



Australian Government
Department of Immigration
and Border Protection

Filling the gaps

Findings from the 2012 survey of subclass 457
employers & employees



Table of contents

EXECUTIVE SUMMARY	3
PART 1 – ABOUT THE 457 VISA PROGRAMME.....	7
1.1 HOW THE PROGRAMME WORKS.....	7
1.2 MAINTAINING INTEGRITY	7
1.3 INCREASING USE OF THE PROGRAMME	9
1.4 457 PROGRAMME INTEGRITY REFORMS.....	9
PART 2 – ABOUT THE PROJECT.....	11
2.1 PROJECT AIMS	11
2.2 SURVEY GROUPS.....	11
2.3 IMPORTANT LIMITATIONS OF THE REPORT.....	12
PART 3 – THE EMPLOYEES	13
3.1 INTRODUCTION.....	13
3.2 EMPLOYEE CHARACTERISTICS	13
3.3 EMPLOYEE ATTITUDES.....	25
3.4 EMPLOYMENT EXPERIENCES.....	29
3.5 LIFE IN AUSTRALIA.....	33
3.6 FUTURE INTENTIONS.....	39
PART 4 – THE EMPLOYERS	41
4.1 INTRODUCTION.....	41
4.2 CHARACTERISTICS OF EMPLOYERS.....	41
4.3 USING THE PROGRAMME TO MEET LABOUR NEEDS	44
4.4 RECRUITING 457 VISA HOLDERS.....	47
4.5 PERFORMANCE OF THE 457 VISA PROGRAMME	49
4.6 FUTURE INTENTIONS.....	56
4.7 LAPSED EMPLOYERS	57

Executive summary

The Temporary Work (Skilled) (subclass 457) visa, commonly known as the 457 visa, has come to play a central role in the Australian Government's commitment to a demand-driven skilled migration programme. Australian businesses operate in what is increasingly an international market where labour is increasingly mobile. The 457 visa is at the forefront of this transformation, enabling businesses to access international markets for skills and technical expertise that often cannot be found in Australia.

The visa subclass also plays a critical role in helping to encourage trade and foreign investment in Australia by providing a flexible entry arrangement for intra-corporate transferees (including executives, senior managers and specialists), and allowing overseas businesses to bring in skilled workers to establish an Australian operation of their business, or to fulfil a contractual obligation in Australia.

Survey aim, timing and scope

The main aims of the survey were to:

- examine the effectiveness of the 457 visa programme in meeting employers' skilled labour market needs
- identify processes that facilitate better programme use
- examine the broader Australian experiences of 457 visa holders and their specific experiences with the programme.


The survey was conducted in May and June of 2012 and included three cohorts:

1. 457 visa holders who had received their visa between October 2009 and June 2011.
2. Current employers of 457 visa holders.
3. Former employers of 457 visa holders.

Key employee findings

Those who applied for a 457 visa during the period of the survey were typically young. In addition, the survey showed that the vast majority of subclass 457 visa holders possessed a significantly higher level of English language proficiency than was required to be eligible for their visa.

The 457 visa programme is increasingly being used as a pathway to permanent residence, thereby acting as an important 'feeder' into the permanent migration programme. This was uncovered in the survey which showed that 72 per cent of visa holders intended to apply for permanent residence after their current visa expired. Contrast this with the initial and lower percentage of applicants (48 per cent) who applied because of a desire to 'live in Australia / become a permanent resident' or the much lower 10 per cent who indicated they applied so their 'employer will sponsor me for permanent residence', and it becomes clear that the aspiration to become a permanent resident is something that grows over the life of their visa stay. Other major reasons for applying include, improved experience and career prospects (also 48 per cent), and because the job was organised by their employer (39 per cent).



As a reason for migrating, 'desire to live in Australia / become a permanent resident', was equally cited by those from main English speaking countries (MESC) – the United Kingdom, Ireland, South Africa, New Zealand, the United States of America and Canada – and those from non-main English speaking countries (NMESC). In fact, most reasons for migrating were shared by both of these two cohorts. One area of difference was that more NMESC 457 visa holders cited having previously studied in Australia as influencing them to apply for their 457 visa (19 per cent compared to 4 per cent of MESC respondents).

The reason for migrating 'increased desire to live in Australia / become a permanent resident' was inversely related to income. Instead, higher wage earners were more likely than lower wage earners to identify reasons relating to the job being organised by their employer, being an intra-corporate transferee, or because they had previously visited Australia.

While visa holders were overwhelmingly satisfied with the programme (86 per cent satisfied and 5 per cent dissatisfied), a number of issues were raised. For example, 14 per cent felt that they had not been provided with the same rights and benefits that are provided to Australians, 14 per cent felt they did not have enough access to Medicare or health care benefits, and 11 per cent believed that it was too difficult to change employers. Since the survey, changes to the 457 visa, introduced in July 2013, have sought to address concerns regarding the potential for visa holders to be denied rights in the workplace, and have extended the time available to visa holders to change employers before their visa is cancelled – reducing the risk of their becoming 'bonded' to their sponsor.

When questioned on suggested improvements to the programme, increasing mobility for visa holders and improving access to services emerged as major themes. The most common suggestions included providing health insurance or health care, allowing visa holders to work for multiple employers and to leave sponsors who mistreat them, and improving access to government services. Over three-quarters of respondents also suggested making it easier for visa holders to transition to permanent residence.

Visa holders appeared to have relatively high incomes. At the time of the employee survey (May 2012) their median gross annual income was \$77 000 per annum and 43 per cent were receiving more than \$80 000 per annum. The 457 visa holders in the Mining industry recorded the highest earnings, with half (the middle 50 per cent) earning between \$90 000 and \$164 000 per annum. The Accommodation and Food Services industry recorded the lowest earnings, with the middle 50 per cent earning between \$48 000 and \$59 000 per annum.

On the question of working conditions more broadly, 95 per cent of 457 visa holders felt that their employer was meeting their sponsorship obligations. However, a small minority (7 per cent) indicated that their conditions were not equivalent to those of their Australian co-workers – including 1.9 per cent who said they were not provided the same opportunities and 1.5 per cent who said they were not paid the same wages.

The 457 visa is also helping to meet labour market demand indirectly by providing dependants with work rights, enabling them to supplement the primary visa holder's income. Among the two-thirds of visa holders who indicated that they were accompanied by their partner, three-quarters of these partners were in full-time employment with a median income of \$55 000 per annum – NMESC partner visa holders earned slightly less at \$50 000 per annum.

Key findings on employers

The majority of sponsoring employers who participated in the survey were concentrated in a small handful of industries. Half of all sponsors operated in one of four industries, these being the Health Care and Social Assistance industry, the Professional, Scientific and Technical Services industry, the Construction industry and the Manufacturing industry. Sponsors were also likely to be based in South-Eastern Australia, with two-thirds located in either New South Wales or Victoria.

The main users of the 457 visa programme were shown to be small to medium sized businesses, with businesses employing 50 or fewer persons accounting for 59 per cent of all sponsors, and those employing 10 or fewer persons accounting for 22 per cent of all sponsors.

Despite this, 457 visa holders tended to account for a relatively small proportion of each sponsor's workforce, comprising less than 10 per cent of the workforce in around two thirds (63 per cent) of cases. Among larger businesses, (more than 50 workers) 457 visa holders comprised 10 per cent or more of the employee workforce in 10 per cent of cases. Almost half of all sponsors employed only one 457 visa holder.

Nearly all employers indicated that they find it difficult to recruit workers from the local labour market, with 44 per cent indicating that they found it very difficult. Businesses employing 10 or fewer persons, sponsors operating in the Accommodation and Food Services industry, and sponsors located in Western Australia, all reported particularly high levels of difficulty.


Of greater concern is that 14 per cent of employers did not indicate that they find it difficult to recruit locally (and were nevertheless using the programme). However, there are other reasons for sponsoring overseas workers that are unrelated to occupational shortages, such as the need to bring in intra-corporate transferees. Additionally, a general observation by employers that they do not find it difficult to hire or employ workers from the local labour market, does not discount the possibility that they have experienced difficulties filling specific positions (particularly where they are highly specialised).

When employers were questioned on what they believed were the reasons for their hiring difficulties, 55 per cent attributed them to a lack of workers locally, while 34 per cent attributed them to a lack of workers in Australia. Other prominent reasons included competition from higher paying jobs in other industries, the remoteness of the business and a reluctance by Australians to do the job.

Recruiting from overseas was the most common method for filling skilled vacancies, with 24 per cent of employers indicating this was their main approach. Other methods included contacting a recruitment agency (21 per cent), up-skilling existing workers (12 per cent), using recruitment sites (11 per cent) and attracting workers from other businesses (6 per cent). Significantly, 29 per cent of employers reported that they were contacted directly by their visa holder. This is at odds with the intention of the 457 visa programme to be a demand driven programme.

Overall, employers were satisfied with the 457 visa programme. Almost half (48 per cent) of employers indicated they were satisfied, while another 40 per cent indicated they were very satisfied. Only 5 per cent of sponsors were dissatisfied or very dissatisfied.

Most employers rated their 457 visa holders as highly as their Australian workers, if not more highly. Nearly two-thirds of employers felt that their 457 visa holders were of the same standard as their Australian workers, and 28 per cent felt their visa holders were actually of a higher standard. Only a small proportion (5 per cent) rated their Australian workers more highly.



Employers also appeared to be overwhelmingly satisfied with the skills possessed by visa holders. When asked about the main benefits of sponsorship, just over half indicated the ability to meet the demand for skilled workers, a third pointed to the fact that the visa holders were highly skilled and 15 per cent to the ability for visa holders to pass on their skills to their colleagues.

In so far as employers were dissatisfied with the programme, most of the issues raised were concerned with the sponsorship process rather than its rules and regulations (it should be noted that significant changes have been made to these since the survey, which are not reflected in the findings). For example, 20 per cent of employers thought the process was too long and an equal share thought it was too complex, 10 per cent indicated they disliked the department's online systems, and 7 per cent raised a lack of assistance from the department.

A similar picture emerged when sponsors were questioned on suggested improvements to the programme. For example, 12 per cent were in favour of simplifying procedures, 10 per cent faster processing, 7 per cent more helpful departmental staff and 7 per cent increasing the level of transparency associated with the process.

It seems likely that current employers will continue to use the programme, with 91 per cent indicating they would probably continue to do so, and 57 per cent indicating they were very likely to continue to use it.

Access to the data

Access to a confidentialised unit record file from the survey is available to bona-fide researchers. To arrange access please email [Economic Analysis](#).

Part 1 – About the 457 visa programme

1.1 How the programme works

The Temporary Work (Skilled) (subclass 457) visa programme – commonly known as the 457 visa programme – is a temporary skilled migration programme that enables employers to sponsor a skilled worker from overseas when they cannot find an appropriately skilled Australian. As such, the 457 visa programme is an important labour market buffer and provides longer term benefits to Australia of an improved supply of skilled labour. The programme can also be used by overseas businesses seeking to establish a branch in Australia, transfer employees between branches, or to fulfil a specific contractual obligation in Australia.

A 457 visa is valid for up to four years, with the possibility to reapply for a further temporary visa or for a permanent visa. In 2012–13, approximately 40 500 permanent and provisional visas applications were granted where the applicant last held a subclass 457 visa. Of these, three-quarters were employer sponsored visas, one-fifth were other skilled visas and one-twentieth were Family Stream visas. To put these figures into perspective, in 2012–13, there were 190 000 permanent and provisional visas granted through the Migration Programme (47 700 employer sponsored visa) and there were 126 000 subclass 457 visas issued to Primary Applicants and their dependants.

1.2 Maintaining integrity

To ensure the integrity of the scheme, the Department of Immigration and Border Protection regularly monitors sponsoring employers to ensure that they comply with a set of sponsorship obligations.¹ Employers who fail to comply with these obligations can have their sponsorship cancelled, be barred from sponsoring for a specified period, or be sanctioned by the department. Sponsorship obligations that were in force at the time the survey was conducted included the following obligations:

- **Cooperate with inspectors** – sponsoring employers must cooperate with the department's inspectors as part of the monitoring regime by allowing them to exercise their powers (including entering premises, inspect workplaces, interview persons and produce records).
- **Ensure equivalent terms and conditions of employment** – sponsoring employers must ensure that a 457 visa holder is provided with the same terms and conditions of employment as an Australian worker doing the same job in the same location.
- **Pay return travel costs** – in most circumstances, sponsoring employers are liable to pay travel costs to enable the 457 visa holder and their dependants to leave Australia when their visa expires.
- **Locating and removing unlawful non-citizens** – if a 457 visa holder is in Australia unlawfully (after their visa has expired, for example), the sponsoring employer is liable to pay any costs incurred by the Commonwealth in locating and removing this person and their dependants from Australia.
- **Keep records, and to provide records and information** – sponsoring employers must keep certain records (a record of the 457 visa holder's pay, for example) and provide these to the department when required.

¹ The Department of Immigration and Citizenship was renamed the Department of Immigration and Border Protection under Machinery of Government changes following the federal election of 7 September 2013.

- **Provide information to the department when certain events occur** – sponsoring employers must notify the department within 10 working days when certain things happen (when a 457 visa holder ceases employment with them, for example).
- **Work in a nominated occupation** – sponsoring employers must ensure that the 457 visa holder is employed in their nominated occupation (unless they have been nominated in an exempt occupation).²
- **Not to recover certain costs** – sponsoring employers must not try to recover any of the costs of sponsorship from the 457 visa holder and their dependants.

In addition to these, and in order to be approved as a sponsor, businesses that operate in Australia are also required to attest to having a strong record of, or a demonstrated commitment to, employing local labour, and to demonstrate that they have provided Australians with training opportunities by meeting a training benchmark.

For their part, 457 visa holders must also comply with a specific set of visa conditions. Condition 8107 requires visa holders to work in the occupation for which they were nominated and to work for the employer who sponsored them. If they cease this employment, these visa holders have a limited period (28 days at the time the survey was conducted) to do one of the following:

- Find another employer who is eligible to sponsor them on a 457 visa.
- Apply for another type of visa.
- Make arrangements to depart Australia before the expiry of their visa.

If they do not do one of these, their visa may be cancelled by the department.

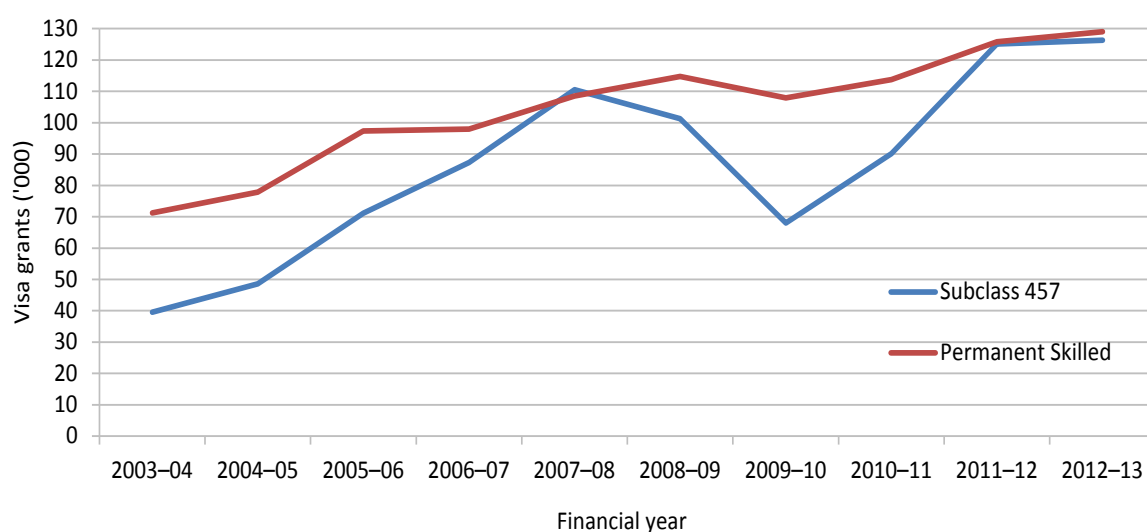
People working on a 457 visa are also responsible for maintaining adequate health insurance for themselves and their dependants for the duration of their stay. Subclass 457 visa holders, like all temporary residents, do not have access to the same taxation and government support programmes as Australian citizens and permanent residents.

² A worker's nominated occupation is identified at the time of application and must be on the department's Consolidated Sponsored Occupations List, see: www.immi.gov.au/skilled/sol/. Identifying an occupation in this way is important in determining the salary rate to be paid to the sponsored worker.

1.3 Increasing use of the programme

Aside from a short-lived slump between 2008–09 and 2009–10 (which coincided with Australia's exposure to the global financial crisis), demand for the 457 visa has grown strongly over the past decade and is currently at record levels. There were 126 350 visas granted in 2012–13, up 1.0 per cent on the level of a year earlier, but almost twice as many as were granted in 2009–10 and over three times as were granted in 2003–04. Growth in the 457 visa has also outpaced growth in permanent skilled visas (Figure 1.1).

Figure 1.1 – Grants of 457 and permanent skilled visas



Source: Australia's Migration Trends 2011–12, DIBP

1.4 457 programme integrity reforms

On 1 July 2013, the *Migration Regulations 1994* were amended to strengthen the capacity of the department to identify and deter employer practices that are not in keeping with the intent of the 457 visa programme. The new regulations apply to all cases on hand as at 1 July 2013, and those lodged after this date. These changes included:

- limiting the number of 457 visa holders an employer may nominate to the number approved at the time they applied to become a sponsor
- introducing a provision to ensure that the position nominated to be filled by an overseas worker is genuinely skilled, and has not been created solely to secure the applicant's entry to, or stay in, Australia
- requiring 457 visa applicants to demonstrate that they possess 'vocational English', and removing occupation-based exemptions to these requirements
- ensuring that sponsors pay 457 visa holders the market salary rate paid to equivalent Australian workers in that location, and increasing the salary threshold exempting sponsors from having to pay the market salary rate, from \$180 000 to \$250 000
- clarifying that 457 visa holders must be directly employed by their sponsor, and not engaged under labour hire or independent contractor arrangements
- requiring 457 visa holders to obtain any mandatory registration, licence or professional membership necessary in the state or territory in which they are employed

- ensuring 457 sponsors' mandatory electronic lodgement of subclass 457 visa sponsorship, nomination and visa applications.

The integrity reforms addressed the main factors that led to abnormal growth in the programme with the exception of requiring employers to attempt to recruit locally before nominating overseas workers under the 457 visa programme. As such, on 29 June 2013, the Parliament approved a range of additional integrity measures contained within the *Temporary Sponsored Visas Act 2013* ('the Act').

One of the main features of the Act was the introduction, in November 2013, of a labour market testing condition for sponsors. This condition requires approved sponsors seeking to fill a non-exempt occupation (as determined by the legislation and by the responsible minister), to demonstrate that no suitably qualified and experienced Australian, or eligible temporary visa holder, is readily available before seeking to nominate an overseas worker for the position – provided that undertaking labour market testing will not be inconsistent with Australia's international trade obligations. Non-exempt sponsors are also required to fulfil this requirement when Australians have been made redundant from the nominated position. Exemptions will also apply in the event of a major disaster occurring, naturally or otherwise, to facilitate disaster relief or recovery work.

The Act also enshrined new and existing obligations for sponsors, and included enforceable undertakings among the range of possible actions the department may take to sanction sponsors who fail to comply with their obligations. Inspector powers have also been extended to include the Office of the Fair Work Ombudsman, the agency responsible for enforcing Australian workplace relations laws, significantly increasing the Government's capacity to effectively monitor sponsors.

Finally, the Act also extended (from 28 days to 90 days) the time available to visa holders to find another sponsor if their employment ceases. This reduces the risk of 457 visa holders becoming 'bonded' to their sponsor out of fear that if they raise concerns with the authorities about their treatment by their sponsor, and as a result have their employment terminated, their visa will be cancelled.

Part 2 – About the project

2.1 Project aims

The 457 visa has undergone substantial change since its introduction in 1996 and prior to the current project had not been evaluated subsequent to recent reforms. The project was designed to redress gaps in the information about facets of the programme in order to inform the department's future policies.

More specifically, the aims of the project were to:

- examine the appropriateness and effectiveness of the 457 visa programme in meeting employers' skilled labour market needs, identify processes that facilitate better programme use, and examine employers reasons for using or not using the scheme and their satisfaction with the programme from an operational and labour market perspective
- examine the experiences of migrant workers in the 457 visa programme and obtain insights into their satisfaction with life in Australia and long-term intentions
- examine the social participation and economic contribution of migrant workers' dependants to enable their role to be considered in the context of policy
- examine a range of other issues, such as the characteristics of subclass 457 visa holders who used a migration agent.

2.2 Survey groups

The project comprised a survey of three groups affected by the 457 visa programme:

1. **Employees** – primary visa holders who were in Australia on a 457 visa on 5 May 2012 and who had received their visa between 1 October 2009 and 30 June 2011.
2. **Current Employers** – employers who at the time of the survey were sponsoring an overseas worker on a 457 visa issued between 1 October 2009 and 30 June 2011.
3. **Lapsed Employers** – employers who had previously sponsored an overseas worker on a 457 visas, but at the time of the survey had not sponsored an overseas worker on a 457 visa since 1 October 2009 (that is, for the past two-and-a-half years).

