

## National productive capacity

### Introduction

- 10.1 With almost two consecutive decades of economic growth, Australia's ongoing commitment to world trade liberalisation has led to the emergence of a competitive and innovative national export base. The Department of Foreign Affairs, Defence and Trade (DFAT) notes that as a result of nearly three decades of structural and policy reforms, the Australian economy is flexible, resilient and increasingly integrated with global and regional markets.<sup>1</sup>
- 10.2 This chapter examines the role of migration in building and sustaining Australia's long-term productive capacity by discussing both the immediate and long-term economic benefits of skilled migrants, international students, refugees and humanitarian entrants to the Australian economy.
- 10.3 This chapter also provides a summary of skilled migration to Australia in terms of labour market outcomes, and explores the extent in which Australia is fully utilising the skills of all migrants by discussing some of the common existing barriers faced by migrants and refugees attempting to access the local workforce. These barriers include the recognition of overseas skills and qualifications, language barriers and discrimination in the workplace.

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1 Department of Foreign Affairs and Trade (DFAT) website, < [www.dfat.gov.au/factss/global-economy.html](http://www.dfat.gov.au/factss/global-economy.html) > viewed 8 May 2012.

## Migrant contribution to national productive capacity

- 10.4 Australia's migration programs have consistently recognised the economic benefits stemming from migration.<sup>2</sup> The Australian economy relies on migration flows to help satisfy skill demands in the workplace while systematically lifting the nation's long-term productive capacity. As a result, migration has played a consistently important role in Australia's social and economic wellbeing.<sup>3</sup>
- 10.5 Based on the Treasury's 2010 Intergenerational Report, Australia will need to counterbalance the future effects of an ageing population through enhanced participation, productivity and population (3 Ps) reform. The report also predicted that if Australia was to face lower net overseas migration and fertility, leading to a lower annual rate of population growth of 0.8 per cent, real gross domestic product (GDP) per person would be around two per cent lower by 2049-50.<sup>4</sup>
- 10.6 The nature of migration's economic contribution to Australia's long-term productive capacity was revealed through the evidence received. The Committee found it is clear that skilled migrants, international students and humanitarian entrants all play a role in contributing to the ongoing growth of the Australian economy. However, reform is required in order to more effectively utilise the skills of migrants and refugees in contributing to Australia's productive capacity.

## Skilled migrants

- 10.7 The Committee received a substantial amount of evidence regarding the positive economic contribution of skilled migrants in building and sustaining industry across Australia. More specific details on the labour market outcomes of skilled migrants in Australia are discussed later in this chapter.
- 10.8 DIAC's own research revealed that skilled migrants contribute to national productive capacity by bringing people into Australia who are concentrated in the prime working ages of 25 to 44 years, have a high propensity to work and are highly skilled.<sup>5</sup> The temporary and permanent

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2 DIAC, *Submission 450*, p. 23.

3 K Kovac, 'Australia's Migration Programs: Contributing to Australia's growth and prosperity', *Committee for the Economic Development of Australia* discussion forum, 14 September 2011.

4 Hon Wayne Swan MP, 'Australia to 2050: Future challenges', *Third Intergenerational Report of the Australian Treasury*, January 2010, p. xv.

5 DIAC, *Submission 450*, pp. 24-25.

skilled migration categories are designed to enhance the contribution of skilled migrants to Australia's national productive capacity by:

- favouring skilled applicants who are sponsored by an employer on the basis that applicants with a guarantee of skilled employment will have a higher productivity than other applicants;
- requiring migrants without a guaranteed job to demonstrate that they have the necessary skills to succeed in the labour market; and
- granting applicants with an Australian qualification that do not meet the criteria only a temporary visa, but then giving them the opportunity to develop the necessary skills.<sup>6</sup>

- 10.9 Drawing from the experiences of their skilled migration intake, the Victorian Government noted the significant contribution made by skilled migrants to the State's productive and economic performance by diversifying the workforce, satisfying skill shortages, increasing the populace demand for locally produced consumer goods and encouraging international travel for business, tourism and education purposes.<sup>7</sup>
- 10.10 The ACT Government echoed similar sentiments in their submission, discussing the positive impact of business skilled migrants to the ACT's local economy. The capacity of business skilled migrants to draw investment and contribute to the overall economic development of the local area led to the ACT Government sponsoring 12 highly successful business people to invest \$22 million in the Territory in 2009-10.<sup>8</sup>
- 10.11 Yet despite the general benefits deriving from skilled migration, Ms Ruth Tay and Dr Andrew Leigh MP went on to argue that the effects of skilled migration are not as clear as conventional theory would suggest. While acknowledging the positive impact of skilled migration on most labour outcomes, their submission stated that the difference in estimates across studies, complemented by the difficulty in measuring certain effects, prevents greater conclusiveness.<sup>9</sup>
- 10.12 The Committee found that these concerns reflect the current lack of research and data collection on the specific impacts of skilled migration to Australia's productive capacity in particular industries, as well as their social implications. The issue of research is explored in Chapter 7.

