

Federation of Indian Associations of the ACT Inc (FINACT)



Submission to the Select Committee on Temporary Migration

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FINACT welcomes and appreciate the opportunity to make the following submission to the Select Committee on Temporary Migration.

The terms of reference for the enquiry are:

1. Government policy settings, including their impact on the employment prospects and social cohesion of Australians;
2. The impact of temporary skilled and unskilled migration on Australia's labour market;
3. Policy responses to challenges posed by temporary migration;
4. Whether permanent migration offers better long-term benefits for Australia's economy, Australian workers and social cohesion;
5. The impact of wage theft, breaches of workplace rights and conditions, modern slavery and human trafficking on temporary migrants; and
6. Any related matters.

About FINACT

The Federation of Indian Associations of ACT (FINACT) is an apex umbrella body providing collective representation for 29 member organisations of various communities and groups of the Indian diaspora in the Australian Capital Territory (ACT).

FINACT is a not-for-profit community organisation run by volunteers. Our motto is Coordination: Cooperation: Collaboration.

Our aim is to be the voice for diverse Indian community groups; represent them with one voice to Australian governments and the Government of India; and cultivate awareness and mutual respect in the Australian multicultural society through increased social and cultural interaction, sports and recreation.

FINACT works closely with Federal and ACT governments to improve the well-being of all Australians.

Consultation Process for Submission

FINACT organised a public consultation on 28 February 2020 at Gungahlin Library from 6 to 7.30pm seeking feedback from community members on this topic. Several community leaders and member organisations, including a qualified migration agent, attended the meeting. Following public consultation, we continued to receive valuable input and feedback from community members that informed the submission.

Views of FINACT

FINACT discussion has identified a few areas of concern and we will provide recommendations in relation to them. FINACT will also consider impact of COVID-19 in the submission.

General Observations

Australia has developed one of the most successful immigration programmes in the world. Many countries admire and follow Australia's approach to immigration. Migration has been one of the most important contributors to Australia's economic development and prosperity through recent decades, driven by permanent and temporary migrants. FINACT would like to acknowledge significant

contributions made by migrants, both permanent residents and temporary visa holders, to Australia's economic prosperity, with benefits reaching across broader community.

For the purpose of this submission, temporary migrants are those who with work rights such as international students, skilled workers on temporary work visa, those on working holiday visa, bridging visa, Pacific Labour Scheme (introduced in 2018) and Special category Visa New Zealanders, and they will be collectively referred to as 'temporary migrants'.

Table 1: Temporary Visa Grants in 2018-19

Temporary Visa Category	No. of Visas	Work Permit
International Student Visa Grants	405,742	Yes
English Language Intensive Course for Overseas Students	40,516	
Schools	10,824	
Vocational Education and Training	100,905	
Higher Education	216,724	
Postgraduate Research	11,239	
Non-Award	20,399	
Foreign Affairs or Defence	5,135	
Temporary Resident (Skilled Employment) Visa Grants	81,975	Yes
Visitor Visa Grants	5,686,318	No
Tourist	5,181,536	
Business Visitor	504,782	
Working Holiday Visa Grants	180,223	Yes
Initial	142,805	
Extension	37,418	
Work and Holiday Visa Grants	28,813	Yes
Special Category Visa Grants (most New Zealand citizens obtain the Special Category visa (subclass 444) to enter Australia for visiting, studying, working or residing permanently)	1,889,988	Yes
Other temporary visa grants (Excludes Transit visa (subclass 771), Border visa (subclass 773) and Maritime Crew visa (subclass 988))	191,079	
Total Temporary Visa	8,464,138	

<https://www.homeaffairs.gov.au/research-and-stats/files/temporary-migration-2018-19.PDF>

Not all 'temporary migrants' with work visa look for employment as some would be children, home-stay spouses, students with scholarships or those supported by their families overseas.

According to data from Department of Home Affairs, in December 2019 there were over 1.5 million temporary residents with work rights, a large proportion being the Special Category Visa for New Zealand residents.

