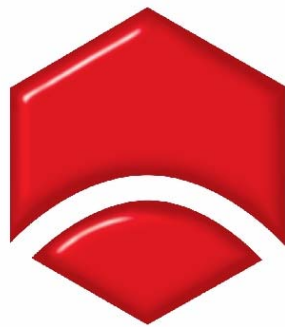


# **Submission to the Joint Standing Committee on Migration**

## **Inquiry into Skills Recognition, upgrading and licensing**



**ENGINEERS  
AUSTRALIA**

**July 2005**

Contact: Kathryn Hurford  
Associate Director, Public Policy  
Engineers Australia  
11 National Circuit, Barton, ACT 2600.  
Tel. 02 6270 6570, Fax. 02 6273 4200.  
email: [khurford@engineersaustralia.org.au](mailto:khurford@engineersaustralia.org.au)  
<http://www.engineersaustralia.org.au>

## Table of Contents

1.	Introduction.....	1
2.	Migration to Australia.....	2
3.	Success of migrants in Australia.....	3
	<i>Employment characteristics of migrants</i> .....	3
	<i>Under-utilisation of migrant skills</i> .....	5
4.	Emigration from Australia .....	5
5.	Emigration and engineering .....	6
6.	Role of Engineers Australia in the migration process .....	7
7.	Regulation of engineering.....	9
8.	Potential enhancements to skills testing .....	12
	<i>Migrants trained in Australia</i> .....	14
9.	Impact of the recent changes on skilled migration .....	15
	<i>What were the changes?</i> .....	15
	<i>Impact on Engineers Australia</i> .....	15
10.	Conclusion .....	17

## **1. Introduction**

Engineers Australia is the peak body for engineering practitioners in Australia and represents all disciplines and branches of engineering. Engineers Australia has around 76,000 members Australia wide and is the largest and most diverse engineering association in Australia. All members of Engineers Australia are bound by a common commitment to promote engineering and facilitate its practice for the common good. Engineers Australia welcomes the invitation by the Joint Committee on Migration to comment on skills recognition, upgrading and licensing. The Association of Professional Engineers, Scientists and Managers, Australia (APESMA) also supports the content of this submission to the review.

Migrants contribute to the economic development of Australia in many ways including: job creation; filling skill shortages; creation of business opportunities and business expansion; direct investment in the Australian economy; and they often bring new ideas, technologies and skills with them, which all help Australia develop a competitive edge. Engineers Australia recognises the significant contribution made by migrant engineers to Australia's early development and their continuing contribution to Australia's economic, physical and social well-being. Migrant engineers are a vital element in generating new ideas and approaches to engineering, and for providing skills where there are shortages.

A skilled engineering workforce is essential if Australia is to achieve the quality and standard of living to which we aspire in an increasingly competitive world. At present, Australia is importing a significant number of engineers every year to cover shortfalls in engineering skills, which is also happening in other sectors. The skilled migration program is essential to Australia's future competitiveness. The Australian economy needs investment and skilled migration to grow. A healthy business climate and a high standard of living are essential to attract investment and skilled migration. The 2004-2005 migration program provided for 63,300 places for migrants who gained entry based on their employability.

While supporting skilled migration generally, Engineers Australia has one particular area of concern. This is that the value of educating and developing the skills of Australians may be overlooked by a preference to taking on large numbers of skilled migrants to overcome skill shortages. In a cost conscious commercial environment, there is a danger that employers will be tempted to make greater use of "off the shelf" skills available overseas. This is especially true where there may be delayed access to such skills through local training. It is vital that skilled migration is used only where skills are not presently available to the required degree. It is essential that skilled migration does not become a replacement for a reliable and valued Australian skill base. Skilled migration cannot be seen as an alternative to educating and training a highly skilled Australian workforce.

An analysis of the new international focus on skilled migration and the employment characteristics of migrants are attached, as well as an assessment of the licensing and qualification requirements faced by foreign engineers in Australia. Also included is an assessment of Engineers Australia's role as an assessing body for the Department of Immigration, Multicultural and Indigenous Affairs and an outline of a number of policy/procedural reforms that would act to improve the benefits of skilled migration to Australia.

## **2. Migration to Australia**

International migration has been transformed in the last decade. The two main impacts on Australia being firstly, that the number of nations seeking to attract migrants formally through government programs and policies has increased substantially. Secondly, there has been a massive increase in the number of people for whom international migration has become a viable option. The significance of the non-permanent movement of labour has also increased. Temporary entry programs have grown to the point that at any one time 200 000 persons temporarily present in Australia have the right to work.

The Department of Immigration and Multicultural and Indigenous Affairs has estimated that at June 30, 1999 there were 465 300 persons in Australia on temporary visas. 16 4360 had been in Australia for less than three months, 167 910 between three and twelve months and 133 070 longer.<sup>1</sup> The largest group of the 465 300 were from the UK (66 100), followed by the USA (36 200), Indonesia (33 600), Japan (30 300) and China (29 600).<sup>2</sup> Education continues to be the main reason for temporary long-term travel to Australia, accounting for almost 50% of arrivals in 1999-2000. Most students came from either South-East Asia or North-East Asia.