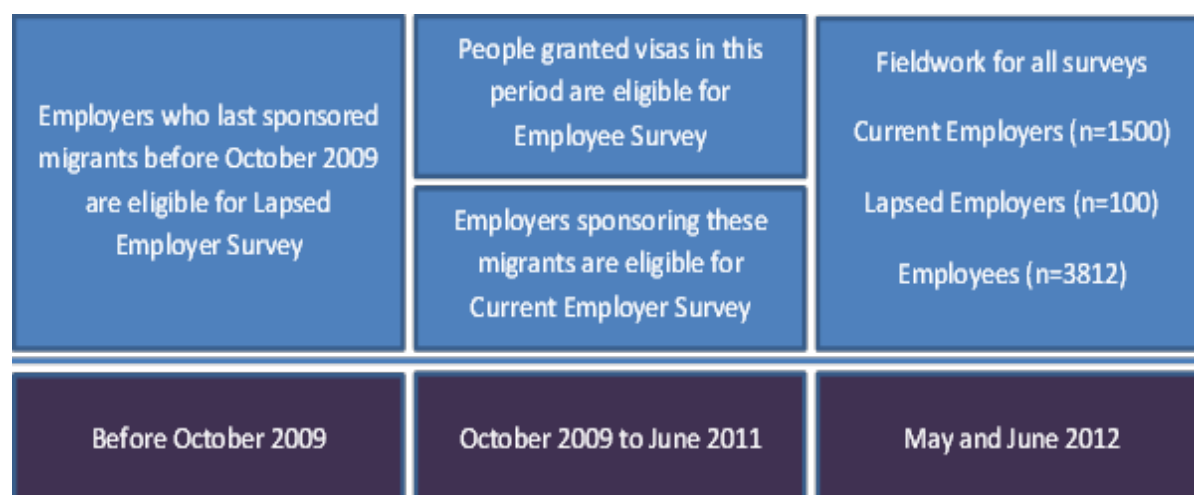
Most of the employers surveyed were established users of the 457 visa programme. More than a third (36 per cent) had used the scheme for more than 5 years and a further 23 per cent had used the scheme for between 3 and 5 years. Only 18 per cent of employers had used the scheme for 2 years or less.

Visa holders who were sponsored under labour agreements were excluded from the survey, and a fourth group, comprising employers who had never used the scheme but were identified as potential users, is not addressed in this report.

The survey of employees was conducted in June 2012 as an online survey which was sent to 15 000 subclass 457 primary visa holders. At the conclusion of the survey, 3812 responses had been received, equivalent to a response rate of 25 per cent.

The survey of current and lapsed employers commenced in late May 2012 and was done using Computer Assisted Telephone Interviewing (CATI). Although the lapsed employers cohort of respondents was limited to those who had not sponsored a 457 visa holder during the past two-and-a-half years, it is likely that some will still have been employing former subclass 457 visa holders at the time of the survey – although the number involved is unknown.

Figure 2.1 – Survey timing and eligibility



Most of the policy interest is in current employers. Therefore, with 1500 completed responses, the current employer cohort was much larger than the lapsed employer cohort (100 completed responses).

What should also be noted is that while the current employer and employee samples share a common reference period, the two samples were selected independently of each other. This, combined with the fact that the survey did not achieve a 100 per cent response rate, means that an employee record will not always have a corresponding employer record and vice-versa. Despite these limitations it is possible, however, to match records between the employer and employee file.

2.3 Important limitations of the report

This report provides an analysis of the views and experiences of 457 visa holders and employers from the perspective of, and as reported by, those included in the scope of the survey. It is important to note that the outcomes and attitudes to the programme reported here are those of migrants who were successful in their application for a 457 visa, and of employers who were successful in sponsoring a 457 visa holder. As such, the report examines the performance of the 457 visa programme only from the perspective of employers and employees utilising the programme. It is also important to note that the survey is a snapshot – that is, it provides a glimpse of the state of the 457 visa programme at a particular point in time. Because of this, the recent changes to the programme noted in Section 1.4 are not reflected in either the survey questions or the report's findings.

Part 3 – The Employees

3.1 Introduction

This part of the report examines the responses of a cohort of 3812 subclass 457 visa holders who were in Australia on 5 May 2012 and whose 457 visa had been granted between 1 October 2009 and 30 June 2011.

We begin by providing characteristics of the workers, including country of origin, age, gender, English proficiency, where they live and what prompted them to apply for a 457 visa. We then examine the attitudes of these workers to the 457 visa programme, focusing on its perceived benefits and disadvantages and their general attitudes to the visa application process. The discussion then turns to the experiences of 457 visa holders in the workplace and their income. This is followed by an investigation of how well 457 visa holders have integrated into life in Australia, looking at the extent of community participation, before concluding with a discussion on their future migration intentions. Throughout the report, unless stated otherwise, the outcomes reported for 457 visa holders refer only to surveyed primary applicants.

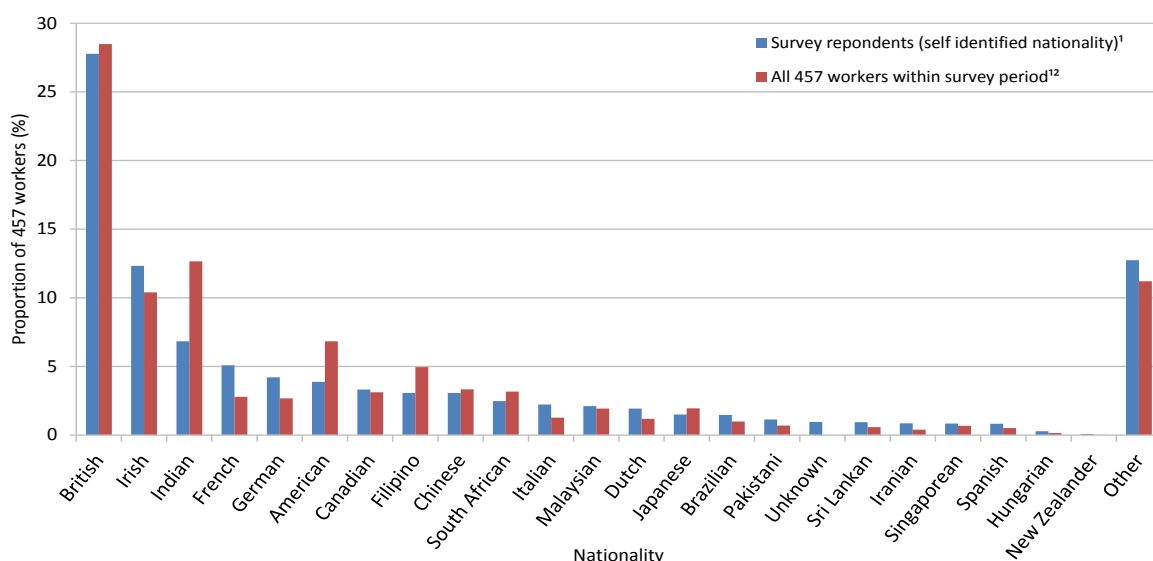
3.2 Employee characteristics

Where they come from

With a 28 per cent share of all survey respondents, citizens of the United Kingdom were the largest nationality cohort in the study by far. This was then followed by Irish (12 per cent), Indian (7 per cent), French (5 per cent) and German (4 per cent) citizens. As shown in Figure 3.1, the survey's coverage of 457 visa holders by nationality aligned fairly well with the actual population of 457 visa holders, despite India, the United States of America and the Philippines being slightly under-represented.

There is a very small distortion in the proportion of nationalities described in Figure 3.1 as 3 per cent of migrants indicated dual nationality, with again citizens of the United Kingdom being the most common at 55 per cent, followed by South Africa with 20 per cent, America with 14 per cent, Ireland with 13 per cent and Canada with 10 per cent.

Figure 3.1 – Nationality of 457 visa holders



1. Multiple responses were permitted.
2. All 457 visa holders in Australia on 5 May 2012 and granted their visa between October 2009 and June 2011.

Their age and gender

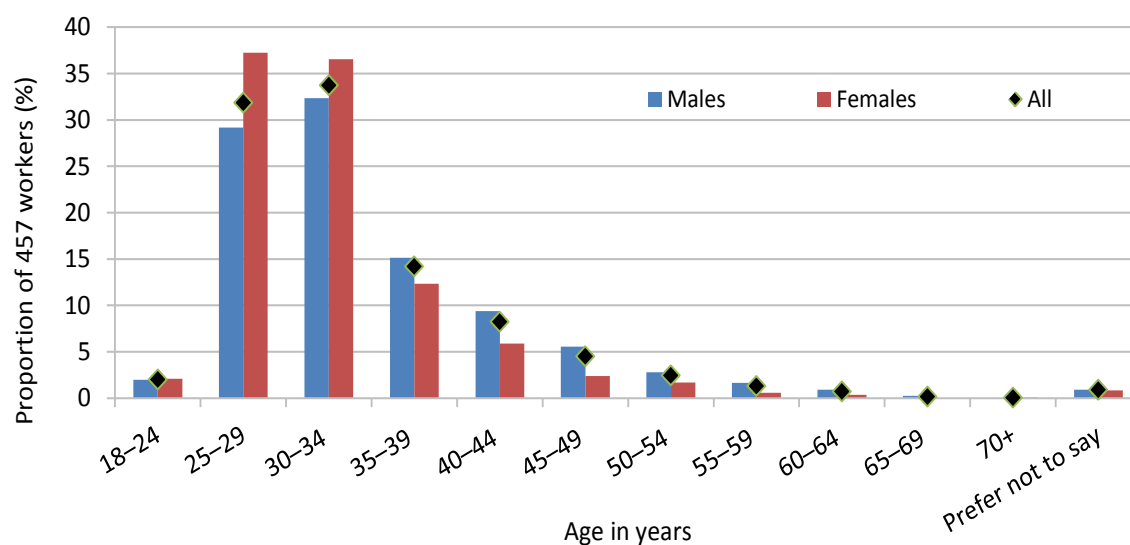
The 457 visa programme attracts relatively young workers, with the survey capturing 32 per cent aged 25 to 29 years and another 34 per cent aged 30 to 34 years (Figure 3.2a). The remainder were predominantly over 34 years of age, with just 2 per cent in the 18 to 24 years age range – 18 years being the minimum age requirement to hold a 457 visa. This aligns closely with the actual number of 457 visa holders in scope for the survey, that is, all 457 visa holders (regardless of whether they were surveyed) who were granted their visa between 1 October 2009 and 30 June 2011 and were in Australia on 5 May 2012 (Figure 3.2b).

In the survey, males outnumbered females by two to one – 67 per cent to 33 per cent. However, this was nevertheless an under-representation given that among the subclass 457 population the split was 74 per cent males and 26 per cent females.

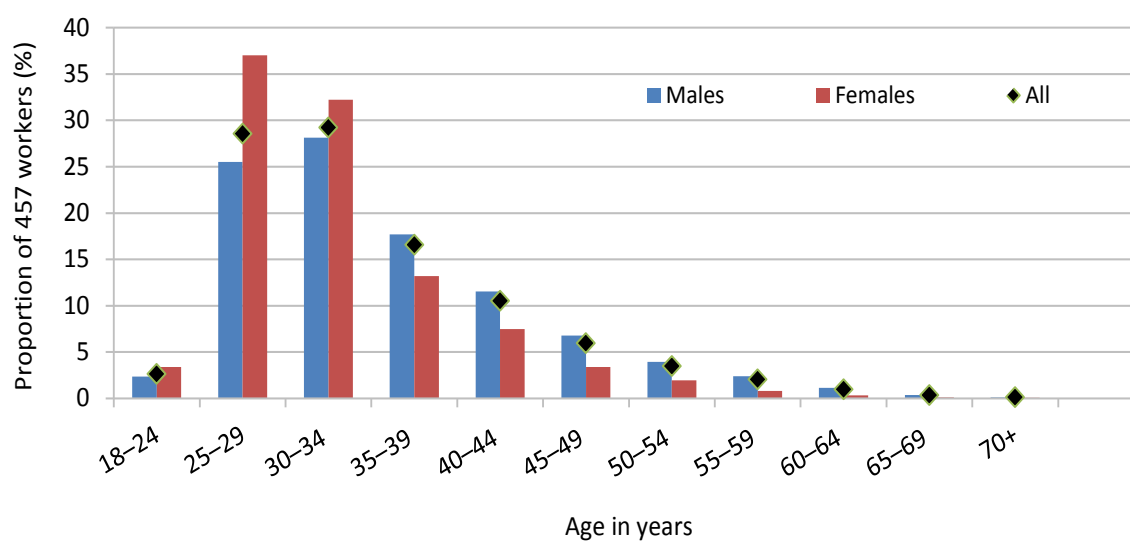
Although the median age of male and female 457 visa holders within the survey were similar – 32 years for males and 31 years for females – there is a difference in their age distribution, with females being more concentrated in the younger age groups than males (Figure 3.2a and Figure 3.2b).

Figure 3.2 – Age of 457 visa holders by gender

a) From survey



b) All 457 visa holders within survey period¹



1. All 457 visa holders in Australia on 5 May 2012 and granted their visa between October 2009 and June 2011.

English language proficiency

At the time the survey was undertaken, unless granted an exemption, to be eligible for a 457 visa, applicants must have demonstrated their English language proficiency by obtaining a minimum score of 5.0 in each of the four components (reading, writing, listening and speaking) of the International English Language Testing System (IELTS).³ In evaluating the English language proficiency of 457 visa holders, the survey asked for the visa holder to 'average' their IELTS score across these four components. We note that this estimate relies on the visa holders' accurately recalling and reporting their IELTS scores.

Notwithstanding this caveat and by way of background, IELTS scores for English language proficiency range from 1 to 9, with little communication possible for persons with an IELTS score of 3 or less, while a score of 7 shows they understand complex language well and 9 indicates they are an expert user of English. Small differences in IELTS scores, such as the difference between having an English language proficiency of IELTS 5 and IELTS 6, are considered substantial where the work requirement for competent English is greatest, such as in academic or professional environments.

Given the 457 visa programme's English language requirements, it is not surprising that the survey recorded that over 99 per cent of 457 visa holders, who were required to demonstrate their English proficiency, had an averaged IELTS score of 5 (modest English user) or greater, while 89 per cent scored 6 (competent English user) or greater. What may be surprising to some is that almost half (47 per cent) demonstrated very good to excellent English language proficiency with an IELTS score of greater than 7 (Figure 3.3). It should also be noted that less than 5 per cent of surveyed visa holders from the main English speaking countries (MESC) of the United Kingdom, the Ireland, South Africa, New Zealand, the United States of America and Canada were required to demonstrate their English language proficiency.⁴ So, the strong English proficiency results described above are attributable to migrants from a non-main English speaking country (NMESC), that is, a country where typically English is not the main language spoken. In the case of visa holders who came from a NMESC, 52 per cent were required to demonstrate their English language proficiency.

Of those surveyed, 26 per cent indicated that they had undertaken an IELTS test as part of their 457 visa application, with the remainder obtaining an exemption. Since July 2013, occupation-based exemptions to the English language requirements have been removed whereas previously most applicants – with the exception of applicants nominated in trade occupations – had been exempt.

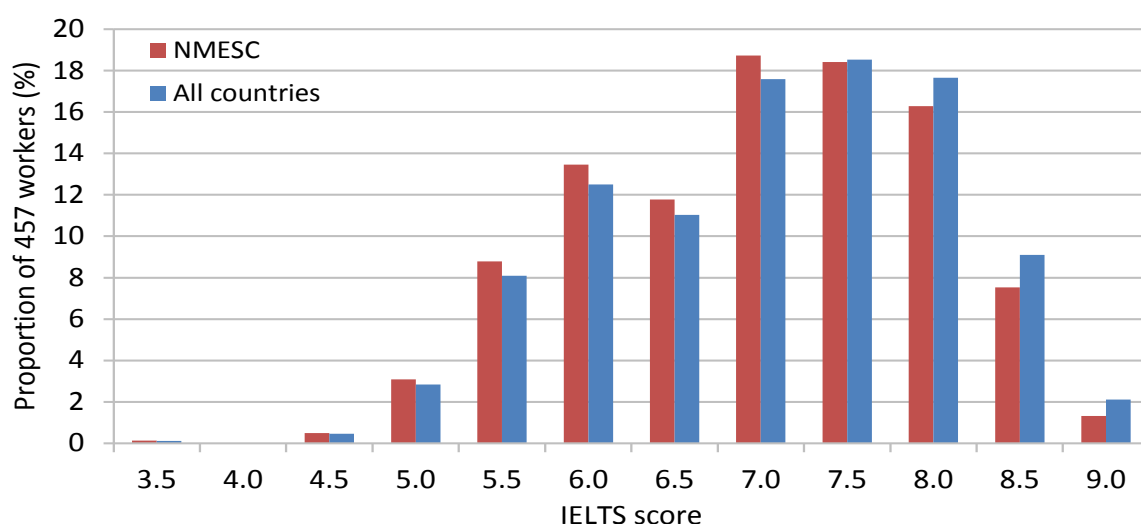
³ From 1 July 2013, a score of 'B' in each component of the Occupational English Test is also deemed sufficient demonstration of English language ability.

⁴ MESC country inclusion is defined as per that of the Australian Bureau of Statistics and is not an attempt to classify countries on the basis of whether or not English is the predominant or official language of each country. It is a list of the main countries from which Australia receives, or has received, significant numbers of overseas settlers who are likely to speak English.

A closer examination of the reasons for applying and employment outcomes was undertaken to determine whether there were any anomalies between visa holders from a NMESC who were exempt from demonstrating their English language proficiency and those who were not exempt. This analysis revealed some divergence in two characteristics examined:

1. **Reason for applying** – those who were granted an exemption were less likely to have applied because of an intention to permanently remain in Australia (39 per cent compared to 56 per cent). This indicates that 457 visa applicants who were seeking an avenue to permanent residence were less likely to be granted an exemption for demonstrating their English language proficiency.
2. **Income** – the median income of those who were granted an exemption was \$78 000 per annum, compared to \$65 000 per annum for those who were not granted an exemption. Not surprisingly, this median income figure for 457 visa holders not granted an exemption is below the English Language Salary Exemption Threshold (ELSET) of \$81 040 that was in force in October 2009 (the earliest visa grant date from which 457 visa holders were included in the survey), and which increased to \$88 410 by the time the survey was conducted.

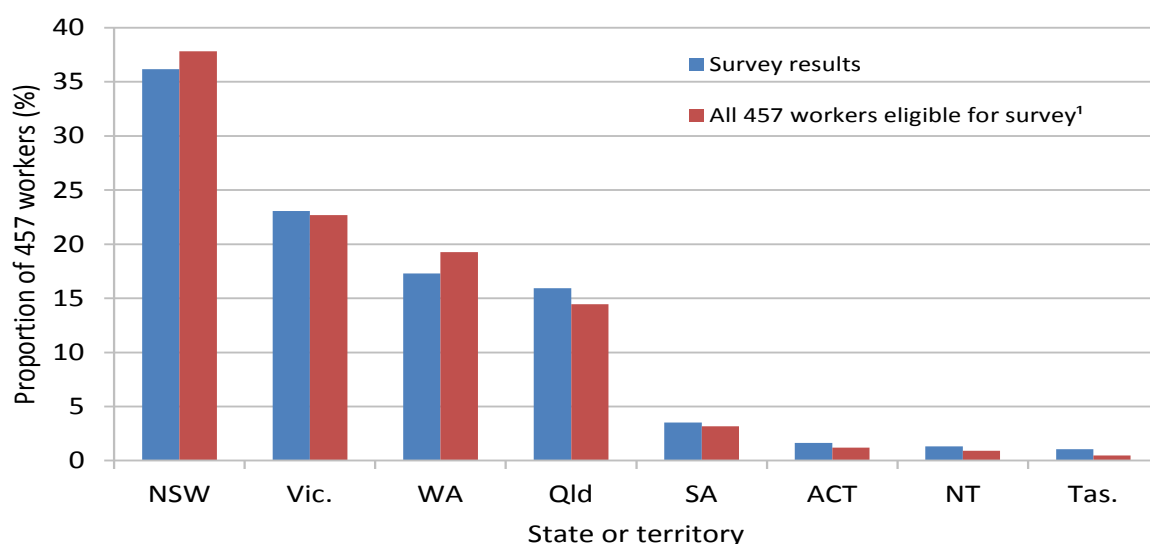
Figure 3.3 – English proficiency of surveyed 457 visa holders by NMESC



Where they live

As would be expected, the four most populous states of Australia capture a large share of 457 visa holders. Both the survey and departmental visa data show that, at the time of the survey, over 92 per cent of 457 visa holders resided in New South Wales, Victoria, Queensland or Western Australia (Figure 3.4).

Figure 3.4 – Location of 457 visa holders by state and territory



1. All 457 visa holders in Australia on 5 May 2012 and granted their visa between October 2009 and June 2011.

With a third of all surveyed 457 visa holders residing there; the Greater Sydney region had by far the largest concentration of migrants. This was followed by Melbourne, Perth and Brisbane, with 21 per cent, 16 per cent and 11 per cent respectively. The geographic distribution of these surveyed migrants for these four regions is shown in Map 3.1.

