

# The China - Australia Free Trade Agreement and Australia's labour market: claims versus evidence

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## Executive Summary

- When the China-Australia Free Trade Agreement (ChAFTA) was signed in 2015 claims were made that Australian jobs would go to Chinese workers and safety standards on Australian work sites would fall.
- On the eve of ChAFTA, there were only 204 majority Chinese-owned businesses in Australia, accounting for 2.1 percent of all majority foreign-owned businesses and 0.01 percent of all businesses in Australia. Employment by majority Chinese-owned companies was 13,100, accounting for 1.4 percent of employment by all majority foreign-owned businesses and 0.1 percent of employment by all businesses in Australia.
- Since ChAFTA's enactment, the number of Chinese workers granted temporary work visas to enter Australia has fallen in every year. The number of visas granted to Chinese workers has also fallen as a proportion of the total granted to all foreign workers.
- Under ChAFTA more Chinese on temporary work visas have returned home than have arrived.
- The number of Labour Agreements in effect between Chinese companies and the Australian government's Department of Home Affairs, which could potentially facilitate Chinese workers temporarily entering Australia, is zero.
- There have been no reports connecting ChAFTA with unsafe work practices in Australia.
- These outcomes do not present a paradox. Rather, the facts of ChAFTA always pointed to some of the claims being alarmist.

## Introduction

When the China-Australia Free Trade Agreement (ChAFTA) was signed on June 17 2015, it triggered an attack from trade unions and some academics and think-tankers aimed at sinking the deal. These attacks centred on claims that ChAFTA would result in large and adverse outcomes for the local labour market.

The text of ChAFTA matters because it forms part of Australia's international treaty obligations and these obligations potentially take precedence over any domestic laws deemed inconsistent. The bipartisan political support needed to pass the enabling legislation for ChAFTA was not secured until October 20 2015. It came into effect on December 20 of that year.

Australia has now lived with ChAFTA for more than three years. This paper begins by reviewing some of the claims that were made regarding how ChAFTA would impact Australia's labour market. The paper then draws on data that are now available to test the extent to which the claims made have proven to carry empirical weight. A clear disjoint is revealed between the claims on the one hand and the evidence on the other. The paper finishes by explaining why the outcomes seen since the enactment of ChAFTA do not present a paradox. Rather, given the facts of ChAFTA, they were always more likely.

## The claims

On the day that ChAFTA was signed the Australian Manufacturing Workers Union (AMWU) described the deal as "deeply shameful". The AMWU's national president, Andrew Dettmer remarked, "For a government that's claiming to stop the [asylum seeker] boats, they don't seem to have any problem importing foreign workers from China to be exploited" (Hurst, 2015).

The same day the Electrical Trades Union's (ETU) national secretary, Allen Hicks characterised ChAFTA as an "absolute disgrace". He asserted that "... Australian workers could find themselves locked out of jobs for all large-scale residential and commercial real estate developments, as well as other constructions projects in the infrastructure, tourism and resources sectors" (Hurst, 2015). Lance McCallum, a national policy officer at the ETU, said that it would cause Australian workers to "miss out on thousands of job opportunities" (Lannin, 2015). The Australian Council

of Trade Unions (ACTU) said that it would "make it much easier for employers to bring in Chinese workers without having to advertise jobs to local workers" (Hurst, 2015).

These claims mostly stemmed from the labour mobility provisions in ChAFTA, and in particular, Article 10.4 which included a commitment by both countries not to apply "labour market testing" (LMT) as condition for temporary entry. LMT refers to a requirement for companies based in Australia to first advertise jobs locally and provide evidence of having done so to the Australian government's Department of Home Affairs before seeking to engage an overseas worker.