Internationally, immigration programs are focused to contribute to the economic, social, environmental and humanitarian interests of the host country<sup>3</sup>. Skilled migration, in contrast to humanitarian and family-based migration, is focused primarily on only one of these goals. This goal is to increase the host countries wealth and to achieve net economic growth for the entire population. The rise in international competition for skilled labour has developed as countries move away from family-based migration programs toward skilled migration. This move has been directed by a number of factors:

- Population decreases: skilled migration can offset decreases in national populations due to declining fertility and ageing of the population;<sup>4</sup>
- Multinational corporations: the growth of multinational corporations has put pressure on governments to facilitate the inter-country movements of personnel<sup>5</sup>; and
- Skill shortages: inefficiencies of the internal labour market, specific mismatches caused by growth in demand outstripping local training capabilities, and inadequacy of supply at the prevailing age rate can cause skill shortages that can be addressed by skilled migration.<sup>6</sup>

Until recently only traditional immigrant countries (Australia, New Zealand, Canada and the United States) competed for immigrants. Now European nations and nations elsewhere (especially in Asia) are entering the competition for migrants with desired characteristics, especially skills in short supply.<sup>7</sup> Countries experiencing labour shortages and population pressures are directing the focus toward skilled migration.

Each year the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) conducts community consultations and subsequently sets the desired level of migration. The overall size of the planned program has fluctuated from year to year, while skilled migration has grown as a proportion of Australia's entire planned migration program.

- In 2003-04, Australia's net overseas migration was 117,600, an increase of 1,100 on 2002-03.
- In 2003-04 there were 71 234 people granted Skill Stream visas, an increase of 5190 (7.8%) on 2002-03.
- Of total Skill Stream visas, 32.7 percent (23 322 persons) were granted to onshore applicants.

A 1998 report by the Victorian Parliamentary Economic Development Committee outlined that migrants in the business and skilled categories generally considered the following destinations in priority order:

- United States;
- Canada;
- Australia; and
- New Zealand

Two factors were important in the settlement decisions of potential skilled migrants. Firstly, the country with the easiest and most stable entry requirements was chosen to maximise the chance of visa application approval. Secondly, lifestyle preferences such as climate, quality of education and the attraction of family and friends who had already migrated also played a role.

The report also outlined that many skilled migrants will use the assistance of a migration agent, usually in an overseas posting, to apply for the necessary visa. This is important as the agents are operating a business and are looking for a high turnover of clients. As a result, they will direct their clients to the country that has the easiest entry requirements and the greatest chance of approval.

These findings would suggest that Australia will need to ensure that its skilled migration program is as streamlined as possible. Providing incentives for migration agents to lodge applications in Australia may also prove an effective way to increase skilled migration applications.

### **3. Success of migrants in Australia**

#### *Employment characteristics of migrants*

Skilled migrants who enter under the Employer-Nominated migration stream are the most successful in the Australian labour market. Six months after arrival, labour market participants in all visa categories were much less likely to be employed than individuals in the Employer-Nominated scheme. After 18 months, 90 percent of Employee-Nominated migrants were employed in comparison with approximately 24 percent of those in the humanitarian category. This success does not diminish over time.<sup>8</sup>

A study undertaken by *Cobb-Clark and Chapman (1999)* found a close relationship between the ability to speak, read and write English and successful assimilation into the Australian labour market. Higher levels of English ability are strongly associated with higher employment and participation rates, and lower unemployment rates. Six months after immigration 55 and 40 percent of migrants that spoke English “only” or “very well” were employed. Only 5 percent of those who spoke English “not at all” were employed as wage/salary earners.

Eighteen months after arrival, the unemployment rate of individuals speaking English “very well” was two and a half times the rate for native English speakers.<sup>9</sup> *Yale-Loehr and Erhardt (2001)* have also documented a strong correlation between language ability and economic success, which remains strong over the long-term.<sup>10</sup> These findings suggest that relatively small improvements in English speaking capacity would result in relatively large improvements in labour market status.

*Hawthorne (1994)* also documented similar experiences for migrant engineers, identifying five major barriers to professional employment for non-English speaking background engineers:

- Lack of Australian experience;
- Inadequate English language ability;
- Inappropriate job-seeking strategies;
- Differences in technology requirements; and
- Cross-cultural issues.

Overall, the recognition of qualifications while being closely related to how quickly and how well migrants are able to settle into Australia, is not a significant determining factor in a migrants ability to find employment. Table 1 represents the limited number of migrants across all visa categories who are employed in jobs relevant to their qualifications.

**Table 1: Use of Qualification on Job 18 Months after Arrival by Visa Category (percentage)**

	<i>Preferential Family</i>	<i>Concessional Family</i>	<i>Business Skills/ Employer Nominated</i>	<i>Independent</i>	<i>Humanitarian</i>
<i>Very Often</i>	23	29	60	46	12
<i>Often</i>	11	18	15	21	7
<i>Sometimes</i>	15	14	11	15	*
<i>Rarely</i>	8	9	5	5	*
<i>Never</i>	43	29	9	13	74
<i>Main reason qualifications are not used more often on the job:</i>					
<i>Not relevant to job</i>	89	87	85	85	95

Source: Cobb-Clark and Chapman, *The Changing Pattern of Immigrants Labour Market Experiences*, 1999 p4 and DIMA Longitudinal Survey of Immigrants to Australia, 1997. \*Indicates sample size too small to be reliable

### ***Under-utilisation of migrant skills***

To be a leader in the global knowledge-based economy it will be necessary for Australia to utilise the pool of its labour force to its maximum ability. The skill-sets of some permanent migrants are being under-utilised in the Australian labour market, and it is clear that in some cases they are not valued as equivalent to Australian qualifications. A study by *Yale-Loehr and Erhardt* also found that “migrants who have prearranged employment are most likely to find work in occupations that will more fully use and develop their human capital. Migrants who do not have a job offer (before migration) are more likely to be forced to accept employment below their capabilities.”<sup>11</sup>

Migrant skill under-utilisation also has implications for the current debate over the ‘brain drain.’ The emigration of skilled Australians overseas can be seen to be offset by skilled migrants from elsewhere resulting in a “brain gain” or “brain exchange”. The benefits of this interchange of skilled labour would however, be diminished if the skills of migrants were under-utilised. The Federation of Australian Scientific and Technological Sciences (FASTS) published a report entitled, *Mathematical Sciences in Australia: Looking for a Future* that among other things documented the movement of mathematician’s post 1995. The total outflow of Australian mathematicians (107 - over half of which were experienced researchers) was not offset by the influx of migrant mathematicians (23 - all of which were relatively inexperienced researchers).<sup>12</sup> These results are supported further by data outlining that only 38% of migrants arriving in Australia between 1986 and 1991 who held degree level qualifications had been able to find employment at the professional or managerial level.<sup>13</sup>

There are significant numbers of overseas qualified engineers (and other professionals) who have difficulty securing employment in Australian business despite their overseas qualifications being recognised. This is believed to be due to a range of factors including scepticism by employers about the strength and value of the person's qualifications and a migrants’ lack of Australian work experience and unfamiliarity with Australian work culture.

