

**Report
of the
Legislation Review
of the
*Tradesmen's Rights Regulation Act 1946***

NOVEMBER 1998

Legislation Review - Tradesmen's Rights Regulation Act

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EXECUTIVE SUMMARY

Introduction

1. This review of the *Tradesmen's Rights Regulation Act 1946* (TRR Act) was undertaken under the Commonwealth Legislation Review Schedule as part of a wide ranging program of review of Commonwealth legislation to consider whether individual legislation-based activities entail costs for business or restrict competition and whether legislation should be retained, amended or repealed.
2. In addition to considering the TRR Act, the review also examined the overall role and operations of Trades Recognition Australia (TRA) which is the section of the Department of Workplace Relations and Small Business (DWRSB) with responsibility for administering the Act.
3. The review examined the operation of the TRR Act and TRA up to 30 June 1998 and this report refers to Commonwealth departments as they existed at that time.

The Tradesmen's Rights Regulation Act

4. Over the past 50 years the TRR Act has provided a means for the national recognition of metal and electrical trade skills developed informally in Australia, formally or informally overseas or in the Australian Defence Force (ADF).
5. Until now, no alternative national mechanism has existed. Consequently, the TRR Act has played an important role in the industrial relations system and in the operation of the skilled labour market, and since the early 1950s it has also played an important role in the administration of Australia's migration program and the settlement of skilled migrants into the workforce and the community.
6. However, a large proportion of the provisions in the Act have become obsolete and now have no useful purpose (paragraphs 2.42-2.44). In addition, there are a number of sensitive questions which arise about the role, structure and composition of committees established under the Act; and indeed even their continued relevance (paragraphs 2.85-2.105).
7. Domestic training reforms, particularly the development and implementation of arrangements for skill assessment and the issuing of national qualifications under the Australian Recognition Framework (ARF), are removing the underlying rationale for the Act (paragraphs 2.45-2.47).

8. Fewer Australian residents are developing their skills informally and those who do have increasing access to alternative means of having their skills recognised on a national basis through workplace-based assessment arrangements and the ARF. Migrants who have not had their skills assessed as part of the migration process also have access to these alternative mechanisms for domestic recognition. Training in the Australian Defence Force (ADF) is now linked to civilian training qualifications.

Functions and Operations of Trades Recognition Australia

9. In addition to its administration of the TRR Act, TRA has also played an important role in the administration of the skilled components of Australia's migration program as the relevant Australian authority under the Migration Regulations for the assessment of the skills of prospective migrants in most trades.

10. There has been a consistent improvement in the efficiency of TRA's operations throughout the 1990s, especially since the development and implementation of a national business unit approach to its management from 1 July 1996 which also improved the coordination of its domestic and migration activities.

TRA Assessment Methodology and Procedures

11. TRA's assessment methodology and procedures for domestic recognition and migration assessment have generally been valid, reliable, accurate, fair and efficient in the context of the TRR Act and the general domestic training and industrial environment in which it has operated.

Assessment Issues

12. There are a number of aspects of TRA's current methodology and procedures which can be improved to the benefit of clients and to further improve the efficiency of the function. These include the reporting of assessment outcomes (paragraphs 5.20-5.24), the continued feasibility of formal training criteria (paragraphs 5.25-5.32), and the cost effectiveness of overseas technical interviews in the assessment process for migration purposes (paragraphs 5.33-5.57).

Overview of TRA Cost Recovery

13. TRA has moved over the 1990s to a policy of fully recovering direct running costs, but performance against this objective has been mixed. Costs have been significantly reduced over the 1990s, but low application numbers in recent years combined with a significant proportion of fixed costs and inflexibility in some variable costs under TRA's current structure have resulted in significant fee increases to clients while still not meeting the cost recovery target.

Efficiency and Effectiveness of the Administration of the Tradesmen's Rights Regulation Act

14. The TRR Act has not imposed direct costs or requirements on employers, but has provided benefits to them through reduced recruitment and operational costs. At the same time it has provided benefits to individual clients and the community and there is a high level of satisfaction on the parts of individual clients, individual employers and industry in general (paragraphs 7.79-7.104).

15. There has been a continuous decline in the number of applications for domestic recognition under the TRR Act over the 1990s (paragraphs 7.1-7.7) as the result of changes in the migration program, domestic training developments and new training arrangements in the ADF (paragraphs 7.8-7.21). This decline will continue and the future outlook for demand for recognition under the Act is such that it will not be possible to maintain an efficient and economically viable domestic skills recognition service under the current arrangements.

Efficiency and Effectiveness of Migration Skills Assessments

16. The migration skills assessment function of TRA does not impose any costs or requirements on Australian employers, but it has provided benefits to them through reduced costs in recruitment and operational costs.

17. It has provided benefits to the community by ensuring successful migrants have the appropriate skills.

18. It has also provided benefits to individual clients by assisting them in their post-arrival settlement by providing them with a high level of confidence about the recognition and acceptance of their skills in Australia.

19. There is a high level of satisfaction with TRA on the parts of individual clients, individual employers, industry in general, the migrant community and the Department of Immigration and Multicultural Affairs (paragraphs 8.90-8.106).

20. The net trend in applications for migration skills assessment has been downwards over the course of the 1990s as the result of changes to the size, composition and administration of the migration program which appear to have had a greater impact on the TRA client group than other segments of the skilled migration market (such as professional and para-professional occupations). (Paragraphs 8.1-8.34)

21. While there may be short term increases in applications from time to time, the long term trend is such that it will be difficult to sustain an efficient and economically viable migrant skills assessment service under the current arrangements. (Paragraphs 8.35-8.43)

Domestic Training Reforms

22. The Australian Recognition Framework (ARF) was developed by Commonwealth and state/territory governments in consultation with industry to provide a consistent national approach to the assessment and recognition of competencies. The implementation of the ARF commenced on 1 January 1998 and the available information suggests that it will reach a critical mass by the middle of 1999. (Paragraph 9.29-9.30)

23. The ARF removes the underlying rationale for the continuation of the TRR Act. It also provides an alternative to the current migration assessment role of TRA.

24. The ARF is a joint policy of Commonwealth, state and territory governments and it would be inconsistent for the Commonwealth Government to retain the TRR Act or TRA in parallel with, or in opposition to, the ARF. (Paragraph 9.47)

25. In any case, if the TRR Act was to continue as a means of domestic skills recognition and TRA was to continue to assess the skills of prospective migrants, the Act and TRA's operations would need to reflect the ARF if they were to maintain consistency with the domestic training system. This would entail significant administrative and procedural, and possibly legislative, re-engineering at significant cost. (Paragraphs 9.49-9.65)

26. An unresolved issue in the consistent implementation of the ARF is the implementation by states and territories of a single AQF qualification in line with the principles of the AQF. The view was expressed by a number of states and territories that the mutual recognition principles under the ARF would ensure that a single AQF qualification would have national currency. This suggests that this is not a significant issue. In any case, it is not an issue which can be resolved in the context of this review and should be addressed in the implementation of government decisions flowing from this report. (Paragraphs 9.18-9.23)

Review of the General Points Test for the Independent and Skilled-Australia Linked Categories of the Migration Program

27. The Review of the General Points Test for the Independent and Skilled-Australia Linked migration categories by DIMA has a number of potential implications for skills assessment for migration purposes. These arise mainly from recommendations from that review:

- . to adopt the ARF as the basis for assessments,
- . to move to pre-migration application skills assessment (PASA) which will change the relationship between the skills assessment and migration application processes , and
- . which might increase the level of demand for skills assessment for migration purposes over the current level (although still significantly below the higher levels of previous years).

NOOSR Business Process Review

28. The outcomes of the recent business process review of the National Office of Overseas Skills Recognition (NOOSR) also has potential implications. That review indicates a continuing overarching role for the Commonwealth Government in migrant professional and para-professional skills assessment and recognition and the continuation of NOOSR as the most appropriate location for that role. However, it also recommends that NOOSR should continue to devolve the actual carriage of the assessment and recognition functions to appropriate assessing bodies.

The Role of Government

29. Government has a role in the provision of services where there are community interests to do so arising from market failure, social justice or equity needs, and accountability. These circumstances have existed to justify the role of the TRR Act in domestic skills recognition and TRA in the assessment of the skills of prospective migrants.

30. However, reforms in the domestic training system culminating in the ARF, and other contemporary developments, remove these justifications of the continuation of the TRR Act and TRA's role in skills assessment for migration purposes. (Paragraph 12.7)

31. The vacating of the direct delivery of assessment and recognition services by the Commonwealth Government would be consistent with the competition principles agreed by Australian governments in April 1995 and the increasing reliance by governments on market based mechanisms for service delivery. (Paragraph 12.16 - 12.19)

Proposed Approach to Domestic Skills Recognition

32. The TRR Act should be repealed and domestic recognition should be provided under the arrangements for skill assessment and the issuing of national qualifications, including the infrastructure of registered training organisations (RTOs), being put in place under the ARF. (Paragraph 13.3)

33. The review committee identified a range of implementation and transition issues which need to be resolved before a firm timeframe for the cessation of activities under the TRR Act can be identified. However, implementation details were outside the scope of the review and will need to be taken up in the implementation of any government decisions flowing from it.

34. However, it would not be possible to cease activities under the Act before 1 July 1999. That date would give 18 months from the commencement of the ARF from 1 January 1998, over which time it is expected the ARF arrangements would be sufficiently implemented for domestic recognition purposes. (Paragraphs 13.5-13.14)

35. In submissions to the review and in consultations with the review committee, some employer and employee organisations expressed concerns about the implementation and quality aspects of the ARF.

36. Those concerns centred on the timing of the necessary Training Packages being endorsed and adequately implemented, and perceived deficiencies in, and inconsistencies between, state and territory training authority arrangements for the registration and auditing of RTOs despite the principles, standards and protocols of the ARF.

37. Industry concerns about the registration and auditing of RTOs appeared to reflect the view held by industry that it should have a role in these activities. These are matters which industry should more appropriately pursue through ANTA. However, the committee was of the view that it would be appropriate for the relevant state and territory authorities to consider the role industry could play in the registration and auditing of RTOs.

38. In general, comments on the interim report from most key stakeholders supported, or at least acknowledged the logic behind, the proposed approach to domestic skill assessment. (Paragraphs 13.10-13.11)

39. If a similar function to that currently carried out under the TRR Act was to continue through the Commonwealth Government, new legislation should be enacted to overcome deficiencies in the TRR Act and its administrative arrangements. (Paragraph 13.15)

Proposed Approach to Migration Skills Assessment

40. It would be appropriate for the arrangements and infrastructure developing under the ARF to ultimately directly provide the means for skills assessments for migration purposes. (Paragraphs 14.26-14.47)

41. This would entail RTOs which met certain criteria being designated under the Migration Regulations as relevant Australian authorities for the purposes of migration skills assessment. The ARF requirements for registration as an RTO together with the requirements for designation as a relevant Australian authority would provide a dual level of quality control. (Paragraphs 14.27-14.33)

42. This approach would rely on the availability of appropriate service providers emerging from the market. Despite a possible increase in demand for migration skills assessment arising from the review of the general points test, the demand will continue to be relatively low and there is a risk in respect of the number and range of providers which might emerge. On balance, however, there is an adequate likelihood that appropriate niche providers will emerge. (Paragraphs 14.40-14.43)

43. Because of this risk, industry concerns about the need for the ARF to bed down and RTOs to develop experience in overseas skill assessments (paragraphs 9.45-9.47, 14.44-14.46), the move to PASA and DIMA's preference for a single point of contact in the early stages and its concern about the public interest (paragraphs 14.36, 14.49); the move to the proposed ultimate outcome would need to be phased in through an interim approach which maintained a coordination role for the Commonwealth Government until there is sufficient confidence in direct service provision under the ARF (paragraphs 14.48, 14.50, 14.71-14.73).

44. This would entail prospective migrants overseas seeking skills assessment for migration purposes through a government managing agent which would be the relevant Australian authority under the Migration Regulations and which would engage selected RTOs on a competitive tendering basis to undertake the assessments. (Paragraph 14.52-14.53)

45. Included in the criteria for selecting appropriate RTOs should be a linkage between their assessment for migration purposes and providing domestic recognition through the issuing of a national qualification under the ARF with a minimum of additional process and cost. Other relevant criteria should address process, expertise, experience, price and service standards. (Paragraph 14.55)

46. It would be appropriate to establish a broad-based consultative committee, comprising DIMA, industry and community representatives, which the government managing agent would consult on the criteria for selecting RTOs and in monitoring their performance (paragraph 14.61). Bodies represented on the committee should bear their own costs of participation (paragraph 14.66).

47. The government managing agent would not undertake any direct assessment or recognition activity and it should operate on a full total cost recovery basis.

(Paragraphs 14.52, 14.67)

48. The review committee identified a range of implementation and transition issues which need to be resolved before a firm timeframe can be established for the cessation of TRA's current role in skills assessment for migration purposes and the commencement of operation of the government managing agent. Implementation details were outside the scope of the review and will need to be taken up in the implementation of any government decisions flowing from it. (Paragraph 14.83)

49. However, it would not be possible to put the proposed changes in place before 1 July 1999 (paragraph 14.82) and this would coincide with the commencement of PASA (paragraph 10.28).

50. The government managing agent should operate until the ARF infrastructure has developed further, and been tested against its quality assurance benchmarks, and a core of RTOs develop sufficient experience in overseas skill assessments. It may then be appropriate for skill assessments for migration purposes to be directly undertaken by appropriate RTOs without the participation of the managing agent. (Paragraph 14.72)

51. On the basis of the views expressed by a number of parties, it would appear that this is unlikely to be appropriate before the middle of 2000 and that may be an appropriate time to review the continued need for the government managing agent. (Paragraph 14.73)

52. The role of the proposed managing agent is compatible with that of NOOSR in respect of the assessment of professional and para-professional qualifications by external assessment bodies and is consistent with NOOSR's overarching policy role in respect of migrant skills. Consequently, if the function is not to remain with DWRSB, consideration should be given to locating the proposed managing agent within NOOSR. (Paragraphs 14.80-14.81)

Conclusion

53. In reaching its conclusions, the committee paid particular attention to the issues raised by the industry parties to the TRR Act about the infancy of the ARF and the need for its quality assurance mechanisms to be tested over time.

54. These issues are more critical in the context of migration skill assessment, and the committee has recognised the potential risks involved. It is in response to the potential risks that the committee has proposed the phased approach in its recommendations.

55. The committee is confident that its recommendations provide an adequate framework for ensuring there is no diminution in the fairness, integrity or quality of the assessment process and its outcomes. It is supported in this view by the general thrust of most of the comments it received on the interim report.

RECOMMENDATIONS

Domestic skills recognition

1. The TRR Act should be repealed and the Commonwealth Government should vacate the domestic skills recognition field, and all domestic skills recognition should be undertaken on a free competition basis directly by RTOs established under the ARF. (Paragraph 13.3)
2. Detailed consideration should be given to the implementation arrangements and lead time for winding up activities under the TRR Act, having regard to the implementation of the ARF and the establishment of an adequate network of RTOs. (Paragraphs 13.12-13.14)

Migration skills assessment

3. The Commonwealth Government should ultimately vacate the migration skills assessment field and assessments should be undertaken on a free competition basis directly by RTOs established under the ARF, subject only to requirements for RTOs to be designated as relevant Australian authorities under the regulations to the Migration Act. (Paragraphs 14.26-14.47)
4. To be designated as relevant Australian authorities under the Migration Regulations, RTOs should:
 - . have experience in assessing the skills of migrants in Australia and/or experience in assessing the skills of prospective migrants,
 - . have the ability to provide an assessment service across a wide range of occupations and to applicants from all countries,
 - . have knowledge of relevant Australian statutory occupational licensing requirements,
 - . make a commitment to provide a linkage between assessment for migration and domestic recognition on arrival in Australia with a minimum of additional process and cost,
 - . adhere to the Guiding Principles for the Assessment and Recognition of Overseas Skills and Qualifications, and
 - . meet competitive service and pricing standards. (Paragraphs 14.30-14.31)

5. To reduce the possibility of conflicts of interest between RTOs in their skill assessment of prospective migrants and the provision of unnecessary further training after migrants arrive in Australia, preference should be given to assessment-only RTOs. (Paragraphs 14.32-14.33)
- . The objective of recommendations 3 and 4 should be phased in over an appropriate period through a government managing agent which would be the relevant Australian authority. (Paragraphs 14.48-14.50)
7. Detailed consideration should be given to the arrangements and lead time for implementing recommendation 6 having regard to the implementation of the ARF. (Paragraph 14.83)
8. The government managing agent should select, coordinate and monitor appropriate RTOs; with the selection criteria reflecting recommendations 4 and 5. (Paragraphs 14.52-14.58)
9. The managing agent should operate on a full total cost recovery basis, but any savings which might accrue over the costs of current arrangements should be fully passed on to clients. (Paragraphs 14.67-14.69)
10. A broad-based consultative committee, comprising DIMA, industry and community representatives, should be established which the government managing agent would consult on the criteria for selecting RTOs and in monitoring their performance. Bodies represented on the committee should bear their own costs of participation. (Paragraphs 14.61, 14.66)
11. Because of the strong relationship between the roles of the proposed government managing agent and NOOSR, consideration should be given to locating the managing agent within NOOSR. (Paragraph 14.80-14.81)
12. Migrants selected under the current arrangements in trades covered by the TRR Act but who arrive in Australia after the cessation of the TRR Act should seek domestic recognition from appropriate RTOs. (Paragraphs 14.86-14.93)
13. The continued need for the government managing agent in the light of implementation of the ARF should be reviewed in the middle of 2000. (Paragraph 14.73)

1. INTRODUCTION

1.1 This review of the *Tradesmen's Rights Regulation Act 1946* (TRR Act) was undertaken under the Commonwealth Legislation Review Schedule as part of a wide ranging program of review of Commonwealth legislation to consider whether individual legislation-based activities entail costs for business or restrict competition and whether legislation should be retained, amended or repealed.

1.2 The terms of reference for the review were developed in accordance with the requirements of the Commonwealth Legislation Review Schedule and were approved by the then Minister for Industrial Relations in March 1997. The terms of reference are at Appendix B.

1.3 In addition to considering the TRR Act, the review also examined the overall role and operations of Trades Recognition Australia (TRA) which is the section of the Department of Workplace Relations and Small Business (DWRSB) with responsibility for administering the Act. This included TRA's role in skills assessment for migration purposes.

1.4 The review examined the operation of the TRR Act and TRA up to 30 June 1998. This report therefore refers to Commonwealth departments as they existed at that time.

1.5 Although there is a relationship between TRA's administration of the TRR Act for domestic recognition and TRA's migration assessment function of which the review was cognisant, the review generally considered the two functions separately for the purpose of making recommendations.

1.6 This report recommends that the TRR Act be repealed and the Commonwealth Government vacate the domestic skills recognition field. However, if this recommendation is not accepted then consideration should be given to the suggestions for changes to the current approach outlined in paragraph 2.116.

1.7 The review was undertaken by a committee comprising representatives of relevant Commonwealth Government departments and a number of independent persons from the community. A list of review committee members is at Appendix C.

1.8 An important element of the review process was consultation with key stakeholders by writing to them inviting written submissions. Submissions were also invited from any other interested parties through a national press advertisement. The terms of reference for the review and an information paper were provided to all parties wishing to make submissions to assist them do so.

1.9 A list of bodies and individuals who made submissions, together with an overview of the issues raised in the submissions, is at Appendix D.

1.10 In addition to considering a joint submission to the review from the employer and employee organisations which play a central role in the operation of the TRR Act, the review committee also held direct consultations with representatives of the organisations.

1.11 The committee also met with representatives of the Australian National Training Authority (ANTA).

1.12 The review committee further consulted with key stakeholders by circulating an interim report. The committee's secretariat also made presentations on the interim report to a number of forums of key stakeholders. Comments on the interim report were provided by a number of parties.

1.13 The review committee had regard to a number of earlier reviews of TRA=s operations, although they were more narrowly focussed than the current review, and these are noted at Appendix E.

1.14 The committee's deliberations were also assisted by a significant amount of data on TRA's operations; despite a number of constraints on the data which are discussed at Appendix F. Relevant data is reproduced at Appendix G.

1.15 Coincidental to the review of the TRR Act and TRA, the Department of Immigration and Multicultural Affairs (DIMA) was undertaking a Review of the General Points Test for the Independent and Skilled-Australian Linked Migration Categories and the National Office of Overseas Skills Recognition (NOOSR) was reviewing its business processes.

1.16 Because of the role of TRA in the administration of the points test by DIMA and the close working relationship between TRA and NOOSR, the TRR Act review committee took account of the DIMA and NOOSR reviews in its deliberations in addition to the direct participation of those bodies on the review committee.

1.17 The committee wishes to acknowledge the valuable drafting, technical and administrative support provided to it by Mr Glenn Newton and Mr John Jason-Jones of DEWRSB.

2. THE TRADESMEN'S RIGHTS REGULATION ACT

Origins and evolution

War time "dilution" agreements

2.1 The *Tradesmen's Rights Regulation Act 1946* (TRR Act) developed from the wartime "dilution" agreement between the Australian Government, the Amalgamated Engineering Union, and engineering trades employer organisations.

2.2 That agreement provided the process for the upgrading and recognition of engineering trade skills, and assured the re-employment of skilled workers returning to the civilian workforce after the war.

2.3 Similar agreements were developed for the electrical and boot trades.

2.4 The legislative basis for the dilution agreements was the National Security Acts 1939 and 1940.

2.5 "Dilution committees" for each trades area - made up of government, employer and employee representatives - were established in each state to recognise and upgrade a person's trades skills. A national dilution committee was established to provide coordination and policy direction.

2.6 The dilution agreements were crucial to maintaining skills in the civilian workforce and overcoming shortages in trades skills from the rapid expansion of defence industries as part of the war effort and the enlistment of skilled tradespersons into the defence forces.

Tradesmen's Rights Regulation Act

2.7 After the war, the wartime dilution agreements provided the model for the *Tradesmen's Rights Regulation Act 1946* (TRR Act) which was put in place to assist the resettling of the returning troops into the civilian workforce and the reconstructing of the peacetime economy.

2.8 Local and central trades committees were established to continue the roles of the wartime dilution committees.

2.9 The TRR Act protected the position of enlistees who had been regarded as tradespersons before the war, and enabled the recognition of those civilian workers who had their skills upgraded during the war. It also helped ex-service personnel, who received trade training during the war, gain civilian employment.

TRR Act and migration

2.10 The growth of Australian industry in the years following the war needed more skilled labour than the domestic training system could supply and gave rise to the post-war migration boom.

2.11 The resulting influx of refugees and other migrants following the war provided a valuable source of the needed skills, but there were concerns about the skills they possessed and how those skills could be assessed and recognised.

2.12 By 1951 it was considered that the TRR Act had achieved its immediate post-war objectives and it was amended in 1952 to provide for the formal recognition of the trades skills of migrants. These amendments changed the prime focus of the Act from recognition of domestic trades skills to those of migrants. Since then, migrants have accounted for an increasing proportion of trade certificates issued under the TRR Act.

Objectives of the Act

2.13 The TRR Act provides national trades skill recognition in 49 prescribed metal and electrical trades through the issue of an Australian Recognised Trade Certificate (ARTC) to eligible permanent Australian residents who do not have formal Australian trade qualifications.

2.14 ARTCs are accepted by employers and unions as the equivalent of the completion of an Australian apprenticeship, are accepted by the TAFE system for entry into post-trade courses and are accepted by relevant state and territory authorities for occupational licensing.

2.15 Since 1946, over 201,000 ARTCs have been issued. Some 134,000 (66 per cent) of these have been to migrants who gained their training and experience overseas.

2.16 The TRR Act has served three purposes, it has:

1. facilitated harmonious industrial relations in the metal and electrical industries by providing an agreed means for recognising trade skills and avoiding disputes over access to types of work and wage levels,
2. facilitated labour mobility and the efficient operation of the labour market by assuring employers about the skills of their workers, and contributed to the development of the skill base of the workforce by facilitating access to further training and by increasing the number of qualified tradespeople legally able to train apprentices, and
3. assisted the appropriate allocation of points for skill to prospective migrants claiming metal or electrical trade skills, and facilitated the post-arrival employment and settlement of migrants.

2.17 The TRR Act has filled a gap in national arrangements for the recognition of skills developed other than through the formal arrangements of an Australian apprenticeship. The importance of the Act in this regard was emphasised in a number of submissions.

2.18 Recognition arrangements in trades covered by the TRR Act have not been available in South Australia or the ACT.

2.19 In its submission, the South Australian Accreditation and Registration Council noted the historical role of the Act as the primary skills recognition provider in South Australia.

2.20 The arrangements which were in place in Western Australia until recently required a formal apprenticeship indenture which might then be shortened on the basis of previous experience. This was an effective barrier to, rather than a means for, recognition.

2.21 There have been differences in the procedures and criteria between those states and territories with recognition arrangements which have reduced the acceptance of recognition in one state or territory by industry in other states and territories. Similarly, there has been an absence of mutual recognition between states and territories.

2.22 However, as discussed in Section 9, the gap which the TRR Act has filled is now being closed by the formal implementation of the Australian Recognition Framework (ARF) from 1 January 1998.

Committees

2.23 The TRR Act establishes tripartite Local Trades Committees (LTCs) and Central Trades Committees (CTC) for specified trade groupings. Each committee is chaired by a senior officer of the Department of Workplace Relations and Small Business (DWRSB) and comprises equal numbers of employer and employee representatives drawn from employer and employee organisations appropriate to the trades dealt with by the committee.

2.24 The Act does not specify the relevant organisations but by convention they have been the following (or their antecedents):

Employer organisations

Metal Trades Industry Association (MTIA)
Australian Chamber of Manufactures (ACM)
National Electrical Contractors Association (NECA)

Employee organisations

Australian Manufacturing Workers Union (AMWU)
Australian Workers' Union (AWU)
Communication, Electrical and Plumbing Union (CEPU).

2.25 Members are appointed by the Minister for Workplace Relations and Small Business following nomination by the relevant organisations. Members "hold office during the pleasure of the Minister", that is, appointments are indefinite. Changes in membership occur as appointees leave, or change their roles within, the Department or employee/employer organisations.

2.26 The Act covers six trade groups - Engineering, Boilermaking, Sheet Metal, Blacksmithing, Electrical and Boot Trades.

2.27 The Boot Trades provisions of the Act have been administratively inactive since December 1989 when appointments to the Local and Central (Boot) Trades Committees were revoked following a 1989 review of the operations of the Act.

2.28 The 1989 review also resulted in the informal practice of concurrent meetings of the Boilermaking, Sheet Metal and Blacksmithing committees at the Central and Local levels being formalised by the administrative establishment of "Fabrication Committees". The three discrete committees are legally maintained under the Act, but they meet jointly with a rationalised co-membership.

2.29 Each Local and Central committee has two employer and two employee representatives, with the exception of the rationalised Fabrication committees which may have up to three employer and three employee representatives. In total there are 161 committee positions representing employers, employees and DWRSB. The actual number of individuals appointed to these positions is less because of appointments to more than one committee and changes over time. Currently, there are 74 individuals appointed to the committees.

2.30 There is currently one female member of LTCs and one female member of CTCs.

2.31 The mean age of the 11 industry members of CTCs is 57 years, with a range of 35 to 74 years. Two members are over 65 years old.

2.32 The mean age of the 59 industry members of LTCs is 55 years, with a range of 26 to 76 years. Six members are 70 years or over, and a further 6 members are over 65 years.

2.33 LTCs are established on a state geographical basis and determine eligibility for the issue of ARTCs to individual permanent Australian residents who apply for recognition under the TRR Act.

2.34 CTCs:

- . establish standards, policies and recognition criteria (which provide the framework for decisions by LTCs in dealing with applications for ARTCs);
- . consider applications for migration assessments in trades covered by the TRR Act from individuals whose training and employment experience does not meet established criteria;

- . provide an avenue for review of decisions; and
- . determine trade classifications to which the Act applies.

Committee Costs

2.35 The costs of the operation of Central and Local Trades Committees are borne by DWRSB and are included in the direct cost structure underpinning TRA=s cost recovery arrangements.

