
5 Options and Recommendations

5.1 Principles guiding recommendations

This chapter begins with a statement of the principles guiding the policy recommendations detailed below. These principles have been implicit in much of the preceding discussion. The presumption has been that the objectives governing the 1999 review of Australia's skilled selection system remain the basis of government policy. There has been no statement of policy since that time which would indicate otherwise. However, since 1999 there have been numerous policy initiatives, some of which have had a considerable impact on the numbers and characteristics of the migrants selected under the GSM. Where these developments imply a change in the Australian Government's selection policy, it should be explicitly acknowledged. The terms of reference require the panel to judge the efficiency with which current selection policy is operating. To do this requires a statement of the principles behind this selection policy.

The key policy objective driving the 1999 reforms was that Australia seeks to augment its skilled workforce via the intake of migrants with high level vocationally specific skills who can quickly find employment in their occupation. This principle remains in place and is supported by the Panel. The rationale then (and now) was that it does not make much sense to import persons with skills that can be readily provided from within the domestic workforce. On the other hand the increasingly competitive and mobile nature of the international labour market means that most developed countries now have an interest in attracting and keeping highly trained workers. This is because they tend to be in scarce supply, especially in times of economic buoyancy and can be crucial in the ability of some industries to compete in the global marketplace.

It was this principle that prompted the establishment in 1999 of the Skills Occupation List (SOL) with its division into 60-, 50- and 40-point categories. The occupations included within the 60-point category covered most of the highly skilled and vocationally specific occupations in demand around the globe. Since 1999, increases in the pass mark for the GSM have meant that the great majority of those selected under the GSM have been confined to this 60-point category. What has changed since 1999 is the growth in the numbers and range of new apprenticeships whereby persons with relatively limited training (compared with that of traditional apprenticeships in fields like fitting and turning) are classified as 60-point occupations. This outcome is not consistent with the underlying policy objective.

The priority given to vocationally specific high level skills in the 1999 reforms also guided the establishment of points-based selection test. This gave preference to applicants with qualifications in a 60-point occupation, who were young, had relevant work experience, possessed good English skills and whose skills were in demand in the Australian labour market. The Panel believes that these criteria remain an appropriate basis for Australia's selection system. It has, however, recommended some changes to the weighting of particular selection items in the light of its review of the functioning of each of the GSM visa categories. It has also proposed some modifications to the bonus points currently allocated within the selection system.

It follows from the above policy objective that the selection system should ensure that the migrants selected under the GSM points test possess high level university or trade training applicable to particular professional and trade occupations. To this end, the reforms introduced in 1999 privileged applicants trained in Australia by granting extra points for those completing Australian credentials and since 2001 by allowing those who applied within six months of finishing their courses to apply from within Australia. For these post-2001 applicants, the occupational experience required of offshore applicants was waived. The expectation was that since these onshore applicants had been trained to Australian specifications, they would be well suited to meet the needs of Australian employers. For reasons outlined in earlier chapters, some of those selected do not meet the training standards originally expected - that is of high level professional or trade skills. The recommendations below address this deficiency.

A second, key operating principle shaping the 1999 reforms was that the migrants selected should be able to gain employment within their fields of training on arrival in Australia. For this to occur they needed to possess certain key threshold characteristics. These included professional or trade credentials which were accepted in the Australian job market. An alternative perspective is the human capital model, which currently shapes Canadian immigration selection policy. The assumption in this model is that it is generic skills, including education, communication and occupational experience which should determine selection. The Canadian idea is that migrants with the highest human capital are those most likely to be able to flexibly adjust to the labour market of their new country. The Panel does not support this model. It has not worked well in Canada (because it is associated with deferred labour-market entry and underutilisation of migrant skills) and it did not work well in Australia in the 1980s when it influenced Australian selection policy. The Panel's judgment is that it is crucial for the success of the GSM that those selected possess training and experience relevant to the current needs of Australian employers, if they are to secure immediate skilled employment. Migrants who cannot gain rapid entry to the labour market in their fields of training are likely to struggle to ever do so partly because their skills are soon likely to become obsolete. They may require significant retraining (including training to enter alternative fields). This is a serious matter because since 1996 the Australian Government has rarely provided financial assistance to migrants needing labour-market bridging programs, nor provided any other form of income support in the first two years of settlement.

