



SUBMISSION ON THE 5-YEAR PRODUCTIVITY INQUIRY:
A MORE PRODUCTIVE LABOUR MARKET

MIGRATION OF SKILLS FOR A MORE PRODUCTIVE FUTURE

21 OCTOBER 2022

Prepared for the Productivity Commission
by VETASSESS

FOREWORD

Australia's migrant population has played an important part in the nation's growth and prosperity, particularly following the shift in recent decades to prioritise global talent. While interrupted by a global pandemic, if Australia embraces the opportunity to get migration policies and settings right, it can again be a driver of growth through productivity.

The Productivity Commission's inquiry into a more productive labour market, and its specific focus on the migration of skills comes at a critical juncture. The resurgence of migrant interest and flows; skills shortages; a change of Government; and a rapidly changing world of work, learning and credentialing have combined to bring skilled migration policies and settings and their need for reform to the fore. Further, in an economic context where capacity constraints are adding to inflationary pressures and monetary policy responses are threatening to bring about a recession unless those constraints are overcome, focusing on migration and applying a productivity lens over reform proposals makes perfect sense.

VETASSESS, therefore, commends the Productivity Commission for its foresight in seeking views on how skilled migration policies and settings should be altered in order to position Australia for a more productive future.

VETASSESS is Australia's largest skills assessment provider, authorised by the Australian Government. We are recognised for our expertise in assessments built up over two decades assessing the credentials and work experience of prospective migrants, and supporting individuals' applications for employment, course entry and industry membership. We assess more than 350 professional occupations and 32 trade occupations from a cross-section of industries. We are, therefore, uniquely positioned to share deep insights on the impact of skilled migration settings, and on how they should be altered to attract the best talent from across the globe.

In this submission we provide advice on three matters raised in the Commission's sixth interim report released as part of its Productivity Review (the interim report). First, while accepting that there are shortcomings associated with the skilled migration occupation lists and how they are applied, we caution against moving too far and too hastily away from them, as they provide a pragmatic means of managing and shaping migrant demand to meet Australia's needs. That said, there are a few changes we suggest be made that could substantively enhance their utility and effectiveness. Second, we oppose the proposal for an income threshold. While we applaud its underlying intents, there are better means to further desired ends. More importantly, an income threshold risks depriving Australia of global talent with low current earnings but high expected lifetime earnings, or skills needed to address labour market gaps. Third, we share with you an initiative that VETASSESS plays an important part in that supports labour mobility in selected licensed occupations while at the same time assuring standards. This could be rolled out more broadly.

VETASSESS also takes the opportunity to propose three further productivity enhancing migration policy reforms. The first is to review the criteria for merits-based assessment. The second is to facilitate pathways for international graduates of Australian programs of education who wish to work and stay in Australia. And the third is to help prospective migrants in source countries meet skill expectations.

I invite the Productivity Commission to discuss with me directly any or all of the matters canvassed in this submission and on VETASSESS' advice below on what the Productivity Commission should and should not support. My contact details are shared in my signature line, which immediately follows our recommendations.

Recommendations

VETASSESS recommends that the Productivity Commission:

1. **supports** moving to a single skilled migration occupation list, populated by occupations that either target areas of skill shortages and/or enhance the nation's human capital, based on an ANZSCO that is reviewed and updated on a regular cycle;
2. **supports** alterations being made to that list on a case-by-case basis if triggered by substantive change;
3. **does not support** the introduction of an income threshold;
4. **supports** the expansion of the Offshore Technical Skills Record approach by progressively rolling it out to all licensed occupations;
5. **supports** that the criteria used for merit-based assessment be reviewed;
6. **supports** that that review explore how shorter and alternative form credentials are recognised and rewarded with migration points, alongside traditional formal qualifications;
7. **supports** dispensing with the fallacy that all international students are 'genuine temporary migrants'; and
8. **supports** that more is done to assist prospective migrants in key source countries meet Australia's skill expectations.

ROB THOMASON
Executive Director
VETASSESS

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1. OBJECTIVES OF SKILLED MIGRATION

The primary objectives of Australia's skilled migration program are clearly articulated on the Department of Home Affairs (DHA) website: "to attract migrants who make a significant contribution to the Australian economy, and fill positions where no Australian workers are available."¹ In other words, Australia's approach has been designed to further two ends:

- *Counter labour market shortages.* These may be currently evident or projected to emerge over the medium to longer term due to skilled labour demand outstripping local supply.
- *Develop the human capital of the nation.* Human capital is the knowledge, experience, intelligence, skills, and abilities possessed individually and collectively in a labour force. When people rich in these attributes migrate to Australia, they develop the human capital of the nation, boosting its productive capacity to grow.

