



Recognising Overseas Skills and Qualifications

Maximising Human Capital in Newly Arrived Australians



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About the Settlement Council of Australia (SCoA)

SCoA is the national peak body for Australia's dynamic settlement services sector. SCoA represents nearly [100 agencies](#) in the settlement sector, which comprise the vast majority of agencies across Australia providing settlement support to recently arrived migrants, including those from a refugee background. Our members work directly with a wide range of new arrivals from diverse backgrounds, as well as the mainstream Australian community and various stakeholders.

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Introduction

Australia is a nation of highly skilled immigrants. Unlike the majority of OECD countries where migrants tend to be less qualified than the native population, the opposite is true in Australia. 65% of recent migrants have a high school qualification or higher prior to their arrival.¹ The success of Australia's migration program is internationally renowned, as 91% of migrants in the labour force are employed.² This trend is virtually the same as the native-born population and significantly higher than the OECD average.

But for too long, many of these migrants work in jobs below their potential - forced to work in low-skilled and low-paid roles with limited opportunities to progress. Various studies, including those conducted by the IOM and the OECD, report that migrant over-qualification is 'common' in Australia.³ More than 30% of highly skilled migrants in Australia are employed in positions below their formal qualification level, and they are 42% more likely to be overqualified than their native-born counterparts.⁴

Addressing these issues would improve the labour market outcomes for Australia's migrants. Migrants being unable to enter into their chosen field of employment is a waste of skills for the Australian economy, and a poor use of people's own investment into their education and training.⁵

Employment is one of nine principles of SCoA's National Settlement Services Outcomes Standards (NSSOS), required to achieve effective settlement in Australian society.⁶ The inability of migrants to practice their chosen profession leads to disillusionment, a loss of self-esteem and decline in mental health. This is an ongoing problem which has far-reaching consequences – for individuals, families, communities, and for Australia as a whole. It is therefore useful to seek out solutions from best practices in overseas settlement policy, in order for Australia to fully benefit from all that its migrant population has to offer.

This paper has been divided into three sections. First, it will outline the benefits of maximising the "human capital" of migrants in Australia, from both an economic and a social perspective. Second, it will consider the barriers to maximising human capital, focusing on the lack of clarity

¹ ABS, *Characteristics of Recent Migrants, Australia, November 2016: Summary of Findings* (June 2017).

² ABS, *Understanding Migrant Outcomes – Insights from the Australian Census and Migrants Integrated Dataset, Australia, 2016* (July 2018), Table 12.

³ Anke Schuster, Maria Vincenza Desiderio and Giuliana Urso, 'Recognition of Qualifications and Competences of Migrants' (Research report, International Organization for Migration, 2013) 206.

⁴ OECD/European Union, 'Indicators of Immigrant Integration 2015' (Research report, 2015) 117.

⁵ Joint Standing Committee on Migration, Parliament of Australia, *Negotiating the maze: review of arrangements for overseas skills recognition, upgrading and licensing* (2006) 4.

⁶ SCoA, 'National Settlement Services: Outcomes Standards' (Working paper, June 2015) 7.

and inaccessibility of the current system for recognising skills and qualifications. This section also highlights that the recognition of an overseas qualification is not the same as securing meaningful employment. Factors such as Australian work experience and developed local networks are equally as important for recently arrived migrants. Finally, we will outline recommendations which specifically target these barriers, modelled on the best settlement practices from other countries.

The Impact of Migrant Over-Qualification

Economic Costs

‘Human capital’ is the investment in education, training and other qualities which increases the ‘value’ of individuals to society.⁷ This extends the idea that investment into education generates greater productivity in the long term.⁸ The underutilisation of migrants’ skills results in the loss of the human capital invested into people’s overseas education and training, which might otherwise benefit the Australian economy and society.

This is particularly problematic in Australia, as our migration intake is primarily highly skilled. From 2006-2016, Australia’s migrant intake contributed over 530,000 permanent migrants who had post-school qualifications before their arrival.⁹ 30% of these migrants are overqualified for their current employment in Australia,¹⁰ with some studies showing this rate is closer to 42% for migrants from a Non-English Speaking background.¹¹ Many groups - particularly those from China, the Philippines, Indonesia and India - face a ‘severe risk’ of de-skilling within their first five years in Australia.¹² As the Department of Home Affairs concluded in its submission to a Productivity Commission inquiry, maximising the ‘productive potential’ of a diverse workforce will impact economic growth and competitiveness in the global market.¹³

There is no reliable data that shows the exact economic benefits of reducing migrant over-qualification. However, a 2018 study by Deloitte Access Economics estimated that better use of migrant and refugee skills in Queensland could improve the Queensland economy by \$250 million over ten years. There is no question that overseas-born Australians represent a sizable component of the labour force with non-school qualifications,¹⁴ or that the rate of over-qualification within migrant communities is higher than for people born in Australia.¹⁵ SCoA

⁷ Michael Bittman et al, ‘Human Capital’ in Kerry Carrington, Alison McIntosh and Jim Walmsley (eds), *The Social Costs and Benefits of Migration into Australia* (Centre for Applied Research in Social Science, 2007) 25, 25.

⁸ John Quiggin, ‘Human Capital Theory and Education Policy in Australia’ (1999) 32 *Australian Economic Review* 130, 131.

⁹ ABS, *Characteristics of Recent Migrants*, above n 1, Table 15.

