



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

JOINT STANDING COMMITTEE ON MIGRATION

**Reference: Skilled migration inquiry**

FRIDAY, 7 FEBRUARY 2003

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## JOINT COMMITTEE ON MIGRATION

Friday, 7 February 2003

**Members:** Ms Gambaro (*Chair*), Senators Bartlett, Eggleston, Kirk and Tchen and Mr Laurie Ferguson, Mrs Gash, Mrs Irwin, Mr Randall and Mr Rippoll

**Senators and members in attendance:** Senators Eggleston, Kirk and Tchen and Mr Laurie Ferguson and Ms Gambaro

### Terms of reference for the inquiry:

To inquire into and report on:

Australia's migration and temporary entry program for skilled labour with particular reference to:

- International competition for skilled labour
- The degree to which quality permanent skilled migrants are being attracted to Australia and settling well
- Whether there are lessons to be learnt by Australia from the entry and program management policies of competing nations, including Canada, New Zealand, USA, Ireland, UK, Germany and Japan
- The degree to which Australia's migration and temporary entry programs are competitive
- Whether there are policy and/or procedural mechanisms that might be developed to improve competitiveness
- Settlement patterns for new arrivals including the role played by State and local authorities

### WITNESSES

<b>BALY, Ms Anne, Acting Branch Manager, Information and Analysis Branch, Department of Education, Science and Training .....</b>	<b>23</b>
<b>DOUGLAS, Mr Kenneth James, Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations .....</b>	<b>36</b>
<b>HURFORD, Ms Kathryn Louise, Policy Analyst, Public Policy and Representation, Institution of Engineers, Australia.....</b>	<b>57</b>
<b>LOVIBOND, Ms Penny, Assistant Director, National Office of Overseas Skills Recognition, Department of Education, Science and Training .....</b>	<b>23</b>
<b>MANIKIS, Mr Nic, Executive Director, Multicultural and Community Affairs Group, ACT Chief Minister's Department .....</b>	<b>50</b>
<b>MATHESON, Mr David Scott, Assistant Secretary, Economic and Labour Market Analysis Branch, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations .....</b>	<b>36</b>
<b>MILLS, Mr Paul, Director, Skills Analysis Section, Department of Education, Science and Training.....</b>	<b>23</b>
<b>PRESS, Ms Jane Elizabeth, Acting Director, Migration, International and Modelling Section, Economic and Labour Market Analysis Branch, Department of Employment and Workplace Relations.....</b>	<b>36</b>
<b>XIAO, Dr Jun, Manager, Business Migration, Office of Multicultural Affairs, ACT Chief Minister's Department.....</b>	<b>50</b>
<b>YATES, Mr Athol, Senior Policy Analyst, Public Policy and Representation, Institution of Engineers, Australia.....</b>	<b>57</b>



**Committee met 9.08 a.m.****BALY, Ms Anne, Acting Branch Manager, Information and Analysis Branch, Department of Education, Science and Training****LOVIBOND, Ms Penny, Assistant Director, National Office of Overseas Skills Recognition, Department of Education, Science and Training****MILLS, Mr Paul, Director, Skills Analysis Section, Department of Education, Science and Training**

**CHAIR**—I declare open the second public hearing of the Joint Standing Committee on Migration into skilled migration. The committee has been asked by the Minister for Immigration and Multicultural and Indigenous Affairs to examine and report on Australia's migration and temporary entry programs for skilled labour. This review will focus on international competition for skilled labour; the degree to which quality permanent skilled migrants are being attracted to Australia and settling well; whether there are lessons to be learnt by Australia from the entry and program management policies of competing nations, including Canada, New Zealand, USA, Ireland, UK, Germany and Japan; the degree to which Australia's migration and temporary entry programs are competitive; whether there are policy and/or procedural mechanisms that might be developed to improve competitiveness; and the settlement patterns for new arrivals, including the role played by state and local authorities. The committee has to date received 42 submissions from interested organisations and members of the public. If you would like further details about the inquiry, please feel free to ask any of the committee staff who are here today.

I now turn to the proceedings at hand. The committee will take evidence from witnesses as listed on the program. I welcome the representatives of the Department of Education, Science and Training, who are here to give evidence. Thank you for coming along. Although the committee does not require witnesses to give evidence under oath, you should understand that these are hearings of the legal proceedings of the parliament and warrant the same respect as proceedings of the parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee prefers that evidence be taken in public, but if you wish to give confidential evidence to the committee you may request that the hearing be held in camera and the committee will consider your particular request. Would you like to make any corrections or amendments to your submission?

**Ms Baly**—No, not at this stage, thank you.

**CHAIR**—Would you like to make an opening statement?

**Mr Mills**—Thank you. The department's submission picks up a few key themes. The first of those is the fact that obviously the national education and training system has a primary responsibility for providing the sorts of skills that are needed by industry and for individuals for their own career and personal development needs. That said, skilled migration makes an important contribution to the skills of the nation in that it augments the supply of skills in areas where there is rapid growth in demand for skills and the education and training system cannot respond as quickly as perhaps we would like to those emerging skill needs.

We would also make the comment that the national education and training system itself has gone through a considerable reform in the last 15 to 20 years. The extent of qualified persons in the Australian population is far greater than was the case hitherto.

The other key theme is that one of the developments which have been important in recent years with regard to the skilled migration program is the increasing importance of skilled migration by individuals who have completed Australian qualifications whilst studying as overseas students at Australian universities. We think that is a very welcome development. It gives Australian industry a considerable source of additional skilled labour which is well qualified with Australian qualifications, with strong English skills.

Also, in a broader sense, for the national demographics there is an important contribution to improving the age profile of the national population in as much as most of the people who do study as overseas students are relatively young and are in a sense prime migrants for the national economy. Those are the main themes we have addressed in the submission.

**CHAIR**—I would like to thank you for your extensive submission. I was going to ask the witnesses in the hearing today to be as brief as possible because we have a number of time constraints. Clearly you have demonstrated by your very brief opening statement that I need not ask that.

We will now turn to questions, and I will start with the representative of the National Office of Overseas Skills Recognition. In your submission you state ‘gazetted by the minister of assessing authorities’, and it monitors 39 relevant assessing authorities. How do the National Office of Overseas Skills Recognition and other bodies interact, and what is their relationship? Also, who pays for the skills assessors? Is it based on the fees that they charge applicants?

**Ms Lovibond**—I will start with the second question, because the answer is quite brief: who pays for the skills assessments? The individual applicants pay for the skills assessments. They pay directly to the assessing authority. The fees that the assessing authorities charge are required to be cost recovery, and that is one of the areas that NOOSR works with the professional bodies who are the skills assessing authorities.

The national office has authority under the migration regulations to approve these assessing bodies. We approve them on the basis of their meeting a series of criteria. We put that approval in writing to the minister for immigration, who subsequently gazettes them. That is where they derive their statutory authority from for their assessments for the skilled migration program. Our relationship with the assessing authorities begins when we require them to meet the eligibility criteria to be approved, and that includes that they undertake their assessments in accordance with the guiding principles for assessment and recognition of overseas skills and qualifications. This is a publication which our office has put together, and we did submit a copy with the submission.

We require the bodies to put in place transparent appeal mechanisms that are an integral part of the assessment process and provide us with advice on their assessment processes. We require a reasonable fee structure to be applied and that NOOSR is consulted in relation to any fee increases. We also request a series of quarterly statistical information on assessment numbers which enables us to monitor the results of these assessment processes with the bodies. Then on a more practical basis we hold annual professional body seminars, which encourage networking

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and liaison with the bodies, us with them and amongst themselves. It facilitates a national assessment focus.

We also manage a self-assessment tool which is actually based on the best practice guide which we ask the assessing bodies to fill out on a regular basis. We visit them, on their invitation, and generally provide advice on anything that they ring us up about, which usually includes a lot of immigration matters, matters relating to the skilled migration program.

One more important body of work that the National Office of Overseas Skills Recognition does is to publish a series of *Country Education Profiles*, which include assessment guidelines. These provide a national focus not only for the assessing authorities but also for all other bodies who are involved in the assessment of overseas qualified professionals. The specific guidelines, however, often require interpretation. We provide extensive advice and support to assessing authorities who will ring our office, send in qualifications or refer individuals to us on that basis.

**CHAIR**—In terms of the highest demands placed on you, you have outlined all the areas that you are responsible for. I notice representatives of the Institution of Engineers will be appearing before us today. In terms of the fee structure of different bodies, are they fairly similar, or do you just provide a guideline as to what they should be charging, or do certain professional bodies, for example the Institution of Engineers, charge higher fees than business bodies, for example?

**Ms Lovibond**—The fees are all different. It usually depends on the methodology that the assessing body has in place for the assessment. Some of the assessment methodologies are relatively simple when there is a comparative paper based assessment of an overseas qualification with what is required of an Australian graduate or someone entering the profession. Some of the assessment methodologies, however, are extraordinarily complex, lengthy and expensive to the body because they assess on the basis of examination. That involves maintaining item banks and extensive databases, and running examinations. So the fees reflect the expense to the actual assessing body.

**CHAIR**—Are there areas of disputation that the applicant can further appeal to? Do you get involved?

**Ms Lovibond**—Specifically in terms of fees?

**CHAIR**—In terms of their skills recognition, or it could be fees or it could be they feel that they have been unfairly assessed by their professional bodies.

**Ms Lovibond**—We often have individuals saying, ‘What can I do about this assessment? I do not agree with it.’ We would refer them back to the assessing body, having worked with all the assessing authorities to make sure in fact they have appeal processes in place. If they get to the end of their appeal process with the assessing body, then they may have, depending on their residency status, recourse to ombudsmen or public appeal processes. We would become specifically involved only if the dispute is or the questions which arise are about the assessment of the educational standing of the qualification. That is where NOOSR provides the guidelines that I mentioned in the *Country Education Profiles*.

**CHAIR**—Thank you for your submission and also for your case study on the IT industry. In relation to the IT specialisation areas that were deleted from the Migration Occupations in Demand List, how do you keep the process flexible and responsive to market demands?

**Mr Mills**—There is an obvious difficulty in having a system which remains in place long enough for it to be labour market effective but also flexible in that sense. An interdepartmental committee was established comprising this department, the Department of Employment and Workplace Relations, the National Office for the Information Economy, DIMIA and the Department of Industry, Tourism and Resources. We have regular meetings to discuss labour market issues to monitor labour market developments.

Through that process in the last 12 months we established that we were concerned that the extent of ICT related skilled migration was continuing to be very strong in an environment where the ICT labour market was not as strong in terms of vacancies, although employment growth in the area is still quite impressive. Arising from that process was our decision that it would be good to advise the government that there was a case for reducing a number of specialisations referred to in the Migration Occupations in Demand List, MODL. There is an ongoing review process mainly done at an analytical level by the Department of Employment and Workplace Relations with other departments involved in the monitoring and discussion of the policy issues.

**CHAIR**—As I saw in your submission, you tended to then change the focus to higher qualified IT specialists in certain higher categories. Has that worked well?

**Mr Mills**—It is too early to say. I think the changes to them are—

**CHAIR**—Fairly recent.

**Mr Mills**—Go back a step. Two years ago there was a far wider range of specialisations in the MODL. That was narrowed down to I think 13. It has now been reduced to five. In terms of the five particular specialisations, the changes are recent and it is too early to say with any degree of certainty what the impact is. But I think the underlying point is taken that some flexibility in these settings is desirable to facilitate changes in concert with broader labour market trends.

**Mr LAURIE FERGUSON**—You talked about meetings, discussions, visits et cetera. It might not be accurate, but I think there is some anecdotal evidence of a feeling out there that some of these organisations basically operate from self-interest in barring access to professions. Does your department ever get more activists, with regard to that possible view out there, in dealing with some of these professional associations?

**Ms Lovibond**—We certainly do not advocate on behalf of the professional groups. Our role is to promote the ability of the overseas qualified in Australia or those seeking entry on a permanent basis to access education and employment. We maintain an even-handed approach in terms of looking at the processes that the professional bodies put in place but are also aware of the fact that they have a role in the Australian regulatory framework to maintain professional standards. Those professions which are regulated by law must abide by the legislation that is—



**Mr LAURIE FERGUSON**—Has NOOSR had cause to be worried about particular professional organisations with regard to a perception that part of their assessment is about blocking out entry?