While a productivity lens places and emphasis on the latter, current economic conditions mean that many have their eyes fixed on the former. Both are important.

There is some suggestion in the interim report that if labour markets function as they should then wages and salaries should adjust to entice more workers into areas of shortages. Were that true then the first objective of skilled migration would be rendered redundant. The reality is that labour markets are rarely perfect. Workers may not always be attuned to the opportunities. And, even if they are, they may be sticky if there are long lead times before locals acquire the skills and credentials necessary to match employers' demands. Occupational licensing, discussed in the interim report, is a case in point, as further and continuous education, training, testing and/or experience may be required to meet standards, and gain and retain licenses. Furthermore, there may be non-work reasons, such as lifestyle or living close to friends and family, why local workers with the right skills may choose not to relocate to areas where their skills are in greatest demand. Imperfections, such as these, are why skilled migration as a means of countering skill shortages remains an important objective, particularly in the short term while labour markets adjust.

That said, if migrant workers are brought in to address shortages and stay then it is important that they possess the human capital that not only supports their productivity in their first job, but in all future jobs. This is of particular importance given the changing demands of a rapidly evolving world of work.

Given the established skills shortage and human capital objectives of skilled migration, in the Sections that follow, irrespective of whether we are commenting on the proposals outlined in the interim report or suggesting new things to think about, our approach is to have an eye to both.

¹ See <https://immi.homeaffairs.gov.au/what-we-do/skilled-migration-program>

2. LISTS

An income threshold is not a substitute for lists

Australia's current approach is to use separate skilled migration occupation lists to target migrants in occupations assessed to be in shortage over the short term, the medium and longer terms, or in regional areas². In other words, the primary purpose the lists are designed to serve is the labour shortage objective of skilled migration.

The lists also facilitate labour market matching. The assessment of the credentials, relevant experience and other characteristics of migrants skilled in occupations on the lists, serves the purpose of providing employers with confidence that migrants have the qualities that match their needs. Which, in turn, makes it more likely that migrants work in roles that put their skills to their most suited and productive use. In this sense the lists also assist in making best use of migrants' human capital.

That said, we accept that there are more than a few implied assumptions in the above assertions. One is that the lists are not always an effective reflection of shortages. Another is that matters taken into account by assessors are the same things that employers care about. We further accept that neither assumption holds perfectly. But, as discussed further below in the context of the alternatives and in the final Section of this submission, there is an opportunity to move the reality closer to both of these assumed states.

The contention in the interim report is that the lists can be inflexible, preventing employers from sourcing global talent to meet their needs. To the extent that the assumptions just discussed do not hold, there may be instances where this is true.

The alternative proposal on the table is that an income threshold be used in lieu of the occupation lists. The theory is that if there are occupational labour shortages employers will be willing to pay more.

In practice, however, this may not hold. The interim report shares the example of workers in the carers sector. Another example is the relatively low earnings of cooks, despite sustained and now biting shortages.³ And there are countless other examples that could be referenced.

If migrants are able to command generous incomes, this is just as, if not more, likely to be a reflection of human capital considerations, than skill shortages. While detailed migrant statistics from the 2021 Census are yet to be released, analysis of the previous, 2016, Census⁴ finds that 68 percent of skilled migrants hold a bachelor or higher qualification. This is well above the equivalent share of 26 percent for the general population. Together with the innovation, entrepreneurialism, cultural and linguistic diversity, networks and other human capital attributes of skilled migrants, this is a more likely explanation of why in 2016 their average weekly earnings fell into the \$1000 to \$1249 bracket - well above the \$650 to \$799 average earnings bracket of the general population.

² Respectively labelled as the Short Term Skilled Occupation List (STSOL), the Medium and Long Term Strategic Skills List (MLTSSL) and the Regional Occupation List (ROL).

³ Drawing on Census data, the median hourly earnings of Cooks are \$29, which is lower than the \$41 medium for all jobs.

⁴ Undertaken using the Australian Bureau of Statistic's Tablebuilder platform and interrogating the Census 2016 and Australian Census and Migrants Integrated Database 2016.

The current use of lists is less than ideal

The discussion above is not meant to suggest that there is no merit in considering whether Australia's current use of lists is optimal. Indeed, there are at least four reasons why it is not.

