

Federation University Australia – Response to the Discussion Paper on the Review of the Points Test (April 2024)

Overview

Federation University Australia (Federation) **strongly supports** a skilled migration system that: (i) prioritises migration through Australia's onsite post-secondary education (ii) boosts job ready skills through practical industry placement and (iii) addresses the priority domestic skills gaps of regional industry.

On Monday 13 May 2024, Federation's Vice-Chancellor wrote to the Minister for Education and Minister for Home Affairs proposing a priority regional skills student visa to secure overseas talent that can fill key domestic skills gaps in regional Australia. A revised points test supports the immediate and longer-term benefits of this approach by providing incentives for overseas students to take up post-secondary opportunities in regional Australia, and overall competitiveness for genuine students in the international student and labour market.

Federation's response to the Review of the Points Test Discussion Paper (Discussion Paper) and its questions should be read in the context of the proposal from a regional priority skills student visa to support the Commonwealth Government's delivery of the Universities Accord Final Report recommendations and the National Skills Agreement.

In the Commonwealth Government's revision of the points test system, it is vital to encourage migration that has the greatest impact in sustainably filling regional skills gaps in Australia's critical industries.

The evidence shows that the greatest impact to these skills gap will come from promoting post-secondary higher education and vocational and education training students to migrate into regional Australia, equip them with job-ready skills and the connection to secure employment in the region, especially in roles that fill domestic skills shortages.

This approach is most likely to promote long-term and sustained migration into the regions, which is essential for regional industries tackling domestic worker shortages and supporting the viability of regional communities.

Federation is very concerned with the way the Discussion Paper addresses studying in the regions as a criteria and weighting for the existing migration points tests.

At page 8 there is an example that suggests it is a concern that a temporary visa holder who has had 3 years of professional experience is equated to a temporary visa holder who returns to study in the regions for two years under the current points-test arrangements.

Federation would **not** support any reforms to a points test that creates a binary approach to allocating the weighting of points between temporary visa holders who undertake skilled work in general and those who study in the regions. **NB** Federation would welcome early consultation if this approach was adopted to make further representations to Executive Government.

This is because this approach has the potential for inadvertent and deleterious consequences on regional education institutions and the work to address the long-term skills needs of the regions. It also undermines the proposed approach in the Commonwealth Government's recently released *International Education and Skills Strategic Framework* (the Framework) and Recommendations 22, 23 and 39 of the Universities Accord Final Reporting (the Accord), which seek to promote a skills based international student program and regional universities in the higher education system. There are also repercussions for Victorian Skills Authority's work on Central Highlands' skill shortages, which both speak to the potential for international students to address skills gaps in the regions.

While it may be the case the Discussion Paper seeks to illustrate the need to prioritise a 3-year skilled worker relative to a 2-year regional student as a way to contrast preferred allocation of a limited pool of visas, this fundamentally misunderstands how skills gaps in the region can be addressed in a sustainable way (in the absence of regulation that requires long-term migration into the region).

Federation's approach to calculation of points in the response to the Discussion Paper

Federation notes the points in this response have been set out for illustrative purposes. Given the context of the above, the objective of Federation's recommendations is to dramatically boost migration into areas where there is a significant requirement for skilled migration, and the intention is to illustrate why any reforms to the criteria, points and weightings should adopt any approach that favours sustainable migration into Australia's regions.

Federation notes that significant planning with state and local government may be required to address the demands on services, infrastructure, and community amenity. However, the productivity from this approach supports the cost of realising sustained regional growth.

Question One: How can we design the points test to best target migrant success in finding a skilled job?

What criteria should be included? What criteria should be removed?

Federation University recommends removing the regional study criteria and adding additional points within specific criteria to boost:

- study at various levels in a regional institution and study that aligns to a priority need
- skilled work that meets these sub-criteria: it is based in the region, aligns the field of study undertaken by a student, and aligns to a priority-skills need.