On June 24 2015 the Australian Broadcasting Commission (ABC) reported on opinion polling conducted by the Construction, Forestry, Maritime, Mining and Energy Union (CFMEU) in marginal electorates across four Australian states (Connifer, 2015). The main finding was that more than 90 percent of people surveyed were opposed to ChAFTA. This was after poll respondents had been told that ChAFTA included two features. The first was that it meant Chinese investors in infrastructure projects valued at \$150 million or more would be able to bring in Chinese workers without advertising jobs locally. This monetary threshold was contained in a Memorandum of Understanding (MOU) signed alongside ChAFTA dealing with Investment Facilitation Arrangements (IFAs). These opened up the possibility of a Chinese company investing \$150 million or more in an infrastructure project negotiating with the Department of Home Affairs a Labour Agreement that, once in effect, would streamline the process for bringing in overseas workers. The second was that Chinese firms would gain some rights to sue Australian governments for policy changes that adversely affect their interests. This reflected the inclusion in ChAFTA of an Investor-State Dispute Resolution Mechanism. CFMEU national secretary, Michael O'Connor told the ABC that ChAFTA would lead to a "radical altering of the labour market" in Australia. O'Connor asserted that in, "nearly every sector of our economy...jobs will be offered to Chinese nationals rather than locals".

On June 29 2015, the ETU warned that ChAFTA also meant there would be no requirement for Chinese tradespeople entering Australia on a subclass 457 Temporary Work (Skilled) visa to undergo a mandatory skills assessment (Mather, 2015). The subclass 457 visa is the primary mechanism through which companies operating in Australia have temporarily

engaged overseas workers<sup>1</sup>. The ETU's concern reflected another side letter to ChAFTA in which the Australian government committed to removing mandatory skills testing for Chinese subclass 457 visa applicants in 10 occupations, including electricians. The ETU's Allen Hicks said that to allow electricians from a country with an "appalling record on industry safety" to practice in Australia "is negligent in the extreme". And if we "just star[t] handing licences around it's not a matter of if, but when, someone is killed". The ACTU added that the removal of mandatory skills testing meant there "was no doubt" that there would be an "increased number of 457 visa applications [from China]" (ACTU, 2015).

On July 27 2015 Federal Labor Opposition Leader, Bill Shorten published an opinion article in *The Australian* that criticised the government for settling on a "bad agreement" (Shorten, 2015a). Shorten claimed that then-Prime Minister Tony Abbott "simply didn't stay at the [negotiating] table long enough". Instead, he had "allow[ed] local workers to be bypassed" and for skills and safety standards to be eroded. A few months later while out campaigning in the electorate of Canning in Western Australia Shorten described ChAFTA as a "dud deal" in protecting Australian jobs. He also raised the prospect that unqualified Chinese plumbers "might come and work on your house" or Chinese electricians "might go into your roof" (Shorten, 2015b).

On July 29 2015, the CFMEU released a national television advertisement where in a dimly lit room a father tells his son that ChAFTA "lets Chinese companies bring in their own workers" and that meant "sorry, but you won't even get a look in, son" (CFMEU, 2015).

The campaign against ChAFTA was also bolstered by some contributions from outside the trade union movement. On June 22 2015, Joanna Howe, a Senior Lecturer in Law at the University of Adelaide, undertook a "FactCheck" for the Australian universities-funded news and analysis website, *The Conversation* (Howe, 2015a). She concluded that a claim by the ACTU president, Ged Kearney, that Australian workers could be excluded from labour market opportunities was "correct". Dr Howe's described ChAFTA as "...a game changer. It allows Chinese companies registered in Australia to import Chinese workers for the duration of projects, so long as the capital expenditure exceeds

\$150 million". Dr Howe followed this up with a report released on October 6 2015. Commissioned by the ETU, it assessed that ChAFTA "greatly increases the access of Chinese workers to the Australian labour market" and its provisions were likely "to enable large numbers of Chinese workers to come to Australia" (Howe, 2015b).

On July 23 2015, Bob Kinnaird, a former national research director of the CFMEU and research associate at the Australia Population Research Institute, a think-tank, warned of the consequences not only for the subclass 457 visa scheme, but the subclass 400 Temporary Work (Short Stay Specialist) one as well. This scheme is used for "installers and servicers", such as when a Chinese company has supplied machinery and equipment to an Australian buyer and installation and/or servicing "is a condition of purchase of the machinery or equipment". Kinnaird said that "Chinese project investors in Australia will preference suppliers of cheaper Chinese machinery and equipment, so we should expect many Chinese 400 visa workers under the FTA" (Kinnaird, 2015b).

