REVIEWING THE SKILLED MIGRATION AND 400 SERIES VISA PROGRAMMES

Engineers Australia’s Comments on the Discussion Paper

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OVERARCHING ISSUES

Engineers Australia believes that the fundamental policy objectives of Australia’s skilled migration policy remain appropriate; permanent migration is intended to develop Australia’s medium to long term human capital base by supplementing the output of Australia’s educational institutions and temporary migration is intended to meet short term labour market pressures. These objectives are relevant today and at least for another decade. However, these objectives warrant clear and transparent restatement to ensure that their intents are clearly understood in the Australian community generally, and by employers in particular.

Engineers Australia also believes that the relationship between operational aspects of skilled migration policy and labour market issues could be improved and strengthened. For many in the community, the link between Australia’s medium to long term skills needs and the mix of graduates produced by universities and TAFE colleges is obscure at best and the production of an annual statement about this relationship would assist setting the annual permanent migration target. In the case of engineers, aspects of the points test do not align with the education and professional formation process that are the hallmark of fully competent engineers capable of independent practice. The structural objective of skilled migration policy means that the annual number of permanent visas approved should follow a more-or-less steady course and that the number of temporary visa will fluctuate in a way that reflects the prevailing state of the skilled labour market. The efficiency of the latter mechanism is questionable. Further comments on these matters are provided below.

Engineers Australia believes periodic assessment of Australia’s migration visa structure is entirely appropriate and welcomes the current review. Immigration, particularly skilled migration, has been an important aspect of the development of the Australian labour force and all indicators suggest that this will continue in the foreseeable future. There are numerous permanent and temporary visa classes which have developed over the years and numbers have prolferated and now are a source of confusion. Engineers Australia supports a simplification of the present visa structure along the lines proposed in the discussion paper.

VISA COMPONENTS

Age Threshold

Engineers Australia believes that the age threshold for skilled migration warrants greater flexibility. Historically career establishment in Australia by young adults has been the predominant consideration of skilled migration policy. However, two developments have undermined the relevance of the present threshold of fifty years; people are living and working longer and the ease of international travel has meant that careers can be successfully developed across countries and not simply within a single country.

Engineers Australia is aware from its labour market research that consistently the highest demand is for the most skilled engineers; engineers level three and level four, typically engineers with an average fifteen to twenty five years experience. The fifty year threshold excludes many of these engineers from considering permanent migration, biasing the annual intake towards less experienced engineers. Similarly, the age profile of labour force participation of engineers, like that of similarly qualified skills remains high well above the present age threshold and can be expected to increase over time in line with social norms.
English Language Proficiency

Engineers Australia believes that English language skills of skilled migrants are highly variable and continue to be a barrier to successful integration in the engineering labour market in some cases. Engineers Australia requires a minimum score of 6.0 in each of the four modules of the International English Language Testing System. Prospective skilled migrants who have completed Australian engineering degrees are accorded flexibility on a case by case basis. However, there are frequent reports from members that some skilled migrants lack basic language skills and others experience difficulties with colloquial workplace language. Engineers Australia has long believed these difficulties could be overcome through the provision of post-arrival language assistance in cases where it is necessary and/or beneficial. This form of assistance is sadly lacking at present and is a key factor underscoring high unemployment rates among recently arrived migrants.

Skills and Industry Standards

Engineers Australia believes that skilled migration should take greater account of standards required by Australian professionals. In engineering, like many other professions, specific educational requirements are the minimum requirement to join the profession. In engineering, educational requirements are specified in Stage 1 competencies which underpin Engineers Australia’s accreditation of university engineering degrees.

Again like the other professions, meeting Stage 1 competencies does not equip an individual for recognition as a fully competent engineer capable of independent engineering practice and capable of independently signing off engineering decisions. To achieve this recognition, an individual satisfying Stage 1 competencies in engineering must satisfactorily complete a period of professional formation, typically three to four years in duration. In other professions, professional formation is achieved through off-the-job processes or a combination of off-the-job and on-the-job processes. In engineering, professional formation is an off-the-job process that leads to recognition against sixteen criteria that are international standards; these are Stage 2 engineering competencies.