2.36 Costs arise in respect of fares and travelling allowances (at rates set by the Remuneration Tribunal) to enable members and TRA support staff to attend committee meetings.

2.37 These generally arise only in respect of the CTCs and amounted to some \$27,300 in 1996/97 and \$32,100 in 1997/98.

2.38 Sitting fees were paid to members of Central and Local committees until 1989 when they were abolished following the 1989 review of TRA's operations.

2.39 Costs also arise in respect of the servicing of committees by TRA and these are included in TRA's direct running costs but are not separately identified. In 1997/98 these were in the order of \$95,000 (\$35,000 for CTCs and \$60,000 for LTCs). The largest components of CTC servicing costs is 50 per cent of an Administrative Services Officer Grade 3 (costing some \$17,500) and 15 per cent of a Senior Officer Grade C (costing some \$8,500). The costs of servicing LTCs arise from some 20 per cent of the time of TRA regional office Skills Assessors devoted specifically to servicing LTCs.

Issues

2.40 Although the TRR Act has been amended a number of times and the administrative arrangements for it have evolved over the past 50 years, there are a number of issues which arise concerning its continued relevance or the appropriateness of its provisions.

2.41 These issues include:

- . specific provisions of the Act,
- . current developments in the domestic training system,
- . occupational coverage and classifications,
- . the Australian Recognised Trade Certificate,
- . criteria for recognition,

- . committees, and
- . omissions.

Provisions of the TRR Act

2.42 A number of provisions of the Act have become obsolete or fallen into disuse, but have not been removed or modified.

2.43 Examples are the current provisions relating to the Boilermaking, Sheet Metal, Blacksmithing and Boot committees as noted above.

2.44 Other examples are obsolete provisions concerning:

- . certificates issued under the wartime National Security (Trades) Regulations,
- . persons employed as tradespeople before 8 May 1940,
- . the recognition of skills acquired through military service during the second world war, and
- . references to legislation which no longer exists or is no longer relevant such as the *National Security Act 1939*, the *Re-establishment and Employment Act 1945-52* and the *Repatriation Act 1920-51*.

Current developments in the domestic training system

2.45 Until recently, the TRR Act and its administration has reflected and been consistent with the domestic trade training system which has been based on traditional time-based apprenticeships. In particular, the time-based aspects of the criteria for recognition determined by the CTCs have closely reflected the nature of the domestic trade training system.

2.46 The development and increasing implementation of industry competency standards and competency-based training, the recent Commonwealth Government initiative of New Apprenticeships and the formal commencement of the Australian Recognition Framework (ARF) from 1 January 1998 increasingly put the TRR Act and its operation at odds with the operation and direction of reforms of the domestic training system.

2.47 The introduction of the ARF also begins to remove the need for the role the TRR Act has played in providing national recognition in the absence of other effective mechanisms.

Occupational coverage and classifications

2.48 Schedules to the TRR Act prescribe the occupations to which the Act applies. The occupations listed in the schedules are recommended by the CTCs to the Minister who in turn recommends them to the Governor-General in Council for

approval.

2.49 The schedules were last amended in October 1992 when a number of classifications which were obsolete or redundant (with very low application rates) were deleted and a number of new titles reflecting contemporary industry occupation structures were added.

2.50 The classifications used in the schedules are traditional, narrow-based individual trade titles. Since 1992, they have increasingly fallen out of alignment with the trend towards more broad-based occupational classifications arising from restructuring of the relevant metal and electrical industrial awards and the declared trades/vocations of the state and territory training authorities.

2.51 The current development of Training Packages and the specification of certificates in the format of the Australian Qualifications Framework (AQF) under the ARF, will increasingly make the current TRR Act classifications obsolete.

2.52 A caveat in this regard is that, although industrial awards, training authorities and qualifications under Training Packages use broad-based occupational classifications such as Engineering Tradesperson (Mechanical); individual employers and the community in general still relate to traditional titles (such as Fitter, Turner, Machinist and Motor Mechanic) as used in the TRR Act schedules. Nevertheless, there is a need to bring the classifications in the schedules into line with contemporary nomenclature.

2.53 A related issue is the occupational coverage of the TRR Act. It is currently restricted to 49 prescribed metal and electrical "trade" occupations. However, the term "trade" itself will become obsolete with the wider development and implementation of Training Packages and qualifications expressed in terms of the AQF. In most cases, combinations of skill which were considered to be a "trade" will result in qualifications at AQF III level and hence the Act generally provides recognition equivalent to AQF III.

2.54 But in a number of cases the relevant AQF levels may be II or IV which raises questions about the appropriate "vertical" scope of the Act.

2.55 The relatively narrow application of the Act to the current 49 classifications in the metals and electrical areas also raises questions about the "horizontal" scope of the Act.**Australian Recognised Trade Certificate**

2.56 The Australian Recognised Trade Certificate (ARTC) is the equivalent of a trade certificate currently issued by state and territory training authorities on the completion of an apprenticeship.

2.57 Under the National Training Framework (NTF), the current issuing of trade certificates by training authorities on completion of apprenticeship and the issuing of educational certificates by off-the-job training providers (usually TAFE) on completion of the formal technical training component of an apprenticeship should be replaced by the issuing of a single AQF qualification by the training provider.

2.58 For all intents and purposes an ARTC would continue to be the equivalent of an AQF qualification, subject to the criteria on which the ARTC was issued being consistent with the requirements of the relevant Training Package. However, it would be more appropriate for the qualification issued under the TRR Act to be an AQF qualification.

Criteria for recognition

2.59 The criteria for recognition under the TRR Act are determined by the CTCs.

2.60 The CTCs have determined a concept of a tradesperson as a broadly trained and/or experienced worker who, in the course of their ordinary duties, is required to apply detailed technical knowledge and well developed manual skills to undertake a range of generic activities in the context of the specific knowledge and skill requirements of individual occupations. This broad-based concept is supplemented by specific CTC definitions of the activities undertaken by individual occupations, and in some instances the contexts in which they are undertaken.

2.61 The specific CTC definitions have been based on industrial award determinations, common industry structure and practice, and domestic training content and structures.

2.62 In addition to the content and nature of the trade training and work experience, the CTC criteria also include a requirement for a minimum period of time developing and/or applying the relevant skills. The minimum time requirement reflected the time-based nature of domestic apprenticeship arrangements.

2.63 With the progressive implementation of domestic training arrangements based on competency standards, there is a need to reconsider the current nature of the TRR Act criteria for recognition and to modify them in a manner consistent with the ARF.

Committees

2.64 In their joint submission and during consultations with the review committee, the employer and employee organisations represented on CTC and LTC committees supported the retention of the committees.

2.65 However, there are a number of questions which arise about the current committees concerning:

- . continued relevance
- . efficiency and costs,
- . consistency of decisions between committees,
- . geographic coverage,
- . role,
- . structure,
- . composition, and
- . appointments.

Relevance

2.66 The establishment, structure and role of tripartite committees under the Act reflect two main historical factors.

2.67 Firstly, the primary purpose of the Act and the environment in which it developed were driven by industrial relations considerations. As the Act evolved to take on its migration role, industrial relations continued as the main focus of the Act.

2.68 The domestic training system itself was significantly driven by industrial relations with apprentice training matters being largely determined by industrial awards and domestic apprenticeship legislation generally being administered within industrial relations portfolios. The nature and content of the domestic training system reflected industrial award occupational classifications.

2.69 The second factor was the absence of consistent, national competency standards to provide the basis for training arrangements and the benchmarks for skills recognition.

2.70 Hence the role of tripartite committees to determine and apply recognition criteria to provide appropriate skills outcomes which were industrially acceptable.

2.71 Although the industrial parties continue to play major roles in the domestic training system through Industry Training Advisory Bodies (ITABs), training matters have been largely removed from industrial awards and responsibility for the administration of domestic training generally lies in education or related portfolios. The increasing implementation of national industry competency standards and the formal implementation of the ARF now provide a nationally consistent framework for the assessment and recognition of skills.

2.72 The original rationale for the committees established under the Act has declined and their continued relevance is now questionable.

Efficiency and costs

2.73 Despite procedural changes to reduce the number of applications which are required to be submitted to either an LTC or a CTC for final decision, there are still significant delays which arise from the committee process.

2.74 Depending on the frequency of committee meetings, which is determined by the availability of committee members and the accumulation of a sufficient case workload to warrant convening a meeting, and the timing of receipt or initial assessment of an application, these delays can range from a week (in the case of LTCs) or two weeks (in the case of CTCs) to over three months.

2.75 There is scope for improvements in the turn around times for finalising applications for migration assessment and domestic recognition by further reducing, or removing, the roles of LTCs and CTCs in decisionmaking in individual applications.

2.76 The direct costs of the committee system is estimated to account for some \$125,000 in 1997/98 or 8 per cent of total direct costs. The discontinuation of the current committee system would represent a significant cost saving.

Consistency of decisions

2.77 With the possible exception of Queensland, the data on outcomes by LTCs does not suggest any consistently strong biases between committees for which variations in the quality of applicants might not be a reasonable explanation.

2.78 By the same token, there is a high degree of consistency between recommendations from Skills Assessors to committees on applications put to them for decision and the decisions by committees which suggests that there is little value added by committees to the decisionmaking process other than providing an umbrella of tripartite consensus.

Geographic coverage

2.79 The current geographic coverage of committees has not changed since 1946. Committees are established on a state geographical basis. The Act deems the ACT to be part of New South Wales and the NSW LTCs have responsibility for

ACT applications. The Northern Territory is deemed to be part of South Australia and the South Australian LTCs have responsibility for Northern Territory applications.

2.80 Despite the national nature of the ARTC and the criteria and procedures for issuing it, LTCs can only issue ARTCs to residents in the states/territories for which they are responsible under the Act.

2.81 In the case of the Northern Territory, until the past few years, the number of applications was such that the South Australian LTCs nominated deputies located in the Northern Territory to decide applications for ARTCs from Northern Territory residents. The deputies exercised all the powers of the LTC members they represented.

2.82 The Northern Territory deputies were disbanded in 1996 as part of the rationalisation of administrative arrangements under the TRA national business unit because of the low number of applications being received in the Northern Territory.

2.83 Although LTCs still operate in Tasmania, the small number of applications in that state also resulted in a rationalisation of servicing arrangements under the TRA national business unit such that the Tasmanian LTCs and applications are serviced from TRA's Melbourne office.

2.84 The need arising under the Act as it currently stands to maintain and service a committee in Tasmania and the need to service Northern Territory applicants through the South Australian LTCs results in increased costs and delays in the assessment process.

Role

2.85 Questions about the appropriateness of a continued role for LTCs in making final decisions on applications for domestic recognition are raised above.

2.86 Questions can also be raised about the appropriateness of the role of CTCs in making final decisions on applications for migration assessment in TRR Act trades.

2.87 Apart from issues of the cost of this role and the effect it has on the turn around time for finalising applications, there is a conflict between the appropriate composition of CTCs for this role and the appropriate composition of CTCs, or similar committees, for their broader, policy role.

2.88 It is difficult to justify a continuing role for CTCs in considering individual applications, and the adoption of the relevant Training Packages under the ARF as the benchmarks for recognition would obviate the need (or indeed make it

inappropriate) for CTCs (or similar committees) to have a role in setting criteria for recognition.

2.89 However, it might be appropriate to maintain a role for CTCs (or similar committees) of a broader policy nature and as an avenue of review of decisions on individual applications.

2.90 Committees with a broader role might more appropriately have a broader membership base than the current parties to the TRR Act to better accommodate client representation, a possible broader occupational focus and achieve a more contemporary gender balance.

2.91 Committees which continued to have a role in making decisions on individual applications would require technical expertise which would currently tend to exclude a broader social base for committees.

Structure

2.92 The current structure of five committees under the Act, albeit three in effect with the "rationalised" Fabrication committee, reflects the narrow-based occupational schedules to the Act and is at odds with the more-broadly-based and flexible nature of industry competency standards and their combination in Training Packages and under the Commonwealth Government's New Apprenticeship initiative.

2.93 The structure of committees was considered in 1996 by a sub-committee of CTC members considering the adoption of industry competency standards as the basis for recognition. The sub-committee concluded that the five committee structure could more appropriately be replaced by a two committee structure - one covering the metals area and the other the electrical area.

2.94 A two committee structure of the type considered in 1996 would be appropriate where committees played a role in decisions on individual applications. A more broadly-based role would be accommodated with one committee.

Composition

2.95 Employer and employee representatives on committees are nominated by the organisations which are party to the TRR Act. They are usually either office holders or paid officials of the organisations and have relevant trade backgrounds.

2.96 For some time DWRSB has been concerned about committee members who are retired and about the gender imbalance of committees.

2.97 Concern about retired members arises from the need for committees to be aware of contemporary skill developments and workplace practices, and to be in touch with the current policies of their organisations and able to represent those policies.

2.98 The 1989 Tregillis review of the TRR Act recommended that members of LTCs should be serving officers or employees of the organisation they represent; but made the proviso that in special circumstances retired members should be allowed

to continue to serve on committees for a maximum of three years beyond retirement. This recommendation was endorsed by CTCs and accepted by the Government.

2.99 The 1989 Tregillis review also recommended that members of CTCs should be senior serving officers or employees of their organisations and be able to make policy decisions on behalf of their organisations. This recommendation was also endorsed by CTCs and accepted by the government.

2.100 However, despite efforts by TRA to implement this policy including Ministerial correspondence to the relevant organisations, 20 per cent of current LTC members are retired (with 6 members being over 70 years of age) and 2 of the current 11 CTC members are retired (with one being over 70 years of age).

2.101 In 1990, the Government set a requirement for improved gender balance on government boards and committees which has also been brought to the attention of the relevant organisations on a number of occasions. There is currently one female member of LTCs and one female member of CTCs.

2.102 A difficulty in developing and maintaining an appropriate composition of committee members has been the indefinite period of appointments under the current provisions of the TRR Act. Although the Minister has the power to revoke appointments and seek new nominations, it would be less controversial and better maintain the cooperation of the parties if appointments were for a fixed term (say three years).

Appointments

2.103 As noted above, the current provisions of the TRR Act which give rise to indefinite appointments to committees should be replaced with fixed term appointments of say three years.

2.104 It might also be appropriate for any legislative basis for appointments to also stipulate the skills and social mix of committees. This would be appropriate if committees (or a single committee) undertook a broader role rather than the generally narrow function of decisionmaking on individual applications.

2.105 The Act currently provides for the appointment of Chairs, Deputy Chairs and Secretaries by the Minister and these have been DWRSB officials. These appointments under the Act are on a personal basis which causes administrative difficulties as departmental staff move. It would be appropriate for these appointments, or similar appointments under any revised legislation, to be on an ex-officio basis.

Omissions

2.106 The TRR Act provides for CTCs to review decisions by LTCs. However, advice from the Office of General Counsel (OGC), within the Attorney-General's Department, is that despite the Tradesperson's Rights (Cost Recovery) Regulations which provide the authority to charge fees for applications under the TRR Act, it is currently not possible to charge for reviews of LTC decisions by CTCs.

2.107 Advice from OGC also indicates that under the current provisions of the TRR Act CTCs are unable to review their own decisions because the Act makes their decisions final.

2.108 Although earlier advice indicated that committees could delegate their powers to Skills Assessors, and since then there has been a devolution of powers to Skills Assessors to make decisions in prescribed circumstances, the most recent advice in the context of charging for reviews suggests that the powers of committees cannot be delegated.

2.109 These issues have implications for the funding and efficiency of the administration of the TRR Act and should be clarified through appropriate amendments to it or in any replacement legislation.

Amendments to or replacement of the TRR Act

2.110 In addition to the issues discussed above and the scope for amendments to the Act arising from them, there are issues concerning the gender biased language of the Act in its current form and the need to reconsider its title in light of contemporary skills developments and the nature of changes which arise from the above issues.

2.111 The extent and degree of amendments which should be made to the current Act are such that a comprehensive re-write would be necessary and it would be more appropriate to repeal the Act and replace it with new legislation.

Conclusions

2.112 Over the past 50 years the TRR Act has played important roles in industrial relations, the operation of the skilled labour market and the administration of Australia's migration program. In particular, it has provided a means for the national recognition and mobility of skills which did not otherwise exist.

2.113 However:

a large proportion of the provisions in the Act have become obsolete and now have no useful purpose,

changes are needed to criteria, procedures and skill classifications under the TRR Act to bring it in line with the domestic training system and the ARF,

the development of the national training reform agenda over the past 10 years and the implementation of the ARF are overcoming the deficiencies in other domestic recognition arrangements which provided the rationale for the continuation of the TRR Act beyond the immediate post-war period, and

the value the committee structure under the TRR Act adds to the recognition process, compared to its cost and impact on the average time it takes to finalise applications for recognition, and its continued relevance are questionable.

2.114 Most submissions, including those from industry and especially those from state and territory training authorities and ANTA, raised the inconsistency of the TRR Act in its current form with arrangements under the ARF. A number of submissions questioned the continuing role of the Act in light of the implementation of the ARF.

2.115 The extent of amendment which would be needed to bring the TRR Act up to date is such that it should be repealed.

2.116 If a similar function was to continue through the Commonwealth Government, there should be new legislation enacted and:

- (a) the skill coverage of the new legislation should be expanded both horizontally and vertically on that of the TRR Act and be consistent with the titles of qualifications in Training Packages,
- (b) administrative arrangements and assessment criteria and processes should be consistent with the ARF,

- (c) assessments should be undertaken by skills assessors, who meet the requirements of the relevant Training Packages, engaged on a fee-for-service basis,
- (d) assessments should be undertaken on a case by case basis against relevant Training Packages or competency standards, and formal training criteria based on the equivalence of overseas training programs to Australian standards should not be developed or maintained,
- (e) assessments should be finalised on the basis of the documentary evidence originally provided by applicants without the current TRA processes for additional documentation and overseas technical interviews,
- (f) all clients should be provided with statements of the competencies they are assessed as having demonstrated,
- (g) qualifications issued under any such arrangement should be AQF qualifications or be consistent with AQF qualifications,
- (h) a single, broadly-based national consultative body should be established to provide advice on broad matters of policy and an avenue for review of decisions,
- (i) appointments to the consultative body should be for fixed three year terms and include senior serving officials or employees of relevant employer and employee organisations, and a community representative reflecting the client base of the function,
- (j) Government officials appointed to or servicing the consultative body should be on an ex-officio basis, and
- (k) there should be comprehensive arrangements for cost recovery in respect of all aspects of the function.

3. FUNCTIONS AND OPERATIONS OF TRADES RECOGNITION AUSTRALIA

3.1 Trades Recognition Australia is part of the Commonwealth Department of Workplace Relations and Small Business (DWRSB).

3.2 TRA performs two functions:

- . it provides formal recognition of trade skills of permanent Australian residents in prescribed trades on a national basis, and
- . carries out assessments of the trade skills of prospective migrants.

3.3 These functions, and the relationship between them, are shown diagrammatically in Figure 1.

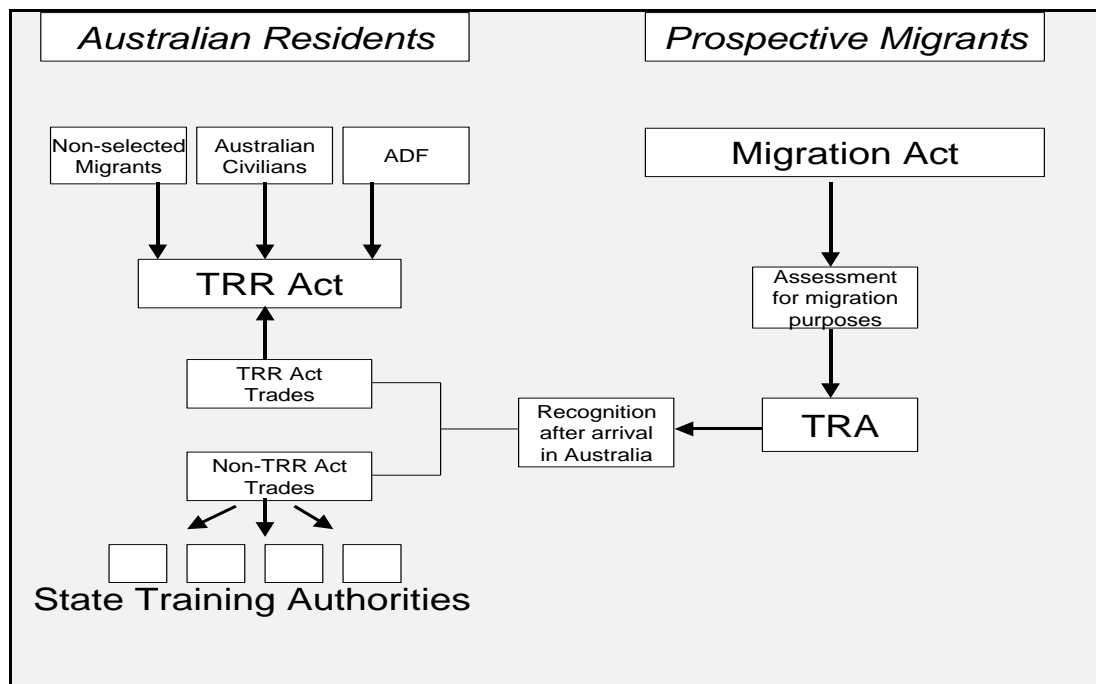


Figure 1

Formal recognition of trade skills of permanent Australian residents

3.4 TRA provides formal recognition of trade skills through its administration of the *Tradesmen's Rights Regulation Act 1946* (TRR Act) under which it provides national trades skill recognition in 49 prescribed metal and electrical trades (TRR Act trades) by issuing an Australian Recognised Trade Certificate (ARTC) to eligible permanent Australian residents who do not have formal Australian trade qualifications.

3.5 ARTCs are accepted by employers and employees as the equivalent of the completion of an Australian apprenticeship, are accepted by the Technical and Further Education (TAFE) system for entry into post-trade courses and are accepted by relevant state and territory authorities for occupational licensing.

3.6 As noted in the previous section, the role of the TRR Act in providing national skills recognition has been undertaken in an environment where alternative arrangements for the recognition of skills developed other than through an Australian apprenticeship have not been available in all states and territories.

3.7 In those states which have had recognition mechanisms in place and the Northern Territory, there have been informal agreements between TRA and the relevant training authority to avoid duplication and encourage cooperation in trades recognition matters. Until 1996, the relevant legislation in Tasmania precluded the state authority from providing recognition in trades covered by the TRR Act.

Assessments of the trade skills of prospective migrants

3.8 TRA carries out assessments of the trade skills of prospective migrants under regulations to the *Migration Act 1958* in the 49 TRR Act trades and 135 other classifications (non-TRR Act trades) to assist the Department of Immigration and Multicultural Affairs (DIMA) in the administration of the skilled stream of the migration program, particularly the Independent and Skilled-Australian Linked categories.

3.9 Schedule 6 of the Migration Regulations specifies the conditions for points to be allocated for qualifications under the general points test and requires qualifications and experience to be assessed by the "relevant Australian authority" for equivalency to "Australian standards".

3.10 Regulation 2.26 defines the Australian standard for trades as a trade qualification obtained as the result of completing a formal apprenticeship in Australia administered by a state or territory training authority.

3.11 Regulation 2.26 also identifies DWRSB as a relevant Australian authority, and the Procedures Advice Manual issued by DIMA specifies the occupations for which DWRSB exercises this role.

3.12 TRA has been conservative in the non-TRR Act trades it has undertaken to assess for migration purposes, restricting itself to occupations which it has been clearly competent to assess. The trade areas currently not assessed are the food and horticulture trades and hairdressers. Assessments in these trades are undertaken by Migration Officers.

Linkages

3.13 There is a distinction between "assessment" and "recognition".

3.14 Assessment is the process of collecting evidence and making judgments on the extent and nature of skills and knowledge against the relevant standards. In the migration context, the purpose of assessment is to provide advice to DIMA on whether a prospective migrant meets the relevant Australian standard for migration purposes and does not of itself provide recognition.

3.15 Recognition is given by the issuing of a credential which attests to the skills and knowledge which are held; recognition is provided under the TRR Act by issuing an ARTC. Recognition is based on the outcome of assessment.

3.16 Prospective migrants are assisted in making the final decision to proceed with migration and are facilitated in their post-arrival settlement process where there is a high degree of certainty about achieving recognition in Australia.

3.17 TRA provides a high degree of certainty in respect of the TRR Act trades through the integration of pre-migration assessment and post-arrival recognition in its administrative arrangements. The joint submission to the review by the Adult Multicultural Education Service and the Northern Metropolitan Resource Centre in Victoria noted the importance of this in the migrant settlement process.

3.18 Recognition under the TRR Act after a migrant arrives in Australia is based on TRA's assessment undertaken as part of the migration selection process. Additional processes are involved to ensure identity, verify documentation and, where necessary, verify the original assessment through further assessment.

3.19 Although TRA does not have a role in recognition in Australia in the non-TRR Act trades, it has agreements in place with a number of state training authorities (and has been negotiating with others) to streamline their recognition processes based on TRA's pre-migration assessments.

3.20 TRA also has agreements in place with all state and territory electrical licensing authorities and plumbing registration boards for the automatic licensing/registration of migrant electrical mechanics, plumbers, drainers and gasfitters who have been positively assessed by TRA overseas prior to arriving in Australia.

Other activities

3.21 In addition to its specific assessment and recognition functions, TRA undertakes broader policy and advisory roles in respect of skills recognition, vocational training, industrial relations and immigration matters in the context of overseas skills recognition.

3.22 These include liaising with and providing advice to:

- . DIMA,
- . the Immigration Review Tribunal (IRT),
- . the National Office of Overseas Skills Recognition (NOOSR) within the Department of Employment, Education, Training and Youth Affairs (DEETYA),
- . state and territory government overseas qualification units (OQUs),
- . state and territory government training authorities (STAs),
- . state and territory government occupational licensing authorities, and
- . industry training advisory bodies (ITABs).

3.23 Examples of these activities include such things as:

- . advice to DIMA on trade occupations to be included in the list of Occupations Requiring English (ORE);
- . advice to the IRT on the nature of trade occupations;
- . the development with NOOSR and OQUs of "Guiding Principles for the Assessment and Recognition of Overseas Skills and Qualifications"; and
- . participation on an industry reference group to develop a workplace-based assessment model for the metals industry.

Structure

3.24 TRA was restructured from 1 July 1996 to operate as a national business unit to:

- . be more consistent with its national focus
- . improve the domestic recognition process as a continuation of the overseas assessment process, and
- . facilitate a more efficient, flexible and equitable management of resources.

3.25 Prior to this, overall policy and procedural direction was provided by TRA's Central Office (which was also responsible for overseas assessments) but resource responsibility for local operations was devolved to departmental State Offices through the global funds allocations to those offices.

3.26 The devolved administrative arrangements resulted in fragmentation of the management of the TRA function and its processes and outcomes.

3.27 TRA's Central Office is now responsible for the overall management of the

Trades Recognition Australia network. Regional office-based TRA staff report to and are supervised from Central Office.

3.28 Central Office is responsible for:

- . the overall development and implementation of, and the provision of advice and direction on, policy and procedures for the TRA network to maintain national consistency in TRA's assessment criteria and processes,
- . the overall coordination and management of all TRA Skills Assessors (in Central Office and in regional offices); including setting broad priorities and objectives, and interpretation of and direction on policies and procedures,
- . all national administrative and operational matters, including financial and budget development, allocation and monitoring.

3.29 Migration skills assessments continue to be predominantly undertaken from Central Office. Assessments and the administrative tasks for the issuing of Australian Recognised Trade Certificates (including servicing Local Trades Committees) continue to be predominantly undertaken in the regional offices.