On September 3 2015, Kinnaird and Bob Birrell, the latter also attached to the Australian Population Research Institute, wrote in the *Sydney Morning Herald* that the labour mobility provisions in ChAFTA were a "momentous concession for the Chinese" (Kinnaird and Birrell, 2015).

On October 20 2015, the Labor opposition struck a deal with the government to allow ChAFTA's passage through parliament. The text of ChAFTA wasn't touched. Amongst just three remedial measures agreed to by the government, regulations under the *Migration Act* were amended to state that LMT would apply to people entering Australia on subclass 457 visas as part of an IFA. This fell short of what trade unions were seeking, which was a change in the *Migration Act* itself. Andrew Robb, the government Trade and Investment Minister who negotiated ChAFTA, remarked, "Essentially, what we have done is seek to provide clarity and assurance in a number of areas for Labor in regard to the issues that they have raised" (Hurst, 2015). ACTU president Ged Kearney responded, "While we appreciated the efforts of Penny Wong and Bill Shorten to fix a bad deal, the proposed changes simply do not go far enough" (Correy, 2015). The ETU's Allen Hicks contended, "The fact that the ALP could

<sup>1</sup> The subclass 457 visa was discontinued on March 18 2018. It was replaced by a new subclass 482 Temporary Skill Shortage visa requiring, amongst other conditions, mandatory work experience and higher English language requirements (Kainth, 2018).

not achieve concessions on key areas of job security, safety and sovereignty is of significant concern to our union and its members...We are left with little option but to condemn both sides of politics for what has been done today” (Hurst, 2015).

The Greens also vowed they would vote against ChAFTA’s passage. The Green’s Adam Bandt said Labor had been “sold a pup” and there remained “a gaping hole that will allow exploitation of overseas and local workers to continue” (Hurst, 2015).

Bob Kinnaird described Labor’s actions as a “capitulation” and that its “support for ChAFTA has all but guaranteed the permanent surrender of Australian sovereignty over key parts of our migration program and laws, and the permanent loss of rights of Australian citizens and permanent residents to jobs in Australia” (Kinnaird, 2015c).

Following the enactment of ChAFTA on December 20 2015, on June 3 2016 Fairfax journalists Adele Ferguson and Sarah Dackert published an investigative piece that claimed to show how “Australia’s labour market and industrial system can be circumvented when free

trade agreements open the nation’s markets to the world” (Ferguson and Dackert, 2015). The story homed in on seven Chinese workers, described as “ChAFTA pioneers”, who entered Australia on temporary work visas. They were allegedly paid less than Australian wages and performed work in an unsafe manner. The latter transgression led to the men being sent home before a local crew was hired to complete the job.

## Evidence

A point of background to assessing the above claims is that perceptions of the scale of Chinese companies conducting direct investment in Australia has long been inflated relative to available data (McCarthy and Song, 2018). In 2018, the Australian Bureau of Statistics (ABS) published new survey data investigating the economic activity of majority foreign-owned businesses in Australia covering the period 2014-2015, that is, the period immediately prior to ChAFTA’s enactment (ABS, 2018).

*It found that there were only 204 majority Chinese-owned businesses in Australia at the time (Table 1). This made China the 10th largest majority foreign-owned*

**Table 1. Foreign majority-owned businesses in Australia, 2014-15**

Country	Operating business number	Employment (000)
Australia - total	2,055,445	10,083.7
US	2,039	272.7
UK	842	141.4
Japan	538	73.9
New Zealand	420	38.4
Germany	341	43.5
Singapore	287	26.4
Canada	263	27.5
France	257	36.7
HK	220	16.0
China	204	13.1

Source: ABS (2018)

business owner in Australia. In contrast, there were 2,039 majority US-owned businesses in Australia and 9,946 majority foreign-owned businesses in total.

Even if majority Hong Kong-owned businesses (220) are included in the Chinese total, this would still only place China on par with New Zealand (420) and lagging well behind the United Kingdom (UK) (842) and US. Total majority foreign-owned businesses (9946) in Australia only accounted for 0.5 percent of all businesses in Australia.