¹⁰ Productivity Commission, *Migrant Intake Into Australia*, Inquiry Report No 77 (2016), 9.

¹¹ Le Wen and Sholeh A. Maani, ‘A Panel Study of Immigrants’ Overeducation and Earnings in Australia’ (Discussion Paper No 11216, Institute of Labor Economics, December 2017), 17.

¹² Anke Schuster, Maria Vincenza Desiderio and Giuliana Urso, above n 3, 206.

¹³ Department of Home Affairs (Cth), Submission No 22 to Productivity Commission, *Economic Impacts of Migration and Population Growth*, April 2006, 9.

¹⁴ ABS, *Census of Population and Housing: Reflecting Australia – Stories from the Census, 2016 – Educational Qualifications* (October 2017), Table 8.

¹⁵ Le Wen and Sholeh A. Maani, above n 11, 17.

believes that accurately determining the dollar value of migrant over-qualification in Australia would highlight the benefits of maximising the human capital of newly arrived migrants.

Social Costs

The social cost of over-qualification among migrants cannot be easily measured, but follow on from a migrants' inability to practice their chosen vocation and secure meaningful employment. Reid concluded that underutilising migrants' skills is linked to poor mental health, measured by ongoing feelings of sadness, depression and loneliness.¹⁶

Likewise, research by the Bankwest Curtin Economic Centre (BCEC) provided evidence on the mental health impact of 'skills atrophy' among migrants in Western Australia.¹⁷ These interviews concluded that over-qualification is a significant 'stressor' that leads to 'anxiety, depression and social isolation'.¹⁸ For skilled migrants, the 'points-based' visa system creates the reasonable expectation that a migrant's skills will be highly valued in the Australian job market. The ideal of working in Australia, which entices many skilled workers to migrate to Australia, is quickly replaced by the stress of overcoming sudden, unexpected barriers to entering skilled work.

The social cost of migrant over-qualification is also difficult to measure. Frijters et.al confirm that mental illness can have serious consequences on an individual's ability to participate in the labour market. They find that a decline in mental health reduces the likelihood of labour market participation by 17%.¹⁹ Migrants and refugees are subject to even greater mental pressure arriving in a foreign country, often with the added pressure of limited financial support.

¹⁶ Alison Reid, 'Under-use of migrants' employment skills linked to poorer mental health' (2012) 36 *Australian and New Zealand Journal of Public Health* 120, 124.

¹⁷ Bankwest Curtin Economics Centre (BCEC), 'Minimising skills wastage: Maximising the health of skilled migrant groups' (Report, November 2017), 19.

¹⁸ Ibid, 16.

¹⁹ Paul Frijters et al, 'Mental Health and Labour Market Participation: Evidence from IV Panel Data Models (Discussion Paper No 4883, Institute of Labor Economics, April 2010), 17.

Barriers to Maximising Human Capital

There are several barriers to maximising human capital and addressing over-qualification. Firstly, as the Joint Standing Committee on Migration (JSCM) acknowledged in its 2017 inquiry on migrant settlement outcomes, ‘many submitters [to the inquiry] have commented on the difficulty of having overseas skills and qualifications recognised in Australia’.²⁰ The challenge of skills recognition is well documented and widely researched. It was the focus of a report released by the JSCM in 2006,²¹ and has been mentioned in government reports and inquiries ever since.

The situation has not significantly improved in more than a decade following the 2006 report. In 2016, the Characteristics of Recent Migrants (CORMS) survey revealed that **only 33% of recent permanent arrivals from 2006-2016 had their post-school qualifications recognised in Australia,**²² and **only 39% actually applied to go through the recognition process.**²³ Further, **only 53% used their highest overseas qualification in their first job,**²⁴ despite over 90% finding employment within their first or second year after arrival.²⁵

There are two main explanations why the majority of recent arrivals do not get their overseas post-school qualifications recognised in Australia: firstly, the framework for skills recognition is complex, unclear and poorly communicated to recent arrivals. Secondly, it is inaccessible and costly for certain regulated professions.

Beyond the question of skills recognition, recognition of an overseas academic qualification is only one piece of the puzzle of finding skilled work. As Settlement Services International (SSI) noted in its report on refugee employment in Australia, issues such as a lack of Australian work experience, limited English language proficiency and undeveloped social networks are all barriers preventing migrants from utilising their skills upon arrival in Australia.²⁶ Employers are free to choose who they wish to hire, and an overseas qualification, even when recognised, may not be competitive without Australian references or local work experience. The successful translation of a recognised qualification into skilled work depends on three main enablers: local work experience, familiarity with the Australian work culture, and English language proficiency.

²⁰ Joint Standing Committee on Migration, Parliament of Australia, *No one teaches you to become an Australian: Report of the inquiry into migrant settlement outcomes* (2017) 83.

²¹ Joint Standing Committee on Migration, *Negotiating the Maze*, above n 5.

²² ABS, *Characteristics of Recent Migrants*, above n 1, Table 16.

²³ Ibid.

²⁴ Ibid, Table 15.

²⁵ Ibid, Table 14.

²⁶ Settlement Services International (SSI), ‘Working it out’ (Occasional Paper 1, March 2015) 14.

In addition to these barriers, institutional factors such as unconscious bias and race-based discrimination also play a role in migrant over-qualification. Resolving these issues would complement an efficient skills recognition system in Australian.

