



Australian Government
Department of Immigration and Citizenship

Training Benchmarks Frequently Asked Questions - Sponsors

This FAQ should be used in conjunction with the **Legislative Instrument (IMMI 09/107)** – Specification of Training Benchmarks.

What are the training benchmarks?

There are two benchmarks. The Legislative Instrument (IMMI 09/107) describes the training benchmarks in more detail. This instrument also lists examples of training that may count towards meeting the benchmark.

See: <http://www.comlaw.gov.au/Details/F2009L03512>

Who needs to meet training benchmarks under the Subclass 457 program?

Training benchmarks must be met by all businesses that have been trading in Australia for over 12 months, who apply for approval as sponsors under the Subclass 457 program.

How do they do this?

The key element in providing evidence of training with the sponsorship application is that the training is formal, structured and independently verifiable.

The applicant for approval as a sponsor may choose which benchmark they will meet. The processing officer assessing the application for sponsorship will assess the evidence supplied by the applicant to determine whether the benchmark has been met.

What if a sponsorship applicant has been trading in Australia for less than 12 months?

Applicants who have been trading in Australia for less than 12 months can submit an auditable plan to meet either of the training benchmarks.

What needs to be included in an auditable plan?

An auditable plan must clearly identify how the applicant intends to meet one of the training benchmarks. An auditable plan must relate to the immediate future (within the next 12 months), clearly articulate the forecast payroll for the next 12 months, the intended expenditure towards Training Benchmark A or Training Benchmark B, and show a clear intent to implement the plan.

For applicants submitting an auditable plan to meet Training Benchmark B, the plan must clearly articulate the type and duration of training, and the estimated cost in delivering the training.

If the business has been trading for over 12 months what do they need to do?

Applicants applying to become a Standard Business Sponsor under the Subclass 457 visa program must provide evidence of their contribution and commitment to the training of Australians by providing evidence of meeting either Training Benchmark A or Training Benchmark B.

What is payroll?

Payroll is the amount of money an employer pays in wages to their employees, in the 12 months prior to application lodgement. Payroll expenditure includes any wages, remuneration, salary, commission, bonuses, allowances, superannuation contributions (mandatory or otherwise) or eligible termination payments that are defined as wages in the Act relating to payroll tax in the relevant State or Territory.

Do payments to contractors or sub-contractors count as payroll?

Whether or not payments made to contractors or sub-contractors should be included as payroll expenditure will also depend on the Act relating to payroll tax in the relevant State or Territory. If the payment meets the wages definition in the relevant Act it should be counted as payroll expenditure for the purposes of the training benchmarks.

What is recent expenditure?

For expenditure to qualify as 'recent', the evidence provided should demonstrate that the expenditure occurred in the 12 months immediately preceding the application date. This is irrespective of whether the applicant is seeking to meet Training Benchmark A or Training Benchmark B.

Is this just a 'one off' commitment?

No. As a sponsor, you must meet the training benchmark requirement every year that you are a sponsor. In making the commitment to meet the training benchmarks on an ongoing basis, sponsors are expected to fulfil this commitment during their period of approval as a sponsor. Sponsors who do not continue to meet the training benchmarks during their period of approval may be barred from sponsoring overseas workers or have their approval as a sponsor cancelled.

What if my training expenditure on my employees is less than one per cent?

Then Training Benchmark A applies.

How can businesses who do not employ any Australians meet the benchmarks? Businesses that operate in Australia but do not employ any Australian workers must provide evidence of contributing to an industry training fund to meet Training Benchmark A.

Training benchmark A

How can applicants meet Training Benchmark A – Industry Training Fund?

Applicants can meet Training Benchmark A by paying the equivalent of at least **two per cent of recent payroll** expenditure to an industry training fund for the training of Australian citizens or permanent residents.

What is an industry training fund?

Industry training funds are statutory authorities responsible for providing funding for training of eligible workers in certain industries. Industry training funds operate in a range of sectors including construction and mining, but are not limited to these industries.

Applicants seeking to contribute to an industry training fund should use a fund that operates in the same industry as the business. To meet this benchmark, applicants must provide evidence of having made these contributions, such as a receipt or letter from the industry training fund or registered training organisation.

