

# BUILDING AUSTRALIA

A FAIRER APPROACH TO SKILLS AND MIGRATION



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## **Executive Summary**

The Australian economy is currently facing the onslaught of a "perfect storm" of record job vacancies as a consequence of the decade long pre COVID-19 underinvestment in skills training and the sharp fall in skilled migration in the wake of COVID-19.

The Australian Workers' Union (AWU) has, over the last decade, campaigned against the reversal of previous Labor Governments' policies investing in national skills development in the engines of economic growth in critical industries including manufacturing in addition to vital essential services.

The Morrison Liberal Government (and its predecessors over the last decade) have been complicit in underfunding local skills training prior to the pandemic and then too late in responding to the economic challenges it threw up. These previous governments' identified skills development with individual advancement rather than as industry policy - and critical national economic investment - which, in turn, shaped their preferred policy positions harming the national interest.

This has as a consequence, held back economic growth and living standards as the national economy looks to recover after the COVID-19 recession of 2020. Systemic skills shortages threaten future economic recovery because of the skills related capacity constraints sitting alongside an unemployment rate at a 50 year low of 3.5 per cent. The last Morrison Budget continued to try failed, short-term measures on funding for wage subsidies and contestable funding that only encouraged the further privatisation for training places. The skills shortage and vocational education and training (VET) crisis needs new strategies.

The economic impacts of the pandemic served to highlight and exacerbate the longer-term trend in the decline in domestic skills to the detriment of national living standards. The new Australian Labor Government can reset national policy to invest in the future supply of aggregate skills. Support for skills is an industry policy investment government can make and has a threshold responsibility to support.

Governments therefore play a critical role. Investment in skills requires a plan and funding. The public good benefit in the national interest does not allow government to be "hands off". Leaving it to the market via outsourcing - in particular in training workers in manufacturing and other critical industries in addition to essential services such as health, education and aged care, as previous Coalition governments have preferred to do - simply leads to sub-optimal outcomes in the allocation of resources away from needed investment in local supply chains, detrimental to national self-reliance, quality of life and higher living standards.

We need in the national interest to once again move forward to address long-standing and growing economic challenges. In 2022, this includes addressing acute labour and skills shortages in the Australian economy.

In cooperation between unions and employers, we need to overhaul Australia's national training system including with the states and territories in strategic industries; fully fund essential services (and to stop the blame game between the federal and state and territory governments); and reform Australia's migration programs including our skilled migration policies to increase the total supply of skills needed in the Australian economy in 2022.

The AWU therefore welcomes the newly elected Australian Government's announcement of the establishment of Jobs and Skills Australia<sup>1</sup> as a national partnership to drive VET education with 465,000 fee free places and strengthen workforce planning by working with employers, unions and the training and education sector to secure Australian jobs.

At the same time, the AWU understands it will take time to for the national economy to generate sufficient local skills to fill skills gaps. In the interim, employers will continue to demand access to higher skilled migration.

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<sup>1</sup> [Secure Australian Jobs | Policies | Australian Labor Party \(alp.org.au\)](https://www.alp.org.au/secure-australian-jobs-policies)

The AWU supports access to a higher level of skilled migration in support of the national economic interest. At its core, this is an investment in a proactive industry policy rather than driven by reactive employer demands. To this end, the AWU calls for, as a condition to agreeing to a higher level of skilled migration:

- 1) A commitment by sponsoring employers to train a local trainee or apprentice for each skilled migrant they sponsor as the first-best option;
- 2) In the absence of an available trainee / apprentice, employers contribute to a National Skills Fund to be applied via a levy which would invest in domestic VET – to replaced the last government's failed Skilling Australians levy. The fund would build on existing policy by:
  - a. Increasing the minimum contribution from as little as \$4,800 to \$10,000 per worker, to stop employers from paying the bare minimum to avoid the costs of domestic training
  - b. Making sure that funds are targeted to training in the industries where sponsored migrants are used – to put an end to rinse-and-repeat temporary migration while employers fail to build up a domestic workforce
  - c. Truly national coverage – noting that without the participation of every state, Australia cannot solve this national skills crisis.

Critically, all new skilled migrant workers should be, by default, members of their union. This is the only reasonable measure in response to the significant failure of government to stamp out the systematic underpayment and exploitation of temporary migrant workers.

This AWU policy position paper proposes a new National Skills and Migration Accord (and proposed 10-point plan) between Unions and Employers focused on reforms to domestic skills development policies which is the responsibility of the new Commonwealth Government.

The AWU offers a fresh approach to future skilled migration opportunities at the same time as supporting the investment in more local skills - together aimed at addressing aggregate skills needs in the Australian economy. These are, in the end, two sides of the same coin representing the Australian story.

Under the proposed National Skills and Migration Accord, Australian businesses should have access to sponsored skilled migration to support their workforce, with strict labour market testing (LMT). Exemptions to LMT should be applied by exception rather than as a general rule (and monitored for compliance). This will require a 'ramp-up' in policy intervention in order to identify gaps in the supply of suitably qualified local workers and to develop appropriate training programs in response (see below).

Businesses taking on skilled migrants facilitated by relaxed migration requirements would also be required to co-invest with skills development: either on a one-to-one basis (one trainee / apprentice for every skilled migrant) or through payment of a training levy targeted to industries with skills shortages. This would be guided by the National Skills Compact brokered by Migration Council of Australia in 2018 – which the Morrison Government failed to implement, despite the Compact having support of unions, business and civil society.<sup>2</sup>

The formal Migration Program goals should also gear skilled migration towards building the permanent Australian workforce, and avoid the temporary exploitation of migrant labour.

The National Skills Commission (NSC) should be reviewed - its purpose, roles and functions - and in the interim, the Minister for Skills and Training, the Hon Brendan O'Connor MP should immediately direct the NSC to establish advisory committees including Unions to assist the NSC identify skills gaps and enhance the dialogue with industry and state and territory jurisdictions on skills development opportunities and demonstrated funding needs and respond accordingly.

<sup>2</sup> [National Compact on Permanent Migration | Migration: a source of strength and enrichment in a globalised world \(nationalmigrationcompact.org.au\)](https://nationalmigrationcompact.org.au)

## How did we get here?

This policy position paper addresses the current skills shortages being experienced in the post-COVID Australian economy in 2022. The paper makes the case for change in the immediate skills policy settings overseen by the Federal Government. The paper then sets out the design for the new National Skills and Migration Accord between unions and employers to contribute to a fresh approach to national investment in skills to be taken to the Commonwealth Government for its endorsement.

The paper highlights the skills needs and the lack of policy support via local investment in skills and targeted migration. The proposed National Skills and Migration Accord and 10-point plan focuses on strategies to increase the supply of skilled labour in the Australian economy including via skilled migration as an investment in higher productivity, economic growth and living standards.

