

Skills Shortages

Temporary Residents (Economic) Annual Report 2007-2008

Objectives

This component aims to:

- develop and administer temporary visa arrangements that further Australia's economic relations in the context of an increasingly global workforce
- assist business to meet key and emerging skill gaps, particularly in regional Australia
- ensure a balance of benefits to Australia by assisting business to meet their skill needs and protecting Australian employment and training opportunities.

Description

Skilled long-term temporary residents make a major contribution to Australia, bringing with them new ideas, international contacts and access to cutting edge technologies and business practices. By filling specific skill gaps in Australian businesses, they help Australia remain a strong competitor in the international market. Many are also helping businesses train their Australian staff.

This group of economic visas allows skilled temporary residents to come to Australia to broaden their work experience and skills, some under reciprocal arrangements and bilateral agreements.

These temporary residents come to Australia to undertake a variety of roles: academics, researchers, entertainers, media personnel for overseas networks, and domestic workers within the homes of diplomats or senior executives.

Performance

Table 32: Temporary residents (economic)—performance information

Measures	Results		
	2005–06	2006–07	2007–08
Quality¹			
Percentage of temporary entrants who apply for protection visas decreases	0.11%	0.14%	0.13%
Percentage of temporary entrants who abided by their visa conditions remains high or increases	99.26%	99.49%	99.53%
Percentage of applications finalised within service standards	N/A	N/A	See Table 33
Extent to which the fast-track processing initiatives lead to faster processing times compared to the rest of the caseload ²	N/A	N/A	N/A
Take-up rate for the e-lodged 457 visa increases	72.77%	79.17%	81.68%
Quantity³			
Number of Temporary Residents (Economic) visa applications finalised (persons) ⁴	177 522	212 157	264 671

1. Percentages shown represent all visa subclasses which fall under the temporary residents (economic) output.

2. Formal fast-track processing was not implemented in 2007–08. The department rationalised processing sites and cleared backlogs to improve responsiveness.

3. Applications processed in Taipei are not reflected in the applications (persons) finalised quantities.

4. Finalisation cases are all applications, including nominations and sponsorships, decided and finalised—approved, refused, lapsed, cancelled or withdrawn.

Table 33: Temporary residents (economic)—performance against the service standards

		Onshore clients		Offshore clients	
		Low risk	High risk	Low risk	High risk
Long stay business and other sponsored temporary residents	Target	75 per cent finalised in 2 months	75 per cent finalised in 3 months	75 per cent finalised in 2 months	75 per cent finalised in 3 months
	Result	65.82%	71.13%	77.63%	69.60%

Reform of the Temporary Skilled Migration Program

Significant steps were taken to progress the Australian Government's reform of the Temporary Skilled Migration Program.

In May 2008, the industry-led External Reference Group's report reinforced the important role of temporary migration to address Australia's labour market needs. In response to the group's recommendations, the department cleared a backlog of Business (Long Stay) (subclass 457) visa applications and rationalised the existing nine processing sites by establishing three dedicated processing centres in Sydney, Melbourne and Perth. Staff in the centres are being trained to become specialists, improving responsiveness to industry needs.

A targeted information strategy also commenced to reduce the potential for exploitation of overseas workers by promoting awareness of rights and obligations among visa holders and of obligations among employer sponsors.

Minister Evans appointed an industrial relations expert, Ms Barbara Deegan, to examine the integrity of the temporary skilled program (including labour agreements). A key focus of the review is consideration of the salary mechanism and English language requirements.

Ms Deegan is reporting to the minister progressively with a final report due in October 2008.

An interdepartmental committee was appointed by the Minister for Immigration and Citizenship and the Minister for Education, Employment and Workplace Relations to provide advice through the latter part of 2008 to assist the government to develop a package of longer term measures to be considered in the 2009–10 Budget and implemented in 2009–10.

The minister also announced that new laws would be introduced in the spring 2008 parliamentary sittings to help prevent the exploitation of temporary skilled foreign workers and ensure the wages and conditions of Australians are maintained. These will be supported by a robust monitoring and enforcement regime.

Other reforms to the temporary skilled migration program included the formation of the Trucking Industry Working Group and the Agricultural Production Working Group.

The Trucking Industry Working Group presented its final report to the minister in March 2008. The group recommended access to subclass 457 visas be removed from some road transport occupations due to safety concerns and long-term workforce issues in the transport industry requiring a permanent solution focused on domestic recruitment, training and retention strategies. The occupations include heavy vehicle drivers, delivery drivers, furniture removalists and automobile drivers. In recognition of the special needs of the mining and construction industries, heavy vehicle drivers operating primarily at mining or construction sites are exempt from this change, which came into effect on 1 July 2008.

The Agricultural Production Working Group continued to examine the skill needs of the agriculture sector with a final report expected to be submitted to the minister in August 2008.

Labour agreements

Labour agreements are negotiated between the Commonwealth, represented by the Department of Immigration and Citizenship and the Department of Education, Employment and Workplace Relations, employers and other relevant parties. They provide a flexible response to the needs of industries experiencing ongoing skill shortages, while ensuring that any overseas recruitment does not prevent the longer-term improvement of employment and training opportunities for Australians. Each labour agreement is generally effective for two to three years. At 30 June 2008, there were more than 55 labour agreements in place and more than 120 under negotiation.

Changes introduced on 10 September 2007 made the meat industry labour agreement the only avenue available to access skilled meat workers through the subclass 457 program. The meat industry template agreement provides a specifically tailored pathway for meat companies to access skilled overseas meat workers. At 30 June 2008, 12 companies had signed a meat industry labour agreement and 14 agreements were under negotiation.