It may be necessary to introduce methods to help skilled migrants who have already migrated to find employment in their areas of competence for example, expanding the NSW public sector Migrant Work Experience Program. Another new initiative by the Victorian Local Governance Association (VLGA), the Boroondara City Council and the Department of Victorian Communities to provide paid work experience for overseas qualified engineers through placement in local government(s).

## **4. Emigration from Australia**

Out-movement of Australian born citizens from Australia on a long-term or permanent basis has reached record levels. In 1999-2000 there were 41 078 permanent departures from Australia, half of which were Australian-born. This represents an increase of 17.3 percent over the previous year. In the same period 92 272 settlers arrived in Australia. Concerns exist around the issue of stemming the “brain drain” of highly qualified and skilled young people who are leaving Australia. In the last two decades there has been a major shift in the international movement of professionals. This change can be seen as a “skill exchange” in that high level manpower is being circulated between countries. Foreign assignments are for short periods and migrants are neither seeking or being encouraged to remain in any

particular place for a long period of time. This “hyper mobility” of remigration has been encouraged by a number of trends:

- Many formerly regional and national labour markets for highly qualified people now overlap national boundaries;
- The internationalisation of capital;
- Reduction in real time and money costs of international travel;
- Development of multi-national corporations;
- Increase in flows of goods between countries; and
- The global information revolution.<sup>14</sup>

While the movement of highly skilled and qualified Australians overseas is an immediate loss to the Australian economy, it can also be argued that international movements of Australians may have a number of positive effects:

- Although the movement is classified as long-term or permanent many of these expatriates plan to, and do in fact return;
- Most of these emigrants have the capacity to remit significant amounts of hard foreign currency to Australia;
- The movement of Australians overseas results in an extension of their skills and experience so that if they return they will be of great benefit to Australia;
- The linkages which this movement establishes between Australian and Australia-based companies and overseas counterparts and markets may create opportunities for Australian based companies;
- Australians based overseas can give preferential treatment to Australian based suppliers and companies; and
- In the case of the movement to Asia it may be helping to embed the Australian economy in Asia.<sup>15</sup>

What is not known is extent to which any of these things are occurring. There may be a role for government to facilitate positive outcomes from emigration and to ensure that “brain re-gain” actually occurs. Engineers Australia would propose that initiatives should be introduced to encourage young, well qualified people to remain in Australia in the first instance, or helping to facilitate shorter absences from Australia.

## **5. Emigration and engineering**

While Australia has been experiencing falling graduation numbers in engineering, increasing numbers of graduates are also migrating to overseas markets. Many graduates go overseas for the greater research opportunities offered in specialised areas of Research and Development. If this trend were temporary there would be long-term benefits for Australia through improved international research linkages. However, the loss is increasingly of a more permanent nature and is being exacerbated by the growing disparity between salary opportunities for new graduates overseas compared with Australia. For example, nearly 60% of US graduates in 2001 reported starting salaries of more than \$95 000 (US\$52 500) compared with \$35 000 for Australian graduates. Australia cannot hope to retain its best



graduates if these disparities continue. As suggests, Australia must develop strategies to ensure "brain re-gain" occurs.

Over the 1990s Australia has supplemented a low turnout of engineers from Australian universities with migrants. Currently, 36 percent of Australia's engineers are migrants as depicted in Table 5. There are already periodic shortages of engineers in particular industries and disciplines throughout Australia and arguments exist that Australia will need greater levels of engineers in the future. As Table 2 represents, if current migration levels in engineering fields are not maintained, or the number of engineers graduating from Australian universities is not increased, then more widespread shortages of engineering professionals could develop.

**Table 2: Average annual flows of engineers 1990-1998**

Australian graduates	4 621
Plus permanent settlers	2 371
Total supply	6 992
Less permanent departures	555
	6 437

Yates, Agnew, Kryger & Palmer, *The Engineering Profession: a statistical overview*, Institution of Engineers, Australia and Australian Council of Engineering Deans, 2001.

Engineers Australia would argue that the current annual flow of engineers was unsustainable in the long term. As outlined above, Australia should be looking to not only to attract migrants to fill skill shortages, but to also encourage Australian university graduates who are highly trained and skilled to remain in Australia in the first instance. Long term strategies will need to be implemented if Australia is not to face serious shortages of engineers which will, in turn, impact on Australia's economy.