Federation notes a priority skill list for fields of study and work should be developed in close consultation with the Jobs and Skills Australia, the Australian Tertiary Education Commission and, subject to the details of the amendments to the *Education Services for Overseas Students Act 2000* (ESOS Act) and the outcomes of the *International Education and Skills Strategic Framework*, the Minister for Education and the Minister for Skills and Training, and their respective departments. The lists should differentiate between priority skills in the region or metropolitan areas.

In addition to this, a professional year in Australia should be expanded or replaced with a more relevant Work based Industry Learning weighting for any field of study with a substantial industry placement (e.g., 60 days of work) or apprenticeship for a diploma level or equivalent vocational and education training outcome.

Federation also notes that work and investment to sustain regional Australia is at a critical point. It is vital for sustainable population growth to occur in the regions to build the economies of scale to support the growth in critical industries – such as renewable energy, new mineral use, agriculture – and vital supporting sectors – such as infrastructure, health and social care, logistics – as recognised by the National Skills Agreement.

To further address this, Federation University proposes that an additional criterion be opened to those who have resided outside Melbourne, Sydney or Brisbane for 5 years.

Note: There may be opportunity for additional criteria to promote gender equality through the points-test system (see below).

Should the weightings of different criteria change? How should points within criteria be structured?

Aligned to the above, Federation recommends the following weightings:

- from the base +25% points for studying in a regional area and a further +25% if the study aligns to a priority need
- from the base +25% points for skilled work in the regions, +25% if the work aligns to the student's field of study, and +25% if the work aligns to a priority need.

Because there is a clear correlation between a student's success and undertaking supported placements or apprenticeships, +10 points should be given to a student who completes a program with these requirements.

A criterion for a temporary visa holder who resides in a regional area should build on the above with a +5 points of weighting.

What should the minimum eligibility requirements for the points test be? Should there be minimum scores against particular criteria? For example, should we require an onshore migrant to have a skilled job in order to apply for a points tested visa?

Federation recommends securing the talent required to reliably fill skill domestic shortages by introducing a minimum entry requirement that focuses on attracting international talent with a significant track record (e.g., 5 years relevant work experience) or through undertaking study in an Australian institution at undergraduate or post-graduate level.

How should the points test account for migrants' experience? How should it reflect quality of experience? How should domestic versus international experience be treated?

Federation notes that that work experience or study in an Australian context should always be prioritised over overseas work experience or study. However, in the case of skills for priority needs, the points test should add back points if an applicant has undertaken overseas undergraduate study in that field.

Question Two: How can we better target points tested visas to meet Australia's skills needs?

Are occupation lists an appropriate way to target skills? If so, what should be considered in compiling them?

Federation supports priority skills lists – rather than occupation lists – to target overseas' migrants, with a focus on medium term planning (i.e., 5 years) to identify priority skills for regional and metropolitan areas under the Skilled Independent Visa Arrangement. This should be based on identifying skill shortages that are impeding the growth of critical industries aligned to the National Skills Agreement and *A Future Made in Australia* policies.

A priority skills list can include occupations and qualifications that deliver the competencies and capabilities needed to address domestic skills shortages.

Federation suggests developing a consistent approach with the Skilled Nominated Visa and Skilled Work Regional (Provisional) Visa occupation lists. While the endorsement model offered to states and territories should be retained, it is critical that a standardised model be adopted (rather than some states adopting models based on graduation from specific universities) to achieve a consistent approach to meet the skills needs of a national job market.

In addition to this, all states and territories should be able opt-in or adhere to a consistent fixed period in terms of prescribing a requirement for endorsed migrants to reside in the state or territory (e.g., 5 years), and this should be aligned to a fixed planning cycle for priority skills and formulation so that more accurate modelling can occur.

This is essential for the proposed the Framework to manage the intake of international students. One critical aspect to ensuring the Framework model of managed international student caps and growth continues is to generate the incentives for international students to pursue education in Australia.