The first is that the use of multiple lists adds to the complexity of Australia's skilled migration settings. Different temporary and permanent visa subclasses link to one or more lists in different ways, not all of them obvious. For example, occupations eligible to be considered for permanent migration under the State Nominated visa pathway draw on the combined pool of those listed on the STSOL and the MLTSSL which are then whittled down to develop state and territory specific lists reflective of local priorities and needs. Now imagine if you are a prospective skilled migrant trying to make sense of, and navigate, this pathway, let alone the many other visa subclasses.

The second is that they are outdated. The skilled migration occupation lists draw from the occupations listed and described in the Australian and New Zealand Standard Classification of Occupations (ANZSCO). The Australian Bureau of Statistics (ABS) and Statistics NZ jointly developed the classification in 2006, drawing on 2001 labour market data. Since then, ANZSCO has only undergone minor revisions in 2009, 2013 and 2019 to address selected emerging occupations, specialisations and region-specific issues. That is, there has been little change over the course of two decades. ANZSCO remains largely out of date compared to the current labour market⁵. And, given the speed that new roles are emerging, becoming redundant or transforming, unless action is taken, ANZSCO is destined to become even more outdated and, with it, the skilled migration occupation lists. Australia may be depriving itself of global talent skilled in areas of growing need.

The third shortcoming is that the basis for determining which occupations make it on to the skilled migration occupation lists reflects the skills shortage objective of skilled migration only. There is just cursory consideration of the human capital objective. This is despite, as argued above, the importance of migrants' ability to be productive in not just their first role but in future roles in a rapidly changing world of work.

The fourth and final shortcoming mentioned here is the frequency with which the skilled migration occupations lists were updated in the recent past. This was a source of uncertainty for all – prospective migrants, employers and assessors. Prospective migrants had little certainty that their chosen area of study and work would provide them with an option to migrate. Employers could not rely on occupations remaining on the lists when doing their workforce strategies. And assessment bodies had little incentive to develop the expertise of their assessors or invest in efficiency enhancing technologies if they harboured fears that the occupations they provide services for would be removed.

⁵ Australian Bureau of Statistics (2022) ANZSCO Maintenance Strategy, June.

There are other alternatives

While we have discounted the use of an income threshold in lieu of the skilled migration occupation lists, there are other alternatives. The discussion above suggests that maintaining the status quo is not one of them. We have identified three broad alternatives:

- no lists;
- an enhanced status quo; or
- a skills list in place of the occupation lists.

No lists

Disbanding with the lists altogether is not recommended. As discussed above, lists serve the purpose of shaping and managing demand for migration. Without the filter of lists the risks are great.

Canada provides an example of what can go wrong from a policy perspective. In one sense, Canada is choosy about who it lets in, prioritising entry on the basis of prospective migrants' rankings in a points system that scores for education, fluency in English or French, their profession and offers of a job in Canada. That is, much like in Australia, with the exception that Canada does not apply the filter of a list to determine the occupations or skills of prospective migrants that are in short supply. One outcome is that Canada's foreign-born population is the best-educated in the OECD.⁶ Another is that highly skilled migrants wind up in jobs mismatched to their skill levels, such as taxi driving.⁷ A comparison of Australia's and Canada's approach to skilled migration finds that although the source countries and characteristics of skilled migrants are similar, their earnings relative to locals are far lower in Canada than in Australia.⁸ A related third outcome is that the pandemic taught Canadians the value of workers with less schooling.⁹ Canada is trying to correct for this by easing pathways to permanent residency for temporary migrants.

From a pragmatic perspective, not using lists to filter who receives invitations to migrate is likely to result in capacity issues, as assessing for the human capital characteristics of prospective migrants remains important. Recent history has taught us that visa processing backlogs are not a good look and does Australia little favour when trying to attract the best talent from around the globe.

An enhanced status quo

A mixture of policy considerations and pragmatism finds us recommending in favour of an enhanced status quo.

What an enhanced status quo might look like is a single skilled migration occupation list, populated by occupations that either target areas of skill shortages and/or enhance the nation's human capital, based on an ANZSCO that is reviewed and updated on a regular cycle. And, rather

⁶ The Economist (2021) Canada wants to attract more migrants, 24 April.

⁷ *Ibid.*

⁸ Harrap, Hawthorne, Holland, McDonald and Scott (2021) Australia's superior skilled migration outcomes compared with Canada's," International Migration, November.

⁹ The Economist (2021) *op cit.*

than review all occupations on the single list annually, alterations could be made on a case-by-case basis if triggered by substantive change.