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6 DIAC, *Submission 450*, p. 25.

7 *Submission 482*, p. 4.

8 *Submission 140*, p. 17.

9 *Submission 47*, pp. 4-5.

## Profile of skilled migration

10.13 Currently, the skills stream is the largest component of Australia's migration program. Skilled categories are directly related to labour market considerations via the Skilled Occupational List and Migrant Occupational Demand List. They contribute to the supply of skilled labour to Australian industry through the permanent entry of migrants with skills and levels of English language proficiency appropriate to skilled employment.

10.14 The number of skilled migrants in Australia has tripled in the last decade and now accounts for close to half of all migrants received in Australia.<sup>10</sup> **Table 10.1** provides a comparison of visa grants under the skill stream over the previous three reporting years.

**Table 10.1 Visa grants by skilled stream category, 2007-08 to 2009-10**

Category	2008-09	2009-10	2010-11	Percentage Change (%)
Employer Sponsored	38 030	40 990	44 350	8.2
Skilled Independent	44 590	37 320	36 170	-3.1
State/Territory Sponsored <sup>11</sup>	14 060	18 890	16 180	-14.3
Skilled Australian Sponsored	10 500	3 690	9 120	147.2
Distinguished Talent	200	200	130	-35.0
Business Skills	7 400	6 790	7 800	14.9
<b>Total</b>	<b>114 777</b>	<b>107 868</b>	<b>113 730</b>	<b>5.6</b>

Source DIAC Annual Report 2010-11, p. 52.

10.15 The figures in the table indicate that employer-sponsorship visa grants have relatively increased while there has been a steady decline in skilled independent visa grants. Additionally, there has been growth in business skills visa grants while skilled Australian sponsored visa grants have fluctuated.

10 R Tay and A Leigh MP, *Submission 147* p. 3.

11 This category includes State/Territory Nominated Independent and Skilled Independent Regional visas.

## Skilled migration government programs

### Skilled occupations list

10.16 The skilled occupation list determines the occupations that will be of high value in satisfying medium and long-term needs of the Australian economy. Skills Australia informed the Committee that:

Occupations on the list are those that require a long lead time to acquire skills and that are of benefit to the community and economy. They are also occupations which we expect to be in demand in the medium term and therefore we anticipate that there will continue to be good employment prospects for migrants who bring these skill sets to Australia.<sup>12</sup>

10.17 In July 2012, the General Skilled Migration Occupation List and the Employer Nomination Scheme Occupations List were replaced by the Consolidated Sponsored Occupation List (CSOL): a single list of occupations designed to provide a more consistent approach to sponsorship across all streams of visas.<sup>13</sup>

10.18 During public hearings, the Committee expressed concern over the current monitoring mechanisms for skilled people, particularly for migrants on the independent General Skilled Migration visa who undertake an occupation that does not relate to the skill set they migrated on.

10.19 However, Skills Australia informed the Committee that there has been a general decline in General Skilled Migration visas and a subsequent increase in employer sponsored visa grants (see Table 8.1). Skills Australia commented that this decline marks the positive outcomes for both the employer and migrant from being employer sponsored as opposed to being an independent general skilled migrant. As current trends suggest, Skills Australia acknowledged that General Skilled Migration visas are likely to be phased out in favour of employer sponsored visa grants.<sup>14</sup>

### State specific and regional migration

10.20 A number of submissions to the Committee expressed the importance of skilled migration in addressing the skill shortages of States and Territories.

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12 Mr Robin Shreeve, Chief Executive Officer, Skills Australia, *Committee Hansard*, 17 August 2011, p. 1.

13 DIAC, 'Consolidated Sponsored Occupation List- 1 July 2012' <[www.immi.gov.au/skilled/general-skilled-migration/pdf/occupations-csol.pdf](http://www.immi.gov.au/skilled/general-skilled-migration/pdf/occupations-csol.pdf)> viewed 6 August 2012.