The present migration skills assessment comprises examination of whether a prospective skilled migrant meets Stage 1 engineering competencies. Since 2010, the points test has provided additional points for prospective skilled migrants with higher degrees and/or work experience. Most higher degrees reinforce learning of Stage 1 competencies and do not contribute to Stage 2 competencies. There are exceptions but in no case does completion of a higher degree meet all sixteen Stage 2 competencies. In any case, unless there is a specific requirement to demonstrate satisfaction of Stage 2 competencies, and there is not, the present assessment process does not identify it. This extends to the recognition of work experience which is assessed in terms of duration of experience and the area in which it occurred. Such recognition is useful but it does not align to recognition of Stage 2 criteria which is in terms of factors relating to engineering practice and decision making.

A balanced engineering labour force is comprised of a blend of comparatively new graduates and inexperienced engineers who meet Stage 1 competencies and engineers who have completed professional formation and meet Stage 2 competencies and have engineering careers with a range of durations. The present skilled migration process is geared to the Stage 1 group and accounted for over 70% of the increase in Australia’s supply of engineers between the 2006 and 2011 censuses. Some of these skilled migrants may well have also satisfied Stage 2 but without an assessment this is an unknown. The relevance of this argument is that employers require both engineers who meet Stage 1 and engineers who meet Stage 2 and much of the outcry about engineering skill shortages during the resources sector boom was about the lack of balance between the two.

Engineers Australia believes that the Department of Immigration and Border Protection should hold further discussions with peak professional organisations, including Engineers Australia with a view to...
identifying the requirements necessary for full professional recognition. The discussions should consider how the points test and annual migration plans could be modified to ensure that annual intakes of engineers (and other professions) are more balanced in line with employer demand.

Finally, registration of practising engineers is mandatory only in Queensland. The structure outlined above is the basis of the Queensland registration system and Engineers Australia undertakes Stage 2 assessments for the Queensland registration authorities.

**Skills Assessments**

In line with the remarks in the previous section, Engineers Australia is firmly of the view that skills assessments are essential for engineers in all permanent and temporary visa categories. The objective underlying the Skilled Occupation List (SOL) is more specific than contributing to the development of Australia's human capital resources. The objective is to contribute to Australia's development of its engineering labour force and in this respect the points made earlier about the attributes of fully competent engineers apply.

Engineers Australia is aware that skills assessments do not apply to temporary 457 visa entrants and regards this as a major weakness in Australia's skilled migration system. Some employers, notably large engineering enterprises may be in positions to assess the competence of temporary visa engineers, but many, particularly smaller to medium enterprises simply do not. In any case, professional assessments should be conducted independently of employers who often are motivated by other factors. The issue at stake here is whether Australia's skilled migration policy is genuinely concerned with development of human capital in specific areas or simply based on a "cannon fodder" approach.

In making the above remarks Engineers Australia notes that in engineering skills assessment is structured around whether education qualifications were completed in Australia or in one of the Washington or Sydney Accord countries. Engineers Australia accredits Australian university degree courses in engineering and recognises the equivalence of these arrangements in the two Accords. Australia is also a provisional member of the Dublin Accord that recognises equivalence of associate degrees and advanced diplomas in engineering. Over time Accord membership has grown resulting in a large pool of engineering qualifications where assessment arrangements are uncomplicated and can be achieved relatively quickly. Full Stage 1 assessments are necessary only in cases where prospective migrants offer educational qualifications outside this range.

**Occupation Lists**

Engineers Australia believes that a formal basis for selecting skilled migrants is essential and that the present SOL and Consolidated SOL serve this purpose reasonably well. Engineers Australia believes that there really is no alternative to the ANZSCO system which offers a relatively consistent and stable connection between migration statistics and other labour market statistics offered by the ABS. There are numerous issues that need to be resolved to be in a position to undertake an idealised investigation of this connection, however, moving away from ANZSCO would remove the capacity to examine the relationship in any meaningful way.

A perennial difficulty inherent in an occupation based system is that common job nomenclature does not always accord with the nomenclature used in the ANZSCO system. For example, an individual who regards themselves as a Civil Engineer could seek employment as a Civil Engineer, a Structural Engineer, an Engineering Manager or a Project Manager.