This enhanced status quo addresses the issues discussed above:

- A single list is more simple.
- A more contemporary base from which the list draws upon is happening: the ABS is currently reviewing its approach to ANZSCO and consulting on what an appropriate maintenance strategy looks like,¹⁰ seeking to strike a balance between the competing tensions of the alternative purposes which ANZSCO serves.¹¹
- The proposal is that the list takes into account the dual purposes of skilled migration.
- An approach to maintaining the currency of the list triggered by substantive change rather than an annual cycle of review promotes stability and greater certainty for all.

Down the track, there is also the opportunity to bring the ANZSCO review and updates processes and the National Skills Commission's (NSC's) Australian Skills Classification (ASC) process of development and maintenance (discussed next) closer together, enabling an occupation classification that is an even a more accurate reflection of current jobs in the market.

A pragmatic point in favour of this option is that a number of excellent initiatives designed to support the pathways and employability of skilled migrants have targeted listed occupations. For instance, the professional year work readiness program, which earns prospective migrants who undertake this program an additional five migration points, targets occupations in the accounting, engineering and technology sectors. Another example is the Department of Employment and Workplace Relation's pilot project. This project aims to upskill and support the employability of onshore migrants who are working below their skill level in specific occupations.¹²

A skills list in place of the occupation list

This third option has much in its favour. It recognises that many skills may be transferrable between occupations and that, while migrants may not work in roles within their nominated occupation, they may, nevertheless, be making good use of their skills in other roles. This agility is a positive. If COVID-19 has taught us anything it is that there is a multiverse of different possible futures of work and that a disruption like a global pandemic can nudge it on to a different trajectory.

As just foreshadowed, an exciting development is the good work that the NSC is doing in developing the ASC. The ASC is an open taxonomy of skills that helpfully distinguishes between core competencies, which are transferrable across all jobs, technology tools, which are used by many, and specialist tasks, which are the domain of just a few. The NSC is encouraging employers and industry to adopt the Classification for job design, workforce planning, recruitment and promotion purposes. The potential for it to be used by Australia's education and training providers as a critical input into the design and refinement of their offerings. This very potential

¹⁰ Refer <https://consult.abs.gov.au/standards-and-classifications/review-of-anzSCO/>

¹¹ The ideal for migration purposes is regular updates that keep pace with the changing world of work. Stable classifications, on the other hand, better serve ANZSCO's utility as the basis for timeseries statistical collections.

¹² Refer <https://www.dewr.gov.au/skills-support-individuals/resources/pilot-3-occupation-list>

has been recently pointed out by two former and well-regarded Australian Vice Chancellors.¹³ If it was also adopted for the purpose of skilled migration then it could facilitate a common language for all – employers, providers, assessors and policymakers - enabling skills demand to be better matched by supply, whether locally or globally sourced.

These are indeed exciting developments. But it is early days. Rushing headfirst into a skills-based approach is, therefore, not recommended. It is something that policymakers should, nevertheless, keep on their radar. And, if judged to be a viable option for the future, careful consideration should be given to how best to transition to a new regime while preserving all that is good with the old.

Recommendations

That the Productivity Commission:

- **supports** moving to a single skilled migration occupation list, populated by occupations that either target areas of skill shortages and/or enhance the nation's human capital, based on an ANZSCO that is reviewed and updated on a regular cycle; and
- **supports** alterations being made to that list on a case-by-case basis if triggered by substantive change.

3. AN INCOME THRESHOLD

The discussion in the previous section laid out the reasons why an income threshold is not an appropriate substitute for the current skilled migration occupation lists. In this section we explore other arguments made in favour of an income threshold. Namely that an income threshold:

- aids simplification;
- is a composite indicator of quality; and
- safeguards against migrant exploitation.

KISS – Keep It Simple but not Stupid

KISS is an ill-conceived design principle. Simplicity is, of course, a good thing. But it should not be at the cost of compromising the main objectives that a policy or an initiative is designed to serve. In the previous section we explained that, while an income threshold may reflect human capital considerations, it does little to assure that occupations or skills in shortage would be targeted. In the discussion under the next header below we explain why it is also a sub-optimal measure of human capital.

¹³ Bean, M and Dawkins, P (2021) Review of University-Industry Collaboration In Teaching and Learning, supported by the Department of Education, Skills and Employment.

Further, it is important to question: simple for who? An income threshold may indeed make life easier for officials implementing the Government’s skilled migration policies and settings. But it is not likely to be the major source of transaction costs endured by prospective migrants. In recent research conducted by VETASSESS we interviewed graduates of Australian programs of higher education and asked that they reflect on their experiences over the course of the pandemic. They had little to say about policy complexity and much to say about processes. Matters raised included the high actual and compliance costs of multiple visa applications; the need to pay again for, and resit, English language proficiency tests previously passed but expired due to the long wait for visas to be processed; and the requirement to produce documented evidence that should already exist in departmental systems, such as visa history.¹⁴ Simplification from an applicant perspective would address frustrations such as these and improve the efficiency of processes.