Issues Within the Skills Recognition System

Complexity and Lack of Clarity

A newly arrived migrant with a post-school qualification is immediately confronted with the complexity and lack of clarity of the Australian skills recognition system. The process of pre-arrival skills assessment, which many migrants undergo applying for a visa, does not guarantee skills recognition for employment.²⁷ Indeed, as Home Affairs and assessing authorities confirm, pre-arrival skills assessment is only used for a migrant's application to immigrate to Australia, and does not have any practical impact on finding appropriate skilled work after they arrive in Australia.²⁸

Having no choice but to re-start the assessment process, a migrant will then be confronted with choosing between skills 'assessment' and skills 'recognition', which are actually two separate processes leading to two different outcomes.²⁹ The Government provides an 'assessment' for qualifications in non-regulated professions. This provides successful applicants with 'assessment advice' which may help employers 'understand' a foreign qualification,³⁰ but does not guarantee that the qualification will be valued in the job market. A 'recognition', on the other hand, is provided by peak industry bodies for regulated professions such as medicine or law, and is a formal requirement for practising in those professions.³¹ The process for skills recognition will therefore vary depending on the occupation, but both of these processes are unrelated to the process of skills assessment for migration, which has no bearing on finding skilled work after arrival.

The next hurdle for a new arrival will be the question of *who* will be doing the assessing or recognising. As there is no single assessment or recognition authority, the Australian framework for recognition is complex, fragmented across thirty-four authorities spanning 450 occupations across different states and territories.³² The responsibility for skills 'assessment' in a non-regulated profession falls to the relevant state or territory's Overseas Qualification Unit (OQU), except in NSW, where no OQU exists.³³ Skills 'recognition', on the other hand, must be conducted

²⁷ Thomas Liebig, 'The Labour Market Integration of Immigrants in Australia' (OECD Social, Employment and Migration Working paper No 49, OECD, February 2007), 35.

²⁸ Department of Home Affairs (Cth), *Skills assessment and assessing authorities* <<https://www.homeaffairs.gov.au/trav/work/work/skills-assessment-and-assessing-authorities>>.

²⁹ Thomas Liebig, above n 27, 34.

³⁰ Department of Employment, Small Business and Training (QLD), *Assessing your qualifications* (August 2018) <<https://training.qld.gov.au/training/osqrecognition/assessqual>>.

³¹ Thomas Liebig, above n 27, 34.

³² Anke Schuster, Maria Vincenza Desiderio and Giuliana Urso, above n 3, 212.

³³ Department of Education and Training (Cth), *Qualifications Recognition* <<https://internationaleducation.gov.au/services-and-resources/pages/qualifications-recognition.aspx>>.

by the relevant authorised body,³⁴ but there is no list readily available that states which body is responsible for which regulated occupation.

The most comprehensive list of who is an 'assessing authority' is hosted by Home Affairs.³⁵ However, an authority which can assess skills for migrants may not be able to recognise skills for a regulated profession. Further, not all peak bodies who are responsible for recognising skills are included on the list. New arrivals to Australia are confronted by multiple sources of inconsistent information available to them, complicated by language difficulties and unfamiliarity with the Australian federal system.

Ultimately, the lack of clarity of the recognition system means many skilled migrants are unclear as to whether the time, effort and costs they invest into the process will actually increase their chances of being employed in their field. Many are therefore put off applying to have their qualifications recognised in the first place.

Cost

Closely related to this is the issue of cost. Though state and territory governments have been mindful enough to provide services for skills 'assessment' for free, or virtually free,³⁶ the process of skills 'recognition' in some regulated professions remains expensive and inaccessible for new arrivals. Within the health profession for example, these costs can run into thousands, or even tens of thousands of dollars.³⁷ These costs are added onto the growing list of expenses of the migration process, the likely period of unemployment which immediately follows arrival, and the costs involved in preparing for these crucial exams.

As the OECD explains, one of the ten key components of a well-functioning recognition system is to ensure that costs do not represent a barrier to a recently arrived migrant.³⁸ The report further

³⁴ Ibid.

³⁵ Department of Home Affairs (Cth), *Assessing authorities* <<https://www.homeaffairs.gov.au/trav/work/work/skills-assessment-and-assessing-authorities/assessing-authorities>>.

³⁶ See, eg, ACT Government, *Overseas Qualification Assessment* <http://www.communityservices.act.gov.au/multicultural/services/overseas_qualifications_assessments_oqa/frequently-asked-questions#cost>.

³⁷ See Optometry Council of Australia and New Zealand (OCANZ), *Application Information and General Requirements – Optometrists with Overseas Qualifications* (April 2017) <<http://www.ocanz.org/assets/Uploads/503b11c955/Assessment-of-Optometrists-with-Overseas-Qualifications-CURRENT-UPDATED-1-4-2017-v3.pdf>>; OCANZ, *Competency in Optometry Examination – 2018/19 Examination Fees* <<http://www.ocanz.org/examination/competency-in-optometry-examination/examination-fees>>; OCANZ, *Assessment of Competence in Ocular Therapeutics* <<http://www.ocanz.org/examination/assessment-of-competence-in-ocular-therapeutics/>>.