This section will discuss:

- The current 'skills moment' in Australia – the series of pressures combining to result in our current skills crunch
- The current patchwork policy framework to build the skilled workforce here in Australia.

### Australia is having its skills moment

Employers – both public and private - are crying out for skilled workers. Health care, childcare, aged care and disability services, as well as our construction, manufacturing and mining industries, are among the industries desperate for workers. We can't return to the old system of temporary migration and its rorts and abuses, but the AWU also recognises that a skilled workforce is needed to keep Australia's industries working and growing.

The politicisation of migration in Australia over the last decade or more has blurred the legitimate economic relationship between the policy levers of skilled migration and domestic skill needs which can be deployed in a more coordinated way.

Much like fiscal policy counterbalances economic growth via budget spending or saving (and higher or lower taxes) or interest rates changes respond to inflation, so migration can be adjusted to respond to the national demand for skills impacting both temporary and permanent migration policy. But as in any labour market, workplace standards need to apply.

In 2022, we do not have the luxury of a choice between local skills or migration dealt in isolation. The Australian economy today needs both. Recognizing this interrelationship is key to adopting a fresh approach to skilled migration which is driven by economic requirements, industry policy goals and workplace standards rather than political dogma and dog whistling politics.

Currently, for better or worse, there are simply too many jobs in Australia to fill with too few local skills.

The challenge is being able to secure the range of skills required by the national economy as a consequence of the previous under-investment in local skills development and what the nation can, by being an exemplary employer, also attract via migration including in strategic sectors of the economy guided by a coherent industry policy.

In 2022, the Australian economy faces significant skills shortages caused by 2 major drivers:

1. Outsourcing, and a lack of Federal government and industry support for TAFE, smashed training and skills investment even before the pandemic.
2. Secondly, Australia has re-entered the global economy following its extended border closure during the pandemic, just as a global post-pandemic "race" has begun for skills internationally supported by record fiscal stimulus spending.

This has resulted in record-high job vacancies which amplify inflationary pressure and threaten Australia's post-COVID recovery. This section will consider the history on job vacancies, skills and migration to illustrate how this has taken place.



## Job vacancies

Responding to escalating vacancy rates requires critical industry policy levers.

In aggregate terms, job vacancies increased by 13.8 per cent (58,200 vacancies) in the 3 months to May 2022 (seasonally adjusted).<sup>3</sup> Total job vacancies were 480,000 for May 2022. The breakdown between the private and public sector is outlined in table 1.

Table 1

Job vacancies, public and private sector, seasonally adjusted

	May-2022	Quarterly Change	Annual Change
	'000	%	%
Private sector	439.1	14.2	29.1
Public sector	41.0	9.4	36.0
Private and public sectors	480.1	13.8	29.7

The level of job vacancies in May 2022 was 111.1 per cent higher than in February 2020, prior to the start of the pandemic. The ongoing high level of vacancies - the highest in almost 50 years - reflects the pace of recovery in labour demand from the fall in May 2020, as well as businesses across the economy indicating labour shortages and ongoing disruptions to operations. The significant historical increase currently being experienced is illustrated below:

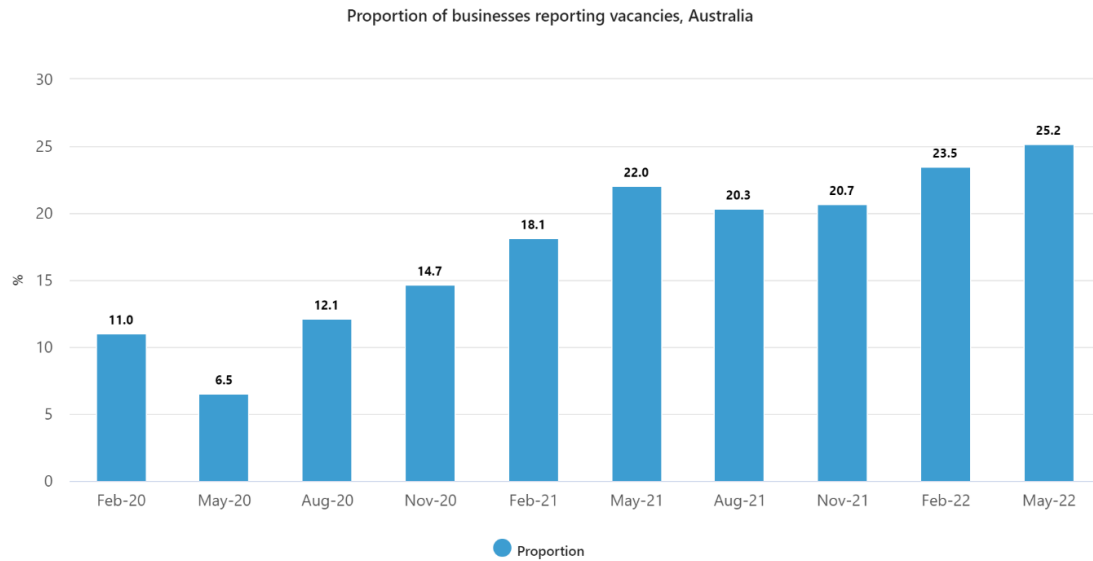


The Job Vacancies Survey was suspended between August 2008 to August 2009 (inclusive).

Source: Australian Bureau of Statistics, Job Vacancies, Australia May 2022

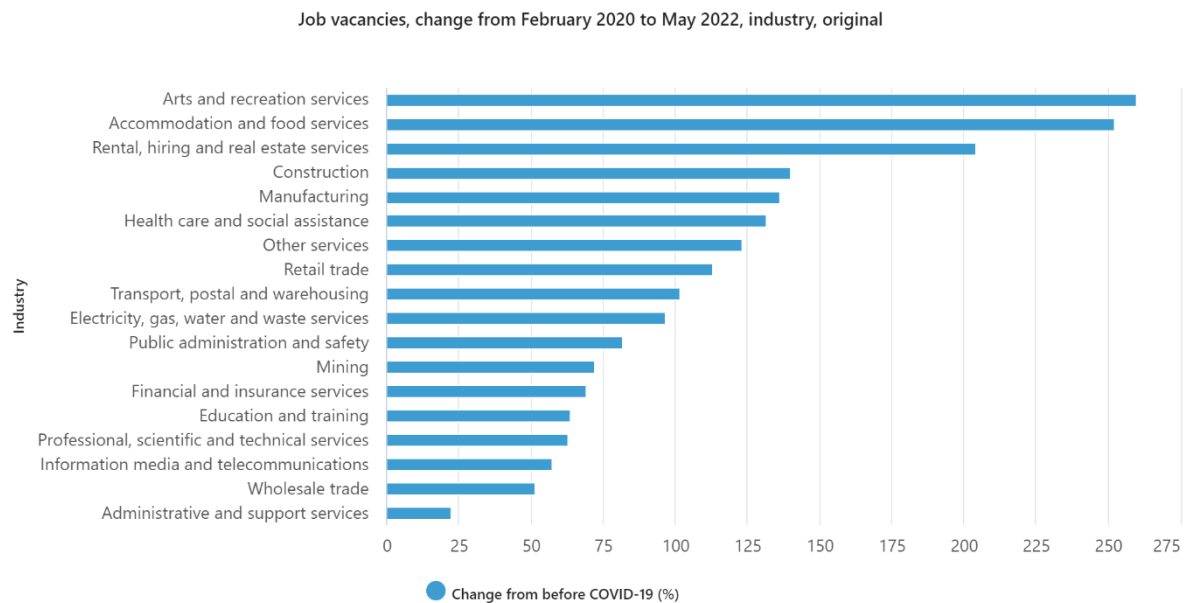
At a microeconomic level, the proportion of businesses reporting at least one vacancy was 11.0 per cent just prior to the main effects of COVID-19. In May 2020, a much lower proportion of businesses reported at least one vacancy (6.5 per cent). By May 2022, this had increased to 25.2 per cent showing the extent of the acute reduction in labour demand in May 2020, as well as the subsequent change since then.