Another key threshold requirement for successful settlement is English language communication skills. Though recognized in the existing GSM selection system, the Panel has concluded that there should be further tightening of this requirement. It recommends the establishment of a higher minimum English language threshold requirement and that this standard be enforced across all the GSM visa categories, including the State Specific and Regional Sponsored visas. This measure is in line with current accreditation and practice requirements, including some professions on the Migration Occupation in Demand List (MODL).

A third, more or less implicit, principle guiding the 1999 arrangements was that the selection system should privilege applicants whose skills were in short supply in Australia. The Panel agrees that, other things being equal, applicants with skills which employers need ought to be given priority. This is function of the MODL, which gives selection priority to those with occupations on this list. However, there should be a balance between the objective of filling shortage positions and of augmenting Australia's skilled workforce across a range of high level skills. Currently the onshore selection system is functioning such that the MODL designation of an occupation is dominating the selection outcomes.

If the selection system functions so as to allow applicants in MODL occupations to dominate the intake (as is likely to be the case with accountants) this violates the diversity objective. It also implies an unhealthy dependence on migrants in the fields in question, perhaps to the detriment of domestic opportunity in these occupations. A more appropriate means of dealing with acute shortages in particular occupations is via employer nomination, whether on a temporary or permanent basis. The current policy of encouraging employer nomination is consistent with this principle.

A fourth principle shaping the Panel's recommendations concerns the state of demand for migration to Australia. Australia is a very popular destination, with far more people keen to settle here than can possibly be accommodated in Australia's migration program. Settlement in Australia confers a considerable benefit on the migrant through access to Australia's accumulated capital stock, quality of life and economic opportunity. It is therefore reasonable that the migrants selected possess skills relevant to Australia's needs and that in some circumstances they fulfil certain performance criteria such as living for a period of years in a regional area before the final allocation of permanent residence. In recent years it has been Australian Government policy to move in this direction. There is a case for further such movement. However, the Panel has made only minor recommendations to this effect (mainly in relation to the Skilled Designated Area Sponsored visa subclass). This is because it is too early to make definitive judgements about how most of the state specific and regional visas are operating, given that most have only recently been put in place.

5.2 Policy implications

The greatest challenge to these principles is the operation of the skilled onshore student visa subclasses. There has been an escalation of demand for entry under these visa subclasses since it was decided in the late 1990s to grant points concessions to former overseas students who had completed their training in Australia. By 2004-05 there were more visas issued under the skilled onshore student visa subclass (880) than there were under the offshore skilled independent visa subclass (136). The number of visas issued in the 880 category has grown from 5,284 in 2001-02 to 12,978 in 2004-05.

Two occupations dominate the visa outcomes under the 880 visa subclass. In 2004-05 some 40 per cent of these visas were issued to persons nominating computing professional as their occupation and 31 per cent to persons who nominated accounting. To judge by university enrolment trends, the number and share of those nominating accounting in the 880 visa subclass is likely to escalate in the next couple of years. This is because accounting is now a MODL occupation and, as a consequence, an increasing proportion of overseas students are enrolling in accounting courses. There were two concerns about this situation. One is that most 880 visa holders lack any work experience in their occupation and some lack the English language skills employers expect of professional level employees. The other is the vocational skill level of these graduates. As discussed earlier in this report, some graduates lack the vocational knowledge base needed to take on professional level employment in their field.

The relatively low proportion of 880 visa holders who have found professional level positions in their fields, as reported in Chapter 2, is consistent with these concerns. Only one-third of overseas students are employed in professional jobs, six months after completion of their course. This is a much lower outcome than that for domestic students as recorded by 30 April in the year following their graduation. The onshore overseas students also report much lower average wages than do recently arrived offshore Skilled - Independent principal applicants and recent domestic graduates.

The analysis of the way the current selection system is working in Chapters 1 and 3 indicated that since the pass mark was increased to 120 in May 2005, the achievement of a permanent residence visa under the 880 visa category depends heavily on gaining the 15 points allocated for a MODL occupation. Alternatively those applicants who are young (less than 30), gain 20 points for English skills (by achieving IELTS level 6), with a 60-point occupation and who gain five points for a qualification achieved after a minimum of two years study in Australia can search for an additional five points from some other factor on the selection system. This could be five bonus points for possessing a community language, for having completed six months of work experience in Australia (in any occupation listed on the SOL), for spouse education level, for the transfer of capital or for having studied in a regional setting.