MAP 3.1 – Distribution of surveyed 457 visa holders by postcode of residence

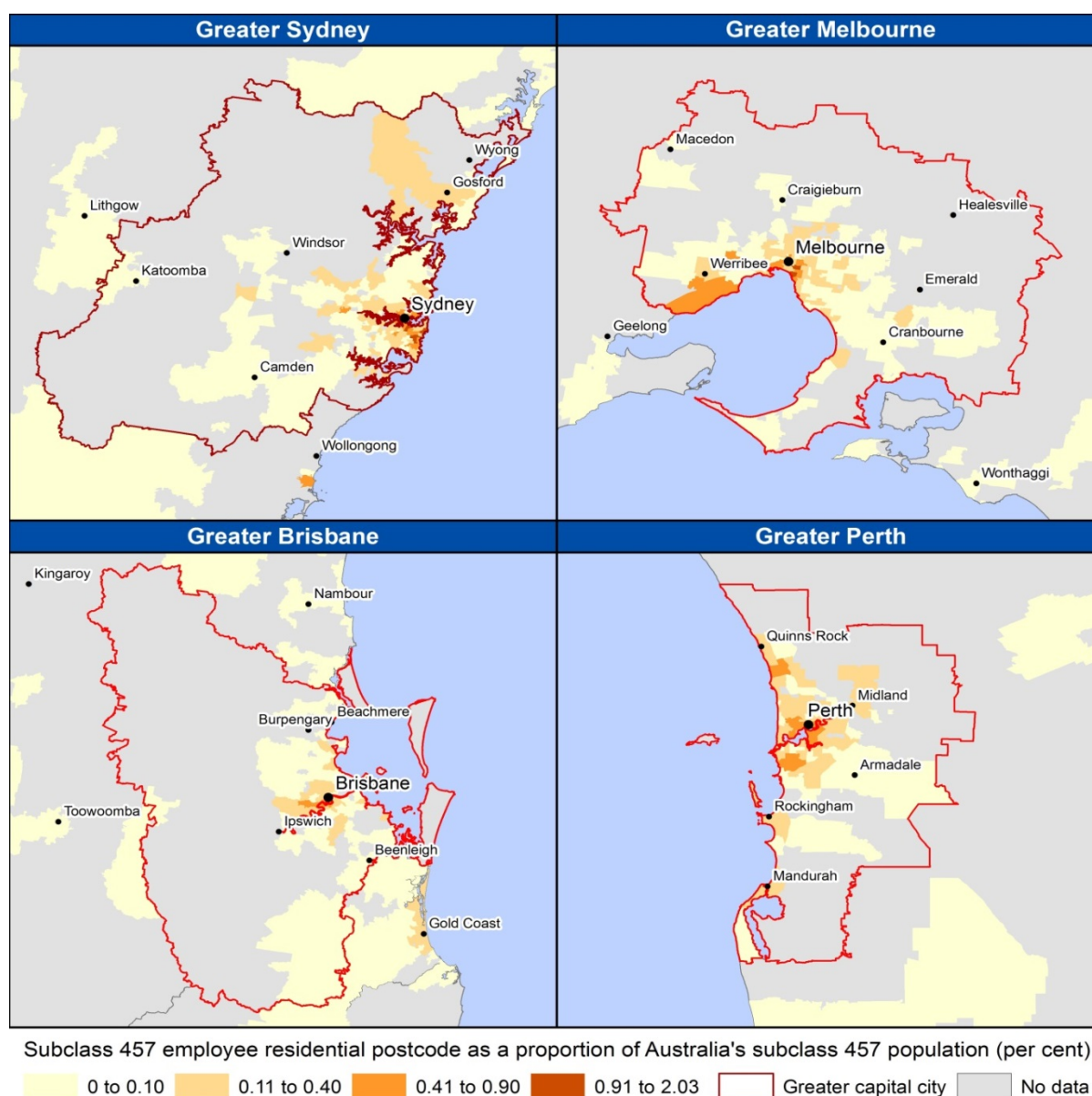


Figure 3.4, above, also shows that compared with other states and territories, for the size of its population, Western Australia has a disproportionately high number of 457 visa holders, with 17 per cent of surveyed respondents living there (or 19 per cent of all who were eligible for the survey). This reflects the large contribution of the Mining and Construction industries in this jurisdiction. Table 3.1 delves deeper and shows the distribution of 457 visa holders by nominated state and territory and by sponsoring industry. It shows that the Mining industry accounted for 25 per cent of Western Australia's 457 visa grants over the surveyed period – compared with just 3 per cent for the rest of Australia. Similarly, the Construction industry accounted for 21 per cent of 457 visa grants for Western Australia – compared to 8 per cent for the remainder of Australia.

The main industries driving 457 visa grants varied somewhat between the remaining states and territories. However, the Health Care and Social Assistance industry and the Information Media and Telecommunications industry were other major contributors to the 457 visa programme.

Table 3.1 – Location of all 457 visas eligible for the survey, by sponsoring industry

Sponsor Industry	ACT	NSW	NT	Qld.	SA	Tas.	Vic.	WA	All
	Per cent of jurisdiction								
Health Care and Social Assistance	19.0	9.9	4.5	17.4	30.8	55.6	14.2	7.8	12.7
Other Services	11.8	14.8	11.0	8.8	8.2	2.3	12.3	11.1	12.2
Construction	8.4	8.9	14.6	16.4	7.7	0.6	7.7	21.0	12.0
Information Media and Telecommunications	9.8	19.0	1.8	3.8	0.8	0.0	12.6	2.3	11.1
Mining	0.0	1.1	14.0	14.9	7.3	7.6	1.5	25.2	8.2
Professional, Scientific and Technical	5.2	6.9	3.9	5.7	3.9	3.5	12.2	4.4	7.2
Manufacturing	1.1	5.2	1.2	7.1	13.7	3.5	6.5	8.7	6.6
Financial and Insurance Services	1.4	10.9	2.7	2.0	2.0	1.2	5.6	2.1	6.1
Education and Training	23.1	4.0	1.2	4.8	5.9	5.8	5.4	2.3	4.4
Accommodation and Food Services	5.9	4.3	8.0	4.4	1.8	1.8	4.4	3.7	4.2
Retail Trade	3.6	3.4	4.8	3.3	1.7	0.0	5.0	3.1	3.6
Wholesale Trade	0.0	2.8	1.5	1.6	2.8	1.2	3.0	1.1	2.3
Rental, Hiring and Real Estate Services	0.9	3.1	1.5	1.1	0.8	0.6	3.2	0.9	2.3
Electricity, Gas, Water and Waste Services	0.7	1.0	2.1	2.5	3.6	2.9	1.3	2.3	1.7
Transport Postal and Warehousing	1.4	1.3	1.5	1.7	0.9	2.3	1.6	1.5	1.5
Agriculture, Forestry and Fishing	0.5	0.7	0.3	3.1	5.2	7.6	1.0	1.0	1.4
Arts and Recreation Services	0.5	1.1	19.3	0.7	1.0	1.2	0.6	0.4	1.0
Public Administration and Safety	6.8	0.8	5.4	0.5	1.6	2.3	1.2	0.7	1.0
Administrative and Support Services	0.0	0.9	0.9	0.2	0.3	0.0	0.4	0.4	0.6
Total 457 visa holders	444	13 854	338	5 290	1 167	172	8 316	7 057	36 638

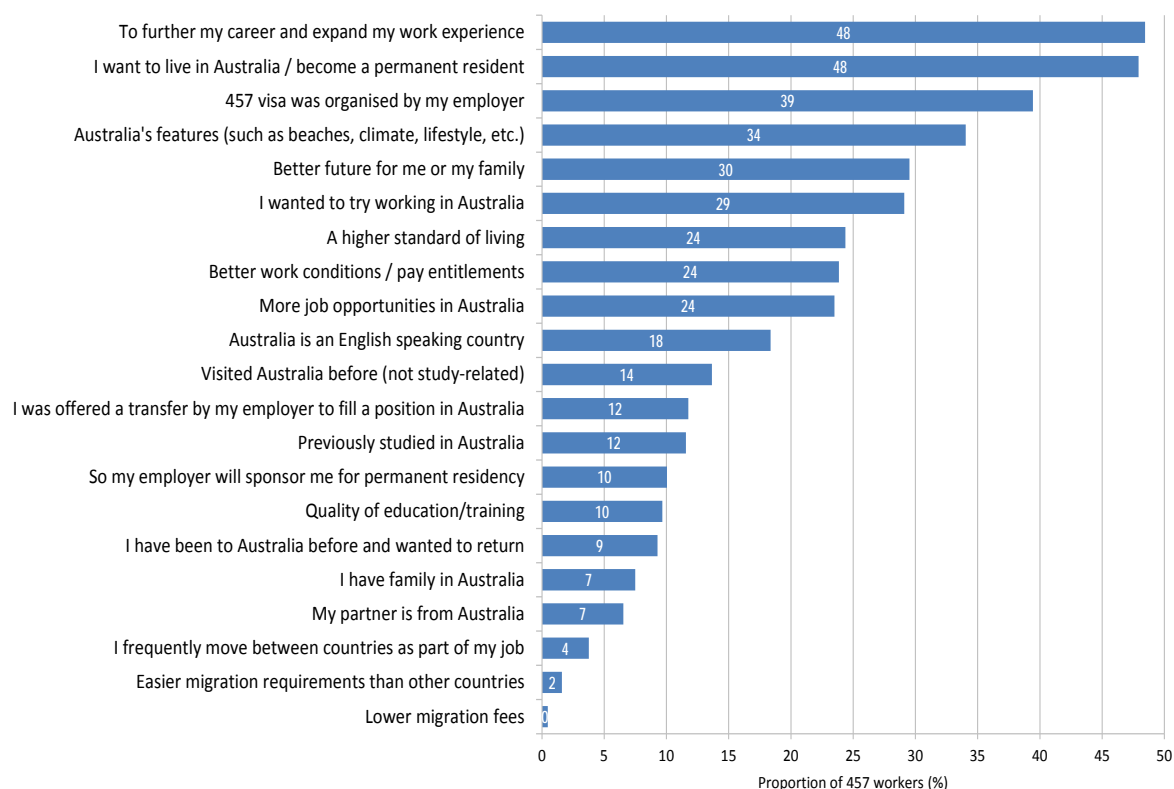
Note: Includes all 457 visa holders in Australia on 5 May 2012 and granted their visa between October 2009 and June 2011.

Why they applied

The 457 visa programme holds a number of attractions for potential migrants with Figure 3.5 showing that the main reasons for applying were:

- the experience gained and improved career prospects (48 per cent)
- to live in Australia or become a permanent resident (48 per cent)
- the job was organised by their employer (39 per cent).

Figure 3.5 – Reason of surveyed 457 visa holders for applying for their 457 visa



Note: Multiple responses were permitted.

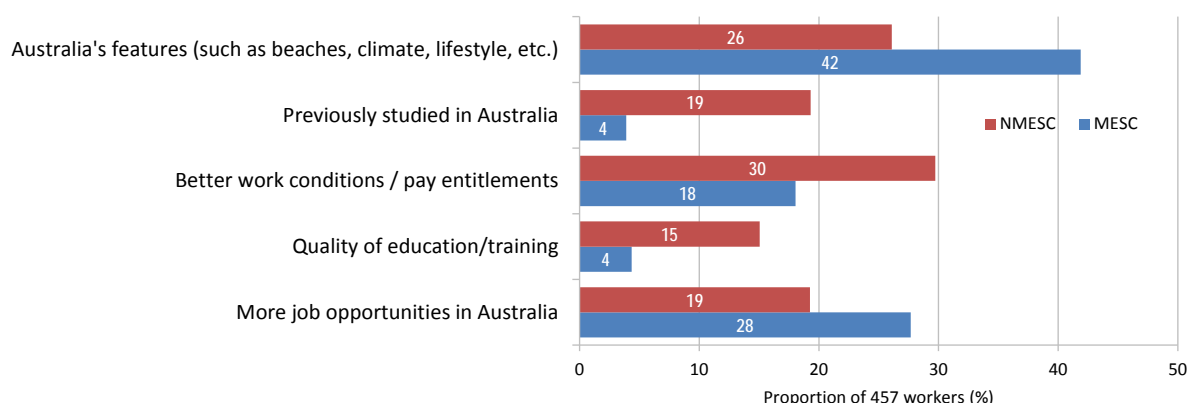
One factor which appears to play a role in what is determining why people from overseas choose Australia's 457 visa programme is whether their country of origin falls under the categorisation of MESC or NMESC.⁵ Although there is little difference in the top three reasons outlined above, the country of origin does seem to make a difference with regards to other migration incentives as detailed by the following (Figure 3.6).

For MESC visa holders, 42 per cent indicated that Australia's features such as our beaches, climate and lifestyle were one of the reasons they applied, compared with just 26 per cent of NMESC visa holders. MESC visa holders were also more likely to be influenced by job opportunities in Australia with 28 per cent of them saying that this was a consideration, compared to 19 per cent of NMESC visa holders.

NMESC visa holders tended to consider factors such as whether they had studied in Australia, with 19 per cent of them indicating that this was a consideration compared to just 4 per cent of MESC visa holders. Better pay and working conditions was also a more common consideration for them (30 per cent of NMESC visa holders compared to 18 per cent of MESC visa holders) as was the quality of training (15 per cent of NMESC visa holders compared to 4 per cent of MESC visa holders).

⁵ As described earlier in this section of the report, NMESC (non-main English speaking countries) and MESC (main English speaking countries) – are defined by the Australian Bureau of Statistics as the United Kingdom, Ireland, South Africa, New Zealand, the United States and Canada.

Figure 3.6 – Reason of surveyed 457 visa holders for applying for their 457 visa, which had the largest variation between MESC and NMESC responses



Note: Multiple responses were permitted.

In examining the reason for applying for the 457 visa, it can be seen that for most the main reasons for choosing this visa were similar, regardless of the visa holder's starting income (Table 3.2). However, some areas of disparity do emerge.

Visa holders with a higher starting income were more likely than visa holders with a lower starting income level, to apply for the 457 visa because:

- it was organised by their employer
- they were offered a transfer by their employer
- they had previously visited Australia.

Another important determinant of people's motivations was their income, with those on lower incomes more likely to apply for a 457 visa because of a desire to live in Australia or become a permanent resident, a higher standard of living or because they have previously studied in Australia.

For example, 60 per cent of 457 visa holders on modest incomes (\$60 000 or less per annum) indicated that a desire to live in Australia or become a permanent resident was a reason for applying for the visa. By comparison, only 36 per cent of visa holders on very high incomes (over \$120 000 per annum) and 38 per cent of those on high incomes (\$80 001 to \$120 000 per annum) cited this reason. Having previously studied in Australia was a reason for applying for 20 per cent of modest income earners compared to 3 per cent of very high and 4 per cent for high income earners.

Such findings align with expectations. For instance, it is not surprising that having studied in Australia is an influential factor for 457 visa holders on lower salaries. It would be expected that recently graduated international students who apply for the 457 visa would enter the workforce in entry-level positions on lower salaries, whereas those commanding higher salaries would tend to be experienced older workers who are more likely to have lodged their applications from offshore.

When we examined visa holders from countries where English is not the main language spoken, a distinct pattern was evident in the reason for applying for a 457 visa, between those with and without an exemption from demonstrating their English language proficiency (Table 3.2). Reasons for applying that included job mobility and employer-initiated transfers were favoured by those visa holders eligible for an exemption. However, reasons that revolved around quality of life in Australia and permanent residence outcomes were favoured by migrants without an exemption from demonstrating their English proficiency.

Table 3.2 – Reason of surveyed 457 visa holders for applying for their 457 visa by salary and NMESC

Reason for applying for subclass 457 visa	Annual Salary					NMESC	
	Not known	\$60 000 or less	\$60 001 to \$80 000	\$80 001 to \$120 000	More than \$120 000	English exemption	No English exemption
	Per cent in each annual income bracket					Per cent of NMESC	
457 visa was organised by my employer	37	33	43	44	52	50	33
To further my career and expand my work experience	45	50	51	49	44	49	53
I want to live in Australia / become a permanent resident	45	60	48	38	36	39	56
Australia's features (such as beaches, climate, lifestyle, etc.)	28	35	38	38	33	25	28
I wanted to try working in Australia	26	27	31	34	31	26	26
I was offered a transfer by my employer to fill a position in Australia	12	5	9	17	29	18	6
Better future for me or my family	28	34	29	26	24	24	42
Visited Australia before (not study-related)	11	13	14	17	19	12	8
Australia is an English-speaking country	16	18	21	21	18	20	21
More job opportunities in Australia	21	28	25	21	16	16	23
A higher standard of living	21	28	28	23	15	20	29
Better work conditions / pay entitlements	21	28	27	22	15	25	36
I frequently move between countries as part of my job	4	1	3	5	11	6	1
I previously held a temporary visa for Australia and wanted to return	7	11	10	9	10	6	6
I have family in Australia	8	8	8	6	7	5	7
So my employer will sponsor me for permanent residency once my 457 visa expires	8	15	10	7	7	7	13
My partner is from Australia	6	8	6	5	6	6	5
Quality of education/training	10	12	9	8	4	8	23
Previously studied in Australia	12	20	9	4	3	13	26
Easier migration requirements than other countries	1	2	2	2	1	2	2
Lower migration fees	0	1	1	0	0	0	1
Other	3	2	4	2	5	3	2

Note: Multiple responses were permitted.

The experience of living in Australia is a major factor that influences many to come to Australia on a 457 visa. Although only 10 per cent of 457 visa holders said that they applied for their visa so that their employer would sponsor them for permanent residence, in total, 48 per cent said that either living in Australia or obtaining permanent residence was a reason for them applying for their 457 visa. The nationality and industry of these visa holders are examined in Figure 3.7 and Figure 3.8, with two notable findings.

Although based on only 34 records, the first notable finding was that a disproportionately high proportion (85 per cent) of Iranian 457 visa holders cited living in Australia or obtaining permanent residence, as a reason for applying for their 457 visa (Figure 3.7). This was 37 percentage points higher than the average and 19 percentage points higher than the country with the next highest response to this question – South Africa with 66 per cent.

The second notable finding was that this reason for applying for a 457 visa varies widely among industries, ranging from 34 per cent for those working in the Education and Training industry to 65 per cent for people employed in Accommodation and Food Services (Figure 3.8). The desire for permanent residence among those working in Construction and in Health Care and Social Assistance – the two largest employers of 457 visa holders – was slightly above the industry average of 48 per cent, at 56 per cent and 50 per cent respectively.