An additional complication is that engineering specialisation largely takes place during professional formation. Although in broad terms, the specialisation followed by engineers is related to the base educational qualifications completed by the individual, this is not always the case and in some instances the specialisation bears little, if any, relationship to ANZSCO nomenclature. An example is mechatronics
which optimises the integration of mechanical engineering, electrical engineering, computer and electronics engineering and control theory in product design and manufacturing. Mechatronics engineers can begin their careers from any of the engineering streams named but having specialised, their field of practice is distinct and is relegated to the ANZSCO occupation “Professional engineers nec” which is not on the SOL. This omission is important because mechatronics is critical to raising the future productivity of Australian manufacturing, a stated government objective.

Similar issues arise when universities develop new engineering education pathways that do not align with any SOL occupations. An example of this is the emergence of courses with an emphasis on renewable energy that do not neatly fit into the conventional engineering occupations.

Despite these issues, Engineers Australia sees little point in abandoning the present arrangements for temporary visas. By their nature these visas are for limited periods and should employers see fit to sponsor temporary migrants for permanent visas, the present policy of requiring a skills assessment applies.

However, for permanent visas which are intended as human capital supplementation over the medium to long term, migration selection should more adequately take into account future as well as current needs. This is where the mechatronics example is important. Engineers Australia suggests that the Department of Immigration and Border Protection hold regular discussions with peak professional bodies, including Engineers Australia, with a view to identifying occupations relevant to future labour market developments to supplement the SOL and CSOL. Given the nature of these occupations it is unlikely that initial numbers would be large and careful monitoring over time can provide guidance as to further development of formal classification arrangements.

**Points Test**

The points test is an aspect of skilled migration that is easy to criticise, but in reality some mechanism of this nature is essential. The points test sets a minimum acceptable standard for skilled migration and while there are arguments that it should be modified and broadened from time to time, it should be retained.

Engineers Australia has already offered comment on the age, english proficiency and work experience criteria. We have also suggested the incorporation of professional formation into the test. Engineers Australia does not believe that additional points for doctoral level qualifications in engineering make a positive contribution to selecting engineering professionals. As explained, the key issue for engineering is professional formation. However, the suggestion made in the discussion paper that individuals with higher educational qualifications could substantially add to Australia’s general human capital base is acknowledged. But this is quite distinct from developing Australia’s engineering resources.

Engineers Australia acknowledges that qualified engineers are attractive human capital resources to employers in a wide range of activities throughout the Australian economy. Research undertaken by Engineers Australia shows that individuals with recognised engineering qualifications are employed in practically every industry in Australia and only about 62.1% of them are employed in engineering occupations. The precise reasons for this need further investigation but there is a large difference between the experience of Australian and overseas born individuals. For Australian born engineers, 70.6% of men and 62.2% of women and 69.9% overall were employed in engineering occupations in the 2011 census. For overseas born engineers these proportions were 57.2% and 45.4%, and 55.5% overall, respectively. Although unemployment rates were higher for overseas born engineers, this is unlikely to explain these differences. The most likely explanation is that overseas born engineers already contribute more to generalised human capital than do Australian born engineers.
Why is this important? In the five years to 2011, over 70% of the increase in the supply of engineers in Australia was from overseas sources. This was an unprecedented period of high demand for qualified engineers in engineering occupations and the statistics showed that skilled migration achieved results rather inefficiently. Engineers Australia believes that skilled migration that targets engineering should be conscious of the differentiation between engineering occupations and generalised human capital. Qualified engineers have much to contribute to the Australian economy in occupations outside of engineering but when the objective is on developing Australia’s engineering resources a sharper focus is essential.

**SkillSelect**

Engineers Australia believes that SkillSelect has been a strong step forward in skilled migration selection and strongly supports this arrangement and its continued development over time. Engineers Australia regards the information that is held in SkillSelect as an invaluable resource and recommends that the Department of Immigration and Border Protection consider the use of a system like the ABS TableBuilder facility to enable wider access to migration statistics.

**Sponsorship and Nominations**

Engineers Australia acknowledges that employer sponsorship is a vital pathway for skilled engineering migration because there is a direct connection between the demand for and supply of engineering competence. Engineers Australia believes that employer sponsorship would be enhanced by the remarks made above about the inclusion of Stage 2 in the points test to supplement “work Experience”.