The Panel has sought to find alternative mechanisms for determining who is selected. This is not to argue that MODL points or bonus points should be removed from the selection grid. Rather, our judgement is that it is not appropriate that the crucial determinant of who is selected should be based on these factors. It would be far better from the point of view of the value of skilled migrants for the augmentation of

Australia's skilled workforce if visa outcomes were determined by employment related factors. These include good English communication skills, the possession of valued vocational skills and Australian work experience in the nominated occupation.

This is what the recommendations set out below seek to achieve. They will have the impact of:

- Removing immediate access to MODL points for applicants who do not have job experience in their nominated occupation. This proposal will mainly affect onshore student applicants.
- Truncating the range of bonus and other points available to applicants. It is proposed to delete Australian work experience from the list of bonus point factors and to make access to community language points more restricted. A more rigorously defined Australian work experience factor is included as part of the new temporary visa arrangements discussed below.
- Requiring a higher threshold standard of English for applicants and the allocation of minimum (15) points for English to those who can achieve 6 on the IELTS band (previously 5). To achieve the minimum 15 points applicants will have produce evidence that they achieved 6 on the IELTS band at the time of application for permanent residence or for the temporary visa detailed below.

The effect of these proposals will be to reduce the numbers of applicants who will immediately achieve the 120 pass mark relative to the present arrangements. Again, the main impact will on the onshore 880 visa subclass. The offshore 136 visa subclass will be less affected because a higher percentage of successful offshore applicants currently rely on points for specific work experience to take them to 120 points. This arrangement will not be altered by the proposed reforms.

Prospective applicants will have new opportunities to gain permanent residence via the proposed establishment of a temporary entry visa which allows a stay of two years in Australia with full work rights after the completion of their Australian qualification. As is presently the case, applicants will normally have to possess Australian qualifications in a 60-point occupation. The threshold entry to this new visa will be generous so as to allow a wide range of former students the opportunity to enhance their labour market readiness. They may do this while on the temporary visa in the following ways:

- By improving their English communication skills such that they are able to achieve level 7 on the IELTS band. The points for achieving this level will be set at 25.
- By undertaking a 'professional year' of additional studies in courses accredited by the relevant accrediting authority which will provide vocationally specific training designed to help applicants meet the requirements of Australian employers.
- By gaining the equivalent of one year's full-time work experience working at the professional or trade level in their nominated occupation.

In each case the extra points gained from achieving one or more of these steps will normally be sufficient for the student to gain the 120 points needed for a permanent residence visa (subclass 880) before the temporary visa elapses.

The proposed reforms will mean that, for many overseas students, the time and financial investment needed to achieve a permanent residence outcome will increase. On the other hand, the option of a temporary work visa after the completion of an Australian qualification (for those who meet its requirements) should add to the attraction of enrolment in an Australian university. This is because it will give students the opportunity to accrue some funds before leaving Australia (should they not wish to seek permanent residence in Australia or be unable to achieve the 120 passmark under the proposed reforms). There will, however, be no extra costs for overseas students seeking an Australian qualification and who intend to leave Australia when they complete their studies.

The reforms will also give a major impetus to the study of English language, since most students who can achieve IELTS level 7 (and thus gain 25 points on the English factor) will be able to gain an 880 visa without having to first take up the temporary visa option.

If the proposed reforms are to achieve the intended outcome, there will have to be considerable pre-implementation work done by accrediting authorities and university and trade skill providers in the design of 'professional year' courses. Likewise, for those taking up the work experience pathway, extensive safeguards will have to be put in place to ensure that the work experience is with genuine employers (rather than educational providers presenting themselves as employers) and to ensure that the work performed is at the professional or trade level.

The Panel is aware that there are concerns about the possible impact of the proposals on the circumstances of domestic graduates in the fields in question. These concerns in part arise from the high level of concentration of overseas student graduates in computing and accounting. If thousands of overseas students who are looking for work experience join the labour market each year, this could depress the labour market in these fields for domestic aspirants.