**Ms Lovibond**—No.

**Mr Mills**—I think our principal role, as Ms Lovibond has indicated, is to facilitate the operation of those bodies. We are not aware of any particular concerns that have been raised with us departmentally along the lines you have indicated.

**Mr LAURIE FERGUSON**—Would your organisation ever be involved in the debate about requirements, for instance, for local experience? It is obviously a difficulty for entrants who are trying to qualify. Do you make submissions or do you get involved in that kind of debate, that some professions have obviously a requirement for local experience, which is often difficult for people to obtain?

**Ms Lovibond**—It is not a requirement of professional recognition. It may be a requirement of an actual employer, of a prospective employer. A variety of factors influence whether or not overseas-trained professionals gain employment at the level they may be seeking. But I would separate the actual professional recognition from the English language skills and the Australian experience, workplace experience, that a prospective employer may be seeking. We have no influence over the requirements of individual employers. The professional recognition process, per se, does not require Australian experience.

**Mr LAURIE FERGUSON**—With regard to the assessment of overseas educational institutions, a classic example would be the Soviet Union. For a period we were not getting much migration from there, and their emphasis on education was very different from perhaps our own. In the process of assessing a particular country's educational institutions, what do you do? Do you interact with the government departments or institutions there? How do you actually review a country's educational accomplishments?

**Ms Lovibond**—I can make some brief comments on this, but I am not the person—we have a specific unit that works on writing the *Country Education Profiles* and developing the guidelines. Those profiles are very good indications, and we can certainly provide the committee with some examples of those should you wish us to do that.

**CHAIR**—That would be very useful; thank you.

**Mr LAURIE FERGUSON**—I have seen that. I am not disputing that; I agree with you. I will just give you a rough scenario: post-Soviet Russia moving to a different educational system. We have not had a need previously to look at their system in the past because, as I say, there was very little allowed migration. How do you go about assessing? What do you do? Do you send people there?

**Ms Lovibond**—In the past people have been visiting. There have been visitations. But I am referring to the actual profiles, because the comments in that set out how the entire assessment process is approached. There have been physical visitations and consultants that have gone out to visit. A lot of the information is gathered on the basis of applicants, who provide the qualifications. It also provides examples of more recent qualifications that reflect changes in

overseas education systems. The guidelines are modified according to the qualifications that come in for assessment. But the actual guidelines would take account of a range of information that includes the level of recognition that an institution has in its own country, the level of funding that the institutions have, the general state of the different sectors of education and how they all fit together, the frameworks.

When you come to specific institutions, the guidelines will look at the physical characteristics but also the library capacity, the student-teacher ratio—issues like that. One of the main issues is how the different sectors articulate together so that in fact some levels of education are taken in different sectors in different countries. There is a range of factors that go into that. But I can certainly supply you with a much more discrete statement about how that is approached from the experts.

**Senator TCHEN**—Can I take you back, Ms Lovibond, to the question the chair raised with you about the relationship between NOOSR and the assessing authorities. Do you actually monitor the performance of assessing authorities in the sense of their outcomes? I know you said you monitor their performance in terms of their criteria for how they assess people, but do you follow up to see whether the assessment given subsequently brings about the expected outcome, in other words whether when people arrive in Australia and enter the work force they do use the particular skill they are assessed as having?

**Ms Lovibond**—No, we have no capacity to do that. Our role is much more one of putting in place a framework for best assessment practice. We work with a general approach with the assessing bodies. We do not work with assessing bodies in relation to only migration assessments. Primarily our role was in fact with overseas qualified professionals who are resident in Australia. It is specifically with the actual assessment process; it is not with the subsequent employment outcomes. Unfortunately, while we would like to be able to follow the individuals through to ascertain that, we do not have the capacity. The Longitudinal Survey of Immigrants to Australia, however, does reflect to a large extent the fact that skilled migrants coming in under the skilled migration program, particularly within the last 10 years, subsequent to the change in the migration regulations, are obtaining employment to a very large degree at a level commensurate with their qualifications and their expectations.

**Senator TCHEN**—Yes, I am aware of that. But I am particularly focusing on whether these people gain employment in the categories or in the specialisation that they actually—

**Ms Lovibond**—That they nominated for skilled migrations in.

**Senator TCHEN**—Generally, it could be a question of whether the department has any program to monitor that. You said skilled migrant intakes at the moment make up about nine per cent of the skilled professions in demand in the Australian market—is that right?—which is a substantial segment. Is there a program to monitor whether people who come to Australia actually find employment? I know a lot of them find employment, but—

**Mr Mills**—It is a question of whether the skills set they came in with is being used. I think the broad answer to that is, no, we do not have any program in place to do that. It would be an extremely voluminous job, shall we say, to actually monitor the labour market outcomes of individual migrants. In this portfolio we do not have the resources, nor is it primarily within our range of responsibilities to do so.

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Going back to the broader question of using particular skill sets for labour market outcomes, I think it would be fair to say that a large chunk of the Australian employed population work in areas where their skills being used in a particular occupation are not necessarily related to the qualifications they have. It is not uncommon for people to develop new sets of skills on the job over time, to change occupations and those sorts of things. So in that sense it is not uncommon for a broad section of the skilled work force not to work in areas primarily related to their initial skills.

As to the particular use of skills by skilled migrants in the first instance, I think the fact that there is a general absorption, a very rapid absorption, of skilled migrants into the labour force and successful transition would to me indicate that it would be likely that most of those skilled migrants would in fact be using their initial skills set in attaining employment. So I would think, without having the capacity to research it, that on the basis of that successful transition it would be likely that most people would use their initial skills set in their initial employment.

**Ms Lovibond**—When the more recent review of the general skilled migration program took place, questions were raised as to whether or not the points system should be designed to try to ensure that people coming in with a specific skills set were actually going to be working in those particular occupations. There was a general view that in fact there should be some more liberalisation of the points test which enabled people who had skills in one particular area but who may have wished to change direction once they came to Australia to actually do so. To that end there is a generalist category in the points test where individuals can have the educational level of their qualification assessed without a specific occupational assessment. So they may then use their skills when they come in in a more general manner than people who come in with a specific professional assessment.

**Senator EGGLESTON**—So there is no penalty implied in their not using their skills? So, if teachers, scientists or doctors come here and do not work in that area, they are not in danger of suffering a penalty from the department or having their status reviewed?

**Ms Lovibond**—Australia's skilled migration program is a general skilled migration program and is one of the few internationally that has no tie to a subsequent employment outcome. It is designed specifically in that manner.

**Senator TCHEN**—This actually raises a very important question about the benefit of very specific specifications of skills in demand. If we are providing for, as you said, the likelihood of people being able to transfer their knowledge or their enterprise, if you like, once they get into the work force, then, arguably, we should be looking for perhaps a general attitude rather than a specific skill or training. For example, surgeons are in a very highly skilled and very demanding type of profession. Overseas-trained surgeons, having achieved their education and professional status in another country, arguably would have the attitude of being able to do just about anything; yet they would not qualify as skilled migrants if they applied simply because their profession is not recognised in Australia.

**Ms Lovibond**—I think it goes to the heart of the nature of Australia's general skilled migration program.

**Senator TCHEN**—Yes, that is what we are looking at, is it not?

**Ms Lovibond**—Perhaps it would be better to examine that issue with the Department of Immigration and Multicultural and Indigenous Affairs.

**Mr Mills**—Going back to my point before, I think the fact the transition by skilled migrants is generally extremely successful does point to the fact that in most cases the skills sets that are transferred are used pretty quickly in the context of our economy. The issue of targeting particular skills or having a more general aptitude test is an interesting one, but I think in a broader sense there still remains the issue that from time to time we have a bubble of demand in particular skills sets in Australia which can be best met through a very targeted approach through the skilled migration program.

The ICT case example we provided in our submission I think is a good example of that sort of phenomenon. In 2000 the Y2K bug caused a very rapid acceleration in demand for ICT skills in this country, indeed skills that had not been in demand for quite some time—Fortran and Cobol type skills—coupled with a fairly general growth in demand for ICT product skills throughout the community at a time of strong economic activity. While, as we have noted in the submission, the Australian university and VET systems have responded very well to the challenge of providing additional ICT skills, in the short term we face considerable demand from industry for skills sets that they need desperately. We are very concerned about wage and salary inflation as a result of that. The skilled migration program provided a good vehicle to facilitate the release of additional skills in that area in strong demand to the economy. We think that without that safety valve we would have faced considerably more problems in terms of skill shortages in that period.

**Senator TCHEN**—I am not challenging the benefits to Australia of having a skilled migration category of this kind. What Mr Mills has just said leads to two other questions I would like to raise. Firstly, how responsive is the Skilled Occupations List that you and your colleagues generate and which the skilled migration program depends on? How long does it take you to develop such a list and, once you are alerted to anticipated changes in labour market conditions, how long does it take you to change the list?

**Mr Mills**—Let me say two things. Firstly, the Skilled Occupations List is primarily developed by the Department of Employment and Workplace Relations. I understand our colleagues there will be on after us, so perhaps that question would be better addressed to them.

**Senator TCHEN**—All right, I will do that.

**Mr Mills**—But let me say there are review mechanisms, so we have had some developments on the Skilled Occupations List in the last 12 to 18 months in which Ms Lovibond and I have been involved in conjunction with other departments. Sorry, what was the second question?

**Senator TCHEN**—Actually, it is a passing comment. In your submission you mention the potential conflict between skill level requirements for temporary entry in the skilled migration program. Can you enlarge on that? What exactly do you mean by that? That is on page 15, paragraph 4. Actually it is under NOOSR's heading. Perhaps I should direct the question to Ms Lovibond.

**Ms Lovibond**—I think it was written with reference to the situation with medical practitioners. The requirements for temporary migration are somewhat different for skilled migration.

**Senator TCHEN**—Do you see that as a problem?

**Mr Mills**—In the sense of providing consistency, yes.

**Senator TCHEN**—Or do you see it as a benefit because it adds flexibility to the system?

**Ms Baly**—It certainly does that. I think the issue is that people can come in on a temporary visa without going through the professional recognition processes that people coming in under the skilled migration program need to go through. That might create some tensions in the labour market.

**Senator TCHEN**—Could people who, for example, are unable to come here under the skilled migration program but yet have skills needed in Australia come in as temporary migrants and then, having been here two or three years and demonstrated that their skills actually benefit Australia, apply to become permanent?

**Ms Baly**—Yes, they could, but they would still be assessed on the same basis as other applicants who come in through the skilled migration program.

**Senator TCHEN**—Even if they come to you and say, ‘I have been doing this job for three years’?

**Mr Mills**—Yes.

**Ms Baly**—Yes, they would. Their educational qualifications would be of assistance in most—

**Mr Mills**—Yes.

**Senator TCHEN**—It could be a bit of an anomaly too, could it not?

**Ms Baly**—It is a bit of an anomaly. But in answer to the first part of your question, yes, it does add flexibility because it means you can get a skills set in—

**CHAIR**—Temporarily.

**Mr Mills**—Yes.

**Senator KIRK**—I have a question relating to the Skilled Occupations List, but I am not sure whether or not it should be asked of you. Did you say we would be better off asking questions of the department of—

**Mr Mills**—The immediate custodians of it are seated behind us. It is probably best that we defer that question to our colleagues there.

**Senator KIRK**—Okay; I will wait until then.

**Senator EGGLESTON**—I am very interested in the issue of where skilled migrants go—that is, whether or not they actually work in the occupations under which they have gained entry, and whether or not that leads to some sort of penalty. It obviously does not. Do you know what percentage of migrants who are allowed here because they have a specific skill are not working in an area using that skill in, say, five years time?

**Mr Mills**—As I said, we do not have any data in terms of tracking individuals to actually support any analysis of that. My comment would be, again, that the absorption into the national labour market of skilled migrants suggests to me that they do use their skills sets initially. We do not have any data on whether they go on to do further education and training, move to another occupational area or establish their own business enterprise—whatever.

