



Australian Government

**Department of Education,
Science and Training**

SUBMISSION TO

**THE JOINT STANDING COMMITTEE
ON MIGRATION**

Comments on the Review of Skilled Migration *Issues Paper*

September 2003

Executive Summary

Following its consideration of submissions on possible changes to the Skilled Migration Program, the Joint Standing Committee on Migration released and invited responses to an *Issues Paper*. This submission provides the Commonwealth Department of Education, Science and Training's responses to issues raised by the Joint Standing Committee. As discussed in the Department's previous submission, The Joint Standing Committee on Migration's review of Australia's skilled labour migration and temporary entry programs is relevant to the Department's activities in a number of ways. The supply of skills available to Australian industry arises from two main sources, from the national education and training system, and from skilled migration, noting that a considerable proportion of successful applicants under the Skilled Migration Programme now have Australian qualifications.

Australia is estimated to derive substantial economic and broader benefits from its migration arrangements, particularly for skilled migration. With a considerable degree of selection and targeting in skilled migration arrangements, migrants readily find employment and quickly make an economic contribution. Still, the national education and training system is relied on to deliver the bulk of national and industry skill requirements. To rely too heavily on skill sources from overseas risks poor economic and social outcomes. In this context, migration arrangements need to be well integrated and consistent with national education and training objectives. A key objective of Commonwealth education and training policy is to ensure that the education and training system is efficient and responsive to national and industry requirements as well as the needs of individuals and the community.

The Review of Skilled Migration *Issues Paper* covers a number of issues on which the Department of Education Science and Training would like to provide comments (noting that several matters raised are primarily the responsibility of other portfolios). Of particular importance to our portfolio are the following topics:

- Why skilled migration?
- De-skilling of the Workforce?
- Recognition of Qualifications
- The Point System
- Flexibility
- A Brain Drain?
- Unskilled migration

1. Introduction

In its previous submission to the Joint Standing Committee, the Commonwealth Department of Education, Science and Training noted that:

“The matters raised by the Joint Standing Committee cover activities for which responsibility is shared by a number of Commonwealth agencies, including the Department of Immigration, Multicultural and Indigenous Affairs, and the Department of Employment and Workplace Relations. In this Submission, following consultation with other agencies, DEST has focused its comments on matters for which the Department has primary carriage, or where there are significant links between skilled migration programs and the national education and training system”.

Against this background, this submission provided:

- Background information on the role of the national education and training system;
- A discussion of the role of skilled immigration in meeting industry's skill needs. The section includes a case study on the role of immigration in meeting the skills needs of the ICT industries, which experienced rapid expansion in the late 1990s. However, more recently, the demand for ICT skills has eased, highlighting the need for flexibility and responsiveness in migration policy settings to reflect changes in labour market conditions;
- An analysis of the contribution of international students to skill formation in Australia through immigration. Recent changes in immigration policy have facilitated immigration by overseas students completing Australian qualifications. This analysis also emphasises the broader role of international study in terms of promoting longer term links between Australia and students' country of origin, and growth of exports of education studies. This section also reviews current issues of concern in relation to the governance of skilled migration arrangements.

The submission concluded that Australia is estimated to derive substantial economic and broader benefits from its migration arrangements, particularly for skilled migration. With a considerable degree of selection and targeting in skilled migration arrangements, migrants readily find employment and quickly make an economic contribution. Still, the national education and training system is relied on to deliver the bulk of national and industry skill requirements. To rely too heavily on skill sources from overseas risks poor economic and social outcomes. In this context, migration arrangements need to be well integrated and consistent with national education and training objectives. A key objective of Commonwealth education and training policy is to ensure that the education and training system is efficient and responsive to national and industry requirements as well as the needs of individuals and of the community.

Skilled migration can contribute both to general growth in the stock of skills and in providing skills where domestic skill formation is not adequate to meet industry needs. For example, where an industry is expanding very rapidly, as was the case with the Information Communication and Technology (ICT) industries around the late 1990s, skill shortages can arise which can be addressed, in part, through skilled migration. On the other hand, very strong growth in ICT-related skilled migration also highlights the need for flexibility in policy settings where the need for skills declines due to changes in market conditions.

The submission noted the increasingly strong links between the Skilled Migration Programme and Australia's education and training system. Immigration provisions have progressively facilitated migration by overseas students completing studies at Australian educational institutions. These initiatives have proved very successful. Of the skilled independent principal

applicants who applied in 2000-01, about 50 per cent had obtained a qualification from an Australian educational institution.