Majority of the 'temporary migrants' belong to a younger age group and hence are represented more in industries that tend to hire casual and younger generation staff. The 'temporary migrants', particularly international students inject almost \$32 billion through tuition fees and money spent on their living costs into Australia's economy each year and support 130,000 Australian jobs.

However, Australia's migration policy has been criticised by some Australians and blamed for taking away employment opportunities from Australian citizens. There is a view that 'temporary migrants' are taking up jobs that were available to school leavers. At the same time 'temporary migrants' get exploited by mercenary employers and agents through coercion, wage underpayment, and breaches of workplace rights and conditions.

Government migration policy; temporary vs permanent migration

Many western countries are having negative population growth. In addition, the population is getting older and is transitioning from jobs to retirement to pensions and needs aged care services. This is causing shortage of labour force while making economic progress slow or stagnant.

Population growth in most western countries is now dependent on migration. To deal with this Australian government has allowed permanent migration (subject to meeting criteria) and 'temporary migration' (temporary visitors on non-work visa are excluded from discussion in this submission). In general, 'temporary migration' is either a direct response to skills shortage or a response to boost the economy such as through international students or work holiday visa holders.

Striking a balance between resident population, permanent migration and 'temporary migration' to continue to have robust economy and to provide goods and services, while providing education and training to children and youth for transitioning into the workforce is challenging for any government.

In general, temporary visas fluctuate, they are demand-driven and so government does not cap it. The quota for student visas is driven by higher education institutions and interest of international students, while skill-based and working holiday visa are driven by labour market demand.

Government has decreased permanent migration quota and increased temporary migration visa. The permanent migration quota in 2012-13 was 190,000 which has been reduced to 160,000 in 2019-20. At the same time an increase of 17% in the rate of net overseas migration has been forecasted which reflects the actual rate of people immigrating to Australia minus those leaving, regardless of their visa status. It would appear that greater number of temporary visas will be issued and overall migration rate will rise although the number of permanent residency visas will decrease.

https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook46p/Migration

The number of temporary visas issued is not a true reflection of rate of temporary migration. According to the Productivity Commission, a migrant is issued 3.3 visas while transitioning from temporary to permanent visa. In the past, about 55% of 457 visa holders had transitioned to

permanent residency. However, the Government, in changing 457 visa category to Temporary Skill Shortage (TSS) visa has removed the pathway to permanent residency.

According to Productivity Commission, about 50% of people on temporary visa apply for permanent residency. According to the Council of Economic Development, only 18% of international students get permanent visa and that too after many years of staying on temporary visa.

Since the number of permanent visas is capped, lives of temporary visa holders that apply for permanent visa goes in limbo. As Productivity Commission noted, pathways from temporary to permanent visas were 'problematic'.

The current policy is resulting in greater number of people on temporary visa and a high number of people on bridging visa and a record number holding temporary visa for extended period of time (greater than eight years) while waiting for a visa application to be decided. For how long does a temporary migrant's life stay in-limbo? What is an appropriate waiting time?

Recommendation 1: Review the transition process from temporary to permanent visa and reduce waiting time.

We wonder that when a temporary migrant has studied in Australia, is working in Australia, would they not be more familiar with the Australian way of life, including work policies? Should they not be given a pathway to permanency? Is it not in Australia's interest to offer stability and a home to these migrants and allow them to contribute to Australia's economy? Will Australia always have a category of people who can only dream about permanent visa and associated safety nets?

Recommendation 2: Review eligibility of temporary residents for permanent residency and create relevant pathways to settle permanently.

Government policy regarding need for a level of English language proficiency for certain professions is understandable but IELTS has become a source of exploitation. Institutional rorting is commonplace, for example, not getting a seven score even in one module requires re-sitting. In the next attempt that particular module may be ok but some other module may be less than seven. In the third attempt it may be something else. So even after three attempts and clearing all modules, albeit in different attempts, is not considered sufficient as the score of seven for all modules was not achieved in the same attempt. Why is an average from the three attempts not acceptable? It has become a source of disappointment as people are not able to get into professions that they are qualified for. IELTS has become an industry and turned into a money minting process. It is important to review IELTS and review if it is fulfilling its purpose.