**Senator EGGLESTON**—It almost sounds as though, while we set up a skilled migration program, we could achieve the same result by having a tertiary qualifications category or points indicator in our migrant entry program, could we not? If these people are not going into the areas for which they have been admitted and remaining in them and are just being treated as well-educated migrants generally, it makes you wonder whether or not the kind of skill assessment which we apply is really valid in terms of the end result.

**Ms Lovibond**—I think my comment before related to the fact that there are divisions and different levels of skill assessment within the general skilled migration program. We need to make sure that individuals who nominate in occupations which have specific requirements are assured too that they actually can enter and practise their profession in Australia. Those occupations are usually regulated by law or self-regulating through professional bodies which are required to undertake a specific occupational assessment. Then we have the generalist category, which is exactly what you are saying: a test of general educational level. So it really is a combination of the two.

**Mr Mills**—In terms of skilled migration, although these skills are advanced, it is often a relatively basic entry point. In the sense that we might have someone coming in as a skilled migrant, say, with information and communication technology skills, their degree enables them to work and use their skill sets. However, I think we would also note that individuals develop and grow over time, and a large chunk of people with degree qualifications tend to go on and do further study to either augment their existing skill set in that area, to develop management skills to improve their career prospects or to change their career activities. That is not unique to skilled migrants; it is also a broader characteristic of the Australian population. A very large proportion of the Australian work force does work in areas where its initial skills are not the skills being employed today.

**Senator EGGLESTON**—How does our program compare with, say, countries like Canada, which is another country taking in migrants? You may have covered this already, and I apologise for coming in late.

**Mr Mills**—That is not an area of our particular interest, I guess, or expertise in the sense that that is probably a question which would be better answered by the department of immigration and indigenous affairs.

**Senator EGGLESTON**—Okay.

**CHAIR**—In your submission you mentioned that overseas students who had gained Australian qualifications had a higher positive outcome in terms of gaining employment. I notice on page 13 you have a table ranking top source countries, such as China, South Korea et cetera. Then in the submission you mention that 50 per cent of them undertake to do business administration and economics, and it seems fewer people are enrolled in science and computer science. Why, traditionally, has business administration and economics been so popular with overseas students? Before going into politics I taught at a university where the majority of students were in those faculties. Is it because we have a high standard, or is it seen as a better gateway to obtaining employment opportunities?

**Mr Mills**—I think it is a large element of the last. In so far as obviously the individuals choose what subjects they wish to study, it is an issue of what studies are offered and what studies are taken up—demand and supply meeting somewhere in the middle. To the extent that student patterns and demand are strongest in those areas, one would think that the students individually must perceive that there is a gateway there which is good in terms of employment outcomes and also standards.

**Ms Baly**—I think it also has something to do with the way universities and regional educational institutions market their products and when they see that there is a market need for particular qualifications and particular skill sets.

**CHAIR**—So would it be fair to say that most Australian universities which engage in export education tend to focus on those business areas?

**Ms Baly**—We do not have a breakdown of institutions. These are just aggregate numbers. But that would seem to be the case, yes, on the basis of this.

**Mr Mills**—It actually raises an interesting counterissue that export of education services generally is a large market with part of Australia's export markets. We service and market those particular markets' business services rather well. Business administration and economics went particularly well—probably less so in some of the other areas you are raising. That does raise a marketing opportunity for Australian universities to diversify into fields where we have not been as strong in the past.

**Senator TCHEN**—You have talked about export education. Presumably every educational institution in Australia interested in gaining overseas fee-paying students would offer courses in areas where they believe they have excess capacity or have established skill, expertise. That will create a problem, will it not, because, if education and training institutions respond to labour market demands in their forward planning, they will be focusing on developing what training or education the Australian labour market requires. Having developed that, they will then go overseas to market those particular areas to overseas students and bring overseas students to Australia who, having gained the qualification, enter the Australian immigration market. So, in other words, this export education in fact becomes a fast-track migration program? Do you see the problem?

**Ms Baly**—None of us here is an expert on the education export industry, so we probably cannot go into—

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**Senator TCHEN**—Should you be? You are from the department of education.

**Ms Lovibond**—We are not among them.

**Ms Baly**— I think the way universities market their education services varies enormously, and they are very protective about the intellectual property that is associated with that. The university sector manages that process. I am not sure of the extent to which they see it as a fast-track into the migration program and how much they see it as an opportunity to expand their funding base.

**Mr Mills**—In the first instance I think they would be marketing their expertise in particular subject areas in an academic sense rather than a labour market sense. I think that would be the initial thought process.

**Ms Baly**—They do it on the basis of their reputation. If they build up a reputation in business administration type subjects, then that is where they are going to have the most impact in the market.

**Senator TCHEN**—That is very reasonable, yet we know that universities are under enormous pressure to respond to the market. So here we have a catch-22 situation.

**Ms Baly**—It depends which market you are talking about. You are talking about responding to on the one hand the labour market and on the other hand the market for overseas students, which is a very competitive—

**Senator TCHEN**—No, what I am getting at is if a university developed a particular skill in Australia, for example it developed a program highly regarded in the Australian labour market, obviously this is the area of expertise it wishes to develop and for which it becomes renowned, if you like, internationally.

**CHAIR**—I think Senator Tchen is trying to say that there is no correlation between export services and the types of courses that universities, as you were saying, tend to target because of their speciality. They may be causing some sort of inequality in the skilled market area because—there are two different functions, admittedly—they are focusing on export income, but also there is no mechanism to somehow bring that more in tune with the actual skill demands of the country.

**Senator TCHEN**—No, actually I was more concerned about there being the potential for bypassing the migration process that we have. It becomes a—

**Ms Baly**—An easy way in.

**Senator TCHEN**—Yes. An overseas student coming to Australia might become a de facto way to migrate to Australia.

**Ms Baly**—That may well be the motivation of some of the students. I do not know that it is the motivation of the universities.



**CHAIR**—Interesting comment.

**Senator TCHEN**—I know it is not a motivation of the university, but they might be playing into this.

**CHAIR**—Thank you very much, Mr Mills, Ms Baly and Ms Lovibond, for attending and for your evidence here today. If there are any matters about which we might need additional information, the secretary will write to you. You will be sent a copy of the transcript of your evidence, to which you can make editorial corrections. Thank you once again for your very comprehensive submission and making yourself available and providing us with some very forthright answers here today.

[9.59 a.m.]

**DOUGLAS, Mr Kenneth James, Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations**

**MATHESON, Mr David Scott, Assistant Secretary, Economic and Labour Market Analysis Branch, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations**

**PRESS, Ms Jane Elizabeth, Acting Director, Migration, International and Modelling Section, Economic and Labour Market Analysis Branch, Department of Employment and Workplace Relations**

**CHAIR**—I am very pleased to welcome representatives of the Department of Employment and Workplace Relations. Although the committee does not require witnesses to give evidence under oath, you should understand that these proceedings are legal proceedings of the parliament and warrant the same respect as the proceedings of the parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee prefers that evidence be taken in public. However, if you wish to give confidential evidence to the committee, you may request that the hearing be held in camera and the committee will consider your particular request. Would you like to make any corrections or amendments to your submission here today?

**Mr Douglas**—No, Madam Chair.

**CHAIR**—Would you like to make an opening statement before we ask you some questions?

**Mr Douglas**—No, Madam Chair. We are quite happy to go straight to questions.

**Mr LAURIE FERGUSON**—You have some figures here regarding changes in family intake as opposed to skills intake. I did not pick up any figures relating to short-term visas as a proportion of the overall skills intake. Do you have any figures for that?

**Mr Douglas**—They would be a responsibility of the department of immigration. We do not actually monitor that. We get information from them, so we would not have those figures, I do not believe.

**Mr LAURIE FERGUSON**—You deal with the marketplace to some degree. Do you have any feeling for the overall trend there?

**Mr Douglas**—From memory, there is a slight shift, a slight trend towards an increase in the proportion of migration which is skilled. But our role here is more in the nature of a technical expert to the Department of Immigration and Multicultural and Indigenous Affairs rather than administrative responsibility in the area of migration.

**Mr LAURIE FERGUSON**—What would you see as the main reasons for it being a good move to get rid of local testing of the market with regard to employment?

**Mr Douglas**—We think the main reason for things as they are now is more from the point of view of streamlining, that it seems of little value to us for our staff to be continually asked to undertake labour market assessments for migration proposals which are in a sense quite similar to many others that precede them. They have developed within the relevant areas of the department of immigration obviously a level of expertise and a level of familiarity with particular cases. If one is pretty much the same as another, it seems of little value to us to add another bureaucratic process.

**CHAIR**—I think you were here earlier when our previous inquiry participants were here. Could you please expand on the Migration Occupations in Demand List, how it deals with the temporary skills shortages and what mechanisms you use there?

**Ms Press**—The MODL, as we call it for short.

**CHAIR**—The MODL. Before we heard about NOOSR—very close to my heart in Queensland!

**Mr Douglas**—And the ESTEL and the SOL.

**Ms Press**—The MODL is applicable to only the permanent migration program, not the temporary migration program. It is a means of better targeting the permanent migration program to the needs of Australian business and industry.

**CHAIR**—I meant temporary skills shortages.

**Ms Press**—There is no linkage between the MODL and the temporary migration program.

**Mr Matheson**—You are talking about temporary skills shortages, skills which might be in strong demand in the economy at a particular time. Certainly the MODL is directed at trying to give greater emphasis in the permanent migration program to prospective migrants who come with those skills. So it gives five bonus points, I think.

**Ms Press**—And 10 if there is a confirmed job offer.

**Mr Matheson**—That is right. So, if you are a prospective permanent migrant and you have a skill which is consistent with one on the MODL, it gives you additional bonus points.

**CHAIR**—Some extra points.

**Mr Matheson**—Some extra points. So it does give a sharper focus to the skill targeting of our permanent migration program. The majority of people who come through under the skilled migration program probably get their points without having to rely on the MODL. But, at the margins, the MODL can have an impact and can be seen as sharper targeting of the permanent skilled migration program.

**Mr Douglas**—Our submission does raise the prospect of the potential increase in the value of those points in order that perhaps some applicants who might fall short of the cut-off might have their chances improved if their skills were in particular demand.

**CHAIR**—Are you happy with the way those points are allocated according to professions? I think I saw somewhere that an economist got fewer points than—I think it might have been in your submission, although I have read a few lately. Being an economist, I am a little concerned about this. Are you quite happy with the way points are allocated, or is there any area that needs improvement?

**Mr Douglas**—We do suggest that in some respects there ought be perhaps greater cognisance of some of the labour market issues around some of the skills issues, particularly in relation to the ESTEL, the Employer Sponsored Temporary Entry List. It is perhaps quite a blunt instrument that may not necessarily take account of all factors of the labour market. We are not necessarily saying in our submission that there ought be, for example, minute concern over unemployment rates for particular occupations. But we do illustrate some examples of some apparent inconsistencies through using just a blunt skills list which does not take into account labour market demand for particular skills.

**Mr Matheson**—Particularly in relation to the SOL we also identify what we see as some inconsistencies in the allocation of points to particular occupations. We think the SOL could benefit from a more thorough review to remove some of those inconsistencies. We refer to it at about pages 22 and 23 of our submission. I think it is in that context that we might have made reference to economists.

**Mr Douglas**—Yes, we did, at the top of page 23. So we certainly see there is an argument that there is some inconsistency at the moment in some of the points that are allocated in the SOL, and it could benefit—

**CHAIR**—You are working to look at those inconsistencies? How are you determining that?

**Mr Douglas**—As I said at the outset, our role is more one of a technical adviser to the department of immigration. So in that sense there is nothing in our submission which we have not already communicated to the department of immigration. We are now providing advice to them, as the ultimate decision makers and policy setters, about the factors that we believe ought be taken into account. Whether or not they and their minister decide that that is a policy change worth making is obviously a different issue.

**CHAIR**—I want to ask you about the trades recognition aspect. You have offices I think in Canberra, Sydney, Melbourne and Brisbane. How does it work in places where you do not have these offices based?