The ABS survey also showed that majority Chinese-owned businesses accounted for employment of 13,100, or just 0.1 percent of employment by all businesses.

*The key point is that even if all of the workers at majority-Chinese owned companies were Chinese nationals – and there is no evidence to suggest this is remotely the case – any suggestions that Chinese companies were bringing in Chinese workers and distorting local labour market outcomes prior to ChAFTA would be nonsensical.*

After ChAFTA’s enactment, did the picture change? As the above review of claims shows, even after the Labor opposition had reached an agreement with the government to support ChAFTA, many of the agreement’s other critics remained strident.

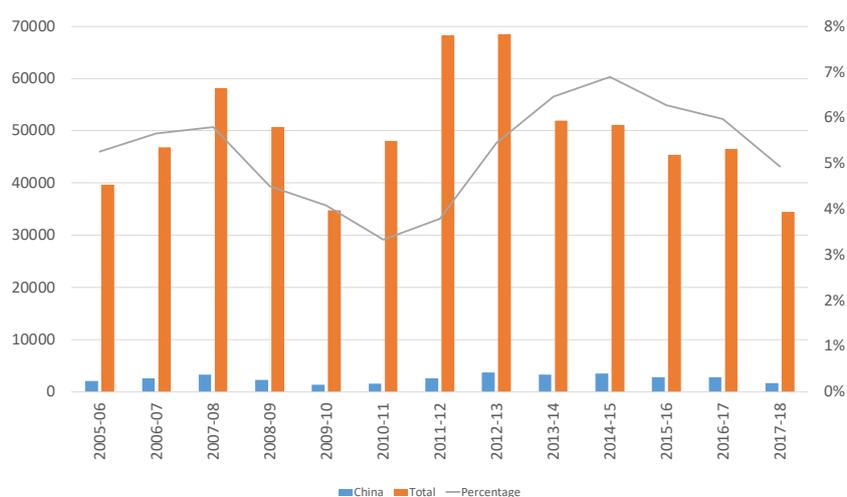
In Figure 1, the left Y-axis shows the number of subclass 457 visas granted to applicants of Chinese citizenship over time. Recall that the ACTU had said there was “no doubt” there would be an “increased number of 457 visa applications [from China].” The right Y-axis shows these visas as a proportion of subclass 457 visas granted to all foreign applicants.

*In the financial year 2014–15 the number given to Chinese applicants totalled 3522. This figure has fallen in every year that ChAFTA has been in effect.*

In 2017–2018, visas to Chinese applicants only amounted to 1699. Even allowing for the ending of the subclass 457 visa scheme on March 18 2018, there was little prospect of the number granted in 2017–18 reaching the previous year’s total of 2773. Might it be that the decline since 2014–15 reflects falling overall labour market demand for overseas workers and, at the very least, the number of visas granted to Chinese applicants has increased as a proportion of the total? Figure 1 also discounts this possibility. In 2014–15, visas granted to Chinese temporary workers accounted for 6.9 percent of the scheme. This proportion fell in every year that followed. In 2017–2018, the Chinese proportion was only 4.9 percent.

*In other words, the data are clear that since ChAFTA was enacted, subclass 457 visas given to Chinese workers*

**Figure 1. Subclass 457 visas granted**



**Note:** China refers to mainland China. The Australian Government Department of Home Affairs lists Special Autonomous Regions of China such as Hong Kong and Macao separately.

**Source:** Australian Government Department of Home Affairs (2018a)

**Table 2. Subclass 457 visas granted to electricians**

Financial year	2014-15	2015-16	2016-17	2017-18
China	0	0	<5	0
UK	79	76	58	38
Total	171	148	106	68

Note: electricians comprise Australian Standard Classification of Occupations (ANZSCO) number 341111 (Electrician general) and 341112 (Electrician special class)

Source: Australian Government Department of Home Affairs (2018a)

have not only declined in absolute number but in relative terms as well.