There is a need for effective co-ordination of education and training, and Skilled Migration policies to ensure appropriate levels of skill supply in response to changing labour market conditions, particularly given the increasing importance of overseas students as a source of skilled migrants.

The Review of Skilled Migration *Issues Paper* covers a number of issues which DEST would like to provide comments on (noting that several matters raised are primarily the responsibility of other portfolios). Of particular importance to the Commonwealth Department of Education, Science and Training portfolio are the following topics:

- Why skilled migration?
- De-skilling of the Workforce?
- Recognition of Qualifications
- The Point System
- Flexibility
- A Brain Drain?
- Unskilled migration

2. Why Skilled Migration?

As mentioned in the Department's previous submission, Australia is estimated to derive substantial economic and broader benefits from its migration arrangements, particularly for skilled migration. Skilled migration contributes to the national stock of skills (15 per cent of supply).

Skilled migration is a valuable adjunct in helping to meet national skill requirements. In a dynamic labour market environment the domestic skill sources may not always be able to meet skill demands. However, as we explained in our previous submission, the Commonwealth Department of Education, Science and Training is concerned that benefits from the skilled migration be maximised. In the Department's view, the skilled migration program is most valuable when it is closely targeted to industry skill needs.

Skilled migration can contribute both to general growth in the stock of skills and in providing specific skills where domestic skill formation is not adequate to meet industry needs. For example, where an industry is expanding very rapidly, as was the case with the Information Communication and Technology (ICT) industries around the late 1990s, skill shortages can arise which can be addressed, in part, through skilled migration. On the other hand, very strong growth in ICT-related skilled migration also highlights the need for flexibility in policy settings where the need for skills declines due to changes in market conditions.

The proportion of skilled migrants has steadily increased in recent years. In 2001 – 02, Australia's skilled migration program accounted for 53,520 persons within an overall non-humanitarian migration program of 93,080. In 2002-03, the programme accounted for 66,050 persons (or 61.1 per cent) within an overall non-humanitarian migration program of 108,070.

3. De-skilling of the Workforce?

The Department believes that the Skilled Migration Programme needs to be targeted effectively to maximise our domestic labour force to meet demands as a first priority. It is important that the skills of persons migrating to Australia under the Skilled Migration Programme continue to be closely aligned to industry's needs, to ensure that skilled migrants are readily absorbed into the labour force, and that industry skill needs are addressed as efficiently and effectively as possible.

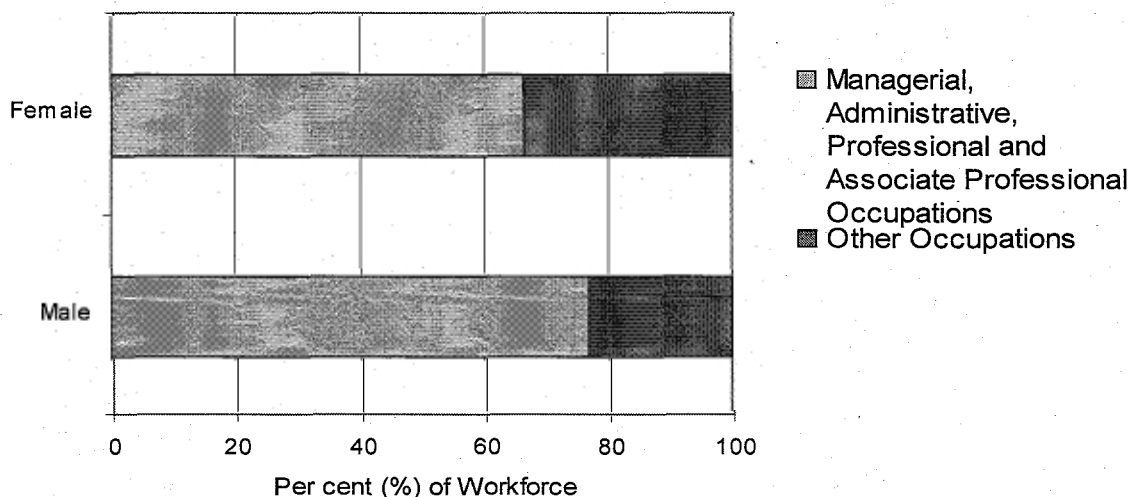
In 2002-03, Australia's Skilled Migration Programme accounted for 66,050 persons (or 61.1 per cent) within an overall non-humanitarian migration program of 108,070. The view of this Department is that the Skilled Migration Programme therefore contributes skilling, not de-skilling of the Australian workforce. Given that skilled migrants are relatively well qualified, they make a positive contribution to overall skilled levels of the workforce, particularly as older workers with relevant qualifications are retiring.