³⁸ OECD, 'Making Integration Work: Assessment and Recognition of Foreign Qualifications' (Research report, 2017) 77.

singles Australia, finding that fees for recognition vary wildly by country and can range from 'EUR 16 to several thousand euros in Australia'.³⁹

Previously, the Assessment Subsidy for Overseas Trained Professionals (ASDOT) was administered by the Department of Education and Training (DET) and played an important role in funding overseas professionals throughout the costly recognition process. However, this subsidy was discontinued in June 2015.⁴⁰ Furthermore, activities undertaken by recent arrivals to get their qualifications recognised are not 'Centrelink approved' activities for determining eligibility for income support.⁴¹

Migrants face the difficult choice of trying to gain recognition in their chosen profession - which may require months of extra study with no financial support - or simply de-skilling and accepting any available job. In the absence of government financial assistance to support skilled migrants through the skills recognition process, the cost of the process can exclude new arrivals from utilising their qualifications in Australia.

Oversight

Issues of cost are further complicated by the fact that there is no external body which oversees skills recognition. If an applicant is refused recognition and wishes to appeal, they must appeal to the same body which refused them in the first place.⁴² As the JSCM observed in its 2006 inquiry, DET previously held the responsibility of 'monitoring the assessing authorities'⁴³ and ensuring that the nominated recognition bodies could assess qualifications in a manner which benefitted Australia's labour market interests. However, as DET firmly clarified in its submission to the inquiry, the Department does not recognise the skills of professionals outside of the purposes of migration, which must be a matter to be left to employers, professions and regulatory bodies.⁴⁴ Who then, as the report further enquires, 'monitors the performance of professional bodies in their skills assessment responsibilities outside of [the migration] program?'⁴⁵

³⁹ Ibid.

⁴⁰ Department of Education and Training (Cth), *Budget: 2015-16: Portfolio Budget statements 2015-16* (May 2015), 58.

⁴¹ Department of Human Services (Cth), *Approved courses and institutions* <<https://www.humanservices.gov.au/individuals/enablers/approved-courses-and-institutions/29726>>.

⁴² See, eg, Engineers Australia, *Migration Skills Assessment (MSA) Booklet* <<https://www.engineersaustralia.org.au/sites/default/files/Membership/MSA/MSA%20Booklet%20March%202018%2003102018.pdf>> 10.

⁴³ Joint Standing Committee on Migration, *Negotiating the Maze*, above n 5, 96.

⁴⁴ Department of Education and Training, Submission No 91 to Joint Standing Committee on Migration, *Negotiating the Maze*, 1996, 6.

⁴⁵ Joint Standing Committee on Migration, *Negotiating the Maze*, above n 5, 99.

This question is particularly important, given the nature of the Australian skills recognition system, where only one regulatory body has the responsibility of recognising qualifications in their given professions. Applicants are left without any external recourse when dealing with these bodies. This constricts the career aspirations of new arrivals, due to the costly and impractical barriers to entry. Oversight by an external body would ensure that the entry and cost requirements for recognition are fair, impartial and accessible, while also ensuring accountability by offering external recourse for applicants to appeal decisions about the recognition of qualifications.

International Comparisons

This section will identify best practices in overseas migration and settlement policy. If implemented in Australia, SCoA believes that these can assist in facilitating the recognition of overseas qualifications, and therefore contribute to resolving the problem of migrant over-qualification.

Improving Transparency in Germany

The multi-channel support structure for skills recognition in Germany is a best practice example in transparency and communication. The German federal system is just as complex for a recently arrived migrant as Australia.⁴⁶ This complexity has filtered into the German foreign skills recognition system on two levels: firstly, different bodies are able to recognise qualifications, depending on which city and state the applicant is applying from.⁴⁷ Secondly, the process and governing law for recognition vary depending on whether the applicant's profession is regulated at a federal or state level.⁴⁸ Finally, similar to Australia, the German system also makes a distinction between a "skills assessment", which is provided in non-regulated and 'training' occupations, and "skills recognition", which is a formal requirement for practising in regulated professions such as law and medicine.⁴⁹

Despite similar levels of complexity in both systems for skills recognition, the German response has been far more appropriate. Following the *Recognition Act* in 2012, which was legislated to simplify and standardise procedures for foreign skills recognition, the online portal '*Recognition in Germany*' was set up as the 'one-stop-shop' for all information on skills recognition in Germany.⁵⁰ Unlike the patchwork of incomplete information available to recent arrivals in Australia, a newly arrived skilled migrant in Germany can access, in eleven languages, a step-by-

⁴⁶ See Carolyn Moore et al, 'German Federalism in Transition' (2008) 17 *German Politics* 393, 395; Assembly of European Regions (AER), *Regionalisation in Germany: the advantages of a federal state* (September 2017) <<https://aer.eu/regionalisation-germany-advantages-federal-state/>>.

⁴⁷ BQ-Portal, *The assessment process – how it works* <<https://www.bq-portal.de/en/seiten/assessment-process-%E2%80%93-how-it-works#how%20does%20the%20assessment%20process%20work>>.

⁴⁸ Federal Ministry for Economic Affairs and Energy (Germany), *Make it in Germany: Acknowledgement and recognition of qualifications* <<https://www.make-it-in-germany.com/en/for-businesses/targeted-recruitment/acknowledgement-and-recognition-of-qualifications#recognition-of-foreign-qualifications>>.

⁴⁹ See, eg, Federal Ministry of Education and Research (Germany), *Doctor of Medicine* <https://www.anerkennung-in-deutschland.de/html/en/doctor_of_medicine.php>.

