AUSTRALIA'S 457 VISA SCHEME
and the rights of migrant workers

MICHELLE BISSETT and INGRID LANDAU

The Temporary Business Long Stay — Standard Business Sponsorship (subclass 457) Visa (‘the 457 visa scheme’) is the main scheme through which employers sponsor temporary skilled workers to work in Australia. Over the last few years, there has been a dramatic increase in the use of these visas. There has been a corresponding increase in the number of reports of workers on 457 visas being underpaid, and subjected to inadequate conditions of work. Emerging from media reports and from cases before the courts is evidence of a pattern of abuse or disregard of the basic rights of workers on 457 visas.

This article argues that, as it is currently constituted, the 457 visa scheme fails to protect temporary foreign workers from violations of their basic rights as workers. We begin by briefly outlining the main features of the 457 visa scheme. We then demonstrate how a number of rights accorded to temporary migrant workers under basic human rights instruments are at risk under the current scheme. These rights derive from the Universal Declaration on Human Rights (‘UDHR’), the International Covenant on Civil and Political Rights (‘ICCPR’), and the International Covenant on Economic and Social Rights (‘ICESCR’). Reference is also made to fundamental labour rights identified by the International Labour Organisation (‘ILO’) in its Declaration on Fundamental Principles and Rights at Work and its Follow-Up (1989) (‘the ILO Declaration’). The authors argue that the existing 457 visa scheme risks creating a tier of second class workers in Australia. Finally, we identify a number of improvements that we see as critical to restoring the integrity of the 457 visa scheme.

Before proceeding, it is important to note that not all employers treat 457 visa workers badly. It is, however, those employers who do mistreat and abuse workers on 457 visas that should dictate improvements to the 457 visa system.

At the time of writing this article, the Rudd Labor government is responding to concerns over the inadequacies of the 457 visa scheme through a broad reform agenda. This includes an industry-led External Reference Group, which handed down its final report in April 20084 and a review into the integrity of the scheme, currently being conducted by Barbara Deegan, a member of the Australian Industrial Relations Commission. The Department of Immigration and Citizenship (DIAC) has also recently issued a discussion paper on proposed amendments to the sponsorship obligations of employers of workers on 457 and other ‘400 series’ visas.5 The reform agenda is also drawing upon stakeholder input to, and the reports emanating from, the 2007 Joint Standing Committee’s inquiry into Australia’s temporary business visa program.6 The precise nature of proposed reforms, and their capacity to remedy the deficiencies of the current 457 visa scheme, is not yet known.

Background

The 457 visa scheme was introduced by the former coalition government in 1996 based on recommendations made to the former ALP Keating government.7 It enables employers to sponsor foreign skilled workers for a period of up to four years. Features of the 457 visa scheme include:

• Employers are able to sponsor and employ foreign workers who have recognised qualifications and skills in particular industries;
• Labour market testing to determine if the jobs can be filled locally is not required, or is cursory at best;
• There is no prohibition against replacing Australian workers with workers on 457 visas;
• Employers are not required to pay market rates to workers on 457 visas. Visa holders must be paid, as a minimum, either the award wage or the minimum salary level gazetted by DIAC, whichever is higher;
• Recruitment companies, employment agencies and labour hire companies can sponsor workers on 457 visas and then hire them out to other businesses;
• A visa holder can remain in Australia only while they continue to be sponsored. If a worker stops working for their current sponsor, he/she has 28 days to find a new sponsor and apply for a new 457 visa, otherwise the visa is automatically cancelled and the worker is liable to be deported.

In the first eight years of the scheme’s operation, only a few thousand 457 visas were granted. Since 2002–03, however, there has been a dramatic growth in the number of workers on 457 visas. The numbers of visas granted to primary applicants has grown from 16 550 in 1997–98 to 40 720 in 2006–07.8 As of 1 April, 39 940 temporary skilled visas had been granted in 2007–08, with totals for the year expected to exceed 100 000.9 Reasons for this rapid increase include low unemployment; genuine skills shortages in some sectors of the economy; global migration trends and the aggressive promotion of the scheme by the former coalition government.10

Although the 457 visa scheme was initially designed to bring executives and IT specialists to Australia, it has...
been increasingly used to bring in semi-skilled workers. There has been a shift in the 457 visa program towards a greater demand for people to work in trades, and in hospitality, mining, manufacturing and construction. There has been a significant increase in the number of workers coming from developing countries. In 2007, for example, the two fastest growing categories by nationality of workers on 457 visas were China and the Philippines. These workers from developing countries may be more vulnerable to exploitation.