Recommendation 3: Review the need and level of English proficiency requirements and review the scoring process to make it cost-effective and humane.

It appears that states, territories and Federal government have their own list of skills shortages. In addition, the rules are not consistent. As the visa are issued at Federal level, if a state/territory skill is

not included in the Federal list, it creates issue for an applicant. Example, carpentry is a state level skill shortage but is not included in the Federal list.

Recommendation 4: Review skills shortage list and make it congruent.

Holiday work visa provides boost to the economy, provides labour force while allowing the visa holder to explore and experience Australia. Unfortunately, India is not included in the list and people from India cannot travel to Australia on holiday work visa.

Recommendation 5: Consider including India in the holiday workers visa category.

Temporary skill-based migration process has some problems and is not easy to access. Professional course certification is valid for two years and re-certification is required after two years. Re-testing is required if applicant fails. Employers assessment of qualification and experience is considered final and it is not ideal.

Current process takes time and employers get frustrated. Processing fees for employers is high (\$2400 per application), which is not refundable even if the application is not successful. There is inconsistency in policy for short term (2 year) and medium to long term (4-5 years). For example, chefs can apply for longer term roles but not cooks. Permanent Resident visa eligibility is also not consistent regarding occupations.

Recommendation 6: Review temporary skills-based migration scheme, create consistency and make its application easy.

It would seem that by refusing or drastically slowing down the pathway from temporary visa to permanent visa, Australia is missing out on good quality, locally educated and trained residents to other countries. If Australia created reasonable (and timely) pathways for transitions from temporary visa to permanent, would that not increase the loyalty of permanent visa holders for Australia? Would they not increase their investment in Australia knowing that it is going to be their home? By not giving or delaying permanent residency, is Australia not missing out on opportunities for contribution to her economy considering that people will only invest in business and houses once they are permanent?

Temporary skilled migrants are generally educated, young, and have proven that they have local work experience. Would not such a person make a good resident of Australia?

A 2016 Productivity Commission report on migration recommends that it will be better for Australia to allow migration of higher-skilled permanent workers as it would add greater value and growth to the economy.

It is our view that it would be logical to prefer permanent migration and expand it over temporary visas for several reasons, including long term benefits it offers to the Australian economy, higher level of commitment being an Australian citizenship inculcating Australian values, contributing to the national agenda (compared to being a foreign worker in this country on a temporary basis).

However, we recognise there is a need for skilled workers in the short term to support Australian businesses. We need a balanced approach between short term needs and longer-term benefits and expectations of temporary migrants wanting to settle in Australia permanently.

Recommendation 7:

- a) Review what does Australia need? Who is best placed to fulfill Australia's needs?
- b) Expand permanent visa category over temporary visa.

Number of temporary migrants and their skills must directly reflect the labour market. For international students and work holiday makers, sufficient entry level or unskilled jobs should be available so that locals do not feel threatened by their presence. If these conditions cannot be met then the number of temporary migrants should be reduced to that which can be accommodated without making the society divisive.

Recommendation 8:

- a) The number of temporary migrants and their skills set (excluding international students and work holiday makers) should directly reflect labour market shortage;
- b) Temporary migrants (excluding international students and work holiday makers) should have a valid job offer before arriving in Australia;
- c) Sufficient entry level and unskilled jobs should be there to address the need of local job seekers, international students and work holiday visa holders. If this cannot be met then number of international students and work holiday visa holders should be reduced.

Issues Faced by Temporary Migrants

It is well known that temporary migrants face exploitation at the hands of mercenary employers and their agents, particularly in regional areas. Not only are their work rights and work conditions compromised, they are also not given minimum wages. This puts downward pressure on law-abiding employers and puts them at a competitive disadvantage.

Every so often newspapers write about migrants that were offered fake jobs, their passports were taken and they were subjected to slavery or slavery-like practices. There are also reports of human trafficking. Language and cultural barriers, ignorance about Australia's workplace practices and their rights make them vulnerable to exploitation.

