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Workers on temporary 457 visas: Challenges they face when working in the Western Australian resources sector

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Abstract

As a response to the shortage of specialised workers in the Western Australian (WA) resources sector, business has resorted to employing workers on temporary 457 visas. This paper provides an insight into some of the challenges workers on 457 visas reported while working in Australia in a study that collected data in 2012. While the study focussed on costs and benefits of employing workers on 457 visas to business, the migrant worker and the larger Australian community, part of the data included the social and financial costs to these workers. It is this data that is reported in this paper. Workers on 457 visas stated that financial costs that directly affected them were the requirement to cover their medical and child care costs as well as some paid up to \$3000 to overseas Migration Agents to arrange their visas. The social costs included extreme loneliness, acceptance by Australian workers and difficulties with spouse and family who may be large distances apart that is further exacerbated by fly-in/fly-out working arrangements. Relocation Agents appear to provide the very valuable connection to community for newly arrived migrants in that they facilitate introductions for people to establish new friendships. The emotional and social welfare of these workers emerged as key components of successful assimilation in Australia. Failure to acknowledge these problems resulted in threats to emotional well being of the workers and their families and in some cases led to workers returning home early.

Key Words: Skilled migration, workers on 457 visas, assimilation, retention, FIFO

Introduction

Australia is currently positioned as the 13th largest economy according to Gross Domestic Product (GDP) in the world (IMF 2011) and has entered another resources 'boom', or as Premier Barnett said of Western Australia 'a period of sustained economic growth' (DIA 2009; Gruen 2011). In the past two decades alone the Australian economy has maintained an average growth of 3.3% (ABS 2012) requiring significant additional and differently skilled employees as it structurally readjusted to one that is increasingly knowledge-based and service-orientated. The development of new large mining projects and natural gas extraction and processing facilities in Western Australia are examples of the states rapid growth (BIS 2009). Such expansion requires adequate numbers of skilled workers, and presently Australia is experiencing a shortage, specifically mining and construction workers in professional roles for major resources projects, e.g. engineers and project managers (AWAP 2012). Overall workers in WA are scarce, because in July 2012 the state had an unemployment level of 3.6%, the lowest of all Australian states (DEEWR 2012). A further restriction to the supply of skilled workers is the ageing workforce in Australia, mirrored within many other developed countries (Khoo et al 2007), that is generating a labour market with more leavers than entrants. In order to meet the resources sector labour needs and maintain economic growth, Australia must address the issue of skills shortages. Healy, Mavromaras & Sloane's (2012) study showed that complex skill shortages tend to be persistent over time and can be associated with firm decline. Deegan (2007) provided specific cases of skill shortages in engineering, where firms across Australia were either delaying or declining projects because of a lack of workers. Further, demographer, Bernard Salt (2012) noted that 2011 began what he termed a 'tilt point' where Baby Boomers begin to become eligible for an age pension exiting the workforce at a faster rate than entering Generation Ys (Jockel 2009). Added to this, Australia has been in the grip of an extreme shortage of trades' skills for several years

(National Centre for Vocational Education Research 2008). Employer investment in training began to slow in the 1990s in Australia. For example, in 2001/02 only 24% of employers provided training that led to recognized qualifications and only 13% employed apprentices or trainees (Watson, Buchanan, Campbell & Briggs 2003). In short, there are not enough qualified skilled people in Australia to meet the current and predicted demands of the resources sector (Probyn 2009). One mechanism to address the shortage of skilled workers in Australia has been to increase the number of workers on temporary 457 visas. The study underpinning the discussion in this paper investigated the benefits and costs of using temporary migrant workers through industry and worker semi-structured interviews and econometric techniques. It examined the cost and benefits of employing predominantly professional workers in the resources sector on 457 visas, for business, the migrant families and the WA and Australian economy. However, for this paper we focus on the costs both financially and socially that directly affect the worker on the 457 visa and their family.

Attracting foreign labour

Within the literature there is evidence that the presence of economic and employment opportunities is a clear attractor of foreign professional and skilled labour. However, Slack, Bourne and Gertler (2003) stress that for workers within highly skilled occupations, work that attracts high salaries is not enough to encourage relocation. To attract labour, they argue that a broad range of economic, social and cultural advantages at particular places are crucial. These include the richness of cultural amenities, recreational opportunities, and the ‘buzz’ of the local arts and music scene, the attractiveness and condition of the natural environment and buildings, the quality of schools, and a safe environment (Slack et al 2003:7). The importance of quality of life is echoed by Yigitcanlar, Baum and Horton (2007) who note key influencers including: diverse amenities, education and community facilities, housing affordability, level of crime, access to transportation, urban diversity in terms of ethnicity, gender, nationality and sexual orientation, social equity in terms of reduced poverty and inequality and the quality of the area they live in (unique characteristics that define it and make it attractive and liveable). Finally, Hugo and Harris (2011) identified liveability and lifestyle dimensions, in addition to housing availability and affordability, determine migrants’ choice of living in Australian capital cities.