**Mr Douglas**—Trades Recognition Australia? That is a very good question which I do not know whether any of us here is equipped to answer. It is a specialised area of our department.

**CHAIR**—Is there any way we could get some information on that?

**Mr Douglas**—We could take that on notice and give you a response.

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**CHAIR**—In other inquiries I have been involved with Western Australia always came up in terms of skill shortages. Is it the distance, or is it just that there is a tendency—there is a Western Australian senator here—to focus on particularly trades and areas that have skills shortages and there are never enough people to occupy those positions?

**Mr Douglas**—As a former state manager of our department in Western Australia, I can comment a bit on that. Inevitably the deployment of resources is a function also of demand, and it is conceivable that while there are particular issues in Western Australia—and I know, for example, there was and still remains to an extent an issue in relation to the metal trades in Western Australia—there is, in my experience as at that time, not necessarily sufficient workload for us to engage and maintain actively people in Western Australia to acquire the expertise and do the work. But we will take that question on notice.

**CHAIR**—Who would take on that role over there? Would the chamber of commerce be engaged more in that process?

**Mr Douglas**—In the trades recognition area, the absence of a person in situ would not necessarily mean the absence of work being done. It may be that that work is covered by other officers in other parts of the department.

**Senator KIRK**—When representatives of the Department of Education, Science and Training were before us I was going to ask them some questions about the Skilled Occupations List but they said I should direct my questions to you, so I will. I see on pages 22 and 23 of your submission you make various comments in relation to the Skilled Occupations List. You mention on page 23 that you would support a review of this. Could you just expand on that and just point out why it is that you think perhaps some of the occupations need to be reviewed in relation to their inclusion on the list?

**Mr Douglas**—A series of dot points precede that, and they probably underscore the bigger parts of our concerns there, the apparent inconsistencies—for example, speech pathologists getting 60 points but audiologists getting only 50 points; some trade groups getting, say, 60 points but an economist doing a three-year degree possibly with honours getting only 50 points. Some of those inconsistencies, which probably emerged over time, would warrant perhaps a review of the Skilled Occupations List.

**Senator KIRK**—Sorry for my ignorance, but who actually compiles the list?

**Mr Douglas**—The Skilled Occupations List is compiled by DIMIA, with some advice from us, but ultimately they have responsibility.

**Ms Press**—DIMIA set the parameters for the Skilled Occupations List and then they come to the Department of Education, Science and Training and us for I guess supplementary advice on things like the entry level requirements for the occupations, registration and licensing requirements and things like that.

**Senator KIRK**—You say you support a review of the list, but have you heard of there being any prospect of one?

**Mr Douglas**—As I said before, there is nothing in here that we have not over some period of time conveyed or put to DIMIA. That question should really be directed to DIMIA, but we believe that, like in all areas of government administration, things are constantly kept under review. What action you take at what particular point in time is obviously a function of the relative priorities and decisions of ministers.

**Senator KIRK**—Perhaps I might raise it with DIMIA when they come before us.

**Senator EGGLESTON**—I am interested in this issue of the threshold salary and how that works. How useful do you think it is across the board in ensuring that skilled migrants are working at a suitable level appropriate to their skills?

**Mr Douglas**—Perhaps I might open on that and then pass it on to my colleagues. As we say in the submission, the issue of concern for us is that, while on the one hand we need a salary level which is used to indicate a particular level of skill acquisition, that in itself also can be a fairly blunt instrument. In our submission we advocate that the trend average weekly earnings figure for employees which is currently used perhaps ought be reviewed to a slightly different figure which is less affected by the averaging process which produces that figure. In particular, that includes part-time workers.

We would favour average weekly ordinary time earnings for full-time adults, which would produce a slightly higher figure—in fact a somewhat higher figure—in current terms, about 34,000 in February 2001 and 42,000 in February 2002. So that is a lot higher now. One of the unintended consequences of adjusting that, however, would be that we know that there are earnings differentials between high demand localities and low demand localities, for example. So some regional areas may not pay for the same level of skill to the same extent that occurs in capital cities. So that probably needed some more investigation.

The other item to take into consideration, of course, is that salary itself is not necessarily a blunt indicator of skill level. Some lower level skills but which are in higher demand may in fact attract much higher wages to attract people to go to particular localities. In some regional localities there is a shortage of low-skilled works and the wage level might be set much higher to get people to go there.

Taking all of those things into consideration, we believe, however, we would still advocate either changing the indicator, in this case to average weekly ordinary time earnings for full-time adults, or perhaps providing a range of different indicators for different circumstances. If you do that, of course you add to the level of complexity. We have been engaged in some discussions with DIMIA over some time. We believe perhaps there is a case for change and DIMIA may be agreeing with us, but my colleagues may want to say more.

**Mr Matheson**—It is important to keep in mind what this current arrangement has replaced. We previously had an arrangement where there was a requirement for labour market testing unless an occupation was considered to be a key occupation. That system was extremely fraught. There were any number of opportunities to circumvent the previous arrangements. All you had to do was run ads in newspapers which were impossible for Australian job seekers to satisfy. Job classifications were massaged to make occupations or jobs which were perhaps not very highly skilled appear to be skilled and appear to be key. So it is important to see that what

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we have currently is a system which certainly DIMIA would argue—and we would support them—is a considerable improvement on the previous arrangements.

We do make some comments to that effect. We have replaced I think quite a flawed system with something which is now far more transparent and streamlined so that we have a list of skilled occupations in combination with a salary threshold which together are a fairly good indicator of skill at the broad level. Our issues are around the margin: do we have the right salary threshold; do we have the right methodology for arriving at a salary threshold? But we want to make it clear that we think the current system is a considerable improvement in terms of simplicity, consistency and transparency compared to what happened previously. I wanted to put that in that context.

**Ms Press**—This skills salary threshold is applicable to only our business temporary entry. It does not apply to the employer nomination scheme, which is the permanent entry equivalent. Regardless, there is a requirement that they still comply with Australian standards and conditions of employment. So awards, certified agreements or anything like that still must be complied with.

**Senator EGGLESTON**—It says here:

The introduction of a threshold salary is an administratively simple means of minimising the potential for the entry of lesser skilled workers.

The previous submission says:

Skills assessment discretionary in Australia (with the exception of occupations for which mandatory registration and licensing requirements apply). USA, UK, Germany, Singapore and Malaysia all require evidence of at least bachelor degree level qualifications and Canada requires evidence of acceptable qualifications.

If that is the purpose of the threshold salary test, to exclude people who have lesser skills, why do we not adopt a system like the other countries mentioned have done?

**Mr Douglas**—Once again, the threshold salary test is used in relation to only the business temporary entrants.

**Senator EGGLESTON**—But I think that is the answer, yes.

**Mr Douglas**—For permanent entry arrangements a broader labour market test is applied which includes assessment of training related issues and skill related issues. From memory, in our submission we do make a point about suggesting that, with the evolution of the training system to a greater level of sophistication, wider prominence of registered training organisations and more effective skills recognition frameworks, there may be a case for contemplating or taking account much more of the ability of those bodies to assess skills. Once again, it is always an issue of minimising bureaucracy, streamlining the process and not having lengthy delays for clear-cut cases. So at the margin we would argue that for some of those more contentious issues there ought be more recognition of the evolution of those training arrangements and skills recognition arrangements.

**Mr LAURIE FERGUSON**—You said the priority is streamlining. There was an earlier comment about getting rid of a layer of bureaucracy et cetera, and that previous advertising

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requirements were used to circumvent the philosophy behind the system. I look at this issue from an electorate office point of view. Notwithstanding serious refugee claims such as for spousal abuse, the temptation is very strong in this particular sector to subvert our immigration policies. I am not so confident that it was that easy under the previous advertising requirements. Some ads were constructed in that fashion, but I also know that people were blocked by those requirements. I question the emphasis being placed on getting rid of bureaucracy and getting it streamlined. I think the system is constantly under attack. In some societies it is easy to construct employment histories. Some countries do not have taxation checking mechanisms et cetera that are as good as ours. Do you feel there is a very big problem in this particular sector with regard to people finding a way of bringing in family as supposed required employees? I think there is a very real problem, and I want your general response to that.

**Mr Douglas**—Wherever there is some kind of system or some kind of structure in place, the ones that will always be the greatest challenge for us will be the ones that are out of the ordinary. In an environment where the level of sophistication is increasing, what we are saying and supporting is that we ought to be dealing with the straightforward cases in as straightforward a way as we can, but for the less straightforward ones we ought to be perhaps increasing the level of sophistication, without overly increasing strictures, and improving our capacity to deal with those ones that are out of the ordinary with a broader range and array of tools. That is really what we are suggesting in our submission.

**Mr Matheson**—We devote a fair bit of attention in the submission to the issue of monitoring. We certainly recognise there is a balance to be struck here between making the system more streamlined and more flexible, and ensuring that once people come in we have proper monitoring arrangements in place to ensure that, if there have been attempts to subvert the system, those are captured and there is a preparedness on the part of DIMIA to cancel visas in those kinds of circumstances.

We certainly recognise that part and parcel of replacing what we saw as a flawed system for temporary entry migration with what we see is a far better and more transparent system has to be, subject to the comments that we make about the appropriate level of salary threshold and so on, significantly stepped-up monitoring arrangements. DIMIA have certainly taken considerable steps to increase their level of monitoring, both through requirements on the employer sponsors for regular reports and through a stepped-up campaign of site visits. In fact we argue that we and DIMIA could do more in the area of monitoring, particularly in establishing some good benchmark data when migrants first come into Australia against which we could assess performance after a period.

We certainly acknowledge the issues that you have raised, but we see that really beefing up monitoring and the sanctions regime is a very important part of dealing with some of those heightened risks. I should add, though, that most employers are doing the right thing. The overwhelming number of employers who are using the employer sponsored temporary entry arrangements are doing it because they genuinely are struggling to find, for whatever reason, workers in the Australian context. Most of them are not out there to rort the system, which is why I think overall it is preferable to have a more streamlined and flexible arrangement. But it needs to be underpinned, as we say, with monitoring and sanctions.

**Ms Press**—Talking again about the employer sponsored permanent entry side of it, which is under the skills stream, we still do have those labour market test criteria in place.

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**Mr LAURIE FERGUSON**—I am more interested in the short term, quite frankly. My original question about statistics was not about the increase in the overall skill intake; it was about the proportion of the short term. I was more interested in that figure.

**CHAIR**—At page 21 of your submission you state:

DEWR's preference is that, for temporary and permanent migration arrangements, the definition of regional be based on a threshold population size of 250 000 persons (revised upward on a regular basis to reflect changes to Australia's population). This would currently provide for the inclusion in the definition of regional for migration purposes of Darwin and Hobart but not the Gold Coast, Newcastle, Wollongong, Adelaide or the ACT.

Can you expand on what the difficulties have been there and how some of these regional programs are working? From what I can see, I do not think we have had a lot of submissions from some of these regional bodies. What is the interface there?

**Mr Douglas**—The point we make in the submission is that there are no interfaces, there is no consistency, between 'regional' in the context of our migration arrangements and 'regional' in the context of most other government regional programs. For example, at the moment Melbourne is defined as regional. I think a lot of people in Australia would find it difficult to conceive that Melbourne is a regional part of Australia.

Mr Matheson made the point before that one of the things we are advocating throughout the report is continuing improvement of the mechanisms underpinning our migration arrangements, with better consistency, better transparency and better simplicity. That is really where we are coming from in this: having a better concordance between what is regional for the purposes of immigration and what is regional for the purposes of internal administration.

**CHAIR**—You talked about government programs in it as well.

**Mr Douglas**—That is right.

**CHAIR**—So you are dealing with a whole pile of definitional issues that are not always going in the right direction.

**Mr Matheson**—The other point to add is that a lot of these regional migration mechanisms allow migrants to come in with perhaps lesser skills than they might otherwise require to come through the general skilled migration program. Perhaps their English language skills do not need to be as good. They might not be able to get through under the general points tested category, but there is scope for them to come through under the regional migration mechanisms in some circumstances.