When temporary residents are subjected to above situations, their genuine expectations about Australia are shattered and leaves them with a bitter experience. Australia has an international reputation of a fair country that gives a 'fair go' to all, is multicultural, embraces diversity and inclusiveness, has laws that protects its residents.

Recommendation 9:

- a) Consider how awareness can be raised about work rights, how temporary migrants can protect themselves and where to go, particularly when working in regional areas;
- b) Consider educating employers, regional communities, industry and stakeholders;

- c) Stringent penalties, criminal sanctions and faster court processing should be considered for mercenary employers, agents and human traffickers;
- d) Consider penalty for false or mis-leading advertising;
- e) Consider giving same work rights to temporary migrant workers;
- f) Regulate labour hire in high risk sectors;
- g) Develop accessible, knowledgeable and resourceful support structures to help temporary migrant workers when they need help, particularly in regional areas and high-risk employment sectors.

Temporary Skilled Migration Income Threshold (TSMIT) is a core mechanism preventing the importation of migrant workers on low wages with a 10% reduction in the wage threshold if employed in rural areas. Currently average salary for Australian cooks is around \$40K, whereas according to TSMIT it is \$53K, which is one reason for wage theft. TSMIT should be varied to match local salary standard. It should be close to reality based on local market; market salary rate is best solution. TSMIT should reflect changes in wages since 2013. This will ensure level playing field for Australian workers.

Recommendation 10: Review TSMIT to make it relevant to local needs and match with local salary standard.

Temporary migrants face some difficulties in Australia. The visa conditions, particularly for international students make it hard for them to respond to unforeseen situations that may arise in family or in their home country. Some flexibility in their working hours and arrangements with university would help.

Recommendation 11: Review visa conditions and create some flexibility for international students.

Many temporary migrants face racism and discrimination in finding employment. This causes financial pressure as they do not have the safety net of permanent visa holders and citizens. This opens them to exploitation such as accepting unskilled job, under paid jobs, poor work conditions, coercion, threats and blackmail.

Australia is a country of migrants. People come to Australia because Australia allows their entry. No one who leaves their home country and comes to Australia legally should be exploited, discriminated or be exposed to racism.

Recommendation 12: Government should consider ways of integrating temporary residents in the social framework to create a harmonious society that accepts and appreciates diversity in real life, in real time.

Impact on Australia's Labour market

There is a perception in minds of some Australians that temporary migrants are taking their jobs. This view is prevalent that jobs which would have gone to locals are taken by temporary migrants,

particularly entry level unskilled jobs. There is a counter view that unemployed locals are not willing to take up low paid job and entry level unskilled jobs. Some suggest that if workers were paid properly then locals would be willing to work.

Labor Senator Kristina Keneally observed that government policies for certain geographic areas and some industries encourage employers to pay temporary migrants a much lower wage than what Australians would earn doing the same job. According to Keneally, "the shift to temporary migration means that migrant intake is younger and lower skilled than it used to be, and this does not help our kids as they join a labour market with 11 per cent youth unemployment."

<https://www.smh.com.au/national/do-we-want-migrants-to-return-in-the-same-numbers-the-answer-is-no-20200501-p54p2q.html>

According to Economist Stephen Koukoulas before the COVID crisis, there are 725,000 unemployed and 1,150,000 underemployed Australians who, with the right training, would love to have these roles. "It explains why wages growth is dead - too many temporary work visas for this stage of the economic cycle," Koukoulas said.

An aspect that needs to be considered is that increase in wages will increase cost of goods and services, which will have to be borne by the consumers.

It should also be remembered that international student industry brings \$32 billion investment to Australia through tuition fees and money spent on their living costs into Australia's economy each year and support over 200,000 Australian jobs. Some industries like health, cyber security need to be filled up quickly and there is not enough supply of skilled workforce to meet demand. In regional areas, seasonal workforce is essential for harvesting and packing so that fresh produce gets to the cities.

According to modelling done by Committee for Economic Development of Australia and a 2019 RBA conference, migrants did not have a negative effect on the labour market outcomes of incumbent workers.