These are legitimate concerns. There is evidence, particularly in the IT labour market that overseas students are already depressing the IT entry level labour market – though not the accounting market. The Panel's proposals will not make this situation any worse than it already is. Also the presence of two alternative pathways – intensive study of English and the professional year – mean that only a fraction of those who gain the provisional visa will pursue the work experience option. In addition, by removing the MODL factor from the onshore assessment process this will remove one of the causes for this enrolment concentration in MODL fields. There will be less incentive for students to enrol in these fields and thus more incentive to choose from a wide range of occupations.

5.3 Recommended review of SOL and MODL occupations

There is a need for a review of the procedures governing the classification of the occupations on the SOL into 60-, 50- and 40-point categories. Those included in the 60-point category should be limited to occupations which involve high-level vocationally specific skills. As detailed in Chapters 1 and 2, the list of 60-point occupations includes some trades which do not meet these criteria, for example, picture framing and floor finishing. It would be more appropriate if such occupations were defined as 50-point occupations. The effect of this change would be to limit the possibility of persons nominating such occupations gaining the required 120 pass mark. It would also remove them from eligibility for MODL points, since 50 and 40 point occupations are not eligible for inclusion on the MODL.

The Panel proposes that there be a review of the principles determining the classification of 60-, 50- and 40-point occupations on the SOL. It proposes that, as a general principle, occupations classified in the 60-point category involve both a) high level academic or trade skills and b) vocationally specific training which is central to employment in the occupation. On this definition, traditional trade occupations like electricians and fitters and turners would remain as 60-point occupations while those with manifestly lower level trade skills would become 50-point occupations.

On the issue of 60-point occupations eligible for MODL listing, the Panel proposes that such occupations should be limited to those where persistent shortages are likely to have a negative impact on the Australian economy because they limit employment in other occupations or limit the productive capacity of particular industry sectors.

5.4 Recommended changes to thresholds and points

Current thresholds and points

The points test and current passmark required by each visa subclass to be maintained at current levels:

- 120 points for Skilled Independent subclasses 136, 880 and 861.
- 110 points for the Australian-Sponsored subclasses 138, 881 and 862 — as well such applicants also receive the concession of 15 points for family sponsorship.
- 110 points for the SIR visa subclass 495 — as well such applicants receive an additional 10 points for sponsorship by a state government.
- Applicants under the remaining subclasses, although not points tested, must all meet the thresholds as specified below unless stated otherwise. These include applicants under the Designated Area Sponsored subclasses 139, 882 and 963, the State and Territory Nominated Independent subclass 137 and the Skill Matching subclass 134.

Current thresholds are that the applicant must:

- Be aged under 45 at time of applying;
- Achieve a IELTS band score of at least 5.0 for all 4 components of IELTS (apart from some applicants under the Designated Area Sponsored and Skill Matching subclasses);
- Nominate a skilled occupation on the SOL which fits their skills and qualifications;
- Have post-secondary qualifications relevant to the nominated occupation; and
- Meet basic work experience requirements. For those nominating 60-point occupations, the requirement is that the applicant must have been in paid employment in *any* skilled occupation for at least 12 out of the 18 months immediately before applying; for those nominating a 40 or 50-point occupation, this employment must be for at least 2 of the 3 years immediately before applying. Some applicants may be eligible with less under the Skill Matching and SDAS subclasses. Exemption to the basic work experience requirement is given for those who have studied in Australia for 2 years or more.

No changes to thresholds and points have been recommended for:

- Age;
- Specific work experience;
- Regional Australia/low population growth metropolitan areas – study and residence;
- State/Territory sponsorship (SIR visa only);
- Spouse skills; and
- Relationship (Skilled - Australian Sponsored visa categories only).

English language

Changes to threshold criteria

The Panel recommends that the threshold level for English language level be raised to a minimum of 6 on all four components of IELTS for all GSM visas (Competent English). However, Vocational English (IELTS score of at least 5 on all four components of the test) may be acceptable in the following case:

- Tradespersons – although a level higher than 5 may be needed in certain trades, such as those where there are public safety issues. This level will be determined through consultation with industry bodies and as a result of additional research.