Figure 3.7 – Nationality of surveyed 457 visa holders whose reason for applying for their 457 visa included the desire to live in Australia or become a permanent resident of Australia

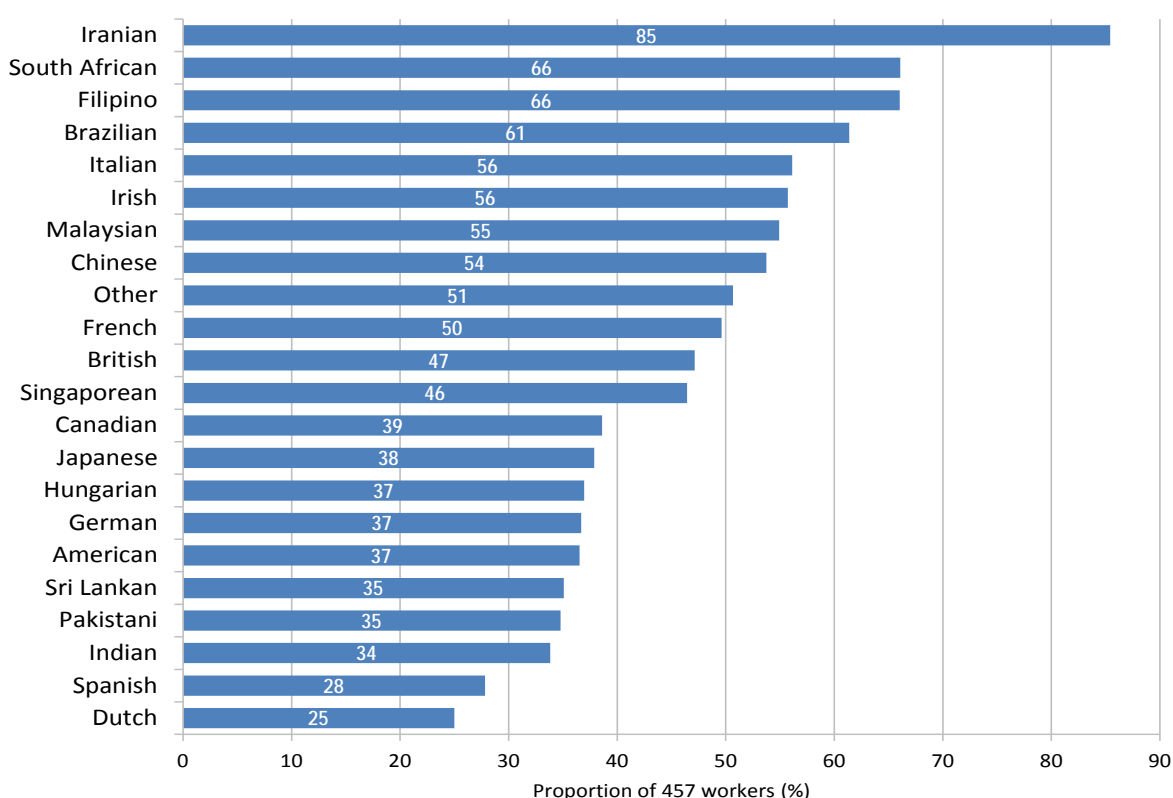
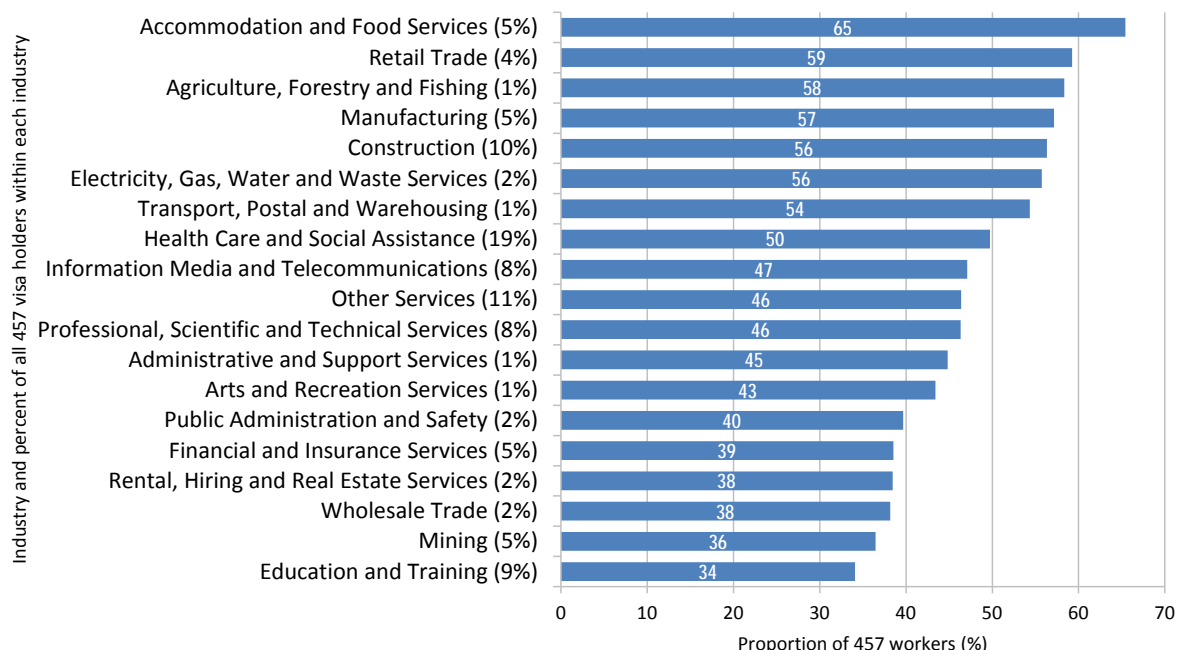


Figure 3.8 – Industry of surveyed 457 visa holders whose reason for applying for their 457 visa included the desire to live in Australia or become a permanent resident of Australia



Note: Percentage indicated within vertical axis shows proportion within each industry of all 457 visa holders in Australia on 5 May 2012 and granted their visa between October 2009 and June 2011.

3.3 Employee attitudes

Satisfaction

The overwhelming majority (86 per cent) of visa holders were satisfied with the 457 visa programme, while only 5 per cent were dissatisfied and the remaining 9 per cent were neither satisfied nor dissatisfied.

A distinct profile of migrants who were dissatisfied with the programme was difficult to discern from the survey. Neither income, country of origin (MESC or NMESC) nor the use of a migration agent appeared to be related to their level of satisfaction with the programme.

A limited number of nationalities, however, did stand out with less than 1 per cent of 457 visa holders from China, Malaysia, Iran, Pakistan, Singapore and Sri Lanka being dissatisfied (although the sample size of less than 80 for the last four countries reduces their statistical reliability).

Conversely, German, Italian and South African 457 visa holders had slightly higher levels of dissatisfaction, with between 8 per cent and 10 per cent of each stating they were dissatisfied.

At the industry level, those with the highest rates of dissatisfaction worked in the Administrative and Support Services industry with 15 per cent dissatisfied and 64 per cent satisfied, and the Agriculture, Forestry and Fishing industry with 12 per cent dissatisfied and 84 per cent satisfied.

Industries with the highest rates of satisfaction were Mining (91 per cent satisfied and 4 per cent dissatisfied), Retail Trade (90 per cent satisfied and 6 per cent dissatisfied) and Accommodation and Food Services (90 per cent satisfied and 5 per cent dissatisfied).

Perceived benefits

There were a diverse range of responses from 457 visa holders, when asked what they thought the benefits of the 457 visa programme were. However, the responses can be separated into three broad categories:

1. **How the programme is structured** – including: the ease of the application process; adequate visa duration; multiple re-entry rights; quick visa processing time; low visa cost; flexibility to change employers; and being assured of having the same work rights and entitlements as Australians.
2. **Benefits to the migrant** – including: gaining of skills and career development; experiencing Australia's living conditions; opportunities for them and their family to live, study and work in Australia; wages and working conditions; and having the potential to progress to permanent residency.
3. **Benefits to Australia** – including benefits to the employer and to the Australian economy.

The top responses from the survey on the benefits of the programme were:

- being able to work in Australia – 39 per cent of respondents
- gaining of skills and experience – 14 per cent of respondents
- application or renewal process is quick and easy – 14 per cent of respondents
- duration of 457 visa is adequate – 10 per cent of respondents
- benefits to the employer, the economy and Australia – 9 per cent of respondents.

Perceived disadvantages

As noted above, only 5 per cent of respondents were dissatisfied with the programme, so it is not surprising that there were a smaller range of comments received. Like before, the disadvantages submitted in the survey can also be broadly defined in three categories:

1. **How the programme is structured** – including: insufficient assistance and time after their job ends to find a new job⁶; difficulty in applying or re-applying for the visa; inadequate information and communication about the programme from departmental staff; length of application process too long; visa fees too high⁷; not having the same rights and benefits as Australians; and the duration of visa being inadequate.
2. **Disadvantages to the migrant** – including: applications for permanent residence not being fast tracked for 457 visa holders; difficulty changing employer; and insufficient job security and job flexibility.

6 Since 1 July 2013, the time period for subclass 457 holders to find a new sponsor or to depart Australia, if they cease employment with their sponsoring employer, is 90 consecutive days.

7 From 1 July 2013, the basis for visa application charges was changed from a single charge at the time of application, to a charge per applicant in an individual or combined application. The charges that apply from 1 July 2013 to subclass 457 visa applicants include a charge for additional applicants in a combined application, a charge for subsequent temporary applications applied for in Australia, and a charge for certain visa applications that are not lodged through the department's online service. Separate to the visa fee increases, the Minister for Immigration and Citizenship also determined that from 1 July 2013, the nomination application fee for the 457 visa programme be increased from \$85 to \$330.

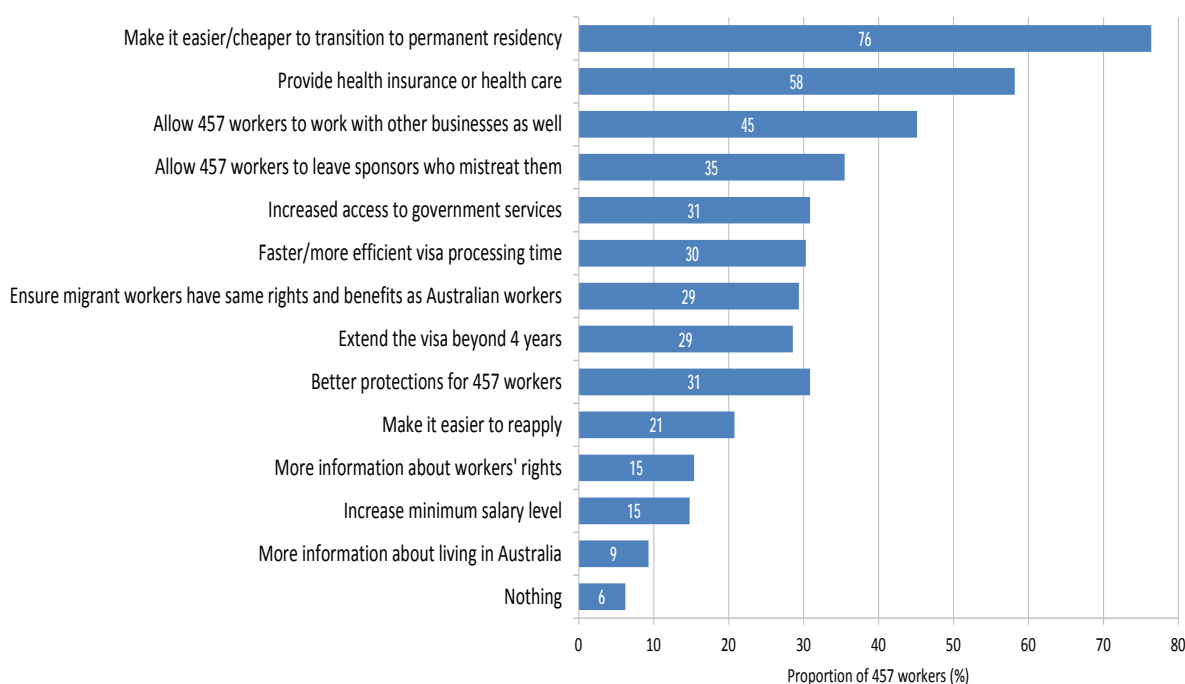
3. **Disadvantages not specific to the 457 visa programme** – including: difficulty in meeting criteria for a permanent visas; insufficient assistance with living costs; and temporary migrants not having the same rights and access to services as Australians (such as purchasing property, obtaining bank loans or credit cards, insufficient assistance with schooling costs, access to Medicare and health care services, and the recent government changes to the Living Away from Home Allowance (LAFHA) – which could be presumed to include not only the LAFHA reforms themselves but that transitional arrangements are not available to temporary residents).

The most common responses on the disadvantages of the programme (as a percentage of all respondents and not just the 5 per cent who indicated they were dissatisfied with the programme) were:

- not enough access to Medicare or health care benefits – 14 per cent
- difficult to change employers – 11 per cent of respondents
- not provided with the same rights and benefits given to Australian citizens – 7 per cent
- changes made to LAFHA – 6 per cent of respondents
- difficult to apply and reapply for this visa – 5 per cent of respondents.

Two further observations can be made from the comments provided in the survey. First, factors considered favourably by some 457 visa holders are viewed unfavourably by others. For example 14 per cent of respondents thought that the application and reapplication process was quick and easy, while 5 per cent thought the opposite. Second, apart from the desire to live and work in Australia, there are no specific benefits or disadvantages that are statistically prominent. These two observations highlight that the needs and wants of a diverse group of people can be very varied and difficult to ascertain. In fact, only 10 per cent of 457 visa holders said there should be any changes made to the 457 visa programme. But when prompted with suggested changes or improvements, 94 per cent agreed with at least one of the suggested changes, as shown in Figure 3.9.

Figure 3.9 – What surveyed 457 visa holders said should be changed about the 457 visa programme



Note: Multiple responses were permitted.

Of some policy interest is the finding from Figure 3.9, which shows that the vast majority (85 per cent) of 457 visa holders appeared to be satisfied with the Temporary Skilled Migration Income Threshold (TSMIT), which sets the minimum earnings of 457 visa holders and is indexed annually. The 'Market Salary Rate' provision – that requires sponsors to offer subclass 457 visa holders equivalent terms, working conditions and salaries as an Australian worker performing the same job in the same location, operates in tandem with the TSMIT. The practical effect is that an employer cannot nominate a position to be filled by a 457 visa holder if the market salary rate for an equivalent Australian worker is below the TSMIT.

The aim of the TSMIT is to ensure that 457 visa holders are able to financially support themselves and their dependants while in Australia, noting that in most circumstances 457 visa holders are not eligible for most taxation and government support programmes. The TSMIT also provides a disincentive for employers to sponsor 457 visa holders into lower-paid entry-level positions that could reasonably be filled by recent Australian graduates and school leavers.

The TSMIT was set at \$45 220 in October 2009 (the earliest visa grant date from which 457 visa holders were included in the survey) and was set at \$49 330 at the time the survey was conducted.

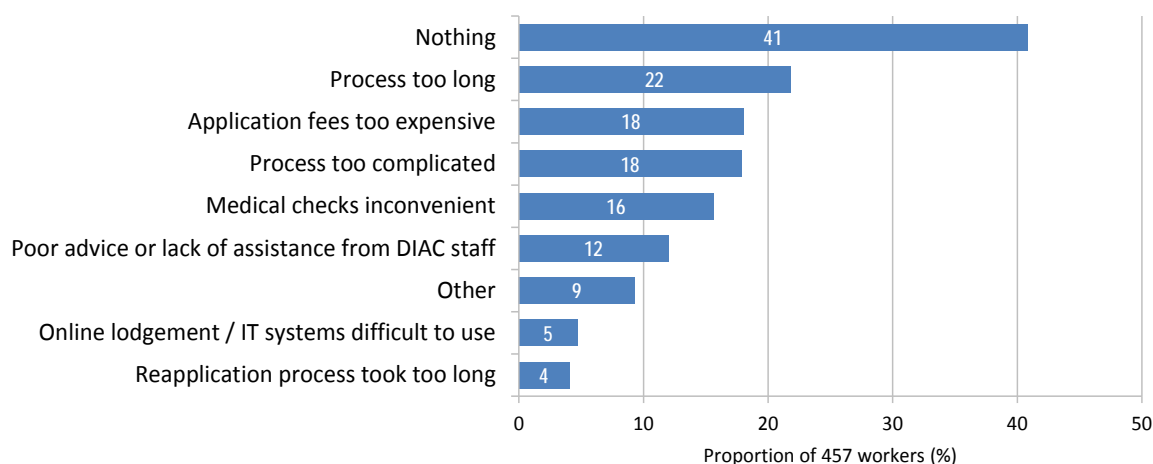
Other interesting findings were that only 21 per cent of those surveyed indicated that they wanted the reapplication process made easier, and that 29 per cent felt that changes to the programme were necessary to ensure that migrant workers had the same rights as Australian workers.

The application process

Most 457 visa holders indicated little difficulty with the application process. Just over one-in-ten (11 per cent) found it very easy, almost half (46 per cent) found it easy and one-in-four (27 per cent) said it was neither easy nor difficult. The remainder comprised 12 per cent of workers who found the process difficult and 1 per cent who found it very difficult.

Regardless of whether or not they found the process difficult, visa holders were asked to identify elements of the application process which they disliked. As shown by Figure 3.10, four-in-ten workers could not identify anything they particularly disliked about the process. However, approximately one-in-five respondents were not happy with the time taken, the complexity of the process, or the fees charged.

Figure 3.10 – What surveyed 457 visa holders disliked about the application process



Note: Multiple responses were permitted.

The 12 per cent who indicated that they were dissatisfied with the information and assistance provided by departmental staff were investigated further to see whether the complaint was influenced by the migrant's English language proficiency. But there did not appear to be a strong relationship. In fact, on the basis of IELTS scores or country of origin, there may have been a slight emphasis towards more proficient English speakers indicating they had received poor assistance or information from departmental staff (Table 3.3).

Table 3.3 – Characteristics of surveyed 457 visa holders who felt they received poor service from the department's staff

Characteristics of 457 visa holders	Per cent of 457 visa holders
Country of origin	
MESC	13
NMESC	11
IELTS score	
5 or less	16
6	11
7	12
8	15
9	15

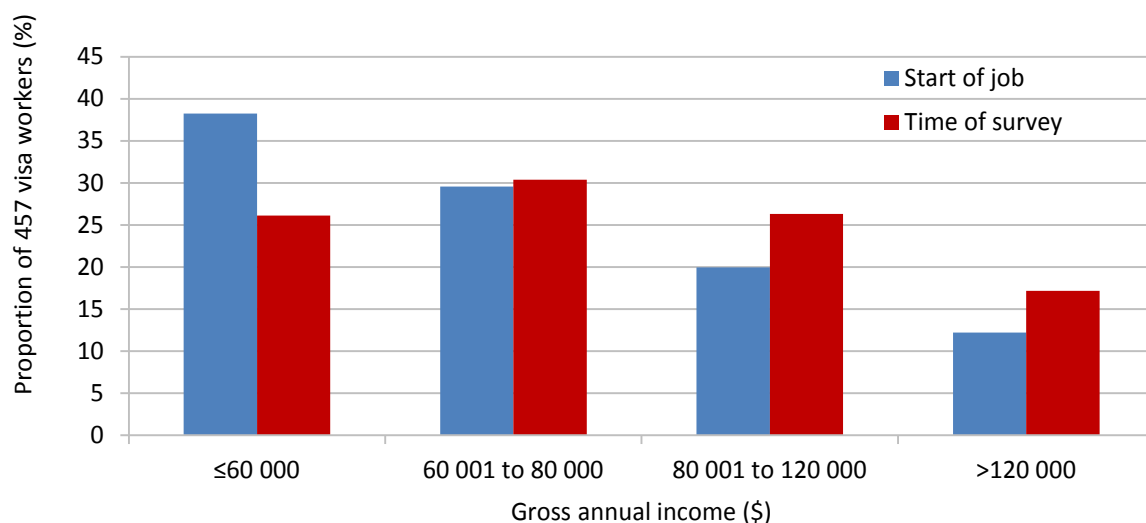
3.4 Employment experiences

Employment indicators

A significant portion of workers appear to have been successful in using the 457 visa programme to further their careers, with 37 per cent of those surveyed indicating that they had received a promotion since starting their 457 visa job. Relative to the previous job in their home country, 45 per cent said they were working at a higher level of responsibility and 45 per cent said they were working at around the same level. Only 10 per cent of 457 visa holders felt that they were working at a lower level of responsibility than in their home country and only 7 per cent indicated that they had a lower level of seniority.

The income of these workers has also improved over time. On commencement of their 457 visa, the median income reported was \$69 000 per annum, and by the time of the survey (a period between 10 and 30 months later) this had increased to \$77 000 per annum. Figure 3.11 expands on this point showing that at the time of commencing their employment, 32 per cent of workers earned over \$80 000 per annum, and by the time of the survey this had increased to 43 per cent.

Figure 3.11 – Gross annual income of surveyed 457 visa holders at commencement of job and at time of survey

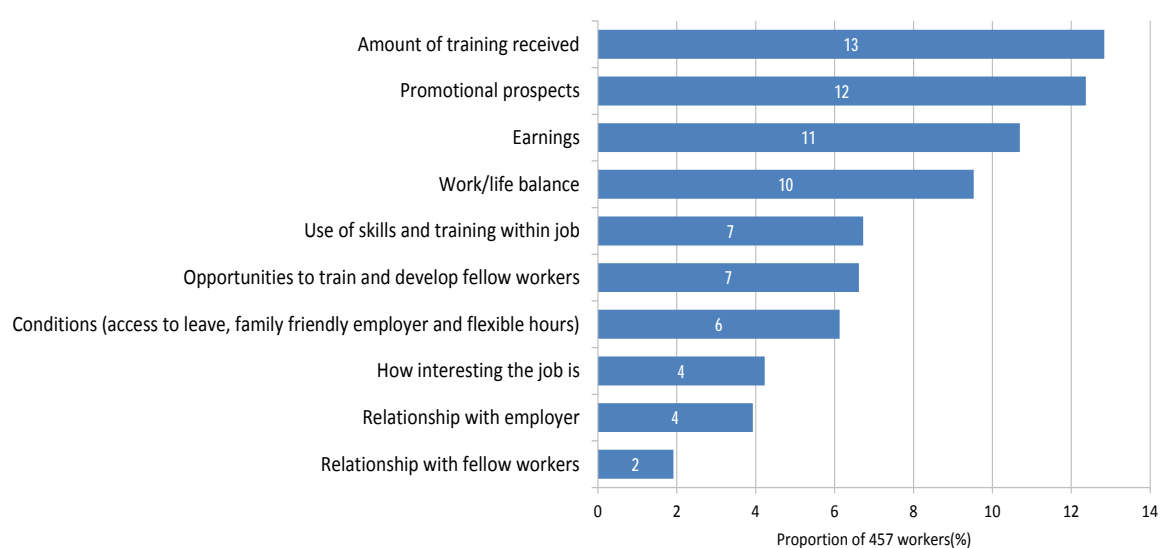


The working hours of 457 visa holders surveyed were consistent with expectations, with 99 per cent working full-time (that is, 35 hours or more per week) and with median hours being 40 hours per week.


An important aspect of the 457 visa programme is that sponsored workers should help to facilitate skills transfer by passing on their skills to their Australian co-workers. This aspect of the programme appears to be succeeding with just over three-quarters (78 per cent) of 457 visa holders indicating that they helped train or develop other company workers.