⁵⁰ Anke Schuster, Maria Vincenza Desiderio and Giuliana Urso, above n 3, 29.

step explanation of how the qualifications recognition procedure works, what the outcome of the process will be, and how the processes of skills ‘recognition’ and ‘assessment’ differ.⁵¹

Importantly, the portal also hosts an innovative *‘Recognition Finder’* tool, where applicants only have to enter in their chosen profession and city to receive tailored information on whether an assessment or recognition is required for their profession, who the authority for recognition is, and whether there are any further barriers for entering into skilled work after the process is finished.⁵²

If a new arrival has further questions, the government operates a ‘phone hotline’ to answer questions on skills recognition,⁵³ and provides a ‘Working in Germany’ phone app with up-to-date information on the recognition process. Finally, there are 93 ‘drop-in’ centres across the country which form part of the ‘Integration through Qualification (IQ)’ network, providing assistance to new arrivals who less familiar with online tools.⁵⁴

Provided with all the necessary information to make a well-informed decision about whether or not to commence the recognition process, a new migrant to Germany is given an entry point into pursuing their chosen profession. The OECD has highlighted the importance of facilitating information and application processes for new arrivals through a comprehensive ‘one-stop-shop’ for information,⁵⁵ which reduces procedural barriers to entry.

These measures increase migrants’ awareness of the process behind recognition. In its 2017 evaluation of the effectiveness of the *Recognition Act*, the German Federal Ministry of Education and Research (BMBF) noted that the number of applications for foreign skills recognition in Germany more than doubled from 10,000 in 2012 to over 23,000 in 2016.⁵⁶ 83% of these applicants received full or partial recognition.⁵⁷

Similarly, both the OECD and the IOM highlighted the dedicated multilingual online portal as a best practice in communicating recognition processes to new arrivals and those considering their options before migrating to Germany.⁵⁸ Lack of clarity and poor communication are two of the primary barriers preventing the majority of skilled new Australians from getting their overseas

⁵¹ Federal Ministry of Education and Research (Germany), *Professional Recognition* <https://www.anerkennung-in-deutschland.de/html/en/professional_recognition.php>.

⁵² Federal Ministry of Education and Research (Germany), *Recognition Finder* <<https://www.anerkennung-in-deutschland.de/tools/berater/en/berater/result>>.

⁵³ Federal Ministry of Education and Research (Germany), *Counselling* <<https://www.anerkennung-in-deutschland.de/html/en/counselling.php>>.

⁵⁴ Federal Ministry of Education and Research (Germany), *Local Counselling by IQ* <https://www.anerkennung-in-deutschland.de/html/en/iq_network_counselling.php>.

⁵⁵ OECD, ‘Making Integration Work’, above n 39, 27.

⁵⁶ Federal Ministry of Education and Research (Germany), ‘2017 Report on the Recognition Act’ (Report, 2017) 35.

⁵⁷ Ibid 38.

⁵⁸ OECD, ‘Making Integration Work’, above n 39, 28.

qualifications recognised, and the German portal provides a model for resolving these difficulties, despite the inherent complexity of a federal system with multiple recognising bodies.

Increasing Accessibility in Europe and Canada

Canada

Recognition processes should be readily available to all newly arrived migrants, regardless of their financial means, to reduce over-qualification and maximise human capital.⁵⁹ This is recommended by the Lisbon Recognition Convention Committee.⁶⁰ Guided by these principles, EU countries including the Netherlands, Sweden, Denmark and Portugal offer their recognition procedures free of charge for migrants arriving from other EU member states,⁶¹ and keep fees low for skilled migrants arriving from non-EU countries. In Sweden, Denmark and the Netherlands, the costs for recognition of a qualification in optometry obtained in a non-EU country are SEK 700 (110 AUD),⁶² DKK 313 (70 AUD),⁶³ and EUR 530 (860 AUD),⁶⁴ respectively. In contrast, an application for recognition of the same qualification in Australia costs over \$A12,000, not including fees for application, registration and renewal.⁶⁵ Best practice in ensuring accessibility would include ensuring that recognition processes in Australia are equitable and non-discriminatory, by lowering fees so new arrivals are not indirectly excluded from getting their skills recognised and entering into regulated professions.

Exercising control over the cost of skills recognition in Australia may be difficult, however, given that independent industry bodies are responsible for managing the recognition procedures in their professions. In this context, best practice to improve accessibility would be to create an external body that ensures recognition procedures are fair, transparent and accessible. The Office of the Fairness Commissioner (OFC) in Ontario, Canada is the leading example of a

⁵⁹ Ibid, 77.

⁶⁰ Lisbon Recognition Convention Committee, *Revised Recommendation on the Criteria and Procedures for the Assessment of Foreign Qualifications – Explanatory Memorandum* (adopted 23 June 2010) para 21-22.

⁶¹ OECD, 'Making Integration Work', above n 39, 79.

⁶² National Board of Health and Welfare (Sweden), *Optician – Educated outside EU and EEA* <<https://legitimation.socialstyrelsen.se/en/educated-outside-eu-and-eea/optician/submit-your-application-for-a-licence>>.

⁶³ Patient Safety Authority (Denmark), *Optometrist* <<https://danishbusinessauthority.dk/optometrist>>.

⁶⁴ Ministry of Health, Welfare and Sport (The Netherlands), *Costs of test for certificate of professional competence* <<https://www.bigregister.nl/buitenlands-diploma/procedures/verklaring-vakbekwaamheid/toetsen/kosten>>.