All onshore and offshore applicants (apart from native speakers of English) must undergo a formal test of their English language skills to be granted a permanent GSM visa or a transitional Subclass 497 visa.

Justification

The previous minimum standard IELTS Band 5.0 fell well below the level required for persons to fill professional level jobs in Australia. IELTS 6.0 is the minimum level necessary for such employment, although there are many occupations where a higher level of English is needed. Most professional jobs currently require extensive contact with customers, suppliers, official authorities and fellow workers - thus good communication skills are basic to successful skilled employment (including in the early settlement period). However, with some exceptions, a lower threshold may be appropriate for tradespersons. The 2005 survey of recent migrants provides strong evidence that lower level English proficiency attracts a large penalty, at least initially, in the labour market.

The Panel considered the case for English language concessions for migrants sponsored by relatives (visa subclasses 138 and 881, 139 and 882) and for the state-specific and regional sponsored visas (subclasses 137 and 495). However, given the importance of English for good occupational outcomes, and the evidence cited in Chapter 3 which indicates that PAs in these visa subclasses show relatively poor labour-market outcomes in the first six months, it was decided that the proposed higher threshold English standard should be applied to these visa subclasses.

Changes to the points given for English language ability

- 25 points for an average of IELTS Band 7.0 for all four components of IELTS with a minimum of 6 on each component. (Under the existing system the maximum points for English is 20 points for those who attained IELTS Band 6.0 or above for each of the four components assessed.)
- 15 points for the (raised) threshold requirement of IELTS Band 6.0 on all four components of IELTS and for those tradespersons who only meet the lowered threshold of an average Band 5.5 on IELTS.

Justification

Because communication skills are so important in job outcomes, it is appropriate that the level of English skills should be an important determinant of skilled migration selection. IELTS Band 6.0 is considered the minimum level necessary for an applicant to adequately perform the functions expected of a professional employee in most occupations.

Those tradespersons where an average of IELTS Band 5.5 is considered adequate are also allocated 15 points if they achieve this level. This is because any lower point allocation would prejudice any possibility of their achieving the 120 passmark.

The allocation of 25 points for those achieving an average of IELTS Band 7.0 is because, in most professional and management settings, it is regarded by employers as desirable, and in some cases as essential (for example medicine and nursing). The allocation of these extra points will mean that most applicants who can achieve this standard will be granted a permanent GSM visa (subject to meeting threshold requirements).

The basic work experience threshold

The basic work requirement should be the same for all offshore applicants regardless of their nominated occupation and the points gained on the SOL. It is considered that paid employment in *any* skilled occupation for at least 12 months out of the last 24 months before applying is sufficient to meet this threshold.

The new threshold extends the time period over which an applicant nominating a 60-point occupation can gain the required 12 months work experience from the current 18 months immediately before application to 24 months. However, for 40 and 50-point occupations, there is a reduction in the length of paid work experience from the current threshold of 'at least two of the three years immediately before applying' to 'at least 12 months out of the 24 months immediately before applying'.

Justification

This standardises criteria for all GSM visas and makes it easier for potential applicants and decision makers to understand. It matches the time periods recommended for work experience under the MODL and under the proposed new onshore overseas student pathways (discussed below). The extension of the time period over which the 12 month work experience may occur (from 18 months to 24 months) also takes into account any different work patterns of women.

In practice, most offshore applicants need to score points on the specific work experience factor if they are to achieve the 120 passmark, thus there is unlikely to be a dilution of the basic work experience criteria.

MODL

To receive MODL points, applicants must have work experience of at least 12 months out of the last 24 months in their nominated or a closely related 60-point occupation. (Currently no minimum work experience in the nominated occupation is required.) This will apply to both offshore and onshore applicants when they apply for a permanent or SIR visa.

Justification

The MODL is intended to give priority to applicants who can fill positions in Australia where employers face a shortage of local applicants. The implication is that migrants chosen in such occupations will have sufficient work experience so as to be job-ready and hence contribute to easing these shortages shortly after entrance to the Australian workforce. This is unlikely to be the case where they have no such work experience. This proposal will have its main impact on persons applying for permanent residence under the onshore overseas student visa subclasses - most of whom do not have job experience in their nominated occupation.