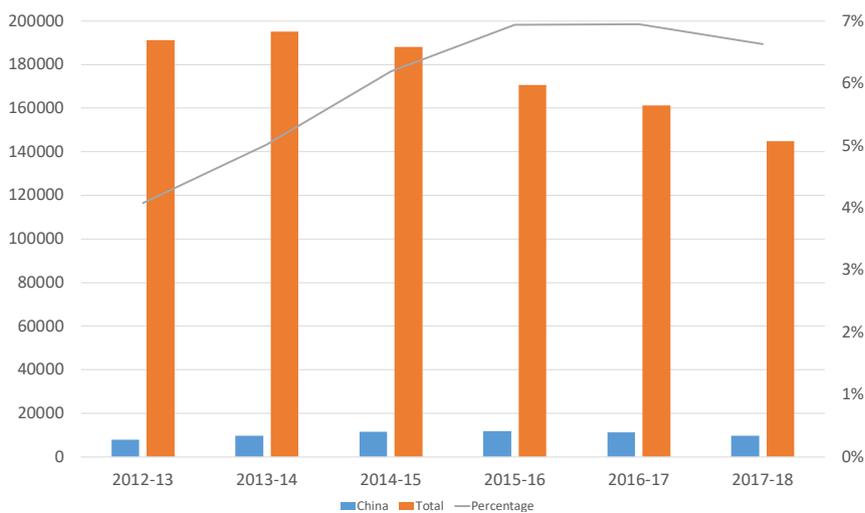
Available data also allows drilling down into individual occupations. For example, there were particular concerns expressed about the impact removing mandatory skills testing would have on the number of Chinese electricians entering Australia. To borrow Bill Shorten’s turn of phrase, what are the chances of sighting a Chinese electrician on a subclass 457 visa in your roof?

Table 2 shows that in 2014-15 there were no subclass 457 visas granted to Chinese electricians. In 2017-18, there still weren’t any.

Although the chances of finding a subclass 457 visa holding electrician from any overseas country is slim, if you do manage it, Table 2 also shows that they are far more likely to be holding a UK passport than a Chinese one.

The above data refer to visas granted, i.e., it is “flow data”. Data on the number of subclass 457 visa holders temporarily residing in Australia at a given point in time can also be examined, i.e., “stock data”. This allows an evaluation to be made of the difference between subclass 457 visas being granted and workers temporarily residing in Australia on subclass 457 visas returning home.

**Figure 2. Subclass 457 visa holders temporarily residing in Australia**



Source: Australian Government Department of Home Affairs (2018b)

Figure 2 shows that at June 30 2015, there were 11,647 Chinese on subclass 457 visas in Australia. However, by June 30 2018, this had fallen to 9,604.

*Under ChAFTA, more Chinese subclass 457 visa holders have returned home than have arrived.*

A possible caveat to the above data is that it only covers subclass 457 visas. While this is the main mechanism through which companies in Australia have accessed temporary overseas workers, it is not the only possibility. Another is the subclass 400/401 scheme. The left Y-axis of Figure 3 shows the number of temporary workers from China residing in Australia on subclass 400/401 visas. The right Y-axis shows Chinese subclass 400/401 visa holders as a proportion of the total. At June 30 2015, there were just 249 subclass 400/401 visa holders in Australia from China. The current number is even less, 207. Chinese holders account for only 4.3 percent of all subclass 400/401 visa holders, consistent with their similarly small share of the subclass 457 visa scheme.

*Whether it is the subclass 457 or the subclass 400/401 visa scheme the number of Chinese temporary workers*

*in Australia is small and has fallen since ChAFTA's enactment.*

A final data point that is relevant is the number of Labour Agreements stuck by Chinese companies with the Department of Home Affairs since ChAFTA's enactment. Recall that an MOU signed alongside ChAFTA had raised concerns that Chinese companies investing in infrastructure projects worth \$150 million or more would be able to "bring in their own workers". Labour Agreements that are currently in effect are listed on the website of the Department of Home Affairs (Australian Government Department of Home Affairs, 2018c). There are several types of Labour Agreement but the one included in the relevant ChAFTA side letter is known as a Project Agreement (Australian Government Department of Home Affairs, 2018d).