Obviously from our portfolio perspective we are always concerned about the labour market performance of migrants. It is pretty clear when you look at the data that, the better the English language skills and so on, the better their labour market performance. So we would be a bit concerned if, for example, there was a dilution of the skill content or the skill level of our migrants if places like Victoria were, by classifying Melbourne as regional, able to bring lesser skilled migrants into an area like that, when in fact the labour market is going pretty well in Melbourne, as it is predominantly in the major metropolitan areas perhaps compared to some of the regional areas. We have a concern that not getting those definitions right has the potential to cause problems, with a dilution of the skill level of our migrants.

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**Senator TCHEN**—If Melbourne is regional, what is not regional?

**Ms Press**—Melbourne is regional for the purposes of some of the regional migration programs, for things like the state-territory nominated independent scheme, but it would not be for something like the regional sponsored migration scheme or the recently introduced temporary regional migration arrangements.

**Senator TCHEN**—What about Sydney?

**Ms Press**—Sydney is excluded on all counts.

**Senator TCHEN**—When you were answering Mr Ferguson's questions on the issue of employer sponsored temporary entry visas, you talked about a number of possible sanctions that DIMIA can undertake. What proportion of the employer sponsored temporary entry visas has a problem like this that needs to be fixed?

**Mr Douglas**—I do not know that we can comment on what proportion of it has a problem.

**Senator TCHEN**—Is that a big problem?

**Mr Douglas**—We receive enough information, courtesy of correspondence to many of your offices, to suggest there are some difficulties, a number greater than zero, but I do not know that we could quantify that in proportional terms.

**Senator TCHEN**—Would you describe it as a significant problem that requires some sort of sanction?

**Mr Douglas**—There are enough allegations to suggest that an increase in the level of monitoring should occur; and our submission makes that point.

**Senator TCHEN**—One of the problems with sanctions applied to the immigration area is that it seems it is the employee who gets penalised, never the dodgy employer. How would that help not only in terms of effectiveness but also in terms of equity?

**Mr Douglas**—I think that would really be more the case in only those situations where the employer held a monopoly, on the presumption that, if there is a skill need, that skill need is across the industry or that particular location. While perhaps sanctioning that employer might mean that a prospective employee cannot work for that employer, that does not necessarily mean the prospective employee is disadvantaged by not being able to get work with another employer in the same industry with that particular skill need.

**Senator TCHEN**—But the employer sponsored temporary entry visa started with that employer?

**Ms Press**—Yes.

**Mr Douglas**—That is correct. A range of sanctions are possible here, from financial penalties through to prevention of further sponsoring opportunities or reduced favouritism, if you like, or

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acknowledgment of that employer as a favourable employer for the purposes of entry. It does not necessarily mean that an employee placed with a particular employer then has their visa terminated. That would be a fairly extreme sanction. So we would advocate a range of sanctions.

**Senator TCHEN**—Yes, but that is what you are suggesting.

**Mr Matheson**—If they can get a job with another employer.

**Ms Press**—If there is another employer that satisfies the sponsorship requirements, then the capacity does exist for them to seek employment elsewhere.

**Senator TCHEN**—You said here:

Visas issued to overseas workers recruited by employers who are assessed as not satisfying their sponsorship obligations ... should be cancelled ...

So you are not advocating that?

**Ms Press**—The visa is linked to a nomination. It is linked to a sponsorship status for an employer. But, if you had another employer who satisfied all of the criteria, another visa would be granted. So the person would not necessarily have to leave.

**Senator TCHEN**—That is not what you said here, but it is on the record now.

**Mr Matheson**—Our main concern is expressed particularly in that following dot point, where we point out that employers who might have rorted the system are not able to bring in migrants in the future. In fact some of them have tried to circumvent that by changing company names and so on. So we should also be stopping employers in those kinds of circumstances coming back to these migration arrangements and trying to bring people in in the future.

**Senator TCHEN**—I am not sure how you would do it. Does your department monitor the impact on the labour market and the outcomes of people who are assessed as skilled migrants?

**Mr Douglas**—No, that monitoring is done by DIMIA.

**Ms Press**—Are you talking about temporary or permanent entry?

**Senator TCHEN**—No, permanent.

**Ms Press**—There is no actual monitoring regime in place for most of the employer sponsored permanent entry. They are still obviously required to comply with any undertakings that they have made with respect to the people they have brought in from overseas, but it is not actually monitored in the way that a temporary regime would be.

**Senator TCHEN**—With any changes you propose to the Migration Occupations in Demand List, you do not take into account whether the previous list has any impact on that labour market?

**Mr Douglas**—We certainly do. The MODL is an assessment of the labour market demand for particular occupations.

**Senator TCHEN**—But you look at the market independently, without regard to how demand is being met?

**Ms Press**—The Migration Occupations in Demand List is based on an assessment of existing and emerging skill shortages in the Australian labour market, and then it takes into account other variables like employment growth and employment prospects in the longer term. So in that way, yes, we do.

**Mr Douglas**—It does not look at whether migrants have come in to fill occupations which were previously or are currently on the Migrant Occupations in Demand List. It is a broader look at the totality of the labour market.

**Mr Matheson**—We in fact do an annual skills shortage survey for all occupations. We do it every six months for ICT occupations. We use that for a whole range of purposes. It is based on that national skills shortage survey that we do that, with some modification, we produce the MODL.

**Senator TCHEN**—In that case, do you think it should be monitored? We take in more than 30,000 skilled migrants every year. Presumably they all come in in some way responding to the Migrant Occupations in Demand List. Do you think someone should be monitoring to see whether, by taking in these 35,000 migrants, they have changed the demand?

**Mr Matheson**—We certainly look at the impact of migration on the labour market in the broad sense. The ABS produces—

**Senator TCHEN**—Do you think somebody should be specifically looking at it? If so, who should be looking at it?

**Mr Matheson**—It would be an extraordinarily costly exercise, an intrusive exercise and probably an impossible exercise to look at individual migrants. We certainly have, though, a number of ways that we can look at the overall impact of migration. I mentioned ABS data which comes out of labour force surveys. DIMIA, with some contribution from us and other departments, has also conducted the Longitudinal Survey of Immigration to Australia, LSIA. That looks at the circumstances of individual migrants over time; it tracks them over time. Even that is a fairly costly survey, as all surveys, particularly longitudinal surveys, are. But we can manage that because it is a sample; it is a manageable but representative sample. LSIA is designed for a whole range of purposes, but certainly it does give us some very good data. We refer to some of the data from LSIA as well as ABS data in our submission as supporting a generally accepted view that skilled migrants perform better in the labour market than unskilled migrants, and that the stronger focus on skilled migration in recent years has seen an improvement in the labour market performance of migrants.

So we already have a number of mechanisms which allow us to look at the overall performance of migrants. But I do not think we would be arguing we should have some tracking of every migrant who comes through under the permanent employer nominated migration arrangements.

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**Senator TCHEN**—The Department of Employment and Workplace Relations looks at the labour market as a whole and it identifies future needs. Presumably you identify future needs and the ways to meet those needs. The department of education and training again looks at the labour market in terms of finetuning the future work force. The department of immigration looks at bringing in skilled migrants to meet any shortfall, amongst other objectives. Who is looking at whether all these training programs and migration programs are actually meeting the needs? Should somebody be monitoring it?

**Mr Douglas**—The point we are making is that there is a lot of information around that answers those issues. But it is not information that is obtained by case by case monitoring of each individual, whether it be a migrant, a graduate or a training program participant. Answers to those questions are determined by evaluation studies. In the case of migrants, two waves of longitudinal surveys have been done over a number of years to track the experiences of migrants. So we know from that the extent to which their contribution has occurred in the labour market. We know from surveys that the ABS does about the employment experience of people who have recently arrived in Australia. We get a lot of information from the census. So we would encourage, support and advocate increased evaluation and research which take account of migration as a classificatory variable. But we believe that detailed tracking of each individual migrant following their arrival in Australia is too cost prohibitive, given that there are other means of doing it and they are providing an array of information.

**Ms Press**—When we are doing our skill assessment work, one of the variables we take into consideration is the number of migrants with a particular occupation who will be coming in at the state-territory level. So it is considered as being a labour supply variable in that context.

**Senator TCHEN**—But you look at the supply side rather than the outcomes side.

**Ms Press**—Yes.

**Senator TCHEN**—Your department produced the Migration Occupations in Demand List, but DIMIA produce the Skilled Occupations List, which they use in their point score system.

**Ms Press**—Yes. Immigration produced the SOL, but they do take into account the advice from DEWR and from DEST.

**Senator TCHEN**—Concurrence or just advice?

**Mr Douglas**—Advice.

**Senator TCHEN**—Should your department be producing the SOL? Should you have a greater say in the SOL? In a sense, you have professional people who are expert in this area producing the MODL and then you have an amateur basically in the immigration department, as far as the labour market is concerned, finetuning.

**Mr Matheson**—We probably would not agree with that characterisation of DIMIA. We might be in trouble.

**Mr Douglas**—There is not enough evidence to suggest that the SOL is so poorly maintained or developed that a change is warranted. We are quite happy with the arrangements and we

would be quite happy to continue to work with DIMIA to improve the whole thing and to take a very much whole of government perspective on these—indivisibility of government just because we happen to be different departments.

**Senator TCHEN**—How responsive is your MODL? When you detect something in the labour market which you need to respond to, how long does it take you to develop this list and hand it over to the immigration department?

**Mr Douglas**—The MODL is developed and released annually at the same time each year, apart from in the ICT industry, where, because of recent changes in demand in the ICT industry, it is six-monthly. So it is more a function of at that point in time rather than responding to particular changes.

**Senator TCHEN**—So we are looking at a lead time generally of 18 months to two years?

**Ms Press**—Not necessarily.

**Mr Matheson**—We conducted our surveys late last year and we would be looking to release the updated MODL probably late February, early March. So we are looking at a lead time, between conducting the surveys and getting the MODL out, of perhaps three to four months. It is the case that, other than for ICT, which we update every six months, the MODL is in operation for a further 12 months. So at the end of the cycle you are looking at perhaps 16 months or something between when the survey was conducted and when the MODL might still be effectively in operation.

**Mr Douglas**—That is not to say we would not take account of information which came to hand after the survey, for example, when providing advice to ministers on the MODL.

**Ms Press**—There is nothing to preclude us, if we become aware of changing labour market circumstances, from recommending that the MODL be updated on a more regular basis than the current annual basis.

**Senator TCHEN**—Because I do hear anecdotal stories, and I am sure other members do too, about occupations which have very high levels of unemployment in Australia staying on the SOL. Quite often one hears stories about that. It is very difficult to convince DIMIA in relation to a particular occupation which is full of vacancies. The immigration department just looks at the list and says, ‘No, we do not need any more people.’

**Ms Press**—That is true. The SOL is applicable to the points tested categories, but there is nothing to preclude a particular employer who needs to recruit someone from overseas from recruiting them under our employer nomination scheme. They just have evidence through labour market testing that there is a shortage.

**CHAIR**—I thank the representatives of the Department of Employment and Workplace Relations, Ms Press, Mr Douglas and Mr Matheson. Thank you very much for your very comprehensive submission and also for answering the wide breadth of questions that we have submitted to you today. If there are any matters on which the committee needs additional information, the secretary will write to you requesting that. You will certainly be sent a copy of

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the transcript of your evidence today, to which you can make editorial corrections if need be. Once again, on behalf of the committee I thank you very much for your appearance today.

[10.53 a.m.]

**MANIKIS, Mr Nic, Executive Director, Multicultural and Community Affairs Group, ACT Chief Minister's Department**

**XIAO, Dr Jun, Manager, Business Migration, Office of Multicultural Affairs, ACT Chief Minister's Department**

**CHAIR**—I welcome the representatives of the ACT government who are here today to make a submission and to give evidence. Do either of you wish to comment on the capacity in which you appear here today?

**Dr Xiao**—I work for the Office of Multicultural Affairs which belongs to the Multicultural and Community Affairs Group in the ACT Chief Minister's Department. I am looking after the business migration program.

**CHAIR**—Although the committee does not require witnesses to give evidence under oath, you should understand that these hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee prefers that evidence be taken in public, but if you wish to give confidential evidence to the committee you may request that the hearing be held in camera and the committee will certainly consider your particular request. Would you like to make any corrections or amendments to your submission at this point?