Professor of Social Economics at the UTS Business School Jack Collins observed that Australia has a geographically immobile labour market: the unemployed do not travel out of the cities for seasonal agricultural jobs, while local students do not inject the cash of international students. Immigrants do not take Australian jobs: they create jobs for others.

<https://www.theguardian.com/australia-news/2020/may/04/immigrants-dont-take-australian-jobs-they-create-jobs-for-others>

Recommendation 13: Review temporary migration policy with a practical and pragmatic approach keeping the budget, infrastructure needs, demographics, labour market, geographical and jurisdictional government requirements.

Impact of COVID-19 pandemic

COVID-19 pandemic has created unprecedented uncertainty across the world. Restrictions imposed on travel and lockdowns have resulted in lost income and employment.

In Australia, governments have rolled out various aid packages and measures to help permanent residents, citizens, Special Category Visa holders like New Zealand residents and those eligible for social security under the *Social Security Act 1991*.

According to the Temporary Visa Holders and Social Security Quick Guide (May 2020) from Social Policy Section, at 31 March 2020 there were 2.17 million temporary visa holders in Australia. Of these, around 672,000 were New Zealand citizens on SCVs. The other major categories of temporary visas include Visitor (206,025), Student (567,924), Temporary Skilled (139,331), Temporary Graduate (96,819) and Working Holiday Maker (119,266). There were 17,223 holders of Temporary Protection visas, and 281,179 Bridging visa holders. The remainder is made up of other visas for specific employment or other purposes. This does not include provisional visas, which form part of the Family or Skill streams of the Migration Program.

https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1920/Quick_Guides/TemporaryVisaHoldersSocialSecurity

Temporary visa holders like International students, temporary skilled visa holders, holiday worker visa holders are not eligible for social security payments.

Under such circumstances, many temporary migrants are returning to their home country.

With unemployment high, there is still shortage of workforce in regional areas. The Tertiary Education Sector is in crisis.

Borders are likely to stay closed, at least until 2021. Migration is a key economic policy with short-term, medium-term and long-term impact. Australia needs to consider what it would like to do when borders re-open? Who will be allowed in? It is an opportunity to evaluate and start the process in a way that works best for Australia.

COVID-19 pandemic has shown the extent of Australia's dependence on other countries. As a country Australia needs to be self-reliant and have a strong manufacturing sector, agricultural sector, education and research sector, health sector, and a strong defence. For this we need investment in right areas and a well-skilled workforce.

Recommendation 14: Australia's economic recovery must take into consideration self-reliance and re-evaluate migration policy to suit post COVID-19 Australia.

Conclusion

Australia is a most successful multicultural nation. Apart from economic prosperity, migrants have enriched the multicultural tapestry of Australia leading to diverse and creative communities at grassroot level, particularly in the last three decades.

We, therefore, strongly advocate continuation of migration. We recognise there is a need for skilled workers in the short term to support Australian businesses. We need a balanced approach between short term needs and longer-term benefits and expectations of temporary migrants wanting to settle in Australia permanently

A multi-pronged approach may help resolve some concerns. Firstly, it is important to understand the link between supply and demand of goods and services and associated jobs. If there is job scarcity, there will be some job seekers that will be unemployed. In such situations financial pressures on temporary migrants will force them to accept undercutting of wages and work conditions, to the detriment of locals. Secondly, government needs to continuously monitor employment situation in real time and bring in timely measures. Thirdly, government needs to accept responsibility and ensure expectations of locals and temporary migrants are met such that society does not get divided; and issue visas in accordance with need. Fourth, we must ensure that regional areas get community members who will settle down, buy houses, start businesses and send their kids to the local school, not just seasonal workers. Fifth, for post-Covid Australia, governments need to make practical and pragmatic investment in sectors that will make Australia self-reliant.

Policy setting is particularly important. We see the value in reviewing and improving current migration policies, therefore, appreciate that the Select Committee is looking into issues related to temporary migration.

Australia's economic recovery, post COVID-19 must consider well-being of all, and do what is best for Australia and Australians.