3.30 The implementation of the TRA national business unit coincided with replacement of the department's State and Territory office structure with a four region structure, and this is reflected in TRA's local staffing arrangements. TRA offices are located in Sydney, Melbourne, Brisbane, Perth and Adelaide with responsibility for the geographic areas indicated:

Sydney-based TRA staff	- NSW and ACT
Melbourne-based TRA staff	- Victoria and Tasmania
Brisbane-based TRA staff	- Queensland
Perth-based TRA staff	- Western Australia
Adelaide-based TRA staff	- South Australia and the Northern Territory

3.31 In the absence of TRA staff in Hobart and Darwin, DWRSB regional office staff service inquiries about TRA by providing clients with the TRA information brochure and application form. Where clients require more detailed advice they are referred to TRA's Melbourne and Adelaide offices respectively; where necessary clients may use a telephone in the DWRSB office for this.

3.32 TRA applicants in Tasmania and the Northern Territory are generally required to forward their applications and fee payments to the Melbourne and Adelaide TRA offices respectively.

3.33 As part of their corporate representative role, departmental Regional Office Managers (and in the cases of Tasmania and WA, the area office managers) are appointed as Chairs of the relevant Local Trades Committees. An appropriate senior officer in the departmental regional office, agreed between the Regional Office Manager and the Director TRA, is appointed Deputy Chair.

3.34 An organisation chart for TRA is at Appendix H1.

Conclusions

3.35 In addition to its administration of the TRR Act, TRA has also played an important role in the administration of Australia's migration program and has played a relevant and valuable policy and advisory role in respect of skills recognition, vocational training, industrial relations and immigration matters.

3.36 The linkages established by TRA between its skills assessments for migration purposes and occupational licensing and domestic recognition for non-TRR Act trades have been positive developments.

3.37 The development and implementation of the national business unit approach to the management of TRA since 1 July 1996 has improved the efficiency and coordination of TRA's activities.

4. TRA ASSESSMENT METHODOLOGY AND PROCEDURES

Overview

4.1 TRA's assessment process is similar for both its migration assessment and domestic recognition functions, but there are two areas of difference.

4.2 Firstly, there are limitations in the migration assessment context which reduce the range of assessment methodology compared to the domestic recognition situation.

4.3 Secondly, there are differences between the approaches to TRR Act and non-TRR Act trades in the migration assessment process.

4.4 All applicants must provide evidence that they are capable of performing the full range of trade duties normally undertaken by, and to the same level of skill as, a tradesperson in Australia.

4.5 The TRA concept of a tradesperson is a broadly trained and/or experienced worker who, in the course of their ordinary duties, is required to apply detailed technical knowledge and well developed manual skills to:

- . read common working instructions and technical drawings,
- . independently plan the method and order of progressing a job,
- . take measurements and readings using measuring instruments of appropriate accuracy,
- . mark out, lay out and set up work,
- . select appropriate techniques, materials, tools, machines and/or equipment,
- . make appropriate settings on tools, machines and /or equipment,
- . check and/or test their work in relation to the relevant standards, and
- . carry out these tasks in a safe and timely manner.

4.6 These generic skills are assessed in the context of the specific knowledge and skill requirements of individual occupations.

4.7 The assessment process examines the qualifications held, and the scope and nature of trade work undertaken, by applicants through a combination (as necessary and possible) of documentation, interviews, on-the-job inspections and trade tests.

4.8 These tools are used in a hierarchical way; with documentation being at the first level of the hierarchy (with the majority of decisions being made solely on the basis of documentation) and trade testing being the top level (with a very small proportion of decisions being made after testing).

4.9 The onus is on applicants to provide the necessary information to support their claims. However, where an applicant provides sufficient evidence to establish

a prima facie case about their skills and knowledge but the evidence is insufficient for a final decision because there are residual doubts or deficiencies in their evidence, they are given the opportunity to provide additional documentary evidence and/or a technical interview.

4.10 Where an applicant is given a further opportunity to establish their claims by submitting additional documentary evidence, they are given specific guidance on the nature and content of the additional information or clarification required.

4.11 A technical interview provides an applicant with the opportunity to elaborate on or clarify aspects of their relevant training and experience, and includes questions relating to relevant theoretical knowledge. Interpreters may be used where necessary to provide general assistance in plain language to facilitate communication rather than to interpret technical terms. Discussion of technical matters is facilitated by the use of diagrams, drawings and other demonstration aids as necessary to which applicants with the relevant trade knowledge and experience readily relate.

4.12 Assessments are undertaken by Skills Assessors, who are officials of DWRSB, and who are qualified tradespeople and accredited workplace assessors against the national competency standards for assessment.

4.13 Although Skills Assessors are qualified in specific trades, they also have knowledge in and/or exposure to a wide range of trades. The broad-based knowledge and experience of Skills Assessors is consistent with the current TRA broad-based concept of a tradesperson and with the strong affinity between the trades assessed by TRA.

4.14 The recruitment process selects applicants with this broader trade knowledge and exposure. The entry knowledge and experience of Skills Assessors is built on through on-the-job training and experience. A crucial part of the on-the-job development process is collaboration between Skills Assessors of different specific trade backgrounds.

4.15 Other training undertaken by Skills Assessors includes training on feedback skills, accountability, administrative law, access and equity, and working with interpreters.

4.16 TRA's assessment process is consistent with the National Framework for the Recognition of Training (NFROT) principles for the recognition of prior learning:

- . TRA assessors are qualified in relevant trades and are accredited workplace assessors against the national competency standards for assessment,
- . TRA application forms are designed specifically to seek the relevant information required for the assessment process,
- . TRA provides detailed information and advice to applicants on the process and the evidence they need to submit, and
- . there is a formal mechanism for review.

Differences between migration and domestic methodology

4.17 Logistical, cost and technical constraints restrict the range of methodology available for migration assessments compared to domestic recognition. The main differences are a lower incidence of technical interviews and the absence of trade tests in migration assessments.

4.18 Migration assessments are primarily based on documentary evidence. This may be supplemented by technical interviews as necessary for applicants in TRR Act trades from major criteria countries. Applicants from non-criteria countries or in non-TRR Act trades are generally not interviewed.

4.19 Applicants for migration assessment live in over 100 countries around the world of greatly varying industrial and training circumstances and quality, and this makes trade tests overseas impractical. Factors in this include:

- . cost,
- . the logistics of identifying potential trade test agents and negotiating contractual arrangements,
- . the knowledge, experience and competence of testing staff,
- . the standards which will be applied (including the difficulty of ensuring Australian standards can be utilised),
- . the quality and nature of the facilities, equipment and materials that would be available, and their relevance to Australian conditions, and
- . test supervision, security and the bona fides of test results.

4.20 Some of these issues may be adequately resolved in some countries, but there is a danger that carrying out testing in locations where it may be feasible will

set precedents which will make it difficult to not test in many other circumstances where it is not feasible.

4.21 Costs and the spread of applicants over many countries also constrain the ability to interview applicants in all countries. Consequently, technical interviews are only held for applicants in TRR Act trades, where appropriate, in criteria and a small number of non-criteria countries.

TRR Act Trades

4.22 The assessment process is based on the equivalence of formal qualifications and the comparability of training and experience.

4.23 Formal training criteria for TRR Act trades, identifying training equivalent to formal training through the domestic training system have been developed for a number of countries ("criteria countries") and for the ADF through tripartite study missions.

4.24 For non-criteria countries and persons who don't meet the equivalence criteria, the criterion is that an applicant is able to demonstrate that they have a minimum period of experience performing the full range of work, and to the level of skill, ordinarily done by an Australian tradesperson, and they are capable of performing that work in Australia. The minimum periods have been determined by the tripartite Central Trades Committees established under the TRR Act and are six years for the metal trades and seven years for the electrical trades - commonly known as the "6/7 year rules".

4.25 Applicants seeking recognition of trade skills developed informally in Australia are assessed under the six and seven year rules.

4.26 Appendix H2 is a simplified flow chart illustrating the assessment process for TRR Act trades.

4.27 The TRR Act gives the LTCs and CTCs the power to make decisions on individual applications. However, the committees have devolved decisionmaking to Skills Assessors in defined circumstances.

4.28 In the case of domestic recognition applications, initial assessments are undertaken by Skills Assessors who may refuse an application where the applicant does not establish a prima facie case against the relevant criteria. Where an applicant does establish a prima facie case against the relevant criteria, the Skills Assessor prepares a report, including a recommendation, to the LTC for a final decision. The majority of cases are referred to LTCs for decision.

4.29 In the case of assessments for migration, Skills Assessors may refuse any application where the applicant does not establish a prima facie case against the relevant criteria. Skills Assessors may also classify an applicant from a criteria country who meets the relevant country criteria. Where an applicant from a non-

criteria country does establish a prima facie case against the 6/7 year rule, the Skills Assessor prepares a report, including a recommendation, to the CTC for a final decision. The majority of cases are decided by Skills Assessors.

4.30 The currency of the formal training criteria has been maintained through follow-up tripartite missions and regular first hand monitoring of training and work arrangements by Skills Assessors.

4.31 The last tripartite mission was in September 1988, and most of the current formal training criteria are based on missions undertaken in the late 1970s and in the 1980s.

4.32 Greater emphasis has been placed on investigations by Skills Assessors. In recent years, major reports have been prepared by Skills Assessors on a number of non-criteria countries and these have been adopted by the Central Trades Committees as guidelines for assessment of applications from those countries.

4.33 Detailed information is sought from applicants about their general education, technical or vocational education and training, and work experience. Guidance is provided to applicants on the type of evidence required, stressing the need for statements of service from employers documenting periods of employment, employment classifications and detailed descriptions of the work undertaken.

4.34 Where a person is classified in a TRR Act trade through the overseas assessment as part of the migration process, and they subsequently attain permanent residence status in Australia, they may seek formal recognition of their trade skills through the granting by TRA of an Australian Recognised Trade Certificate. A trade test may be required in Australia before a certificate can be granted.

Non-TRR Act Trades

4.35 The assessment process in the non-TRR Act trades is similar to that for TRR Act trades. It uses the TRR Act formal training criteria and TRA guidelines where relevant. For other countries and for persons who don't meet the formal criteria or guidelines, the criterion is relevant and adequate employment experience. Relevant means the full range of activities and to the level of skills of an Australian tradesperson, while adequate has been defined administratively by TRA as 6 years.

4.36 Assessments are based on documentation of formal qualifications, employment experience, and other relevant evidence provided by the applicant. Technical interviews are not undertaken in non-TRR Act trades.

4.37 Appendix H3 is a simplified flow chart illustrating the assessment process for non-TRR Act trades.

Trades Recognition Australia Information System (TRAIS)

4.38 The Trades Recognition Australia Information System (TRAIS) provides the administrative framework for the assessment process. TRAIS is an electronic data

system which has evolved through a number of systems since 1987. It is a DOS-based system developed on DataFlex software.

4.39 It entails a series of procedures Skills Assessors follow in undertaking the assessment of an individual. It performs internal checks on process, ensures consistency, allows the tracking of individual applications (procedurally and physically), integrates data on overseas and domestic applicants, produces correspondence and other documentation, provides a secure national record system and produces management information and system statistics.

4.40 The characteristic data which is collected and kept on applicants includes that which is necessary to TRA administrative and assessment needs, and that which is collected to meet government requirements for access and equity reporting requirements.

4.41 The security aspects of TRAIS meet the requirements of the privacy principles under the Privacy Act.

Information to Applicants

4.42 Detailed information is sought from applicants and detailed information is provided to assist them provide it.

4.43 A general brochure outlines the assessment process and gives specific direction on the type of evidence required, stressing the need for statements of service from employers documenting periods of employment, employment classifications and detailed descriptions of the work undertaken.

4.44 Special brochures for applicants seeking to have their electrical or plumbing skills assessed have been produced by TRA which outline the arrangements for licensing or registration for successful applicants on arrival in Australia, and include the contact details for each licensing and registration authority.

4.45 Instructions on the application form reiterate the key information from the general brochure and the application form is designed specifically to seek the relevant information required for the assessment process.

4.46 The brochures and the application form are reviewed annually and revised as necessary in the light of experience to make them more effective.

4.47 As noted earlier, as part of the assessment process, further guidance may be provided to applicants on evidence they need to provide.

Review Mechanisms

4.48 TRA has review mechanisms in place which work through a number of levels from the informal to the formal. At the less formal end of the spectrum the approach for TRR Act and non-TRR Act trades is the same; at the more formal end, the approaches differ.

4.49 Initially, applicants may seek general counselling or feedback on the outcome of their assessment. Where a request for counselling or feedback is made orally, the applicant is provided with an oral explanation of the decision making process and the reasons for the decision in their particular case. Where an applicant seeks written advice this is provided.

4.50 Where an applicant seeks copies of documents related to their assessment, these are readily provided.

4.51 Where an applicant seeks a more detailed statement of reasons for a decision, irrespective of whether a formal request is made under the Administrative Decisions (Judicial Review) Act (AD(JR) Act) or whether such a formal request complies with the parameters of the Act, this is readily provided following a format which complies with the requirements of the AD(JR) Act.

4.52 This statement details the assessment process, the criteria used and how the criteria was determined, the evidence submitted by the applicant and how it was assessed against the criteria, and the overall conclusion drawn from the assessment of the evidence provided.

4.53 Where an applicant, after considering feedback on, or explanation of reasons for, a decision seeks a formal review in respect of a TRR Act trade there is formal recourse to review by the CTCs.

4.54 In the case of non-TRR Act trades, the mechanism is internal review by the Director of TRA which may involve a re-assessment by a Skills Assessor (other than the person who undertook the original assessment).

4.55 The standard "refuse" letter to unsuccessful applicants informs them of the review option and includes a review application form.

4.56 The review fee is refundable where the original decision is reversed and no new evidence, to that provided with the original application, is submitted which has a material impact on the outcome of the review. Where, in responding to an administrative law process, TRA identifies a TRA error in an assessment it is reviewed at no charge.

Quality Control

4.57 Quality control in the assessment process is achieved through policy and procedural instructions, managerial directions and reference material. These include written procedures and instructions, tripartite mission reports, investigation reports prepared by Skills Assessors, and general reference material.

4.58 TRAIS plays a major role in quality control.

4.59 While Skills Assessors operate within a defined policy and procedural framework, they are also required to exercise judgement within that framework. A high quality of judgement is maintained through the careful selection of Skills Assessors, training in the policy and procedures, the requirement for Skills Assessors to be qualified tradespeople with knowledge and/or experience of a wide variety of trades, and the requirement for Skills Assessors to be accredited workplace assessors.

4.60 Skills Assessor decisions are reviewed by supervisors in the context of applications for review, and to a lesser extent randomly, and feedback sessions are regularly held on specific cases and general issues.

Fraud Control

4.61 TRA fraud control procedures are linked to the Fraud Control Plan for the Department of Workplace Relations and Small Business overall. The DWRSB fraud control plan identifies information provided by applicants, and subornation of Skills Assessors, as the major fraud risk areas for TRA.

4.62 TRA Skills Assessors are trained and experienced in the identification of doubtful information; this is assisted by on-going liaison with foreign training and education authorities and with Australian migration posts overseas. Potentially fraudulent documents or information are identified through such liaison, specific intelligence provided by migration posts, conflicting information on file, Skills Assessors' knowledge of training documents in overseas countries, and inspection of documents for tampering.

4.63 The fraud control procedures are to be enhanced through the use of TRAIS to more systematically examine random samples of applications.

4.64 Where doubts arise, TRA authenticates documents through overseas training and education authorities and migration posts.

4.65 The risk of decision makers being suborned to make favourable assessments is controlled by the careful selection, training and briefing of Skills Assessors and the sample checking of Skills Assessor decisions by supervisors. General departmental rules and procedures concerning the acceptance of gifts by departmental officers apply to TRA Skills Assessors.

Conclusion

4.66 TRA's assessment methodology and procedures for domestic recognition and migration assessment have been valid, reliable, accurate, fair and efficient in the context of the TRR Act and the general domestic training and industrial environment in which it has operated.

4.67 TRA utilises standard evidence gathering tools for the recognition of prior learning relevant to the context in which it operates - the main tools have been portfolios of corroborated and authenticated documentary evidence, oral testing, observation on-the-job, and practical testing.

4.68 TRA has:

well developed policies and procedures,

appropriately qualified and experienced Skills Assessors,

extensive and appropriate arrangements to provide information, advice and feedback to its clients,

effective and reliable information management arrangements,

fair and equitable review mechanisms,

appropriate quality control arrangements, and

comprehensive and effective fraud control arrangements.

4.69 The policy of not trade testing overseas applicants is appropriate given the logistical, costs and technical constraints.

4.70 However, the policy of interviewing overseas applicants in TRR Act trades and from criteria countries, but not those in non-TRR Act trades or from non-criteria countries is inconsistent. The same procedures should apply to all applicants, irrespective of the trade being assessed or the source country.

5. ASSESSMENT ISSUES

Competency-based assessment and TRA

5.1 The TRA process has reflected the domestic industrial and training environment. Consequently, to a very large extent it is based on time-serving through its minimum experience periods and to the extent that overseas training given "equivalent" status is time-based.

5.2 Despite this, the process, with its formal training criteria and guidelines, has been more standards-based than the training system in general. In addition, the minimum experience period requirement is two dimensional - the first dimension is time, the second is the content and nature of the trade training and work experience.

5.3 TRA has been preparing to replace its broad-based concept of a tradesperson with industry competency standards as the domestic training system has moved towards competency-based training and assessment.

5.4 The pace of reform by TRA has been dependent on developments in the industrial and training systems and on the development and, more importantly, implementation of national skill standards by industry. The pace in these regards has been slow and consequently so has reform by TRA.

5.5 Some time ago TRA identified issues which would need to be addressed in the adoption of competency-based assessment. These include:

- . the implications for the existing trade classification titles used by TRA and the titles TRA should adopt,
- . the implications for the existing formal training criteria and guidelines, and the minimum experience period requirement,
- . whether and how the "equivalence" aspect of the TRA process and the existing formal training criteria and guidelines would sit within a competency-based system,
- . the amount and detail of information that clients could reasonably be expected to provide under a competency-based approach to assessment based on documentation,
- . the resource and assessment-time implications of a competency-based system, and
- . the training needed by Skills Assessors to equip them to use industry competency standards.

5.6 TRA's existing Skills Assessors undertook the relevant training for accreditation as workplace assessors against the national competency standards for assessors in the middle of 1994. New assessors undertake the training and accreditation, as well as internal training in TRA's policies, procedures, criteria and guidelines as they are engaged.

5.7 Also in 1994, Training and Development Services of the University of Technology, Sydney (UTS) was engaged to undertake an independent review of the existing TRA assessment processes to identify aspects which may require adjustment in adopting competency-based assessment and to advise on possible models for competency-based assessment by TRA.

5.8 UTS concluded that the current TRA process is essentially a competency-based system, albeit one which has operated in the absence of industry skill standards. It said:

"There are parallels between standards-based recognition processes and current recognition processes...The present process is a step-wise evidence-based assessment...(focussing) on a holistic and integrated assessment of trade skills and experience. This approach is quite consistent with any competency-based assessment, except that it has had to be conducted in the absence of clearly explicit industry standards (ie National Training Board standards). It embodies the fundamental approaches of competency-based assessment..."

5.9 The main recommendations emerging from the UTS investigation were:

- . the current assessment procedures should be retained with only minor adjustments to adopt industry competency standards as they become available,
- . when competency standards are adopted, assessment should be at the unit of competence level,
- . the current explicit time element should be altered to become indicative of the period of experience generally required to provide a reasonable assurance of competency which should be applied in the context of the full scope of the evidence provided by the applicant, and
- . core competencies with a cultural base (such as those relating to work organisation, occupational health and safety, communication and quality) might need to be "deemed" and the TRA assessment should focus on technical knowledge and skills aspects of industry standards.

5.10 A steering committee of members of the Central Trades Committees was formed in 1994 to oversight the implementation of competency-based assessment by TRA. This activity was suspended late in 1995 until the situation with the implementation of competency standards in the domestic training system was more advanced. This has now been overtaken by the development of the Australian Recognition Framework (ARF).

5.11 However, the steering committee identified a number of threshold issues which TRA would need to resolve. Three key issues concerned the 6/7 year rules, the feasibility of maintaining formal training criteria, and the alignment of the ARTC to the Australian Qualifications Framework (AQF).

5.12 TRA's 6/7 year rules are controversial in the context of competency-based assessment. Nevertheless, there is a question of whether there is any role for a period of experience as a surrogate for the demonstration of competency.

5.13 The current TRA process entails a time dimension which was consistent with the domestic time-based apprenticeship system.

5.14 While time is not consistent with a purist approach to competency-based assessment, there are practical issues which need to be considered - including any role time has in achieving a balance between the competing requirements of skills assessments of fairness and accuracy on the one hand and timeliness and economy on the other.

5.15 With TRA's overseas clients, it is just not possible to physically assess competency through on-the-job observation or a trade test, and there are limitations on the assessment that can be made based on documentary evidence of experience.

5.16 The steering committee considered a time guideline would be appropriate because skills cannot be developed instantaneously and a means is needed for filtering out frivolous claims and for judging whether it is realistic for skills to have been developed.

5.17 It also noted that the proposed competency-based domestic training system included, at least for resourcing and scheduling purposes, a nominal period of training which the average trainee would require to achieve competency.

5.18 With regard to the formal training criteria, the steering committee noted the logistics and resource requirements of aligning overseas training programs against Australian competency standards.

5.19 As an alternative to this, the steering committee considered the approach of lapsing the formal training criteria and assessing all applicants directly against the standards, with details of their training and experience providing the basis of assessment. The steering committee noted that this approach would put a greater burden on applicants to provide very extensive and detailed documentation of their training and experience.

Assessment outcomes

5.20 Assessments undertaken by TRA are summative. That is, they determine whether an applicant meets a prescribed skill standard - in the migration context whether they meet the requirement for the allocation of points for skill, and in the domestic recognition context whether they meet the requirement for issuing an ARTC.

5.21 The outcomes of assessments are reported in terms of whether the prescribed skill standard is met or not met. Unsuccessful applicants are provided with advice on the reasons for the outcome of the assessment, including an indication of the areas of skill, knowledge or experiential deficiencies.

5.22 Unsuccessful applicants are not provided with a statement of the competencies they have been assessed as having. To a large extent this has been due to cost constraints, the broad-based benchmark adopted for TRA assessments and the prime purposes of the assessments.

5.23 There would be formative benefits for unsuccessful applicants if TRA provided statements of the competencies held to better enable them to gain additional training or experience in the areas in which they are deficient. This would be of particular benefit to ARTC applicants.

5.24 This approach would be facilitated by the use of Training Packages under the ARF as the benchmark for TRA assessments.

Formal training criteria

5.25 Formal training criteria underpin the equivalence aspect of TRA's assessment methodology. Although they have been developed for only 44 of the more than 100 source countries of TRA applicants, these countries account for some 75 per cent of applicants for migration assessment.

5.26 Although there has been some updating of formal training criteria on the basis of reports prepared by Skills Assessors, CTCs have refused to establish new criteria or make significant amendments to existing criteria without formal tripartite missions and most of the criteria are dated.

5.27 The last tripartite mission was in September 1988, and most of the criteria are based on missions undertaken in the late 1970s and in the 1980s.

5.28 There has been considerable discussion at joint meetings of CTCs on the most appropriate means for updating overseas criteria. Debate has centred around tripartite missions. The issues in these discussions have been complex; concerning methodology, reliability, cost, representation of CTC member organisations, and financial contributions by CTC member organisations.

5.29 Tripartite missions are expensive. A number of possible missions were costed in 1992/93 (in constant 1992/93 dollars) at:

- . \$90,000 to South Africa,
- . \$95,000 to Vietnam and the Philippines, and
- . \$197,000 to Russia, Hungary and Romania.

5.30 No missions were undertaken because it was considered that the costs were prohibitive.

5.31 Because of the costs of missions, greater emphasis has been placed on investigations by Skills Assessors. In recent years, Skills Assessors have reported on developments in some criteria countries and have prepared major reports on a number of non-criteria countries.

5.32 CTCs have amended existing criteria from time to time on the basis of Skills Assessor reports and have adopted recommendations from reports on non-criteria countries as guidelines. But they have declined to determine new criteria based on Skills Assessor reports on non-criteria countries and applications from those countries which establish a prima facie case against the guidelines must be referred to the relevant LTC or CTC for a final decision.

Overseas interviews

5.33 The option of a technical interview as part of the migration skills assessment has been, somewhat arbitrarily, generally confined to applicants in TRR Act trades from criteria countries.

5.34 Because of the costs and delays involved in overseas interviews, a great deal of effort has been put in to work practice changes over recent years to reduce the proportion of overseas applicants who are interviewed and to avoid interviewing being a means for avoiding difficult assessment decisions.

5.35 In 1990/91, some 31 per cent of overseas applications in TRR Act trades from criteria countries were finalised following a technical interview. This figure had fallen to some 18 per cent in 1997/98. Relative to all overseas applications, the proportions were 27 per cent and 13 per cent respectively.

5.36 The reduction in the proportion of applicants being interviewed has been achieved by:

- . improving the information provided to applicants to assist them to better meet TRA's requirements for the nature and content of documentary evidence,
- . continually reinforcing to Skills Assessors the procedural requirement to finalise cases as far as possible on the basis of documentary evidence, and
- . providing a "safety net" of further assessment in Australia before an ARTC is issued to successful overseas applicants after they arrive in Australia.

5.37 Only those applicants who cannot be refused because they have established a prima facie case in terms of their training and experience on the basis of documentary evidence, but who cannot be classified because of doubts about some aspects of their skills and knowledge against the migration benchmark of Australian standards, are interviewed.

5.38 The more disciplined approach to deferring for interview has also resulted in a more balanced outcome from interviews with the ratio of successful to unsuccessful outcomes changing from 62:38 in 1990/91 to 49:51 in 1996/97. However, the ratio was 54:46 in 1997/98 which suggests that some successful applicants may have been unnecessarily interviewed in that year.

5.39 Over the same period, the success rate of all applicants from criteria countries increased from 51 per cent to 67 per cent. These changes suggest that a significant proportion of applicants deferred for interview prior to the more disciplined approach were being interviewed unnecessarily because the case they had established on the basis of documentary evidence was actually sufficient.

5.40 Despite the reduction in the incidence of overseas interviews, interviewing overseas is costly and remains the largest single component of the administrative costs of migration assessments, accounting for 35-40 per cent of those costs.

5.41 Deferring overseas applications for interview is also a major source of delay in finalising assessments and reduces productivity.

5.42 Although the costs of overseas interviews are incurred in respect of only some 9 per cent of all overseas applicants, they are borne by all applicants as they are currently included in the standard application fee. The costs of overseas interviews accounted for some \$40 in the calculation of the standard application fee of \$355 in 1997/98. That is, if interviews were not undertaken, or their costs were borne directly by those interviewed, the standard application fee in 1997/98 would have been \$315.

5.43 If the costs of interviews in 1997/98 were being borne directly by those interviewed, they would incur an additional fee in the order of \$200-300.

5.44 There are also unattributed indirect costs associated with overseas interviews; such as downtime from application assessment work because of pre-interview trip preparation and post-interview trip acquittal arrangements, and costs incurred in the DWRSB Travel Unit associated with payments and acquittals for overseas interview trips.

5.45 Overseas interviews are undertaken when a cost effective interview workload is assembled. Depending on the application rate, interviews may be undertaken 3-4 times a year and the overseas interview process can delay the finalisation of an application by up to 4 months. The current trend of low application rates means that either the delay arising from interviews will lengthen or the cost effectiveness of the overseas interview program will reduce.

5.46 Despite the reduction in the proportion of applicants being interviewed, deferring applicants for interview still accounts for a significant proportion of Skills Assessor activity. Over the course of 1997/98, it accounted for 9 per cent of all Skills Assessor activity; varying from month to month with peaks of 12 per cent in July 1997 and March 1998, and a low of 6 per cent in October 1997 and May 1998.

5.47 Finalising all overseas applications on the basis of documentary evidence alone would increase the productivity of the assessment process.

5.48 If assessments were made solely on documentation, they would continue to be valid and reliable but they could be less accurate and assessors must either give the benefit of the doubt to the applicant or take the benefit of the doubt from the applicant.

5.49 The Central Trades Committees would be concerned that removing overseas interviews would severely reduce their ability to make accurate decisions and they would tend to refuse doubtful applicants who would otherwise be interviewed.