**Mr Manikis**—No.

**CHAIR**—Before we ask you some questions, would you like to make an opening statement to the committee?

**Mr Manikis**—Thank you. The ACT government, as you are aware from the statistics, is a very small jurisdiction. We attract to the ACT around one per cent of the migration program. Whilst we are limited to the city in terms of employment and business, we do try to take a broader look into the Australian capital region, and we work very closely with New South Wales on that point. We contribute to policy development at the national level in working groups with the Department of Immigration and Multicultural and Indigenous Affairs and the other states and territories. The ACT has about four per cent unemployment and a very narrow revenue base in terms of industry and business. We consider ourselves pretty small players in this area in relation to other states and territories.

**CHAIR**—Would you like to make any further submissions?

**Dr Xiao**—No.

**CHAIR**—Thank you for your submission. In it you mentioned particularly the attempts you are making to recruit doctors and the continual shortage of doctors in the ACT. Could you

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expand on that a little more and tell the committee what you are doing to ensure that you attract doctors to the ACT?

**Mr Manikis**—That area is being looked after by our ACT health department. They are taking the lead role and working very closely with Immigration in trying to come up with some new strategies within the limits and constraints of immigration. It is difficult but at this stage it is progressing. A plan is not in place at this stage, but we are receiving trainee doctors who come through at the one hospital we have in town.

**CHAIR**—I would not have considered the ACT as an area of shortage. I represent an outer metropolitan area, and we have shortages of medical practitioners in outer metropolitan areas. Why is the ACT perhaps having problems medically?

**Mr Manikis**—I am not too sure. We have not really put our finger on the reason at this stage. There is much more awareness of the shortage in nursing rather than in the number of doctors, but there is a difficulty in getting doctors to our hospital.

**CHAIR**—You are talking about city hospitals in the ACT?

**Mr Manikis**—Yes.

**CHAIR**—You are not talking about outer regions?

**Mr Manikis**—No, I am talking about Canberra Hospital.

**CHAIR**—Do you think they are attracted more to Sydney, for example, because of the lifestyle of the city or is there a perception that Canberra does not offer the excitement that Sydney or Melbourne does? Is that a fair comment?

**Mr Manikis**—I do not think that is a fair comment. It is almost having a go at Canberra.

**CHAIR**—I was just looking at Canberra from a tourism point of view and it is the seat of government. I know from working on our backbench health committee that doctors are attracted to the city lifestyle. Lifestyle considerations feature greatly in their need to go to certain areas. Is it a lifestyle thing? Perhaps I should put it with that perspective.

**Mr Manikis**—It has not come to our attention in the work that we have been doing in trying to put our finger on the reasons for this phenomenon that we just do not have enough doctors. We are still working on trying to come up with what lies beneath the fact that we cannot attract sufficient numbers of doctors and nurses.

**CHAIR**—Again, it may be outside your scope, but are you working under the area of need in the context of trying to attract overseas doctors?

**Mr Manikis**—Yes, we have taken that step and we are working closely with Immigration on that. That seems to be working. We are getting overseas doctors coming in. But at this stage the information I have is that it is a work in progress.

**CHAIR**—Those overseas doctors would largely be recruited for public hospitals?

**Mr Manikis**—Specifically the emergency ward at the one public hospital that we have here—Calvary as well, but Canberra Hospital specifically.

**CHAIR**—You tend to focus on mental health nurses, general practitioners and medical specialists. Are there any professions outside the medical area where there are skill shortages?

**Mr Manikis**—In relation to nurses, we are trying almost everything in terms of using the system, including talking with Immigration. There is a very close relationship between our office and the regional office of Immigration. We work very closely in trying to come up with some lateral ways of getting nurses into the country. Some proposals stretch it a little bit, as you can imagine, but there is a dire need to get nurses into Canberra, much more so than doctors, as I understand it. There is a notion of getting nurses in as nursing aides in the first instance, even if they are overqualified or qualified in their country of origin. So that is an example of the lengths we have gone to in looking at proposals at this stage, working again with Immigration and setting up separate programs in the ACT to accommodate that. It is a proposal that, as I say, we are still working on.

**CHAIR**—Just in relation to nursing aides, is it a skills recognition issue in overseas recognition that you are having to go down that path or is it some deficiency in DIMIA itself?

**Mr Manikis**—It has a lot to do with both the domestic situation, in terms of the notion of standards and, as you say, overseas qualification recognition, and the moral issue of taking qualified nurses out of Asian countries especially, where they are probably needed most. The ACT regional office of Immigration has been very cooperative at the local level and looking at ways to work within the system and assisting us in that regard. So it has been very good indeed.

You asked about some other areas. From the audit we did last year with our education and training people, we identified a shortage of child-care coordinators, child-care workers, welfare workers, building and construction workers, carpenters and joiners, bricklayers, wall and floor tilers—all the tradespeople—

**CHAIR**—There are shortages there as well?

**Mr Manikis**—Yes, there are shortages there. In the business sector there is a shortage of marketing specialists in tourism and hospitality, pastry cooks, trade level cooks and chefs, motor mechanics, automotive electricians, vehicle painters, panel beaters, foreign language teachers in the education sector, deaf specialists, trainers and consultants—we have mentioned the medical area—and researchers in the ANU research schools, CSIRO—

**CHAIR**—I thought you would have had plenty of researchers here.

**Mr Manikis**—Apparently that is what it has thrown up, yes.

**CHAIR**—That is what we need at the moment.

**Mr Manikis**—Yes. This is the snapshot we have.

**CHAIR**—That is a very comprehensive list, probably more comprehensive than we would have imagined. There is an Australia-wide shortage of pastry cooks. I recently had to address something for Brendan Nelson, where we put in a web site, and the priority was to make sure we do attract young people to the cooking professions—executive cooks et cetera. Hopefully that will help alleviate that, but in that industry alone I think 17,000 cooks or chefs will be needed in the next five years. So there is a huge demand.

**Senator TCHEN**—You have a big list of labour shortages in the ACT. What about unemployment? Do you have any unemployment?

**Mr Manikis**—As I mentioned in my opening remarks, yes, we are down to about four per cent unemployment.

**Senator TCHEN**—That is pretty good.

**Mr Manikis**—I think this is what exacerbates the whole issue for the ACT. We have a population of only 320,000.

**Senator TCHEN**—It is a big country town.

**Mr Manikis**—It is a big country town. Well, it is a great city.

**Senator EGGLESTON**—The same size as Zurich.

**CHAIR**—Thanks, Senator Eggleston; that was very useful!

**Senator TCHEN**—I heard you mention this long list of shortages, but I am not sure what the quantitative shortage is. If you have one vacancy, there is a shortage; if you have 100 vacancies, there is a shortage. I am not sure what the quantity is. I find it hard to believe that Canberra has a shortage of doctors. The other day I heard an eminent person say that Canberra looks like Vaucluse except it votes like Cessnock. Certainly it looks like Vaucluse, but Vaucluse does not have a shortage of doctors.

**CHAIR**—We will not ask you to comment on that last comment.

**Senator TCHEN**—I find it a bit hard to assimilate, if you like.

**Mr Manikis**—That may be the perception from the outside. I am passing on the information we get from the hospital.

**Senator EGGLESTON**—There seems to be a shortage of hospital doctors rather than non-hospital doctors, does there not?

**Mr Manikis**—That is the information we have, yes.

**Senator EGGLESTON**—I do not think Canberra is totally alone in that. In Western Australia the whole hospital system depends on overseas trained doctors. The difficulty in attracting them seems to be partly related to the low value of the Australian dollar. People are

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keener to go to countries where they get paid more. That has become an issue in Western Australia anyway. That is a factor. That is a very specific area of skills shortage. Hospital trained doctors usually have specialist training of some sort. Part of the solution might be in offering or advocating the value of Australian specialist training to doctors in countries in Asia, India, perhaps the Middle East and so on, who tend to go to North America and Europe for specialist training. Perhaps there needs to be a special program to deal with that issue.

**Mr Manikis**—That is a good point. The thinking in our health system is along that track. Doctors from Asia, India, are working in our hospital in Canberra. I am not sure that they have arrived there under that mindset. There has not been a deliberate effort to recruit on those grounds. But there are people who do find Canberra attractive, want to work here and come to the conclusion that it is a great place to bolster qualifications and what have you. The working environment in the hospital and the standards are greater and all the rest of it. It may be the thinking of these people that it is a stepping stone to elsewhere. Maybe that is the reason why we are losing them, because they are moving on.

**CHAIR**—That is what I was trying to bring up with you initially when we were talking about it. In your programs you seem to do a number of things to try to attract migrants, including provide support services. I read you had a migrant resource centre et cetera in Belconnen. I am interested in the coordination and escorting of explanatory visits to Canberra. How does that all work, and how do you choose the people?

**Mr Manikis**—It is a very small number of applications and people that come in. It is not hundreds. Throughout the year I think we have had 55 for the RSMS—I think it is around 100, anyway.

**CHAIR**—You had 809 arriving in 1999.

**Mr Manikis**—Yes, but they are not the skilled—that includes I think the full program.

**CHAIR**—That is the general stream.

**Mr Manikis**—Yes.

**CHAIR**—How many out of the skilled did you say, roughly?

**Mr Manikis**—A couple of hundred, I think—34 per cent or something. We have the Office of Multicultural Affairs in the Chief Minister's Department. That office delivers programs as well as policy development. There are people there who support the multicultural community in the ACT. We have something like 160 multicultural groups. We have locked into a network the committees of those groups. When migrants come in we utilise that network. Again, it is very easy to do that because we are a compact place. We have a range of programs and we have people from the respective committees. If someone from China comes in, I think there are three or four Chinese groups in town with which we have a very good relationship. Sometimes it is us, but then again sometimes it is not. It is the individuals on those committees who may do the moving around town and introductions and are locking in opportunities and all the rest of it.

**CHAIR**—So you have a broader community base to assist you. On those visits they would explore things like those educational, housing and lifestyle issues that we spoke about.

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**Mr Manikis**—The whole works.

**CHAIR**—The community would be more involved with that. So that has worked pretty well, in your opinion?

**Mr Manikis**—Excellent. It has helped us from the obvious point of view of resources. It has provided the information to the visiting migrant. They have had the full sweep, but they have also had it in their own language. So they have had it in a culturally sensitive way. It is not just a public servant with a grey suit who sits up there and lectures to them on a whiteboard. It is actually living and breathing it, taking them into the community. If there are community functions on while they are here, they get invited to those functions. They almost become part of the community. This approach does not happen absolutely every time, but it happens in the majority of cases. Sometimes it is a case where Dr Jun takes them out in a car to visit businesses, because they are down here for only a couple of days. They might be spending most of their time in Sydney, but they are ripping down to Canberra for a couple of days to have a look at the opportunities that may exist down here. When they are down here for a week or two, that is when we introduce them to the respective community group.

**CHAIR**—Dr Jun, do you think it has been working well in terms of business migrants and the type of information they receive or do they require more? The education and exploratory visits are very important, but what sorts of things are high on their list in terms of the type of business migration we have been looking at?

**Dr Xiao**—There are many things they are very interested in. It depends. If they come for only two or three days, they really want to understand—for example, the taxation system.

**CHAIR**—In two days. That would be very difficult for you to portray.

**Dr Xiao**—Yes. They want to know whether they can get benefit from investment in the ACT. They want to know what kind of business they can do here. So in the office we have a few databases. For example, we have a few big projects in the ACT. We also have, for example, some existing businesses here for sale or for expansion. So, if they would like to buy an existing business or enter a partnership with a business here, we introduce them to the business people and then they meet. They want to know more about the education system here because many of them have children. I think that is very attractive in the ACT, that we have a very good system for the children, and also the environment, the lifestyle. Normally, if they do not come to the country, they do not really understand what we mean by lifestyle. When they come, they visit places and they really can see the difference. With the work we do, we actually attract many people back. Some of them come for just a two- or three-day visit. Then we help them to understand the system here. Normally it is very brief for the first few days, but they come back for a second time.