<sup>3</sup> [Job Vacancies, Australia, May 2022 | Australian Bureau of Statistics \(abs.gov.au\)](https://abs.gov.au/jobs-vacancies-australia-may-2022)



Source: Australian Bureau of Statistics, Job Vacancies, Australia May 2022

And at an industry level, manufacturing and construction, two trade-dominated sectors, are among the highest in skill shortages as outlined below:



Source: Australian Bureau of Statistics, Job Vacancies, Australia May 2022

### Skills acquisition in decline

In the September quarter 2021 compared to the September quarter 2020 via data compiled by the National Centre for Vocational Education and Research (NCVER)<sup>4</sup> indicates that:

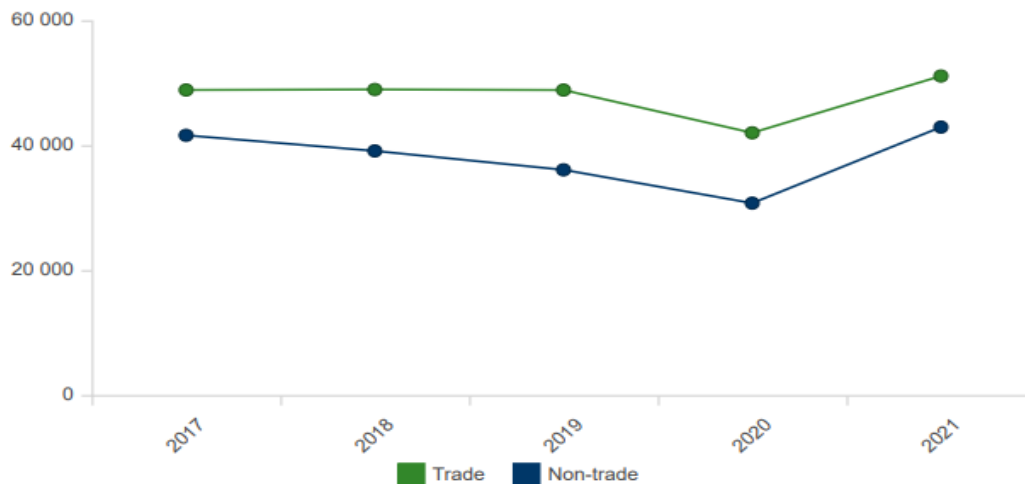
- commencements increased by 84.1%, to 48 750
- completions increased by 9.9%, to 18 400
- cancellations and withdrawals increased by 51.9%, to 25 205.

<sup>4</sup> Apprentices and trainees 2021: September quarter (ncver.edu.au). Data are derived from the latest National Apprentice and Trainee Collection (no. 110, December 2021 estimates), which is compiled under the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS) for Apprentice and Trainee Collection Specifications, Release 7.0, October 2015.

A breakdown of figures is included in the Appendix. Despite the increase in training numbers (both trade and non-trade), training is still in decline over the past year with the increase in cancellations (and decrease in completions over 12 months) offsetting the increase in commencements. The trend in cancellations / withdrawals is an indication of systemic failure at a time of acute labour shortage.

## Cancellations / withdrawals trends

12 months ending 30 September



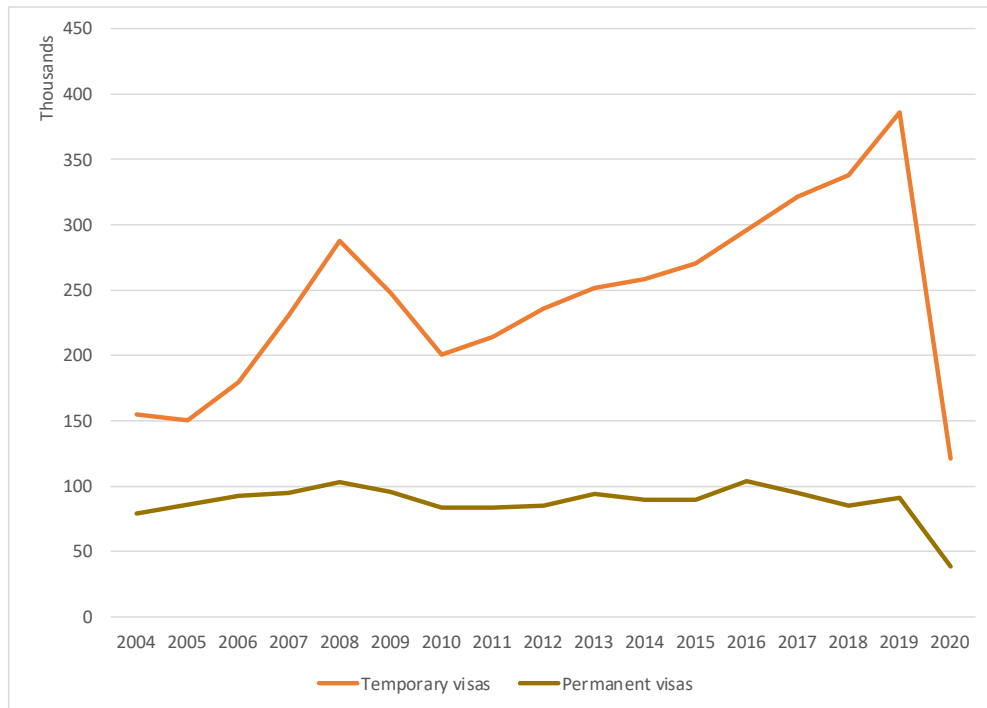
Today, traineeship and apprenticeship completions are at their lowest level since 2013. But in FY2020-21, trainee commencements rose by 30 per cent - showing employers desperately trying to make up for the gap they created over the last decade. At the same time, cancellations / withdrawals in apprenticeships and traineeships are up across all industry categories.