On 1 October 2007, access to the standard subclass 457 program was removed for on-hire employers who seek to place overseas workers with other unrelated businesses and the on-hire industry labour agreement became the compulsory pathway for the on-hire industry to access the subclass 457 visa program. This is in line with the considerations of a review by the Council of

Australian Governments. At 30 June 2008, 13 companies had signed an on-hire industry labour agreement and 79 agreements were under negotiation.

To improve the transparency of the labour agreement process, from February 2008 employers were required to consult industrial stakeholders during the negotiation of a labour agreement. This consultation complements other requirements for consultation with community groups and training bodies.

An industrial relations expert, Ms Deegan, will examine the integrity aspects of labour agreements.

Performance of temporary skilled migration

The temporary skilled migration program allows businesses to respond quickly to skill gaps by sponsoring skilled workers to work in management, professional and skilled tradesperson positions.

Demand continues to be strong for information technology and health professionals and for senior management roles. In 2007–08, the top five occupations nominated by employers were computing professionals (8 per cent), registered nurses (6 per cent), business and information professionals (4 per cent), general medical practitioners (3 per cent) and chefs (2 per cent).

Integrity of temporary skilled migration

In May 2008, the minister announced that minimum salary levels (MSLs) for temporary skilled overseas workers would increase by 3.8 per cent from 1 August 2008. This applies to new temporary skilled migrants coming to work in Australia and, for the first time, those already in the workforce who are subject to an MSL. The 3.8 per cent increase is based on the Australian Bureau of Statistics All Employees Earnings increase for November 2006 to November 2007.

Table 34: Temporary skilled migration (subclass 457)—performance information¹

Measure	2005–06	2006–07	2007–08
Visa grants to primary applicants	39 530	46 680	58 050
Total visa grants	71 150	87 310	110 570
Sponsors with a grant to a primary applicant	9 930	11 250	14 170
Percentage of sponsorships e-lodged	64.8%	71.6%	75.9%
Percentage of nominations e-lodged	72.4%	80.5%	85.5%
Percentage of visa cases e-lodged	72.8%	79.2%	81.7%
Average nominated base salary	\$66 200	\$71 600	\$73 100
Percentage of Australian Standard Classification of Occupations 1 to 3 primary grants	76.1%	79.3%	81.0%

1. Excludes independent executives.

Figure 13: Trend for subclass 457 visa grants¹ since 1 July 1997

1. Excludes independent executives.

Figure 14: Percentage contribution of ASCO1 major groups

1. Australian Standard Classification of Occupations (ASCO) 1–3 occupations include managers and administrators, professionals and associate professionals while ASCO 4 occupations include tradespersons and related workers. Other occupations include advanced clerical and service

workers, intermediate clerical, sales and service workers, intermediate production and transport workers.

Table 35: Subclass 457 monitoring performance

Measure	2005–06	2006–07	2007–08
Active sponsors (sponsors with a primary visa holder in Australia at the end of the financial year)	N/A	15 410	18 750
Sponsors monitored	6 471	6 463	5 293
Sponsors site visited	1 717	1 553	1 759
Sponsors formally sanctioned	3	95	192
Sponsors formally warned	99	313	1 353
Referrals to other agencies	45	167	218

Table 36: Subclass 457 visa grants endorsed by regional certifying bodies

Measure	2005–06	2006–07	2007–08
Number of subclass 457 visa grants to primary applicants endorsed by a regional certifying body	1 610	1 520	1 400

The change increased the current standard MSL from \$41 850 to \$43 440 per annum. For information and communication technology (ICT) professionals, the MSL rose from \$57 300 to \$59 480. In regional areas, the current standard MSL rose from \$37 665 to \$39 100 and from \$51 570 to \$53 530 for ICT professionals. This increased the safety net for skilled migrant workers to help preserve their earning power and the integrity of the Australian labour market generally.

Comprehensive training for monitoring officers was developed and delivered to support targeted risk based monitoring of subclass 457 sponsors. The training content is linked to a nationally recognised qualification, a Certificate IV in Government (Statutory Compliance). More than 90 per cent of staff in monitoring offices have been awarded the qualification.

Supporting regional needs

The subclass 457 program allows employers based outside the metropolitan centres of Brisbane, Gold Coast, Newcastle, Melbourne, Sydney, Perth and Wollongong to nominate a broader range of occupations at lower salary levels, subject to certification by a regional body endorsed by the state or territory government. These arrangements and the regional minimum salary level recognise the unique needs of employers in regional Australia.

Pathway to permanent residence

The subclass 457 program provides a pathway for skilled workers to apply for permanent residence at the completion of their nominated role. In 2007–08, 24 960 permanent residence or provisional visas were granted to people who last held a subclass 457 visa. The majority (88 per cent) applied for permanent entry under the Employer Nomination Scheme, Regional Sponsored Migration Scheme, Labour Agreement or skilled independent visa programs. The last of the subclass 457 visas granted in 2003–04 expired in June 2008. Of the 37 430 people granted a subclass 457 visa in

2003–04, 17 840 (almost 48 per cent) have now been granted a permanent residence or provisional visa.

Table 37: Permanent and provisional visa grants where the person last held a subclass 457 visa¹

Category	Financial year of permanent or provisional visa grant		
	2005–06	2006–07	2007–08
Economic migration	16 550	17 690	23 480
Family migration	1 440	1 460	1 460
Other	50	20	20
Total	18 040	19 170	24 960

1. Based on the last substantive visa held, excluding bridging visas.

Figure 15: Trend for permanent and provisional visa grants where the person last held a subclass 457 visa¹

1. Based on the last substantive visa held excluding bridging visas.