**CHAIR**—So you get a lot of repeat business?

**Dr Xiao**—Yes, we do.

**CHAIR**—You think that is a very successful part of it, that they do come back?

**Dr Xiao**—Yes.

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**CHAIR**—Do you have any figures or any idea of the success overall of the program, of what you are doing?

**Dr Xiao**—I do not have a figure for most of the people who come for a business visit. I have a database for when they first come, and I would say more than 50 per cent make contact afterwards. When people submit their business proposal to us, they are all people who came before.

**CHAIR**—Very good. I thank you very much for coming along. Thank you for your presentation of your submission here today. If there are any other matters that we as a committee need additional information on, the secretariat will write to you. We will send you a copy of the transcript of the evidence that you have given here today and you can make editorial corrections to that accordingly. Thank you both very much for making yourselves available to us and thank you for your time.

[11.20 a.m.]

**HURFORD, Ms Kathryn Louise, Policy Analyst, Public Policy and Representation, Institution of Engineers, Australia**

**YATES, Mr Athol, Senior Policy Analyst, Public Policy and Representation, Institution of Engineers, Australia**

**CHAIR**—I welcome the representatives of the Institute of Engineers. Although the committee does not require witnesses to give evidence under oath, you should understand that these hearings are the legal proceedings of the parliament and warrant the same respect as the proceedings of the parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee prefers that evidence be taken in public, but should you wish to give confidential evidence to the committee you may request that the hearing be held in camera and the committee will consider your particular request. Would you like to make any corrections or amendments to your submission?

**Mr Yates**—No.

**CHAIR**—Before we ask you some questions, would you like to make an opening statement?

**Ms Hurford**—Engineers Australia is the peak body for engineering practitioners in Australia and represents all disciplines and branches of engineering, including information technology. Engineers Australia has around 70,000 members and is the largest and most diverse engineering association in Australia.

The skilled migration program is essential to Australia's future competitiveness. It is vital that the skilled migration scheme is used only where skills are not presently required to the available degree. It is essential that increased migration does not become a replacement for a reliable and valued Australian skills base. The skilled migration scheme should not be seen as an alternative to educating and training a highly skilled Australian work force. At present Australia is importing a significant number of engineers every year to cover the shortfall in engineering skills. Part of the reason for this shortfall is the reduction in the number of positions for new graduates and the reduction in ongoing training for existing employees. This has occurred as organisations have downsized and introduced short-term contracts for their subcontractors, resulting in many not taking on staff under development due to the instability of work levels.

To ensure that skilled migrants bring with them a desired set of skills, Engineers Australia support the use of the points system. We also believe, however, that all participants for migration under skilled streams should satisfy the following prerequisites: they should have a verified job offer from an employer in Australia, they should have been employed for at least 24 months over the last three years in the field for which they are being sponsored and the sponsoring employer must also pay a significant fee to sponsor an immigrant to fill a vacant job. This fee will be collected to support the training of Australian citizens for the jobs for which migrants are being sponsored and to provide undergraduate and postgraduate scholarships to encourage Australians to study in the fields where there are known long-term labour shortages.

Therefore, we support the existing employer nominated stream, the business skills stream, and the state and territory nominated independent stream. However, due to the small percentage of non-employer nominated migrants who gain jobs relevant to their qualifications, we consider that major changes should be made to the independent skilled Australian sponsored and skilled regional sponsored categories. The changes could involve implementing for each migrant tailored job-matching services or services to gain Australian work experience. Alternatively, the streams could be replaced in favour of the employer nominated streams.

There are a number of procedural mechanisms and issues that will need to be considered if the above reforms are adopted. We have outlined these in detail in the submission, but they include such issues as mechanisms must be put in place to prevent the employer from requiring a foreign worker to pay the increased fees, and the ability of small and medium enterprises to pay the increased fees to sponsor skilled migrants should be addressed. An inability to pay the fee should not constrain an employer's ability to fill a legitimate vacancy. Measures to determine a legitimate vacancy and inability to pay fees will need to be put in place to address this potential problem. A reduced fee structure for these situations would also need to be considered.

In conclusion, there are three main objectives we are seeking for the skilled migration program. The first is ensuring that employers have access to migrants in areas of skilled shortage. The second is that employers continue to train Australians rather than utilising overseas, off-the-shelf talent. The third is ensuring skilled migrants are actually employed in positions that use their skills and reflect their potential. We would be pleased to discuss these and any other issues the committee is interested in.

**CHAIR**—Thank you. Mr Yates, would you like to add to that?

**Mr Yates**—No, I would not.

**CHAIR**—Thank you very much. A number of people have appeared before us today, including representatives of the Department of Employment and Workplace Relations. How does your institute interact with the Department of Employment and Workplace Relations, and also immigration departments and state and territory governments?

**Mr Yates**—We interact in a number of ways. We provide policy input and we are also contracted to provide some services on behalf of NOOSR, including the assessment of overseas skills. That is to recognise or to assess the qualifications of potential overseas migrants to Australia to determine whether they meet our requirements of a professional engineer. More specifically, we have input into the department of employment's areas of skill shortage, which is the identification of particular disciplines and areas where there are skill shortages. We undertake market testing on behalf of companies to determine whether there is a skill shortage in a particular area, which is one of the stages for companies working through the employer nomination scheme, and we interact with the department in a number of other areas. So we are quite involved.

**CHAIR**—In terms of skill shortages in engineering, you gave some comprehensive tables in your submission. We have spoken to a number of people here today about forecasting mechanisms and how the market responds. Do you have any comments you would like to



make? Particularly in areas such as Western Australia there are skill shortages in metal trades, for example. How do you see your role there?

**Mr Yates**—There is currently, as you are aware, another committee looking at the area of skill shortages. I am developing a submission on that. My preliminary work indicates that the existing mechanisms to identify skill shortages are not adequate. We just have to look at the case of IT workers as an example. A couple of years ago there were meant to be about 100,000 unfilled vacancies. Today a lot of IT people cannot get employment. There are certain trends that I think would indicate there are going to be shortages, and these are structural trends rather than trends that derive from changes in the business cycle. So some of them I think would be fairly legitimate. Other trend indications I believe are inadequate to predict actual outcomes.

**CHAIR**—In your submission you strongly emphasise that you are more supportive of the employer nominated stream. Could you expand on your reasons for that?

**Ms Hurford**—Basically we are concerned that migrants are being underutilised when they come in under the independent stream, that they are not finding employment in their field. There are a number of reasons for that, such as they do not have relevant Australian experience. For engineers that is quite a big issue when they are looking for employment if they have come in under the independent stream. If they are employer nominated, the support that they get out of that initial contact enables them to work as an engineer straightaway; whereas if they come under the independent stream it is much harder for them to participate straightaway in the Australian economy. We think the employer nominated scheme has a stronger case in terms of filling skill shortages and making sure that the skills of migrants are used to their full potential.

**Mr Yates**—Often the companies that go through the employer nomination scheme process have gone to a great deal of trouble to look at the shortages in the particular engineering fields. Also, they have been able to identify exactly the sorts of skill sets they are after. They are not generic ones, which are what a lot of the people who are coming in under the unsponsored programs have. They are quite specific.

I will give you a very concrete example of this. Twenty or 30 years ago the vast majority of the work of an electrical engineer was in the design and construction of new infrastructure, whether it was new power stations, high-voltage tension for cables, whatever. Nowadays we have shifted away from that to more of asset management, optimisation of systems, risk management—these sorts of softer skills. That requires a completely different skills base. It requires technical, practical knowledge, but it includes all of these additional skills which really come from working in that environment.

There are no postgraduate or undergraduate degrees in these sorts of areas. As a consequence, a lot of the people who are coming in, say, under the category of an electrical engineer from a more developing country will have the design skills which were suitable 20 years ago in Australia but really are not so suitable today. So, despite the fact that they meet the criteria and can be defined as being electrical engineers, they do not have the skills that a modern employer of electrical engineers will require. So there is a mismatch there. This is why we find the employer nomination scheme better, because those companies state exactly what they are after, they can define it and then find the people to match that, rather than the other way around where people say, ‘There is a shortage of electrical engineers. I will apply, regardless of my actual skills set.’

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**CHAIR**—In your submission you covered the fee issue. The submission states:

The sponsoring employer must also pay a significant fee (for example \$A8000-10000) to sponsor an immigrant to fill a vacant job.

In your opening comments you mentioned that small to medium sized businesses might be precluded from the process because the fees were prohibitive. Would you like to expand on that?

**Mr Yates**—On the fee, or the discount or the way that SMEs would access the program?

**CHAIR**—Page 12 of your submission states:

The sponsoring employer must also pay a significant fee ... to sponsor an immigrant to fill a vacant job. This fee will be collected to support the following 3 programs ...

You talk about language training et cetera. Then I think further on in your submission you spoke about the issue of the \$1,000. Could you expand on both those issues?

**Mr Yates**—In the last 10 years there have been major changes to the structure of the work force and the very nature of how engineers are employed in Australia. Ten years ago we had a lot of vertically integrated companies, often utilities, that would take on a large number of graduates, train them, rotate them around, give them a very rounded education and then a lot of those graduates would be picked up by the private sector. So the private sector really in many ways was not pulling its weight in terms of the training requirement because the governments did it. Now a lot of those have been privatised, downsized, outsourced.

The typical model now—the WA mining industry is a classic example—is where you have a lot of large companies which are no longer vertically integrated but contract out certain elements of their work, say, the maintenance work or the design work. When they contracted out there was an assumption that the companies would pick up the obligation of the training component that the government had done; they get the work, therefore they should do the training. But because of the very nature of the contracts, often of three- or four-years duration, it does not give any stability to the companies to enable them to take on graduates. A graduate or an apprentice, for example, will take three or four years to develop to become a person who is generating income in their own right rather than being trained. So, because of this insecurity in the market, the companies are increasingly looking at either poaching people or bringing them in from overseas. So we need some mechanism to discourage companies from doing that and to get them to focus more on internal training, retaining people and so on.

If you would like some very concrete figures on that, there is a report that we put out a couple of years ago called *Engineering for rail sector growth: a report on engineering rail skill shortages in Australia*. In that we asked the question of the Australian rail companies, ‘What percentage of you are looking at bringing in foreign workers to fill positions?’ Something like 67 per cent of companies were looking at bringing in people rather than training them. So that indicates the difficulties a lot of employers have in training staff. So we needed a hurdle and a figure was chosen for that.

But obviously for smaller companies, particularly some niche companies that know there is nobody in Australia to do that, that is not a fair requirement. There is a case which I had

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personal involvement in when we did the market labour assessment for a company that developed slurry pumps. There is one manufacturer in Australia. There are probably three or four guys in Australia who can actually design them for very large componentry. He knew the market, he knew everybody in it; so it would be unfair for him to have to pay this additional amount because there is nobody in Australia to do that work. It probably would not be viable either for a training course to be established in Australia. But if we could take those funds that come in from those companies bringing people in and use those funds to train Australians then we believe that would be a fair amount.

**CHAIR**—But in a unique, niche market like that you would still have to rely predominantly on your local workers or bringing people in from overseas. With the pump example that you gave, there would be no way around that.

**Mr Yates**—I do not believe there would be.

**CHAIR**—It is very specialised.

**Mr Yates**—Yes.

**CHAIR**—An employer nominated scheme would come to the fore in that.

**Mr Yates**—Yes, it would, because there is no—

**CHAIR**—There is no-one here that would—

**Mr Yates**—With skilled individuals, unsponsored categories would not help at all.

**Mr LAURIE FERGUSON**—I have three points. Firstly, I think you said that the policy of your organisation was that people should have worked 24 months in the previous three years; is that right?

**Ms Hurford**—Yes.

**Mr LAURIE FERGUSON**—The current provision is 24 months in five years, is it not?

**Mr Yates**—I would have to check on that.

**Mr LAURIE FERGUSON**—My recollection is that it is. I was wondering whether there was a very deliberate position taken by you with regard to experience in the industry in choosing a provision of 24 months in three years.