5.50 If the benefit of the doubt was taken away from the applicant, there would be a number of applicants who would have been classified for migration purposes if interviewed, but who would not be classified in the absence of an interview. This would have equity implications, and could result in increased appeals to TRA and through the immigration review mechanisms, with criticism from relatives and representatives of applicants in Australia, ethnic bodies and from the migrant community in general.

5.51 The majority of applicants from the Philippines, Sri Lanka, the Peoples' Republic of China, Vietnam and Burma who establish a prima facie case are currently interviewed because of the poor quality and reliability of documentation from those countries. These countries accounted for some 18 per cent of total TRA applications in 1995/96, but fell to 16 per cent in 1996/97 and 12.6 per cent in 1997/98. Refusal of these applicants without interview could be portrayed as discriminatory.

5.52 If the benefit of the doubt was given to the applicant, there would be a number of applicants who would be classified for migration purposes without interview, but who would not be classified after interview. The Central and Local Trades Committees (which make the final decisions on the issuing of ARTCs) would take the view that to maintain the integrity and reputation of the ARTC, the safety net of further assessment after arrival in Australia would need to be tightened by all migrants being interviewed in Australia (with increased resource demands in Australia) and a proportion of applicants would be refused a certificate after they arrive in Australia.

5.53 A major issue in respect of migrant skills is the certainty of their recognition in Australia. This is a factor influencing the final decision to migrate, and in the post-arrival settlement process - especially employment outcomes. The linkage between assessment for migration purposes by TRA and the issuing of an ARTC is recognised as a major benefit of TRA's current role assisting DIMA in its administration of the migration program.

5.54 Increasing the post-arrival refusal rate for the issuing of an ARTC to migrants classified by TRA for migration purposes would reduce the certainty of migrants having their skills recognised and would result in criticism from the migrant community and ethnic bodies.

5.55 Removing the option of overseas interviews may result in some loss in TRA's credibility.

5.56 NOOSR does not undertake overseas interviews as part of its process of educational assessments for migration purposes, but there are substantive differences in the nature of what TRA and NOOSR assess and consequently there are difference in the tools relevant to their respective roles. The NOOSR process seeks to align overseas educational qualifications with comparable Australian qualifications, and it does not take account of work experience or assess skills. TRA assesses skills and technical knowledge, with practical experience often being a major source of evidence, and technical interviews are more relevant to TRA than to NOOSR.

5.57 On balance, the long term financial savings and productivity gains from not undertaking overseas interviews, and the maintenance of the quality of the skills recognised in Australia through the tightening of the existing "safety net" arrangements for issuing an ARTC, outweigh the possible loss of accuracy in assessments in respect of a small minority of applicants.

Deferral for additional documentary evidence

5.58 Deferring decisions on applications to seek additional documentary evidence assists applicants but also causes delays, reduces productivity and increases costs. It is important therefore that deferral action be kept at the level necessary to ensure assessments are fair and accurate, and not become a means for avoiding difficult assessment decisions.

5.59 Concern over the level of deferral activity and the generality of many requests for additional evidence led to changes to procedures in April 1997 to reduce the level of deferral activity and to be more specific in the additional evidence sought from applicants.

5.60 Data on the rate of deferral for additional documentary evidence has been monitored since January 1997. It has fluctuated as a proportion of all Skills Assessor activity from month to month, with a peak of 27 per cent in January 1997 and a low of 5 per cent in May 1998. Over the course of 1997/98, it accounted for 17 per cent of all Skills Assessor activity and there is scope for further reduction.

Occupational coverage

5.61 TRA assesses the 49 trades covered by the TRR Act and another 135 trades for migration purposes.

5.62 TRA commenced assessing certain non-TRR Act trades for migration purposes in 1992, in response to a request from the then Department of Immigration, Local Government and Ethnic Affairs. There have been discussions between TRA and DIMA from time to time about expanding the list of designated TRA trades and the list has been expanded on a number of occasions to the current number of 184.

5.63 The major trades which TRA does not assess for migration are food trades, horticultural trades and hairdressing trades. In default, these are assessed for migration purposes by migration officers posted overseas. Although they may seek advice on these occupations from TRA and other sources from time to time, migration officers do not, and cannot be expected to, have the necessary technical and labour market knowledge and assessment skills to undertake skills assessment. Where assessments are carried out by migration officers there is no basis for linking skills assessment for migration purposes with recognition in Australia.

5.64 During discussions in December 1994, it was agreed in-principle that TRA should assess all trades. However, resource constraints in light of the increased work load and the large backlog of applications for skills assessment by TRA arising from the November 1 exercise prevented TRA from moving from in-principle agreement to implementation.

Conclusion

5.65 The summative nature of the TRA assessment process has been appropriate in the context of TRA's specific functions and its current assessment methodology and criteria. However, there would be benefits for TRA's unsuccessful clients if they were provided with statements of the competencies they are deemed to have demonstrated.

5.66 Seeking to develop and maintain formal training criteria based on the equivalence of overseas training programs to Australian standards, through tripartite missions and other means, is not technically or economically feasible.

5.67 The policy of interviewing overseas applicants in TRR Act trades from criteria countries, but not those in non-TRR Act trades or from non-criteria countries is inconsistent. The same procedures should apply to all applicants, irrespective of the trade being assessed or the source country.

5.68 TRA has significantly reduced the incidence of overseas interviews and has effectively managed the costs of interviews over the 1990s. Nevertheless, they still involve high costs both in absolute terms and as a proportion of TRA's overall cost structure. They also significantly add to the average time taken to finalise applications.

5.69 The maintenance of accuracy and fairness in assessment outcomes while significantly reducing the incidence of overseas interviews indicates that the costs of, and delays arising from, overseas interviews are not warranted by any resulting marginal improvement in the accuracy of assessments which may arise from them.

5.70 Given the extensive information provided to applicants about the requirements they need to meet and the information they need to provide, the current TRA practice of seeking specific additional documentation from applicants to further assist them is questionable given the delays and reduction in productivity this incurs. Assessments should be finalised on the basis of the evidence originally provided by applicants.

6. AN OVERVIEW OF TRA COST RECOVERY

6.1 This section provides an overview of cost recovery for the overall operations of TRA.

6.2 Disaggregation of costs and revenue by TRA's domestic recognition and migration assessment functions is given in the respective sections on each of those functions.

Fee policy

6.3 Fees for TRA services were introduced in March 1989 to provide additional resources to overcome long delays in the processing of applications and significant resulting criticism. A nominal application fee of \$50 for both domestic and overseas applications was introduced with the objective of defraying costs associated with an expansion of resources to deal with the workload at that time. A trade test fee to recover actual trade test costs on a national average basis was also introduced. Provision was made for the waiving of application and trade test fees for Australian residents in cases of financial hardship.

6.4 In July 1989, the policy was amended to include an annual review of fee levels in the Budget process; with the application fee moving in line with the Administrative Expenses Deflator and the trade test fee moving in relation to the cost of trade tests.

6.5 A further change was made in October 1991 to put in place a cost recovery target of 50 per cent of direct administrative (excluding trade test costs) and salary costs through the application fee. The target of 50 per cent was based on a judgement of the relative individual and community benefits of trades recognition.

6.6 The target was to be achieved through a stepped process of 30 per cent in 1991/92, 40 per cent in 1992/93 and 50 per cent in 1993/94. This timetable was not maintained because of management decisions to not increase fees in 1993/94 and 1994/95 with the result that in 1994/95 only some 37 per cent of cost recovery was achieved.

6.7 The application fee remained fixed from 1 January 1993 to 1 November 1996.

6.8 The cost recovery policy was most recently reviewed in April 1996 with the result being the adoption of the current policy of recovering 100 per cent of direct running costs (that is, administrative and salary costs directly attributed to the function) from the standard application fee.

6.9 The new policy entailed the retention of the standard application and trade test fees and also introduced a range of new fees to relate fees directly to the costs of the specific services provided.

6.10 The standard application fee is calculated by dividing expected direct running costs (excluding trade test costs) by the expected number of applications to be received during a particular year from applicants in Australia and overseas.

6.11 A common standard application fee for domestic and overseas applications was retained because the direction of the differential between different fees for domestic and overseas applications has the potential to vary depending on the actual numbers of domestic and overseas applications from time to time.

6.12 The new fees related to:

- . optional priority assessments for applicants in specific Afast track \cong migration categories, predominantly the Employer Nomination Scheme
 - based on the recovery of full total costs,
- . improved arrangements for the review of assessment decisions
 - with a fee equivalent to the standard application fee and which is refundable if the review overturns the original decision on the basis of the original evidence,
- . the issue of ARTCs to selected migrants
 - a proportion of the standard application fee based on the relative resource requirement, and
- . the issue of replacement ARTCs
 - a proportion of the standard application fee based on the relative resource requirement.

6.13 The provision for a fee waiver was abolished because of the loss of revenue which was accruing from it and it was considered that it would be more appropriate for needs arising from financial hardship to be met from the social welfare system. There was also a concern that the waiver was encouraging marginal or frivolous applications.

6.14 The current policy was implemented from 1 November 1996. Because of the partial year implementation of the policy of recovering direct costs, the recovery target for 1996/97 was 85 per cent. The outcome was 57 per cent.

6.15 Indirect costs (that is administrative expenses which are not directly attributed to the function) are met from the Department's Budget allocation. Indirect costs include property operating expenses and corporate services such as personnel and records management. An estimate of indirect costs is calculated using a formula determined by the Department of Finance and Administration which expresses indirect costs as proportions of salary costs.

6.16 Direct running costs account for some 60 per cent of total costs. Indirect costs account for some 40 per cent of total costs and represent a public subsidy to consumers of TRA services.

6.17 A subsidy was considered appropriate in recognition of the community interest accruing from skills recognition. The linking of the subsidy to indirect costs was adopted as an administratively efficient approach.

6.18 1997/98 was the first full year of the current policy and 83 per cent of direct running costs were recovered; compared to the target of 100 per cent.

Fee levels

6.19 While fees were not a major issue raised in submissions, a number did express concern about the level of TRA's fees in the domestic recognition context and whether those fees would be sustainable in a competitive market.

6.20 Appendix H4 gives a description of the full range of current fees and their rates in 1997/98 and for 1998/99.

6.21 In summary, movements in the standard application and trade test fee levels since 1989 have been:

	<u>Application Fee</u>	<u>Trade Test Fee</u>
	\$	\$
1989	50	50
1989	50	95
1990	55	95
1990	60	140
1991	65	150
1991	80	150
1993	100	185
1996	280	185
1997	355	270
1998	390	270

6.22 If the current fee policy did not include a public subsidy through the Budget funding of indirect costs but sought the full recovery of total costs, the standard application fee in 1997/98 would have been \$540 and the other fees which are linked to the standard application fee would have been higher in a similar ratio.

Trends in costs

6.23 Total (direct and indirect) costs in absolute terms declined by more than half in real terms over the course of the 1990s.

6.24 Expressed in constant 1996/97 dollar terms, total costs fell from \$4.9m in 1990/91 to \$2.6m in 1996/97 and \$2.3m in 1997/98.

6.25 Over this period salary costs declined by 45 per cent, administrative costs declined by 79 per cent and indirect costs declined by 43 per cent.

6.26 These reductions occurred as the result of organisational and procedural efficiencies (such as the winding down of TRA's United Kingdom office from 1992 and its closure in 1996, and the implementation of the TRA national business unit in 1996) and the managing down of costs in the light of the falling application rates.

6.27 These changes included reductions in overall staffing levels of 48 per cent; comprising a 53 per cent reduction in resources directly undertaking skills assessment and a 24 per cent reduction in resources undertaking administrative support, information technology, committee secretariat, policy and management functions.

6.28 It needs to be noted, however, that the falls in direct costs in 1996/97 and 1997/98 also reflected the postponement of a number of key development activities related to the adoption of competency standards and Training Packages into the TRA assessment process. The key activities included training for Skills Assessors in the nature and use of the national competency standards for the metals and electrical industries. These activities were costed at \$34,000 in 1997/98.

6.29 The cost savings were offset by a greater reduction in the number of applications finalised so that total cost per finalised application increased in real terms.

6.30 Expressed in constant 1996/97 dollar terms, the total cost per finalised application was \$337 in 1990/91 and increased to \$438 in 1996/97 and \$458 in 1997/98.

Trends in revenue

6.31 Since the introduction of fees in 1989, gross revenue has varied with the level of fees and the level of applications. Two other significant factors were the existence of fee waivers until November 1996 and a fee moratorium during 1993/94. 1993/94 has been excluded from this analysis because of the distorting effect of the fee moratorium.

6.32 Gross revenue, in current year dollars, in the first full year of fees (1989/90) was \$608,300. This increased to \$690,200 in 1990/91 before declining in 1991/92 and 1992/93 as applications declined. Gross revenue increased in 1994/95 and 1995/96.

6.33 The adoption of the current fee policy and significant increases in fees was accompanied by a downturn in applications in 1996/97 which continued into 1997/98. The downturn in applications resulted in actual revenue in 1997/98 equivalent to 82 per cent of direct costs; well below the target of 100 per cent recovery of direct costs. The net effect, however, was a continued increase in gross revenue.

	<u>Applications</u>	<u>Gross Revenue(a)</u>	Cost Recovery
1990/91	13,746	\$ 690,200	26.0%
1991/92	10,532	\$ 585,900	24.4%
1992/93	7,950	\$ 490,900	22.8%
1993/94	8,099	\$ 376,800	17.6%
1994/95	8,587	\$ 794,500	36.8%
1995/96	8,097	\$ 757,500	35.3%
1996/97	5,301	\$ 971,700	57.4%
1997/98	3,919	\$1,186,325	82.3%

(a) Excluding trade test fees

6.34 The achievement of 100 per cent recovery of actual direct costs in 1997/98 with the actual application rate would have required a standard application fee of \$368. To recover 100 per cent of total costs, the standard application fee would have to have been some \$594.

Net direct costs

6.35 Direct running costs net of revenue have shown a consistent decline since the introduction of fees because of a consistent reduction in direct running costs and, in the majority of years, increased revenue.

6.36 The level of recovery of direct running costs increased from 29.5 per cent in the first full year of fees (1989/90) to 82.3 per cent in 1997/98. Net direct running costs fell from \$1.45m (in current year dollars) in 1989/90 to \$0.26m in 1997/98.

6.37 However, the net direct cost (in current year dollars) per finalised application increased steadily from 1989/90 to 1993/94 before reversing consistently. The net direct cost per finalised application peaked at \$238 in 1993/94 and then fell to \$194 in 1994/95, \$154 in 1995/96, \$133 in 1996/97 and \$54 in 1997/98. The target for net direct cost per finalised application under the current policy is zero.

1998/99 fee levels

6.38 Despite further cost reductions in response to the expected continued fall in applications in 1998/99, there is an upward pressure on the application fee because of the influence of fixed costs which arise irrespective of the level of applications.

6.39 Staffing costs will be managed down in 1998/99 compared to 1997/98. Administrative costs will be higher because of the postponement of certain development costs from 1997/98 and the attribution of some costs which were previously classified as overheads. On balance, estimated direct costs in 1998/99 are 7.5 per cent above the actual outcome for 1997/98.

6.40 Applying the current fee policy to determine the standard application fee for 1998/99 would result in a standard application fee of some \$495 - an increase of some 39 per cent. The fee required to recover total costs would be in the order of \$770.

6.41 However, because of the size of the fee increases which would arise from the continuation of the current fee policy in 1998/99 and pending the outcome of this review, it was decided to hold the fee increase to a nominal 10 per cent from 1 July 1998. The standard application fee is \$390.

6.42 The resulting shortfall of revenue to direct costs arising from this decision will be met from a reallocation of funds from elsewhere within the portfolio using running cost flexibilities.

Conclusion

6.43 The cost recovery performance of TRA has been mixed.

6.44 It has been successful in reducing total costs by 53 per cent since 1990/91 as the result of a range of efficiency improvements and the managing down of costs as application rates have fallen, and the net direct cost per finalised application has fallen by some 77 per cent since 1993/94.

6.45 However, in the first full year (1997/98) of seeking to recover 100 per cent of direct running costs, TRA recovered 83 per cent as the result of application rates below the estimate on which its current price structure is based. In addition, the total cost per finalised application has increased some 46 per cent since 1990/91. The latter outcome appears to be the result of significant fixed costs and/or inflexibility in some variable costs under TRA's current structure.

6.46 An expected continued decline in applications in 1998/99 will put further pressure on the financial viability of TRA under current arrangements - requiring either an unacceptably large increase in fees, a retreat from the cost recovery target of 100 per cent of direct costs or a re-engineering of the operation.

7. EFFICIENCY AND EFFECTIVENESS OF ADMINISTRATION OF THE

TRADESMEN'S RIGHTS REGULATION ACT

Application trends

7.1 There are four client groups who lodge applications for formal recognition in Australia under the TRR Act:

- . selected migrants
 - applicants seeking recognition of skills developed overseas who were classified as tradespeople by TRA as part of the migration selection process;
- . non-selected migrants
 - applicants seeking recognition of skills developed overseas who were not required to have their skills assessed by TRA as part of the migration selection process (because they were applying to migrate under the family reunion or humanitarian categories of the migration program);
- . Australian civilians
 - applicants seeking recognition of skills developed informally in Australia; and
- . members and ex-members of the Australian Defence Force (ADF)
 - applicants seeking recognition of skills developed through formal training in the ADF.

7.2 There have been changes in statistical series over the years which make it difficult to precisely map trends in applications for recognition in Australia under the TRR Act. Up to and including 1990/91, data was applications "considered" rather than received in a particular time period. From 1991/92, data is applications received.

7.3 Nevertheless, the available data clearly indicates that there has been a significant decline in the level of applications, and significant changes in the mix of applications between the four client groups.

7.4 At the aggregate level, some 10,000 applications were "considered" in 1982/83 compared to 1,218 being received in 1997/98. Overall, from 1991/92 to 1997/98 applications for recognition in Australia declined some 88 per cent.

7.5 The numbers of applicants in each of the four client groups declined as indicated by the selected years shown:

	<u>1982/83</u>	<u>1991/92</u>	<u>1995/96</u>	<u>1996/97</u>	<u>1997/98</u>	Change 82/83-97/98
Selected migrant	3,367	2,439	832	620	527	-84%
Non-selected migrant	4,415	1,778	1,088	760	378	-91%
Australian civilian	2,112	786	568	490	265	-87%
ADF	248	246	148	48		-80%

Total 10,142 5,249 2,636 1,980 1,218 -88%

7.6 A more extensive data series is at Appendix G1.

7.7 The mix of applications between the client groups has been variable, but with a trend from Australian civilian and ADF applicants to migrants. Within the migrant group, there has been a recent trend from non-selected to selected migrants:

	<u>1982/83</u>	<u>1991/92</u>	<u>1995/96</u>	<u>1996/97</u>	<u>1997/98</u>
Selected migrant	33.2%	46.5%	31.6%	31.3%	43.3%
Non-selected migrant	43.5%	33.9%	41.3%	38.4%	31.0%
Australian civilian	20.8%	15.0%	21.5%	24.7%	21.8%
ADF	2.5%	4.7%	5.6%	3.9%	

Influences

7.8 The level and mix of applications has been influenced by the size, composition and administration of the migration program, domestic training developments and the administration of the TRR Act.

Selected Migrants

7.9 Applications from selected migrants declined in absolute terms, and until 1997/98 also in proportional terms, over the course of the 1990s. From 1991/92 to 1997/98, applications from selected migrants declined by some 78 per cent.

7.10 After a prospective migrant overseas is successful in their pre-migration assessment by TRA, their migration application is finalised. Not all are successful in their migration application and not all of those who are successful in their migration application actually migrate.

7.11 Not all selected migrants who do arrive in Australia seek recognition of their skills after they arrive (because they may not wish to work in their trade or they are able to find employment in their trade without formal recognition).

7.12 For those selected migrants who do arrive in Australia and do seek recognition of their skills, there is a lag from the time of their assessment for migration purposes. The available data indicates that between 50 per cent and 70 per cent of selected migrants arrive in Australia and seek recognition. Of these, around a half do so within two years of selection and virtually all have done so within five years of selection.

7.13 It is difficult to attribute changes in the number of selected migrants seeking recognition to specific factors. In general terms, however, the main factor is a lagged relationship with changes in the number of applicants seeking assessment for migration.

Non-Selected Migrants

7.14 Applications from non-selected migrants have also been constantly declining in absolute terms over the course of the 1990s, despite an increase in proportional terms in 1994/95. From 1991/92 to 1997/98, applications from non-selected migrants declined by some 78 per cent.

7.15 The reduction in non-selected migrants has been more pronounced following the move towards the full recovery of direct running costs and the abolition of the provision for fee waivers from 1 November 1996. At the same time, the success rate of non-selected migrant applications has been increasing (from an average of 53 per cent over the period 1990/91 to 1994/95 to 66 per cent in 1997/98) which suggests the higher application fees and the abolition of fee waivers have discouraged the more marginal applications.

Australian Civilians

7.16 Australian civilian applications have also been in steady decline in absolute terms over the course of the 1990s reflecting a decline in informal skill acquisition. The implementation of workplace based skills recognition under award restructuring has reduced, and the effect of the Australian Recognition Framework should further reduce, applications from Australian civilians. Variations in proportional terms occurred as the result of variations in the number of applications from the other client groups.

7.17 From 1991/92 to 1997/98, applications from Australian Civilians declined by some 75 per cent.

ADF Applicants

7.18 ADF applications have been a marginal client group for many years which has been declining further over the 1990s as the various arms of the ADF have been implementing new training arrangements linked to civilian qualifications through state training authorities.

7.19 There was a brief resurgence in ADF applications in 1993 as members of the ADF took advantage of a fee moratorium arising from difficulties with the authority for TRA fees. This may have contributed to the rapid decline in ADF

applications in recent years by depleting the pool of ADF personnel trained under Aold≡ ADF arrangements pre-dating those now linked to civilian qualifications.

7.20 From 1991/92 to 1997/98, applications from ADF applicants declined by some 84 per cent.

7.21 In its submission to the review, the ADF noted the linking of its current training arrangements to civilian qualifications and concluded "the requirement for Defence personnel to seek the services of Trades Recognition Australia is likely to continue to decline".

Outlook for 1998/99

7.22 The application rate for recognition under the TRR Act in 1998/99 will be determined mainly by the arrival in Australia of selected and non-selected migrants and their needs or desires to have their skills formally recognised by the issue of an ARTC. To a lesser extent it will also be influenced by demand for persons trained informally on-the-job in Australia and formally in the ADF.

7.23 The trends for each of these groups are expected to continue to decline because of the continued influence of the factors affecting the application rates in the past two years. However, the expected 1998/99 application rate is difficult to quantify.

7.24 The TRA budget for 1998/99 was prepared on the assumption of 800 domestic applicants. Of these it was assumed some 350 will be selected migrants, 240 will be non-selected migrants, 180 will be Australian civilians and 30 will be ADF applicants.

Outputs

7.25 The trend in numbers of finalised applications for assessment for migration purposes per year is affected by the trend in the application rate, and Skills Assessor staffing and productivity levels.

7.26 The numbers of finalised applications for recognition in Australia (that is, resulting in either an ARTC being granted or refused) per year, have generally been falling in line with the fall in the application rate (albeit with a lagged effect).

7.27 Finalised applications fell by some 74 per cent from 5,322 in 1991/92 to 1,385 in 1997/98. The decline overall, and by client group, is consistent with the decline in applications.

7.28 Over the course of the first half of the 1990s, a significant backlog of unfinalised applications at the end of each financial year developed (despite the steady decline in the application rate). The backlog peaked at 1093 at 30 June 1995, but then steadily declined in subsequent years to 197 at 30 June 1998. The main factor in the decline of the backlog has been the fall in the application rate rather than any improvements in productivity.

7.29 Appendix G2 provides additional data showing the trend in the finalisation of applications and the backlog of applications in hand compared to applications received.

7.30 Data on productivity, measured as the average number of applications finalised per day per fulltime equivalent Skills Assessor, has been collected from the beginning of 1995/96. The measure of fulltime equivalent Skills Assessor is adjusted to take account of overtime, temporary staff, training time and various forms of leave.

7.31 Productivity was constant at 1.2 applications per day over both 1995/96 and 1996/97; with quarterly variations from 1.1 to 1.4 in 1995/96 and 0.9 to 1.6 in 1996/97.

7.32 Productivity in 1997/98 fell to 0.9 applications per day; with quarterly variations from 0.7 to 1.0 and variations between offices from 0.7 to 1.4.

7.33 TRA has a performance standard of finalising 80 per cent applications within 90 days of receipt.

7.34 Performance has generally fallen short of the standard except more recently in NSW where it has improved up to the standard and WA where it has been relatively constant at the standard. A significant decline occurred in SA in 1997/98.

7.35 A related measure is the average number of days taken to finalise an application and the same pattern emerges in respect of it. The average number of days has increased over the past few years, with the exception of NSW where it has fallen significantly and in WA where it has remained relatively constant.

	Applications Finalised in Less than 90 Days			Average Days to Finalise an Application		
	1995/96	1996/97	1997/98	1995/96	1996/97	1997/98
NSW	57%	73%	85%	103	97	55
VIC	71%	67%	70%	68	88	100
QLD	72%	62%	73%	88	107	93
WA	84%	78%	86%	62	67	52
SA	72%	60%	24%	78	92	147

7.36 Trends against the performance standard reflect trends in productivity between TRA offices, with the Sydney and Perth offices improving productivity in 1996/97 over 1995/96.

7.37 There were changes in staffing levels from 1995/96 to 1997/98 in response to changes in the application rate:

	1995/96	1996/97	1997/98
Sydney	4.0	2.3	1.2
Melbourne	4.3	2.0	1.8
Brisbane	2.0	2.0	1.9
Perth	1.4	1.0	1.0
Adelaide	1.8	0.7	1.0

7.38 Performance in Sydney, Brisbane and Perth improved with the decline in staffing because of the increase in productivity. Performance in Melbourne remained relatively constant with the reduction in staffing despite the commensurate fall in workload.

7.39 Final decisions on issuing ARTCs are made by the Local Trades Committees.

7.40 Some improvements in productivity have occurred since 1991 with the implementation of a decision by CTCs, following a recommendation arising from a 1991 review of TRA administration, devolving authority to Skills Assessors to refuse recognition to applicants who do not make a prima facie case against the criteria for recognition. Applicants who do establish a prima facie case are referred to LTCs for final decision.

7.41 This reduced the number of applications being referred to LTCs and reduced the turn around time for finalising clearly unsuccessful applications.

7.42 However, there are still significant delays which arise from the LTC process. Depending on the frequency of LTC meetings, which is determined by the availability of LTC members and the accumulation of a sufficient case workload to warrant convening a meeting, and the timing of a receipt of an application, these delays can range from a week to over three months.

Recognition outcomes

7.43 The outcomes of applications for recognition have been relatively constant from year to year, both overall and within each client group.

7.44 From 1990/91 to 1996/97 the overall success rate of applicants overall was generally in the range 73 per cent to 78 per cent.

7.45 There was a fall in 1994/95 and 1995/96, to 67 per cent and 65 per cent respectively reflecting the marginal cases for recognition of a significant proportion of

applications from temporary residents seeking permanent residence under special provisions announced by the Government on 1 November 1993. These applicants were classified with non-selected migrants.

7.46 The success rate of non-selected migrants and Australian civilians are typically lower than for selected migrants and ADF applicants because of the pre-migration vetting process from which selected migrants emerge and because of the formal training received by ADF applicants in the ADF.

7.47 The range for non-selected migrants has usually been 52 per cent to 57 per cent. It was at the low end of the range (53 per cent) in 1994/95 and fell to 49 per cent in 1995/96 because of the "1 November 1993" factor. With the significant increase in fees and the abolition of fee waivers from 1 November 1996 and the resulting decline in marginal applicants who may have otherwise sought recognition, the success rate for non-selected migrants was at the high end of the range (57 per cent) in 1996/97 and increased to 66 per cent in 1997/98.