An inferior indicator of quality

From a human capital development perspective, it is not earnings at a point in time that matters but expected lifetime earnings. Salary-wise, early career migrants may be at the bottom rung of a very steep lifetime earnings ladder, yet a threshold may have the effect of depriving Australia of their talents. Further, that earnings ladder will look different for different occupations. The Table below compares the average salaries of people who completed undergraduate studies in selected areas shortly after they graduated (in 2017) and five years on (in 2022). Deliberately selected are study areas whose graduates command salaries under the proposed \$70,000 income threshold and now command salaries well above the threshold. The standout example is Pharmacists who started out on less than \$50,000 and now earn close to \$87,000.

Part of the explanation is likely to be employers’ willingness to pay a premium for further learning and experience. For example, employers will pay more for electronic and electrical engineers (graduates of the second ranked study area) who hold a professional designation.

Table 1 Selected undergraduate salaries in the short and medium term after graduation

Study area	Short-term Salaries	Medium-term Salaries	Change
Pharmacy	\$49,600	\$86,900	75%
Engineering - electrical & electronic	\$69,000	\$99,500	44%
Economics	\$63,000	\$90,000	43%
Law	\$63,000	\$90,000	43%
Banking & finance	\$65,000	\$92,500	42%
Computing & information systems	\$65,000	\$90,000	38%
Engineering - civil	\$65,000	\$89,500	38%
Sales & marketing	\$55,000	\$75,300	37%
Veterinary science	\$55,000	\$75,200	37%
Mathematics	\$66,000	\$89,000	35%

¹⁴ Thomason, R (2022) “COVID-19’s disruptive impacts on student and graduate migration pathways,” presentation to the AIEC 2022: Beyond Borders conference, Gold Coast, 19 October 2022.

Source: Social Research Centre (2022) Graduate Outcomes Survey – Longitudinal.

Merits-based assessment is the best guide on migrant quality and future earnings potential. This makes it all the more imperative to get the criteria for those assessments right. Which is a matter we return to in the last Section of this submission.

There are better means to prevent exploitation

The terms wage exploitation and wage theft, while emotive, are also apt descriptions of a very real problem, whereby employers are not complying with the minimum legal entitlements of their employees. A recent Senate committee inquiry found that in many industries, underpayment is deliberate and systematic, and often normalised, especially for migrant workers.¹⁵ It is particularly problematic amongst employers of temporary migrants, notably international students and working holiday makers. Surveys of international students conducted between 2016 and 2019 consistently found the majority were underpaid.¹⁶ One in four earned less than half the minimum casual hourly wage. Nine in ten suffered wage theft in silence and took no action.

A salary threshold is not a well targeted solution. The recommendations of the Senate inquiry and other inquiries that have gone before it, notably the 2019 Report of the Migrant Workers Taskforce, do share carefully considered recommendations targeted to the problem. The challenge is for the Government to act on those recommendations.

Recommendation

That the Productivity Commission **does not support** the introduction of an income threshold.

4. OCCUPATIONAL LICENCING

To work in some trade occupations within Australia, individuals are required to be ‘licenced’. Each state or territory has individual regulators who are responsible for the licensing of specific trades. For example, Energy Safe Victoria is the regulator for electricians in Victoria. Whereas in the Australian Capital Territory, licensing is the responsibility of the ACT Planning and Land Authority. The suggestion in the Productivity Commission’s report is that differences in state and territory licensing can fuel labour market rigidities within licensed occupations, limit mobility and, thereby, reduce productivity.

While we abstain from commenting on whether jurisdictional differences in licensing conditions are warranted, as that will differ by licensed occupation and by state, what we can offer is a

¹⁵ The Senate Economics References Committee (2022) Systemic, sustained and shameful. Unlawful underpayment of employees’ remuneration, March, p 5.

¹⁶ Berg, L and Farbenblum, B (2022) Opinion: Australia is bringing migrant workers back – but exploitation is still rampant, UNSW Newsroom, 17 May.

constructive way to address rigidities and support interstate and international mobility, while at the same time providing a check on whether standards are being met, and the means to address any identified gaps.

The Offshore Technical Skills Record (OTSR) is a form of skills documentation that VETASSESS issues as part of the Trades Recognition Australia (TRA) process. The OTSR is issued to individuals who successfully complete the practical skills assessment in licensed trades such as electrician, plumber and air conditioning mechanic. The OTSR lists the technical skills demonstrated in the practical assessment and any gaps in the Australian skills or knowledge component which need to be bridged to meet the full standards.