## Migration

Historically, Australia has sought to establish its migration program as a pathway to citizenship for the many people across the world who looked to call Australia home. But beginning in the 1990s, temporary migration has crept up as the primary variety.

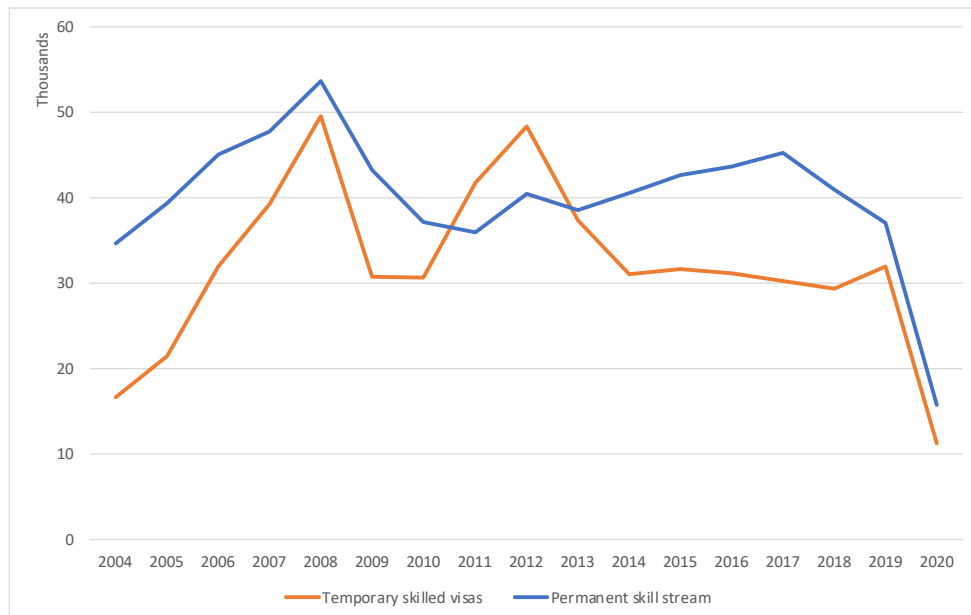
While Australia's permanent migration program is capped at 160,000 people per year, temporary visa holders now represent the overwhelming majority of migrant arrivals - more than 300,000 per year prior to the pandemic. Immediately prior to the pandemic, in 2019, the gap between temporary and permanent migration reached its peak, with temporary migration (at approximately 385,000) being more than 4 times greater than permanent migration (at just over 90,000).





*ABS Migration, Australia data: temporary and permanent visa arrivals.*

In the specific case of skilled migration, there are slightly fewer temporary migrants than permanent migrants. After the focus on the 457 visa and temporary skilled visa reforms, temporary skilled visas tracked within 10,000 of permanent skilled visas. In 2019, the gap was at its smallest in some time (at around 5,000).



*ABS Migration, Australia data: temporary skilled and permanent skilled visa arrivals.*

Employers have become used to relying on temporary skilled migration and available exemptions to domestic labour market testing (LMT) to fill their workplace needs while avoiding the cost of training Australians. This also served to suppress wages for Australians with the same skills.

### What does this mean?

After unprecedented border closures, Australia faces the challenge of managing skills without this ready labour force, prompting calls for a return to the ways of the past. Demand by local employers for migrant skilled labour is escalating rapidly, risking leaving the local workforce in underfunded training programs - facing mounting cost of living pressures - high and dry.

With borders re-opening, local employers are required to undertake labour market testing (LMT) to assess any skills gaps in their organisation. However, many of Australia's bilateral and multilateral trade agreements provide business with exemptions from undertaking local LMT for short term visa applicants and in multiple employment categories including trades-based skills which historically have been supplied locally.<sup>5</sup>

However, this is a more complicated story than local industries simply relying on exemptions in trade agreements to fill urgent skills shortages rather than from drawing upon the previous investments in local skills. Today, it is neither investing more in local skills nor hunting for more skilled migrants abroad. For the foreseeable future, the Australian economy will simply need both. This is as a consequence of past policy neglect in the failure to invest in domestic skills and the rapid recovery from Covid-19 lockdowns. This paper outlines the challenges, flawed past policy responses and the AWU's proposed way ahead.

The new Australian Government, in seeking to correct the failures of its predecessors in building Australia's skilled workforce, has 2 immediate macroeconomic challenges:

- 1) Stabilising national debt and balancing the budget, to reduce inflationary pressures after several years of economy-boosting fiscal spending in response to the Covid economic slowdown. This will also serve to give scope for the Reserve Bank to ease monetary policy settings sooner.
- 2) Addressing urgent supply-side microeconomic constraints, including: a lack of domestic industry self-reliance highlighted by the Covid shutdown of global trade; the post-Covid global economic recovery and supply shortages driven by pent up aggregate demand boosting the need for workers and skills; the domestic building boom (infrastructure and housing); and one-off factors impacting trade flows and inflation, especially the war in Ukraine.

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<sup>5</sup> Ordinarily, labour market testing is required for any sponsored skilled worker visa. However, under a number of bilateral and multilateral agreements, LMT is not required for workers from China, Japan, Mexico, Thailand, Vietnam, Chile, South Korea, New Zealand, Singapore, along with some ASEAN countries and most Executives or Senior Managers from WTO countries. [Labour market testing \(homeaffairs.gov.au\)](https://www.homeaffairs.gov.au/labour-market-testing)

## The institutional inheritance - a misguided policy response

The AWU is aware of the paradox of effective full employment with an unemployment rate of 3.5 percent alongside skills gaps in many areas of the economy including in critical industries and essential services, highlighted by the pandemic. The Morrison government began to recognise this issue, but only made haphazard and uncoordinated attempts to respond impacting both skills training and skilled migration:

### Skills training

Underinvestment in skills development over the last decade has collided with the spike in demand for skills across the national economy as the nation recovers from the COVID-19 induced 2020 recession. As noted above, the increase in cancellations and withdrawals from training is occurring at precisely the wrong point in the economic cycle impacting future economic growth.

In contrast, the new Australian Government has committed to establishing Jobs and Skills Australia<sup>6</sup> as a national partnership to drive VET education with 465,000 fee free places and strengthen workforce planning by working with employers, unions and the training and education sector to secure Australian jobs. This complements its broader industry policy response, the new Australian Government's National Reconstruction Fund will establish and target key sectors including resources, food processing, heavy manufacturing, renewable energy and defence. The \$15 billion fund will use a combination of loans, equity injections, co-investment and lending guarantees to back companies committed to domestic manufacturing.<sup>7</sup> It will be important for the Fund to identify training needs in priority sectors which can be linked to support via Skills and Jobs Australia.