## **6. Role of Engineers Australia in the migration process**

### ***Recognition of qualifications***

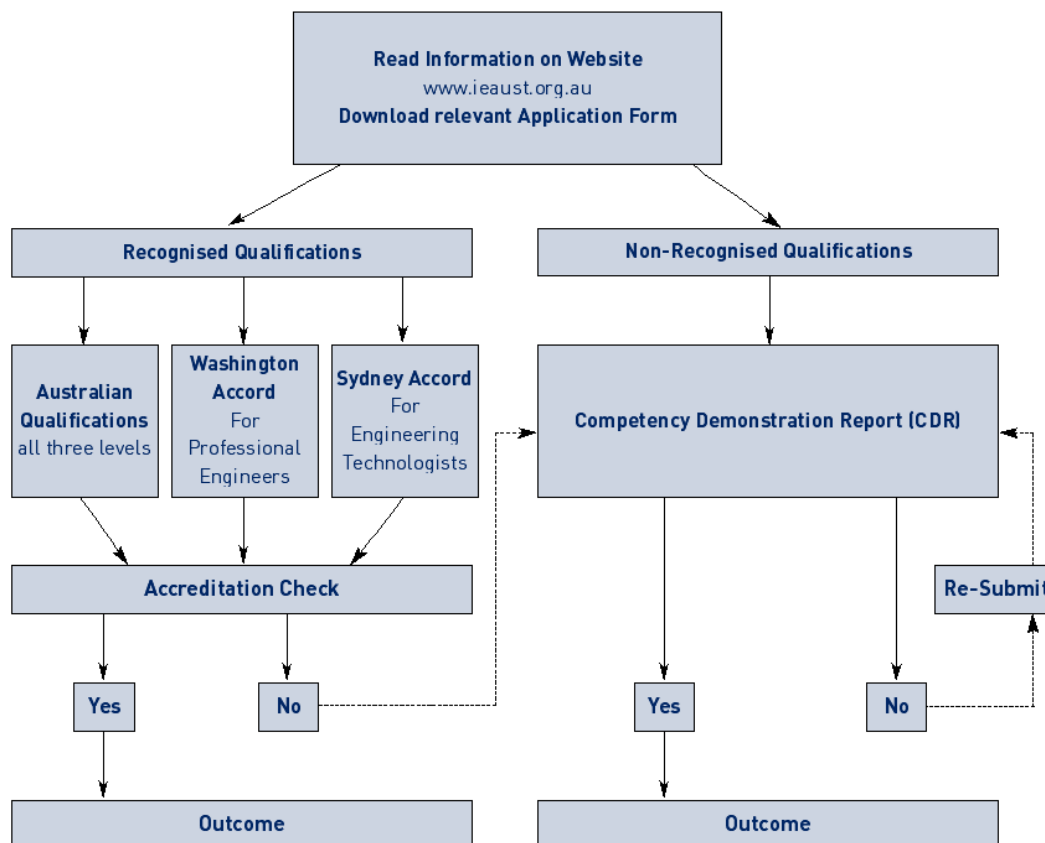
Under the general skilled migration program, which requires the assessment of skills and qualifications during the application process, Engineers Australia is the designated assessing authority for most engineering occupations. Engineers Australia recognises three occupation categories within the engineering team in Australia:

***Professional Engineer:*** Academic qualification of an Australian four year engineering degree following twelve years of schooling or equivalent.

***Engineering Technologist:*** Academic qualification of an Australian three year engineering technology degree following twelve years of schooling, or equivalent.

**Engineering Associate:** Academic qualification is an Australian two year engineering technology degree following twelve years of schooling, or equivalent.

Accredited Australian qualifications and overseas engineering qualifications are recognised through formal agreements with engineering accreditation bodies in other countries. To gain recognition for overseas qualifications (undergraduate engineering qualifications only) there are two pathways:



### **Washington Accord**

An agreement between engineering accreditation bodies in Australia, Canada, Hong Kong SAR, Ireland, New Zealand, South Africa, United Kingdom, United States of America and Japan. These bodies recognise as equivalent the undergraduate professional engineering courses of study which are accredited and delivered in those countries. The Accord applies only to accreditations conducted by the signatories within their respective national or territorial boundaries.

### **Sydney Accord**

This agreement was signed on 23 June 2001 by Australia, Hong Kong China, Ireland, New Zealand, South Africa and the United Kingdom, and is in its early stages of implementation. The Accord recognises as substantially equivalent the Engineering Technologist/Incorporated Engineer course of study, which are accredited and delivered in those countries. The Accord

applied only to accreditation conducted by the signatories within their respective national or territorial boundaries.

### **Competency Demonstration Report (CDR)**

If potential skilled migrants overseas qualifications are not recognised through the above agreements recognition can be gained through a competency assessment process. The process provides applicants with the opportunity to establish that their engineering knowledge and competencies are equivalent to those of the appropriate occupational category within the engineering team in Australia.

All applicants applying to have their skills assessed by Engineers Australia are also required to provide evidence of their English language competency in speaking, listening, reading and writing under the International English Language Testing System. Applicants who are native English speakers, or who have successfully completed a Master of Engineering, or equivalent level course from an Australian University are exempt from these requirements.

Engineers Australia assessed 4427 applications in 2004. Of these 50% were CDR, 22% Washington Accord, 24% Australian qualifications and 4% Sydney Accord. Full details of the assessment process is available from the Engineers Australia website ([www.engineersaustralia.org.au](http://www.engineersaustralia.org.au)) under 'Overseas Qualifications'.

A large number of other organisations act for the Department of Immigration and Multicultural and Indigenous Affairs as assessing bodies for professional qualifications, for example:

- Architects Accreditation Council of Australia Inc;
- Australian Dental Council;
- Australian Institute of Medical Scientists;
- Dietitians Association of Australia;
- The National Institute of Accountants; and
- Optometry Council of Australia and New Zealand.

Like Engineers Australia, these bodies charge fees to process applications. Each body undertakes assessment of qualifications according to varying requirements established by the profession concerned. This process provides an independent check that skilled migrants entering Australia are qualified and have equivalent qualifications to Australian engineers and other professionals. This aspect of the process is critical as the Department of Immigration and Multicultural and Indigenous Affairs does not have the available expertise to determine if a skilled migrant applicant is qualified as for example, an engineering professional by Australian standards.