Growing these incentives through more targeted points testing that favours student migration is one way to defray the risk that managed student caps and growth may reduce the capacity for universities to innovative and competitively attract students in a market (i.e., because capped growth may limit the returns on investment in particular offerings).

How can we best identify and target Australia's long-term skills needs?

Consistent with the above, Federation recommends developing a priority skills list in close consultation with Jobs and Skills Australia, relevant state or territory-level Skills and Planning authorities or equivalents, the Jobs and Skills Councils, and the Australian Tertiary Education Commission to promote skilled migration driven at the international student level.

Promoting impactful student migration that prioritises industry connected skills development will increase the prospects of migrants succeeding in Australia both in employment and settlement, diminish the risk of temporariness (as a product of younger students establishing careers and community connection in Australia) and maximise the long-term benefits to the Australian economy and community through the dynamic contribution a migrant can make through various life stages (rather than the risk of static contribution obtained from securing migrants already highly skilled in one particular profession).

In addition to the above, a priority skills list should adopt a placed based approach that accounts for the tiered skill needs of specific employment regions. For example, the +25% weighting above the scoring for working in an area of priority skills could be defined by that work being in a region where that skill is particularly needed.

The Department of Employment and Workplace Relations could coordinate the establishment of placed based priority skills needs through the Jobs and Skills Council Network and integrate planning with local education providers, local council and industry. This planning could consider the capacity of local housing, services, amenity and infrastructure to ensure there is a net benefit to prioritising certain skills for the region.

This approach would support consistency with place-based employment strategies, such as the high growth zones that have been established at various levels of government, such as the Victorian Southeast Growth Corridor encompassing Dandenong, Officer, Cranbourne and Berwick, including a 22,000-employment precinct in Officer South.

While the objective of these strategies is to increase accessible local employment opportunities for the community, incentivising priority skills student migration into these areas will create a sustainable pipeline of talent to address key skills gaps that are inhibiting growth. For example, in prioritising a priority skill for a region, the demonstrated pipeline of skilled international graduates with job ready skills could support business cases for investments to proceed that would unlock further local employment opportunities at a graduate and skilled professional level.

Question Three: How should we redesign the points allocated to age to better select younger migrants?

Federation notes weighting points to favour younger migrants into the regions will provide the strongest prospect for regional development, growth and sustainability.

Question Four: How should we design the points allocations for partners to best reflect their potential labour market contributions?

Federation recommends a “partner offset” to secure migrants who can make the most significant impact, while retaining a higher score for a person with no partner or an Australian partner.

This means – for example – a person who has boosted scores proposed above should not be penalised for a partner with lower English language proficiency or lower priority, given the value they can make to regional Australia.

Federation notes that this will remove a peculiarity in the current points-test model that a high-scoring individual who can make a contribution to Australia in an area of significant need is penalised for being supported by a partner who has helped them attain their education or work experience.

For those without boosted components, the original points arrangement would apply. However, rather than basing the arrangements on a sub criterion, the partner should be fully scored against the points test model against set thresholds determined for the principal visa applicant, and vice-versa, if partners are applying for the visa.

Question Five: How could the points test support gender equality in the Australian labour market?

Federation notes it is important to ensure there is accurate gender representation in the migration process. Another criterion based on the applicant’s gender – incentivising diverse gender representation – could be included and weighted +5 points, and +10 points if they meet specific skills in the priority skills criteria. This additional targeting is to recognise that gender representation may only be an important factor in certain fields of study or occupation.

Question Six: How should transition arrangements for the points test reforms work?

Federation notes it may be desirable to announce the new points test arrangements with a significant implementation period to allow migrants on temporary visas to re-establish their arrangements to favour the new system.

For example, this would permit international students who had migrated under the existing points test to undertake career planning to maximise their eligibility under the new points test arrangements. It is important that the

implementation of the points test also be integrated and coordinated carefully with any adjustments to international student arrangements under the proposed new powers in the ESOS Act.

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