In some sectors where there is no statutory industry training fund operating, recognised industry bodies who provide training opportunities for their members have established procedures where they will accept contributions towards the provision of such training. Revenue received for training is quarantined in their budget to be used for training purposes only with a small component able to be used to administer the fund. Contributions to such funds are acceptable for the purposes of meeting training benchmark A.

What if there is no industry training fund operating in sector?

Where there is no industry training fund operating in the same sector as the applicant for approval, the applicant can show evidence of having made a contribution to a recognised scholarship fund that supports education or training for Australian citizens or permanent residents in a university, or TAFE course, which provides training in the same or similar industry in which the applicant operates.

Training benchmark B

What sort of training is acceptable to meet Training Benchmark B?

To meet Training Benchmark B, applicants must provide evidence of spending the equivalent of **one per cent of payroll** on training for their employees who are Australian citizens or permanent residents.

The legislative instrument (IMMI 09/107) lists a number of examples of training that can contribute to meeting this benchmark.

See: <http://www.comlaw.gov.au/Details/F2009L03512>

What constitutes on-the-job training?

To count towards this benchmark, on-the-job training must be part of a structured learning and development program, with identified learning outcomes. It must be relevant to the applicant's business activities.

Can spending on apprentices, trainees and graduates meet the benchmark?

Apprenticeships and traineeships are, by definition, training positions. Where an applicant employs an apprentice or trainee, and there is a formal apprenticeship or traineeship agreement in place (known as a Training Contract) that has been lodged with the relevant authority in that State/Territory, 100 per cent of the salary provided to this apprentice or trainee can be counted towards calculating whether the training benchmark of one per cent of payroll expenditure has been met.

Where a recent graduate is participating in a formal, structured graduate program for up to two years, or is completing a professional year following their graduation, 100% of the salary provided to this graduate during this time can be counted towards training benchmark B. The graduate's salary can only be counted if the occupation in which they are working is relevant or related to the subject of their recently completed qualification.

Sponsors wanting to count expenditure on a graduate position that is not part of a formal, structured graduate program should only attribute expenditure that is for the formal training aspects of the graduate position. Total expenditure on salaries for graduate positions that are not part of a formal, structured graduate program cannot be counted towards the training benchmark because graduate positions are not considered to be wholly training positions. These graduates generally perform the full duties associated with their positions and, as opposed to apprentices and trainees, graduates are already fully qualified for their positions.

A recent graduate is considered as someone who has completed their higher education studies within the last 24 months prior to the lodgement of an application for approval as a standard business sponsor.

What if I hire my apprentice through a Group Training Organisation?

Where an external company has been engaged to facilitate the provision of an apprentice or trainee, you only pay for the time that the apprentice or trainee is working with you or when they are attending TAFE. Your business is still wholly and solely allocating expenditure for the wages of apprentices or trainees engaged within your organisation and this salary, minus any commissions, or such, paid to the third party can be counted towards meeting training benchmark B.

What is a relevant course of study?

A relevant course of study relates to the business of the applicant, but is not narrowly limited to the occupation of the employees. Training which contributes to the professional development of employees can be counted towards Training benchmark B.

Can wages paid to staff while attending training be counted towards the benchmark?

To count towards Training Benchmark B, expenditure must be for the provision of training to employees. Wages paid to staff for the time spent attending training are not expenditure for the provision of training, and therefore cannot be counted towards Training Benchmark B, except where the staff are apprentices, trainees or recent graduates.

Can registration or licensing fees count towards the benchmark?

Registration or licensing fees do not count towards the benchmark.

I am a franchisee, can training provided by the franchise head office count?

Only if you can submit quantifiable evidence of structured training provided to your employees (for example, session plans, learning objectives) and make a commitment to ensuring that training will continue to be provided to your employees.

In addition to this, the actual expenditure on training has to be quantifiable. Where the training is provided by a franchise head office, you need to show exactly what percentage of the franchise fee is attributed to training. We cannot count the whole franchise fee nor can we accept an estimate of the training component; you will need to submit some evidence from the franchisor confirming the actual percentage.