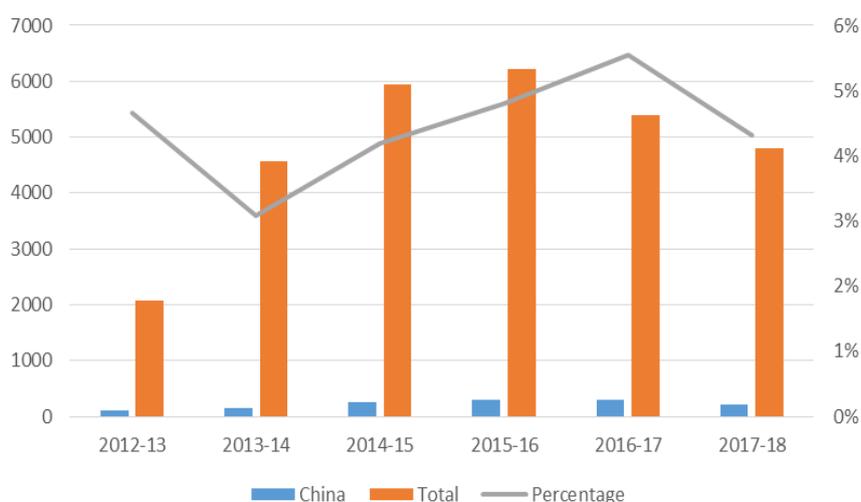
*The total number of Project Agreements in effect between Chinese companies and the Department of Home Affairs after three years of ChAFTA? Zero.<sup>2</sup>*

## Reconciling claims and evidence

Rather than presenting a paradox, this section explains the gap between claims and evidence in terms of the

<sup>2</sup> The only caveat listed by Australian Government Department of Home Affairs (2018c) is: "...some specific details of labour agreements (including their numbers) might remain unpublished where this is necessary to protect sponsors' commercially sensitive business information, or national security information".

**Figure 3. Subclass 400/401 visa holders temporarily residing in Australia**



Source: Australian Government Department of Home Affairs (2018b)

former always having been only loosely connected to facts.

First, the labour mobility provisions in ChAFTA were only modest extensions of what was already being applied.

LMT had been abolished from Australian legislation back in 2001. As the non-partisan Migration Council of Australia explained, this was for the straightforward reason that it was found to be ineffective: “Malicious employers could easily sidestep such regulation while the majority of employers who acted in good faith were burdened with administration proving the job advertising requirement” (Migration Council of Australia, 2015). LMT was only reintroduced into legislation by the outgoing Labor government on the last parliamentary sitting day before the 2013 federal election was called. And even then, the legislation was equipped with an instrument allowing the Minister for Immigration to make LMT exemptions. The outgoing Minister for Immigration, Brendan O’Connor told *The Australian Financial Review* on June 12 2013 that he only intended for LMT to apply to temporary overseas workers in occupations “primarily at [lower] skill levels two and three” (Massola, 2013). In the Australian Standard Classification of Occupations (ANZSCO) these are mostly occupations that are trades-based and accounted for less than half of the subclass 457 visa program at the time (Australian Government Department of Home Affairs, 2018b).

Prior to the new legislation going into effect on November 23 2013, the incoming Immigration Minister, Michaela Cash issued an instrument exempting from LMT occupations at skill level one and two, mostly managers and professionals, as O’Connor had intended (Cash, 2013). She subsequently issued another instrument on November 6 2014 that made a series of exemptions for nationals from countries with which Australia had a Free Trade Agreement (FTA) (Cash, 2014). This was because it was deemed that commitments made to these countries in FTAs were inconsistent with requiring LMT. The list of countries that had already signed a FTA with Australia included seven of Australia’s top 11 trading partners – the US, Japan, Korea, New Zealand, Singapore, Thailand and Malaysia. China, by far Australia’s largest trading partner, was the odd one out. On June 24 2015, Bob Kinnaird wrote that ruling out LMT as part of the ChAFTA “removes the ability of all future Australian government and parliaments” to backtrack (Kinnaird, 2015b). But as Michaela Cash’s instrument issued on November 6 2014 had revealed, the Australian government already considered LMT to be inconsistent

with commitments contained in previous trade agreements. China was now being added to the list.