7.48 The success rate for Australian civilians has typically been in the range of 64 per cent to 69 per cent and reflects the generally informal skill acquisition basis of applications from this group. As with non-selected migrants, the changes to the fee policy from 1 November 1996 appear to have culled the more marginal applicants in this group and the success rate for Australian civilians was at the high end of the range (67 per cent) in 1996/97 and increased to 77 per cent in 1997/98.

7.49 The success rate for selected migrants has been consistently around 95-97 per cent, but declined slightly in 1992/93 and 1993/94 before returning to their usual levels from 1994/95. These movements are not readily explainable.

7.50 The success rate for ADF applicants has been in the range 87 per cent to 94 per cent; with 1997/98 in the middle of range at 90 per cent.

	All Applicants	Selected Migrants	Non-Selected Migrants	Australian Civilians	ADF Applicants
1990/91	76%	97%	49%	64%	87%
1991/92	78%	96%	55%	71%	87%
1992/93	73%	91%	52%	68%	94%
1993/94	75%	92%	53%	69%	92%
1994/95	67%	95%	53%	67%	87%
1995/96	65%	94%	49%	65%	92%
1996/97	72%	95%	57%	66%	88%
1997/98	82%	97%	66%	77%	90%

7.51 Despite the general consistency nationally over time, there have been variations within states over time and variations between states.

7.52 As with national outcomes, success rates in each state declined as the result of marginal "November 1" applications in 1994/95 and 1995/96 and then recovered in 1996/97 and 1997/98. The November 1 influence was particularly strong in NSW because of the high proportion of November 1 applications which occurred in that state.

7.53 Similarly, the recovery in 1996/97 and 1997/98 resulting from the disincentive effect on marginal applications of the higher fees and abolition of the fee waiver appears across all states.

7.54 Variations between states can be expected to occur as the result of differences in the mix of the four domestic client groups.

7.55 For example, WA has the highest proportion of selected migrants and the higher success rates in WA are consistent with that. Similarly, Victoria has the highest proportion of non-selected migrants followed by NSW and their lower success rates are consistent with that. Queensland has a high proportion of Australian civilians which would tend to bring down its success rates.

7.56 Nevertheless, the variability in outcomes between states may be a cause for concern.

	<u>1990/91</u>	<u>1991/92</u>	<u>1992/93</u>	<u>1993/94</u>	<u>1994/95</u>	<u>1995/96</u>	<u>1996/97</u>	<u>1997/98</u>
NSW	65%	72%	70%	74%	65%	58%	73%	90%
VIC	80%	78%	68%	66%	61%	63%	66%	74%
QLD	74%	71%	62%	76%	63%	59%	64%	69%
WA	99%	93%	91%	91%	84%	83%	82%	92%
SA	81%	91%	91%	85%	82%	85%	81%	88%
Australia	76%	78%	73%	75%	67%	64%	71%	82%

7.57 Data on outcomes at the state level may mask variability in outcomes between committees (and therefore specific occupational groups) within states.

7.58 Data for 1995/96, 1996/97 and 1997/98 (at Appendix G3) indicates:

- . relatively low variations between committees in WA (from 9 to 14 percentage points) and SA (from 6 to 29 percentage points),
- . moderate variations between committees in NSW (from 21 to 27 percentage points) and Victoria (from 19 to 34 percentage points), and
- . quite large variations between committees in Queensland (from 30 to 55 percentage points).

7.59 This may indicate some lack of consistency between committees in Queensland, however, there is not a consistent pattern of specific committees

having higher or lower success rates other than the Boilermaking committee.

7.60 In NSW, the Boilermaking committee has consistently higher success rates and the Sheetmetal has consistently lower success rates. There are no apparent patterns between committees in the other states.

7.61 With the possible exception of Queensland, the data does not suggest any consistently strong biases between committees for which variations in the quality of applicants might not be a reasonable explanation.

Cost recovery

7.62 Constraints on financial data make it difficult to provide a comprehensive analysis of cost recovery for the administration of the TRR Act through DWRSB regional offices prior to July 1996. However, data is available for 1990/91 and this is compared with 1996/97 and 1997/98 at Appendices G4 (costs) and G5 (revenue). Financial data is in constant 1996/97 dollars.

Trends in costs

7.63 Total costs (excluding trade tests) associated with TRA's domestic recognition function fell by 61 per cent from 1990/91 to 1997/98 in constant 1996/97 dollars.

7.64 An aspect of these savings arising directly from the implementation of the national business unit approach to managing TRA from July 1996 is staff savings resulting from the centralisation of management functions.

7.65 The bulk of the savings, however, arose from the managing down of costs over 1996/97 and 1997/98 in the light of the falling application rates.

7.66 These changes included reductions in overall staffing levels of 62 per cent; comprising the abolition of regional-based management costs and a 61 per cent reduction in resources directly involved in skills assessment. Staff costs fell by 59 per cent.

7.67 Administrative costs (excluding trade tests) fell by 82 per cent.

7.68 Direct running costs (combined staffing and administrative costs) fell by 60 per cent.

7.69 These cost savings were offset by a greater reduction in the number of applications finalised so that the total cost per finalised application increased in real terms.

7.70 Expressed in constant 1996/97 dollar terms, the total cost per finalised application was \$294 in 1990/91 and increased to \$365 in 1996/97. The total cost per finalised application in 1997/98 was \$495 (in 1996/97 dollar terms).

7.71 The equivalent figures for direct costs per finalised application were \$170, \$211 and \$291.

Trends in revenue

7.72 Since the introduction of fees in 1989, gross revenue has varied with the level of fees and the level of applications. Two other significant factors have been the existence of fee waivers until November 1996 and a fee moratorium during 1993/94. 1993/94 has been excluded from this analysis because of the distorting effect of the fee moratorium.

7.73 In constant 1996/97 dollars, gross revenue increased by 67 per cent from 1990/91 to 1997/98.

7.74 The adoption of the current fee policy and significant increases in fees were accompanied by a downturn in applications in 1996/97 which continued through 1997/98. The net effect, however, was an increase in gross revenue to \$217,230 in 1996/97 and \$254,016 in 1997/98 (in constant 1996/97 dollars).

Net direct costs

7.75 Direct running costs (excluding trade test costs) net of revenue have shown a consistent decline since the introduction of fees because of a consistent reduction in direct running costs and, in the majority of years, increased revenue.

7.76 The level of recovery of direct running costs increased from 15 per cent in 1990/91 to 63 per cent for 1997/98. Net direct running costs fell from \$856,852 in 1990/91 to \$148,946 in 1997/98.

7.77 The net direct cost per finalised application decreased from \$145 in 1990/91 to \$108 in 1997/98. The target for net direct cost per finalised application under the current policy is zero.

7.78 The achievement of 100 per cent recovery of direct costs in 1997/98 with the actual number of applications for which the standard application fee was payable would have required a standard application fee of some \$591. To recover 100 per cent of total costs, the standard application fee would have to have been some \$1005.

Client Service/Satisfaction

Individual clients

7.79 Individual clients, together with employers, have been the prime beneficiaries of the TRR Act.

7.80 Formal trade qualifications are not legally required to work as a tradesperson, except in a small number of trades for which a state/territory regulatory license is required to undertake certain types of work. However, recognition and acceptance of their skills through the TRR Act improves the ability of individuals, especially migrants, to compete in the labour market.

7.81 There is no formal mechanism in place for soliciting client feedback, such as client surveys.

7.82 A draft instrument for a client survey was developed in 1991 to determine client satisfaction and employment outcomes 6 months after receiving an ARTC. However, it was not implemented for two main reasons.

7.83 Firstly, migrants tend to apply for an ARTC shortly after arriving in Australia and tend to have temporary accommodation; it was concluded that a significant proportion of addresses held by TRA would not be current and this would affect the response rate and possibly bias the survey results.

7.84 Secondly, a large proportion of TRA applicants are migrants who may be suspicious or fearful of government and would find the proposed survey intrusive or threatening relatively shortly after arriving in Australia and this would also affect the response rate and possibly bias the survey results.

7.85 Nevertheless, further consideration will be given to a formal survey mechanism to gauge client satisfaction in the context of the development of government service charters by DWRSB. In anticipation of this, the current performance information schedule for TRA includes provision for a survey to gauge client satisfaction with service, process and outcomes.

7.86 Currently, client satisfaction is gauged indirectly from requests for reviews, administrative law actions, Ministerial representations, other surveys and feedback from other bodies which have contact with TRA clients such as state and territory government overseas qualifications units.

7.87 Requests for review of decisions on applications for ARTCs may be made to LTCs or CTCs. No data has been kept on formal requests for review. However, requests for review are negligible; estimated at some 10-20 per year.

7.88 There have been no complaints to the Ombudsman in respect of an application for ARTC since 1990. A complaint lodged in 1987 was dismissed. There have been no actions under the AD(JR) Act.

7.89 Complaints through Ministerial representations have average about one to three per year.

7.90 The first wave of the Longitudinal Survey of Immigrants to Australia undertaken by DIMA (relating to migrants arriving between 1 September 1993 and 31 August 1994) shows that 75 per cent of migrants who applied to have their skills assessed by TRA were successful in achieving skills recognition. The September 1993 Labour Force and Other Characteristics of Migrants Survey carried out by the Australian Bureau of Statistics indicated that overseas trades skills had an above average recognition rate compared to other qualifications.

7.91 TRA has ongoing liaison with state and territory government overseas qualifications units, and meets formally with them on an annual basis. The qualitative feedback received from these bodies indicates a high degree of client satisfaction with TRA.

7.92 These perceptions of individual client satisfaction with TRA were corroborated by the submissions received from government and community bodies representing migrant interests.

Individual employers

7.93 The TRR Act has not imposed direct costs or requirements on employers. An indirect cost may arise where an employee seeks a statement from an employer as part of the evidentiary process for recognition, but any such cost would be minuscule. Employers are not required to employ an individual because they have an ARTC.

7.94 Employers have benefited from the TRR Act. It has reduced recruitment costs for employers by assuring them about the skills of prospective workers. The operating costs of employers have been reduced by the TRR Act because of:

- . the assurance of the skills of employees,
- . a freeing up of the labour market by widening the pool of identified skilled labour, and
- . the avoidance of industrial disputes over access to types of work and wage levels where ARTCs are held.

7.95 The satisfaction of individual employers with TRA processes and outcomes is gauged in the exception from direct approaches to TRA from employers.

7.96 There have been no concerns raised by individual employers about the TRA assessment process, or the role of individual employers in it through the provision of statements of service to their employees or participation in on-the-job inspections where they are appropriate.

7.97 Since 1990, TRA has received two specific complaints from individual employers about the skill levels of holders of ARTCs. Following investigation by TRA, in one case the ARTC was rescinded and in the other case the employer accepted that the TRA assessment was correct.

7.98 Informal inquiries have been made by a small number employers but these have been resolved through discussion of the TRA process and the context of the employers= concern about the ARTC holders.

Industry

7.99 The main avenues for feedback from industry bodies about the TRA process is through their representatives on LTCs and CTCs. Feedback through these sources indicates a high degree of satisfaction.

7.100 An alternative source of industry feedback is through state and territory electrical licensing bodies, which are generally tripartite. These bodies have accepted an ARTC in the relevant trades as a basis for meeting the skill requirements for electrical licensing since 1992.

7.101 Projects undertaken by the metal and electrical industries in 1997 to develop industry-based skills assessment arrangements indicated industry satisfaction with the TRR Act by accommodating it in their arrangements.

7.102 The joint submission from the employer and employee organisations represented on CTCs stated there was a high level of employer confidence in the TRR Act and TRA because of the national coverage of the Act, the national consistency in its application and the benefits of these to the operation of the labour market and industry.

The labour market

7.103 The TRR Act has provided wider benefits to the community by:

- . facilitating labour mobility and the efficient operation of the labour market, and
- . contributing to the development of the skill base of the workforce by facilitating access to further training and by increasing the number of qualified tradespeople legally able to train apprentices.

7.104 In the labour market context, satisfaction is gauged by the continued acceptance of an ARTC by employers, unions, state training authorities and the TAFE sector as an accurate indication of skill and the basis for relevant wage levels, participation in the supervision and training of apprentices and access to post-trade training.

Conclusion

7.105 The TRR Act has not imposed direct costs or requirements on employers, but has provided benefits to them through reduced recruitment and operational costs. At the same time it has provided benefits to individual clients and the community.

7.106 Employers, individuals and the community have benefited from the effect the TRR Act has had in improving competition within the labour market.

7.107 There appears to be a high level of satisfaction on the parts of individual clients, individual employers and industry in general. The main cause for client dissatisfaction is the average length of time it takes to finalise applications.

7.108 There has been a continuous decline in the number of applications for recognition under the TRR Act over the 1990s and this has been apparent in each of the four client groups. The decline has occurred as the result of changes in the migration program, domestic training developments and the training arrangements in the ADF.

7.109 The falls in applications from Australian civilians and ADF personnel will continue, and most likely accelerate as the result of the ARF, with virtually no applications from these sources by the year 2000.

7.110 Applications from migrants will vary with the size and composition of the migration program; but the immediate prognosis is a continued decline into 1999.

7.111 Irrespective of any future increase in applications from migrants, the level of demand for recognition under the TRR Act in the environment of alternative mechanisms under the ARF will not be sufficient to sustain an efficient and economically viable operation under the current arrangements.

7.112 There has been a decline in the efficiency of the function and an increase in the average time it takes to finalise applications; with delays caused by the LTC process as the viability of convening meetings declines as workload falls.

7.113 Total costs have fallen by some 61% in real terms since 1990/91 as the result of savings from the national business unit approach and staff reductions in line with the fall in applications. As a result, net direct costs per finalised application have fallen 26 per cent in real terms. Nevertheless, net direct costs are significantly higher than the target of zero and the total cost per finalised application has increased 68 per cent in real terms.

8. EFFICIENCY AND EFFECTIVENESS OF MIGRATION SKILLS ASSESSMENTS

Applications for migration skills assessment

Trends

8.1 Clients seeking assessment for migration purposes may be broken up between those trained in criteria countries and those trained in non-criteria countries, and between those seeking assessment in TRR Act trades and those seeking assessment in non-TRR Act trades.

8.2 Over the past 10 years there have been changes in the mix of TRA=s client group between these categories, together with an overall fall in the level of demand and a geographical shift in the sources of demand.

8.3 At the aggregate level, 4,700 applications were received in 1987/88, rising to a peak of 7,943 in 1990/91, followed by a steady decline to 3,321 in 1996/97 and 2,544 in 1997/98.

<u>Year</u>	<u>Total Applications</u>	<u>TRR Act Trades Only</u>
1987/88	4700	4700
1988/89	5726	5726
1989/90	7081	7081
1990/91	7943	7943
1991/92	5283	4481
1992/93	3787	2405
1993/94	3681	2438
1994/95	5639	3781
1995/96	5461	3264
1996/97	3321	1943
1997/98	2544	1524

TRR Act and Non-TRR Act Trades

8.4 On request from DIMA, TRA commenced assessing non-TRR Act trades for migration purposes in January 1992. In the first full year, 1992/93, non-TRR Act trades accounted for 36 per cent of all applications. The proportion remained relatively constant for the next two years before increasing to 40 per cent in 1995/96 where it has again remained relatively constant.

	<u>TRR Act</u>		<u>Non-TRR Act</u>	
	<u>Number</u>	<u>Proportion</u>	<u>Number</u>	<u>Proportion</u>
1992/93	2405	64%	1382	36%
1993/94	2438	66%	1243	34%
1994/95	3781	67%	1858	33%
1995/96	3264	60%	2197	40%
1996/97	1943	59%	1378	41%
1997/98	1524	60%	1030	40%

8.5 The graph at Appendix G6 shows the effect of the expansion of overseas assessment activity into non-TRR Act trades in cushioning the decline in overall applications.

Criteria and Non-Criteria Countries

8.6 Data differentiating applications for skills assessment for migration purposes from criteria and non-criteria countries was not collated until 1990/91, and was collated consistently only from 1995/96.

8.7 Data on applications in Australia for ARTCs for the three years 1985/86 to 1987/88 provide a surrogate for overseas data before 1990/91. It shows the proportion from non-criteria country applicants decreasing from 40.0 per cent to 34.3 per cent to 27.5 per cent.

8.8 In 1990/91, non-criteria countries accounted for 12.5 per cent of applications for skills assessment for migration purposes. The proportion increased to 25.5 per cent in 1995/96 and 26.8 per cent in 1996/97, but fell to 23.3 per cent in 1997/98.

	<u>Criteria</u>		<u>Non-Criteria</u>	
	<u>Number</u>	<u>Proportion</u>	<u>Number</u>	<u>Proportion</u>
1990/91	7698	87.5%	1100	12.5%
1995/96	4108	74.5%	1405	25.5%
1996/97	2513	73.2%	922	26.8%
1997/98	2043	76.7%	622	23.3%

Geographical Regions

8.9 Appendices G7 and G8 illustrate the changes in the geographical sources of applicants for skill assessment by TRA for migration purposes.

8.10 In 1988/89, the UK was the major source of TRA applicants, accounting for 50 per cent of applicants. Europe accounted for a further 20 per cent. Asia and Oceania accounted for less than 24 per cent of applicants at that time, and Africa and the Middle East for less than 1 per cent.

8.11 Over the course of the 1990s there has been a major proportional shift in the source of applicants from the UK and Europe to Asia and Oceania and to Africa and

the Middle East. In 1995/96, the UK and Europe accounted for 44 per cent of all applicants while Asia and Oceania accounted for 40 per cent and Africa and the Middle East accounted for 12 per cent.

8.12 There was then a minor reversal of this trend so that in the first half of 1997/98 the UK and Europe increased to 49 per cent and Asia and Oceania fell to 29 per cent. Africa and the Middle East, however, continued to increase and accounted for almost 18 per cent of applicants.

8.13 The proportional increase in the UK and Europe masked continued decline in absolute terms.

8.14 The proportional fall in Asia and Oceania reflected absolute and proportional declines in applicants from India, Sri Lanka, the Philippines, Fiji, China and Hong Kong.

8.15 The continued proportional increase in Africa and the Middle East was entirely due to increased applications from South Africa; applications from the Middle East declined.

8.16 The proportional change in the sources of TRA applicants by region from 1988/89 to 1995/96 were:

	<u>1988/89</u>	<u>1994/95</u>	<u>1995/96</u>	<u>1996/97</u>	<u>1997/98</u> (a)
UK	50.5%	31.7%	28.2%	25.3%	30.7%
Europe	20.7%	16.1%	16.1%	21.2%	18.1%
Asia/Oceania	23.6%	41.3%	40.2%	33.9%	29.3%
Africa/Middle East	0.6%	8.3%	12.1%	14.4%	17.8%
The Americas	4.6%	2.6%	3.3%	5.2%	4.1%

(a) Full year extrapolation from half year figures.

8.17 The decline in overall applications from 1990/91 to 1993/94 was most pronounced for Asia and Oceania, with a decline in applications of some 60 per cent. This was followed by Europe with 57 per cent. Applications from the UK declined by 28 per cent.

8.18 The recovery in 1994/95 was most pronounced in Asia and Oceania, with an increase of 49 per cent. The recovery for the UK was 34 per cent, and 29 per cent for Europe.

8.19 The change in application numbers from source regions from 1988/89 to 1995/96 was:

	<u>1988/89</u>	<u>1994/95</u>	<u>1995/96</u>	<u>1996/97</u>	<u>1997/98</u> (a)
UK	2891	1667	1589	863	830
Europe	1188	845	904	724	490
Asia/Oceania	1350	2169	2263	1158	790
Africa/Middle East	33	438	679	490	480
The Americas	264	136	191	178	110
TOTAL	5726	5255	5626	3413	2700

(a) Full year extrapolation from half year figures.

8.20 In both proportional and absolute terms, there was a sustained major change in the sources of TRA applications from the UK and Europe to Asia/Oceania and Africa/Middle East.

Influences

8.21 The changes in the mix of TRA's overseas client groups, the geographical shift in the sources of demand and the overall fall in the level of demand stemmed to some extent from TRA's responses to the needs of DIMA; but predominantly they arose from changes to the nature, content and administration of the migration program.

8.22 The commencement of assessing non-TRR Act trades by TRA for migration purposes in January 1992 was in response to a request from DIMA, and the list of non-TRR Act trades was subsequently expanded on a number of occasions. This broadened the range of occupations TRA assesses for migration purposes and improved the basis for the allocation of points for skill by migration officers.

8.23 The broadening of the base of TRA's market into non-TRR Act trades was also beneficial to TRA and played a major role in cushioning the decline in the overall TRA overseas application rate.

8.24 The list of non-TRR Act trades does not include the food (predominantly cooks), horticulture, clothing and personal services trades (predominantly hairdressers). These trades are currently assessed by migration officers with assistance from NOOSR in some cases. Discussions have been held between DIMA and TRA from time to time about TRA covering the field in the trades assessments it undertakes.

8.25 The geographical shift in the source countries for TRA clients reflected the overall shift in source countries for the migration program from Western Europe to

Asia and South Africa. This trend also accounted for the shift from criteria countries to non-criteria countries.

8.26 The overall fall in overseas applications to TRA arose from both a fall in the level of migration applications and an apparent shift in the skills mix of migration applications from trades to professional and para-professional occupations.

8.27 Increases in the cost of applying to migrate, changes to social security entitlements for migrants, increases in the cost of English language testing, extension of the list of Occupations Requiring English, and increases in the points test pass and pool marks appear to have reduced the demand for migration. The reduction in demand appears to have been stronger in those occupations assessed by TRA and in TRA's major source countries; possibly because the socio-economic status of TRA's clients means these factors have greater impact on their ability to apply to migrate. This would appear to be the case with India, Sri Lanka, the Philippines and Fiji.

8.28 Political developments in source countries also affected application levels. In the case of Hong Kong, the decline in applications reflected the end of the surge of migration prior to the British handover to China. The continued increase from South Africa is another case in point.

8.29 With China, a major factor was the passing of the November 1 wave.

8.30 The historical ratio of TRA applications to skilled migration planning levels has varied from year to year. Over the course of the 1990s it averaged 16.1 per cent. It peaked at 20.3 per cent in 1995/96, but declined to 14.7 per cent in 1996/97 and to 11.2 per cent in 1997/98.

8.31 Applications for the Independent (I) and the Skilled-Australian Linked (SAL) components of the migration program in the first 4 months of 1997/98 were 55 per cent below the levels for the same period in 1996/97. However, actual TRA applications in 1997/98 were 27.3 per cent below the estimate for the year based on the skilled migration planning level. This suggests that to some extent the TRA application rate was cushioned from the overall fall in the migration application rate by applications already in the migration pipeline (that is, applications for migration which had been registered by DIMA but for which a decision had not been finalised).

8.32 An analysis of DIMA data on migration applications and movements in the migration pipeline in 1996/97 and the first five months of 1997/98 in the skilled components of the migration program shows that:

- . in 1996/97, there were 914 new migration applications in trades assessed by TRA,

- . at 30 June 1997, there were 2817 migration applications in trades assessed by TRA at the registered stage of the migration pipeline (ie awaiting skills assessment),
- . from July through November 1997, there were 265 new migration applications in trades assessed by TRA, and
- . at 30 November 1997, there were 1632 migration applications in trades assessed by TRA at the registered stage of the migration pipeline (ie awaiting skills assessment).

8.33 That is, in the period July through November 1997, the migration applications in trades assessed by TRA at the registered stage of the migration pipeline fell in net terms (taking into account the new migration applications received in the period) by 1450.

8.34 Over the period July through December 1997, TRA received 1484 applications. That is, the main source of applications to TRA at that time was from the migration pipeline rather than new migration applications.

Outlook for 1998/99

8.35 TRA's application rate in 1998/99 will be determined by the number of migration applications remaining in the migration pipeline at 30 June 1998, supplemented by new migration applications.

8.36 It is difficult to estimate the relevant migration pipeline numbers at 30 June 1998. Extrapolation from the change in the period July through November 1997 and the current rate of new migration applications suggests the trades occupations in the pipeline will be significantly depleted to perhaps up to 500 migration applications at the registered stage at 30 June 1998.

8.37 Extrapolating from both the full year migration application rate in 1996/97 and in the first five months of 1997/98, suggests some 800 to 1000 new migration applications in 1998/99 unless there is an upturn in the level of migration applications.

8.38 The number of new TRA applications in 1998/99 arising from the migration pipeline and new migration applications would therefore appear to be in the range 1300 to 1500.

8.39 However, there are two factors which may result in a higher number of TRA applications than the current DIMA data indicates.

8.40 Firstly, the depletion of the migration pipeline may prompt DIMA to "wind up" the number of new applications. In this regard, a reduction in the points pass mark from 115 to 110 for applicants in the Independent category announced by the Minister for Immigration and Multicultural Affairs on 3 March 1998 may have a positive effect on skilled migration applications, but any impact might not manifest in the short term.

8.41 There is also a likelihood that the list of occupations requiring English will be expanded and this will tend to exert a negative influence on applications. In addition, professional and para-professional occupations are likely to continue to dominate skilled migration applications and any increase in new migration applications from applicants in trades occupations would probably be relatively small.

8.42 Secondly, the mooted move by DIMA to A compulsory PASA \cong may increase the TRA application rate. But there will be a lag before this would have a meaningful effect on TRA applications.

8.43 The TRA budget and price structure for 1998/99 has been developed on the basis of an estimated 2500 overseas applications in 1998/99.

Outputs

8.44 The trend in numbers of finalised applications for assessment for migration purposes per year is affected by the trend in the application rate, and Skills Assessor staffing and productivity levels.

8.45 There was an overall decline in the number of applications finalised per year of some 61 per cent from 1990/91 to 1997/98. Over the same time the application rate declined 68 per cent and Skills Assessor staffing levels declined 35 per cent.

8.46 Productivity levels fluctuated.

8.47 Finalised applications:

- . fell from 8,606 in 1990/91 to 3,309 in 1993/94
 - applications declined from 7,943 to 3,681
 - the number of Skills Assessors fell from 12 in 1990/91 to 6 in 1993/94
 - Skills Assessor productivity declined;
- . increased marginally in 1994/95 to 3,551 and by a significant margin in 1995/96 to 5,515
 - applications increased to 5,639 in 1994/95 and fell slightly to 5,461 in 1995/96
 - the number of Skills Assessors fell to 5.5 in 1994/95 but increased to 7 in 1995/96

- productivity increased significantly in 1994/95 and remained at a high level in 1995/96;
- . declined to 3,326 in 1996/97
 - applications fell to 3,321 in 1996/97
 - the number of Skills Assessors increased to 7.7
 - productivity declined;
- . remained relatively constant in 1997/98 at 3,335
 - applications fell to 2,544
 - the number of Skills Assessors remained constant at 7.7
 - productivity was less than 1996/97.

8.48 Appendix G9 shows application and finalisation data.

8.49 A large backlog of unfinalised applications developed in the late 1980s. At 30 June 1990 there were 2,830 unfinalised applications on hand. The backlog steadily declined to 454 at 30 June 1993 as the result of the fall in applications in 1992/93 and high levels of productivity in 1990 and 1991.

8.50 The backlog re-developed from 1993/94, peaking at 2,777 at 31 January 1996, despite record productivity levels in 1994/95 and 1995/96. The main factors in the re-growth of the backlog were the higher application rates in 1994/95 and 1995/96 together with the priority accorded to November 1 applications and low productivity levels in 1992/93 and 1993/94.

8.51 The backlog declined steadily from the second half of 1996/97; mainly due to the low application rates of 1996/97 and 1997/98, assisted by a relatively high productivity level in 1996/97.

8.52 The backlog figures were 2,244 at 30 June 1996, 1,764 at 30 June 1997 and 1,010 at 30 June 1998.

8.53 The main factor in the continued decline of the backlog over 1997/98 was the fall in the application rate rather than any improvements in productivity.

8.54 Productivity, measured as the average number of applications finalised per day per fulltime equivalent Skills Assessor (FTESA), has been calculated for the period 1989/90 to 1997/98. The measure of fulltime equivalent Skills Assessor takes account of overtime, temporary staff, training time and various forms of leave.