⁶⁵ OCANZ, above n 38.

government agency which provides this oversight, and has since been replicated in other Canadian provinces.⁶⁶

The OFC has oversight of 42 regulatory bodies in Ontario,⁶⁷ and can request bodies to ‘self-review’ their recognition procedures as part of its ‘mandatory review’ mechanism.⁶⁸ During a review, the OFC can require the regulatory body to explain whether its fees for recognition are ‘reasonable’.⁶⁹ ‘Reasonable’ is determined by whether there is an objective rationale for the amount charged, and whether the fees are higher than the cost of providing the service.⁷⁰ The OFC can issue compliance orders or impose fines of up to \$100,000 CAD.

The OFC been recognised by the OECD as a best practice example which tackles systemic barriers to immigrants seeking recognition in Canada.⁷¹ A body with similar powers would be useful for health regulation processes in Australia, where applicants can expect costs of up to \$3,000 for a three hour multiple choice exam.⁷² Although a 2012 press release from the Canadian government stated that Australia has previously been ‘in contact’ with the OFC with regards to creating an Australian equivalent,⁷³ no comparable body currently exists.

Germany

Where it may not be feasible to lower recognition fees, another option is to provide financial assistance to support skilled migrants throughout the recognition process. In November 2016, the German federal government introduced a program which allows migrants on low-incomes to apply for reimbursement for costs of the recognition procedure.⁷⁴ Additionally, a ‘means-tested’ subsidy for these costs has been introduced in several German states including Hamburg, Baden-Württemberg and Berlin.⁷⁵ These subsidies, known as a ‘Hardship fund’, or a ‘Scholarship

⁶⁶ Jean Augustine, ‘Employment Match Rates in the Regulated Professions: Trends and Policy Implications, (2015) 41 *Canadian Public Policy* 28, 29.

⁶⁷ Office of the Fairness Commissioner (OFC), ‘A ten year journey to fair access’ (Annual report, 2016-2017) 6.

⁶⁸ Office of the Fairness Commissioner (OFC), ‘Conducting Entry-to-Practice Reviews: Guide for Ontario’s Regulatory Bodies’ (Working paper, February 2015) 13.

⁶⁹ *Ibid.*, 26.

⁷⁰ *Ibid.*

⁷¹ OECD, ‘Making Integration Work’, above n 39, 59.

⁷² See, eg, Australian Medical Council Limited, *Fees and Charges*

<<https://www.amc.org.au/assessment/pathways>>.

⁷³ Government of Canada, *Office of the Fairness Commissioner* <<https://www.canada.ca/en/immigration-refugees-citizenship/corporate/partners-service-providers/immigrant-serving-organizations/best-practices/office-fairness-commissioner.html>>.

⁷⁴ Federal Ministry of Education and Research (Germany), *Financial Assistance in accordance with SGB II and SGB III* <https://www.anerkennung-in-deutschland.de/html/en/financial_assistance_sgb_II_sgb_III.php>.

⁷⁵ Integration through Qualification Network (IQ), ‘Guide to § 17a of the German Residency Act’ (Working paper, October 2017) 20.

Program’, provide financial support to skilled migrants who are seeking recognition but cannot afford the costs of recognition themselves.⁷⁶

As recognised earlier, Australia had previously implemented a similar best practice approach through ASDOT, administered by DET. Until it was discontinued in 2015, it played an important role funding overseas professionals seeking recognition in Australia.⁷⁷ The program was ‘consistently accessed’ by overseas-trained doctors since its implementation in 1989,⁷⁸ who were required to meet the criteria of being a permanent resident, seeking recognition, but experiencing financial disadvantage. It is likely that the re-implementation of a ‘means-tested subsidy’ for skills recognition, modelled on ASDOT and the German *Recognition Grant*, would lower the barriers for overseas trained professionals seeking recognition of their skills in Australia.

⁷⁶ Federal Ministry of Economics and Energy, *Hardship Fund – Occupational Recognition Berlin* <<http://foerderdatenbank.de/Foerder-DB/Navigation/Foerderrecherche/inhaltsverzeichnis.html?get=6de621e0867bb114d7c5e67d414d3aa1;views=document&doc=13107>>.

⁷⁷ Department of Education and Training (Cth), *Budget: 2015-16*, above n 41, 58.

⁷⁸ Department of Education and Training (Cth), Submission No 53 to Standing Committee on Health and Ageing, *Inquiry into registration processes and support for overseas trained doctors*, February 2011, 1.

Improving the Utilisation of Skills

Resolving skills recognition alone will not solve the issue of over-qualification. Newly arrived migrants suffer other disadvantages in the Australian job market, even when they have recognised qualifications and the same characteristics as an Australian born worker. Chiswick and Miller describe this as the limited ‘international transferability of human capital skills’,⁷⁹ noting that the skills that migrants acquire through formal schooling in their home country are often not perfectly relevant, or transferable, to the Australian labour market. There are numerous ‘immigrant-specific factors’,⁸⁰ beyond the difficulty of skills recognition, which contribute to a higher rate of over-qualification among overseas born workers in Australia.