For example, Australia experienced net growth in professional occupations of 56,784 between 1998-99 and 2001-02 (where a degree level qualification is required). Similarly in trades occupations, where a trade level qualification is required, there was a net gain of 15,221 over the same period.

The Department has previously commented that from the perspective of skills assessments there are several existing tools which could be tightened to improve the selection of skilled migrants. One of these is the Skilled Occupations List (SOL). The Department, in consultation with the Department of Employment and Workplace Relations is currently considering issues related to the SOL and the appropriate inclusion of some of the occupations on this list.

The Department does recognise that there are some skill areas where we are losing highly qualified professionals to the overseas labour market. This was confirmed in a study by Hugo et al 2003 who found that professionals, associate professionals and managers and administrators were most represented among the Australians who were departing permanently. Table 1 shows that 77 per cent of Males and 66.3 per cent of Females permanently departing from Australia work in either Managerial, Administrative, Professional or Associate Professional Occupations. The Skilled Migration program is able to respond to these losses by encouraging qualified migrants with skills in these professions to work in the Australian labour market.

Table 1: Per cent of workforce in Managerial, Administrative, Professional and Associate Professional occupations departing permanently from Australia (Australia – Born), 2002.



Source: Hugo, G., Rudd, D. and Harris, K., *Emigration of Australians: Recent Developments on Policy Issues*, National Centre for Social Applications of GIS (GISCA), University of Adelaide, July 2003, unpublished.

The available studies show that in terms of net migration, Australia is experiencing a "brain gain" and immigrants arriving in Australia, through the Skilled Migration Program, are contributing to the skill set of the labour market. This issue is discussed in section 5 of this submission.

4. Recognition of Qualifications

Australian Education International (within the Department) complements the aims of Australia's migration programme by assisting the overseas-trained to work and study in Australia; by providing information, advice and assistance in relation to the recognition of overseas qualifications and skills; and by encouraging improved international arrangements for the recognition of qualifications and skills.

A critical element in the success of skilled entry is the assessment of skills as qualifications against Australian standards in the identified professions, trades and occupations. To be effective, assessment of skills and qualifications must be conducted by agencies that have specific knowledge about the occupation under assessment and the relevant market environment. In professions it is the peak professional bodies that have the appropriate interest and expertise to identify and safeguard appropriate Australian standards as well as monitor issues of supply and demand within their fields. If skilled entry procedures are to be better targeted, whether for permanent or temporary entry, then consideration should be given to addressing more effective recognition of general occupations to ensure the skills and expertise of those entering Australia under this scheme will enable them to be job ready, or close to it, for employment in their field in Australia.

Some occupations may need to meet supply needs in particular locations. One way to address this would be to extend the provision of extra points for the purpose of migration to those who have studied in regional or low population growth centres, to those who are willing to work for up to two years in those areas. This is not a solution for all professions. It could however be a useful strategy where locational shortages are identified, for example, the teaching profession. In this case in particular, such a strategy might attract older teachers to regional areas who would not otherwise have had sufficient points to be eligible for migration to Australia. This would have the double impact of providing not only a teacher who meets Australian educational and professional standards, but one who is likely to be well experienced.

5. Brain Drain?

Reports that have been funded by the Australian Government on the "brain drain" issue have found that Australia is actually experiencing a net "brain gain". That is not to say that we do not lose skilled people overseas, on a temporary or permanent basis, or that we should be complacent on the issue.

Globalisation has been a major reason for an increase in the international flow of workers. The data available make it difficult to ascertain the quality of the skills emigrants and immigrants possess, however, the numbers available demonstrate that overall Australia experiences a net gain in the international movements skilled migrants. Research into the extent of gains and losses of highly qualified migrants (including those with Doctor of Philosophy qualifications) is expected to be released later this year.

The Australian Government has funded research on the movement of skilled labour to and from Australia. Two reports were released in 2001. These reports were *Skilled Labour: Gains and Losses* by Dr Bob Birrell and others from the Centre for Population and Urban Research at Monash University and *Emigration from Australia: Economic Implications* by Professor Graeme Hugo and others from Adelaide University. The findings of these reports, which were presented in our previous submission, showed that Australia continued to gain skills in net terms through migration. For example, research by Birrell, et al showed that in the five years to 30 June 2000 there was a net gain of 155,279 persons who hold an occupation.

Birrell et al and Hugo et al's 2001 reports were unable to draw conclusions about the quality of skills of persons leaving or entering the country, however, they suggest that the recent tightening of the immigration program appears to allow better targeted and higher quality flows of migrants.

