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Committee Secretary
Senate Education and Employment Committee
PO Box 6100
Parliament House
Canberra ACT 2600
via email: eec.sen@aph.gov.au

Dear Sir/Madam

The impact of Australia's temporary work visa programs on the Australian labour market and on the temporary work visa holders

Australian Pork Limited (APL) welcomes the opportunity to make a submission to the Senate Education and Employment Committee Inquiry into The impact of Australia's temporary work visa programs on the Australian labour market and on the temporary work visa holders. APL notes and supports the separate submission made by the National Farmers' Federation (NFF).

APL is the national representative body for Australian pork producers. APL is a producer-owned not-for-profit company combining marketing, export development, research and innovation and policy development to assist in securing a profitable and sustainable future for the Australian pork industry.

The Australian pork industry employs more than 20,000 people in Australia and contributes approximately \$2.8 billion in gross domestic product to the Australian economy. The pork industry contributes approximately 2.13% of total Australian farm production with roughly 1500 pig producers producing around 4.7 million pigs annually.

Skilled labour shortages

The pork industry has had significant long-standing difficulties attracting and retaining skilled piggery workers. This is compounded by the perception of the pork industry being a relatively unattractive career choice, exacerbated by the diminishing labour supply in regional Australia. As a result long term critical shortages exist in recruiting and retaining skilled piggery stock persons, in addition to shortages in slaughtering, boning, slicing and butchery.

The lack of suitably qualified employees affects both productivity and animal welfare outcomes. Therefore the ability to source suitably skilled workers from overseas to work in positions which require technically oriented skills is vital for pork producers to appropriately manage and grow their operations. The pork industry and agriculture more broadly is at risk of production contraction over the next five years if skill shortages are not addressed. It is therefore imperative that changes to Australia's temporary work visa programs do not impact the ability of employers to source skilled migrants that the sector needs in a timely and efficient manner.

Driven by ongoing chronic labour shortages APL and the Department of Immigration and Border Protection (DIBP), developed a template labour agreement for the Australian pork industry. This agreement was approved by the Minister in late 2014. The development of

this template has set a precedent for Australian agriculture. Having a template labour agreement in place means that there is now a pre-existing set of terms and conditions for sponsored employment under a Temporary Work (Skilled) visa (subclass 457). This allows skilled workers to come to Australia and work for an approved business for up to four years.

APL considers that labour agreements do not affect the integrity of the 457 visa programme, rather they provide a standard set of terms of conditions designed around the needs of specific industries and which enables regulators to ensure the rights and obligations of both employees and employers are being adhered to. Further, APL supports any initiatives that promote pathways to permanency for valued workers and their partners and immediate family, which provides an incentive for them to stay in the Australian pork industry.

Entitlements of Australian workers and temporary work visa holders

APL considers that the rights and entitlements of both Australian and migrant workers employed under the 457 visa programme should be protected. Under the Pork Industry Labour Agreement an employer must be able to demonstrate, among other things, that they have genuinely attempted to recruit Australian workers for a position and that there are no suitably qualified Australian workers available. In addition, there is an expectation that migrant workers employed under a labour agreement will be paid the market salary rate or the Temporary Skilled Migration Income Threshold, whichever is the greater. Standard business sponsors are required to pay their overseas workers the market salary rate which means that where the market rate for a position is less than \$53,900, the position cannot be nominated under the subclass 457 program.

The Australian pork industry is making every effort to ensure the conditions workers employed under the 457 visa programme are equal. For that reason it is concerning that under current arrangements, workers from countries where no reciprocal health care arrangements exist between Australia and the migrant workers country of origin, the worker is responsible for their own health cover unless agreement is reached with the employer. Therefore, in regard to health care, the conditions migrant workers who are employed under 457 visas are inconsistent. APL considers that Medicare cover should be extended to all migrant workers employed under the 457 visa programme to ensure fairness and consistency.

Impact of temporary work visa programs on training and skills development in Australia

As a result of the difficulty in attracting and retaining suitably qualified labour there is a high component of temporary labour employed within the pork industry (including backpackers and working holiday makers). This presents significant challenges in training staff, given the inherently itinerant nature, and the lack of pork production technical skills, of such employees.

There is a strong commitment by the pork industry to employing and training Australians in these positions wherever possible. Despite this, a significant number of migrant worker now work in the Australian pork industry. Because of the minimum skill level required to come to work in Australia under a 457 visa, industry expects that the use of overseas skilled workers will result in a skills transfer back to the Australian agricultural workforce that will help to replace skills lost in the industry through attrition.

Under current regulations an employer is required to meet the training requirements for the Temporary Work (Skilled) visa programme (457 visa) by either:

- Paying the equivalent of at least two per cent of payroll expenditure to an industry training fund; or

- Paying the equivalent of at least one per cent of payroll expenditure on the training Australian workers and permanent residents employed by the business.

These requirements are considered onerous and inflexible by industry and inhibit an employers' ability to effectively train migrant workers who are yet to qualify for permanent residency status. Any initiatives that improve the ability of migrant worker employed under the 457 programme, but are yet to receive permanent residency, would be supported by the pork industry. Such suggestions would improve the flexibility of employers in managing Australian, temporary labour and both skilled and unskilled migrant workers under the 457 program.

The pork industry and agriculture more broadly will continue to be impacted by medium to long term trends which will affect the demand and/or supply of labour. Increasing demand from Asian markets is expected to drive demand for skilled workers. Any changes to temporary migration programmes, and in particular the 457 visa program, need to be carefully considered for their potential impact on the ability of industry to source adequate supplies of labour.

Should you have any questions about this submission, please do not hesitate to contact John McGoverne on 02 62708846 or via email John.McGoverne@australianpork.com.au.

Yours sincerely



DEBORAH KERR
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