## **7. Regulation of engineering**

### *General issues*

There is no one single regulatory regime in Australia governing the engineering profession and no national legislative restrictions on the use of the title "professional engineer". Engineers do not need to be a member of a professional association in Australia in order to

offer engineering services to the public. In all States and Territories of Australia the principal regulatory instruments governing the practice of engineering in Australia include:

- self-regulation by Engineers Australia, the principal professional body for engineers in Australia [www.engineersaustralia.org.au](http://www.engineersaustralia.org.au);
- self and co-regulation by the National Professional Engineers Register operated by the National Engineering Registration Board [www.nerb.org.au](http://www.nerb.org.au); and
- government regulation in the State of Queensland by the Board of Professional Engineers, under the *Professional Engineers Act 2002* <http://www.bpeq.qld.gov.au>.

Other than in Queensland, the engineering profession operates under a self regulatory system with two voluntary registration schemes – membership of Engineers Australia as a Chartered Professional Engineer (CPEng), or registration on the National Professional Engineers Register (NPER). Engineers can be registered on NPER without being members of Engineers Australia.

NPER provides a framework for recognition of competent professional engineering practitioners divided by areas of practice. It is a simple, consistent national database to which any person or organisation can refer. It identifies those persons whose academic qualifications, cumulative and current experience and competencies, and commitment to ethical conduct and continuing professional development are of the standard considered appropriate by the profession for independent professional practice. The same competency standards are used for both CPEng and NPER. However, the operation of NPER is at arms length from Engineers Australia and is supervised by an independent board.

The National Engineering Registration Board (the Board) was established jointly by Engineers Australia, the Association of Professional Engineers, Scientists and Managers, Australia (APESMA) and the Association of Consulting Engineers Australia (ACEA). The Board, representing State and Territory Governments, community organisations and professional associations, ensures that national registers are administered in the public interest. Engineers Australia administers NPER as the service provider to the Board.

There are no specific nationality, citizenship or residency requirements for registration by the Board. However, applicants must demonstrate awareness of national and local standards, rules and practices; and be assessed as meeting the National Competency Standards for Professional Engineers. An outline of these standards can be found at: <http://www.ieaust.org.au/membership/general.html>.

### ***Queensland***

The Board of Professional Engineers of Queensland administers the Queensland *Professional Engineers Act 2002*. The Act provides for the registration of professional engineers to practice in Queensland. It prohibits persons who are not registered from providing professional engineering services in Queensland. The only exception is for individuals who practice under the supervision of registered professional engineers. It also provides a process

for persons who are aggrieved by the conduct of a registered professional engineer to lodge a complaint about their conduct.

### ***Building and Construction Regulation***

Most States and Territories in Australia have registration and/or licensing regimes for engineering practitioners in the building and construction industry, with differing education and experience requirements. NPER is used by many as the assessment framework for engineering qualifications in legislation governing the building and construction industry in Australia:

- ***Tasmania:*** designers and certifiers must be eligible to be registered on NPER;
- ***Victoria:*** engineers in the building and construction industry registered on NPER are able to be registered by the Building Practitioners Board without undergoing additional assessment;
- ***South Australia:*** geotechnical engineers must be registered on NPER;
- ***New South Wales:*** certifiers must be registered on NPER, it is expected that this will be expanded to include designers;
- ***Queensland:*** All practicing engineers must be registered by the Board of Engineers; and
- ***Northern Territory:*** Engineers must be registered with a government board under the *Building Practitioners Act* in order to work in the building and construction industry. The assessment system is linked to NPER in the NT Building Regulations.

As outlined above, on the whole, engineers do not face many of the licensing and registration issues faced by migrants from other professions. Government regulations are not a concern to migrant engineers to the same degree as say medical practitioners, teachers and lawyers.

Engineers Australia does support greater consistency in the recognition of qualifications for occupations licensed by State and Territory regulators and who like to see the engineering regulated by a consistent national system. Engineers Australia takes the view that a joint approach by government and the profession, with appropriate legislative support (co-regulation), is required for those areas of engineering practice that represent a risk to public health and safety or where there is a significant asymmetry of knowledge between the engineer and the consumer. An outline of Engineers Australia's policy on the regulation of the engineering profession is attached as Appendix A.

Engineers Australia does not believe that a national registration system would act as a barrier to skilled migrants finding employment as engineers. In contrast, gaining registration in a government supported scheme (for example NPER) would help remove any scepticism employers might have of the strength and value of a migrants qualifications. Having migrant engineers listed on a register would also provide a database and contact point for both Engineers Australia and the government to provide enhanced services to migrant engineers including job matching, bridging courses and continuing professional development opportunities.

## **8. Potential enhancements to skills testing**

The system that many immigrant-receiving countries use for selecting skilled migrants is designed to meet the immediate short-term needs of the labour market. Australia, Canada and New Zealand, recognising that immigrants are permanent additions to the labour force, use a points tests system as one way to select migrants on the basis of skills and attributes. Using a points test maximises the probability of migrants achieving long-term success in the labour market. The test awards points to applicants in areas such as work experience, education and language ability and properly designed can be a transparent and efficient means of selecting applicants from which the host country will benefit over the long-term.

While ensuring that skilled-migrants bring with them a desired set of skills, Engineers Australia suggests that that a points system should also require all participants for temporary migration under skilled streams to satisfy the following prerequisites:

- They should have a verified job offer from an employer in Australia.
- They should have been employed for at least 3 of the last 4 years in the field for which they are being sponsored prior to making the application and undergoing a skills assessment.
- The sponsoring employer should make a commitment to pay the applicant the higher of (a) the actual wage the employer pays to other similarly qualified and employed individuals, or (b) the prevailing wage rate for the occupation in the area of employment.
- The sponsoring employer must also pay a fee (for example \$1000 - \$5000) to sponsor an immigrant to fill a vacant job. This fee will be collected to support the following 3 programs:
  - (a) To train Australian citizens for the jobs for which migrants are being sponsored.
  - (b) To provide English language training to migrants entering Australia under all permanent migration streams.
  - (c) To provide scholarships to encourage Australians to study in fields with known long-term labour shortages.