### Skilled migration – a piecework approach

Skilled workers and trainees arriving in Australia in 2020-2021 fell to historic rates. As indicated in the official statistics, both permanent skilled and temporary VET and higher education students experienced steep declines.<sup>8</sup>

During this period, the Morrison Government had an opportunity for a full review of the skilled migration program. Instead, what occurred was an uncoordinated, reactive approach to lifting the supply of aggregate skills in the Australian economy. It chose the easy option in agreeing to calls by employers for more short-term migrant labour.

However, as has been identified by Migration Council of Australia (now the Social Policy Group), the temporary skilled migration program should be limited to instances of genuine skill shortages which are based on evidence-based assessments of the need for specific occupations in the labour market. "Where temporary visa workers are necessary we must ensure a robust regime to monitor and enforce compliance with protections incorporated in the program for preventing exploitation of overseas workers and guarding against the undercutting of local wages and conditions as well as holding those who abuse the labour rights of workers accountable."

Encouraging and facilitating permanent settlement has been a key part of Australia's migration framework and migrants should have a pathway available to seek permanent residency and citizenship.<sup>9</sup>

Responding to demands from employers for skills in the absence of local skilled workers, (e.g., most recently from the National Australia Bank's Chief Executive, Ross McEwan<sup>9</sup>) the Morrison Government aimed to increase the number of skilled visa entries to Australia:

<sup>6</sup> [Secure Australian Jobs | Policies | Australian Labor Party \(alp.org.au\)](https://www.alp.org.au/policies/secure-australian-jobs)

<sup>7</sup> [Albo's \\$15b fund to build sovereign capability \(innovationaus.com\)](https://www.innovationaus.com/albo-s-15b-fund-to-build-sovereign-capability)

<sup>8</sup> [National Compact on Permanent Migration | Migration: a source of strength and enrichment in a globalised world \(nationalmigrationcompact.org.au\)](https://www.nationalmigrationcompact.org.au/nationalcompact-on-permanent-migration)

<sup>9</sup> [Banks warn Australia's labour shortage at crisis levels \(afr.com\)](https://www.afr.com/banks-warn-australia-s-labour-shortage-at-crisis-levels)

## Migration Program planning levels as announced as part of the 2021-22 and 2022-23 Federal Budgets

Visa Stream	Visa Category	2021-22	2022-23
Skill	Employer Sponsored	22,000	30,000
	Skilled Independent	6,500	16,652
	Regional	11,200	25,000
	State/Territory Nominated	11,200	20,000
	Business Innovation & Investment	13,500	9,500
	Global Talent (Independent)	15,000	8,448
	Distinguished Talent	200	300
Skill Total		79,600	109,900
Family	Partner* (Demand driven: estimate, not subject to a ceiling)	72,300	40,500
	Parent	4,500	6,000
	Child* (Demand driven: estimate, not subject to a ceiling)	3,000	3,000
	Other Family	500	500
Family Total		77,300**	50,000
Special Eligibility		100	100
Total Migration Program		160,000	160,000

\*Planning levels for these categories are estimates only as they are demand driven and not subject to a ceiling.

\*\*The total for the Family stream in 2021-22 does not include the Child category. For planning purposes both Child and Partner visa categories are counted towards the total Family stream in 2022-23.

However, while significantly increasing the number of Employer Sponsored skills visas the Migration Program planning levels included a major cut in skilled visas for Business Innovation and Investment. This highlights the difference between the reactive response to immediate term employer-driven demands versus a more pro-active national interest, industry policy focus driving current policy settings.

### National Skills Commission (NSC)

Following the on-set of the pandemic, on 1 July 2020, the Morrison Government established the National Skills Commission (NSC) headed up by the (current) National Skills Commissioner (Adam Boyton) and the NSC Strategic Plan. The stated aim of the NSC is to: "provide expert advice and national leadership on Australia's labour market and current, emerging and future workforce skills needs. We also have an important role in simplifying and strengthening Australia's Vocational Education and Training (VET) system."

The NSC also compiles a Skills Priority List. The list is the basis for employers to sponsor offshore workers where LMT may or may not be required (depending on exemption status of the workers country of origin or residence - see above). The list is long and very broad in its coverage including multiple professions and trades. At the same time, the list serves as a good place to start to target domestic training gaps; e.g., sheetmetal trades workers; metal fabricators; pressure welders; aircraft maintenance engineers, in preference to looking offshore for these particular skills.<sup>10</sup>

The responsible Minister for (the Hon Brendan O'Connor MP) has scope in the legislation establishing the NSC to appoint advisory committees to assist the NSC in its work. It is not clear that since its creation that any advisory committee has been established to date.

### The Skilling Australians Fund

The Skilling Australians Fund is the primary policy in which there is direct interaction between domestic skills training, and skilled migration. The fund is financed via a levy paid by employers who sponsor skilled workers from overseas, under certain visa classes. For a small business (turnover under \$10 million) hiring a worker on a four-year temporary visa, the levy contribution is \$4800. The collection of the levy was meant to mean that employers seeking to access skilled workers from

<sup>10</sup> [Skills Priority List Occupation List.pdf \(nationalskillscommission.gov.au\)](https://www.nationalskillscommission.gov.au/Skills-Priority-List-Occupation-List.pdf)

overseas were contributing to the skills development of Australians (by providing funds to State governments for TAFE). The collection and management of the levy is still the responsibility of the [Department of Home Affairs](#).

However, the fund has failed to meet its objectives:

- With a minimum contribution from as little as \$4,800, there is no significant incentive for employers to invest in domestic training.
- Funds are not targeted to training in the industries where sponsored migrants are drawn upon – the existing policy makes no effort to correct sectoral skills shortages in the long-run.
- Neither Victoria or Queensland participate in the Skilling Australians National Partnership, as it fails to deliver guaranteed and substantial funding for traineeships and apprenticeships.<sup>11</sup> As a result, no funding has been received by those states since 2018-19.

Investing in local skills cannot any longer be a political football to be kick - to - kicked between jurisdictions. The Australian workforce (and national economy and living standards) deserves better. And no one need be left behind, including migrant workers in a nationally integrated labour market. The AWU believes the Proposed National Skills and Migration Accord will achieve this more comprehensive approach.

### Current policy has failed to set a strategic goal for labour market development

Addressing labour shortages and responding to supply bottlenecks requires government leadership. This includes more streamlined ministerial accountability for skills outcomes and to the contribution to labour productivity in the national interest.

