

## Australian government axes 457 work visa: experts react

Written by The Conversation

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The Turnbull government is [axing the 457 visa program](#) and replacing it with a new Temporary Skill Shortage Visa. This comes after a history of problems with the 457 program, including [uncovered abuse of workers](#).

The new scheme will be made up of two streams, one short term (issued for two years) and one medium term (issued for up to four years for “more focused occupation lists”). Both of these will be subject to labour market testing including a requirement for two years of work experience, a market salary rate assessment and a new non-discriminatory workforce test.

[As of June 30, 2016](#) there were 94,890 primary 457 visa holders in Australia. This means the total number of primary 457 visa holders who are sponsored by an employer is equal to less than 1% of the Australian labour market. This [proportion rises](#) if international students, backpackers and other temporary migrants are included.

The number of eligible occupations for the new types of visas will be shortened by 216, with 268 available for the two year visa and 167 for the longer four year visa. Applicants will also now have to meet English language requirements and undergo a criminal check.

The changes are in effect immediately and will be fully implemented by 2018.

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## Who is affected?

**Henry Sherrell, Research Officer, Development Policy Centre, ANU**

While it is easy to blame immigrants for questions on Australian jobs, when it comes to the 457 visa program, employers are the ones who generate visas. The visa program is closely tied to the strength or weakness of the labour market.

The policy change most likely to reduce the number of temporary skilled migrants is the changes to the list of occupations available to sponsor. By removing certain occupations, employers have a more limited set of job placements for migrants. Over time, this could reduce the temporary skilled migrants working in the labour market overall.

As employers must sponsor migrants, it is employers who drive the trends of how many visas are being granted from year to year. As the economy grows, demand for 457 visas should increase. The same also works in reverse. This is exactly what has happened, as the population of 457 visa holders [has fallen](#) from about 110,000 in 2013 to under 95,000 by June 2016.

We can see this echoed in the state numbers. During the mining boom, Queensland and Western Australia attracted larger numbers of migrants on 457 visas. However this has changed quickly. Western Australia recorded a 27% drop in the number of visas granted in 2015-16 compared to an 11% drop nationally.

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The industries that [stand to be most affected are](#) information technology (the largest sponsor), followed by the [professional, scientific and technical services](#) accommodation and food services. However the top three occupations under 457 visas contributed fewer than 15% of all visa grants in 2015-16.

Many people on 457 visas end up gaining a permanent visa, often also sponsored by their employer. In 2015-16, a total of 51,110 people on a 457 visa were granted a permanent visa.

It is unclear what the 457 changes will mean for the transition from temporary to permanent residency although existing visa holders will be grandfathered under the old system, providing a level of certainty at least in the short-term.

Yet the total population of 457 visa holders was already slowly reducing due to the softer labour market.

### **A training fund may not go far enough to address shortages**

**Chris F. Wright, Senior Lecturer, University of Sydney**

The government's decision to establish a training fund as part of the replacement package for 457 visas is welcome given unemployment and underemployment is [relatively high especially among younger workers](#)

The Turnbull government clearly needs to do more to encourage employers to use domestic policy mechanisms – such as structured training and active labour market policy – to increase the supply of skilled labour rather than just looking abroad.

However, more extensive changes to education and training policy are required. Over the past quarter-century there has been a wholesale change in how employers address their skills needs.

There has been a [significant decline in employer investment in training and developing their](#)

[workforce](#) . This is partly a consequence of the deregulation of the employee training system by the Keating and Howard governments that led to an erosion of structured training and to a decline in the quality of training.

As a consequence, employers [became more inclined to engage ready-trained skilled migrants](#) as a consequence. My research with Dr Andreea Constantin showed employers who use the 457 visa were more than twice as likely to address skilled job vacancies by recruiting workers from abroad as they are to train their existing employees.

These problems have [also been highlighted by other studies](#) and are unlikely to be resolved without greater coordination and investment by employers and government.

It's unrealistic to expect that any local worker can be trained to be completely adequate for meeting employers' skills needs. As the Roach Review argued when it first recommended the introduction of the 457 visa in 1995:

A country of Australia's size cannot expect to be completely self-sufficient at the leading edge of all skills in the area of key business personnel. When world trade in services is based on different countries developing specialised skills in different areas, it is not realistic for Australia to attempt to develop specialised skills in all areas.

Skilled migration therefore needs to continue as a central part of any policy solution for addressing Australia's skills needs.

### **This type of labour market testing doesn't work**

**Joanna Howe, Senior Lecturer in Law, University of Adelaide**

A deficiency with these changes is that it fails to address a core problem in the regulation of the 457 visa. The two new visa streams will still rely on employer-conducted labour market testing to ascertain which jobs will be available to temporary migrant workers.

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Although the occupational shortage list for the two new visa streams is being cut down by one third from over 600 occupations to just shy of 400, employers will still be required to provide evidence to the Department of Immigration of failed recruitment efforts. The problem with this is that it penalises decent employers by increasing the red tape on them.

They will need to complete more paperwork in order to access temporary migrant workers, to meet skill shortages in their workplace. But, at the same time, it does very little to stop unscrupulous employers from exploiting the two new visas to replace local workers with foreign workers. This is because employer-conducted labour market testing is easy to evade and difficult for the Department of Immigration to properly monitor.

Given that there will be upward of 90,000 applicants for the two new visas, it will be extremely challenging and cumbersome for the Department of Immigration to properly ascertain that the jobs for which these visa holders are applying have been first advertised in a genuine and proper manner to the local workforce.

Employer-conducted labour market testing has been discredited by the OECD and the [government's own independent inquiry into the 457 visa](#) in 2014 which recommended its abolition. A far better approach is independent labour market testing which is used in the UK, Austria and other countries to ascertain which occupations should be eligible for temporary skilled migration.

*Chris F. Wright has in the past received funding from the Australian, UK and Dutch governments, the International Labour Organization, and various industry bodies and trade union organisations.*

*Henry Sherrell works for the Australian National University. I am an Associate of the Centre for Policy Development, and a member of the Australian Labor Party.*

*Joanna Howe receives funding from Australian Research Council and from Vegetables WA.*

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