Bonus points

Currently applicants are able to receive 5 points for any one of the three factors of Australian work experience, capital investment or fluency in a community language. The recommended changes are:

- remove access to the five bonus points on the basis of Australian work experience
- remove access to community language provided on the basis of a qualification gained from a university where instruction was in one of the listed languages.
- access to bonus points for community language for applicants accredited at the Paraprofessional Translator and/or Interpreter (formerly level 2) standard by NAATI. This represents a reduction in the standard required which is currently Translator and/or Interpreter (formerly Level 3).

It is recommended that the following is unchanged:

- access to points for capital investment

Justification

The Australian work experience factor is to be replaced by a specific Australian work experience factor which will entitle an applicant to 10 points after 12 months skilled work experience in Australia. This is described below in more detail. Currently the six month Australian work experience points can be gained by employment in any skilled occupation listed on the SOL. If applicants are to gain employment in their nominated occupation, they need work experience in their nominated or closely related occupation.

The existing access to bonus points for community language unfairly advantages some birthplace groups whose first degree is in their own language (like most PRC applicants) over those who studied in English (as is the case with most Indian applicants). It has perverse effects in giving preference to migrants whose English may not be sufficient to enable them to practise the skill for which they have been selected.

This recommendation will ensure that all persons with a good command of their community language can access the community language bonus points since all will have to be tested by NAATI. However, the standard required has been reduced to the Paraprofessional level (formerly Level 2). Testing by NAATI will ensure that the community language skills held by applicants are at the minimum level of competence for translating and/or interpreting non-specialised information.

By this means the selection system will continue to allocate points for community language, but on an equal footing since no group of applicants will be disadvantaged in access to this factor.

5.5 Australian qualifications

Currently, in order to meet the two year study requirement, applicants must, in the 6 months immediately before the date of making their application complete either:

- a degree, diploma or trade qualification, other than in English language proficiency, as a result of at least 2 years of full time study at an Australian educational institution whilst they are present in Australia; or
- more than 1 degree, diploma or trade qualification, other than in English language proficiency, as a result of a total period of 2 years full time study at an Australian educational institution whilst they are present in Australia. Each course of study must be completed at the Australian educational institution where it was commenced.

The Panel recommends that the qualification in the nominated occupation must be of at least two years duration, either via two formal study years or a combination of study and practical experience in the field in question. This will eliminate the present provision that persons can hold two (or more) Australian qualifications in unrelated fields in order to meet the two year Australian study requirement. Under the current system, a qualification of short duration is regarded as sufficient to meet the skill level for some nominated occupations assigned 60 points on the SOL.

This recommendation will mainly affect persons holding trade qualifications in fields where the period of training is less than two years. For such persons, it is recommended that the two year requirement consist of a training program relevant to the nominated occupation plus practical experience in the nominated or closely related occupation.

Justification

An increasing number of applicants are doing short duration trade training programs on top of other unrelated qualifications which do not add to their job readiness in the nominated occupation, or meet standard criteria for quality industrial experience. This recommendation will not have any impact on persons trained in the traditional metal, electrical and building trades since these usually require a combination of study and on-the-job training over four years. Its impact will mainly be on fields like cooking, pastry cooking and hairdressing.

5.6 New pathways to permanent residence for onshore overseas students

For some former overseas students the availability of the higher points (25) for English will make it easier to achieve the 120 point passmark. Those who can achieve the passmark through this mechanism or any other combinations of points will, as now, receive permanent residence under subclasses 880 and 881. For such persons, work experience is much less likely to be needed in gaining entry to professional/trade level employment.

However, the proposed changes listed above will make it more difficult for some to achieve the 120 point passmark. These changes include the increased threshold English levels, the removal of bonus points for Australian work experience, the removal of access to MODL points for those with no work experience in the nominated occupation, and the requirement of practical experience in their nominated occupations for applicants where the duration of the formal study component of the relevant qualification is less than two years (usually tradespersons).

The following new pathways will provide these applicants with an additional set of options which could lead to permanent residence. Applicants who cannot achieve 120 points immediately upon completion of their Australian qualification will be permitted to apply for a transitional temporary visa which will replace the existing the Graduate Skilled visa (subclass 497). This new visa will provide for temporary residence in Australia, with full work rights, for either 18 or 24 months (to be determined by DIMA) from the time of visa grant.

