



**Submission to the 457 Integrity Review: Training Fund
Contribution**

17 August 2015

457 Integrity Review: Training Fund Contribution

Submission by TAFE Directors Australia

The 457 visa programme provides an important opportunity for employers to meet genuine short term skill shortages by sponsoring overseas workers. To ensure there is a long term benefit for the Australian workforce and the economy, employers are required to make a contribution to the training of local workers, those seeking employment, or those seeking to upskill or retrain.

This community service obligation, or 'social license', is an essential part of the 457 visa programme and should be maintained.

Proposed changes to the processes and mechanisms for managing employer contributions are outlined in a discussion paper produced by the Department of Immigration and Border Protection (DIBP) and released on 21 July 2015. These proposals are based on a review of the 457 visa programme and a report released on 10 September 2014 (*Robust New Foundations: A Streamlined, Transparent and Responsive System for the 457 Programme*).

TDA's response focuses on **Recommendations 6.2 and 6.3** (page 4-5 of the discussion paper).

The review and the discussion paper highlight concerns over the transparency of the current arrangements and the complexity of the system. Concerns are also raised regarding the enforcement of the current training benchmark provisions.

However the proposed changes suggest an even more complex and potentially costly system where funds are collected by the DIBP and then transferred to the Department of Education and Training (DET). DET would then convene an independent panel which allocates the funds through a competitive grants process on an annual basis.

As noted in the discussion paper, this process would require the development of "a constitution/terms of reference for the fund, and the development of robust governance processes to ensure the funds are spent on new programmes that complement existing policy and are targeted towards projects with the highest level of merit and prospects of success".

Such a process would also require significant monitoring and evaluation processes, contractual arrangements and financial management. The cost of implementing and managing such a process is likely to far outweigh the cost of effectively managing the current system and introduces a whole new raft of red tape. There will also be significant costs to those institutions and individuals who seek funds through a competitive grants process.

Current scholarship schemes, including the TAFE National Scholarships Foundation, operate in a completely transparent and accountable way. Rather than developing a new layer of bureaucratic processes, Departmental oversight of scholarship priorities, allocations and outcomes would be a far more effective and cost efficient way of supporting employers to meet their 457 visa programme 'social license'.

While there is merit in some of the suggested initiatives which could be supported through a competitive grants process, a direct grant in the form of a scholarship for people seeking to improve their skills is the most transparent and equitable use of funds. Local communities will immediately see the benefit of such support, successes will be celebrated, and a single layer of administration will ensure an effective and cost efficient use of funds.

TDA recommends all 457 training fund contributions are allocated to approved scholarship foundations with oversight provided by DIBP and the Department of Education and Training.

Annual reports from such foundations, externally audited and publicly available, would clearly identify funds received, administrative costs and details of all scholarships awarded.

In relation to the discussion paper's **Recommendation 6.1**, TDA has no formal position on how the annual training fund contribution is calculated.

TDA supports **Recommendation 6.4** where the cost to the sponsor of the training contribution cannot be based onto a 457 visa holder or third party, acknowledging that approved scholarship foundations would not be considered 'third parties'.

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