State and territory regulators will provide a provisional (restricted) license against the OTSR to allow applicants to work in Australia, while they complete the 'Australian knowledge' gap training. The OTSR also entitles the holder to obtain 'provisional' licensing or registration within their occupation. To obtain a full licence, individuals must undertake work experience in Australia along with relevant content gap training to meet Australian standards. Individuals must complete gap training and work under supervision in Australia before they can be awarded a full certificate in the relevant licenced occupation.

Recommendation

That the Productivity Commission **supports** the expansion of the Offshore Technical Skills Record approach by progressively rolling it out to all licensed occupations.

5. OTHER PRODUCTIVITY ENHANCING REFORMS

To attract skilled workers from around the globe that address Australia's skill shortages and adds to its human capital and, thereby, boosts Australia's productivity, the Productivity Commission is urged to embrace three additional reform opportunities, namely:

- review the criteria for merits-based assessment;
- facilitate the pathways for international graduates of Australian programs of education and training who wish to work and stay in Australia; and
- help prospective migrants in source countries meet skill expectations.

The remainder of this submission discusses each in turn.

Review the criteria for merits-based assessment

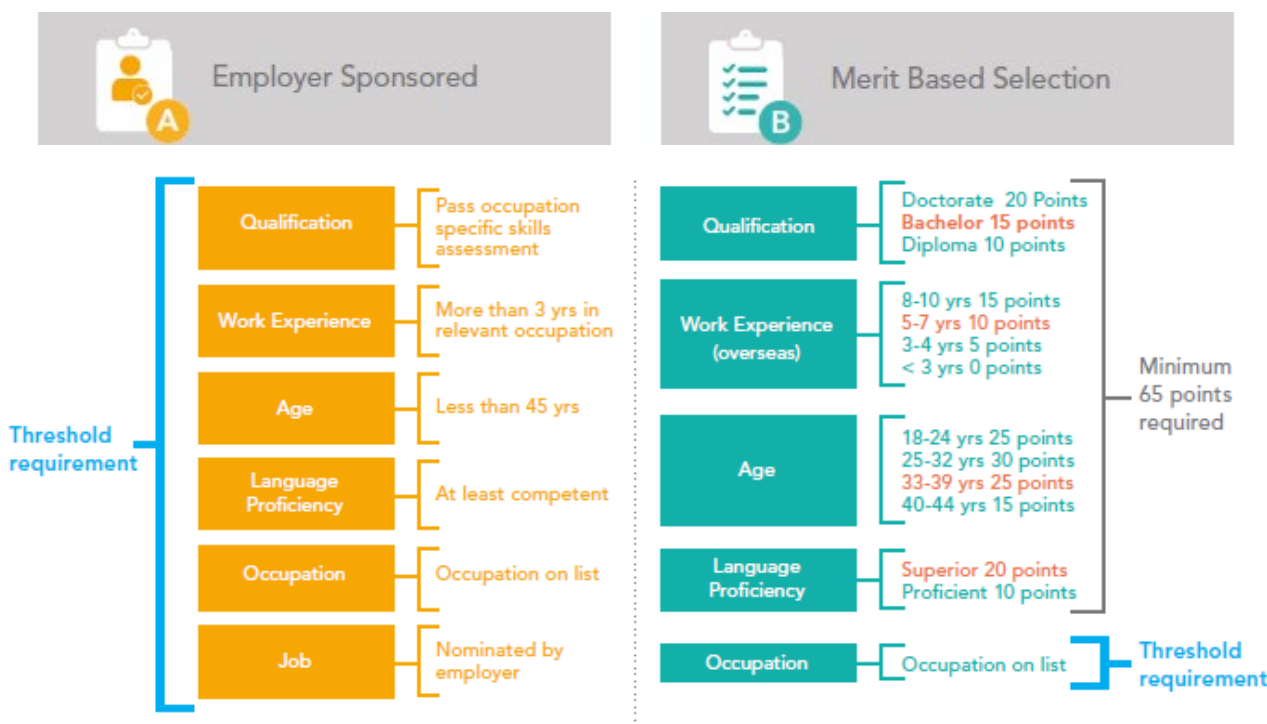
Australia is widely regarded as a global exemplar of skilled migration policies and settings designed to support productivity and growth.¹⁷ Australia's challenge is to stay ahead of the game

¹⁷ Harrap, *et al*, *op cit*.

and future-proof its approach. This is all the more urgent in the context of the changing worlds of work and credentialing.