Leaving it solely to the market (including via available exemptions to LMT) will continue to generate second best trade-offs with uncoordinated demands for short term gap filling through sourcing workers from offshore in addition to subsequent calls for governments to provide a larger local workforce which has been neither budgeted nor planned for. Covid's impacts have changed all that. Governments, by necessity, are back in the game.

The sustained lack of federal government oversight and investment in skills development nationally over the last decade needs to be reversed.

The proposed National Skills and Migration Accord will be an important step in filling these gaps bringing together federal, state and territory jurisdictions with unions and employers to develop the new national strategy.

### Exploitation of temporary migrants

Beyond the broader strategic failures in establishing a labour-oriented migration, Australia has also failed to protect the rights of temporary migrants while they are here. Because sponsored workers rely on the goodwill of their employer to maintain their visa, employers have significant bargaining power that is open to abuse by unscrupulous bosses.

This has been seen time and time again across the range of temporary visa categories on offer. One worker, originally on a temporary skills shortage visa as a chef, was forced to work up to 72 hours per week, but was only paid an ordinary full-time wage. After leaving this employer, the worker found that his new employer was also being investigated for systematic underpayment of migrant workers.<sup>12</sup>

Research by Laurie Berg of the University of Technology Sydney, and Bassina Farbenblum of the University of New South Wales, found that wage theft among migrant workers was 'entrenched' and that current whistleblower protections failed to offer workers security in raising legitimate concerns about illegal activity.<sup>13</sup> This finding was echoed by a Senate inquiry into unlawful

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<sup>11</sup> [Queensland and Victoria deserve a fair deal for training](#)

<sup>12</sup> <https://www.theguardian.com/australia-news/2022/feb/23/suffer-in-silence-or-risk-speaking-up-exploited-migrant-workers-in-australia-face-perverse-dilemma>

<sup>13</sup> <https://theconversation.com/australia-is-bringing-migrant-workers-back-but-exploitation-is-still-rampant-here-are-3-changes-needed-now-182761>

underpayment of employees' remuneration, released in March 2022, which concluded that 'underpayment is deliberate and systematic, and often normalised, especially for migrant workers'.<sup>14</sup>

Unions play a critical role in protecting all workers' rights – not just those of Australians. The benefits of union activity for migrant workers were made plain by the Australian Workers' Union case to vary the Horticulture Award to include a minimum wage. Under prior piece rate arrangements, 96% of the piece rates advertised would not allow a worker to earn the national minimum wage, and 65% of the ads for strawberry picking and 22% for grape picking would allow workers to earn less than \$2 an hour.<sup>15</sup> By pursuing a legal remedy, the AWU was able to make systematic change to lift the standards for all workers in the horticulture sector.

While freedom of association is a critical Australian right, it is important to ensure that workers have full information about the existing risks of exploitation and are able to protect themselves when issues arise. Union membership plays a critical role in empowering individuals to respond to issues when they arise.

## A fresh approach

The AWU is confident that the Australian Labor Government will be able to stabilise national debt and balance the budget over the forward estimates especially given record net exports benefiting from higher commodity prices on the back of the post-Covid global economic recovery. This provides scope to address domestic supply constraints including skills shortages through a considered industry policy response.

The AWU is aware of the paradox of effective full employment with an unemployment rate of 3.5 percent alongside skills gaps in many areas of the economy including in critical industries and essential services, highlighted by the pandemic. The AWU believes this is as the consequence of underinvestment in skills development over the last decade colliding with the spike in demand for workers in the wake of the COVID-19 recovery.

Previous flawed policy approaches to investing in local skills has only served to complicate and confound the development of policy solutions to urgent skills shortages. The AWU believes that the systemic challenge posed by domestic labour shortages requires a fresh look and a tripartite approach by unions, employers and government.

The AWU therefore proposes a new National Skills and Migration Accord between unions and employers, supported by the federal government aiming to achieve an agreed target in skilled migration in 2023-24 accompanied by the restoration of funding support in real terms for VET via TAFE aimed at increasing commencements and reducing the number of cancellations and withdrawals.

This will assist to remove the current handbrake on economic recovery as a consequence of the current skills supply shortage. Following consideration at the AWU's 2022 National Conference on 1-2 August the proposed Accord should then inform the National Jobs and Skills Summit on 1-2 September, prior to the Federal Budget Statement on 25 October.

The AWU is encouraged by the Australian Government's commitment to "reboot" investment in local skills training and steps already taken in this regard. The AWU is equally encouraged by state and territory jurisdictions in investing in local skills. For example, Victoria's Andrews Labor Government announced in its 2022-23 budget the establishment of the TAFE Services Fund and \$108 million funding boost to local TAFE.<sup>16</sup>

However, given the scale of the skills emergency, the national economy requires a shared commitment and investment among employers, unions and government to urgently address skills shortages if the economy is going to be in a position to fully

<sup>14</sup>

[https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024434/toc\\_pdf/Systemic.sustainedandshameful.pdf;fileType=application%2Fpdf](https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024434/toc_pdf/Systemic.sustainedandshameful.pdf;fileType=application%2Fpdf)

<sup>15</sup> <https://www.unionsnsw.org.au/research/wage-theft-the-shadow-market-the-horticulture-industry-exploitation-via-piecerates/>

<sup>16</sup> [Budget 2022/23](#) | [Victorian Budget 22/23](#) | [Victorian Budget](#)



recover from both the ideologically driven underinvestment in public skills training over the last decade at the national level and the aggregate impacts of COVID-19 in recent years.

A new 10 - Point Plan should include the following:

1. The AWU supports an increase in the skilled migration program. However, LMT must remain a fundamental requirement for filling local skills vacancies, prior to sourcing skills offshore.

The Department of Education, Skills and Employment must establish greater oversight to ensure that (prior to formal applications for exemptions) LMT has been fully implemented in cooperation with the Department of Industry, Science and Resources. This review (and its jointly agreed recommendation) should occur before applications for exceptions end up with the Department of Home Affairs for consideration. Applicable exceptions under Australia's various trade agreements should also be audited and agreed by each department and with respective Ministers briefed, accordingly.

2. To secure this increase to the skilled migration program, all Australian governments should work with employers and unions to establish a new National Skills Fund and levy to support higher TAFE commencements and new apprentices aimed at offsetting the currently high rate of cancellations / withdrawals in training.

Businesses taking on skilled migrants facilitated by relaxed migration requirements would also be required to co-invest with skills development: either on a one-to-one basis (one trainee / apprentice for every skilled migrant) or through payment of a training levy targeted to industries with skills shortages.