This study places a focus on the use and experiences of workers on temporary 457 visas. The Temporary Business Long Stay Visa subclass 457 was introduced as Australian policy in 1996 (Oke 2010). The Department of Immigration and Citizenship (2009) advise that the subclass 457 visa is designed to support the growing Australian economy by ‘providing a mechanism to source temporary skilled labour as a top up for the domestic workforce’.

In 2007-08, 58,050 sponsored employees entered Australia on the subclass 457 visa. This was a 24% increase upon the previous year (DIAC 2009). Over 9,000 visa holders on temporary 457 visas were in trade occupations with 56% of these located in Western Australia (WA) and Queensland (Qld). In 2012, WA had the second highest number of skilled workers on 457 visas in Australia and had achieved a rise of 75% with a total of 19,430 workers entering WA in 2010/11 (DIAC 2012).

Skilled migrant workers coming to Australia for temporary work have needs beyond that of basic employment survival. Pertinent social issues identified in the literature include: proficiency in English (Toner & Woolley 2008), exploitation of workers with wages that don’t have parity with the workers of the host country (Deegan 2007; Oke 2010), the skills transfer from migrants to Australian workers (Brooks, Murphy & William 1994, Toner &

Woolley 2008), the reciprocal impact on training for Australians (Hugo 2006, Toner & Woolley 2008), the employment levels of Australian residents (Richards 2006) and the impact of skilled migration on the countries of origin in that they incur a knowledge drain (Khoo et al 2007, Wickramasekara 2003). There is also a vast international literature on the underutilisation of migrant skills by the host country, particularly when English is not the migrant worker's first language (for example, Misztal 1999; Mattoo, Neagu & Ozden 2008; Huber, Landesmann, Robinson & Stehrer 2010). Finally, Piper (2009) argues that much literature on temporary migration concentrates on economic development opportunities for the host country and that the significant social implications also require consideration.

Workers employed under the temporary 457 visa require a range of social support when working and living in Australia. Although they are expected to have vocational English proficiency (DIAC 2009), a significant number of these workers' families do not speak English. Toner and Woolley (2008) acknowledge migrants need time to become proficient in English, to familiarise themselves with work routines, requirements and safety standards; especially since the work environment in Australia may differ from that in their mother country.

Methodology

The exploratory study used mixed methods because the study looked at both economic and social paradigms. Creswell, Plano Clark, Gutman and Hanson (2003:210) support a mixed approach as a distinct research design which uses both qualitative and quantitative investigative methods. Creswell et al (2003:231) after Cherryholmes (1992) state that in using mixed methods 'researchers should be concerned with applications, with what works and with solutions to problems' as in the focus of this study concerned with the 'impact' of workers on 457 visas on business, migrant families and the community. This study builds on both the field research and the accumulated statistics of skilled migration. The sample for the study included: statistics collected by the Department of Immigration and Citizenship (DIAC) between 2007-2012 of the number migrant workers and their families entering Australia on 457 visas, what businesses they were employed in, and the work they did, the numbers that were employed by the WA resources sector and how they spent the money they earned; 30 semi-structured interviews with workers on temporary 457 visas employed in the resources sector in WA predominantly in professional roles; 17 semi-structured interviews with employers from 15 firms employing workers on temporary 457 visas in the resources sector in WA and 7 semi-structured interviews with support agencies: Migration Agents, Relocation Agents and support groups (ex-pat groups). The 30 workers were aged between 23 and 57 years, 26 were male and 4 were female. They were predominantly in professional roles such as Project Managers, Drill Fitters etc. There was one chef in the sample.

Findings and discussion

Financial Costs

Workers on 457 visas, as part of their visa requirement, must have in place their own private health insurance as they are not covered by Medicare. However, some workers have their health insurance premiums paid for by their employer. In addition, workers on 457 visas are not eligible for the Child Care Rebate and hence need to cover the full cost if their spouse wishes to work while here in Australia.

We have to provide our own private cover on our visa. I think I'm exempt from having to pay the Medicare levy (Male Worker Managerial)

The cost of childcare I've heard is quite expensive here, so it's almost beneficial for the mother to stay at home (Male Worker Operations)

Workers that were interviewed for the study explained their difficulties as non-Australian residents in obtaining finance to purchase cars, in accessing credit cards and acquiring an Australian drivers' licence.