14 *Committee Hansard*, 17 August 2011, p. 6.

State-Sponsored Migration is a skill stream designed to contribute to economic growth by contributing to the supply of labour in key occupations identified by State and Territory governments as important to economic growth and service delivery within the jurisdictions.<sup>15</sup>

10.21 The South Australian Government's submission noted that skilled migration is an important contributor to the state's workforce needs, accounting for approximately 70 per cent of all migration to South Australia.<sup>16</sup> As such, the South Australian Government considers the success of regional dispersal mechanisms as vital to economic outcomes of the state. Mr Roger Lean from the South Australian Government informed the Committee that they:

... have made it a special focus to work closely with employers in regional areas, particularly in areas like the Limestone Coast, Riverlands, Murraylands, the Iron Triangle area and the upper Spencer Gulf area, to match the needs of employers with the skilled people who are coming in and help employers locate and attract skilled migrants to meet their needs.<sup>17</sup>

10.22 The Australian Government, in consultation with State and Territory governments and regional development authorities, has recently introduced a range of State Specific and Regional Migration (SSRM) initiatives designed to help State and Territory governments to:

- address skill shortages that may exist in their jurisdiction;
- attract overseas business people to establish new joint ventures in their regions; and
- encourage a more balanced settlement of Australia's skilled migrant intake.<sup>18</sup>

10.23 These initiatives are intended to include flexible criteria which recognise the special circumstances of rural and regional areas. It was noted by Ms Ruth Tay and Dr Andrew Leigh MP that these initiatives aim to attract young, skilled, English speaking migrants to areas of Australia where they are most needed. As such, it enables State and Territory governments or family members to influence the number and profile of skilled migrants

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15 DEEWR, *Submission 474*, p. 5.

16 *Submission 470*, p. 34.

17 *Committee Hansard*, 28 July 2011, p. 6.

18 R Tay and A Leigh MP, *Submission 47*, p. 3.

settling in their areas in line with their skill needs and development objectives.<sup>19</sup>

10.24 **Table 10.2** shows the distribution and percentage change of SSRM visa grants according to state and territory jurisdiction.

**Table 10.2** Distribution of State Specific and Regional Migration visa grants

State/Territory	2008–09	2009–10	2010-11	Percentage change (%)
<b>New South Wales</b>	2 690	2 660	3 040	14.3
<b>Victoria</b>	9 410	8 510	9 210	8.2
<b>Queensland</b>	4 240	4 590	5 020	9.4
<b>South Australia</b>	7 650	9 540	7 460	-21.8
<b>Western Australia</b>	6 340	7 900	8 310	5.2
<b>Tasmania</b>	760	570	700	22.8
<b>Northern Territory</b>	890	1 260	1 420	12.7
<b>Australian Capital Territory</b>	1 320	1 360	2 020	48.5
<b>Unknown</b>	180	180	240	33.3
<b>Total</b>	<b>33 470</b>	<b>36 570</b>	<b>37 410</b>	<b>2.3</b>

Source DIAC Annual Report 2010–11, p. 52.

### **State Migration Plans**

10.25 As part of the SSRM initiatives, the Australian Government introduced State Migration Plans (SMP). SMPs are agreements in the form of Memoranda of Understandings (MOU) between individual States and Territories and the Minister for Immigration and Citizenship, allowing each jurisdiction to nominate applicants under a broad range of occupations to fill skills shortages within their local labour markets.<sup>20</sup> SMPs were progressively introduced for each State and Territory Government from November 2010 to January 2011.

10.26 As part of the MOU, State and Territory governments are required to select occupations in accordance with their labour market needs. The ACT Government used its *Skills Demand Survey 2009* as its underlying research methodology to determine where skills shortages lie in the Territory. As a

<sup>19</sup> Submission 47, p. 3.

<sup>20</sup> DIAC, website: <[www.immi.gov.au/skilled/general-skilled-migration/pdf/statmig-fs.pdf](http://www.immi.gov.au/skilled/general-skilled-migration/pdf/statmig-fs.pdf)> viewed 18 June 2012.

result, the ACT Skills Demand List identified 4008 skilled positions that would be in demand in 2010-11.<sup>21</sup>

10.27 DIAC states that once an MOU has been established:

... applicants nominated by a state or territory government with an occupation made in accordance with the relevant [State Migration] Plan receive priority two processing behind employer sponsored applicants.<sup>22</sup>

10.28 For the 2010-11 program year, 24 030 places were available within the skilled component of the migration program for State and Territory nominated applicants. Within this figure, DIAC was responsible for allocating quotas for each State and Territory.<sup>23</sup> **Table 10.3** illustrates the allocation of quotas per jurisdiction for the 2010-11 program.