**Basic rights of workers on 457 Visas**

Australia is obliged to respect and promote the rights of workers through a number of international human rights instruments. These instruments include the UDHR, and the ICCPR and ICESCR. In addition, the ILO has identified four ‘core labour standards’, which are embodied in its 1998 Declaration on Fundamental Principles and Rights at Work. These core labour standards, which are generally accepted to constitute basic human rights, are: freedom of association and the right to organise and to bargain collectively; freedom from forced or compulsory labour; freedom from discrimination in employment (including equal remuneration for work of equal value); and freedom from harmful child labour. Australia is bound to promote and realise these principles by virtue of its membership of the ILO.

There are a number of international instruments specifically on migrant rights which are not considered in this article: key among these are the ILO’s Migration for Employment Convention 1949 (No. 97) and the Migrant Workers Convention, 1975 (No. 143), and the UN’s International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families, 1990. Australia is yet to ratify any of these conventions.

In this article, we examine how four rights that are afforded to all workers under the international conventions identified above are at risk through the current 457 visa scheme. These rights are freedom from forced labour; freedom of association; the right to just and favourable conditions of work; and the right to effective remedies. Our focus on these particular rights is informed in part by our concern with employment issues and in part by the prevalence of media reports in which these specific rights have been violated.

It is important to note that there are a number of basic human rights which are at risk through the 457 scheme which are not dealt with here. These include, for example, the right to freedom of movement as workers on 457 visas are dependent on their employer to work and reside in Australia.

**Freedom from forced labour**

Freedom from forced labour is a fundamental labour right, identified in the ILO Declaration. Australia has ratified both of the ILO conventions on forced labour that underpin the Declaration: the Forced Labour Convention, 1930 (No 29) and the Abolition of Forced Labour Convention, 1957 (No 105). Freedom from forced labour is also embodied in the UDHR and the ICCPR. Article 2 of the Forced Labour Convention defines forced labour as all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.

Australian newspapers and trade unions continue to report cases in which workers on 457 visas are threatened by their employers with denunciation to the authorities or deportation if they enforce their rights. While this practice is clearly unlawful, the link between termination of employment and deportation inevitably affects the willingness of a worker on a 457 visa to complain of poor treatment. Reported behaviour by employers when a worker on a 457 visa raises a complaint about unlawful employment conditions include:

- harassing and pressuring employees through denial of shifts and salary payments;
- threatening their employees with violence;
- making phone calls to an employee’s family members, to get these family members to apply pressure on the employee to remain silent;
- pressuring and threatening friends and colleagues of the employee who are also sponsored by the same employer; and
- evicting their employees from employer-provided accommodation.

A recent case brought by the Workplace Ombudsman against West Australian construction company Hanssen Pty Ltd demonstrates the approach of some unscrupulous employers to 457 visa workers. The court was provided with evidence that the director and secretary of the company had gloated that the employees ‘would sign anything’ because they ‘are frightened of … being sent back’. In another case, a 457 visa worker reported that, after not receiving wages for several weeks, he was assaulted by his employer and then told that he would be reported to DIAC and deported if he complained again about his
outstanding wages. After the worker left the business and made a statement to the police, the employer proceeded to threaten the worker and his family in India.19 Even the US State Department has suggested that conditions for some foreign workers in Australia under the 457 special visa scheme ‘…amounted to slavery, debt bondage and involuntary servitude.’20

Freedom of association

The right to form and join a trade union is a fundamental human right, identified in the ILO Declaration. Australia is a signatory to both ILO conventions on freedom of association and the right to collective bargaining that underpin the Declaration.21 The right is enshrined in article 20 of the UDHR, article 22 of the ICCPR and article 8 of the ICESCR.

In some cases, workers who come to Australia on 457 visas sign agreements in their home country which prohibit them from joining a trade union.22 There have also been reports of Australian employers requiring workers to sign contracts that include a clause prohibiting them from joining a union.23 Other 457 visa workers have reported that they were sacked by their employer after joining a union.24 While such provisions clearly breach international and Australian law, the reality is that many 457 visa workers are not aware of their right to join a trade union or are reluctant to do so for fear of retaliation by their employer.

The right to just and favourable conditions of work

The right of workers to just and favourable conditions of work is recognised in article 23 of the UDHR and article 7 of the ICESCR. Under these provisions, workers have the right to:

• fair wages and remuneration ensuring an existence worthy of human dignity;
• equal remuneration for work of equal value;
• safe and healthy working conditions;
• reasonable limitations on working hours; and
• rest, leisure, and reasonable limitations on working hours, and public holidays with pay.

Under the current 457 visa scheme, the minimum wage rate for visa holders is determined by ministerial regulation. Employers in regional areas are permitted to pay their workers only 90 percent of the minimum salary requirement. In some industries, workers on 457 visas may be being paid wages significantly lower than that set for the rest of the Australian community.