**Mr Yates**—In some ways it is very arbitrary to apply that across the board. In some areas it would be very relevant because of the half-life of knowledge. If you are out of the IT area for 24 months, you really have to be retrained. So there is no great advantage. But in the case of a slurry pump engineer the technology really has not changed enormously in the last 10 or 15 years; only the tools of designers have changed. But across the board generally the last probably 24 months over three years would be more applicable than over five years simply because in most of our areas technology is changing quite rapidly.

**Mr LAURIE FERGUSON**—The second point is that the number of people who are leaving Australia saying they are going permanently has risen from roughly 30,000 to 40,000 a year, from recollection. You have talked about the number of people entering Australia. You talked about downsizing and changing. Are we experiencing a loss of engineers overseas at the moment? Is that a reality or not?

**Mr Yates**—I will start with the narrow and pass to Kate for the broad. In certain areas, yes, but that is partly because of structural change. Take the case of marine engineers. The Australian littoral fleet is quite small and getting smaller. I think that is the profession now with an oldest average age of about 43 years. There is very little chance of working in Australia, but there are good opportunities overseas. So we are getting a very significant lift overseas, but that is because there is no work here anyway; so that is no great drama. In other areas, you would have a greater migration overseas than domestically in electronics engineering and certain sorts of software engineering. So we would be losing out in that case. Kate might perhaps like to talk about the macro picture.

**Ms Hurford**—Generally we believe we should be looking for a skills exchange rather than saying that we are getting a skills loss. But, in engineering, salary opportunities overseas are quite significantly different from salary opportunities in Australia. An engineer in the US can earn \$A95,000 a year as a graduate, which is very different from the salary that they can get in Australia. So obviously there is a big incentive to move offshore. We think that perhaps we should be looking at some ways to ensure that brain regain occurs. There are positives in Australian engineers moving overseas. They are trained overseas. They get overseas experience that they can bring back to Australia, and that is positive. We just need to look at ways to ensure that they do come back. We think there is some sort of lag in that area.

**Mr Yates**—A very interesting issue is the Australia-US free trade agreement. Currently the Washington Accord allows mutual recognition of Australian qualifications with a range of other countries. Once the free trade agreement gets in, there may be a case where there will be increased numbers of Australians working overseas because of the increased access to their labour markets for our engineers. So that will be quite an interesting time.

**Mr LAURIE FERGUSON**—I understand where you are coming from, and I agree philosophically with your submission, but on the other side of the ledger I receive complaints from people who are trying to migrate, who are entering Australia for work, about the issue of Australian experience. Do you have any response to that? Do you think it is an issue we perhaps need to tackle or do you know of any remedies?

**Ms Hurford**—Yes, it definitely is an issue. A study was done in 1994, which I listed on page 7 of the submission. The No. 1 thing listed is lack of Australian experience. So that is a really big hurdle. That is why we think the employer nominated stream is a stronger way of bringing in engineers: principally because they obviously have the experience, otherwise the employer would not be sponsoring them.

**Mr Yates**—This is not a simple psychological or cultural issue here, that you may have to have Australian experience to be defined as good. A lot of specific requirements in Australia do not apply overseas. Take the case of engineers working in the building construction industry. The building code of Australia is uniquely Australian. A lot of standards in Australia are uniquely Australian. OH&S requirements in Australia are completely different from overseas.

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So the experience that a lot of employers require is 'How does it work in Australia', not the broader, say, design principles. Finite element analysis in Australia is identical to America, as it would be to Mars. But the application, the workplace environment, is quite different.

**Mr LAURIE FERGUSON**—I accept there is a need for it in some sectors. You say you prefer employer nomination, but this can become a significant problem in relation to the independent category intake—actually getting that experience in the first place, actually getting into the job marketplace. Maybe we should not have allowed some people to come here in the first place, but we have, and then a lot of it is pointless.

**Ms Hurford**—I agree.

**Mr Yates**—Indeed, and that is why in Kate's opening address she mentioned the need for more case management one to one—to assist those people to get their first bit of employment, whether it is paid or semi-paid, like work experience from schools, as a way for them to jump into the labour market. We believe that as soon as that occurs there will be a far better outcome for the unsponsored category.

**Senator EGGLESTON**—I would like to take up the point you make about the Canadian points system. You say the points test system in Canada has some virtues which we might like to pick up on. Could you expand on that?

**Ms Hurford**—In Canada recently they have had a quite large review of the points test system. I am not actually sure, off the top of my head, how wide reaching that was, but I know that some significant reforms were put in place. Probably the most controversial is, as I listed in our submission, that they are going to assess applicants who are already in the system by the new points system. It actually has, off the top of my head, stronger applications in terms of English ability and skills testing. As we outlined in the submission, there is a strong correlation between English ability and success in the labour market. So we are quite interested in looking at those kinds of correlations, particularly in relation to the fact that New Zealand has actually lowered some of their standards and they are having some problems in those areas. If you would like some further information on it, I would be happy to send the committee something at a later date.

**Senator EGGLESTON**—Perhaps you could send it to the committee secretariat, rather than to me personally, so it is available to everybody.

**CHAIR**—And we will circulate that to committee members.

**Mr LAURIE FERGUSON**—You obviously have some interest in free trade agreements and their impact on the movement of people. With increased movements of people internationally, including, say, Australians, is there a degree of lobbying of your organisation by our nationals overseas in your field about other countries' requirements upon them and their skills requirements when they enter other countries? Is this becoming an issue with you as an organisation?

**Ms Hurford**—It is a huge issue. The major barrier to Australian engineers working overseas is the recognition of qualification. If you cannot get your qualifications recognised, you cannot apply to be registered in that country to practise as a professional engineer. So we have worked

quite extensively to help set up the Washington Accord, which has member countries that recognise that an engineering degree in Australia is equal to an engineering degree in the US, the UK or whichever countries have signed onto it. There is quite a number of international agreements to do with engineering similar to the Washington Accord. The problem we have at the moment is professional association to professional association. If it were government to government, it would be a much stronger relationship. There are also lots of non-tariff barriers to trade. For example, if you set up a company in the US, in some states you have to have a partner that is a US national registered in that state. Similar things to that also act as barriers to engineers working overseas. But, if you are an individual engineer and you go overseas and work for a US company, you are not going to have too many problems.

**CHAIR**—Earlier you spoke about a lot of graduates going overseas because of higher salaries being offered to them. What other reasons are there? I think the submission mentioned Canada gives tax credits, and the UK, France and Germany encourage foreign students. Is it mainly to do with the salaries being offered or are there other issues as to why engineers go overseas? Are they the main reasons given to you or do professional opportunities feature high there?

**Mr Yates**—Salary I think is a big part, but there are other factors. In making that decision, obviously individuals will decide what the priority is. I know from work we have done in the past the opportunity to do innovative, exciting work is probably one of the biggest drivers for why you change jobs or work overseas. Certain sectors in Australia have very little opportunity for, say, design or even manufacture, but overseas there are those economies of scale that make design and manufacture overseas viable. Taking the design and construction area as an example, now a lot of major high-rise advanced buildings are being designed in one or two countries and then the actual construction is subcontracted to Australia. Therefore, your advanced, say, structural work will be done in Singapore or in Britain, so people naturally migrate there for those opportunities.

Also, the work practices of certain overseas countries are very appealing. They include continuous training and opportunities to move around different countries within the organisation or fill different positions within it. Because of Australia's smaller size and particularly the disaggregation of vertical companies, there are far fewer opportunities than there were in the past. Take somebody who wants to be a specialist rail engineer as an example. In Australia there is really not much opportunity to do design work or signal design work. There are far more opportunities overseas. If you do work for one company in the rail sector, then more than likely all you will do is that particular element, which may be, say, pavement design, and nothing else. Queensland Rail is about the only vertically aggregated organisation. Interestingly, a lot of engineers are migrating to Queensland for this very reason, because it allows them those opportunities of working in different areas. As I say, there are a number of reasons. I think opportunities is one of the greatest.

**CHAIR**—So mobility and flexibility within the profession would feature high up there; it is not solely an income based reason?

**Mr Yates**—Absolutely, it is not solely income.

**CHAIR**—They are the main reasons. What about postgraduate considerations? Are they more favourable if they go overseas or, again, is that something that occurred in the past and

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does not happen now? I think it happens traditionally in medicine, where going overseas and doing a postgraduate degree at a British hospital or university was seen as very prestigious. Do those considerations come into play with engineering?

**Mr Yates**—We have done no work on that. Anecdotally, it really is not a big issue. The only reason why a number of engineers are doing postgraduates overseas is that there are not the courses in Australia. Until about two years ago there was no postgraduate, say, in railway engineering, and there now is. So a lot of people go off to Sheffield for it. Maritime postgraduate engineering—

**CHAIR**—I was going to ask you about that as well, so I am glad you mentioned it. How limited is that in Australia?

**Mr Yates**—Maritime postgraduates?

**CHAIR**—Yes. Non-existent?

**Mr Yates**—I am just trying to think if there are any. There would be units of it. Also, there were no courses in asset management up until the last couple of years, but it has been quite advanced in the US for 15 to 20 years.

**CHAIR**—Before I entered parliament I taught business studies at the Queensland University of Technology. A new course was set up combining commerce with engineering. That happened probably several years ago. I just want your feedback on that. Are more universities doing that? Are you finding that you have a greater need now for engineers to have not solely those engineering skills but also those managerial skills that we spoke about earlier? Do you have any feedback on combining such courses? I think it is a five-year course.

**Mr Yates**—Yes, double degrees have boomed in popularity in the last five to 10 years. When I started engineering I tried to do engineering and law, but it was impossible at Monash; they just would not allow it. Engineers had to do engineering, nothing more. That has changed a great deal. At the undergraduate level, yes, there is a lot more occurring. At the postgraduate level a lot of changes have been happening. It has been gradually building. It is reaching a point now where you will get a lot of engineers who are doing MBAs or equivalent. APESM—which is the Association of Professional Engineers, Scientists and Managers—and Engineering Education Australia are both running distance education MBA degrees. Enormous numbers of our engineers are developing these sorts of skills. Also, we are getting a lot more specialist masters. Master of Business Technology is becoming increasingly popular, because engineers are realising they need these skills to be a competitive multiskilled person in the work force, which is wonderful. The profession is encouraging that.

There are certain areas where universities are not currently providing it. Take the area of regulation as an example. A lot of engineers, particularly in government, used to do things, but now with competition policy or competitive neutrality government are no longer doing things; they are regulating things. In the past regulation was internally set by the organisation; now it is being set by government. A lot of engineers are now developing regulatory systems which are then being made into regulations or legislation. There is no course in Australia for those guys and any other science technology professionals to undertake. There are units of, say, regulation

law, regulation economics. Over the last five years we have been encouraging some universities to pick it up, to offer a postgraduate in—

**CHAIR**—In regulation engineering.

**Mr Yates**—Or in regulation for technical areas. You have postgraduates in policy analysis, in public administration, but you have nothing in regulation, which is one of the primary functions of government. A lot of our members are doing it and they really need some assistance with it.

**CHAIR**—What objections have you found when you have spoken to educational bodies about that—too hard to do?

**Mr Yates**—Simply the numbers.

**CHAIR**—There are not the numbers.

**Mr Yates**—Nobody is confident that there are the numbers for it. The argument is, ‘If it has not been done to date, why do you think it will be a popular degree?’ But 15 years ago who would have thought so many people would be wanting to do a masters of policy analysis, policy development.

**CHAIR**—I take this opportunity to thank the Institution of Engineers. Thank you very much, Mr Yates and Ms Hurford, for your attendance. If there are any matters on which we as a committee might need some additional information, the secretary will write to you. You will be sent a copy of the transcript of your evidence here today, and you can make editorial corrections to that. I believe you spoke earlier about a book you had there.

**Mr Yates**—Would you like a copy?

**CHAIR**—The committee will take that as an exhibit. Is it the wish of the committee that the document tabled by the Institution of Engineers be taken as further evidence to the inquiry?

**Senator EGGLESTON**—Yes.

**CHAIR**—There being no objection, it is so ordered. Once again, thank you very much for your comprehensive submission, your time today and your forthright answers to the committee.

Resolved (on motion by **Senator Kirk**):

That this committee authorises publication of the proof transcript of the evidence given before it at public hearing this day.

**Committee adjourned at 11.55 a.m.**