**Table 10.3 Quota allocated per jurisdiction for 2010-11**

State/Territory	Places allocated for 2010-11
Australian Capital Territory	1 740
New South Wales	1 740
Northern Territory	990
Queensland	2 990
South Australia	4 890
Tasmania	700
Victoria	4 740
Western Australia	6 240
Total	24 030

Source DIAC, Submission 450, p. 47.

10.29 Through the post-arrival monitoring of state sponsored migrants, the Victorian Government informed the Committee that over 80 per cent of Victoria's sponsored migrants were successfully working within their nominated occupation.<sup>24</sup>

10.30 Despite the positive employment outcomes of state sponsored migrants in Victoria, the State of Tasmania has not been able to attract enough skilled migrants to fulfil its prescribed quota due to Tasmania's low international

21 *Submission 140*, p. 19.

22 *Submission 450*, p. 47.

23 DIAC, *Submission 450*, p. 47.

24 *Submission 482*, p. 21.



profile and perceived lack of job opportunities.<sup>25</sup> Mr Nick Evans from Tasmania's Department of Premier and Cabinet told the Committee that the lack of skilled migrants is not a result of Tasmania's small quota from the SMP, but rather the lack of available opportunities. He emphasised the importance of business investment, particularly in the primary industries sector, to creating greater employment outcomes and opportunities in Tasmania.<sup>26</sup>

### Labour market outcomes for skilled migrants

10.31 **Table 10.4** provides the selected findings of DIAC's Continuous Survey of Australia's Migrants (CSAM) for primary applicants arriving in Australia under the skill stream.

**Table 10.4 CSAM: Labour market outcomes for skilled migrants**

Migrant Category	Participation Rate (%)	Unemployment Rate (%)	Full-time Employed (% of Employed)	Employed in a Skilled Job (% of Employed)	Median Full-time Earnings (\$000 pa)
GSM Offshore Permanent	97	8	85	89	69.8
GSM Onshore Permanent	99	6	76	60	44.0
Other Offshore Skilled	76	10	90	88	65.0
Other Onshore Skilled	97	1	94	93	75.0
Skilled Graduate	96	6	76	56	40.0

Source DIAC, *How new migrants fare: Analysis of the Continuous Survey of Australian Migrants, 2010*.

10.32 DIAC's findings indicate that the unemployment rate for 'other onshore skilled migrants' surveyed (mostly consisting of employer-sponsored skilled migrants) was one per cent, with 90 per cent of those in a skilled occupation. Collectively, as of November 2011, the average unemployment rate for skilled migrants surveyed was 6.2 per cent, as compared to Australia's unemployment rate as at November 2011, of 5.1 per cent.<sup>27</sup>

25 Tasmanian Government, *Submission 441*, p. 25.

26 *Committee Hansard*, 9 March 2012, pp. 7-8.

27 As of 29 November 2011, Australian Bureau of Statistics website, <[www.abs.gov.au/AUSSTATS/abs@.nsf/mf/6202.0?opendocument#from-banner=LN](http://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/6202.0?opendocument#from-banner=LN)> viewed 6 August 2012.

- 10.33 DIAC noted that one in eight offshore State/Territory sponsored and family sponsored migrants that took part in this survey were unemployed for six months after their arrival in Australia. However, four in five of those who did find jobs were in a skilled occupation.<sup>28</sup>