The majority of 457 visa holders were also satisfied with their workplace and employment conditions. This is demonstrated by Figure 3.12, which shows that rates of dissatisfaction with particular job aspects range from less than 2 per cent to 13 per cent.

Figure 3.12 – What surveyed 457 visa holders were dissatisfied with in their workplace



Note: Multiple responses were permitted.



One factor contributing to the high level of satisfaction is the very high proportion of visa holders that had a level of English suitable for their job. The survey showed that while only 53 per cent of workers spoke English as their first language, 99 per cent indicated that their level of spoken English was adequate for them to do their job. Only 12 per cent of respondents indicated that they initially had problems with English.

In addition to this, 93 per cent indicated that their working conditions were equal to those of their Australian colleagues. Of the remaining 7 per cent who felt that their working conditions were not equivalent, the most common complaint was not being given the same opportunities as Australian workers (1.9 per cent of all workers), followed by 1.5 per cent who felt that they were being paid less than Australian workers. It is also worthwhile noting that although 16 per cent of respondents indicated that they had experienced racism in Australia in the past 12 months, virtually none (0.5 per cent) had ever experienced racism in the workplace.

Sponsorship obligations

The relationship between sponsors and visa holders were mostly positive, with 95 per cent of 457 visa holders indicating that their employer was meeting their sponsorship obligations, which are designed to protect visa holders from exploitation. This left just 5 per cent who believed their sponsor had failed them some way in this regard. Among this 5 per cent there was very little difference between visa holders from MESC and NMESC countries, with 4 per cent of MESC visa holders being unhappy with their sponsor compared with 6 per cent of NMESC visa holders.

Further disaggregation of this 5 per cent to identify specific issues produced very small sample sizes. However, the two most common reasons cited were the visa holder being underpaid and the visa holder being overworked or not receiving overtime payment (1 per cent each). Other reasons included feeling 'owned' by the sponsor, being discriminated against on the basis of being a migrant, duties or entitlements not as originally agreed, a lack of training and being employed at a lower level.

The response rate for each of these reasons was less than one-half of 1 per cent.

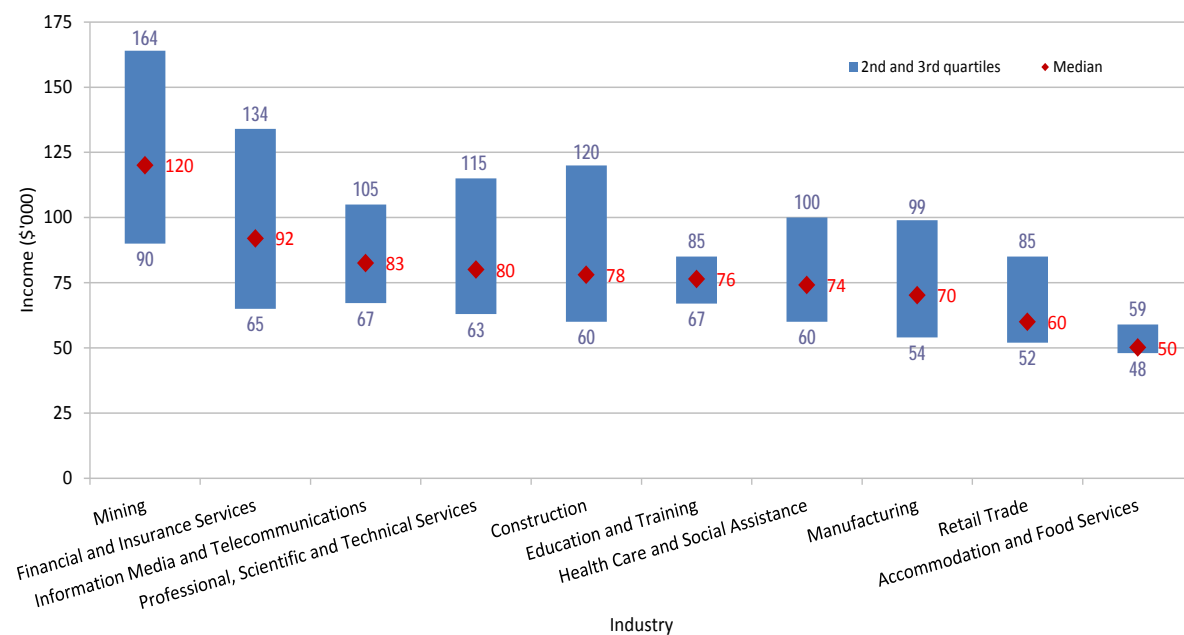
Earnings

Three-quarters of 457 visa holders were sponsored into one of the top 10 industries, as shown in Figure 3.13. The highest returns received were within the Mining industry, in which the top 25 per cent of 457 visa holders received a gross annual income of over \$164 000 per annum and the bottom 25 per cent less than \$90 000 per annum, and where the median income was \$120 000 per annum. These high incomes are not surprising. Not only does working in the Mining industry potentially pay very well for semi-skilled workers, but the top three occupations for 457 visa holders within the survey period in this industry are manager, engineer (around one-in-four for each) and geologist (around one-in-eight).

In a distant second place, the next highest paying industry was Financial and Insurance Services, with a median income of \$92 000 (\$28 000 lower than 457 visa holders in the Mining industry). The top and bottom quartile income thresholds were correspondingly lower as well, at \$134 000 and \$65 000 per annum respectively.

Of the top 10 industries captured within the survey, the lowest paying industry was the Accommodation and Food Services industry, with a median income of \$50 000 and a fairly narrow distribution with the top quartile receiving a gross annual income of over \$59 000 and the bottom quartile less than \$48 000. Within this industry, 29 per cent of visa holders were cooks, 23 per cent chefs and 17 per cent café or restaurant managers, followed by hotel or motel managers at 6 per cent.

Figure 3.13 – Gross annual income of surveyed 457 visa holders by top 10 industries



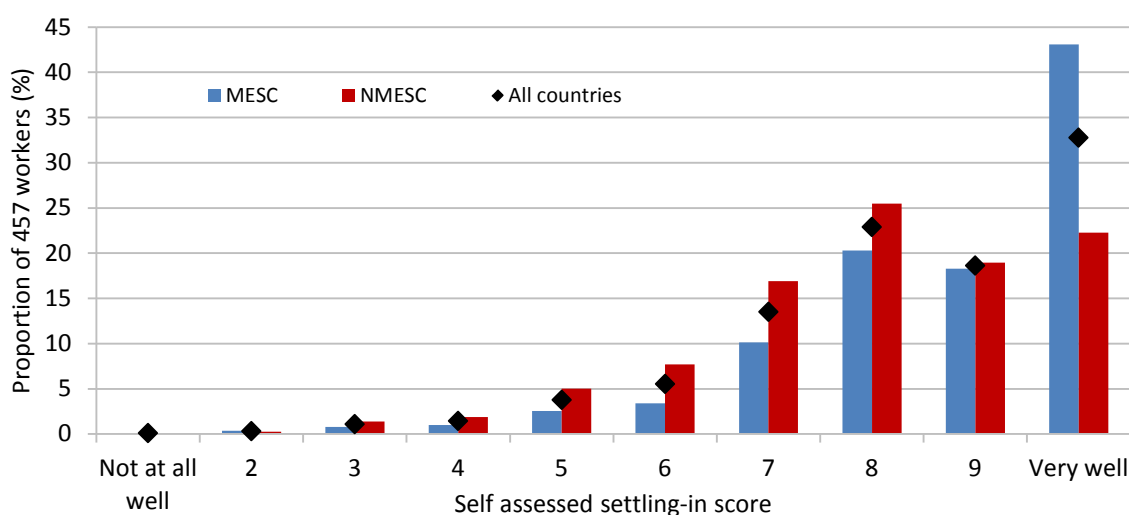
3.5 Life in Australia

Settling-in

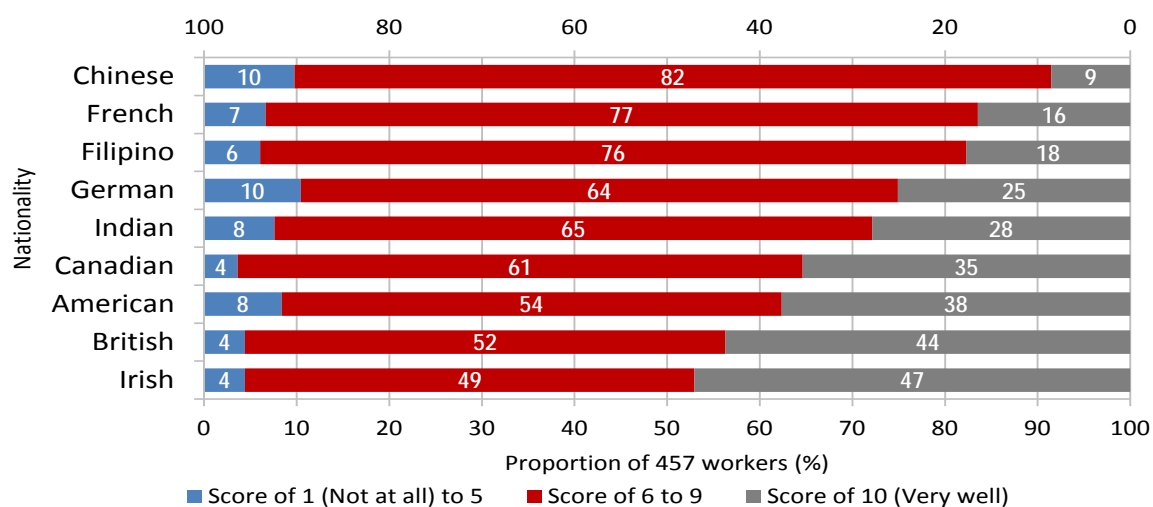
Figure 3.14 uses a 10-point scale to show the range of responses that 457 visa holders provided when asked how they were settling-in into Australian society. As can be seen from this figure, while the vast majority of visa holders were settling-in well, there is some difference between MESC and NMESC visa holders. For example, 43 per cent of MESC visa holders were settling-in 'very well' compared to just 22 per cent of NMESC visa holders, and just 5 per cent of MESC visa holders indicated a '5' or below compared to 9 per cent for NMESC visa holders.

Figure 3.14 – How well surveyed 457 visa holders felt they were settling-in into Australian society

a) By country of origin – MESC, NMESC and All countries



b) By main source countries and self-assessed settling-in score

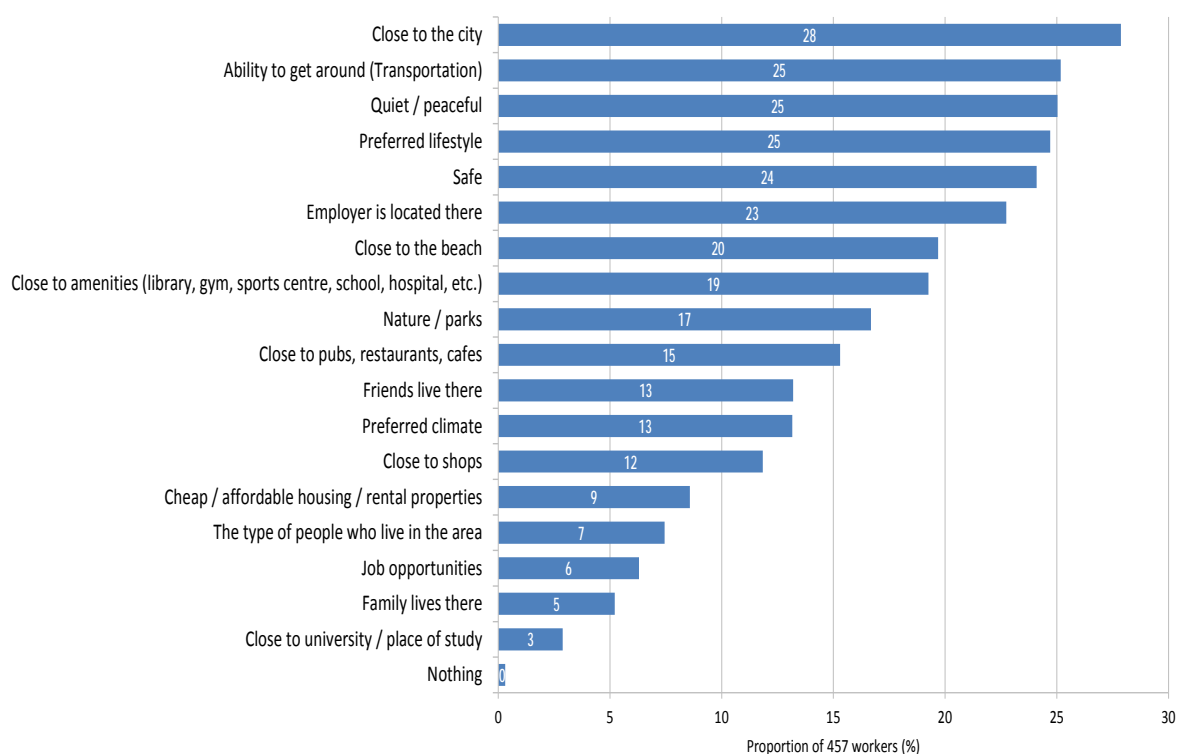


Likes and Dislikes

The positive and negative aspects of a particular area can have significant consequences. Not only do they impact on the daily lives of 457 visa holders and their families, but they also strongly influence their decision to stay with a particular employer and their long-term settlement intentions. To obtain a better understanding of this issue respondents were asked to identify up to three things they particularly liked about the area they were living, followed by three things they especially disliked.

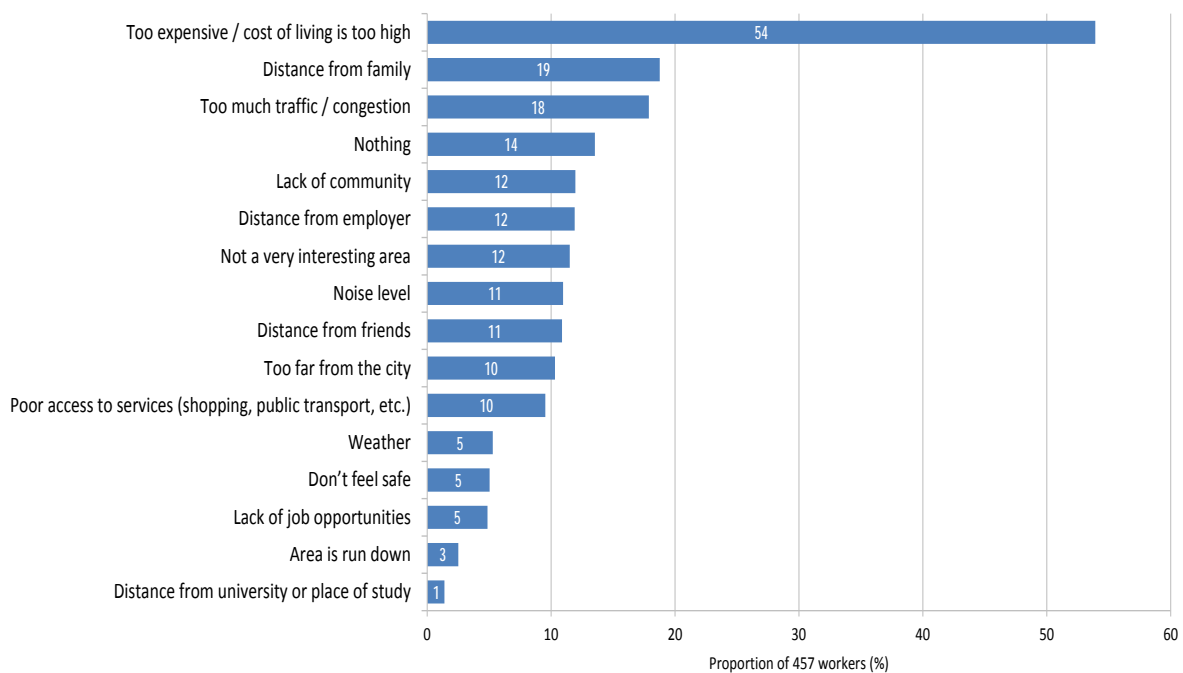
From Figure 3.15, some of the features of their local area which stood out as being most liked included: proximity to the city (28 per cent); ease of commuting, their quiet or peaceful location and it matching their preferred lifestyle (25 per cent each); and their area being safe (24 per cent). The single feature which stood out as being disliked by the most (54 per cent) was the cost of living (Figure 3.16).

Figure 3.15 – What surveyed 457 visa holders liked about their local town or suburb



Note: Up to three responses were permitted.

Figure 3.16 – What surveyed 457 visa holders disliked about their local town or suburb

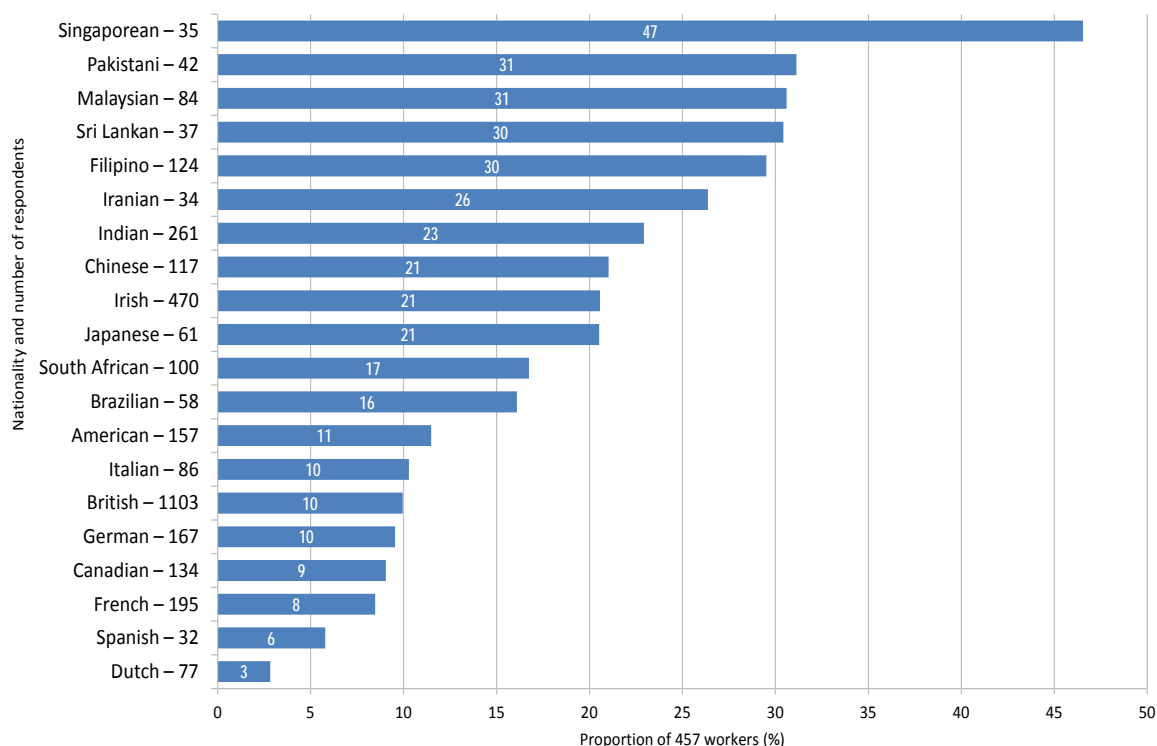


Note: Up to three responses were permitted.

Experiences of Discrimination

It is of some concern that 16 per cent of 457 visa holders reported that they had experienced discrimination in the past 12 months based on skin colour, ethnic origin or religious beliefs. Examining only 457 visa holders from NMESC this percentage increases to 19 per cent. Disaggregation by country of origin leads to some very small sample sizes so the results shown in Figure 3.17, should be used with caution, especially for some of the more under-represented countries such as Iran, Pakistan, Singapore and Spain.

Figure 3.17 – Nationality of surveyed 457 visa holders, who indicated experiencing discrimination based on skin colour, ethnic origin or religious beliefs



Note: Responses were for experiences within the 12 months prior to the survey. Figure includes top 20 nationalities based on actual number of respondents whether affirmative or negative.

Community participation

As the 457 visa is valid for up to four years, it is important that visa holders and their families have a life outside of work and become a part of the wider community. In order to measure the extent of this engagement, respondents were asked to indicate how often they participated in a range of different socially-based community activities (Table 3.4).

The stand-out finding from this analysis is that 99 per cent of those surveyed indicated they participated in at least one of these activities during the year, with 85 per cent taking part on a regular basis, that is, at least once a month.

Based on this definition of regular attendance, the most favoured activities were those involving sports or hobbies, with more than three-quarters taking part in these activities at least once a month. With a participation rate of 30 per cent, activities that involved other people from the employees' home country were slightly more popular than the 26 per cent attendance rate for those activities organised by the wider community.

Activities which applied only to a subset of the population, that is, religious and school-based activities had lower rates of participation – 19 per cent and 9 per cent respectively.

In terms of non-attendance, the findings were broadly consistent. More than half of the employees had never attended a religious activity and two-thirds had never taken part in an activity arranged by their local school. Rates of non-attendance were much lower for other activities. Almost a quarter had never been to an activity organised by people from their home country, one-in-five had never taken part in an activity arranged by their local community and only one-in-twenty had not participated in events involving sports or hobbies.