8.55 Productivity was slightly over 3 applications per day in both 1989/90 and 1990/91. It declined to less than 2.5 from 1991/92 through 1993/94. Productivity was at record levels of 3.5 applications per day in 1994/95 and 1995/96 before declining in 1996/97 and 1997/98.

Year	89/90	90/91	91/92	92/93	93/94	94/95	95/96	96/97	97/98
Productivity	3.1	3.2	2.4	2.3	2.4	3.5	3.6	2.7	2.3
Applications	7,081	7,943	5,283	3,787	3,681	5,639	5,461	3,321	2,544
Backlog (At beginning of year)	2,527	2,830	1,519	722	454	1,052	2,458	2,244	1,764
FTESA	12	12	10	8	6	5.5	7	7.7	7.7

8.56 Relevant factors in seeking to explain the declines in productivity could include "fatigue" arising from the preceding periods of high productivity and a behavioural response to changes in the application rate. With regard to the latter, there is a positive correlation between productivity on the one hand and the application rate and the backlog of unfinalised cases on the other. That is, when the pressure is on people work harder and when the pressure drops off people recover/relax.

8.57 TRA has a performance standard of finalising 80 per cent applications within 90 days of receipt.

8.58 That standard was generally met in the first half of the 1990s, but performance fell off over the second half as the result of the growth of the backlog. A major factor in this was priority given to November 1 cases in response to a request from DIMA, the residual effects of which are only now starting to be overcome.

8.59 In 1995/96, 29 per cent of applications were finalised within 90 days. This fell to 10 per cent in 1996/97, with a recovery to 21 per cent in 1997/98.

8.60 A related measure is the average number of days from receipt taken to finalise an application and the same pattern emerges in respect of it; 142 days in 1995/96, 181 days in 1996/97 and 179 days in 1997/98.

8.61 Significant improvements in productivity occurred from 1989 with the implementation of a decision by CTCs, following a recommendation arising from a 1989 review of TRA administration, devolving authority to Skills Assessors to make final assessment decisions in respect of TRR Act trades in prescribed circumstances.

8.62 Skills Assessors are able to classify applicants from criteria countries who meet criteria, and refuse applicants from criteria and non-criteria countries who do not meet criteria (in the case of the latter the criteria are the 6/7 year rules).

8.63 Applicants from non-criteria countries who make a prima facie case for classification are referred to CTCs for final decision.

8.64 These arrangements reduced the number of applications being referred to CTCs and reduced the turn around time for finalising a large proportion of applications.

8.65 However, there are still significant delays which arise from the CTC process. Depending on the frequency of committee meetings, which is determined by the availability of committee members and the accumulation of a sufficient case workload to warrant convening a meeting, and the timing of initial assessment of an application by a Skills Assessor, these delays range from two weeks to over three months.

Assessment outcomes

8.66 The outcomes of applications overall for assessment for migration purposes have shown an increasing trend of positive outcomes (that is, classification). In 1990/91, 54 per cent of applications resulted in classification. The proportion fell to 47 per cent in 1991/92, before steadily increasing in successive years, peaking at 63 per cent in 1993/94 and 1994/95, and stabilising at around 60 per cent. A record success rate of 66 per cent occurred in 1997/98.

8.67 This pattern is reflected for criteria countries. Reliable data on outcomes for non-criteria countries is available only from 1992/93. It shows that success rates for non-criteria countries were lower than for criteria countries but were increasing; ranging from 41 per cent in 1992/93 to 52 per cent in 1996/97 and 63 per cent in 1997/98.

8.68 Non-criteria countries tend to have a lower success rate because of the greater reliance by applicants on documentation which is less well known than "criteria documents" and because the standard procedure of not interviewing in non-criteria reduces the ability of applicants who may have a prima facie case to strengthen it at interview.

8.69 Non-criteria countries also tend to be less industrially developed than Australia and have training arrangements in place which are less likely to meet Australian standards; an exception in this regard is South Africa which has a high success rate (85 per cent in 1996/97 and 91 per cent in 1997/98).

8.70 Data distinguishing outcomes between TRR Act and non-TRR Act trades has been reliably kept only from 1995/96. TRR Act trades overall had success rates of 53 per cent in 1995/96 and 1996/97, increasing to 60 per cent in 1997/98. These compare to 69 per cent, 66 per cent and 70 per cent for non-TRR Act trades. To some extent, the variation in outcomes may reflect the shorter time serving requirement for non-TRR Act trades. It could also reflect the lower level of expertise TRA has in those trades resulting in Skills Assessors being more likely to give the benefit of the doubt to the applicant.

	All Trades	Criteria Countries	Non-Criteria Countries	TRR Act Trades	Non-TRR Act Trades
1990/91	54%	55%			
1991/92	47%	51%			
1992/93	53%	57%	41%		
1993/94	63%	66%	46%		
1994/95	63%	67%	46%		
1995/96	62%	66%	49%	53%	69%
1996/97	58%	61%	52%	53%	66%
1997/98	66%	67%	63%	60%	70%

Cost recovery

8.71 Unless otherwise stated, the following financial data is in constant 1996/97 dollars.

Trends in costs

8.72 Data on costs is at Appendix G10.

8.73 Total costs associated with TRA's migration assessment function fell by 48 per cent from 1990/91 compared to 1997/98.

8.74 These reductions occurred as the result of organisational and procedural efficiencies such as the winding down of TRA's United Kingdom office from 1992 and its closure in 1996, streamlining the assessment process and the managing down of costs in the light of the falling application rates.

8.75 Staffing associated with TRA's migration assessment function fell by 34 per cent. Staffing associated with management and administrative activities fell 12 per cent and staffing directly involved in assessment fell 43 per cent.

8.76 Staff costs declined by 34 per cent.

8.77 Administrative costs declined by 79 per cent.

8.78 Direct running costs (combined staffing and administrative costs) declined by 56 per cent.

8.79 Expressed in constant 1996/97 dollar terms, the total cost per finalised application was \$357 in 1990/91. Cost savings achieved by 1996/97 were offset by a greater reduction in the number of applications finalised so that the total cost per finalised application increased in real terms to \$538. Further cost savings in 1997/98 reduced the total cost to \$478.

8.80 The equivalent figures for direct cost per finalised application were \$266, \$354 and \$302.

Trends in revenue

8.81 Data on revenue is at Appendix G11.

8.82 From the introduction of fees in 1989, gross revenue varied with the level of fees and the level of applications. Another significant factor was the fee moratorium during 1993/94, and 1993/94 has been excluded from this analysis because of the distorting effect of the fee moratorium.

8.83 In constant 1996/97 dollars, gross revenue increased by 69 per cent from 1990/91 to 1997/98.

8.84 Gross revenue increased from the first full year of fees (1989/90) to 1990/91 before declining in 1991/92 and 1992/93 as applications declined, and then increased from 1994/95 through 1997/98 (with a minor drop in 1995/96).

8.85 The adoption of the current fee policy and significant increases in fees was accompanied by a downturn in applications in 1996/97 which continued into 1997/98. The net effect, however, was an increase in gross revenue to \$698,189 in 1996/97 and \$907,194 in 1997/98 (in constant 1996/97 dollars).

Net direct costs

8.86 Direct running costs net of revenue showed a consistent decline since the introduction of fees because of a consistent reduction in direct running costs and, in the majority of years, increased revenue.

8.87 The level of recovery of direct running costs increased from 23 per cent in 1990/91 to 83 per cent for 1997/98. Net direct running costs fell from \$1,752,724 in 1990/91 to \$100,684 in 1997/98.

8.88 The net direct cost per finalised application decreased from \$222 in 1990/91 to \$30 in 1997/98. The target for net direct cost per finalised application under the current policy is zero.

8.89 The achievement of 100 per cent recovery of direct costs in 1997/98 would have required a standard application fee of \$396. To recover 100 per cent of total costs, the standard application fee would have to have been some \$626.

Client Service/Satisfaction

Individual clients

8.90 Individual prospective migrants have benefited from TRA's migration assessment function where they have been classified in a trade and awarded the relevant points for skill under the migration points test. They have also benefited because of the level of assurance, at least in TRR Act trades, about domestic recognition of their skills in Australia and the advantages of that for the job search and settlement processes after arriving in Australia.

8.91 There is no formal mechanism in place for soliciting client feedback, such as client surveys.

8.92 Consideration will be given to a formal survey mechanism to gauge client satisfaction in the context of the development of government service charters by DWRSB. In anticipation of this, the current performance information schedule for TRA includes provision for a survey to gauge client satisfaction with service, process and outcomes.

8.93 Currently, client satisfaction is gauged indirectly from applications for reviews, administrative law actions, Ministerial representations and feedback from other bodies which have contact with the relatives of TRA clients overseas such as state and territory government overseas qualifications units.

8.94 Arrangements for review of TRA assessments for migration purposes were formalised and better advised to clients from 1 November 1996, together with improvements in the provision of reasons for decisions. Applications for review have been received in respect of less than 6 per cent of finalised applications.

8.95 Generally less than 1 per cent of unsuccessful applications have resulted in some form of administrative law action (through the AD(JR) Act, the Freedom of Information (FOI) Act or the Ombudsman. Administrative law actions arose in respect of 1.4 per cent of unsuccessful applications in 1996/97; a result of the November 1 process.

8.96 One complaint has been lodged with the Ombudsman since 1990. This was lodged in January 1997 and was dismissed by the Ombudsman in January 1998.

8.97 Complaints through Ministerial representations have averaged about three per year.

8.98 TRA has ongoing liaison with state and territory government overseas qualifications units, and meets formally with them on an annual basis. The qualitative feedback received from these bodies indicates a high degree of client satisfaction with TRA.

Individual employers

8.99 Individual employers, industry in general and the wider community have benefited from the widened pool of skilled labour provided through skilled migration and the level of assurance about the skills provided. The migration assessment function has imposed no costs or obligations on Australian employers.

8.100 The satisfaction of individual employers with TRA processes and outcomes is gauged in the exception from direct approaches to TRA from employers.

8.101 Since 1990, TRA has received two specific complaints from individual employers about the skill levels of holders of ARTCs who were selected migrants. Following investigation by TRA, in one case the ARTC was rescinded and in the other case the employer accepted that the TRA assessment was correct.

8.102 Informal inquiries have been made by a small number employers but these have been resolved through discussion of the TRA process and the context of the employers' concerns.

Industry

8.103 The main avenues for feedback from industry bodies about the TRA process is through their representatives on LTCs and CTCs. Feedback through these sources indicates a high degree of satisfaction.

8.104 An alternative source of industry feedback is through state and territory electrical licensing bodies, which are generally tripartite. These bodies have accepted an ARTC in the relevant trades as a basis for meeting the skill requirements for electrical licensing since 1992.

8.105 Projects undertaken by the metal and electrical industries in 1997 to develop industry-based skills assessment arrangements indicated industry satisfaction with the TRR Act by accommodating it in their arrangements.

8.106 The joint submission from the employer and employee organisations represented on CTCs stated there was a high level of employer confidence in TRA's migration assessments.

The labour market

8.107 In the labour market context, satisfaction is gauged by the continued acceptance of ARTCs issued to selected migrants by employers, unions, state training authorities and the TAFE sector as an accurate indication of skill and the basis for relevant wage levels, participation in the supervision and training of apprentices and access to post-trade training.

DIMA

8.108 TRA maintains close liaison with the Independent and Skilled-Australia Linked Section in DIMA, individual migration posts overseas and offices of the Immigration Review Tribunal. The feedback provided from these contacts indicates a high degree of satisfaction with TRA's skills assessment process and outcomes for migration purposes.

The migrant community

8.109 As with individual clients, feedback from the migrant community generally is gauged in the exception based on direct complaints from migrant community bodies and indirectly through state and territory overseas qualifications units. No concerns have been raised with TRA through these means.

Conclusion

8.110 The migration skills assessment function of TRA does not impose any costs or requirements on Australian employers, but has provided benefits to them through reduced costs in recruitment and operational costs. It has provided benefits to individual clients by assisting them make more a informed migration decision and assisted them in post-arrival settlement by providing them with a high level of confidence about the recognition and acceptance of their skills in Australia. It has provided benefits to the community by ensuring successful migrants have the appropriate skills.

8.111 There appears to be a high level of satisfaction on parts of individual clients, individual employers, industry in general, the migrant community and DIMA. The main cause for client dissatisfaction is the average length of time it takes to finalise applications.

8.112 The net trend in applications for migration skills assessment has been downwards over the course of the 1990s, with a record low level in 1997/98. The decline in TRR Act trades has been more pronounced, with the decline in total applications being cushioned by the expansion into the assessment of non-TRR Act trades in 1992.

8.113 A recovery in the level of applications in 1994/95 and 1995/96 appears to have been significantly influenced by specific, and transitory, factors such as political developments in Hong Kong and South Africa, and the "November 1" phenomenon.

8.114 The decline is the result of changes to the size, composition and administration of the migration program which appear to have had a greater impact on the TRA client group than other segments of the skilled migration market (such as professional and para-professional occupations). While there may be short term increases in applications from time to time, the long term trend is likely to continue to be a relatively low level of demand for skills assessment for migration purposes in the occupational groups currently assessed by TRA.

8.115 Under this outlook, it will be difficult to sustain an efficient and economically viable operation under the current arrangements.

8.116 Productivity under current procedures and staffing arrangements has been prone to large variations and is currently at the mid range for the 1990s. Large backlogs of applications and attendant delays have arisen which are now almost eliminated due to the large fall in new applications.

8.117 Total costs have fallen by some 48 per cent in real terms since 1990/91 as the result of organisational and procedural efficiencies and staff reductions in line with the fall in applications. As a result, net direct costs per finalised application have fallen 86 per cent in real terms. Nevertheless, net direct costs are higher than the target of zero and the total cost per finalised application has increased 34 per cent in real terms.

9. DOMESTIC TRAINING REFORMS

National Training Framework

9.1 The most significant development in the domestic training system which affects the TRR Act and TRA is the National Training Framework (NTF) which was endorsed by Ministers for Vocational Education and Training in November 1996.

9.2 The aims of the NTF are to provide a more flexible and simpler regulatory environment for vocational education and training (VET) and to underpin the introduction of the user choice arrangements of the Commonwealth Government's New Apprenticeships initiative.

9.3 The NTF comprises two elements - Training Packages and the Australian Recognition Framework (ARF).

Training packages

9.4 Training Packages are developed by industry and endorsed by the National Training Framework Committee (NTFC) of the Australian National Training Authority (ANTA). The NTFC comprises representatives of government and industry.

9.5 They integrate competency standards, assessment guidelines and Australian Qualification Framework (AQF) qualifications (from Certificate I to Advanced Diploma) to provide the basis for the development, delivery, assessment and certification of VET and the recognition of skills on a consistent national basis while providing greater flexibility in the provision of training to meet particular enterprise, regional and individual training needs.

9.6 Each Training Package contains a number of qualifications at various AQF levels.

9.7 Training Packages provide a more specific and more detailed benchmark for skills assessment than the current broadly-based TRA process.

9.8 The first Training Packages were endorsed by the NTFC in November 1997 and became commercially available in February 1998. The National Training Information Service (NTIS) World Wide Web site indicated that, at the end of June 1998, 21 Training Packages had been endorsed and a further 44 were under development with a number expected to be finalised by the end of 1998.

9.9 Of the Training Packages currently endorsed, two relate to a total of five occupations (in aircraft maintenance and telecommunications) currently assessed by TRA for migration purposes - these five classifications are also prescribed under the TRR Act.

9.10 Another two endorsed Training Packages (in hospitality and horticulture) are also relevant to skills assessment for migration purposes, although TRA does not currently undertake assessments in the occupations they cover.

9.11 The main occupational areas currently assessed by TRA for migration purposes for which Training Packages are under development and expected to be endorsed in the second half of calendar year 1998 are electrical, printing, metals,

construction and automotive.

9.12 The metals and electrical packages will relate to the majority of classifications currently prescribed under the TRR Act, and together with those already endorsed and the construction and printing packages under development at 30 June 1998 will virtually cover the classifications currently assessed for migration purposes by TRA.

Australian Qualifications Framework

9.13 The Australian Qualifications Framework (AQF) was introduced on 1 January 1995 with the aim of full implementation by the year 2000.

9.14 The AQF replaces the state-based qualification structure for post-compulsory education and training under the Register of Australian Tertiary Education (RATE) with a system of national qualifications.

9.15 With regard to VET, the RATE system of Certificate, Advanced Certificate, Diploma and Advanced Diploma is replaced by the AQF structure of Certificate I, Certificate II, Certificate III, Certificate IV, Diploma and Advanced Diploma.

9.16 The AQF Implementation Handbook notes the issuing of a single qualification as one of the principles of the AQF; although it also notes that this does not preclude dual certification in some circumstances.

9.17 The general principle therefore is that a single AQF qualification issued by the training provider should replace the current dual certification of apprentices comprising an educational credential (a Certificate under RATE) from the provider of their formal off-the-job training (usually TAFE) and a trade certificate from the state or territory training authority with which the apprenticeship was registered (to acknowledge the completion of the full apprenticeship).

9.18 Advice provided by state and territory training authorities indicated that a single AQF qualification currently applies across the board in Victoria and is widespread in South Australia, Tasmania and the Northern Territory. Western Australia indicated that it was committed to implementing a single AQF qualification.

9.19 New South Wales and Queensland currently maintain dual qualifications for apprentices and will continue to do so for the immediate future.

9.20 In those circumstances where a single AQF qualification applies, apprentices will generally receive a Certificate III under the AQF depending on the nature and content of their training. However, some current trade occupations will receive an AQF Certificate II or IV (an example of the latter is the aircraft maintenance occupations).

9.21 The ARTC issued under the TRR Act currently equates to the current dual certification of apprentices and generally the equivalent AQF qualification is a Certificate III, although there may be some areas where the equivalent is a Certificate IV (such as in aircraft maintenance).

9.22 In its comments on the interim report, the AMWU suggested that the changes proposed in this report would be impractical until a single AQF qualification was in place in all states and territories. However, a number of states and territories indicated that the mutual recognition principles under the ARF ensure that a single AQF qualification would have national currency. The view of the state and territory training authorities was echoed by ANTA.

9.23 This issue cannot be resolved in the context of this review and it is an important matter which should be considered in the implementation of government decisions flowing from this report.

Australian Recognition Framework

9.24 The ARF is a new set of administrative arrangements for the flexible but consistent national recognition of competencies against the benchmarks established by Training Packages.

9.25 It replaces NFROT and the declaration of trades (apprenticeship occupations), registration of apprentices, and the issuing of trade certificates by state and territory training authorities with a system of devolved responsibilities to Registered Training Organisations (RTOs).

9.26 The role of state and territory training authorities under the ARF is to register RTOs to deliver specified training and/or assessment services and to issue AQF qualifications based on endorsed Training Packages and accredited courses. Registration is based on minimum national standards, principles and protocols which will also provide the quality assurance framework within which state and territory training authorities will monitor and audit RTOs.

9.27 All RTOs are required to meet a set of core standards; with additional specific standards to be met according to whether they deliver training or provide only assessment services.

9.28 RTOs may be either public bodies (such as TAFE) or private training providers (such as enterprises, industry bodies or commercial providers).

9.29 The ARF formally commenced on 1 January 1998. ANTA expects the implementation of the ARF to reach a critical mass by the end of 1998. The crucial factors in this are state and territory government legislative and administrative arrangements for the registration of RTOs and Training Packages.

9.30 Information available from the NTIS and advice provided by state and territory training authorities suggests the timeline could be longer than that indicated by ANTA; with mid 1999 being more likely.

Assessment under the ARF

9.31 Units of competence, as defined in the relevant competency standards, will be the benchmark for assessment and the issuing of qualifications under the ARF.

9.32 Units of competence specify:

- . performance criteria which must be satisfied,
- . "Arrange of variables" (or contexts) relevant to the application of the competence in the workplace, and
- . critical aspects of assessment (such as documentation, interdependency of units, required underpinning knowledge, occupational health and safety matters, and the context of the assessment).

9.33 Assessment guidelines as specified in Training Packages:

- . outline appropriate assessment systems and strategies;
- . specify requirements which must be met by assessors, these are
 - competency in specified units of competence under the Competency Standards for Assessment, and
 - competence in the units of competence they are assessing; and
- . outline appropriate means for demonstrating competence.

9.34 Training Packages emphasise the demonstration of skills and underpinning knowledge in an holistic manner on-the-job or in an environment which closely simulates the workplace. They do, however, acknowledge the validity of documentary evidence of the demonstration of competence on-the-job. The NTF requires RTOs to ensure that assessments are valid, reliable and accurate, but it does not require that an RTO itself always directly observe the demonstration of competence on-the-job.

9.35 Corroborated documentary evidence of work experience and formal training of the type which is central to TRA's current assessment methodology for both domestic recognition and assessment for migration purposes is consistent in-principle with the evidence requirements of Training Packages. However, there would be a need for greater detail and specificity in documentary evidence than TRA currently requires.

9.36 The qualifications component of Training Packages specify the AQF qualification which may be issued where specified combinations of competences are demonstrated. This includes the title of the qualification, its AQF level, and the information to be recorded on the qualification. Provision is also made for the issuing of statements of attainment where the full range of competences required for a qualification are not demonstrated.

Implications for TRA

9.37 In its submission to the review, ANTA emphasised the quality assurance focus of the ARF through the processes and requirements for the registration of RTOs and that AQF qualifications are nationally recognised. It noted that the implementation of the ARF and the AQF remove the inconsistencies which previously existed between state and territory training and recognition arrangements. Of particular relevance to this review, ANTA also noted that the scope for assessment-only pathways to recognition were a part of the ARF arrangements.

9.38 The ARF and the AQF have a number of potential and common implications for the migration assessment and domestic recognition functions of TRA. There are also a number of implications, or aspects of issues, which are specific to each function.

9.39 Issues arising from the ARF which are common across TRA's functions include:

- . the timing of endorsement and implementation relevant Training Packages,
- . assessment criteria and processes,
- . TRA staffing arrangements, and
- . TRAIS.

9.40 The last three issues are likely to require the re-engineering of TRA to conform with the requirements of the ARF.

Timing issues

9.41 There are uncertainties about the pace of development and scope of RTOs which may be able to carry out assessments.

9.42 While ANTA expects the ARF to reach a critical mass of implementation before the end of 1998, a more realistic timeframe may be mid 1999.

9.43 The National Training Information Service (NTIS) indicates that all Training Packages which are relevant to TRA are scheduled to be endorsed by the end of 1998.

9.44 Although the number of new RTOs which will be registered by then is not known, ANTA noted in its consultation that there are some 3,000 training providers which were registered under the NFROT arrangements which have been deemed as RTOs from 1 January 1998. These are predominantly state and territory government TAFE colleges, but also include a number of industry, enterprise and commercial training providers.

9.45 The employer and employee organisations represented on CTCs in their joint submission and their consultation with the review committee expressed concern about the "new and untried" nature of the ARF, and especially the processes for registering RTOs. As an extension of this concern they suggested there was a role for the maintenance of the TRR Act as a means of influencing the domestic training reform process and to provide a benchmark for the performance of the ARF.

9.46 There may be some need for caution about the ARF because it is new, but its success will depend significantly on the quality of Training Packages and their assessment guidelines. The organisations expressing concerns about the ARF are responsible for the development of the Training Packages for their areas of interest and are therefore best placed to ensure a quality outcome from the ARF.

9.47 The ARF is a joint policy of Commonwealth, State and Territory governments and it would be inconsistent for the Commonwealth Government to retain the TRR Act or TRA in parallel with, or in opposition to, the ARF for the purposes suggested by the industry parties.

Assessment criteria and process

9.48 The review of TRA's assessment criteria and processes by UTS in 1996 concluded that TRA's approach was generally consistent with the requirements arising from industry competency standards at that time. It did, however, note that some adjustments to TRA's assessment procedures would be needed to adopt industry competency standards.

9.49 The development of the ARF and Training Packages since then have significantly increased the degree of change that would be needed to TRA's criteria and processes.

9.50 Most submissions, including the joint submission from the employer and employee organisations represented on CTCs, emphasised the need for the TRR Act and TRA migration assessment criteria and processes to be consistent with the ARF and Training Packages.

TRA staffing arrangements

9.51 Changes in classifications arising from award restructuring and national industry competency standards, and the requirements for skills assessment arising from industry competency standards, have raised questions about the TRA

assessment methodology and the nature and skill mix of TRA Skills Assessors.

9.52 These questions become more critical in the context of the ARF and Training Packages.

9.53 The current broad-based TRA concept of a tradesperson, the strong affinity between traditional trades and the related assessment criteria and process have enabled TRA to assess a wide range of trade skills using a relatively small number of Skills Assessors with a relatively narrow range of trade qualifications.

9.54 In 1997/98, TRA skill assessments have been undertaken in some 184 TRR Act and non-TRR Act classifications by some 18 individual Skills Assessors who between them have qualifications in 9 discrete trades.

9.55 Under the ARF and Training Packages, assessors can only carry out assessments of competencies in which they themselves are competent. Assessors can carry out assessments in other areas where they do so with the assistance of someone with the relevant competencies.

9.56 These requirements severely restrict the competencies which can be assessed by TRA's current staff of Skill Assessors (even allowing for the collaborative assessment approach available under TRA's processes). TRA would not be able to assess across the full range of the metals and electrical Training Packages for the purposes of the TRR Act let alone the wider range of trades currently assessed for migration purposes.

9.57 In the case of the relatively small number of competencies TRA could assess with its current Skills Assessor profile, despite the current skill competencies and workplace assessor competencies of TRA's Skills Assessors, significant retraining would be required in respect of the competency standards in and the assessment requirements of individual Training Packages and in the necessary revised TRA procedures.

9.58 It would not be financially viable to engage additional permanent and/or temporary Skills Assessors to meet the requirements of the ARF and individual Training Packages. It would also not be financially viable to maintain the current Skills Assessor staff to carry out assessments in the range of competencies in which they meet ARF/Training Package requirements.

9.59 A major change to TRA's staffing arrangements would be necessary for TRA to undertake assessments in line with the ARF. The range of necessary competencies would only be available on a financially viable basis through a network of appropriately qualified, fee-for-service, contract skills assessors.

9.60 In addition to enabling TRA to meet requirements of the ARF and Training Packages, a move to contract skills assessors would also improve TRA's efficiency.

9.61 A large proportion of TRA's relatively fixed salary costs would be converted to more flexible variable costs. Expenditure would increase directly in line with increases in applications and decline directly in line with decreases in applications.

9.62 Applications would also be spread over a larger pool of available assessor resources which would avoid the backlog caused by the queue which develops under current arrangements and, together with changes to methodology such as not deferring applications for additional documentation or interview, could improve the turn around time from receipt of an application to finalisation to perhaps four weeks compared to the current average of some 12 weeks.

TRAIS

9.63 TRAIS has been specifically developed around, and to provide the framework for, TRA's current assessment criteria, procedures and reporting needs. The steering committee which considered TRA's adoption of competency-based assessment in 1996 concluded that TRAIS would need to be redeveloped to accommodate industry competency standards.

9.64 As with other aspects of TRA's operations, the ARF has increased the degree of change that would be needed to TRAIS; to the point where it would need to be completely replaced. In broad terms, TRAIS would need to be replaced with a system which accommodated the use of Training Packages as the basis for assessments and was capable of meeting the reporting requirements of the Australian Vocational Education and Training Management Information Statistical Standard (AVETMISS), and integrated the use of contract skills assessors.

9.65 Irrespective of any of these influences, TRAIS is at the end of its useful life and requires redevelopment. It is a DOS-based system developed with DataFlex software. This technology is out-of-date and is being made increasingly obsolete because of changes to the information technology platform of DWRSB.

Implications for skills assessment for migration purposes

9.66 The ARF and the AQF have a number of potential implications specifically for skills assessment for migration purposes. These relate to:

- . the current use of RATE terminology in the migration regulations;
- . the use of Australian Standard Classification of Occupations (ASCO) descriptors as the basis for establishing the Australian standard for some occupations;
- . the competence of migration officers to undertake skills assessments;
- . the potential role of RTOs;
- . the rigour and nature of requirements for recognition under the ARF;
- . the currency of an applicant's skills and of migration skills assessments; and
- . subsequent domestic recognition of migrants' skills.