## Student migrants

- 10.34 The Committee found that international students undertaking study programs at Australian institutions contribute to the nation's productive capacity in both the immediate and long term. In the short term, international students have the potential to contribute to the temporary labour force for up to 20 hours a week under the current student visa provisions regarding work. In the long term, international students may decide to stay and work in Australia following their graduation, thereby contributing to Australia's future skills base.<sup>29</sup>
- 10.35 During their stay, international students also contribute to Australia's tourism industry. Accounting for 38 per cent of total international student enrolments in the Australian tertiary sector, the NSW Department of Education and Communities noted that one out of every two international students has friends and/or relatives visit Australia during their stay. A study from Tourism Research Australia indicated that the contribution from this group of visitors in 2007-08 was \$122 million.<sup>30</sup>
- 10.36 The Australian Government's implementation of the recommendations in the Strategic Review of the Student Visa Program 2011 (the Knight Review) recognises the important contribution of student migrants to Australia's long-term productive capacity. While welcoming these reforms, the Australia India Business Council informed the Committee of 80 000 Indian students on student visas, and Indian graduates, who find themselves in a precarious position regarding their future study, work and living options in Australia.<sup>31</sup>
- 10.37 Professor Sharma of the AIBC stated:
- A large number of [Indian students] are under bridging visas. Under the previous rules – I am being general here because I cannot comment on specific situations – they applied for migration, and so they are under bridging visas; they are basically in limbo. They have the right to work here legally until their case
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28 *Submission 474*, p.14.

29 Skills Australia, *Submission 344*, p. 2.

30 *Submission 135*, p. 14.

31 *Submission 492*, p. 8.

is decided. Until the case has been decided they are just in limbo. They are making a reasonable living by driving taxis, but some of them have qualifications. If there were a way for them to get some additional qualifications they could be more productive for the economy.<sup>32</sup>

- 10.38 Enhancing the contribution of students thereby requires an acknowledgement of international students in Australia who have been affected by these policy changes.

### Recommendation 25

- 10.39 The Committee recommends that:

- the Government develop a mechanism (e.g. a 'phase-in' period) to ensure negative implications of sudden visa category changes, particularly for students, are avoided in the future; and
- that the status of those students affected by the implementation of recent sudden visa changes, and who remain in Australia on bridging visas, be reviewed by the Government as a matter of urgency.

### Refugee and humanitarian settlers

- 10.40 Refugee and humanitarian entrants are important long-term contributors to Australia's national productive capacity. The 2000 Business Review Weekly's annual 'Rich 200' list showed that five out of Australia's then eight billionaires were people whose families had originally come to Australia as refugees.<sup>33</sup> As discussed in Chapter 9 of this report, refugee and humanitarian entrants have a greater propensity to establish successful business enterprises.
- 10.41 Research indicates that the economic contribution of refugee and humanitarian settlers occurs in the long term. The initial years of settlement and integration for newly arrived refugee and humanitarian entrants can be difficult and require a heavy reliance on government support services. However, there are many long-term benefits. A report commissioned by DIAC on the social, economic and civic contributions of

32 *Committee Hansard*, 8 February 2012, p. 4.

33 Refugee Council of Australia (RCOA), *Submission 416*, p. 8.

first and second generation humanitarian entrants to Australia found humanitarian settlers:

- are more likely to demonstrate entrepreneurial and risk taking attributes than migrants of other visa categories;
- concentrate in particular occupational niches where there are worker shortages, such as rural areas; and
- contribute to cultural diversity in Australian society.<sup>34</sup>

10.42 The author of DIAC's commissioned report, Professor Graeme Hugo, elaborated on some of the main findings of the report in his appearance before the Committee. Speaking of the success of families arriving in Australia on boat via Darwin in 1980, Professor Hugo stated that around three-quarters had been successful in business in South Australia. He also acknowledged that the second generation of humanitarian entrants are generally doing much better than second generation Australians in terms of participation in the workforce, average levels of income and the rate of unemployment.<sup>35</sup>

10.43 Evidence to the Committee also identified the experiences of Australia's Vietnamese community as an example of refugees contributing to Australia's long-term productive capacity. Having overcome the initial disadvantages of arriving in a foreign country, the Vietnamese community were able to effectively integrate into Australian society and become an important contributor to the Australian economy.<sup>36</sup>

## **Labour market barriers for skilled migrants and refugees**

10.44 Despite the positive benefits of migration to Australia's long-term productive capacity, evidence to the Committee showed that Australia is not fully utilising the skills of all migrants and refugees. The Committee heard that the difficulties experienced by some skilled migrants in accessing work opportunities can send mixed messages back to their home

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34 G Hugo, 'Economic, social and civic contributions of first and second generation humanitarian entrants', *Final Report to the Department of Immigration and Citizenship*, May 2011, p. xxvi.

35 *Committee Hansard*, 2 April 2012, p. 6.