The National Skills Fund would replace the failed Skilling Australians Fund and levy by:

- a) Increasing the minimum contribution from as little as \$4,800 to \$10,000 per worker, to stop employers from paying the bare minimum to avoid the costs of domestic training
- b) Making sure that funds are targeted to training in the industries where sponsored migrants are used – to put an end to rinse-and-repeat temporary migration while employers fail to build up a domestic workforce
- c) Offering truly national coverage and ending the wars between the states over skills funding – noting that without the participation of every state, Australia cannot solve this national skills crisis.

The National Skills Fund's governance should comprise national business and union representatives, industry superannuation funds and philanthropic organisations governed as an independent board appointed by the Prime Minister. The Fund would have as its mandate to identify critical skills needs worthy of support.

3. Critically, all new skilled migrant workers should be, by default, members of their union. This is the only reasonable measure in response to the significant failure of government to stamp out the systematic underpayment and exploitation of temporary migrant workers.
4. Strategies for investing in local skills should be included in the 1-2 September National Jobs Summit alongside any proposed targets to increase national skilled migration per annum for the next 4 years;
5. Real increases in VET and TAFE funding should be included in the 2022-23 Federal Budget to be handed down on 25 October and included as one of the major outcomes of the Jobs Summit;
6. Increases could be made to the permanent migration program, focused on areas of critical skills shortage to address employer needs, subject to strict LMT requirements and oversight of any exemptions in addition to maximising pathways for permanent migration from temporary visa holders identified by the Migration Council of Australia (now the Social Policy Group);

7. The Minister for Skills and Training to implement a review into the roles, functions and purpose of the National Skills Commission to inform the best means of addressing urgent skills shortages via, investing in local TAFE in cooperation with the States and Territories among other strategies;
8. Federal support for tertiary institutions to "win back" overseas students with a working visa entitlement which can also count towards permanent residency aligned with pathways identified by the Migration Council of Australia's National Migration Compact;
9. Support for workers in emissions intensive industries transitioning to a cleaner economy by working with employers and unions to reskill and relocate workers on the basis of matching or beating workers' existing incomes and conditions; and
10. A commitment to support Pacific Labour Mobility to boost permanent migration from Pacific countries to Australia in cooperation with unions and employers.

## **Conclusion**

The AWU is concerned to ensure that the Australian economy fulfils its full potential in offering well paid, sustainable work for all Australians contributing to higher productivity growth and living standards. Despite today's record lower levels of unemployment, it is not true that all Australian workers have the opportunity to fill job vacancies because the skills training system has buckled under the lack of funding support and policy neglect after a decade of previous Coalition Governments.

Calls by employers to address immediate skills shortages as a consequence of an underfunded VET system and the impacts of Covid through accelerated skilled migration are recognised and supported subject to stringent LMT outlined above. However, it is not good enough to simply seek higher skilled migration to address local skills shortages without also investing in a fit-for-purpose VET and TAFE system in Australia including in critical industries and essential services.

This paper has outlined how the linkage between local skills availability and demand for skilled migrants is really a two-sided coin. The AWU supports an immediate increase in skilled migration however subject to LMT (including strict oversight of any exemptions) accompanied by commitments to a one for one investment in employing a trainee / apprentice or an equivalent contribution to a local training levy to support a fully funded VET and TAFE system endorsed by Unions and Employers and all State and Territory Governments.

Permanent migration should be the aim as an investment in meeting structural national need in the context of a broader industry policy rather than just meeting immediate term employer demands.

There is a major opportunity for the upcoming National Jobs and Skills Summit to make this commitment. It will also include a commitment by employers to contribute to funding local skills training in return for accommodating their call for a higher number of skilled labour workers sourced offshore. This will avoid an entrenched "beggar thy neighbour" or "Hunger Games" approach to the acquisition of vital skills needed by the Australian economy in competition with the rest of the world during the post-Covid global economic recovery.

## Appendix

### Skills and training data

## In-training time series

### September quarter

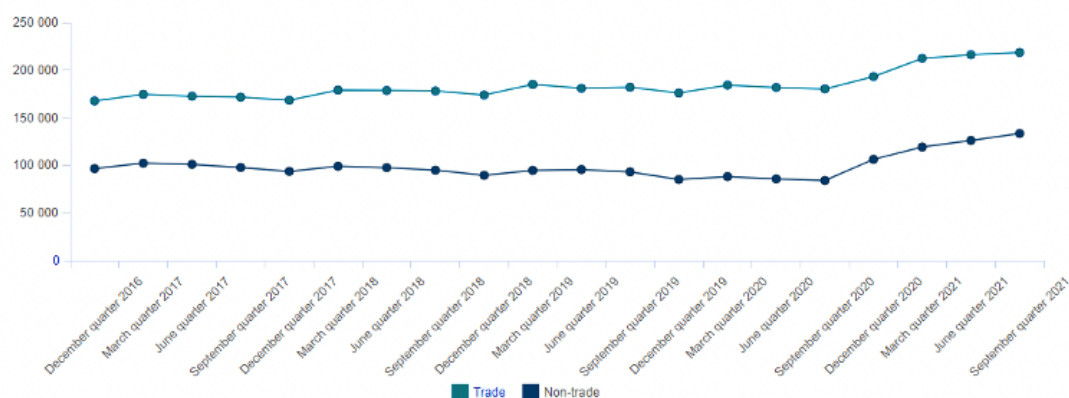
State/territory	2017 Sep Qtr	2018 Sep Qtr	2019 Sep Qtr	2020 Sep Qtr	2021 Sep Qtr	%change 2017-2021	% change 2020-2021
New South Wales	82 925	84 975	86 225	83 615	107 845	30.1	29.0
Victoria	60 520	63 150	63 630	58 755	78 420	29.6	33.5
Queensland	60 015	60 945	60 280	56 715	79 295	32.1	39.8
South Australia	15 915	15 910	17 145	18 425	24 650	54.9	33.8
Western Australia	32 810	29 975	28 590	28 220	39 855	21.5	41.2
Tasmania	7 780	8 410	9 040	8 875	11 075	42.4	24.7
Northern Territory	3 055	3 150	3 355	3 170	3 650	19.4	15.1
Australian Capital Territory	6 315	6 630	6 940	6 540	7 230	14.5	10.5
<b>Total</b>	<b>269 330</b>	<b>273 150</b>	<b>275 215</b>	<b>264 320</b>	<b>352 020</b>	<b>30.7</b>	<b>33.2</b>

Training activity: 12-month ending series

In-training highlights – Australia

### In-training trends - Australia

Quarterly



### Quarterly training activity

In the 12 months ending 30 September 2021, compared with the 12 months ending 30 September 2020:

- commencements increased by 88.1%, to 238 360
- completions decreased by 1.9%, to 78 560
- cancellations and withdrawals increased by 29.2%, to 93 990