Further complementary reports released this year show that Australia's net gain is continuing to increase. Dr Birrell and others released an interim report in March 2003 on the *International Movement of Skilled Workers*. Birrell confirms that Australia is still experiencing a net gain of people with skills to Australia, in fact this net gain grew in 2000-01 and 2001-02 relative to earlier years. For example in 1997-98 the net gain of skilled workers was 24,518 and in 2000-01 and 2001-02 this figure was 37,796 and 34,595 respectively. The table below shows that in the seven year period to 2002 the total net gain of migrants was 228,868 persons.

Table 2: Settler arrivals and net movement of permanent residents and long term visitors, 1995-96 to 2001-02

By broad occupation	Net Long Term			Net Total
	Settlers	Visitors	Net Residents (losses)	
Managers and Administrators	40166	51,710	37112	54,763
Professionals	115069	57749	81122	91,696
Associate Professionals	26160	9518	15583	20,095
Tradespersons	40530	-2195	10061	28,275
Other occupations	75200	5932	44281	36,850
Total	295173	125199	191504	228,868

Source: Birrell, B., Dobson, I.R., Rapson, V., Smith, T. F., *International movement of skilled workers*, Centre of Population and Urban Research, Monash University, unpublished.

Hugo released Stage 2 of their research *Emigration of Australians: Recent Developments and Policy Issues* in July 2003. In this report Hugo recognises that Australia is still experiencing a "brain gain" but places more emphasis on the need to ensure the return of expatriate Australians to bring back their enhanced skills. This report found that expatriates in the USA and Canada are less likely to return than those living in Asia, the UK and Ireland.

The Department believes that Australia's labour market is benefiting from a Skilled Migration Programme which enables highly skilled, competitive immigrants to participate in our labour force, contributing to our "brain gain".

As discussed in section three on the deskilling of the workforce, this Department does make the observation that some skill areas are experiencing a slight "brain drain" such as those identified by Hugo including nurses and in academic and research fields such as mathematics, statistics and science.

A range of initiatives, particularly within the scope of the Australian Government's Innovation Statement, *Backing Australia's Ability (BAA)*, act to address the loss of key personnel such as scientists and researchers. For example, BAA includes programs which provide for funding of collaborative research infrastructure proposals, financial support for postgraduate students, and prestigious research fellowships. The Federation Fellowships initiative saw 25 fellowships offered in 2002 and a further 25 in 2003.

6. The Points System

The Australian Government introduced changes to the Skilled Migration Program, effective 1 July 2003. One change implemented requires applicants to the Skilled Migration Programme to have completed two years' study in Australia toward an Australian degree to access the Points for Australian Qualifications, whereas this had previously been given to those with only one year study in Australia. Applicants must have completed two years' study in Australia and have received an Australian degree to gain exemption from the work experience criterion for migration purposes.

Additional points are awarded for those students who hold an Australian Masters or Honours Ila level degree gained while in Australia (and taught in English) in addition to an Australian Bachelor level degree (at least one year of which had been completed in Australia). More points yet again are offered to those students completing an Australian doctorate in Australia (including two years' study in Australia).

We see value in the award of additional points for Australian qualifications and the award of additional points for students completing higher level studies in Australia. This promotes the Government's quality agenda to attract the highest quality migrants to the skilled migration program.

With linking the additional points for an Australian qualification with the work experience exemption provisions, a balance needs to be struck between the respective weight of benefit to the Australian community deriving from each of the two factors. In the case of qualifications that attract 10 points, the extra five are available only if a prior Australian qualification is also held, and at least one year of the study for the prior qualification was also undertaken in Australia. Given that the applicant would already have satisfied the two-year in Australia requirement, the additional requirement would seem to unnecessarily exclude Australian qualifications gained overseas.

We also suggest that the Committee consider a system, such as awarding points, for recognising employment undertaken in Australia in the profession, trade or occupation that an applicant has been found as suitable for, for the purposes of migration to Australia under the Skilled Migration categories programme. A successful period of employment would provide evidence that an applicant is more likely to gain employment in his or her nominated occupation and quickly become a fully self supporting and effective member of both the Australian labour market and the community

7. Flexibility

The Commonwealth Department of Education Science and Training supports flexibility in the Skilled Migration Programme in order to respond to changing local and international circumstances. As demonstrated in our previous submission, changes in demand in skill areas, as was the case with ICT, may require a subsequent change to the Skilled Migration Program.

Since peaking in 2000, skill shortages in ICT occupations substantially reduced. As a result, the Government announced measures to no longer favour immigration by persons with ICT skills. Initiatives have included no longer giving priority processing of applications by persons with ICT skills under the Skilled Migration Program, and reducing the number of ICT specialisations on the Migration Occupations in Demand List (MODL).

