It also shows that, for sub-class 457 workers, the discount for being a new entrant to the Australian labour market is not large.