## Commencements time series for trade occupations

as at September quarter 2021

Trade occupations	2017 Sep Qtr	2018 Sep Qtr	2019 Sep Qtr	2020 Sep Qtr	2021 Sep Qtr	% change 2017- 2021	% change 2020- 2021
Automotive and Engineering Trades Workers	3 320	3 615	3 805	2 835	4 595	38.3	62.2
Construction Trades Workers	4 935	4 510	4 985	3 435	5 525	11.9	60.8
Electrotechnology and Telecommunications Trades Workers	2 445	2 840	2 750	1 990	3 410	39.6	71.2
Engineering, ICT and Science Technicians	440	550	660	480	2 545	475.9	429.2
Food Trades Workers	1 445	1 415	1 540	980	1 320	-8.6	35.0
Other Technicians and Trades Workers	1 970	1 680	1 750	1 350	1 930	-2.0	42.8
Skilled Animal and Horticultural Workers	700	800	835	745	1 290	84.7	73.5
<b>Total</b>	<b>15 255</b>	<b>15 415</b>	<b>16 320</b>	<b>11 815</b>	<b>20 610</b>	<b>35.1</b>	<b>74.5</b>

## Commencements time series for non-trade occupations

as at September quarter 2021

Non-trade occupations	2017 Sep Qtr	2018 Sep Qtr	2019 Sep Qtr	2020 Sep Qtr	2021 Sep Qtr	% change 2017- 2021	% change 2020- 2021
Clerical and Administrative Workers	3 980	3 950	4 005	3 330	9 115	129.0	173.5
Community and Personal Service Workers	5 960	6 060	6 050	5 025	7 685	28.9	52.9
Labourers	2 800	2 585	2 165	1 725	2 480	-11.4	43.6
Machinery operators and Drivers	4 340	3 585	3 280	2 190	3 155	-27.3	44.1
Managers	485	265	375	380	905	86.9	138.1
Professionals	95	135	95	120	615	556.3	409.9
Sales Workers	3 205	2 125	2 220	1 890	4 145	29.4	119.4
<b>Total</b>	<b>20 860</b>	<b>18 705</b>	<b>18 190</b>	<b>14 665</b>	<b>28 100</b>	<b>34.7</b>	<b>91.6</b>

Source [Apprentices-and-trainees Sept 2021 Australia.pdf](#)

## Completions

### Completions time series for trade occupations

as at September quarter 2021

Trade occupations	2017 Sep Qtr	2018 Sep Qtr	2019 Sep Qtr	2020 Sep Qtr	2021 Sep Qtr	% change 2017- 2021	% change 2020- 2021
Automotive and Engineering Trades Workers	2 345	1 905	1 945	1 855	2 330	-0.6	25.5
Construction Trades Workers	2 200	2 450	2 550	2 075	2 665	21.0	28.3
Electrotechnology and Telecommunications Trades Workers	1 600	1 730	1 680	1 685	2 015	25.9	19.7
Engineering, ICT and Science Technicians	315	330	285	325	300	-5.0	-7.9
Food Trades Workers	870	750	705	455	540	-37.8	18.3
Other Technicians and Trades Workers	1 410	900	990	670	750	-46.9	12.1
Skilled Animal and Horticultural Workers	385	325	380	295	420	9.6	43.3
<b>Total</b>	<b>9 125</b>	<b>8 390</b>	<b>8 535</b>	<b>7 360</b>	<b>9 015</b>	<b>-1.2</b>	<b>22.5</b>

### Completions time series for non-trade occupations

as at September quarter 2021

Non-trade occupations	2017 Sep Qtr	2018 Sep Qtr	2019 Sep Qtr	2020 Sep Qtr	2021 Sep Qtr	% change 2017- 2021	% change 2020- 2021
Clerical and Administrative Workers	2 400	2 410	2 335	2 035	1 980	-17.5	-2.7
Community and Personal Service Workers	4 795	3 765	3 970	2 895	2 975	-37.9	2.9
Labourers	1 445	1 320	1 340	945	1 015	-29.7	7.6
Machinery operators and Drivers	1 735	2 085	1 990	1 745	1 375	-20.8	-21.4
Managers	330	300	265	180	265	-19.6	46.9
Professionals	120	40	85	55	65	-46.4	13.8
Sales Workers	3 170	2 250	1 910	1 530	1 710	-46.0	11.9
<b>Total</b>	<b>13 995</b>	<b>12 165</b>	<b>11 890</b>	<b>9 385</b>	<b>9 385</b>	<b>-32.9</b>	<b>0.0</b>

## Cancellations / withdrawals

Change in cancellations / withdrawal numbers (from Sept quarter 2020 to Sept quarter 2021) highlights<sup>1</sup>:

- 93,990 cancellations / withdrawals (up 29.2 per cent from 2020)
- 51,085 trades (up 21.7 per cent from 2020)
- 42,905 non-trades (up 39.6 per cent from 2020)
- 62,655 males (up 23.9 per cent from 2020)
- 31,355 females (up 41.3 per cent from 2020)
- Construction Trades Workers (trade) 1085 (up 32.7 per cent)
- Clerical and Administrative Workers (non-trade) 2025 (up 154.5 per cent)
- Private sector 7720 (up 51.4 per cent)
- Newly commencing worker 7285 (up 48.3 per cent)
- Certificate III 6010 (up 43.1 per cent)
- Full time 6730 (up 52.1 per cent)
- 15 to 19 years 2455 (up 42.6 per cent).

Overseas migrant arrivals by visa groupings(a)

	2018-19	2019-20	2020-21	Annual change 2019-20 to 2020-21
Visa groupings(b)	'000	'000	'000	%
Permanent visas				
Family	24.3	20.3	15.7	-22.6
Skilled (permanent)	38.2	27.3	14.6	-46.6
Special eligibility & humanitarian	15.3	13.0	0.6	-95.6
Other (permanent)	7.5	10.3	6.4	-38.2
Total permanent visas	85.4	70.9	37.2	-47.5
Temporary visas				
Student - vocational education and training	22.6	11.4	0.1	-99.0
Student - higher education	111.3	76.0	0.7	-99.1
Student - other	30.4	23.1	0.8	-96.7
Skilled (temporary)	32.6	22.8	9.1	-60.2
Working holiday	49.1	44.0	1.1	-97.5
Visitors	91.2	117.7	7.9	-93.3
Other (temporary)	13.4	18.7	8.5	-54.7
Total temporary visas	350.7	313.7	28.1	-91.0
New Zealand citizens (subclass 444)	30.5	22.2	17.0	-23.5
Australian citizens (no visa required)	78.9	96.4	62.4	-35.3
Total(c)	550.4	506.9	145.8	-71.2

a. Estimates for 2020-21 are preliminary. See revision status on the methodology page.

b. The visa at time of traveller's overseas migration arrival date. The number of visas here should not be confused with information on visas granted by the Department of Home Affairs as visas can be granted onshore.

c. Includes unknown visas.