There is no justification for migrant workers to be subject to rates of pay that are different to those paid to Australian workers doing the same or similar work.25 When the highest paid construction worker is earning $28 an hour, the minimum paid to the worker was paid.26 Many workers on 457 visas face further financial hardship because they are not entitled to social security benefits or Medicare services.

There have been numerous reports in the media of 457 migrant workers being compelled to work in unsafe working conditions. In one case, DIAC authorised 21 workers on 457 visas to commence work on a construction site in western Sydney that was closed after WorkCover and unions issued 39 infringement notices alleging breaches of workplace safety and immigration law.27 In 2007 alone, three foreign workers from the Philippines and China died in workplace accidents.28 In all three cases, the men had complained that they were doing work that they were not skilled to perform. In a recent case, two Chinese workers on 457 visas were reportedly forced to continue working even after breaking bones in their arms as a result of performing work they were unqualified to do.29 Workers on 457 visas are often inadequately trained, do not have the language skills to understand safety procedures and are reluctant to speak out when their workplaces are unsafe.

The right to effective remedies

Article 8 of the UDHR provides that everyone has the right to an effective remedy by a competent national tribunal for acts violating the fundamental rights granted to them by the Constitution or by law. Although the 457 visa system secures some protection to workers by affording them legal status and a right to minimum labour standards, the system of tying a worker to a particular employer leaves them with little bargaining power or recourse should labour standards not be met. In many cases, the threat of deportation discourages employees from speaking out against their employers. The abolition of unfair dismissal laws for small businesses through the coalition government’s Work Choices legislation has further exacerbated the difficulties faced by 457 workers in seeking redress for abuses of their basic rights.30 Visa holders who are injured at work and subsequently deported or leave Australia lose their right to workers compensation payment.

Case studies

Over the past few years, trade unions and the media have exposed case after case of abuse and mistreatment of migrant workers on 457 visas. The following are just two examples.

Case study 1

The Federal Magistrates Court recently considered the case of Anabalagan Rajendran.31 Anabalagan was brought from India to Australia on a 457 visa by an employer who owned four Indian restaurants. He arrived in Australia with none of his own money, virtually no English and no appreciation of his legal entitlements.

During his stay in Australia:

• Anabalagan was dependent upon his employer for food, money, accommodation and transportation.

27. ‘A Loosechop More Like a Noodle’, The Sydney Morning Herald (Sydney), 8 September 2006, 10.
Temporary skilled overseas workers must be provided on arrival in Australia with comprehensive information on rights and entitlements, support groups and unions in English and in their own language.

- He was never shown a work roster, he would simply be picked up from home and driven to successive restaurants to work.
- He worked at least 14 hours a day, seven days a week for 40 days straight.
- Even when he was sick, he still worked.
- He received no wages until the Workplace Ombudsman initiated an investigation into his treatment. He was told by his employer that he would not receive wages for a year, as his employer had paid for his airplane ticket to Australia.

Case study 2
Jack Zhang told The Age newspaper that he paid an employment agent in China $10,000 for a position in the Australian printing industry and agreed to pay another $10,000 'lawyer fee' in weekly instalments of $200 from his wages to his employer in Australia. He was told he had a job in Australia for up to four years. For a year, he worked 60 hours a week as a printer, guillotine operator and labourer while being paid around $12 an hour — less than the legal minimum wage and hundreds of dollars a week under the award. When the $10,000 'lawyer fee' had been repaid, his employer terminated Jack's employment and evicted him from the heated company-owned house he shared with three other men and for which he paid $120 a week rent.

Creating a tier of second class workers
Emerging from the numerous media reports and cases before the courts over the past two years is a pattern of exploitation of vulnerable workers on 457 visas. A number of factors make this group of workers particularly vulnerable to abuse by unscrupulous employers:

- The recruitment process. Recruitment agencies in a workers' home country, or employers in Australia, may deliberately misinform the worker about the working and living conditions in Australia and may charge the worker excessive fees of up to $20,000.
- Language barriers. Until July 2007, there was no requirement for 457 visa workers to demonstrate any competence in English. Even now, workers may be exempt from the English language requirements, including where they earn over a specified salary each year. Many workers who come to Australia may be unable to effectively communicate in English. They may not understand the employment contract which they are asked to sign, and are not able to communicate in the workplace over important issues such as legal entitlements and occupational health and safety. A lack of English skills makes it more difficult for workers to make complaints to the relevant authorities.
- A lack of familiarity with the way the legal and administrative system works. This is further exacerbated by the fact that 457 visa workers are not entitled to settlement services.
- A lack of traditional support and family networks.
- A lack of knowledge of their rights under Australian law.
- Sponsorship requirements which may enable employers to gain excessive control over the sponsored foreign worker. If foreign workers complain about bad working conditions or low pay, they risk being sacked and sent home. Employers do not have comparable control over Australian workers who cannot be threatened with deportation and who are free to move within the labour market. The vulnerability of workers on 457 visas to unfair treatment is reflected in the high incidence of late wage payments, and contract substitution leading to lower than initially agreed wages and unreasonable work expectations, restrictions on movement, and intimidation.
- No access to the public health system, either through payment of the Medicare levy or an equivalent health insurance scheme. In addition, migrant workers may be reluctant to seek medical treatment because of unfamiliarity with the local health-care system, language and cultural barriers, cost, inability to take time off work, lack of childcare, and problems of transportation.