One of these factors is the lack of Australian work experience. As the 2016 ABS CORMS survey reveals, 67% of migrants with an overseas qualification who had difficulty finding their first job reported that this was due to a lack of Australian work experience and local professional referees.⁸¹ Local experience is often seen by employers as necessary to ‘validate’ overseas skills and experience.⁸² However, as Basilio and Bauer conclude from a study of skilled immigrants in Germany⁸³ (and as Schaafsma and Sweetman confirm in regards to immigrants to Canada),⁸⁴ found, overseas work experience yields ‘virtually zero returns’ for new arrivals post-migration.⁸⁵

It is well accepted that domestic work experience can provide new arrivals with information about the local labour market, the ‘local working culture’, and how to apply for job opportunities. Yet, Australian employers receive few incentives to offer new arrivals the local work experience that they so critically need.⁸⁶ As the National Centre for Vocational Education Research (NCVER) confirms, a recognised qualification does not ‘act alone’ in securing meaningful employment.⁸⁷ Local work experience is seen as a key indicator of levels of expertise, confirmed by Australian

⁷⁹ Barry R. Chiswick and Paul W. Miller, ‘The International Transferability of Immigrants’ Human Capital Skills’ (Discussion Paper No 2670, Institute of Labor Economics (IZA), 1 April 2007).

⁸⁰ Barry R. Chiswick and Paul W. Miller, ‘Educational Mismatch: Are High-Skilled Immigrants Really Working at High-Skilled Jobs and the Price They Pay if They Aren’t?’ (Discussion Paper No 4280, Institute of Labor Economics (IZA), July 2009) 7.

⁸¹ ABS, *Characteristics of Recent Migrants*, above n 1, Table 15.

⁸² Migrant Employment & Training Taskforce (METT), Submission No 82 to Parliament of NSW, *Parliamentary Inquiry into Skills Shortages in Rural and Regional NSW*, June 2005, 2.

⁸³ Leilanie Basilio and Thomas Bauer, ‘Transferability of Human Capital and Immigrant Assimilation: An Analysis for Germany’ (Discussion Paper No 4716, Institute of Labor Economics (IZA), January 2010).

⁸⁴ Joseph Schaafsma and Arthur Sweetman, ‘Immigrant Earning: Age at Immigration Matters’ (2001) *The Canadian Journal of Economics* 34(4), 1066-1099.

⁸⁵ Leilanie Basilio and Thomas Bauer, ‘Transferability of Human Capital’, above n 51, 18.

⁸⁶ Massimiliano Tani, ‘Australia’s jobs and migration policies are not making the best use of qualified migrants’, *The Conversation* (online), 8 February 2018 < <https://theconversation.com/australias-jobs-and-migration-policies-are-not-making-the-best-use-of-qualified-migrants-90944>>.

⁸⁷ Josie Misko, ‘The role of qualifications in foreign labour mobility in Australia’ (Research Report, National Centre for Vocational Education Research, 2012) 3.

employees. Recognition of an overseas qualification is therefore only the first step for a new arrival seeking meaningful employment. Gaining local work experience and developing professional networks must also be considered in maximising skill utilisation.

Local work experience provides new skilled arrivals with valuable knowledge about the Australian working culture,⁸⁸ the lack of which is often cited as another barrier to attaining of meaningful employment. This includes understanding relevant laws, including Equal Employment Opportunity and Occupational Health and Safety,⁸⁹ and understanding profession-specific 'jargon'. An understanding of job searching in the Australian labour market, including 'selling oneself' through resumes, cover letters, interviews and networking, is also crucial,⁹⁰ but may seem alien to arrivals from different job environments.⁹¹ Even when overseas qualifications are fully recognised by Australian institutions, informal barriers such as the lack of Australian workplace knowledge, unfamiliarity with professional jargon and the particularities of job hunting in Australia, all contribute to migrant over-qualification.

Finally, "unconscious bias" within the Australian labour market, particularly within hiring processes, cannot be overlooked. Booth et. al, after having applied for 5000 positions using fictional applications, differing only by the use of 'racially or ethnically identifiable' names, found a significantly lower 'call-back' rate for applicants with 'non-Anglo' names.⁹² Such 'clear evidence of discrimination' against overseas-trained workers,⁹³ is further confirmed by Junankar et al. Their study of Asian migrant men in Australia found that newly arrived migrants with extensive experience and qualifications are hampered by 'real' or 'perceived' biases among employers.⁹⁴

Skilled refugees and migrants are therefore funnelled into low-paid and low-skilled jobs, regardless of their skills.⁹⁵ Unconscious bias remains one of the critical issues in the Australian labour market today, requiring migrant candidates to possess stronger qualifications and greater experiences to be considered on an equal footing with Australian born candidates with Anglo names, therefore resulting in over-qualification.

SCoA members across the country invest considerable effort into assisting their clients to navigate these issues. Work readiness training, facilitating work experience, and assisting new

⁸⁸ Hanna Brenzel and Malte Reichelt, 'Job mobility as a new explanation for the immigrant-native wage gap' (Discussion Paper 12/2015, Institute for Employment Research (IAB), 2015) 6.

⁸⁹ METT, Submission No 82 to Parliament of NSW, above n 50, 5.

⁹⁰ Ibid, 8.

⁹¹ Ibid.

⁹² Alison L. Booth, Andrew Leigh and Elena Varganova, 'Does Ethnic Discrimination Vary Across Minority Groups? Evidence from a Field Experiment' (2012) 74(4) *Oxford Bulletin of Economics and Statistics* 547-573, 566.

⁹³ Ibid.

⁹⁴ P.N. (Raja) Junankar, Satya Paul and Wahida Yasmeen, 'Are Asian Migrants Discriminated Against in the Labour Market? A Case Study of Australia' (Discussion Paper No 1167, Institute of Labor Economics (IZA), June 2004) 19.

⁹⁵ SSI, 'Working it out', above n 26, 16.