36 AMES, *Submission 118*, p. 28., NSW SLASA, *Submission 111*, p. 9., Mr Bassim Blazey, Assistant Secretary, South East Asian Division, DFAT, *Committee Hansard*, 23 November 2011, pp.5-6.

country which makes it more difficult for Australia to attract migrants in the future.<sup>37</sup>

- 10.45 Based on the evidence received, the Committee found that the current process of recognising skills and qualifications attained overseas does not utilise the full potential of skills of migrants and refugees. Employment barriers, such as discrimination in the workplace and the need for Australian work experience by local employers, are discussed in Chapter 11.

## Recognition of overseas skills and qualifications

### ***Negotiating the Maze: Review of arrangements for overseas skills recognition, upgrading and licensing***

- 10.46 In 2006, the Joint Standing Committee on Migration (JSCM) inquired into the arrangements for overseas skills recognition of migrants in Australia. The review's terms of reference were based on identifying where Australia's procedures could be improved in terms of skill acceptance and the awareness and acceptance of overseas qualifications in the Australian workplace.<sup>38</sup>
- 10.47 The Government accepted 42 of the 55 recommendations made by the Committee in the report.<sup>39</sup> As a result, DIAC is undergoing a number of reforms concerned with Australia's general skilled migration process to ensure that permanent migration arrangements are better targeted at Australia's long-term skill requirements. As noted earlier, the reforms include a skilled migration selection register (SkillSelect) that allows prospective applicants to submit claims for skilled migration rather than being invited to lodge an application.<sup>40</sup>
- 10.48 The Department of Education, Employment and Workplace Relations (DEEWR) noted in their submission that the Government's ongoing reforms of the skilled migration program include:
- refocusing skilled migration on employer-sponsorship where primary applicants are job matched;

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37 Ms Rosemary Kelada, Spectrum Migrant Resource Centre, *Committee Hansard*, 29 March 2011, p. 16.

38 Joint Standing Committee on Migration, *Negotiating The Maze: Review of arrangements for overseas skills recognitions, upgrading and licensing*, September 2006, p. iii.

39 The Hon Chris Bowen, 'Australian Government Response to the JSCM on Migration report', 21 June 2011.

40 DIAC website, <[www.immi.gov.au/skilled/](http://www.immi.gov.au/skilled/)>, viewed 15 November 2011.

- development of State Migration Plans linked to industries with greater economic growth potential and/or government service directory; and
- a job ready program for General Skilled Migrant applicants with an Australian trade qualification providing the opportunity to gain employment in their nominated occupation in Australia and demonstrate their 'job readinesses' before applying for permanent residency.<sup>41</sup>

10.49 Representatives of Skills Australia informed the Committee that since early 2010, the Australian Government has introduced changes which aim to ensure a more targeted approach to skilled migration. Officials of Skills Australia told the Committee that these changes include:

...giving priority to processing applications for those migrants who are sponsored by an employer or through regional sponsorship arrangements, thereby ensuring a closer match between the applicant's area of expertise and employment outcomes in Australia.<sup>42</sup>

### **Current framework for skills recognition**

10.50 Australia's framework for overseas skills recognition does not have a single authority which assesses and recognises overseas qualifications. Many professional, government and other organisations are involved, depending on the type of qualification or occupation and whether the assessment is for the purpose of migration or employment in a particular State or Territory of Australia.<sup>43</sup>

10.51 Recognition pathways include:

- pre-migration skills assessment through the assessing authorities - this generally applies to skill stream migrants under the General Skilled Migration program and, under certain circumstances, the Employer Nomination Scheme;
- pre-migration skills recognition through DIAC - this generally applies to skill stream migrants under Labour Agreements and the Regional Sponsored Migration Scheme, and to temporary residents on 457 visas;

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41 *Submission 474*, pp. 5-6.

42 *Committee Hansard*, 17 August 2011, p. 1.

43 DIAC website, < [www.immi.gov.au/asri/background.htm](http://www.immi.gov.au/asri/background.htm) > viewed 29 November 2011.

- post-arrival skills recognition – this generally applies to families of skill stream migrations, family stream migrants, humanitarian entrants, Australian citizens with overseas qualifications and some temporary residents on working holiday visas, depending on the nature of their occupation (may also apply to some skill stream migrants);
  - licensing, registration and professional membership – this applies to all groups requiring overseas skills recognition, depending on the nature of their occupation; and
  - skills upgrading – this may apply to all groups requiring skills recognition.
- 10.52 The Committee also recognises the implementation of Skill Select in July 2012. Skill Select is an online service administered by DIAC that enables skilled workers interested in migration to Australia to record their details online, and thereby be considered for a skilled visa through an Expression of Interest. Additionally, Skill Select allows potential migrants to be found and nominated for skilled visas by Australian employers or State and Territory governments, or they may be invited by the Australian Government to lodge a visa application.<sup>44</sup>