While some of these requirements should be considered for application to the permanent skilled migration program (particularly the job-offer condition), there is already existing labour market testing designed to confirm that employers had been unable to locate a local worker.

The introduction of these measures would have the following positive outcomes:

- Employers would be encouraged to look extensively at the local labour market, as hiring locally would enable the employer to avoid the fee. Employers would begin to reconsider re-training Australian workers rather than utilising “off-the-shelf” foreign talent.

- If an employer is willing to pay a fee to sponsor a skilled migrant it can be more readily assumed that the employer has searched and failed to find Australian workers and thus needs to fill a legitimate vacancy. As a result, skilled migrants will only fill job vacancies that cannot be filled by Australian workers.
- Cases where Australian businesses have laid off skilled Australian workers, simply because they can employ foreign workers more cheaply would diminish. The fee would act as a deterrent to these practices.
- The fee would not be set at a level that would hinder application numbers, nor effect international flows of skilled temporary migrants. It would simply produce increased funds for training of Australian students, workers and permanent migrants.
- As the fee will be used to provide English language training to migrants entering Australia under other migration streams (humanitarian and family) the positive effects of these migrants on the Australian labour market will be increased. (see Section 4.3 for an analysis of the value of English ability to migrant success in the labour market)
- Migrants who have employer sponsorship yield immediate benefits to the Australian economy and do not pose any short-term economic costs to Australia. In contrast, skilled migrants who enter Australia without a job offer are often forced to accept employment below their capabilities and participate in the job market at much lower rates. Migrants who have been sponsored by Australian employers have consistently lower unemployment rates than all other categories of migrants and this disparity in unemployment rates exists, though to a lesser degree, over time.<sup>16</sup>

The following procedural mechanisms/issues will need consideration if the above reforms are adopted:

- Mechanisms must be put in place to prevent the employer from requiring the foreign worker to pay the increased fees.
- The skilled migration employer-nominated stream should remain uncapped. Numbers should be determined by demand.
- The ability of small and medium enterprises to pay the increased fees to sponsor skilled migrants would need to be addressed. Inability to pay the fees should not constrain an employers ability to fill a legitimate vacancy. Measures to determine a legitimate vacancy and inability to pay the fees will need to be put in place to address this potential problem. A reduced fee structure for these situations will need to be considered.
- Should universities, research institutions, government agencies and States and Territories sponsoring migrants under the State/Territory Nominated Independent Scheme be obliged to pay the increased fees, or should they be exempt?

- Many skilled migrants applying for permanent residence in Australia enter under the Independent Skills Category in contrast to the Employer-nominated category. Employer-nominated migrants consistently have lower unemployment rates both in the short-term and long term than do migrants from the Independent category. Skilled migration should be on the basis of a job offer and the Independent, Skilled-Australian Sponsored and the Skilled-Regional Sponsored categories should be abolished. Applicants who would traditionally enter under these streams should seek admission under the Employer-nominated stream or the State/Territory Nominated Independent Scheme. The Employer Nominated stream, Business Skills stream and the State/Territory Nominated Independent Scheme should remain unchanged.
- The Skill Matching Database should provide a streamlined and cost free registration process for potential migrants seeking sponsorship for permanent migration under the Employer-nominated stream. The service should be promoted further to potential migrant groups overseas.

The recommendations above were supported by the Joint Standing Committee on Migrations 2003-04 review of Skilled Migration. The Committee supported Engineers Australia's proposal for a reduced fee of A\$1,000 for temporary entry skilled migrant applications, and for small and medium enterprises. The Committee observed that a fee set at that level was the equivalent of less than two weeks of the annual \$37,720 minimum salary required for 457 temporary visa entrants and comparable with the visa fee of \$1,210 paid by off-shore applicants for permanent employer sponsored migration.

The Committee considered that if such fee was imposed it should only be charged in relation to the principal applicant. It was this person that the employer was recruiting, and charging for each member of their family could quickly lead to discrimination against applicants with dependants by prospective employers.

Engineers Australia's proposal to devote that revenue to training of Australians appealed to the Committee because the migrants were being recruited to fill local skill shortage demands. DIMIA data indicates that more than 48,000 temporary skilled visas were issued in 2002/3, so fees applied to the primary applicants could generate substantial revenue and the Committee considered that it would be appropriate to devote the revenue raised to expanding Australia's local skill pool through scholarships. The areas of study should include those experiencing existing and prolonged skill shortages.

### ***Migrants trained in Australia***

The Organisation for Economic Cooperation and Development (OECD) report, *International Mobility of the Highly Skilled* outlined that countries whose higher education and research systems are internationalised and which have an environment conducive to entrepreneurship and innovation are generally more successful in attracting foreign students, scholars and other skilled workers.<sup>17</sup> Australia is already capturing a broad section of the overseas student market. These students have the potential to become a large and increasing group of skilled migrants once they have obtained Australian qualifications.



In 1999, DIMIA undertook a review of the Australian skilled migration system, which found that migrants who have been trained in Australia are more successful in the labour market than those who had obtained their qualifications overseas. Education is also one of the few stable indicators of a persons “human capital” and potential “economic success”.<sup>18</sup> Engineers Australia proposes that skilled migrants with an Australian post-secondary degree continue to be allowed to enter Australia as permanent or temporary migrants (subject to a skills test) without being employer-nominated.