As stated in our previous submission, the Government's strategy for dealing with ICT skill shortages has therefore been very successful. The supply of skills through the education and training system and immigration has grown strongly over the last couple of years. Indeed, strong growth in the supply of skills from the education and training system and from skilled migration, coupled with a marked downturn in demand for ICT skills, caused concern about the potential for an oversupply of ICT skills.

The rapid change in circumstances in ICT highlighted the need for flexibility and careful targeting in migration policy settings to best meet the needs of industry and the community.

8. Unskilled

What role is there for a program designed to bring in unskilled labour?

The Skilled Migration Programme is one of the ways migrants, with skills, can gain entry in Australia. Skilled entry however, is not the only form of entry, and rightly so. The energy, determination, hard work and courage to succeed in a new environment have long been quoted as hallmarks of Australia's post war migrants who have contributed in exponential ways to

Australia's economic growth and quality of life. Any changes to skilled entry should continue to allow for a variety of entry pathways. The balance and overall numbers of migration need to be determined not only by short term economic benefits to the current labour market but also by the benefits of humanitarian and other socially responsible opportunities for those from overseas. These have proved not only to have long term economic value but also to provide great social enrichment. Our growing awareness of population pressures on agricultural land and water management mean that these also must be factored in to the overall equation.

Family reunion programmes, sponsorship strategies and other avenues of non-skilled entry, also support the strengthening of social capital with subsequent benefits to our economy by building on existing networks and providing social support for new arrivals.

The majority of overseas people in Australia at any point in time have not entered under the General Skilled Migration programme. Many temporary visa holders have much to contribute. Consideration could be given to allocating points toward migration to those who have a good track record in contributing to the Australian economy through their employment history while in this country on temporary work visas.

Provision of support to migrants who have qualifications and or experience in a particular profession, trade or other regulated occupation which can be upgraded to Australian standards relatively easily should continue to be a priority.

Nonetheless, the Department of Education Science and Training places emphasis on the merits of a Skilled Migration Program. A skilled entry program enables Australia to attract migrants with relevant skills to contribute to the Australian labour market

9. Summary and Conclusion

This submission responds to a range of issues covered in the Review of Skilled Migration *Issues Paper*.

Australia is estimated to derive substantial economic and broader benefits from its migration arrangements, particularly for skilled migration. Skilled migration can contribute both to general growth in the stock of skills and in providing skills where domestic skill formation is not adequate to meet industry needs.

In 2002-03, Australia's Skilled Migration Programme accounted for 66,050 persons (or 61.1 per cent) within an overall non-humanitarian migration program of 108,070. The view of this Department is that the Skilled Migration Programme therefore contributes skilling, not de-skilling of the Australian workforce. Given that skilled migrants are relatively well qualified, they make a positive contribution to overall skilled levels of the workforce, particularly as older workers with relevant qualifications are retiring.

For example, Australia experienced net growth in professional occupations of 56,784 between 1998-99 and 2001-02 (where a degree level qualification is required). Similarly in trades occupations, where a trade level qualification is required, there was a net gain of 15,221 over the same period.

This submission then focused on the assessment of skills as qualifications, a critical element in the success of skilled entry. This Department believes that if skilled entry procedures are to be better targeted, whether for permanent or temporary entry, then consideration should be given to addressing more effective recognition of general occupations to ensure the skills and expertise that those entering Australia under this scheme will enable them to be job ready, or close to it, for employment in their field in Australia.

The Department has demonstrated in this submission that Australia has continued to gain skills in net terms through migration. For example, research by Birrell et al showed that in the five years to 30 June 2000 there was a net gain of 155,279 persons who hold an occupation. Australia's labour market is benefiting from a Skilled Migration Programme which enables highly skilled, competitive immigrants to participate in our labour force, contributing to our "brain gain".

Also highlighted in this submission is the value the Department perceives of additional points for Australian qualifications and the award of additional points for students completing higher level studies in Australia. This promotes the Government's quality agenda to attract the highest quality migrants to the skilled migration program.

The Department supports flexibility in the Skilled Migration Programme in order to respond to changing local and international circumstances. The rapid change in circumstances in ICT highlighted the need for flexibility and careful targeting in migration policy settings to best meet the needs of industry and the community.

In conclusion, the Department of Education Science and Training notes that there are increasingly strong linkages between the Skilled Migration Programme and Australia's education and training system. Immigration provisions have progressively facilitated migration by overseas students completing studies at Australian educational institutions. These initiatives have proved very successful.

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