### **Skilled migrants**

- 10.53 Many submissions to the Committee were critical of the mechanisms used for the recognition and validation of qualifications attained overseas. In light of DIAC's reform to ensure the skills of migrants are used to address Australia's long-term skill demands, the Committee recognises that there is additional potential for Australia to better utilise the skills of migrants who are on a general skilled migration visa.
- 10.54 As shown in evidence collected through a survey by the Adult Migrant English Service (AMES), the current process of skills recognition is complex, requires the involvement of several government and industry bodies, and can often be expensive and time consuming. Participants in the survey were particularly confused by the skills recognition process and were thereby more likely to undertake an Australian qualification.<sup>45</sup>
- 10.55 The complexity of the process is reflected in the recognition of qualifications both initially when applying to migrate to Australia and once again when the migrant has arrived. The Committee heard that this

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44 DIAC, SkillSelect < [www.immi.gov.au/skills/skillselect/](http://www.immi.gov.au/skills/skillselect/) > viewed 6 August 2012.

45 'Settlement and Finding Work: The experiences of people in the Adult English migration program in Melbourne,' AMES 2011, p. 44.

can be an expensive process. For example, migrants who have a degree in medicine may have to pay up to \$30 000 or more for their qualification to be re-assessed, and to sit the relevant tests and examinations in order to have their qualification recognised.<sup>46</sup>

- 10.56 Once in Australia under the general skilled migration program, some skilled migrants may not be familiar with the Australian work culture, such as preparing for a job interview or writing a resume, which can be a significant barrier when applying for work they are qualified for, or having their qualification recognised by the relevant industry body.<sup>47</sup>
- 10.57 The Committee heard that in some circumstances migrants may be required to complement their overseas qualifications by undertaking an Australian course. Ms Jenny Semple from the South Eastern Region Migrant Resource Centre stated that some migrants with overseas accounting qualifications did not understand the GST and would therefore need to do a course on the GST to familiarise themselves with the concept.<sup>48</sup>
- 10.58 However, some witnesses believed that Australian employers can have a negative perception of overseas qualifications, even if they have been formally recognised.<sup>49</sup>
- 10.59 Mr Carlos Encina, Manager of NSW SLASA informed the Committee that this can have detrimental effects on the psychological wellbeing of the migrant.<sup>50</sup> He said that:

When you are coming from overseas and you are an engineer, or you are a doctor or an accountant or a teacher, you have a social status there, you are a professional. When you come to Australia you are nobody. Once I had a client who came to me – he was from Croatia – and said, 'Carlos, please tell me what I need to do not to be depressed and alcoholic like many people coming from my country?' It was such a question, but what can you do? They have lost social status. They have lost income. Some of them get very depressed. Some of them spend six months or a year getting unemployment benefits. They do not come to Australia for that.<sup>51</sup>

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46 Mr Louie Josef, *Committee Hansard*, 26 October 2011, p. 1.

47 Mr Carlos Encina, Manager, NSW SLASA *Committee Hansard*, 24 October 2011, p. 17.

48 *Committee Hansard*, 25 October 2011, p. 12.

49 Mr Encina, *Committee Hansard*, 24 October 2011, p. 17, Mr Josef, *Committee Hansard*, 26 October 2011, p. 3.

50 *Committee Hansard*, 24 October 2011, p. 17.

51 *Committee Hansard*, 24 October 2011, p. 17.



10.60 While statistical data in Table 8.4 shows a relatively low unemployment rate among migrants on a general skilled migration visa, evidence to the Committee indicated that these migrants can often be employed in areas unrelated to their specialised skills due to problems of skill recognition. Research by the NSW Department of Education and Communities identified a significant proportion of skilled migrants employed in low- or medium-skill jobs where the potential to utilise their specialised knowledge was limited. Their submission noted that:

Of migrants settling in New South Wales in 2004, less than half (49 per cent) with a certificate level qualification had their qualification recognised in Australia, and only slightly more (60 per cent) of those with a university qualification had this qualification recognised.<sup>52</sup>

### Refugee and Humanitarian entrants

10.61 The Committee found that skilled refugee and humanitarian entrants are faced with significant barriers in attempting to participate in the Australian workforce. As with skilled migrants, the process of having their overseas qualifications recognised can be very difficult. As shown in **Case study 10.1**, skilled refugee and humanitarian entrants can often be overwhelmed by the entire skill recognition process.