We had to buy a car and when we had to buy a car we had to do it on our funds and get set up for financing. We are paying something like 15 or 16% interest for a loan to buy a car (Male Worker Managerial)

With credit cards, you've got your limits to the ones you can apply for because one of the criteria is that you're an Australian resident (Male Worker Managerial)

Navigating visa applications and skills qualifications recognition process in Australia can incur additional costs for the migrant worker wishing to enter Australia on a 457 visa. There were cases of workers paying up front sums to overseas Migration Agents according to their expected income in Australia and others who had their immediate costs met by their employer with a requirement to pay back in instalments once they commenced work.

The agency [Migration] where I applied for they charged me like one month's salary. My original contract was \$48,000 a year before and they computed it on a monthly basis, so I paid them more than \$3,000 just to come here (Male Worker Services)

Finally, there were cases of Migration Agents located outside of Australia who were charging potential migrant workers to prepare their 457 visa and at the same time charging the business in Australia to supply the worker. There was evidence in some cases of double-dipping.

I found out as well that the employer paid the agency for me to get over here, so obviously the agency was charging on both sides, like the applicant and the employer (Male Worker Services)

Acceptance by Australian workers

There was some evidence that workers on 457 visas may not always be accepted in the workplace by Australians; however this was generally not the case. Cultural difference, English language capability and communication seemed to be the main areas that required additional attention to better assimilate migrant workers in WA.

Sometimes communication can be a factor. Just with accents, there is the Australian slang that I won't be able to understand especially when I just came here I didn't know some of the words that they used here. Sometimes there is a bit of discrimination, especially if you are not from here (Male Worker Managerial)

Difficulties of working in Western Australia

The decision to work in a country other than the worker's home is difficult. Migrant workers have historically found the transition to working in another country not only rewarding but also challenging.

Going to a new country and setting up from scratch is actually a bit of a challenge (Female Worker Managerial)

One reason cited for the nervousness of skilled migrant workers from making the move to WA is the distance from extended family.

I suppose the distance, if anything happened, when you've got your parents and family back home it's hard, and if you're going through other things, I suppose it's the pain of not being with your kids (Male Worker Managerial)

Other challenges of working in WA include a difference in cultural life and a lack of infrastructure both in the capital city of Perth and in regional WA.

I found one of the most difficult things for me for transition between London and Perth has been perhaps the massive difference in cultural life (Male Worker Managerial)

The infrastructure I think is a big disadvantage for the place [Perth], it just doesn't have much infrastructure (Male Worker Managerial)

When we were first out in Leonora it was a bit of a shock I suppose, I got used to it but she found it hard. I was working but she wasn't working at the time, so she was on her own and we were out in the middle of the bush and I was away maybe for a day or two in the mine site (Male Worker Managerial)

Workers on 457 visas noted the differences in work ethic in Australian business explaining that the hardships experienced in Ireland in recent years, for example, has produced a strong work ethic.

I have to say that I find the work ethic very different here. It's not that we live to work but we certainly are very committed when we are in the office. They [Australian workers] seem to think that they have 10 extra days annual leave a year just because they have sick leave (Female Worker Managerial)

Fly-in/fly-out working arrangements

Fly-in/fly-out working arrangements associated with resources projects was cited by a number of workers on 457 visas and business representatives as a key reason for a failure to attract workers to the sector.

I'm away from my family for 4 weeks. I find it a bit hard and we only get that one week of R and R [rest and recuperation]. It's really short and it's a little bit hard, especially if you've got a young family (Male Worker Operational)

This has prompted a number of businesses to encourage workers to live and work in the regions. However, a lack of regional infrastructure limits the availability of housing in the regions for families.

Housing shortages

A lack of affordable rental accommodation in Perth and the regions was mentioned by almost all the participants interviewed for the study. Workers on 457 visas explained how difficult this is in regional WA in particular, where much of the resources work occurs. For those families who would be happy to live and work in the regions the high rental costs are prohibitive. Others discussed the difficulties of renting in Perth without a prior rental history. Salt (2012) noted that affordable housing in Perth and the regions was crucial to support continued economic growth and growth in the resources sector.

We were sharing a house and renting a room [in Karratha] but it's ridiculously expensive. We were paying \$250 a week just for a room, so that's \$1,000 a month and you share a house with somebody else (Male Worker Operational)

It's difficult when you are on a 457 to come and get rental accommodation because you never rented a house before in Australia. So, it becomes very difficult for the agents to trust you to rent a house. You need some sort of track account as well so it becomes very difficult when you just arrive and you try to rent (Male Worker Managerial)

The first month

The first month after arrival in Australia for workers on 457 visas is the crucial period of time that determines whether they remain working or return home. Many workers on 457 visas cited little knowledge of life in Australia prior to their arrival, including transport issues, insurance and where to live.