A good place to start is to review the criteria for merits-based assessment to ensure that they provide an appropriate indication of migrant characteristics that indicate their human capital. Figure 1 summarises the criteria currently used and how they are differently taken into account for employer sponsored and merit-based pathways.

Figure 1 Australia’s hybrid migration policy approach

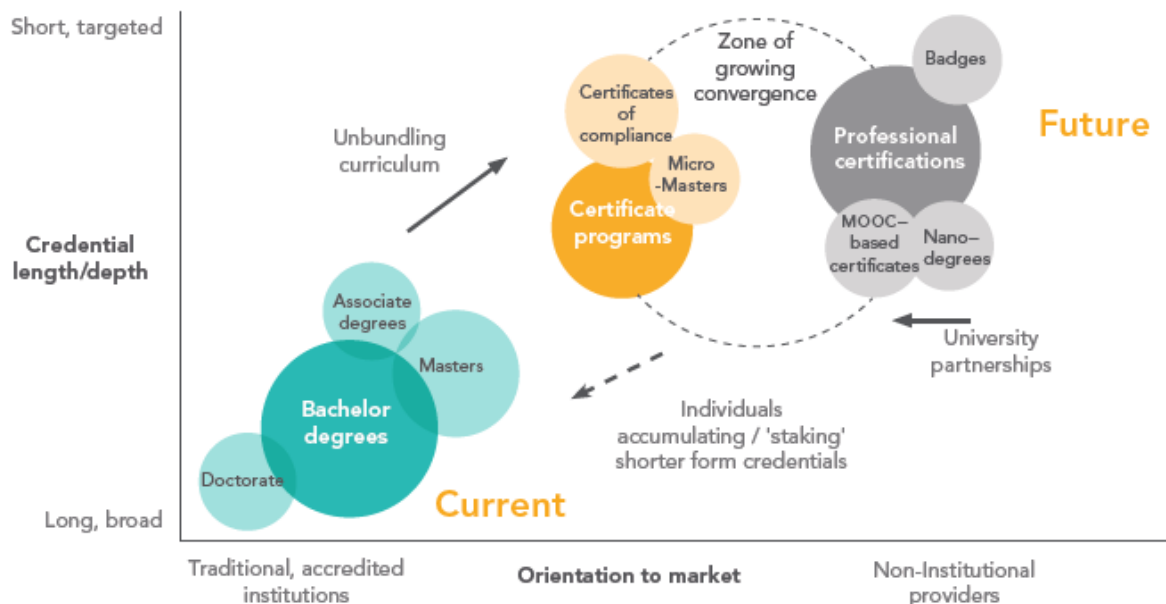


Note: The red text indicates the qualities typical of most applicants assessed by VETASSESS.

The standout criteria that needs to be broadened is qualifications. Australia’s current approach is to reward with migration points holders of traditional qualifications gained through formal courses of study at recognised vocational or higher education providers. This situation is depicted in the bottom left-hand corner of Figure 2 on the next page, which is drawn for higher education. An equivalent schematic could be drawn for vocational education.

While there is no suggestion that this world will not continue to persist, a new world is fast emerging that co-exists and interacts with the old. This new world is depicted in the top right-hand corner of Figure 2.

Figure 2 Future of credentialing



Source: Adapted from Gallagher S (2016) *The Future of University Credentials*, Harvard Education Press, p 6.

In the new world the curriculum is being unbundled – separating out knowledge, technical skills, and capabilities. Credentials, both short (nanodegrees, micro-masters, certificates of competency, certificates of MOOC completion, and among others, badges) and long, are being offered by both traditional and non-traditional providers, such as employers and professional bodies, sometimes in partnership. They recognise the attainment of targeted learnings and capabilities, either through engagement with learning experiences and/or assessment. Shorter form credentials are being accumulated and ‘stacked’ to form clusters of complementary skillsets and formal qualifications. In a small but growing number of instances, they are being stored and traded on the blockchain. They feature in digital passports and ePortfolios and are shared with employers as evidence of applicants’ abilities.

Yet shorter form and alternative credentials sit largely outside of migration settings, despite their growing prominence. In the current context where many of the skills employers are after are in short supply, there is an urgent need for a wider range of credentials to be factored into migration assessments for global talent.

Recommendations

That the Productivity Commission:

- **supports** that the criteria used for merit-based assessment be reviewed; and
- **supports** that that review explore how shorter and alternative form credentials are recognised and rewarded with migration points, alongside traditional formal qualifications.