How many Chinese workers might have been affected by extending the pre-existing exemptions from LMT to those in occupations at skill level three and below? At September 30 2015, there were only 943 subclass 457 visa holders from China potentially affected. Put another way, if Australia had struck an FTA with the UK at the same time, 3,895 temporary overseas workers would have been affected (Australian Government Department of Home Affairs, 2018b). Yet warnings that Australia might be inundated with British and Scottish electricians would have been laughed off. The overwhelming majority of Chinese subclass 457 visa holders – 86.5 percent – were in occupations at skill levels one and two and therefore already exempt from LMT.

Second, the commitment in ChAFTA to not impose LMT on Chinese temporary workers was couched in terms of five specific categories of temporary entrant listed in Appendix 10-A.

These included: Business Visitors, Intra-Corporate Transferees, Independent Executives, Contractual Service Suppliers and Installers and Servicers. No Australian government would consider limiting the number of Chinese temporarily entering Australia on a business visa: the more, the better. Academic Joanna Howe, who had warned that ChAFTA would “greatly increase access” of Chinese workers to Australia, also conceded that exemptions from LMT for Intra-Corporate Transferees and Independent Executives were “reasonable” (Howes, 2015b). Certainly, Australian companies would expect to have the right to freely transfer their executives and staff to establish or work in their existing operations in China. In fact, Australia had long ago extended an exemption from LMT to executives and senior managers of companies from all of the World Trade Organization’s 164 members (Australian Government Department of Home Affairs, 2018e).

This left just two categories of potential concern. A Contractual Services Provider, as defined by ChAFTA, is someone “who has trade, technical and professional skills and experience and who is assessed as having necessary qualifications, skills and work experience accepted as meeting Australia’s standards for their nominated occupation”. But their visa possibilities are limited to circumstances where they are an employee of a Chinese company contracted to supply a service within Australia and which does not have a commercial

presence or where they are engaged by a company that does. And Contractual Service Suppliers had already been exempted from LMT in previous FTAs with New Zealand, Thailand, Chile, Korea and Japan (Cash, 2014b). As for Installers and Servicers, as noted earlier, such visas are limited to installing and/or servicing machinery and equipment when such tasks are a condition of purchase. Entry for an Installer and Servicer is also restricted to being less than three months.

Third, Appendix 10-A.1 contained a further overarching protection. This said that Australia's grant of temporary entry is contingent on meeting eligibility requirements within Australia's migration law and regulations "as applicable at the time of an application". In her report for the ETU, Dr Howes concluded this meant that even after signing ChAFTA there was still "sufficient flexibility and scope...to include labour market testing..." (Howes, 2015b).

Fourth, while much was made of the MOU regarding IFAs stating in clause six that LMT would not be required "to enter into an IFA" (e.g., Howes, 2015b; Kinnaird, 2015b), this was immediately qualified by clause eight. This said that once an IFA had been executed, "A labour agreement will be entered into... including any requirements for labour market testing". And the MOU raising the prospect of IFAs was separate to the text of ChAFTA, meaning that it did not form part of Australia's international treaty obligations.

Finally, Australia's existing laws – specifically, the Worker Protection Act 2008 – meant that companies would still have to offer foreign workers the same wages and conditions as local workers, removing an obvious incentive to wade through the fees and administrative processes necessary to access overseas workers.

At the time ChAFTA was being debated there was already a natural experiment available to test the proposition that Australia might be susceptible to a wave of Chinese workers because wages were lower in Sydney than Beijing. The Australia-Thailand FTA had been sealed in 2005 and wages in Bangkok are lower than in Beijing. Thai Contractual Service Suppliers had been exempt from LMT for over a decade. Yet at 31 September 2015, there were only 983 Thais on subclass 457 visas in Australia. It had been less than 1000 since the beginning of the decade (Australian Government Department of Home Affairs, 2018a).

The number of Chinese temporary workers aside, what about the claims that ChAFTA would erode safety standards?

These chiefly stemmed from a ChAFTA side letter in which Australia committed to removing mandatory skills testing for Chinese 457 visa applicants in 10 occupations, including electricians. There were 20 other occupations requiring mandatory skills testing that remained unaffected.