Without adequate recognition and provision for these vulnerabilities, the 457 visa system runs the risk of creating a tier of second-class workers, who are subject to violations of their basic rights under Australian and international law.

What needs to be done?
The situation faced by many workers on 457 visas under the current system is intolerable. There need to be major changes in a range of areas of the current scheme. Anything less will only enable the development of an underclass of foreign workers to continue unabated.

Ultimately, however, a systemic review of temporary workers' rights is required. It is not enough to overcome the deficiencies in the 457 visa program if other visa programs which provide for temporary work rights in Australia remain problematic.
In particular, there are emerging issues with the subclass 456 (business short-stay) visa, the subclass 442 (occupational trainee) visa program and overseas student visas. As the number of foreign nationals in Australia with temporary work rights increases, issues are arising over the rights afforded to and the treatment of these workers.

Changes to the 457 visa scheme should incorporate the following:

- The system must be based on protecting the rights of workers on 457 visas.
- The system needs to take account of legitimate labour needs of employers but incorporate comprehensive labour market assessments. Employers should not be able to sponsor workers on 457 visas where there is available local labour or where they have retrenched Australian workers within the last 12 months and not offered them the opportunity to be re-trained. These measures are necessary to ensure that the scheme cannot be used as a means of sourcing cheap and compliant labour.
- Employers must be required to have in place complementary training programs for Australian workers.
- The current process for determining rates of pay for 457 workers must be abolished and replaced with a system that is based on the principle of equal pay for work of equal value.
- Exemptions from skill requirements, wages or conditions of employment based on geographical conditions should be abolished.
- Employers must not be able to deduct money from wages for the payment of airfares, migration or recruitment costs.
- Upon arriving in Australia, workers on 457 visas must receive training in occupational health and safety, employment rights and cultural awareness.
- Workers on 457 visas must meet minimum English conditions of employment based on geographical conditions should be abolished.
- Workers should be clearly informed of their right to join and participate in a trade union.
- Workers should be provided with information as to their rights in both English and their native language.
- Workers should be given a minimum of three months to find alternative employment should the employment relationship with the sponsor be terminated. During this period, the worker should be provided with access to relevant welfare, support and employment placement services.
- Current monitoring, compliance and enforcement mechanisms must be significantly improved and must protect workers on 457 visas from retaliation should they seek to enforce their rights.
- Any employer found abusing the system must be excluded from further participation in the scheme and subject to civil and criminal penalties.
- A strict code of practice must be established for the operation of migration agents.

Implementing measures to inform existing and prospective workers on 457 visa holders of their rights under Australian law is particularly important. At present, the only specifically-tailored information provided to workers on 457 visas comes from DIAC, who issue 457 workers or their authorised contact with a letter at the time of visa grant. This letter outlines the conditions of the visa they have been granted including work rights, changing employers, regional work limitations, dependant work rights, sponsor’s undertakings, and how to contact DIAC. DIAC has recently developed a Frequently Asked Questions—Information for Subclass 457 visa holders flyer. This is only available in English. DIAC does not require employers to provide sponsored employees with any standard information. These measures are grossly inadequate. In one case reported by the media, a Chinese worker who was paid as little as $3 an hour only discovered he was not being paid the correct amount through reading Chinese local newspapers. In another, a worker on a 457 visa only found out they were being paid $11 or $12 an hour (and no superannuation) when they accessed their bank accounts. Temporary skilled overseas workers must be provided on arrival in Australia with comprehensive information on rights and entitlements, support groups and unions in English and in their own language.

Conclusion

In reforming the 457 visa program, the government would benefit from greater regard to international norms and instruments, including those specifically on migrant workers. A fundamental principle embodied in relevant international instruments is that migrant workers must be accorded equal treatment to nationals in respect to remuneration and other conditions of work. At present, workers on 457 visas are treated as second class citizens. The 457 visa system must be rights-based, and the rights of all 457 visa holders must be promoted and enforced through strategies that take account of the increased vulnerabilities of this group of workers.

MICHELLE BISSETT is an industrial officer at the ACTU.

INGRID LANDAU is a research officer at the ACTU.

© 2008 Michelle Bissett and Ingrid Landau
email: mbissett@actu.asn.au
email: ilandau@actu.asn.au