## **9. Impact of the recent changes on skilled migration**

### *What were the changes?*

- Applicants are given extra credit in the points test if they are willing to live or study in regional Australia or a low population growth metropolitan area.
- Points are credited to applicants who have undertaken university study in Australia. 5 points for an undergraduate degree, 10 points for a Masters and 15 points for a Phd.
- Extra points are given if the study was at an education provider’s campus in regional Australia or a low population growth metropolitan area.
- 15 points are now given (up from 10 points) if the applicant has a Migration Occupations in Demand List (MODL) listed occupation.
- Migration applicants who have graduated from an Australian university after 2 + years study (up from 1+ years) are exempt from the recent work experience requirements for 6 months from course completion.
- Overseas students who have recently completed an Australian university degree can applying onshore without the need to leave Australia at the end of their studies.
- A new Skilled Independent Regional Visa was introduced in 2004 which allows applicants to gain a three year visa to stay in Australia on the condition that they work in a regional area. This visa is offered to applicants who fall just short of the pass mark for the General Skilled Migration scheme.

### *Impact on Engineers Australia*

While the changes have had no impact on the assessment process used by Engineers Australia, the increase of the work experience exemption from 1 year to 2 years study has posed a problem for Australian universities. The majority of Engineering Masters programs are 1- 1 ½ years long and students who graduate from these programs can now no longer gain a work experience exemption from DIMIA. As a result, in the lead up to the changes, Engineers Australia experienced a surge of applications from engineers with 1 year Engineering Masters from an Australian university wanting to have their qualifications assessed before the changes took effect.

When a foreign engineer has received a positive qualification assessment by Engineers Australia they receive a letter/certificate which specifies the discipline (by ASCO listing) in which they are recognised. Engineers Australia is finding that some applicants who have already obtained a positive qualification assessment are asking for assessment in another discipline to provide them with opportunities under the Migration Occupations in Demand List (MODL). Engineers Australia is currently seeing 5% of successful applicants returning for further assessment in a different discipline.

Engineers are increasingly multidisciplinary, often having suitable educational background, experience and training in more than one field of engineering. There may be value in looking at the assessment process and how to better represent the multi-disciplinary skills of engineers in their first qualification assessment by Engineers Australia, eliminating the need for applicants to return to Engineers Australia at a later date, for further assessment in a different discipline.

It may simply be that potential migrants, who require qualifications on MODL in order to meet the skills test requirements, need information earlier in the skills assessment process in order to ensure they obtain a qualification assessment from Engineers Australia in a suitable discipline of engineering.

Engineers Australia is happy with the migration processing arrangements set up under the Pre-Application Skills Assessment (PASA) (Engineers Australia now processes skills assessments before applicants apply for migration through DIMIA, rather than after.)

This has removed Engineers Australia from the migration application process and allowed us to operate more independently. However, one problem has emerged with the new arrangements. Since the introduction of PASA Engineers Australia (and other assessing authorities) have been distanced from the information chain governing DIMIA decisions and changes to the migration system.

For example, when changes were made to the work experience exemptions, Engineers Australia found out about them through regular media channels (media releases, DIMIA website). While the changes had no impact on the way Engineers Australia processed applications, it did have a dramatic effect on the volume of applications received. In January 2004, Engineers Australia processed almost double the number of applications generally received each month.

Engineers Australia's contract to provide qualification assessment services is with the Department of Education, Science and Training (DEST) through Australian Education International –National Office of Overseas Skills Assessment (AEI-NOOSR). As a result, Engineers Australia has regular communication chains with DEST/ AEI-NOOSR but not DIMIA.

Engineers Australia would like to see the establishment of a line of communication between DIMIA and the assessing authorities. A formal network to alert assessing bodies to impending changes to the migration process is particularly important in terms of work force planning and maintaining adequate processing times for applications.

## **10. Conclusion**

As outlined above, migrants contribute to the economic development of Australia in many ways including: job creation; filling skill shortages; creation of business opportunities and business expansion; direct investment in the Australian economy; and they often bring new ideas, technologies and skills with them, which all help Australia develop a competitive edge.

Engineers Australia recognises that the skilled migration program is essential to Australia's future competitiveness but believes that the economic benefits of the program could be dramatically enhanced if the policy/procedural reforms outlined in Section 8 are put in place. It is also vital that skilled migration is used only where skills are not presently available to the required degree in the Australian labour market. Skilled migration should not become a replacement for a reliable and valued Australian skill base, and cannot be seen as an alternative to educating and training a highly skilled Australian workforce.



## APPENDIX A: POLICY POSITION REGULATION OF THE ENGINEERING PROFESSION

For the public, the risk of inadequate engineering depends on their exposure to engineering services. Every person's lifestyle is dependent on engineering via transport, communications, manufacturing and utilities. Therefore, every person has some risk exposure to engineering services.

There are many regulatory and quasi-regulatory regimes maintained by local, State and Territory governments that come into existence because of the absence of a comprehensive regulatory system for engineers.

Each State and Territory has different notions of what constitutes an effective regulatory regime. Some jurisdictions have implemented regulation by requiring registration through a statutory board, while others have introduced co-regulatory regimes with professional associations and government taking on various roles in the registration process. Other jurisdictions have elected to have no regulatory regime, preferring to leave the profession to self-regulate. Various government agencies and departments keep their own lists of engineers for procurement, certification and employment purposes. These "registers" are usually based on highly subjective and often biased or ill-informed judgement as to who is competent to practice as an engineer.

Engineers Australia takes the view that self-regulation is appropriate as applied to the provision of some, but not all, engineering services. A joint approach by government and the profession, with appropriate legislative support (co-regulation), is required for those areas of engineering practice that represent a risk to public health and safety or where there is a significant asymmetry of knowledge between the engineer and the consumer.