Australians to build valuable professional networks all form part of the suite of services provided by settlement service providers in Australia.⁹⁶

SCoA has identified an urgent need for further funding of these crucial projects, and a concerted effort across government to ensure adequate settlement support is provided to all new Australians that require it. This will significantly benefit newly arrived individuals and families themselves, as well as the Australian economy and society.

⁹⁶ For more detail of the range of activities undertaken by SCoA members, view the SCoA Innovation Centre at www.SCoA.org.au.

Recommendations and Conclusions

Resolving the challenges of recognising and utilising pre-arrival skills and qualifications will help to ensure meaningful employment outcomes for migrants and refugees. As this paper has shown, the current framework for recognition and utilisation means that overseas trained professionals are pressured into de-skilling and accepting lower-paying roles. This negatively impacts both Australia's productivity, and individual and family well-being.

There is little question that the rate of over-qualification amongst migrants in Australia is high, with studies putting the rate at 30-45% of migrants. Although these statistics do not suggest that Australia is performing significantly worse than other OECD countries, they present a clear opportunity for maximising the human capital of new arrivals.

This paper has identified solutions to these issues by providing international comparison. Firstly, skills recognition in Australia is overly complex, involving a wide range of actors and authorities across all states and territories. Whilst some complexity is unavoidable due to Australia's federal system,⁹⁷ this has been unnecessarily compounded by a lack of transparency, coordination and communication.

Recommendation 1

SCoA recommends implementing an online portal, similar to the German 'Recognition in Germany' portal. This would provide easily accessible, comprehensive, and accurate information on the skills recognition process.

This portal should provide tailored information to applicants on all steps of the process, clarify differences between assessment and recognition, and direct applicants to the authorised bodies which recognise qualifications in their professions. Translated into multiple different languages, this portal would provide newly arrived migrants with an entry point for pursuing their chosen professions after arrival, and inform overseas professionals who are considering their choices before migrating to Australia.

The accessibility of skills recognition is also a barrier. Many independent industry bodies, which are responsible for skills assessment in their professions, demand extremely high fees for recognition, despite the financial stress that applicants are already likely to be experiencing after their migration journey.

⁹⁷ Anke Schuster, Maria Vincenza Desiderio and Giuliana Urso, above n 3, 26.

Recommendation 2

SCoA recommends creating an external body that ensures the recognition requirements for foreign professionals are fair and reasonable, similar to the OFC in Ontario, Canada. This body should examine recognition requirements and require bodies to demonstrate whether their fees are fair, reasonable and accessible.

If fees for recognition cannot be lowered, then the re-implementation of a means-tested subsidy, comparable to the German *'Recognition Grant'* and previous Australian ASDOT, is an appropriate way of supporting migrants who need it most. By doing so, the Australian system for recognition will facilitate the recognition of migrants' skills, instead of creating additional barriers for them to overcome.

Although the challenge of skills recognition is only one piece of the puzzle of resolving migrant over-qualification, there is room for improvement in the Australian skills recognition framework. SCoA has highlighted a number of issues that continue to impact on migrants' employment prospects in Australia. Addressing these is essential in order for new Australians to achieve its full potential.

Recommendation 3

SCoA recommends the urgent investment of additional funding for settlement support services that assist new Australians to overcome barriers to skills utilisation, together with a cross-portfolio commitment by government to ensuring adequate settlement support is provided to all new Australians that require it.

If these matters are properly addressed, the resulting increase to human capital will benefit the Australian economy and productivity, and ability of new arrivals to achieve meaningful employment and sustain positive mental health and wellbeing.

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Appendix 1.



NATIONAL SETTLEMENT SERVICES STANDARD 1: EDUCATION AND TRAINING

Outcome Standard 1 - Education and training pathways are available and accessible to new arrival communities and have an evidence-base of sustainable outcomes. This outcome standard recognises that linkages with education and training pathways are a critical component of an integrated settlement services system.

THE INDICATORS OF THIS OUTCOME STANDARD ARE:

- English language education supports workplace readiness.
- Education and training programs recognise and support acknowledgement of pre-arrival competencies and facilitate further training where required.
- Education and training programs provide integrated opportunities for relevant work experiences, workplace certifications and on the job training
- Education and training programs are responsive to challenges faced by humanitarian entrants.
- Humanitarian entrants are provided with career counselling and support to understand Australian workplace requirements.
- Education and training programs provide integrated and intensive English language support to facilitate learning.



NATIONAL SETTLEMENT SERVICES STANDARD 2: EMPLOYMENT

Outcome Standard 2 - Settlement services, employers and employment services work collaboratively to ensure sustainable workforce participation. This outcome standard recognises that barriers to employment differ amongst the diverse client groups accessing settlement services. Accordingly, services must be responsive, diverse, sustainable and effective in ensuring meaningful employment outcomes.

THE INDICATORS OF THIS OUTCOME STANDARD ARE:

- Employment programs are customised to address common barriers experienced by new arrival communities.
- Services promote innovation in engaging with employers to facilitate sustainable employment outcomes.
- Partnerships are developed with industry and create work experience opportunities within the Australian context.
- Employers are engaged in education programs that seek to increase awareness of workplace diversity and address discrimination risks.
- Shared dialogue with employment service providers that results in culturally responsive employment assistance and reflects a client centred approach.
- Entrepreneurship, social enterprise and social procurement are facilitated within new arrival communities.
- Women are supported to access childcare that facilitates participation in education and employment programs.