9.67 These issues are relevant to the review of the migration points test, as well as the legislation review of the TRR Act and TRA.

RATE terminology

9.68 The migration regulations currently use the RATE terminology of "trade certificate". The AQF qualification which will replace the existing trade certificates will generally be an AQF Certificate III (although in some cases it will be an AQF IV).

9.69 However, the AQF level in itself will not identify an AQF certificate as the equivalent of a trade certificate. The level of an AQF certificate reflects the breadth, depth and complexity of knowledge and skills involved and the degree of independence and complexity of decisionmaking in applying the skills and knowledge. It does not indicate the occupational area of the skills and knowledge and the AQF III level is relevant to a range of trade and non-trade occupations.

9.70 The New Apprenticeships initiative broadens the occupational coverage of structured training arrangements so that the term "trade" will become an anachronism and its meaning blurred.

9.71 The introduction of the AQF and its use in the second edition of the ASCO Dictionary will require amendment of the migration regulations to remove reference to "trade certificate" as the Australian standard for migration purposes and replace it with something like "training and/or experience equivalent to at least an AQF Certificate III" for the equivalent level of points allocation.

Australian Standard Classification of Occupations

9.72 The primary purpose of the ASCO Dictionary is the classification of occupations for statistical purposes and it contains descriptors expressed in broad terms.

9.73 Although the DIMA Procedures Advice Manual (PAM) acknowledges that ASCO was not designed for establishing skill levels, ASCO is used by migration officers and TRA as the basis for deciding whether applicants meet the Australian standard in some occupations.

9.74 The use of ASCO in this way will become increasingly inappropriate, and subject to criticism by migration applicants and their sponsors and representatives, as the ARF and the role of Training Packages as the basis for assessing skills and issuing qualifications are implemented.

9.75 The development of Training Packages under the ARF has two further implications for the use of ASCO as the basis for classifying skills for migration purposes.

9.76 The first issue is the alignment of ASCO nomenclature with qualification titles in Training Packages.

9.77 There is already a problem with the alignment of ASCO nomenclature with the current nomenclature of declared vocations used by state training authorities; but there is also a lack of alignment of titles between state training authorities.

9.78 The ARF and the qualification titles in Training Packages will rationalise titles used for domestic training purposes and this will serve to highlight the problems with ASCO titles.

9.79 The second issue concerns statistical classification.

9.80 Under current domestic training arrangements, AVETMISS assigns ASCO numbers to accredited vocational training courses. Training Packages will replace accredited courses but there are currently no arrangements to assign ASCO numbers to endorsed Training Packages.

9.81 Although AVETMISS is being reviewed in the light of Training Packages, there is currently no formal or direct linkage between the outcome of skills assessments of prospective migrants based on Training Packages and ASCO classifications as used in the migration program. Nevertheless, the relevant skills assessment body should be able to readily identify an appropriate ASCO number, at least at the 4 digit level.

Migration officers

9.83 Prior to the expansion of the occupations assessed by TRA for migration purposes from 1992 beyond the relatively small number of 49 TRR Act trades to the 184 TRA currently assesses, skills assessments in non-TRR Act trades for migration purposes were undertaken by migration officers.

9.84 There are a small number of residual trades and a number of other occupations which are still assessed by migration officers.

9.85 Migration officers do not, and cannot be expected to, have the necessary technical and labour market knowledge and assessment skills to undertake skills assessment. In particular, they cannot be expected to meet the assessment guidelines contained in Training Packages (especially the requirements for assessors).

9.86 Where assessments are carried out by migration officers there would be no basis for linking skills assessment for migration purposes with formal recognition in Australia.

9.87 It was proposed in the TRA submission to the migration points test review that it would be appropriate to give consideration to further expanding the occupations assessed by sources other than migration officers, both laterally in terms of current trade occupations and vertically in terms of non-trade occupations.

9.88 Depending on the outcome of this review of the TRR Act and TRA, this could expand TRA's migration role or the RTO concept under the ARF could provide the means.

Role of registered training organisations

9.89 A diverse and possibly large range of potential assessing bodies, each assessing only a relatively narrow range of Training Packages, and a diverse range

of prospective clients (prospective migrants) from around the world raise questions about the effective operation of the market.

9.90 Limited knowledge on the parts of prospective migrants may impede their identification of and access to assessing bodies.

9.91 However, assessment for migration purposes (as opposed to for domestic recognition) would most likely be a niche market with a small number of providers.

Requirements of the ARF

9.92 There is a distinction between skills assessment to determine whether a prospective migrant generally meets the relevant Australian standard for migration purposes on the one hand, and formal skills recognition through the issuing of an Australian qualification where the standard is precisely met on the other.

9.93 A high degree of certainty about formal recognition in Australia assists prospective migrants to make the final decision to proceed with migration and facilitates their post-arrival settlement process.

9.94 However, there are questions about whether a linkage between assessment for migration purposes and domestic recognition of the degree TRA currently achieves in respect of TRR Act trades can be sustained under requirements of the ARF.

9.95 The rigorous and detailed assessment requirements under the assessment guidelines and against the competency standards of Training Packages may not be able to be met in the migration skills assessment process, or may require an assessment process which is very expensive and/or lengthy.

9.96 It may be difficult for the migration skills assessment process to provide the evidence required to adequately demonstrate that an applicant's training and experience meets the necessary range of variables or underpinning knowledge requirements of a Training Package.

9.97 There is also a potential difficulty with core competencies in many Training Packages which have a cultural base (such as those relating to work organisation, occupational health and safety, communication and quality) which prospective migrants will, by definition, have difficulty meeting.

9.98 Attempting to maintain a strong linkage between assessments for migration purposes and domestic recognition would be likely to result in a lower classification rate, including because some applicants might be unable to provide adequate documentary evidence to demonstrate their competence rather than because they do not possess the competence.

9.99 The ARF assessment arrangements require a high degree of confidence in the bona fides of the documentation and other evidence provided as part of the skills assessment process and it may be that this cannot be adequately provided in respect of prospective migrants without a prohibitively costly and/or time consuming

process to authenticate evidence and detect fraud.

9.100 There is a trade-off between cost, timeliness, equity and accuracy and it may be that it would be most appropriate to have a two stage approach which reduces the link between assessment for migration and domestic recognition. This would entail:

- . skills assessment for migration purposes only which is less rigorous and therefore less costly and more timely, and
- . additional assessment on arrival in Australia for the purposes of domestic recognition.

9.101 Nevertheless, it will be important that the linkage between the migration assessment and domestic recognition be as strong as possible to minimise duplication of process and costs, and to facilitate the use of the skills of migrants and their settlement into the Australian community.

9.102 An additional difficulty in the migration context is that the specific nature of Training Packages and their assessment guidelines will probably prevent the current broadly-based TRA approach to assessment whereby an applicant is effectively considered across all possible trade classifications.

9.103 Assessment against Training Packages will probably require an assessment to focus on a specific set of skills and knowledge as defined by a specific Training Package and require the applicant to clearly nominate the occupation in which they are seeking assessment.

9.104 The latter would be particularly necessary to direct the application for assessment to the appropriate body if there was a large number of possible assessing bodies each assessing only a relatively narrow range of Training Packages.

9.105 It would also be necessary for the assessment body to assess the applicant against a specific Training Package.

9.106 Consideration of an applicant's skills more broadly would require a number of discrete assessments each of which may require a separate fee to be paid.

Currency of skills

9.107 TRA currently has no specific requirements for the currency of an applicant's skills or experience. Currency is considered on a case by case basis taking into account the nature of the skills and technology involved.

9.108 Assessment under the ARF will place more emphasis on the demonstration of current competencies and there may be a need for more rigorous requirements to ensure the skills of applicants assessed for migration purposes are current. This may be in the form of a sunset period, of say five years, within which the applicant must be able to demonstrate they have used their skills and maintained their

currency.

9.109 This requirement may also need to flow on to any role the assessment for migration purposes plays in the process of domestic recognition after the migrant arrives in Australia.

Subsequent domestic recognition

9.110 Discussion of difficulties faced by migrants in having their skills recognised in Australia often suffers from inadequate disaggregation of the available data and doesn't distinguish the situation in respect of trade skills from those for professional and para-professional skills. Disaggregation indicates that the difficulties are predominantly in the professional and para-professional areas.

9.111 One stated migrant recognition problem has been confusion about where and how to get skills recognised. In the trades area, this has been reasonably straight forward with only a distinction between TRA at the Commonwealth level and state/territory training authorities.

9.112 The ARF entails state/territory training authorities devolving recognition to a wide diversity of possible providers which, as with the issue of overseas assessment, raises questions about market knowledge, access and efficiency which have the potential to create difficulties for migrants having their skills recognised in Australia.

9.113 However, as noted earlier, assessment for migration purposes would most likely be a niche market with a confined number of providers and this would reduce these potential difficulties for migrants.

Implications for the Tradesmen's Rights Regulation Act

9.114 A number of the issues arising from the ARF which are mainly specific to the migration context also arise to some extent in respect of the TRR Act, but are more easily addressed in the domestic context. These are:

- . the more specific and more detailed benchmark for skills assessment under Training Packages compared to the current broadly-based TRA process,
- . the need for greater detail and specificity in documentary evidence than TRA currently requires,
- . vertical and horizontal occupational coverage, and
- . the need for applicants to be assessed against one specific Training Package per application (and fee).

9.115 There are also a number of additional issues which are more specific to the TRR Act and domestic recognition. These are:

- . the relationship between ARTCs and the AQF,
- . the relationship between classifications prescribed in the TRR Act compared to the titles of qualifications prescribed in Training Packages, and
- . the role of RTOs in the domestic situation.

ARTCs and the AQF

9.116 ARTCs issued under the TRR Act have played a valuable role in providing national recognition of prescribed metal and electrical trade skills in an environment where alternative arrangements were not available in all states and territories, arrangements and criteria varied between those jurisdictions with arrangements, and qualifications provided in those jurisdictions were not necessarily recognised nationally.

9.117 The implementation of the ARF to provide nationally consistent criteria and arrangements for the recognition of skills (through Training Packages) and the issuing of national qualifications (under the AQF) removes the main rationale for, and benefits of, the TRR Act and ARTCs issued under it.

9.118 The implementation of the ARF also raises a question about the nature of the qualification issued under the TRR Act. The ARTC in effect is the equivalent of an AQF Certificate III, but it would be appropriate for there to be some formal acknowledgement of this or some formal linkage between it and the AQF.

9.119 More appropriately, there would be a need for the ARTC to be replaced by an AQF Certificate III and this would require either a change to the AQF or TRA to become an RTO.

TRR Act classifications

9.120 For some time TRA has been considering the need to update the classifications in the schedules to the TRR Act to better reflect contemporary domestic classifications. The initial impetus for this arose from award restructuring and was given further momentum by the development of national industry competency standards.

9.121 The implementation of the ARF and the endorsement of relevant Training Packages now make it imperative for the current TRR Act classifications to be replaced by the qualification titles prescribed by the relevant Training Packages.

The role of RTOs

9.122 The TRR Act has provided national recognition of certain metal and electrical trade skills in an environment where alternative arrangements were not available in all states and territories, arrangements and criteria varied between those jurisdictions with arrangements, and qualifications provided in those jurisdictions were not necessarily recognised nationally.

9.123 By providing nationally consistent criteria and arrangements for the recognition of skills and the infrastructure of RTOs to deliver assessment services and issue national qualifications, the ARF removes the rationale for the TRR Act.

9.124 The ARF and RTOs represent the direction of Commonwealth and state/territory policies on VET which devolves service delivery from centralised government training/recognition authorities.

9.125 These developments question the need for and appropriateness of continuing with the TRR Act and a centralised Commonwealth government role in skills recognition. The view expressed in this regard by ANTA during consultation with the review committee is that the domestic recognition function should be taken up solely through RTOs under the ARF arrangements.

Conclusions

9.126 The implementation of the ARF is likely to reach a critical mass by mid 1999. This will remove the underlying rationale for the continuation of the TRR Act and the need it meets. It will also provide an alternative, with the necessary quality and equity safeguards, to the current migration assessment role of TRA.

9.127 If the TRR Act (or some replacement legislation) and/or TRA were to continue, they would need to be consistent with the ARF. This would require:

- . replacing TRA's current fixed workforce of permanent Skills Assessors with a network of appropriately qualified contract skills assessors on a fee-for-service basis,
- . a re-engineering of assessment criteria and processes,
- . alignment of the ARTC with the AQF, or its replacement with an AQF qualification,
- . replacement of the current classifications covered by the TRR Act with the titles of qualifications in Training Packages, and
- . a redevelopment of recordkeeping and reporting and the associated information technology requirements.

9.128 These changes would entail an initial investment in resources to develop and implement which would need to be recouped over a period of time.

9.129 If TRA was to continue to undertake migration skills assessments it would be appropriate for the range of skills it assesses to be expanded laterally and vertically.

9.130 Irrespective of whether TRA was to continue to undertake migration skills assessments or was replaced by an alternative means, the current strength of the linkages between migration assessments and domestic recognition will be difficult to maintain under the more rigorous requirements of the ARF.

9.131 The need to maintain as high as possible a degree of certainty about domestic recognition post-migration, means that there will be no room for doubt in the pre-migration assessment process and the onus will be on prospective migrant to clearly demonstrate their skills and knowledge before migration. There may be some scope for a small number of applicants for skills assessment to travel to Australia on visitor visas for assessment to overcome this problem. Overall, however, a fall in successful pre-migration assessment outcomes would be likely.

9.132 If TRA was to continue to play a role in domestic recognition and/ or migration assessments it might be appropriate for it to be registered as an assessment-only RTO with a state/territory training authority. This would enable the repeal of the TRR Act and not require any replacement Commonwealth legislation.

9.133 However, this might be inconsistent with the general thrust of the Commonwealth Government's devolution of service delivery from centralised government bodies.

10. REVIEW OF THE GENERAL POINTS TEST FOR THE INDEPENDENT AND SKILLED-AUSTRALIA LINKED CATEGORIES OF THE MIGRATION PROGRAM

10.1 DIMA has carried out a Review of the General Points Test for the Independent and Skilled-Australia Linked Migration Categories.

10.2 The points test review indicates that the categories and the points test "have generally been effective in selecting migrants who have been able to gain employment quickly and who have made a positive contribution to Australia=s economy".

10.3 In particular, migrants assessed by TRA as holding trade skills equivalent to Australian standards have a high employment participation rate and a low unemployment rate. These reflect a high degree of acceptance of the accuracy of TRA's assessments in the labour market.

10.4 Recommendations from the migration points test review have a number of potential implications for skills assessment for migration.

10.5 The points test review maintains the importance of skill assessment in the migrant selection process. It recommends that threshold criteria for prospective skilled migrants be introduced. The threshold criteria include trade skills which meet Australian standards, with the ARF and AQF being the benchmarks for Australian standards. That is, the skills of prospective migrants should be assessed against Training Packages or competency standards and the assessment processes should be consistent with the requirements of the ARF.

10.6 For DIMA to accept that a migration applicant meets the threshold skill requirement, it would need a level of assurance that skills assessments for migration purposes accurately reflected the relevant Australian standards.

10.7 That is, bodies undertaking skill assessments for migration purposes need to have the expertise, procedures and resources for undertaking skills assessments against Australian standards as defined by Training Packages.

10.8 The necessary expertise relates to both appropriate management and assessor expertise.

10.9 The necessary management expertise includes:

- . developing, designing and managing skills assessment systems,
- . assessment against Australian standards of skills developed overseas, and
- . skills assessment in the migration context.

10.10 The first point is common with requirements for domestic skills assessments.

10.11 The second and third points would be appropriate given the difference in context between the skills assessment process in respect of prospective migrants overseas compared to domestic skills assessment.

10.12 Assessment bodies should use a range of qualified assessors and be able to provide an assessment service across a wide range of occupations to minimise the confusion overseas applicants would face in identifying and accessing a relevant assessment body.

10.13 Assessors would need to:

- . be qualified against the national competency standards for workplace assessors,
- . be qualified in the competencies they are assessing, and
- . have access to and be able to apply the competency standards and assessment guidelines of relevant Australian Training Packages where they exist.

10.14 Assessment bodies should have appropriate policies and operating procedures and standard documentation covering administrative arrangements and the assessment process.

10.15 In particular, operating procedures should ensure a standardised approach to, and consistent and accurate outcomes from, assessments by individual assessors.

10.16 Policies and procedures should include client service standards, review arrangements, advice to applicants on the assessment process, feedback to clients on assessment outcomes and review arrangements, and advice to clients on access to review.

10.17 Procedures should include data collection, management, storage and retrieval arrangements and privacy and access/equity considerations.

10.18 Assessment bodies should have adequate resources to undertake the assessment function and provide an appropriate level of service to clients.

10.19 Assessment bodies should also be able to provide a linkage between assessment for migration and domestic recognition on arrival in Australia with a minimum of additional process and cost.

10.20 To ensure access and equity concerns are met, assessment bodies should adhere to the Guiding Principles for the Assessment and Recognition of Overseas Skills and Qualifications (noted in paragraph 3.23) which were developed by NOOSR, OQUs and TRA in 1997.

10.21 The requirements for registration as an RTO under the ARF provide much of the basis for an assessment body being able to fulfil the requirements for undertaking assessments for migration purposes. A threshold requirement for undertaking assessments for migration purposes should therefore be registration as

an RTO.

10.22 The points test review reinforces the need for TRA to undergo significant re-engineering to meet the requirements of the ARF if it was to continue to undertake skills assessments for migration purposes.

10.23 However, the RTO registration process does not ensure an RTO has the migration context-specific experience or expertise. This would be an additional requirement beyond registration as an RTO.

10.24 The migration points test review also makes a number of recommendations which will affect the level of demand for skill assessment; some of which may act to increase demand and others which may act to reduce demand. DIMA is of the view that the net effect will be to increase the demand for skills assessment for migration purposes in the medium term. However, because of the current size of the skilled components of the migration program and the historical trend in the proportion of prospective skilled migrants who claim trade skills, any increase is unlikely to be significant in absolute terms.

10.25 As noted in paragraph 8.30, the ratio of TRA applications to skilled migration planning levels has been declining over the 1990s. If the peak ratio and that for 1997/98 are applied to the Independent and Skilled-Australian Linked planning levels for 1998/99, the expected range of applications to TRA in 1998/99 would be from a maximum of 4,600 and to a minimum below 2,500. This projected range compares to 2,544 in 1997/98 and the record level of 7,943 in 1990/91.

10.26 A significant recommendation from the review of the migration points test concerns the timing of skills assessments for prospective migrants.

10.27 Under current arrangements, a prospective migrant first lodges an application for migration and is then required to have their skills assessed.

10.28 The review of the migration points test recommends that when migration applications are lodged they should be accompanied by the results of a skills assessment by a relevant Australian authority. That is, the skills assessment should be undertaken before a migration application is lodged. This approach is termed "pre-migration application skills assessment" (PASA) and DIMA is hoping to have it operational by 1 July 1999.

10.29 There are advantages in this approach for DIMA in reducing the turn around time for finalising a migration applications and reducing the resource costs of processing applications.

10.30 There are also advantages for the prospective migrant because they have a better idea of the likely outcome of a skilled migration application. If they are unsuccessful in the skills assessment they are saved the costs of lodging a migration application which would be unsuccessful.

10.31 PASA removes the migration skills assessment process, as opposed to the future use of the skills assessment outcome, from the government-regulated migration application process. This has two implications.

10.32 Firstly, overseas residents who seek to have their skills assessed against Australian standards will not have made a commitment to applying to migrate to Australia and might not ever do so. Indeed, one of the advantages to both DIMA and an individual is that the skills assessment process will cull prospective migration applicants with a low likelihood of succeeding in their migration application.

10.33 This weakens the public benefit basis for the current 40 per cent subsidy in the TRA application fee provided through indirect running costs being budget funded. If TRA was to continue to undertake migration skills assessments under PASA, it should be on the basis of fully recovering total running costs.

10.34 Secondly, PASA raises questions about whether direct government service provision of migration skills assessment services through TRA is consistent with the removal of the skills assessment process from the government-regulated migration sphere.

10.35 If TRA was to continue to undertake skills assessments for migration purposes, the points test review reinforces the need for TRA to undergo significant re-engineering to meet the requirements of the ARF and the proposed move to PASA means that TRA should operate on the basis of fully recovering total running costs.

10.36 However, there are questions about whether direct service delivery of skills assessment through TRA as a government body would be consistent with PASA.

11. NOOSR BUSINESS PROCESS REVIEW

11.1 The National Office of Overseas Skills Recognition (NOOSR) is located within the Commonwealth Department of Employment, Education, Training and Youth Affairs (DEETYA).

11.2 NOOSR has an overarching policy role in respect of the assessment and recognition of overseas qualifications in Australia, promotes international arrangements for skills recognition to improve labour mobility and undertakes or facilitates the assessment of professional and technical qualifications for migration purposes.

11.3 With regard to assessment for migration purposes, NOOSR undertakes educational assessments, undertakes occupational assessments in some professional areas and coordinates and facilitates the assessment and recognition of occupational qualifications in other professional areas by the relevant professional bodies in Australia.

11.4 A business process review of NOOSR has recently been completed by an outside consultant.

11.5 That review confirmed the need for a continuing overarching role for the Commonwealth Government in qualification and skills assessment and recognition and the continuation of NOOSR as the most appropriate location for that role. However, it also recommended that NOOSR should continue, where possible, to devolve the actual assessment function to appropriate national bodies.

12. THE ROLE OF GOVERNMENT

12.1 Government has a role in the provision of services where there are community interests to do so. Community interests arise in situations such as where there is market failure, there are unmet social justice or equity needs, there are accountability and/or individual privacy concerns, and where a public benefit accrues from the government providing a service.

12.2 These conditions have existed to justify the current role of the Commonwealth Government in domestic skills recognition and in the assessment of the skills of prospective migrants.

12.3 Market failure has existed because of the absence of alternatives to the TRR Act on a national basis. In correcting this situation the TRR Act has provided demonstrable public benefits in industrial relations and the operation of the skilled labour market.

12.4 The absence of the TRR Act to fill the gaps in the mechanisms for skills recognition would have had inequitable results and denied social justice to over 200,000 Australian citizens over the past 50 years.

12.5 The operation of the TRR Act, in conjunction with relevant Commonwealth administrative law arrangements, has provided a legislative and administrative framework which has ensured accountability and protected individual privacy.

12.6 For similar reasons, TRA's role in skills assessment for the purpose of migration has also been justified and provided public benefits.

12.7 However, reforms in the domestic training system culminating in the ARF raise questions about the continued need for and justification of the continuation of the TRR Act and TRA's role in skills assessment for migration purposes.

12.8 The reforms have created a national training market which is able to provide the necessary mechanism for skills recognition for the TRR Act client groups. The quality assurance framework for the training market provided by the principles, standards and protocols of the ARF addresses issues of equity, access, accountability and individual privacy.

12.9 The "National Principles for the Fair Handling of Personal Information" released by the Office of the Privacy Commissioner in February 1998 provide further safeguards.

12.10 The training reforms are already impacting heavily on the operation of the TRR Act by significantly reducing the numbers of applications for recognition under the Act from people who have developed their skills informally on-the-job in Australia and through the ADF.

12.11 Improved formal training provision and expanding workplace skills assessment mechanisms are reducing the Act's role in respect of the former group, while the implementation of ADF training arrangements linked to civilian qualifications are reducing the Act's role in respect of the latter group.

12.12 The unemployed are disenfranchised from workplace skills assessment mechanisms. This gap in provision will be filled by RTOs under the ARF but there will be an issue about how the access of the unemployed to these services will be funded. This issue also arises in respect of access by the unemployed to the TRR Act under TRA's current fee policy which does not provide fee waivers for the unemployed.

12.13 The current TRA fee policy reflects the fact that this a social policy matter of assistance to the unemployed which should be addressed through mainstream mechanisms for assisting the unemployed rather than through TRA subsidies in the TRA fee structure or cross-subsidisation between clients.

12.14 The same rationale exists in respect of RTOs and the unemployed.

12.15 The ARF and the RTO mechanism under it, also provides an alternative to TRA for skills assessments for migration purposes.

12.16 The development of an assessment market under the ARF also raises questions about the operation of TRA in light of the competition principles agreed between Australian governments in April 1995. Those principles require competitive neutrality between government and private business activities.

12.17 For the competition principles to apply to a government activity, there must be an actual or potential competitor. Until recently, this circumstance did not exist in TRA's case. However, the implementation of the ARF and the registration of RTOs under it is changing this situation.

12.18 Another contemporary development in the broader government environment in which TRA operates is an increasing focus of government on policy settings and frameworks with a reduced focus on the direct delivery of services. Governments are increasingly looking to market based mechanisms for service delivery.

12.19 The ARF is an example of this, and provides the policy framework within which the Commonwealth Government can vacate direct delivery of assessment and recognition services through TRA in favour of the market based arrangements under the ARF.

Conclusion

12.20 The circumstances which have justified a role for the Commonwealth Government in skills recognition through the TRR Act and in the assessment of the skills of prospective migrants through TRA no longer apply.

13. PROPOSED APPROACH TO DOMESTIC SKILLS RECOGNITION

13.1 The TRR Act has played an important role in providing a national recognition mechanism for the metal and electrical trades. Written submissions indicated that TRA=s administration of the Act, the level of client service it provides and the outcomes of its assessment process are well regarded. There have been significant efficiency improvements in the administration of the Act over the 1990s.

13.2 However, a large proportion of the provisions in the Act have become obsolete and now have no useful purpose, the implementation of the ARF has removed the underlying rationale for its existence and the long term trend in the application rate for recognition under the Act raises questions about its financial viability despite the efficiency improvements which have been achieved.

13.3 Consequently the TRR Act should be repealed, TRA should vacate the domestic recognition field and direct service delivery should be left to arrangements under the ARF.

13.4 Direct service delivery under the ARF is shown diagrammatically in Figure 2.

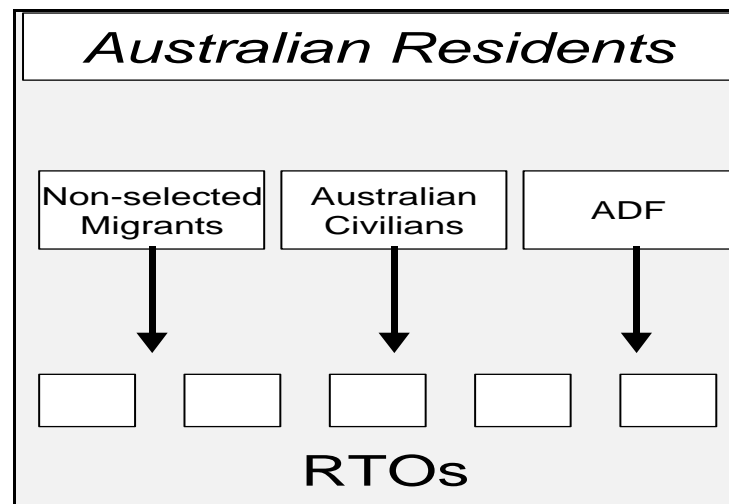


Figure 2

13.5 The review committee identified a range of implementation and transition issues which need to be resolved before a firm timeframe for the cessation of activities under the TRR Act can be identified. Implementation details were outside the terms of reference of this review and will need to be considered as part of government decisions flowing from it. However, it would not be possible to cease activities under the Act before 1 July 1999.

13.6 That date would give a full 18 months from the commencement of the ARF from 1 January 1998, over which time the implementation of the ARF can be expected to reach a threshold level and be sufficiently implemented for domestic recognition purposes.

13.7 In submissions to the review and in consultations with the review committee, some employer and employee organisations expressed concerns about the implementation and quality aspects of the ARF.

13.8 Those concerns centred on the timing of the necessary Training Packages being endorsed and adequately implemented, and perceived deficiencies in, and inconsistencies between, state and territory training authority arrangements for the registration and auditing of RTOs despite the principles, standards and protocols of the ARF.