Table 3.4 – Participation by surveyed 457 visa holders in community activities

Type of Activity	Once or more per week	1 to 2 times per month	Once per 2 to 3 months	Once per 4 to 6 months	Once per year	< Once per year	Never
	Per cent						
Religious activities	11	8	5	7	7	7	56
Activities arranged by a local school	3	6	7	6	6	6	66
Activities organised by people from your home country	10	20	16	13	11	7	23
Activities arranged by the local community	7	19	22	17	11	6	19
Activities involving sports or hobbies	55	21	8	6	2	2	5

The employment situation of partner

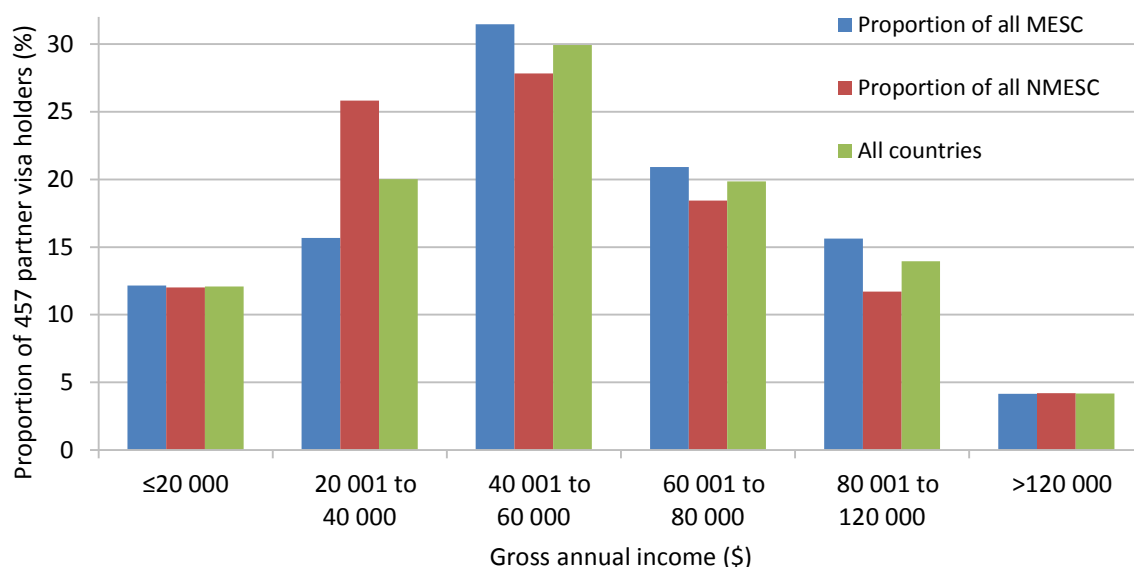
Two-thirds of 457 visa holders indicated they migrated with a partner and were residing together. Of these partners, 62 per cent were working – with almost three-quarters (73 per cent) of these working partners in full-time employment, that is, working 35 hours or more per week. For partners, median hours of work was 40 hours per week and their median income was \$55 000 per annum. The bottom quartile earned less than \$36 000 per annum, while the top quartile more than \$75 000 per annum (Table 3.5).

Table 3.5 – Gross annual income of partners of surveyed 457 visa holders

Country of origin	Income (\$)		
	Median	Bottom Quartile	Top Quartile
MESC	56 000	40 000	75 000
NMESC	50 000	33 600	72 000
All countries	55 000	36 000	75 000

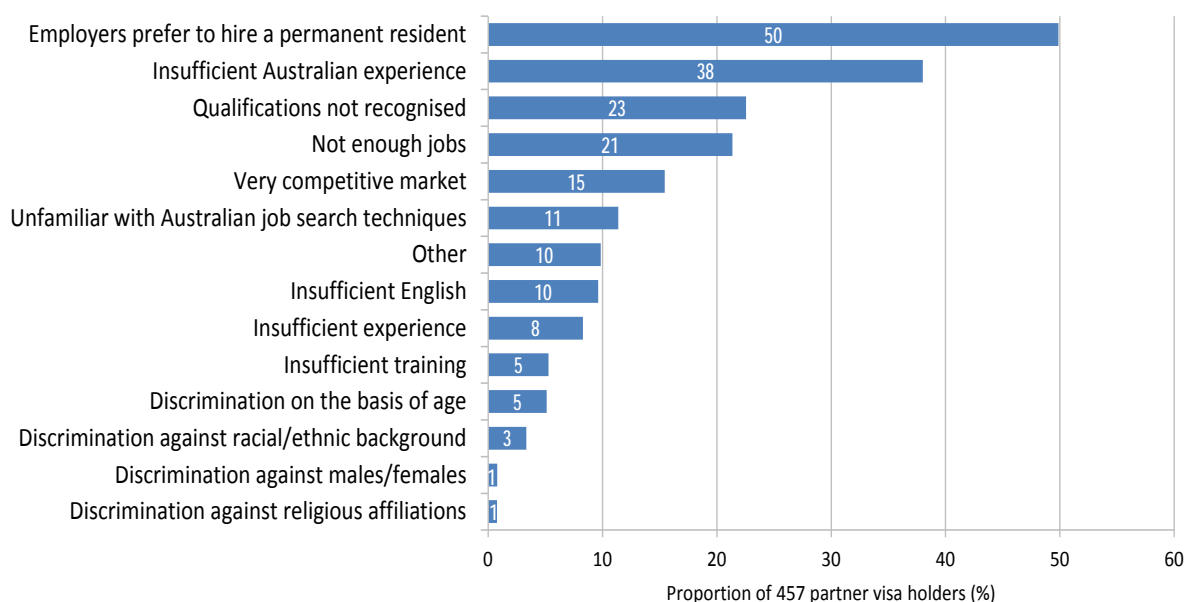
Disaggregating the income of these partners by country of origin showed that those from a NMESC had slightly lower incomes on average than those from a MESC. This was particularly pronounced in the \$20 000 to \$40 000 income bracket with 10 percentage points difference between the proportion of NMESC partners and MESC partners – 26 per cent and 16 per cent respectively (Figure 3.18).

Figure 3.18 – Earnings distribution of partners of surveyed 457 visa holders



While most partners were working, finding work was not always easy. Almost four-in-five (79 per cent) of those who looked for work in the six months leading up to the survey had at least one difficulty in finding employment, with the main difficulty being the view that employers prefer permanent residents – a view expressed by 50 per cent of all those who looked for employment. Other significant difficulties included a lack of Australian work experience (38 per cent) and qualifications not being recognised (23 per cent) (Figure 3.19).

Figure 3.19 – Difficulty of partners of surveyed 457 visa holders in obtaining employment



Note: Multiple responses were permitted. Proportions are based on partners who looked for employment in last six months, including those who reported they encountered no difficulties.

3.6 Future intentions

Upon the expiry of their 457 visa, 72 per cent of respondents indicated that they intended to apply for permanent residence, another 6 per cent said they would apply for another 457 visa, 6 per cent said they would return to their home country and 6 per cent were uncertain (Table 3.6).

Table 3.6 – Intention of surveyed 457 visa holders after current visa expires

Intentions	Per cent of 457 visa holders
Apply for permanent residency	72
Go home	6
Uncertain	6
Apply for another subclass 457 visa	6
Other	4
Go where work sends me	4
Go to a different country other than home	2
Total	100


Of the 8 per cent who indicated they intended to leave Australia (decomposed Table 3.7), the top three reasons cited were the high cost of living in Australia (44 per cent), missing family (33 per cent) and missing home country (30 per cent).

Table 3.7 also shows that one-in-twenty respondents were unaware of their option to apply for a further 457 visa. This is worth noting purely on the basis that although 5 per cent is quite a low figure, and is derived from those who indicated they are leaving Australia, it is an area where improvements could be made through better information. Additionally, there may well be 457 visa holders who intend to stay in Australia after their visa expires (for example through applying for a permanent visa), who are also unaware of being able to renew their 457 visa.

Table 3.7 – Reason for leaving Australia of surveyed 457 visa holders who indicated they intended to leave Australia after their current visa expires

Reason	Per cent of the 8 per cent who indicated they were leaving Australia	Per cent of all respondents
High cost of living in Australia	44	3.6
Miss family	33	2.7
Miss home country	30	2.5
Partner wants to go home	22	1.8
Work transfer	20	1.7
Visa application process too difficult	11	0.9
Wage too low	11	0.9
Did not like living in Australia	6	0.5
Did not know they could renew 457 visa	5	0.4
Total	182	8.3

Note: Multiple responses were permitted.



Living with a partner undoubtedly plays an important role in how a visa holder adapts to living in a foreign country and will have an influence on whether the visa holder intends to remain permanently in Australia. Two-thirds (66 per cent) of 457 visa holders surveyed were living with their partner when surveyed. Of these, 67 per cent arrived with their partner and 41 per cent had a partner who was employed at the time the survey was conducted.

Just over 70 per cent of 457 visa holders with a partner indicated that they intended to apply for permanent residence after their current visa expires, which is similar to the figure of 72 per cent for the entire cohort. This indicates that there is no identifiable correlation between relationship status and the desire to apply for permanent residency, and that possibly, many 457 visa holders and their partners share a common point of view in respect to permanent settlement. In fact, of those 457 visa holders who indicated they intend to leave Australia after their subclass 457 visa expires, 22 per cent said that their partner's desire to return home was a factor in this decision.

Part 4 – The Employers

4.1 Introduction

In this section of the report most of the focus is on current employers – a cohort of 1500 businesses that, at the time the survey was conducted, were either still sponsoring or had recently sponsored a 457 visa holder. In analysing this group we examine the strategies they use to meet labour market needs and how they utilise the 457 visa programme to meet these needs. We also learn more about their experiences as a client using the programme and gain strong insights into their level of satisfaction with the workers sponsored under the programme.

At the end of this section of the report the analysis turns to lapsed employers – a smaller group of 100 businesses that had not sponsored a 457 visa holder since October 2009. Among this group, what we are most interested in are their main reasons for no longer using the 457 visa programme and whether they intend to use the programme in the future.

Prior to this analysis it is important, however, to get a better understanding of the two employer cohorts.

4.2 Characteristics of employers

Table 4.1 contains summary characteristics of the ‘Current Employer’ cohort, reporting on business size (both in terms of employee numbers and turnover), location and industry.

As can be seen from this table current employees are concentrated in a small handful of industries, with half of all surveyed employers working in either the Health Care and Social Assistance, Professional, Scientific and Technical Services, Construction or Manufacturing industries. They were also more likely to be based in South-Eastern Australia with New South Wales and Victoria being home to almost two-thirds (65 per cent) of employers surveyed. Queensland and Western Australia each accounted for one-in-seven sponsoring employers.

It is also clear from the table, that most subclass 457 sponsoring employers are running small to medium-sized businesses, with almost six-in-ten (59 per cent) of sponsoring employers running businesses that employed 50 or fewer persons. More than one-in-five businesses (22 per cent) employed 10 or fewer persons. Turning to finances, there was an approximately equal split between businesses with an annual turnover less than \$2 million (35 per cent of all businesses), businesses with a turnover of \$2 to \$10 million (30 per cent of all businesses) and businesses turning over more than \$10 million per year (35 per cent of all businesses).

Table 4.1 – Profile of surveyed sponsoring employers

Profile	Business size (total employees)			
	10 or fewer	11 to 50	51 and over	Total
	Per cent of employers			
Location				
New South Wales	5	11	11	27
Victoria	7	12	19	38
Queensland	4	6	5	14
South Australia	0	1	1	2
Western Australia	4	5	5	14
Tasmania	0	0	0	1
Northern Territory	0	1	1	2
Australian Capital Territory	0	0	0	1
Business Turnover				
Up to \$2 million	17	14	4	35
\$2 to \$10 million	3	17	10	30
\$10 million plus	1	5	30	35
Industry				
Health Care and Social Assistance	2	5	9	16
Professional, Scientific and Technical Services	4	6	5	15
Construction	3	4	3	10
Manufacturing	2	4	4	9
Education and Training	1	2	5	7
Accommodation and Food Services	1	3	3	7
Information Media and Telecommunications	1	3	2	6
Retail Trade	1	2	1	5
Wholesale Trade	1	1	1	3
Electricity, Gas, Water and Waste Services	1	2	1	3
Mining	0	1	2	3
Other	4	5	6	16
Number of Subclass 457 visa holders currently employed				
1	17	20	11	48
2 to 3	4	12	10	26
4 to 5	1	2	6	9
6 to 10	0	1	7	8
More than 10	0	1	7	8
Subclass 457 visa holders as a percentage of total workforce				
Less than 5 per cent	0	12	34	45
5 to 9 per cent	0	14	4	18
10 to 19 per cent	11	8	2	21
20 to 29 per cent	6	2	1	9
30 per cent or more	5	1	1	7
Total	22	37	41	100

Across the businesses surveyed, the impact of 457 visa holders was mostly modest. Almost half of all sponsoring employers had only one 457 visa holder working for them and less than a quarter had four or more. More detailed analysis shows that this finding was consistent across all industries, with virtually every industry having an average of only one or two 457 visa holders per employer. The one exception to this was the Mining industry with an average of three visa holders per employer (Table 4.2).

When considered as a proportion of an employer's total workforce the impact of 457 visa holders on those employers who utilised the 457 visa programme, was more pronounced among small businesses, typically making up 10 to 19 per cent of a small business's workforce. Among medium sized businesses, it was quite common for 457 visa holders to make up 5 to 9 per cent of their total workforce, whereas among larger businesses it was uncommon for 457 visa holders to contribute more than 5 per cent of their workforce.

Table 4.2 – Median number of 457 visa holders by surveyed sponsoring employers' size and industry

Median number of employees	Industry	Median number of 457 visa holders
Fewer than 30 employees	Electricity, Gas, Water and Waste Services	2
	Construction	2
	Retail Trade	1
	Arts and Recreation Services	1
	Rental, Hiring and Real Estate Services	1
	Professional, Scientific and Technical Services	2
30 to 50 employees	Information Media and Telecommunications	2
	Agriculture, Forestry and Fishing	1
	Administrative and Support Services	2
	Wholesale Trade	1
	Manufacturing	2
	Accommodation and Food services	2
	Transport, Postal and Warehousing	1
	Financial and Insurance Services	2
More than 50 employees	Health Care and Social Assistance	2
	Mining	3
	Education and Training	1
	Public Administration and Safety	2

4.3 Using the programme to meet labour needs

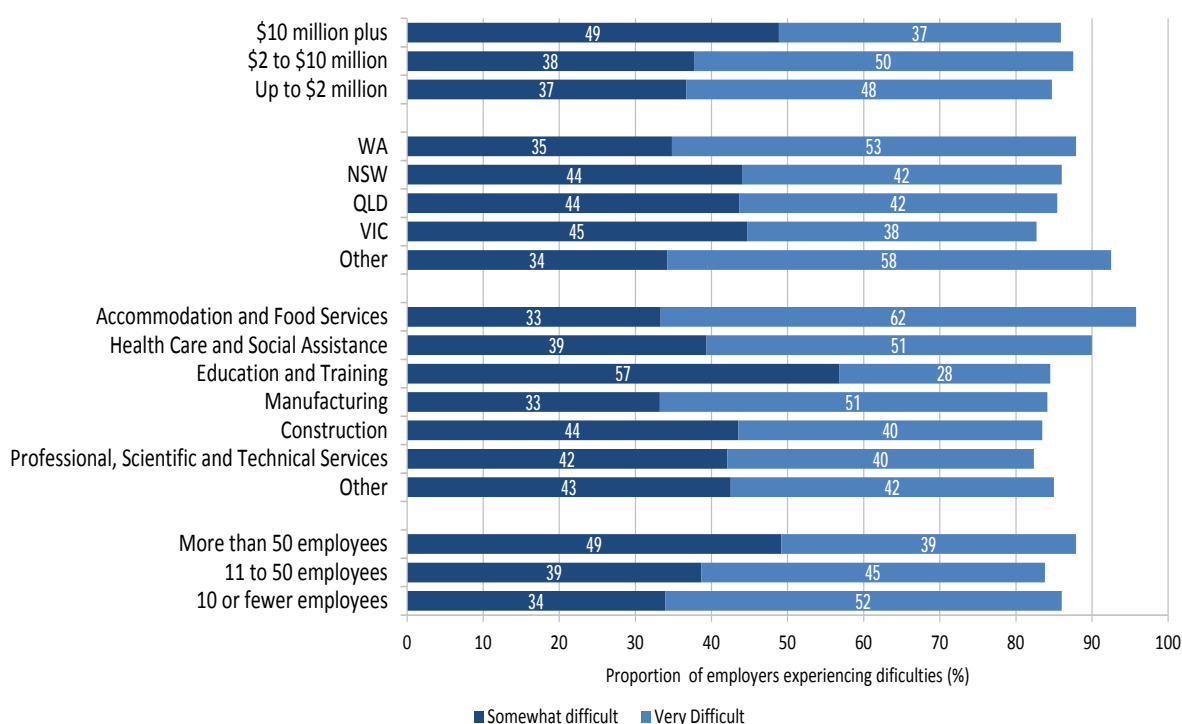
In this section of the report we take a top-down approach to the issue. First we report on just how difficult it is for employers to find skilled workers. We then turn our attention to the underlying causes of these difficulties and examine the particular roles that are most difficult to fill. This section of the report then concludes with some discussion on the sorts of strategies that employers adopt in meeting their skill needs.


Around nine-in-ten (86 per cent) employers surveyed indicated that it was difficult to hire or employ workers from the local labour market. More than four-in-ten (44 per cent) said they found it very difficult. Because the 457 visa programme can be utilised by employers to address skill needs, this finding is neither particularly surprising nor is it representative of what is happening nationally. However, it does indicate that employers having difficulty recruiting local workers have been using the 457 visa to address this need.

Of greater concern is that 14 per cent did not indicate that it was difficult to hire or employ workers from the local labour market. However, two points should be made in relation to this finding. Firstly, a general observation by employers that they have not experienced difficulty in hiring or employing workers from the local labour market does not discount the possibility that they have experienced difficulties filling specific positions (particularly where they are highly specialised). Secondly, it should also be noted that there are other reasons for sponsoring overseas workers that are unrelated to occupational shortages, such as the need to bring in intra-corporate transferees with specialist skills.

Figure 4.1 indicates that, of those employers who utilised the 457 visa programme, difficulties in recruiting locally were prevalent regardless of business size, and were widespread across all jurisdictions and all industries.

Figure 4.1 – Proportion of surveyed sponsoring employers experiencing difficulties recruiting workers from the local labour market





Problems were, however, slightly more pronounced for smaller businesses, with around half of businesses that have a turnover of less than \$10 million or have 50 employees or fewer, saying they found it very difficult to find suitable workers from the local labour market. Employers in the Accommodation and Food Services sector also experienced higher levels of difficulty with 62 per cent indicating they found it very difficult to locate and hire suitable workers; as did businesses from Western Australia (53 per cent finding recruitment very difficult).

The most difficult roles to fill with local labour for employers were in professional occupations. Almost four out of every 10 employers (39 per cent) said they were having trouble filling these roles, while a further one-in-four (27 per cent) expressed experiencing difficulties finding workers in technical and trade roles. Other occupational categories were less of an issue, with managerial roles (9 per cent of responses) and community and personal service roles (8 per cent of responses) being the next most common responses.

This particular set of findings indicates that the 457 visa scheme is operating in a way that is consistent with its objectives, that is, it is largely targeted towards more highly skilled workers, namely professionals, and to a lesser extent technicians, trades workers and managers. Of those employers who utilised the 457 visa programme, larger businesses – those employing 50 persons or more – were more likely than other businesses to indicate that they had difficulty recruiting professionals and difficulty recruiting community and personal service workers (48 per cent and 13 per cent of large businesses, respectively). Almost a third (31 per cent) of businesses employing 10 or fewer persons had difficulties recruiting technicians and trades workers – a higher proportion than among medium and large businesses (28 per cent and 24 per cent respectively).

Comparing jurisdictions, the only significant outlier was Western Australia. According to the survey, in the west, 44 per cent of employers had difficulties recruiting technicians and trades workers (17 percentage points higher than the national average) while only 33 per cent experienced troubles recruiting professional workers (6 percentage points below the national average).

Turning to the reasons behind these difficulties, predominant reasons cited by the employers were a lack of suitable workers either locally or throughout Australia. Figure 4.2 shows that more than half (55 per cent) of all sponsoring employers said that they could not find suitable workers locally, and that more than one-in-three (34 per cent) could not get suitable workers from anywhere in Australia.⁸ Other relatively common responses were associated with business location, with 10 per cent of employers saying their business was too remote and 3 per cent saying it was too difficult to get to.