*But more importantly, the change simply brought China into line with the way that subclass 457 visa applications are assessed for more than 150 other countries around the world that have never had to undertake mandatory skills testing in order to apply for a visa.*

Was there any evidence that Chinese were a higher risk in fraudulently claiming skills on their applications that they didn't actually have? The answer was a straightforward "No" when the question was put to David Wilden, a senior Department of Immigration and Border Protection (DIBP) (now Department of Home Affairs) official by the Chair of Joint Standing Committee on Treaties examining ChAFTA on September 7 2015 (Commonwealth of Australia Joint Standing Committee of Treaties, 2015). Even with the change, the DIBP confirmed that while it would no longer be a routine part of the visa application process, the assessing officer could still require a verification of skills if they considered it necessary. And upon arrival, a Chinese electrician, just like those from more than 150 other countries, would need to satisfy any licensing and registration requirements at the federal and state levels, including passing any tests and skills assessments. Otherwise, their visa would be cancelled after 28 days.

As for those seven Chinese "ChAFTA pioneers" that were the subject of a Fairfax exposé and sent home for unsafe work practices, they entered Australia on subclass 400 visas. These existed long before ChAFTA and only allow entry for very specific and short-term work. And so it was in this case. An Australian company had bought a car park stacking machine from a Chinese company and some of the Chinese company's workers were granted temporary entry to perform the installation. What was revealed was troubling but it had nothing to do with ChAFTA. An Australian company had seemingly issued dubious worksite safety certificates to the workers and it appeared that there had been a lack of adherence to other existing laws

and regulations, such as those that require foreign workers be paid the same as local ones. A skirting of the existing rules needed to be guarded against before ChAFTA and the same is true today.

## Conclusion

For a four month period between July and October 2015, it appeared that ChAFTA, a decade in the making, might be sunk. Australia had already completed free trade agreements with its other major trading partners but none had attracted the ferocious opposition that ChAFTA did. There was no panic about American workers, Thai workers or Japanese workers. But ChAFTA, it was claimed, would lead to a “radical altering of the labour market” and Australians would “miss out on “thousands of job opportunities” to imported Chinese workers. It was also alleged that Australian workplace safety standards would suffer and it was only a matter of time before “someone is killed”.

The reality has proven to be very different. Three years on and the data show more temporary workers from China have gone home than have arrived. There have been no reports connecting ChAFTA with unsafe work practices.

All the while, China’s economy has been adding more new purchasing power than any other country. And thanks to ChAFTA Australian exporters still have better access to the Chinese market than any of their overseas competitors.

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# About ACRI

For the first time in its history, Australia's most important economic relationship is with a nation very different in governance, politics and values. In the past, Australia's dominating economic relationships had been with the British Empire, the United States and Japan.

Today our most important economic partner is China.

China contributes now more to world economic growth than any other country. China absorbs 34 percent of Australian goods exports. By 2030, 70 percent of the Chinese population is likely to enjoy middle class status: that's 850 million more middle class Chinese than today.

In 2014, the University of Technology Sydney (UTS) established the Australia-China Relations Institute (ACRI) as an independent, non-partisan think tank to illuminate the Australia-China relationship. ACRI was formally launched by Australian Foreign Minister the Hon Julie Bishop.

Chinese studies centres exist in other universities. The Australia-China Relations Institute, however, is the first think tank devoted to the study of the relationship of these two countries.

The Prime Minister who opened diplomatic relations with China, Gough Whitlam, wrote in 1973: 'We seek a relationship with China based on friendship, cooperation and mutual trust, comparable with that which we have, or seek, with other major powers.' This spirit was captured by the 2014 commitments by both countries to a Comprehensive Strategic Partnership and the 2015 signing of a Free Trade Agreement.

# About the author



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Professor James Laurenceson is Deputy Director of the Australia-China Relations Institute at the University of Technology Sydney.

He has previously held appointments at the University of Queensland (Australia), Shandong University (China) and Shimonoseki City University (Japan). He was President of the Chinese Economics Society of Australia from 2012 to 2014.

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