Engineers Australia is less convinced about State and Territory nomination because there is not the connection between a job and nomination. The involvement of States and Territories is more in the nature of an intermediary between employers and migration policy. This role could be more useful were the States and Territories more active within their jurisdictions and if the skilled occupations identified in their State Migration plans be more reflective of current labour market conditions and future development pathways. Such a role would be particularly constructive in regional centres which prospective migrants can hardly be alert to.

Family reunion is a legitimate objective for Australia’s migration policy, however, the conjunction between where reunions are to occur and where engineering resources should be deployed is less certain. Engineers Australia believes that in so far as family reunion involves skilled migration the main consideration should be human capital development and that should this turn out to resolve an engineering requirement it be treated as a bonus.

**VISA CATEGORIES**

Engineers Australia supports the new structure proposed in the discussion paper for skilled migration policies. There are a number of areas where Engineers Australia believes the proposed arrangements need to be strengthened and comments on these follow.

**Short Term Migration Category**

Engineers Australia has already argued that skills assessments should be required for temporary skilled migration visas. Engineers Australia cannot agree that employers at large are the best judge of whether prospective candidates for engineering positions are suitably qualified. “Good enough for the business” simply does not equate to “good enough for the nation”.

Engineers Australia strongly believes that labour market testing is essential before short term visas are issued by migration authorities. Statistics for the year ending 30 June 2014 show that the automatic stabiliser effect of temporary migration has worked to some extent. However, the number of new
temporal visa granted to engineers is very high relative to conditions in the engineering labour market where demand has collapsed and vacancies for engineers have fallen for over 30 consecutive months. Engineers Australia acknowledges that the parameters of the demand for engineers are specialisation, extent of skill and experience and geography. These combine in such a way that it is not unreasonable for an employer in some part of Australia experiencing difficulties in recruiting a specific engineering specialisation with a minimum level of experience. This, however, is not a generalised skill shortage of the type experienced in Australia during the resources boom.

**Skilled Work Category**

In the discussion paper (p21) there is reference to Australian businesses seeking to overcome medium to long term labour shortages from local labour. Engineers Australia believes that the term “labour shortages” should be avoided in discussions about permanent migration. Present policy describes the objective of permanent migration as medium to long term supplementation of the output of Australia’s educational institutions. Skill shortages are treated as short term matters that are targeted directly by employers using temporary visas. Confusing these objectives regresses discussion back to before the 2010 reforms and contributes little to policy development.

Finally, Engineers Australia reiterates points made above about recognition for Stage 2 competencies.

The position that Engineers Australia takes on skilled migration is specific to the interests of developing the capacity of the engineering profession in Australia. Engineering is practiced in engineering occupations, but although migration selection occurs through an occupation specific framework, the proportion employed in engineering occupations is very low. Engineers Australia does not object to the idea that qualified engineers should be part of generalised human capital development in Australia. However, the two are quite distinct and migration policy should reflect it.

**RECOMMENDATIONS**

Engineers Australia recommends that the Review:

- That some flexibility is introduced in respect to the upper age threshold for skilled migration, particularly in cases where the prospective migrant has extensive professional experience.

- That English language testing be retained for all permanent skilled migrants and the Review consider providing supplementary assistance to bridge the gap between textbook and colloquial workplace English.

- That the work experience components of skilled migration assessment be upgraded to include professional formation as it applies to professions which in engineering requires meeting 16 well defined criteria on-the-job. This recommendation includes corresponding modifications to the points test.

- That skills assessments be retained for all prospective permanent skilled migrants and also become a requirement for temporary migration.

- That the Skilled Occupations List be retained to define temporary migration priorities. However, Engineers Australia also recommends that the Department of Immigration and Border Protection hold regular discussions with peak professional bodies, including Engineers Australia, with a view to identifying occupations that are not adequately represented by present statistical classification systems, but are important to future labour market developments with a view to devising ad hoc supplementation of the SOL and CSOL.
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- That priority for employer nominations of skilled migration continue, and be upgraded in cases where the sponsorship involve prospective migrants that have successfully demonstrated completion of professional formation.

- That the connection of skilled migration policy to labour market development in the short, medium and long term be carefully restated to clarify the objectives of the policy.