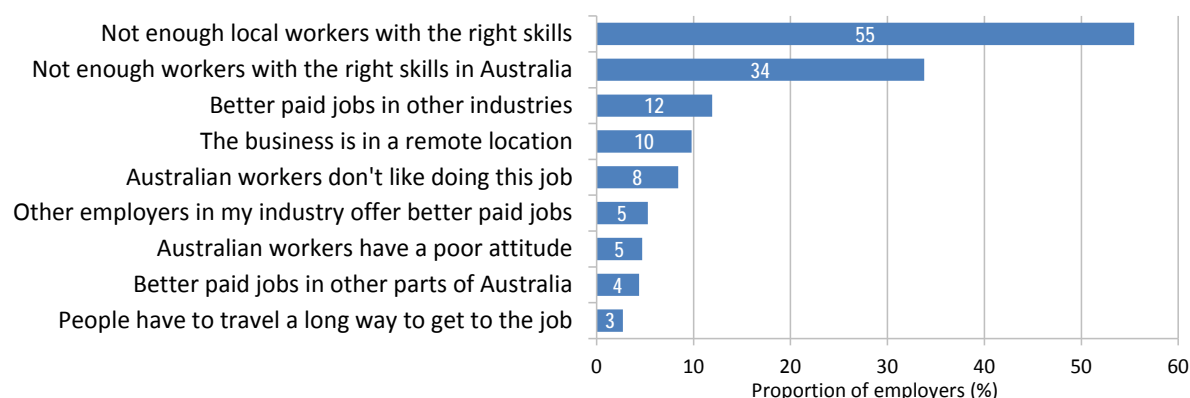
Of course, this finding does not in itself constitute definitive evidence of skill shortages, and should not be presented as such. It may instead, for instance, be indicative of recruitment difficulties specific to a particular industry or region, as opposed to occupational shortages. Workers may be available, but they may lack the skills sought by employers and require re-skilling, for example.

Alternatively, they may be reluctant to relocate their business operations, although the strong representation of employers in south-eastern Australia in the survey suggests this may be a determining factor for only a relatively small proportion of employers. The problem of remoteness was cited most in Tasmania (38 per cent of employers) and the Northern Territory (35 per cent of employers). Issues of workers' attitudes were also raised: with 8 per cent of employers who have used the 457 visa programme saying that Australians did not like doing the sorts of jobs they needed to fill; and 5 per cent putting the blame on a 'poor Australian work ethic'.

8. In the survey this particular question allowed multiple responses, hence components will sum to more than 100 per cent.

Almost one-in-eight employers indicated that they could not match the incomes on offer in other industries. This particular problem was most pronounced in the resource-rich states of Western Australia and Queensland with 27 per cent and 17 per cent respectively of employers in these regions reporting this problem.

Figure 4.2 – Main difficulty of surveyed sponsoring employers in recruiting workers



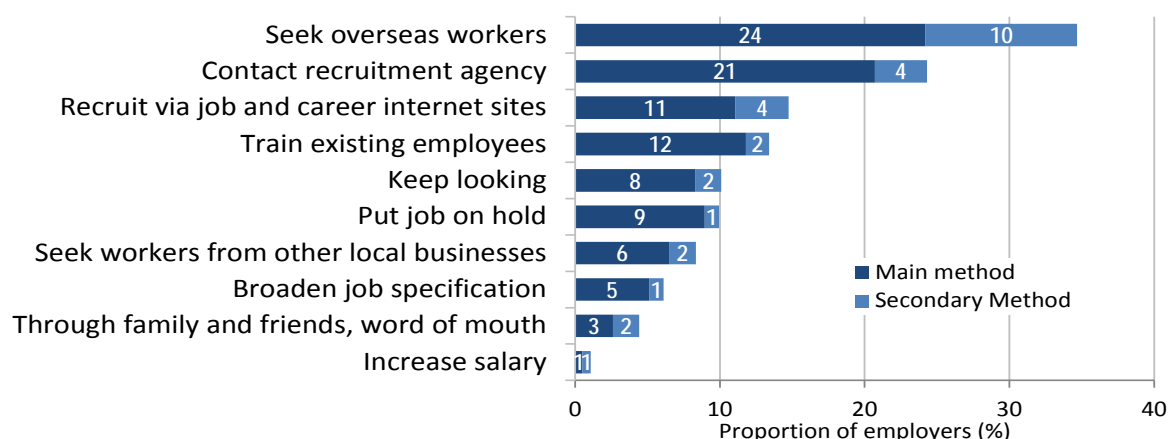
Note: Multiple responses were permitted.

Given the stated difficulties in recruiting workers domestically, it is not surprising that in cases where the employer was unable to source a worker locally, seeking workers from overseas was the most common next-step for employers with almost one-in-four employers (24 per cent) indicating that seeking overseas workers was the main method they used to recruit workers in difficult-to-fill positions. A further 10 per cent indicated that it was one of their secondary methods (Figure 4.3). This made it a more widely used technique than more conventional techniques such as contacting a recruitment agency, which was the main recruitment method of 21 per cent of employers and a secondary method for an additional 4 per cent of employers. It was also preferred over recruitment sites such as Seek or Linked-In (the main recruitment method for 11 per cent of employers and a secondary method for another 4 per cent), or up-skilling existing employees (the main method for 12 per cent of employers and a secondary method used by an additional 2 per cent of employers).

Seeking skilled workers from overseas was the most common next-step for small, medium and large businesses, with 23 to 25 per cent of these businesses indicating that it was their main method of recruitment. Smaller businesses were more open to informal techniques with 11 per cent saying that seeking workers from other local businesses was their main recruitment technique and 5 per cent relying mainly on networks of family and friends. In contrast, larger businesses have greater access to funds and are therefore possibly more likely to pay for the services of recruitment agencies. Among businesses employing 50 persons or more, 25 per cent of businesses indicated that they relied on recruitment agencies, versus 20 per cent of medium sized businesses and only 13 per cent of small businesses.

Small and medium sized businesses were more likely to find that recruitment difficulties were a constraint to growth. According to the survey, 11 per cent of small businesses and 12 per cent of medium sized businesses who had used the 457 visa programme indicated that they would put difficult-to-fill jobs on hold. Only 5 per cent of businesses employing 50 persons or more had adopted this approach.

Figure 4.3 – Method used by surveyed sponsoring employers to recruit skilled workers for difficult-to-fill positions



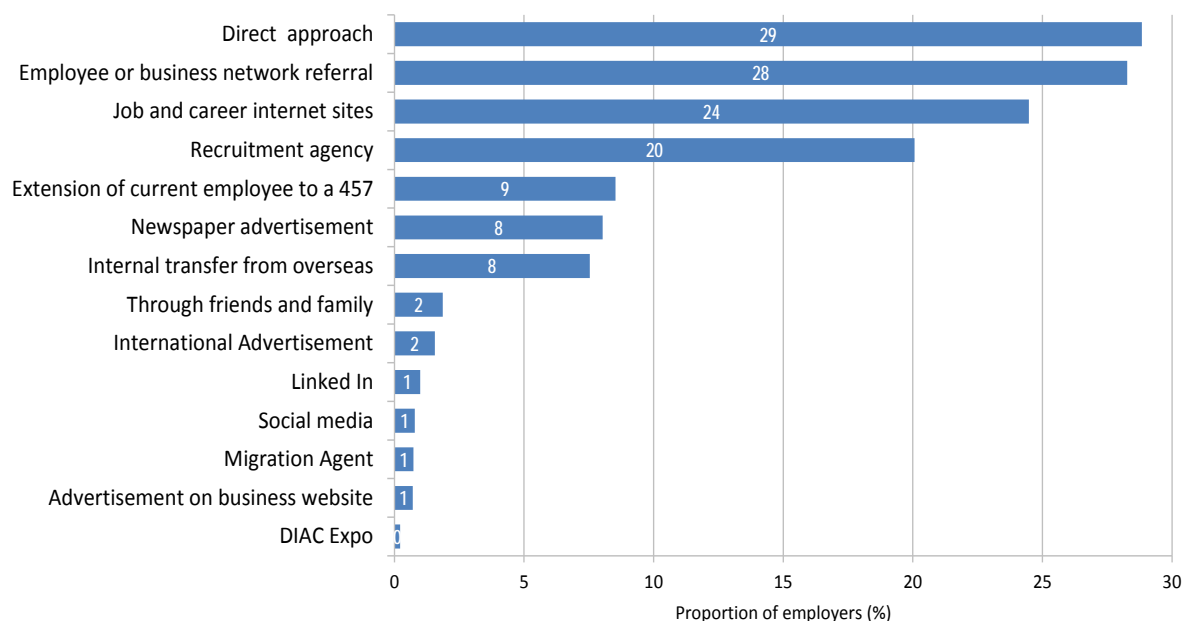
Note: Multiple responses were permitted.

4.4 Recruiting 457 visa holders

In the previous section we looked at the various ways in which sponsoring employers recruited workers into difficult-to-fill jobs. In this part of the report we take things a step further by reporting on the ways in which 457 visa holders were brought into an organisation. In answering this question sponsoring employers were asked to consider all 457 visa holders they had hired in the past two to three years and to take into account all of the methods they had used for their different 457 visa holders.

As can be seen from Figure 4.4, there are four dominant recruitment methods: a direct approach from the prospective 457 visa applicant seeking sponsorship, a referral from either a current employee or from business associates, and then more conventional techniques such as using a recruitment agency or placing a job advertisement on a recruitment site.

Figure 4.4 – How surveyed sponsoring employers found 457 visa holders



Note: Multiple responses were permitted.

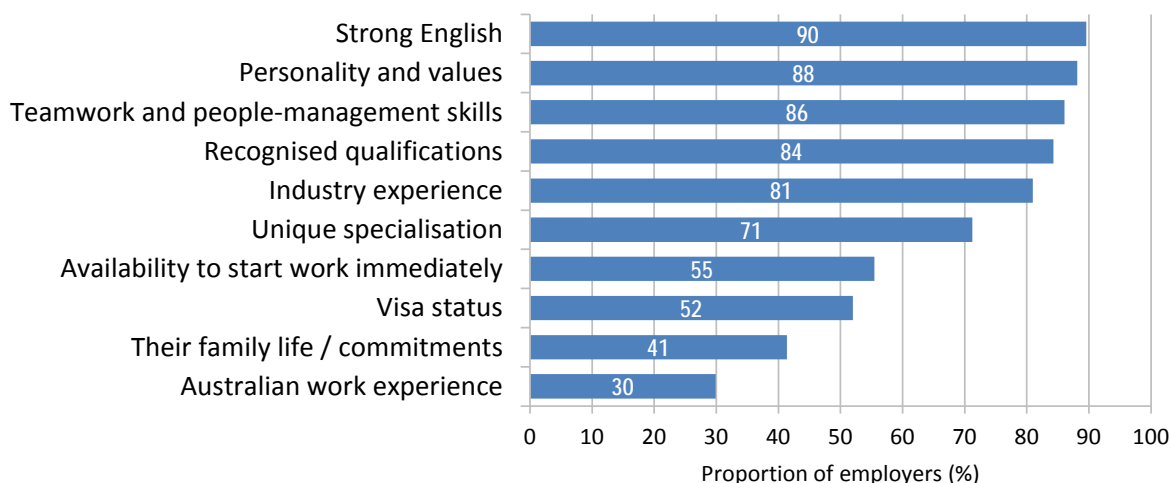
Consistent with earlier findings, it was the larger organisations that made use of recruitment agencies to bring in 457 visa holders. Only 9 per cent of businesses employing 10 persons or less had used a recruitment agency, compared with 26 per cent of businesses employing 50 persons or more. The use of agencies also varied substantially by industry, with only 10 per cent of business in the Accommodation and Food Services industry using a recruitment agency compared with 32 per cent of those in the Health Care and Social Assistance industry.

For other recruitment methods there was less variation. For example, regardless of business size, between 28 and 29 per cent of employers got their 457 visa holders via a direct approach from the applicant; 28 to 29 per cent found visa holders through business or employee referrals and between 20 and 28 per cent made use of recruitment sites on the internet. Relative to other industries, employers in the Construction industry were more likely to have found their workers from a direct approach and less likely to use recruitment sites, whereas those in the Health Care and Social Assistance industry made greater use of recruitment sites but were less reliant on business and employee referrals.

The high proportion of direct approaches is of some policy interest, given that the intent of an employer-sponsored arrangement such as the 457 visa programme is that it be 'demand-driven', that is, driven by business needs in response to economic conditions. One explanation for this is the prominent representation in the survey of 457 visa holders who previously worked or studied in Australia, or came to Australia as visitors, and have a desire to live in Australia or become permanent residents. It is possible that some of these people may have contacted employers directly in a bid to search for and secure employment opportunities (and therefore remain in Australia). This is not to suggest that anything improper has occurred, as this would require proper investigation. Nevertheless, it is a significant finding.

In making their recruitment decisions, sponsoring employers took account of many different factors. As can be seen from Figure 4.5, the most widely used of these factors were associated with a migrant's personal attributes, that is, their English language proficiency, having a personality and set of values that enable them to get on well with co-workers and their ability to work in a team or manage people. Technical skills, such as appropriate qualifications and relevant experience, were also significant considerations. In other words, employers are seeking workers who have the capacity to do the job and who will fit in well.

Figure 4.5 – Factor considered by surveyed sponsoring employers when recruiting 457 visa holders



Note: Multiple responses were permitted.

In verifying an applicant's claims, employers relied heavily on work references and an applicant's CV (curriculum vitae) – 54 per cent and 21 per cent of employers respectively. Around one-in-five employers took things a step further and conducted their own formal examination. Only 2 per cent of employers used trial placements as a means of verifying an employee's skills.

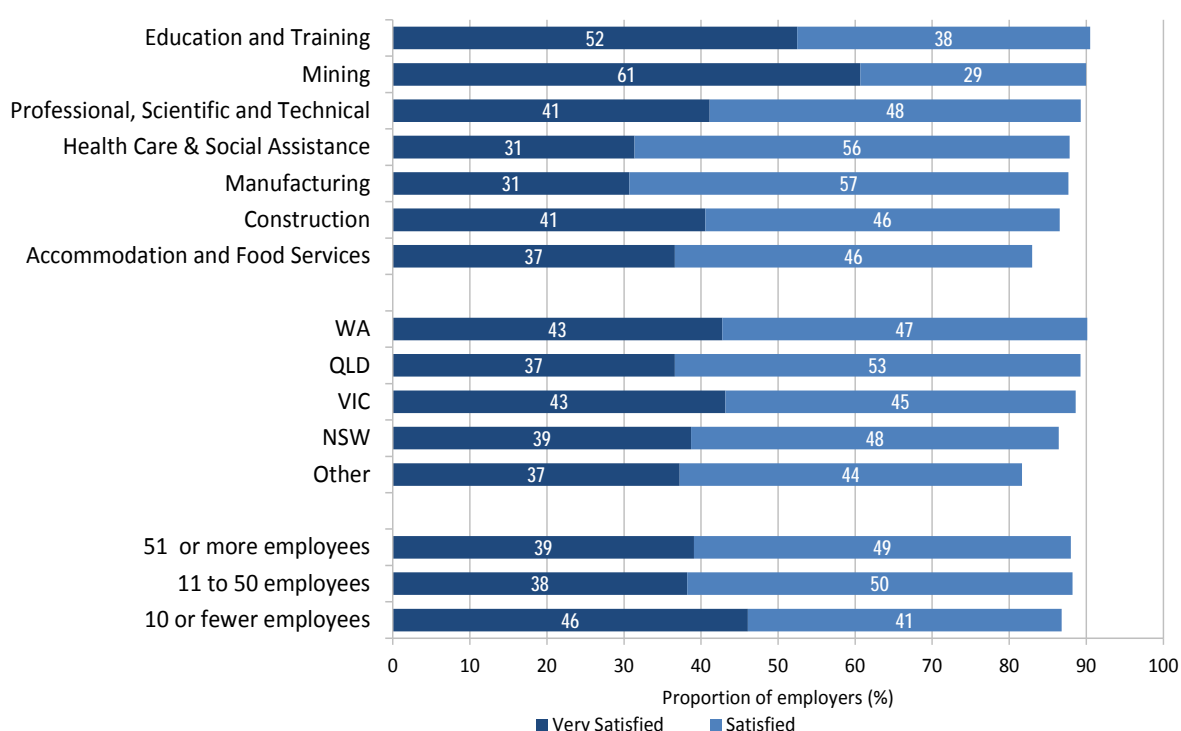
4.5 Performance of the 457 visa programme

This part of the report assesses and analyses the performance of the 457 visa programme against a range of criteria, and from the perspective of employers who have used the programme. First we examine employers' overall satisfaction with the programme and decompose the analysis by business size and jurisdiction. We then report on what sponsoring employers think of the workers coming through the programme and what they perceive to be the programme's benefits and problems. We then change tack and gather employer perspectives on the operation of the programme, such as the use of migration agents and the use of the department's online systems. This section of the report then concludes with some discussion on the ways employers would like to see the scheme improved.

The vast majority of employers were satisfied with the way the 457 visa programme operates. Almost half (48 per cent) of employers indicated that they were satisfied with the programme, and another 40 per cent said they were very satisfied. This is in sharp contrast to 5 per cent that were dissatisfied, or very dissatisfied, with the programme.

As Figure 4.6 shows, satisfaction with the scheme was widespread. Satisfaction rates ranged from: 83 per cent to 90 per cent across major industries; 87 per cent to 90 per cent across the main jurisdictions; and 87 per cent to 88 per cent for different business sizes. Levels of satisfaction were particularly high among Mining industry employers (61 per cent were very satisfied with the programme) and among employers in the Education and Training sector (51 per cent were very satisfied)

Figure 4.6 – Satisfaction of surveyed sponsoring employers with the 457 visa programme



In assessing the quality of the 457 visa holders, sponsoring employers were asked to compare their performance against Australian colleagues doing similar work and to indicate whether they thought the 457 visa holders were on par with Australian workers; doing a better or much better job; or doing a worse or much worse job.

In two-thirds (66 per cent) of cases, sponsoring employers rated their 457 visa holders and Australian workers as being of about the same standard. What is more interesting, however, is that 28 per cent of sponsoring employers rated their 457 visa holders more highly compared with just 5 per cent of employers who gave a better rating to their Australian workers. Netting out these latter two figures shows that those employers who preferred 457 visa holders outnumbered employers who favoured Australian workers by 23 percentage points.

Considering the structure of the 457 visa programme this is not particularly surprising as 457 visa holders have three things working in their favour. Firstly, they may have been recruited to fill more specialised roles than those being undertaken by their Australian colleagues. Secondly, because they have the personality required to make the major decision to come and work in Australia, they are also likely to possess the personal drive and initiative that are valued by employers. Thirdly, they may be working harder in order to improve their chances of being sponsored for a further 457 visa or getting permanent sponsorship from their employer.