When we arrived here we had a week and a bit to find rental accommodation, which as you can appreciate isn't really long enough. So, we managed to eventually get some but it would have been nice to have more of an insight to the place before we came here (Male Worker Managerial)

In a new country sometimes you don't quite understand how things work and part of it is a good understanding of how insurances work in this country (Male Worker Managerial)

Getting into work from the areas that you don't really know, you don't know how to get there, you're not sure about the traffic and transportation system, you don't know how long you'll be away for. You multiply that by how many times you've got to do it it's actually quite a big deal (Male Worker Managerial)

Loneliness and isolation

Workers on 457 visas interviewed for the study overwhelmingly expressed a feeling of loneliness upon arrival and in the first 12-18 months of living in Australia.

It's difficult in that we really feel alone; we don't really know anyone here. So, getting to know people is difficult in the beginning and we miss our family back home (Male Worker Managerial)

Friends! We needed some friends; that's the most difficult part of living here. It's a period of 18 to 24 months to settle in and find a network of friends. You may meet people but you don't always connect with people so it takes a bit of time and that can be quite a tough period, especially when you have kids and my wife was pregnant at the time. So, it was quite tough for the first year and a half (Male Worker Managerial)

There was evidence that particular groups such as women with small children and empty nesters as well as those from countries such as the USA, UK and Ireland were most likely to experience loneliness and have trouble settling into Australia socially.

My wife really struggled. She found her friends from taking my daughter to certain activities and met other mothers that way who had things in common. There were a number of times where we did think it wasn't really for us and that we should go home (Male Worker Managerial)

The main thing is that real loneliness and I see our major risk areas being your empty nesters, like the older ladies whose husbands are FIFO and they've got older kids that they've left back at home in the UK at university, for example. Then they get here, they're extremely isolated and have no way of meeting friends. Even with high school kids, the high school kids don't want you going to the school and chatting to their mums, it's seriously embarrassing. They're the wives that I feel tend to get a lot more lonely (Support Worker Relocation)

Although we share a common language with these countries, Australia's culture is somewhat different and there is assumptions that because these workers and their families speak English they are able to fit in easily.

Even for single workers on 457 visas, loneliness and a lack of community and cultural involvement was an issue. However, there was evidence that these workers developed friendships and meetings with other people from their home country through internet sites and social pages.

I went out myself and looked up an expat blog and there was a girl on that who I decided to meet, an Irish girl. At the time, I was meeting Aussies and Brits and although I liked them I wasn't having the same crack [meaning laugh] that I would have with my friends at home, the sense of humour was kind of missing (Female Worker Managerial)

I just googled Brits living in Perth and then it comes up with all these websites and I went onto this one called 'Poms in Perth' to meet people online and that's how I've met most the people that hang around me (Female Worker Managerial)

The wellbeing of workers on 457 visas and their families is important. There is not only the personal impact but there is the possibility of a financial impact on the businesses that employ them as they may return home early with the costs of migrating to Australia unrecoverable and the investment wasted. There was evidence in the study data that workers on 457 visas have varying needs when settling in Australia. Some workers settle easily and quickly, others require individual attention and intensive resources.

Conclusion

Workers on 457 visas enable employers to deliver infrastructure projects on time that will contribute to significant future national economic prosperity and place the Australian resources industry as world leaders. The workers on 457 visas, and their families, gain desired employment and often a change of life, although sometimes at the expense of their home country. The community gains additional economic wealth and social growth, especially in rural and remote areas. In terms of costs, the investment in recruitment is born by employers who seek to recoup the investment through timely project completion. The workers on 457 visas inevitably find some cultural connections are displaced and experience the dilemmas of cultural dissonance in the short term. Communities have to adjust to greater diversity and invest in expanding the appropriate infrastructure. The implications of these findings for human resource managers are in terms of retention in that firms need to adequately support workers on 457 visas when they come to live and work in Australia. Key issues to emerge from this study for workers on 457 visas included loneliness and isolation, the process of settling into Australia and spousal and family issues that need to be overcome. The emotional and social welfare of these workers emerged as key components of successful assimilation of workers on 457 visas in Australia. Failure to acknowledge these problems

resulted in threats to emotional well being of the workers and their families and in some cases led to workers returning home early. Having gone through the lengthy visa process that is costly in terms of time and financial cost it seems that retaining highly sought after labour is crucial to the firm's profitability. It seems that with workers on 457 visas it is not a situation of just bring these people in and set them to work, there is the added role for the HR professional in terms of providing social support outside of the working environment. Firms who proceed down the track of employing workers on 457 visas would be well advised to consider these additional requirements and factor in social support and extra time working in an almost cultural liaison role. In fact if firms are bringing in or are planning to employ large numbers of workers of 457 visas in the future, a new role of social liaison may need to be considered?

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