

Immigration and the nation building and jobs plan

EXECUTIVE SUMMARY

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This bulletin examines whether the Australian government's immigration policy changes announced in December 2008 are consistent with its \$42 billion Nation Building and Jobs Plan. The main focus is on the skilled component of the permanent-entry and temporary entry (subclass 457) visa programs.

The study finds that, in terms of protecting Australian jobs and in providing skills actually needed in the Australian labour market, the Rudd Government's skilled-immigration policy is in conflict with the Jobs Plan, and urgently needs major changes.

The Rudd Government says its \$42 billion plan will protect around 90,000 jobs—37,500 jobs in 2008–09 and between 56,250 and 75,000 in 2009–10. During this period, Treasury expects total employment in Australia (even with the plan) to decline slightly and unemployment to rise by around 300,000.

In the December 2008 changes to its immigration policy settings the government said that in the permanent entry program:

- it would not cut overall program numbers in 2008–09 from their record levels of around 200,000 migrants of whom around 135,000 would be in various skilled categories, including 55,400 principal applicants—but it anticipated some reduction in 2009–10
- it would better target the skilled permanent program by setting new visa processing priorities from 1 January 2009; these give first priority to employer-sponsored permanent visas and the employer-sponsored 457 temporary skilled visa—the main permanent visa categories are the Employer Nomination Scheme (ENS) and the Regional Sponsored Migration Scheme (RSMS)
- after employer-sponsored visas, the next priorities are state/territory government-sponsored visas and occupations on a Critical Skills List (CSL)
- there is no cap on the number of visas that can be granted in employer-sponsored visa categories, CSL occupations or indeed any permanent skilled visa category except for a small subgroup of state government-sponsored visas.

Regarding the overall migration program numbers, the study finds that unless the migration program is cut sharply from its projected levels, the growth in migrant job seekers will exceed the 90,000 jobs the plan proposes to protect. The immigration program will almost certainly neutralise the benefits of the multi-billion dollar plan for Australian workers.

The study provides projections for the growth of the Australian workforce over the medium term, assuming various levels of net overseas migration (not exactly the same as permanent migration numbers). These show that:

- even without any net migration the Australian workforce will grow by about 30,000 a year through 2009–10 and 2010–11
- if the net migration level is 180,000 during this time (well below the 214,000 recorded in 2007–08), there will be an additional 112,000 workers added each year—this will therefore mean a total of around 140,000 new job seekers each year, at a time when the government itself is projecting no employment growth.

Regarding employer-sponsored visas, the Immigration Minister claims that Australian jobs will be protected because employers will only sponsor migrants for jobs for which Australians (citizens and permanent residents) are not available.

This study challenges these claims. It shows that employer-sponsored visas in fact have less stringent regulation than the main skilled permanent visas:

- employers who sponsor foreign workers under these visa categories usually do not have to prove that Australian workers are not available, at market rates and conditions—there is no resident labour market testing or LMT
- employers do not have to pay market rates to sponsored migrants on either the permanent or 457 temporary visas (but in the 457 visa program, the government proposes a change to market rates by mid-September 2009)
- there are few restrictions on the occupations in which workers can be sponsored, as long as they are at trade or above level—moreover, the sponsored migrants do not need to have good English language skills or have their qualifications assessed by Australian accrediting authorities
- there are no rules stopping sponsors from recruiting migrants instead of Australians, or even of retrenching locals ahead of 457 visa holders.

Those sponsored under the employer-sponsored permanent entry programs (ENS/RSMS) are drawn almost entirely (80–90 per cent) from former 457 visa workers and other temporary migrants who have worked in Australia for at least two years. These 457 migrants are increasingly being recruited from low-wage countries, notably India, the Philippines and China.

The number of principal applicants visaed under the ENS and RSMS has increased from 5,314 in 2005–06, to 8,264 in 2007–08, and is accelerating rapidly with growth in 2008–09 (to end-December 2008) up 67 per cent. That rate if maintained would see 13,800 principals visaed in 2008–09.

The numbers visaed under ENS and RSMS are likely to continue to increase. Not only has the government given top priority to these employer-sponsored visas. There is a very large pool of 457 visa holders working in Australia, many desperate to obtain permanent residence visas via this route—in December 2008, 82,500 primary 457 applicants including 18,980 in the trades and sub-trades occupations where workers from low-wage countries on minimum salaries are heavily concentrated.

The Rudd Government has put employers in the driving seat to decide the direction of Australia's immigration program. As a result, the employer-sponsored permanent visa programs have become a backdoor entry for migrants who may not have the English language skills or qualifications required of skill-tested migrants generally.

As economic conditions worsen, some reduction in the total number of employer-sponsored 457 visas is expected. But tighter economic conditions also increase the incentive for employers to sponsor migrants desperate for work in Australia, first on 457 visas then for permanent residence visas. These visas allow employers in difficult market and financial conditions to reduce their labour costs because the system is wide open for employers to exploit, by offering lower wages and conditions undercutting Australian workers.

Recommendations

The dramatic shift from chronic labour shortages to labour surpluses, with rising unemployment and zero employment growth likely, demands an equally major shift in government thinking about skill shortages and migration:

- first priority should now be on how Australian training and mobility incentives can help Australian workers relocate to areas of skill shortages, not on removing obstacles to migrant recruitment
- migration should be strictly limited to those skills where there is a substantiated case that the skill cannot be obtained from within Australia.

Detailed recommendations are outlined for changes in the various skilled migration visas, chief of which are that:

- the range of occupations eligible for skilled migration be curtailed and particularly for employer-sponsored temporary or permanent visas, and
- employers provide proof that Australians are not available at market rates of pay and conditions, before any visas are granted.