Figure 4.7 – Assessment of surveyed sponsoring employers of 457 visa holders' performance compared with that of their Australian colleagues

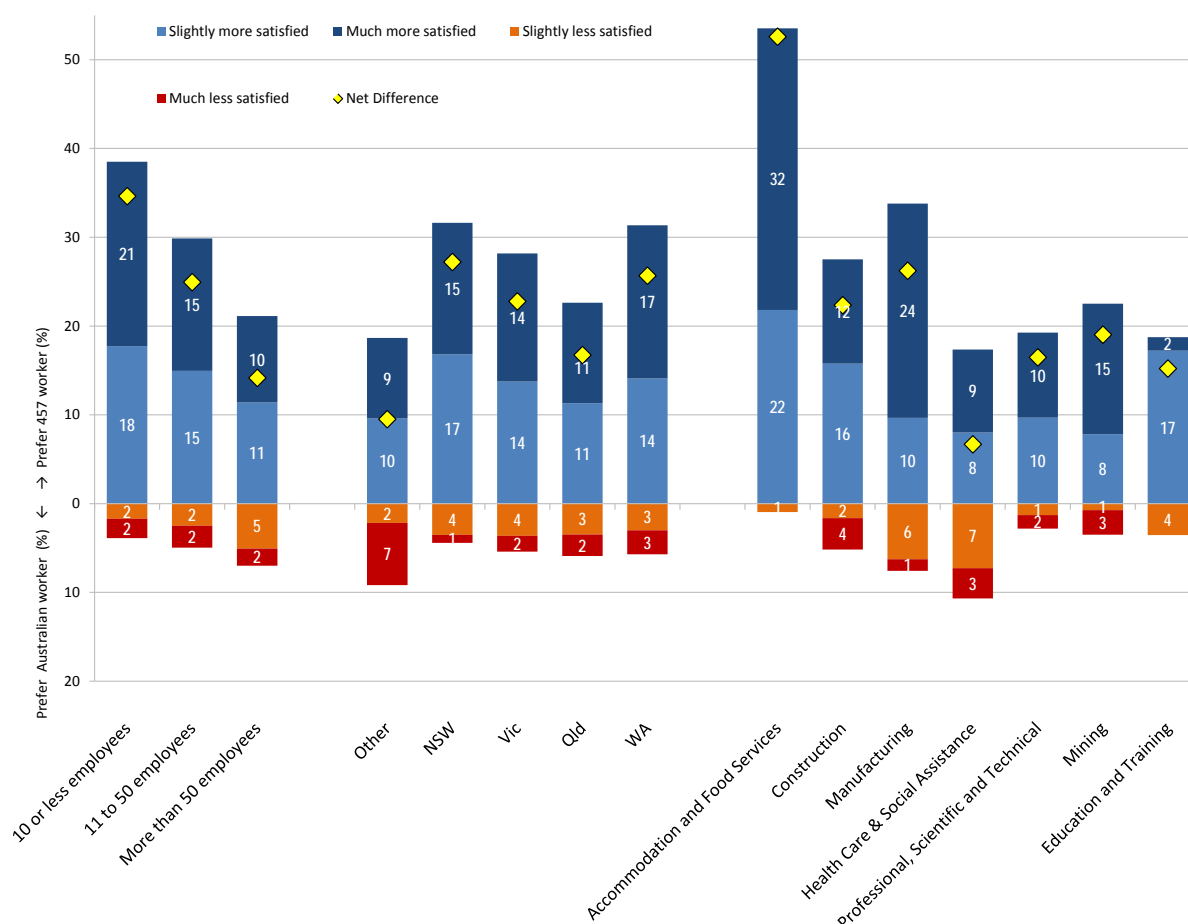
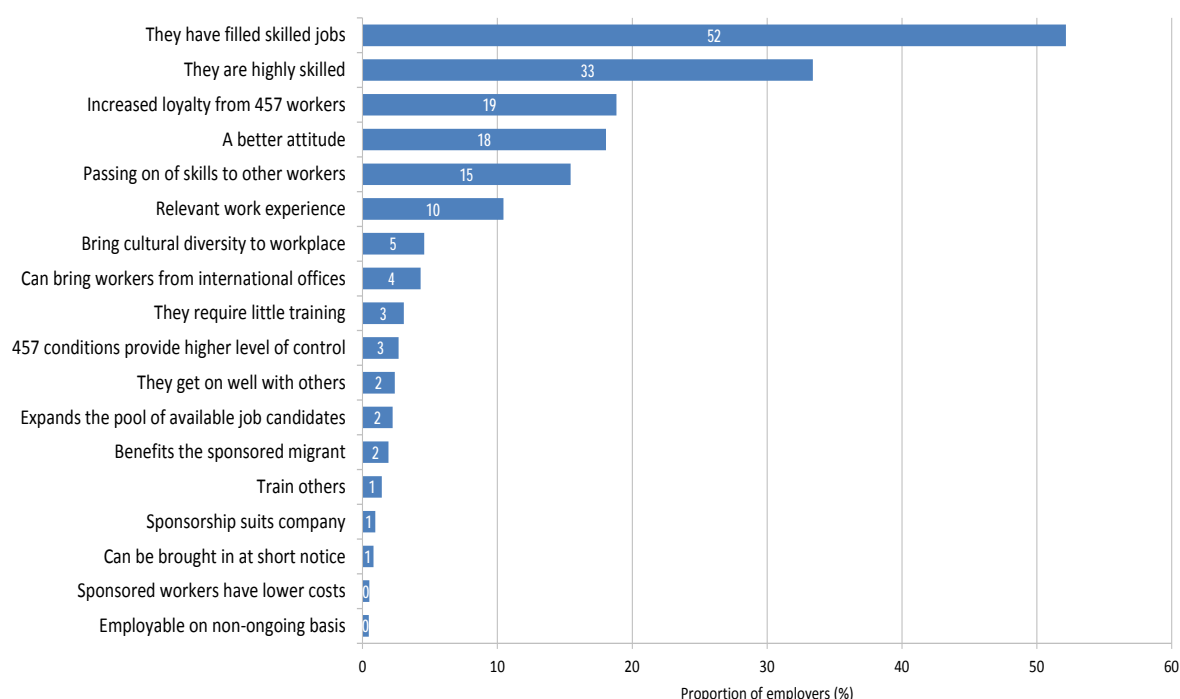


Figure 4.7, above, repeats this analysis for different industries, business sizes and jurisdictions. The net difference is obtained by subtracting the proportion of employers who rate Australian workers more highly from the proportion who rate 457 visa holders more highly. What is most notable from this analysis is that regardless of how the data is dissected, sponsoring employers are consistently more satisfied with their 457 visa holders than with their Australian workers. This differential is most pronounced in the Accommodation and Food Services industry and among smaller businesses. Employers also appeared to be satisfied with the skills possessed by their sponsored workers. More than 98 per cent of sponsoring employers surveyed indicated that they offered training to their employees. These employers were then asked to compare the training offered to their 457 visa holders with that to Australian workers doing similar jobs. While the vast majority (86 per cent) of employers who offered training said that their overseas and domestic workers received the same amount of training, 9 per cent indicated that Australian workers received more training compared with the 5 per cent who said Australian workers received less. More than three-quarters (78 per cent) of employers who offered training also indicated that 457 visa holders helped train and develop Australian workers. There was very little variation by business size, with 79 per cent of small and large businesses indicating that 457 visa holders assisted in training compared with 77 per cent of medium-sized enterprises.

These high levels of employer satisfaction were also consistent with what employers had to say when asked to describe the benefits of 457 visa sponsorship. As can be seen from Figure 4.8, the overwhelming message is that the skills 457 visa holders brought to the organisation, both directly and in terms of training other workers, were highly valued by employers. Employers, particularly those in the Accommodation and Food Services industry, were also impressed by the attitude of sponsored workers. This is a clear indication that from a sponsor perspective the scheme is working well in delivering high-calibre workers who are filling skill needs. Aspects designed to assist the sponsoring employer, such as the ability to take on workers at short notice, or to employ workers on a non-on-going basis, were considered far less important.

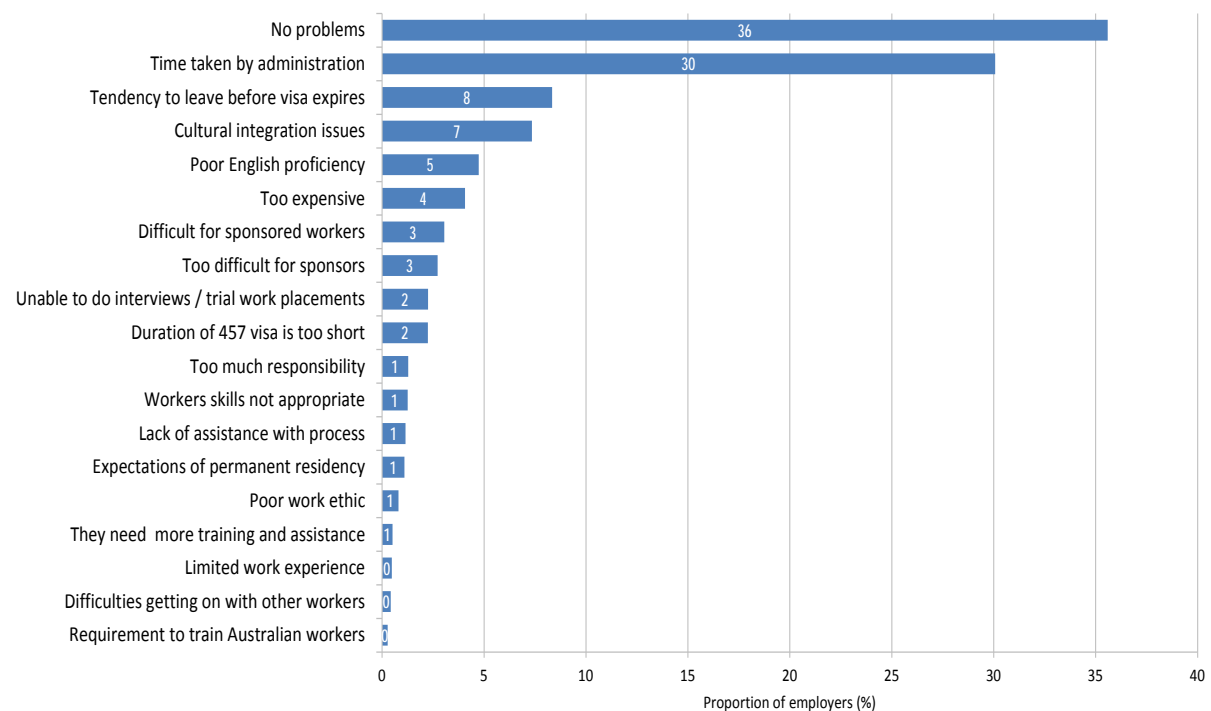
Figure 4.8 – What surveyed sponsoring employers described as the main benefits of 457 visa sponsorship



Note: Multiple responses were permitted.

When asked to describe the main problems with sponsoring 457 visa holders, employers had considerably less to say – with Figure 4.9 showing that more than a third (36 per cent) of sponsoring employers indicated that they had no problems with sponsorship. Concerns that were expressed were more likely to be around the process than the workers themselves, with 30 per cent of employers critical of the time taken for visa-related administration. When it came to specific criticisms of the 457 visa holders, the main concerns were a tendency to leave before the visa expires (a problem reported by 8 per cent of employers), cultural integration issues (7 per cent of employers) and poor English skills (5 per cent of employers). Very few employers were unhappy with the skills and attitudes of the sponsored workers – a finding consistent with the earlier analysis in this section.

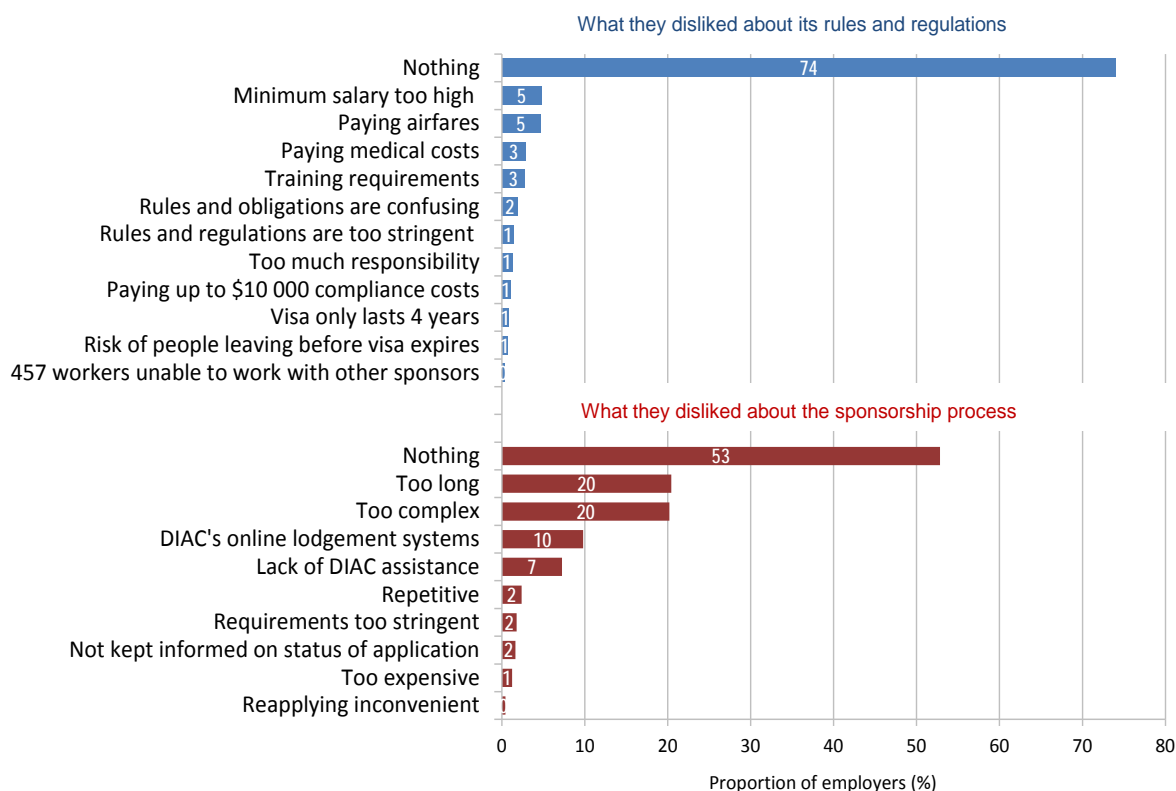
Figure 4.9 – What surveyed sponsoring employers described as the main problems of 457 visa sponsorship



Note: Multiple responses were permitted.

With regards to the issue of the sponsorship process, all sponsoring employers were asked to provide criticisms of particular rules and obligations and those who had been directly involved in the sponsorship process were asked to describe specific aspects of the process they disliked. The results of these lines of enquiry are shown in Figure 4.10.

Figure 4.10 – What surveyed sponsoring employers disliked about the 457 visa programme



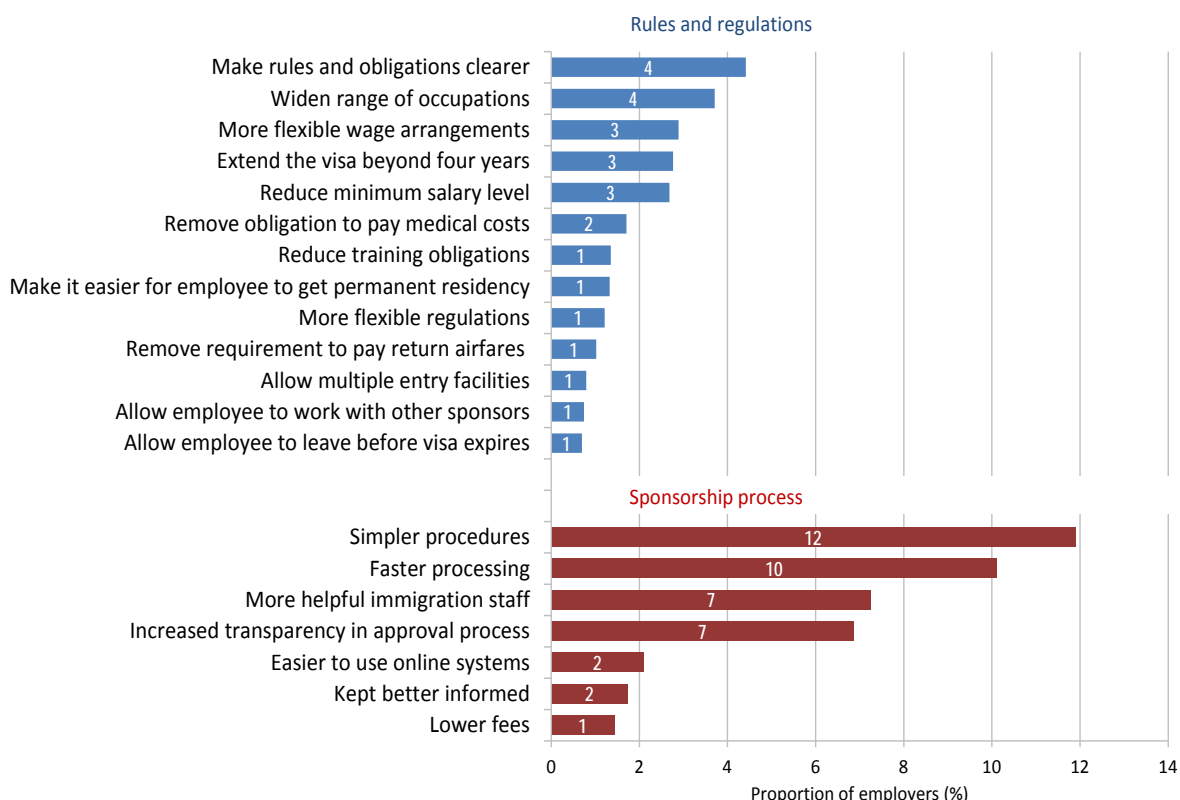
Note: Multiple responses were permitted.

As can be seen from Figure 4.10, employers did not indicate there were many concerns about the 457 visa programme's rules and regulations, with almost three-quarters (74 per cent) of sponsoring employers saying they had no concerns at all. This reinforces the positive findings discussed earlier in this report. When concerns were raised, they tended to be financially-related with 5 per cent of employers feeling that the income threshold (also known as the Temporary Skilled Migration Income Threshold or TSMIT) was too high, 5 per cent objecting to paying return airfares and 3 per cent unhappy about having to pay the medical costs of a visa holder and their family (even though the latter is not currently a requirement for sponsors). Very few employers were critical of either the visa's four year length, the requirement that visa holders work exclusively for their employer, or the risk that they may have to pay up to \$10 000 in compliance costs if the visa holder breaches the conditions of their sponsorship.

Employers were less positive about the sponsorship process. While just over half of sponsoring employers (53 per cent) had no problems with the process, one-fifth thought the process took too long, while another one-in-five thought the process was too complex. One-in-ten employers were critical of the department's online systems (which is a slight under-representation given that just over 70 per cent of employers reported using this facility) and 7 per cent criticised the department for not providing enough assistance.

Having been given the opportunity to criticise the 457 visa programme, all employers were then asked to take things a step further and to consider what changes they would like to see introduced.

Figure 4.11 – Way surveyed sponsoring employers would like to see the 457 visa programme improved



Note: Multiple responses were permitted.

Consistent with our earlier findings, 43 per cent of employers did not want to see any changes at all to the programme. In a reflection of what they disliked, those that did want change targeted the sponsorship process rather than the programme's rules and regulations. Most suggestions were therefore around making the process simpler (12 per cent of employers), making it faster (10 per cent of employers), improved support from the department's staff (7 per cent of employers) and a more transparent decision-making process (again 7 per cent of employers).

Suggestions to improve regulations were far less prevalent and were mostly concerned with improving the programme's flexibility, and with costs. These included widening the range of eligible occupations, introducing more flexible work arrangements, extending the visa beyond four years, reducing the TSMIT, and removing the obligation to pay medical costs. In an indication of just how satisfied sponsoring employers were with the programme, the most popular of these suggestions (the suggestion to widen the range of occupations) was cited by just 4 per cent of employers.

As mentioned earlier, not all employers were involved with the sponsorship process. As shown in Table 4.3, slightly fewer than nine-in-ten completed the paperwork personally, slightly more than seven-in-ten had used the online system to lodge a sponsorship application and just over a quarter had used a migration agent to assist them with the process. Table 4.3 also shows that smaller employers tended to be slightly more personally involved with the sponsorship process than larger employers – but were slightly less likely to make use of the department's online systems.

Table 4.3 – Surveyed sponsoring employer's interaction with the sponsorship process

Interaction	Business size (total employees)			
	10 or fewer	11 to 50	51 or more	Overall
	Per cent			
Personally responsible for submitting sponsorship paperwork	90	84	87	86
Have used the department's online lodgement system	68	71	75	72
Have used a migration agent to assist with sponsorship	21	28	30	27

One-third (33 per cent) of employers who used migration agents reported that they were satisfied with the experience, with a further one-in-two (48 per cent) indicating that they were very satisfied. Factors that contributed most to this positive experience were prompt service (reported by 23 per cent of all migration agent clients), general helpfulness (21 per cent of clients), assistance with the paperwork (15 per cent of clients) and clear explanations of the process (14 per cent of clients).

Only 9 per cent of sponsoring employers were dissatisfied with their migration agent. The small numbers that were unhappy cited an unhelpful attitude (5 per cent of all clients), a costly process (3 per cent of clients) and a process that took too long (2 per cent of clients).

4.6 Future intentions

Another way of examining the 457 visa programme is firstly to see if employers intend to continue using it as a means of finding skilled workers and secondly to analyse the reasons why some employers intend to stop using the programme.

The survey showed that among sponsoring employers just over one-in-ten (11 per cent) were unsure whether they would continue using the 457 visa programme to continue meeting their skill needs. Of the remainder, more than nine-in-ten (91 per cent) intended to use the programme into the future, with almost six-in-ten (57 per cent) indicating that they were very likely to keep using it.

Among the small number of employers that intended to stop using the 457 visa programme, the most common responses were around no longer needing these sorts of workers. For instance, more than a quarter indicated they did not need any more overseas workers, one-in-ten said there were no longer any local skill shortages and just under one-in-ten said they had now trained Australian workers to fill skill shortages.

The second most common set of responses among these employers concerned the sponsorship process with one-in-five employers saying the process was too difficult and one-in-ten saying either the process involved too much paperwork or the fees were too high.

Only very small numbers of sponsors intending to stop using the programme criticised the work ethic, skills or English language ability of the 457 visa holders themselves.

While it appears that many factors affecting future use of the scheme are beyond the control of the department it is worth drawing attention to the relationship between satisfaction with the programme and employers' future intentions. Among those who were satisfied or very satisfied with the 457 visa programme, 82 per cent intended to use the programme in the future; this was 10 percentage points higher than the equivalent figure for employers who were satisfied or dissatisfied.

4.7 Lapsed employers

The majority of employers surveyed were current users of the 457 visa programme, however, the survey did include 100 employers who had not used the 457 visa programme for at least two-and-a-half years. For these lapsed users the main policy interest is in knowing the reasons why they stopped using the programme.

As can be seen by Figure 4.12, most employers stopped using the scheme simply because they no longer needed additional overseas workers. This could either be because the skill shortage was only temporary, because Australian workers had been trained to fill the skill shortages or because the overseas worker had transitioned onto a permanent visa.

Very few employers were critical of the skills, attitude or English ability of the workers they had sponsored, although a small amount of criticism was directed at the application process and the cost of the programme. All of these findings are consistent with the attitudes of current 457 employers.

Figure 4.12 – Why surveyed sponsoring employers stopped using the 457 visa programme