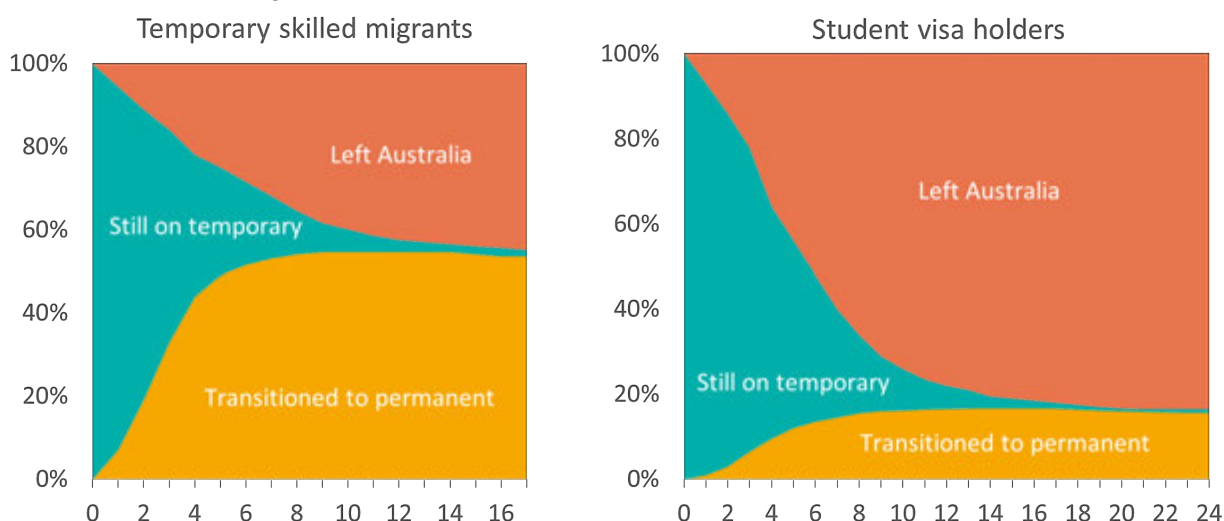
Facilitate the pathways for international graduates of Australian programs of education and training

The practical effect of current policy settings is that permanent migration is more determinant of the pipeline of temporary skilled migrants than it is for students. Over the period mapped in Figure 3, only around 16 percent of people who first came to Australia on a Student visa have transitioned onto a permanent visa. By way of contrast, more than half of previously Temporary Skilled Workers end up staying permanently.

This is despite the potentially large contribution that prospective migrants who have been educated here could make to the Australian economy. By definition they are highly skilled, are likely to have worked in Australia, and have a developed understanding of Australia's workplace culture and norms. Not to mention the benefits they bring in terms of their cultural and linguistic diversity and international networks. They add to the diversity and reach of Australia's workplaces.

Figure 3 Temporary visa holders who stay and go

Share of visa holders years after arrival



Source: Grattan Institute (2021) Rethinking permanent skilled migration after the pandemic.

This outcome is in part because of the current settings for Student visas, which emphasise the 'temporary' nature of those visas. Would-be students have to demonstrate they are 'genuine temporary entrants' or else not be eligible for a Student visa. It is time to do away with this pretence. There are many reasons why international students choose to study in Australia. The option to migrate permanently is high on the lists of many.

By way of contrast, two of Australia's biggest competitors in the international education market - Canada and the United Kingdom - actively try and convert their international students into permanent skilled migrants. The Canadian Government has a clear student pathway to permanent residency, which includes recently introduced extensions to post-graduate work permits. In 2020 the United Kingdom's new student immigration route was launched which has streamlined the immigration process for international students.

Recommendation

That the Productivity Commission **supports** dispensing with the fallacy that all international students are 'genuine temporary migrants'.

Help prospective migrants in source countries meet skill expectations

To be positively regarded by prospective skilled migrants in source countries, particularly given the toughening of competition, Australia needs to do more than reactively assess applications passively received. We need to support prospects meet our skill expectations.

VETASSESS is playing its part. We are working with the Indian Ministry of Skills Development and Entrepreneurship and their entity the National Skills Development Council (NSDC) of India to assist the Indian government's initiative of developing a pathway for semi-skilled Indian workforce to be trained to Australian industry standards and sent to Australia across key industry sectors of horticulture, hospitality, health, and construction. The collaboration involves a range of NSDC stakeholders from India, such as their industry skills sectors and training partners. They are collaborating with Australian employers to better understand their skill requirements.

Recommendation

That the Productivity Commission **supports** that more is done to assist prospective migrants in key source countries meet Australia's skill expectations.