#### Case study 10.1 Mr Omar Al-Saloom

Mr Al-Saloom graduated from a dentistry school in Baghdad in 2006 and fled to Jordan as a result of the deteriorating situation in Iraq. During his time in Jordan, Mr Al-Saloom initially worked as a dental intern before being employed by the Arab Dental Federation for three years in Amman.

Upon gaining asylum in Australia, Mr Al-Saloom was under the impression that his credentials as a dentist would be recognised upon presentation of his academic transcript. However, he was soon informed that he needed to send his degree certificate to the Australian Dental Council in order for it to be formally recognised as a qualification equivalent to an Australian Bachelor of Dentistry. After much hardship, Mr Al-Saloom was able to have his degree certificate sent from Iraq which he then forwarded to the Australian Dental Council.

52 NSW Department of Education and Communities, *Submission 135*, p. 15.

After sending in his degree certificate, Mr Al-Saloom was then required to undertake the occupational English test, the preliminary examination and the clinical test. Unfortunately, he received two Bs and two Cs in the occupational English test and therefore could not take the preliminary examination. Mr Al-Saloom was also not able to work in jobs with a lower skill level, such as a dental assistant, as he was not registered and had little understanding of the Australian work culture.

Mr Al-Saloom successfully gained a position in the Migrant Development Association's work placement program and currently works at the Ethnic Communities Council of Queensland as an administration officer. With the skills he has gained through the work placement program, Mr Al-Saloom plans to pursue his goals of becoming a registered dentist in Australia.

*Source Mr Al-Saloom, Committee Hansard. 11 July 2011, p. 15.*

- 10.62 The Committee found that Mr Al-Saloom's attempts to acquire relevant local work experience are common for skilled refugees and humanitarian entrants. The Committee heard that refugees wanting to gain local work experience to enhance their future employment prospects commonly rely upon migrant resource centres for volunteer based work due to the lack of employer willingness to hire them. Organisations such as the Fairfield Migrant Resource Centre and Fairfield Migrant Interagency have waiting lists for individuals wishing to gain local work experience.<sup>53</sup>
- 10.63 As exemplified in **Case study 10.2**, the lack of recognition for overseas skills and qualifications in the Australian workforce forces many skilled refugees and humanitarian entrants to undertake Australian study in areas they are already qualified in.

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53 Ms Deena Yako, Fairfield Migrant Resource Centre and Fairfield Migrant Interagency, *Committee Hansard*, 24 October 2011, p. 44.

**Case study 10.2 Mr Louie Josef**

Mr Josef graduated with a Bachelor's degree in Science, majoring in Chemistry, from Iraq in 1990. Following the Gulf War, Mr Josef migrated to Turkey and applied to come to Australia under the humanitarian program. Upon arrival, Mr Josef was informed that his qualification was not fully recognised as a degree but rather a diploma. His experience in Iraq as a scientist in the field of chemistry was similarly not recognised and he was told to restudy his degree in Australia.

Mr Josef completed a Bachelor degree in Science and Chemistry in Australia. He found that he had completed more advanced subjects in Iraq and in Australia he merely repeated the subjects he had already completed in Iraq. Furthermore, his Australian degree costed him \$10 000.

*Source Mr Josef, Committee Hansard. 26 October 2011.*

- 10.64 The Committee found that the experiences of Mr Josef are representative of some of the practical realities faced by refugees attempting to have their overseas qualifications recognised. RCOA gave a similar response to the Committee's question on the current process of skills recognition, stating that a lot of people have been disappointed about the way their education has been treated in Australia.<sup>54</sup>

**Recommendation 26**

- 10.65 **The Committee recommends that a 12 month progress report on the recently implemented Skills Select program be delivered by DIAC.**

**Recommendation 27**

- 10.66 **The Committee recommends that the Australian Government develop a process to periodically review and formally receive feedback on Australia's skills recognition framework including inviting post skills recognition feedback.**

54 Mr Paul Power, Chief Executive Officer, *Committee Hansard*, 3 February 2012, p. 7.

**Recommendation 28**

- 10.67 **The Committee recommends that the Australian Government work with State Governments through COAG to develop uniform feedback and dispute resolution mechanisms on the skills recognition framework, noting that States and Territories have specific licensing and registration requirements for professional bodies.**