Engineers Australia supports the following regulatory measures:

- *Restrictions on who may deliver a service* – legislation that reserves the provision of services to qualified and/or experienced persons. This clearly delineates the boundaries of what activities are to be confined to professional engineers, engineering technologists and engineering associates while allowing other activities to be performed by less qualified or skilled persons. This regime works best where there is a significant asymmetry of knowledge between the consumer and the practitioner with respect to the service being offered.
- *Regulation as to professional conduct* – provides for the adherence to codes of ethics and disciplinary measures to minimise the incidence of malpractice and unprofessional conduct, and to provide a visible assurance to clients that practitioners can be trusted to act in their interests.

- *Regulation as to continuing professional development* – provides for a practitioner to undertake continuing professional development as a requirement for continuing practice after initial registration or attainment of chartered status.

There are a number of models for regulation of professions. Engineers Australia favours a co-regulatory model where government and non-government bodies (such as professional associations or joint boards) work in partnership to regulate certain aspects of the profession. Co-regulation requires State legislation to ensure compulsory registration of practitioners in certain fields of practice. The legislation would also empower a non-government body to undertake certain activities in relation to its registration function.

Co-regulatory models can take many forms. However, the two models that Engineers Australia prefer are:

### ***Model 1***

Non-government bodies take on the accreditation and registration of practitioners, and government undertakes general administration of the legislation, complaints handling and disciplinary actions.

The non-government body is charged with the task of:

- certification of applicants in accordance with objective and fair standards;
- objective and open appeals mechanisms against a decision to refuse accreditation and registration; and
- audit of compliance with conditions of continuing registration.

The statutory body or government department charged with the administration of the legislation is required to:

- respond to complaints from consumers;
- undertake inquiries and, if necessary, disciplinary action against practitioners in response to complaints; and
- prosecute non-registered persons breaching the provisions of the legislation.

### ***Model 2***

Non-government bodies undertake certification, registration, complaints handling and investigation, and disciplinary actions (with associated appeals mechanisms) and government undertakes administration of the legislation. Government retains control of who may become a registration authority. Government retains the role of prosecuting non-registered persons, or delegates this task to a non-government body. Variations on this theme are that government retains a hearing role for disciplinary actions after investigation by the registration authority or an appeal-hearing role where practitioners have been refused registration or have been deregistered.

The National Engineering Registers and the grades of Chartered Professional Engineer and Chartered Technologist provide a flexible framework that can be used to match levels of education and experience of engineers with their needs.

## **RECOMMENDATION**

- **Governments should facilitate the introduction of a consistent registration system for the engineering profession in areas of highest risk to public health and safety and should adopt a co-regulatory approach to regulation of the engineering profession.**

---

<sup>1</sup> These figures do not include New Zealand citizens.

<sup>2</sup> Graeme Hugo, "Migrants and Demography: Global and Australian Trends and Issues for Policy Makers, Business and Employers", p. 5, 10.

<sup>3</sup> Philip Ruddock, "Australian Immigration: grasping the new reality", presented to *National Skilling: Migration Labour and the Law: An International Symposium*, University of Sydney, November 23-24, 2000, p1.

<sup>4</sup> Graeme Hugo, "Migrants and Demography: Global and Australian Trends and Issues for Policy Makers, Business and Employers", presented to *National Skilling: Migration Labour and the Law: An International Symposium*, University of Sydney, November 23-24, 2000, p.13.

<sup>5</sup> Susan Martin and B. Lindsay Lowell, "US Immigration Policy, Highly Skilled Workers and the New Global Economy, presented to *National Skilling: Migration Labour and the Law: An International Symposium*, University of Sydney, November 23-24, 2000, p.1.

<sup>6</sup> J. Dobson, K. Koser, G. McLaughlan and J. Salt, *International Migration and the United Kingdom: recent patterns and trends*, Final Report to the Home Office, Occasional paper 75, December 2001, p.4.

<sup>7</sup> Graeme Hugo, "Migrants and Demography: Global and Australian Trends and Issues for Policy Makers, Business and Employers", p.5

<sup>8</sup> Dr Deborah Cobb-Clark and Professor Bruce Chapman, *The Changing Pattern of Immigrants Labour Market Experiences*, Discussion Paper, Centre for Economic Policy Research, Australian National University, February 1999, p.7.

<sup>9</sup> *Ibid*, p. 22.

<sup>10</sup> Stephen Yale-Loehr and Christoph Erhardt, "Immigration and Human Capital: a theoretical, comparative and practical perspective", presented to *National Skilling: Migration Labour and the Law: An International Symposium*, University of Sydney, November 23-24, 2000, p. 2.

<sup>11</sup> *Ibid*, p. 13.

<sup>12</sup> Jan Thomas, *Mathematical Sciences in Australia: Looking For A Future*, Fasts Occasional Paper Series, Number 3, October 2000.

<sup>13</sup> Bob Birrell, Ian R Dobson, Virginia Rapson, and T. Fred Smith, *Skilled Labour: gains and losses*, p.1

<sup>14</sup> Graeme Hugo, "Migrants and Demography: Global and Australian Trends and Issues for Policy Makers, Business and Employers", p.18.

<sup>15</sup> *Ibid*

<sup>16</sup> Stephen Yale-Loehr and Christoph Erhardt, "Immigration and Human Capital: a theoretical, comparative and practical perspective", p. 21.

<sup>17</sup> Dominique Guellec and Mario Cervantes, "International Mobility of Highly Skilled Workers: from statistical analysis to policy formulation", p. 93.

<sup>18</sup> Stephen Yale-Loehr and Christoph Erhardt, "Immigration and Human Capital: a theoretical, comparative and practical perspective", p.11.