13.9 Industry concerns about the registration and auditing of RTOs appeared to reflect the view held by industry that it should have a role in these activities. These are matters which industry should more appropriately pursue through ANTA, however, the committee was of the view that it would be appropriate for the relevant state and territory authorities to consider the role industry could play in the registration and auditing of RTOs.

13.10 In general, comments on the interim report from most key stakeholders supported, or at least acknowledged the logic behind, the proposed approach to domestic skill assessment. The Federation of Ethnic Communities' Council of Australia (FECCA), for example, stated that "FECCA appreciates that the time has come to repeal the TRR Act for the reasons outlined in the report".

13.11 State and Territory training authorities also noted that the proposed approach is consistent with the ARF and emerging domestic practice.

13.12 In determining the actual timeframe for ceasing activities under the TRR Act, detailed consideration would need to be given to providing sufficient lead time and putting in place appropriate transition arrangements.

13.13 The lead time would need to accommodate the necessary legislative action to repeal the TRR Act and to put in place any legislative provisions which might be needed for the appropriate transition arrangements.

13.14 The transition arrangements would need to include no new applications under the TRR Act being accepted after a certain date (say three months before the date of cessation) to enable all applications on hand to be finalised by the date of cessation and over this period *Anew* applicants would have to be directed to RTOs.

13.15 If a similar function to that currently carried out under the TRR Act was to continue through the Commonwealth Government, new legislation should be enacted and:

- (a) the skill coverage of the new legislation should be expanded both horizontally and vertically on that of the TRR Act and be consistent with the titles of qualifications in Training Packages,
- (b) administrative arrangements and assessment criteria and processes should be consistent with the ARF,
- (c) assessments should be undertaken by skills assessors, who meet the requirements of the relevant Training Packages, on a fee-for-service basis,
- (d) assessments should be undertaken on a case by case basis against relevant Training Packages or competency standards, and formal training criteria based on the equivalence of overseas training programs to Australian standards should not be developed or maintained,
- (e) assessments should be finalised on the basis of the documentary evidence originally provided by applicants without the current TRA processes for additional documentation and overseas technical interviews,
- (f) all clients should be provided with statements of the competencies they are assessed as having demonstrated,
- (g) qualifications issued under any such arrangement should be AQF qualifications or be consistent with AQF qualifications,
- (h) a single, broadly-based national consultative body should be established to provide advice on broad matters of assessment policy and an avenue for review of decisions,
- (i) appointments to the consultative body should be for fixed three year terms and include senior serving officials or employees of relevant employer and employee organisations, and a community representative reflecting the client base of the function,
- (j) Government officials appointed to or servicing the consultative body should be on an ex-officio basis, and
- (k) there should be comprehensive arrangements for cost recovery in respect of all aspects of the function.

14. PROPOSED APPROACH TO MIGRATION SKILLS ASSESSMENT

14.1 TRA's role in the assessment of the skills of prospective migrants has played an important role in the administration of the skilled components of Australia's migration program.

14.2 As with TRA's administration of the TRR Act for domestic purposes, written submissions indicated that TRA's administration of its migration skills assessment function, the service it provides to its clients and the outcomes of its assessment process are well regarded. Similarly, there have been significant efficiency improvements in the migration skills assessment function over the 1990s.

14.3 An important aspect of TRA's activities in this area has been the linkage it has provided between assessment for migration purposes and recognition after successful migrants arrive in Australia and the importance of this in assisting the settlement process for migrants and maximising the benefits to Australia of skilled migrants.

14.4 However, as with TRA's administration of the TRR Act for domestic purposes, there are questions about the continuing financial viability of the function despite the efficiency improvements which have been achieved. There has been a long term decline in the application rate, and there is uncertainty about the future trend, as the result of changes in the nature composition and administration of the skilled components of the migration program.

14.5 The implementation of the ARF and PASA raise questions about the need for, and the appropriateness of, a government monopoly in migration skills assessment. In any case, the ARF also has significant implications for TRA's current assessment criteria and processes such that they would have to be re-engineered at some cost to bring them into line with the ARF.

14.6 Consequently, the current arrangements for the assessment of skills for migration purposes should be replaced with arrangements which:

- . are fair, accurate, timely and economical,
- . are consistent with the ARF and the direction of current national vocational training policy and initiatives,
- . maintain the acceptance of assessments by government for migration purposes and industry for employment purposes,
- . maintain a linkage between assessment for migration purposes and domestic recognition,
- . are consistent with national competition policy, and
- . do not entail additional costs for the Commonwealth Government.

Alternative approaches

14.7 There are four broad alternatives to the current arrangements for assessment for migration purposes and these have been considered against the above criteria.

14.8 The four alternatives are:

1. maintain a role for the Commonwealth Government through new legislation to replace the TRR Act,
2. maintain a role for the Commonwealth Government on an administrative basis through TRA registering with a state or territory training authority as an RTO,
3. the Commonwealth vacate the field and leave direct service delivery to arrangements under the ARF under a free competition model, and
4. the Commonwealth play a coordination role in delivery arrangements under the ARF.

14.9 The employer and employee organisations represented on CTCs expressed concerns to the review committee about the potential effect of "privatisation" on the quality, consistency and credibility of the assessment process, the quality assurance focus of the ARF notwithstanding.

14.10 Nevertheless, Model 3 is the most appropriate ultimate outcome. However, because of the concerns expressed by the industry parties it would be appropriate to phase it in through Model 4.

Model 1 - New Legislation

14.11 Under this model, prospective migrants overseas would seek assessment in all trades by TRA for migration purposes under the Migration Act and selected migrants after arrival in Australia would seek recognition in all trades by TRA under a new "Skills Recognition Act".

14.12 This is shown diagrammatically in Figure 3.

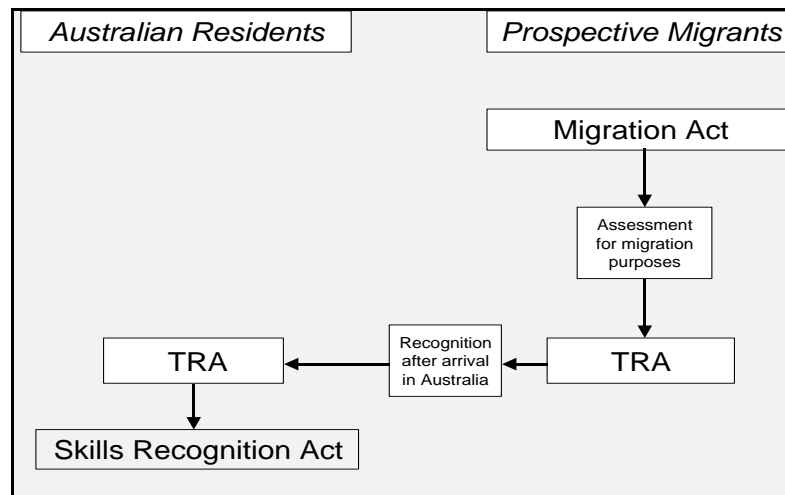


Figure 3

14.13 Any new legislation should enable streamlining in the current TRA migration assessment process, as concluded in paragraphs 5.67-5.70, to improve the efficiency of the assessment process, improve client service and reduce costs.

14.14 This model could either maintain direct service delivery, or manage service delivery by third parties through competitive tendering and contracting.

14.15 New legislation could be written to require, or provide the basis for, assessment criteria and processes which are consistent with the ARF.

14.16 By adopting the rigour of the competency standards and assessment requirements of Training Packages, this model would maintain the accuracy of assessments and their acceptance by government for migration purposes and industry for employment purposes.

14.17 Maintenance of a link between assessment for migration purposes and recognition after successful migrants arrive in Australia would be facilitated by the new Act providing the authority for domestic recognition arrangements linked to pre-migration assessments. The current linkage would be improved by the new Act having a broader occupational scope than the TRR Act.

14.18 This model suffers from a number of disadvantages which, on balance, make it an option which is not favoured. The disadvantages of this model are:

- . ideally, qualifications issued under any new legislation would be AQF qualifications but this would not be possible without a change to the AQF arrangements to give the body established under the legislation the same status as a state training authority. Consequently, acceptance of the qualification vis a vis AQF qualifications would be dependent upon the status the labour market accords it;
- . it would contradict the direction of national vocational training policy and initiatives by establishing a mechanism in parallel with the ARF (and could be seen by some

parties as, or used by others, in opposition to the ARF);

- . a direct service delivery approach under this model could be seen as inconsistent with national competition policy; alternatively there are questions about the efficiency of the additional cost of managing service delivery by third parties through competitive tendering and contracting given the small size of the market;
- . it would require time and resources to be invested in the writing and passage of legislation; and
- . there would be a need for extensive re-engineering of the function, at significant cost, to meet the requirements of the ARF and Training Packages.

14.19 Although there would be significant start up costs for the Commonwealth under this model, its longer term running costs would be less than under current arrangements because of possible streamlining of the assessment process. In the longer term it should also enable application fees to be less than those which apply under the current arrangements.

Model 2 - TRA as RTO

14.20 Under this model, prospective migrants overseas would seek assessment in all trades by TRA for migration purposes under the Migration Act and selected migrants after arrival in Australia would seek recognition in all trades by TRA operating as an RTO. This is shown diagrammatically in Figure 4.

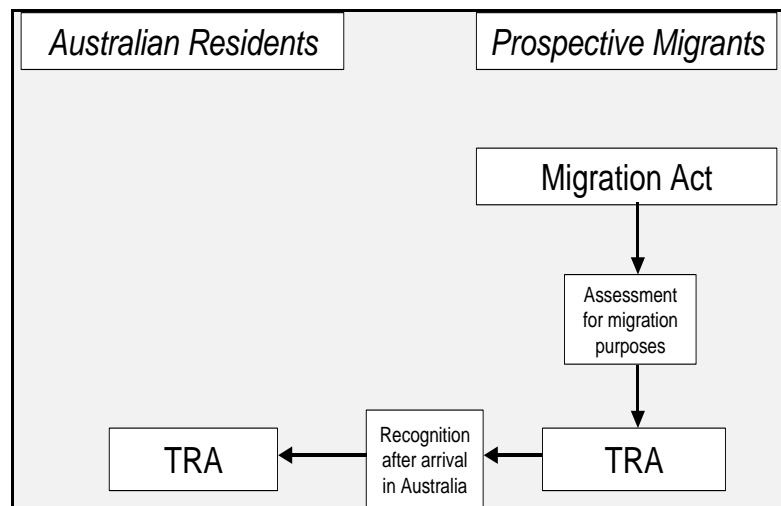


Figure 4

.21 Registering TRA as an RTO is an alternative to new legislation as a means of achieving consistency with the ARF and the degree of accuracy in, and acceptance of, assessments this would give. It would also enable TRA to issue AQF qualifications to maintain a link between migration assessments and domestic recognition.

14.22 This model would entail direct service delivery and would not be consistent with the devolution aspect of national vocational training policy and initiatives nor with national competition policy.

14.23 It would avoid the delay and costs of the writing and passage of new legislation, but would still require the re-engineering and associated costs, outlined in paragraph 14.18, to ensure the requirements for registration as an RTO were met.

14.24 As with Model 1, although there would be start up costs for the Commonwealth under this model, its longer term running costs and application fees would be less than under current arrangements.

14.25 On balance, this model is not favoured.

Model 3 - Competition

14.26 Under this model, prospective migrants overseas would seek assessment in all trades directly from RTOs for migration purposes under the Migration Act and selected migrants after arrival in Australia would seek recognition in all trades through RTOs under the ARF. This is shown diagrammatically in Figure 5.

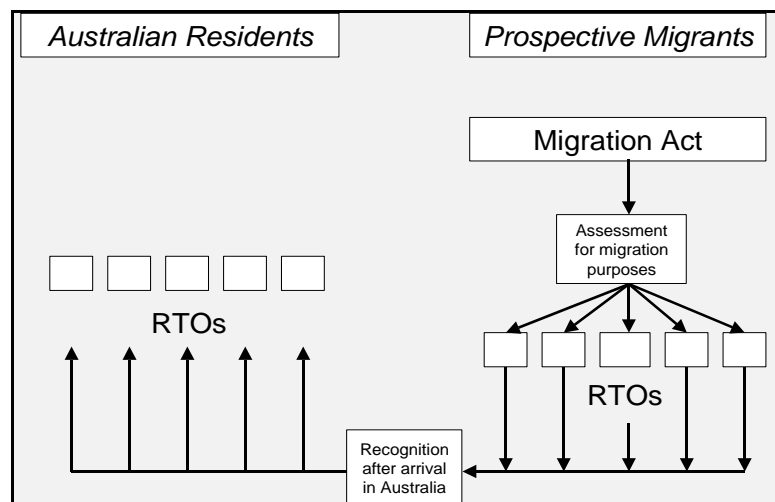


Figure 5

14.27 That is, direct service delivery of assessments for migration purposes is left to RTOs under the ARF.

14.28 The ARF, Training Packages, the requirements to be met for registration as an RTO and the processes under the ARF for monitoring the performance of RTOs

which provide for quality assurance and consumer protection in the domestic context, would also provide them in the migration assessment situation.

14.29 A further level of quality assurance would be provided by the need for appropriate RTOs to be designated as relevant Australian authorities for skills assessment for migration purposes under the migration regulations.

14.30 As detailed in paragraphs 10.6-10.23, it would be appropriate for designation as a relevant Australian authority to be restricted to RTOs which meet additional requirements for the migration context including:

- . experience in assessing skills developed overseas against Australian standards and/or experience in assessing skills in the migration context,
- . ability to provide an assessment service across a wide range of occupations,
- . knowledge of relevant Australian statutory occupational licensing requirements,
- . commitment to providing a linkage between assessment for migration and domestic recognition on arrival in Australia with a minimum of additional process and cost, and
- . adherence to the Guiding Principles for the Assessment and Recognition of Overseas Skills and Qualifications.

14.31 Competitive pricing and service standards should also be taken into account.

14.32 A concern raised in some comments on the interim report was the potential for a conflict of interest on the parts of training delivery RTOs to seek to "sell" additional training to migrants before they can be formally recognised after they arrive in Australia. The NSW Department of Education and Training suggested that selection should be "restricted to RTOs providing assessment-only services in order to address the possible conflict of interest that may arise in relation to RTOs wishing to 'sell education'. In its comments, FECCA suggested there was an "inevitable risk of a self-fulfilling process" in this regard.

14.33 To reduce the possibility of conflicts of interest for RTOs between their skill assessments of prospective migrants and the provision of unnecessary further training after migrants arrive in Australia, preference should be given to assessment-only RTOs.

14.34 Because of potential efficiencies which may be achieved (including in respect of government administrative overheads), application fees could be expected to be less than what they would be under Models 1 and 2, and could be less than those which apply under the current arrangements.

14.35 The RTO selection process should ensure that if any savings do arise, they are passed on to applicants.

14.36 The dual approach to quality assurance should ensure the accuracy of assessments and encourage their acceptance by government for migration purposes and industry for employment purposes. However, there is a question about whether DIMA has the expertise and resources to adequately provide the second level of quality assurance.

14.37 Concerns about DIMA's expertise and industry acceptance of this model could be addressed by industry involvement in a broad-based body similar to that canvassed in paragraphs 2.89-2.90 which DIMA could consult as part of the RTO selection process.

14.38 This model would be consistent with national VET policy and with national competition policy.

14.39 It would entail no cost to the Commonwealth other than the cost of winding up TRA and an on-going administrative cost to DIMA to manage the process of approving designated relevant Australian authorities.

14.40 As the model relies on the availability of appropriate service providers emerging from the market, there are possible risks that, on the one hand this will not occur and on the other hand that there will be a large number of possible providers, but with many being able to assess in only a narrow range of occupations.

14.41 The demand for assessment for migration purposes is variable; it is currently small and declining but is subject to change with changes in migration policy and administration. Despite the propensity for increase in the demand for migration assessment, it is always likely to be a relatively small market compared to the overall domestic training market.

14.42 It is not a viable market for a large number of providers servicing small segments of it, and such a scenario would be counter-productive to access by prospective migrants. The requirement for designation as a relevant Australian authority under the migration regulations of being able to provide an assessment service across a wide range of occupations would be appropriate to minimise the confusion overseas applicants would face in identifying and accessing a relevant assessment body.

14.43 There is an adequate likelihood that the market would readily give rise to appropriate niche providers to service the migration assessment market segment.

14.44 Concern with this model arises from the relatively short period the ARF has been in place and a possible lack of industry confidence in it for migration purposes in the short term.

14.45 The employer and employee organisations represented on CTCs expressed these concerns in their joint submission and in consultations with the review committee. The suggestion at paragraph 13.9 of greater industry involvement in the registration and auditing of RTOs by state and territory authorities might serve to reduce some of the concerns expressed by industry.

14.46 In its consultations with the review committee, ANTA indicated that its initial view was that the process of devolving the migration skills assessment function to RTOs should be undertaken with caution.

14.47 This model is considered the most appropriate ultimate outcome.

14.48 However, it might not be possible to move directly to this model because of the concerns noted above. It might be appropriate to allow more time for the ARF to bed down and for RTOs to develop experience in overseas skill assessments.

14.49 Another consideration is that, in moving to PASA, DIMA's preference is for a single point of contact for it and prospective migrants in the early stages. DIMA also expressed reservations about whether this model would be in the public interest.

14.50 Consequently, this model should be phased in through an approach which maintains a coordination role for the Commonwealth Government for at least an interim period. Model 4 is considered an appropriate model in this regard.

Model 4 - Coordination

14.51 This model addresses the supply, confidence and access concerns with Model 3 (paragraphs 14.40-14.45) by introducing a government managing agent to facilitate and monitor the role of RTOs.

14.52 Prospective migrants overseas would seek assessment for migration purposes in all trades through a government managing agent as the relevant Australian authority under the Migration Act, but assessments would be undertaken by RTOs on behalf of the managing agent on a competitive tendering and contract basis. The managing agent would not have a direct assessment function.

14.53 This is shown diagrammatically in Figure 6.

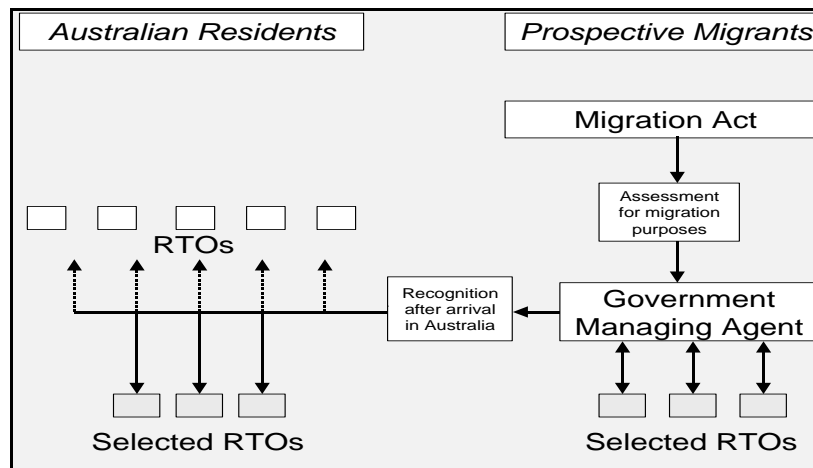


Figure 6

14.54 This model has the same attributes as Model 3 in respect of the role of the ARF, Training Packages and RTO registration and monitoring processes in providing the quality assurance framework. However, the managing agent would also add an additional level of quality assurance through the tendering process for selecting RTOs to do the assessments and by providing a single focus for accountability.

14.55 The criteria the government managing agent would use to select RTOs to carry out assessments would be the same as those for designating RTOs as relevant Australian authorities under Model 3 (outlined in paragraphs 14.29-14.33); that is experience, process, service and price.

14.56 The government managing agent would:

- . be a single point of entry for prospective migrants seeking assessment,
- . be a single point of contact/liaison for DIMA,
- . develop and monitor the assessment service provider infrastructure, and
- . coordinate assessment services.

14.57 Its initial function would be to develop the criteria and process for selecting appropriate RTOs (including determining performance benchmarks), undertake the selection process, finalise contractual arrangements and develop the overall administrative procedures and documentation for the lodging of applications.

14.58 Its on-going administrative function would be to receive applications for skills assessment from prospective migrants and allocate them for assessment to the relevant selected RTOs, and monitor the performance of the RTOs against the performance benchmarks.

14.59 The arrangements put in place by the managing agent should be transparent and reflect the principles outlined in paragraph 14.6.

14.60 The role of the government managing agent in providing the dual approach to quality assurance should ensure the accuracy of assessments and their acceptance by government for migration purposes and industry for employment purposes.

14.61 Acceptance by industry, and other key stakeholders such as occupational licensing bodies and migrant representative bodies, may also be enhanced by their involvement in a broad-based consultative committee similar to that canvassed in paragraph 14.37 which the government managing agent would consult on the criteria for selecting RTOs and in monitoring their performance. It would be appropriate for the consultative committee to comprise DIMA, industry and community representatives.

14.62 Selected migrants after arrival in Australia would seek recognition in all trades directly through the RTOs which carried out the migration assessments to provide a linkage between migration assessment and domestic recognition, but with the option of seeking recognition directly through other RTOs.

14.63 The devolution of the assessment process on a competitive tendering basis should ensure consistency with national competition policy. However, this would be tested through the Regulatory Impact Statement (RIS) which would be required by the Office of Regulation Review as part of the government decisionmaking process for establishing the proposed government managing agent.

14.64 It is envisaged that the government managing agent would only need to be a relatively small cell of perhaps 4-6 staff.

14.65 Because this model relies on assessment arrangements under the ARF by third party RTOs, it reduces the re-engineering issues and costs for the Commonwealth in Models 1 and 2.

14.66 However, there would be development and on-going costs for:

- . the necessary arrangements to select, monitor and manage the selected RTOs,
- . the overall administrative procedures and documentation for the lodging of applications and payment of application fees,
- . the payment arrangements for RTOs,
- . a management information system to record and track applications for assessment and collect data to monitor the performance of the selected RTOs, and

- . the servicing of the proposed consultative committee (although the bodies represented on the committee should bear their own costs of participation).

14.67 It would be appropriate for the costs of establishing the government managing agent to be borne by government, but the on-going operational costs should be fully recovered from an identified component of application fees.

14.68 In a similar manner to Model 3, because of potential efficiencies which may be achieved by RTOs in the assessment process, the assessment fee paid by the managing agent to the selected RTOs could be less than the current TRA application fee.

14.69 The sum of the administrative and assessment components of the application could be less than the current TRA application fee. If so, any savings which are achieved under this model should be fully passed on to applicants.

14.70 This model is considered an appropriate interim approach for phasing in Model 3.

14.71 Although the government managing agent is proposed as an interim measure, concern was expressed by some parties (including DIMA) that it should not necessarily be seen only in that light.

14.72 In any case, there would be a need to keep the government managing agent under review and it should operate until the ARF infrastructure has developed further, been tested against its quality assurance benchmarks, and an appropriate level of confidence in RTOs with sufficient experience in overseas skill assessments develops. It may then be appropriate for skill assessments for migration purposes to be directly undertaken by appropriate RTOs without the participation of the managing agent.

14.73 On the basis of the views expressed by a number of parties, it would appear that this could not be achieved before the middle of 2000 and that may be an appropriate time to review the continued need for the government managing agent. The government managing agent would need to maintain close liaison with ANTA to determine when it would be appropriate to move to model 3. The proposed broad-based consultative committee would also be a source of advice on this.

Location

14.74 The only Commonwealth Government responsibility under Model 3 arises from the designation of relevant Australian authorities under the migration regulations and this clearly sits solely with DIMA.

14.75 Models 1, 2 and 4 require more consideration to be given to the most appropriate location for the continuing function.

14.76 The industrial relations, labour market and migration aspects of the TRR Act and TRA have meant that they could be located in the industrial relations, employment and training or immigration portfolios; and they have been in each

portfolio at various times and under various circumstances.

14.77 The proposed repeal of the TRR Act in favour of the ARF infrastructure as the sole national mechanism for domestic recognition removes the Department of Workplace Relations and Small Business as a relevant location.

14.78 Location in DIMA would be inconsistent with PASA.

14.79 The labour market aspects of the migration assessment function and the role of the ARF infrastructure make the employment and training portfolio as the most appropriate location under either Model 1, 2 or 4.

14.80 The role of the proposed government managing agent under Model 4, in particular, is compatible with that of NOOSR in respect of the assessment of professional and para-professional qualifications by national assessment bodies, and is compatible with NOOSR's overarching policy role in respect of migrant skills.

14.81 Consequently, if the function is not to remain with DWRSB, consideration should be given to locating the proposed managing agent within NOOSR.

Transitional Issues

14.82 Irrespective of the model adopted for migration skill assessments, it would be appropriate for the new arrangements for migration assessments, including the linkage between them and domestic recognition, to commence with the cessation of activity under the TRR Act. As suggested in paragraph 13.5, it would not be possible to put the proposed changes in place before 1 July 1999. This would coincide with the proposed commencement of PASA (paragraph 10.28).

14.83 The review committee identified a range of implementation and transition issues which need to be resolved before a firm timeframe can be established for the cessation of TRA's current role in skills assessment for migration purposes and the commencement of operation of the government managing agent. Implementation details were outside the scope of the review and will need to be taken up in the implementation of any government decisions flowing from it. However, sufficient lead time from a final decision would be required for implementation.

14.84 Implementation action would include

- . the establishment of the proposed government managing agent and the proposed consultative arrangements;
- . the development of administrative procedures and information systems;
- . the development of selection criteria, performance standards and monitoring arrangements for RTOs; and
- . the selection of RTOs.

14.85 Transition arrangements would need to include no new applications for migration assessment being accepted after a cut-off date to enable all applications on hand to be finalised by the date of cessation. There might need to be some overlapping of TRA activity with the new arrangements, with new applications after the TRA cut-off date being handled under the new arrangements. Alternatively, a clean break could be put in place with any applications TRA has on hand being finalised under the new arrangements.

14.86 Consideration also needs to be given to arrangements for the recognition of migrants selected under the current arrangements in trades covered by the TRR Act but who arrive in Australia after the new arrangements commence.

14.87 The number of migrants affected can be reduced by advising selected migrants in classification letters issued from a certain date (most appropriately as soon as possible after a final decision) that new arrangements for recognition in Australia will apply from a certain date (say 1 July 1999).

14.88 However, TRA data indicates that the lag from skills assessment to arrival in Australia is from 3 months to five years, with about half of selected migrants arriving within two years of the completion of their migration skills assessment.

14.89 There are two possible approaches to addressing this issue:

- . maintain the TRR Act, overlapping with the new migration skill assessment arrangement, to provide domestic recognition to previously selected migrants for 6-12 months from its cessation for other applicants, or
- . have a clean break so that migrants selected under the current arrangements who arrive after the commencement of the new arrangements seek domestic recognition under the arrangements relevant to the new circumstances.

14.90 In the latter case, this would be under the new legislation of Model 1, TRA as RTO under Model 2 or RTOs under Models 3 and 4.

14.91 The first approach, and the second approach in the context of Models 1 and 2, would entail continuing costs to the Commonwealth Government in respect of TRAIS and the maintenance of the committee structure under the TRR Act.

14.92 The second approach could provide a seamless process for selected migrants under Model 1 if recognition was provided on the basis of the original migration selection; however, that would be inconsistent with the ARF and would undermine the integrity of the new legislation and the qualification issued under it.

14.93 Under Models 2, 3 and 4 the second approach would need to entail a new assessment under the provisions of the ARF for RTOs, including TRA as RTO under Model 2, to issue an AQF qualification and meet the obligations of their RTO registration.

Conclusions

The Commonwealth Government should ultimately vacate the migration skills assessment field. Assessments should be undertaken on a free competition basis directly by RTOs established under the ARF, subject only to meeting additional requirements to be designated as relevant Australian authorities under the regulations to the Migration Act.

However, because of the need for the ARF to be adequately implemented and its quality assurance processes to be tested, the ultimate outcome should be phased in over an appropriate period through a government managing agent which would engage selected RTOs to undertake assessments and would monitor their performance.

The continued need for the government managing agent should be kept under review in light of developments with the ARF.