In the main, applicants for the visa must have a 60-point occupation. But some with 50-point occupations may also apply. Applicants who nominate a 50-point occupation must either gain 15 points for a PhD (completed at an Australian educational institution after a period of at least two academic years full-time while physically present in Australia) or 10 points for their Australian qualifications.

In the latter case, the 10 points must be gained by completion of a Masters or by a Bachelors degree with Honours of at least upper 2nd class level at an Australian educational institution while physically present in Australia. Prior to completing the Masters or Honours degree, the applicants must have been awarded an Australian bachelor degree as a result of at least one year full-time study in Australia. The total period of full-time study in Australia has to have been at least three academic years while physically present in Australia. This is to ensure that those completing a one year Honours or masters degree have studied in Australia for at least two years while doing their undergraduate degree.

In addition, the applicant must have completed the formal two-year Australian qualification (at university, TAFE or private provider including any required practical experience) relevant to their nominated occupation, attain the IELTS threshold of Band

6.0, except for those in the trades (should this be acceptable to industry) where a minimum of Vocational English (IELTS score of at least 5 on all four components of the test) may be required, and be less than 45 years of age.

Subclass 497 visa holders may apply for permanent residence at any time during the duration of the visa. To succeed they will have to achieve additional points through one or more of the following mechanisms.

English language

Achieve an average score of Band 7.0 on IELTS, with a minimum score of Band 6.0 on all 4 components of the IELTS examination. This will give an additional 10 points, over the 15 points for the threshold level of Band 6.0 on IELTS.

Work experience

Obtain the equivalent of 12 months full-time paid work experience in Australia in their nominated or a closely related occupation in the time period granted by the 497 visa. Evidence of earnings (appropriate to the skill level at point of entry for the profession/trade) will have to be provided. The employer must be a legitimate enterprise with an ABN and an established employment record and good previous immigration-related employment history.

The administrative arrangements for determining the equivalent of 12 months full-time paid work experience are still to be evaluated. They could include the establishment of a work diary where overseas students who complete periods of work experience in their nominated occupation record this work along with the details and signature of the employer.

Ten points will be allocated for those completing this period of relevant work experience. In addition, if the nominated occupation is on the MODL, the applicant will be eligible for MODL points. Applicants with trade qualifications are likely to take this pathway.

Professional year

For higher education graduates, complete a year of relevant professional training in a postgraduate program additional to the undergraduate or masters level course currently required for accreditation in 60-point occupations. This postgraduate or 'professional year' of study will include curriculum content that has been approved by the relevant accrediting authority. This content will comprise technical knowledge and practical on-the-job experience considered by the accrediting authority, employers and industry bodies to facilitate employment in Australia at the professional level. For example, in

accounting, it may include courses which the professional accounting authorities regard as essential for full professional status in the discipline. In ICT it could include instruction in programming languages which are in demand by Australian employers.

A period of work experience would probably be included in the 'professional year', depending on advice from industry bodies and accrediting authorities. If the year is completed satisfactorily (and meets the requirements of the relevant accrediting authority set in close consultation with industry bodies and employers), the applicant will receive ten points.

Justification

Evidence on the employment outcomes of overseas students who have been granted permanent residence indicates that many have difficulty finding professional level employment. The opportunity given to overseas students to improve their level of English, and/or their technical knowledge and/or professional- or trade-level work experience should significantly contribute to their job prospects and to their value to Australian employers. Universities and other providers of English language training and 'professional year' studies are likely to experience a major expansion in the demand for their services in relation to these opportunities.

5.7 State-specific and regional-sponsored visas under the GSM umbrella

The designated areas determining eligibility for the Skilled Designated Area Sponsored (SDAS) visa subclasses 139, 882 and 863 to be redefined such that they are the same as those for the Skilled Independent Regional subclass 495. These designated areas include all of Australia except Sydney, Newcastle, Wollongong, NSW Central Coast, Perth, Canberra, Melbourne, Brisbane and the Gold Coast.

Justification

Persons sponsored by relatives in the SDAS visa subclasses currently receive concessions in two ways: no points test to pass and a lower English language threshold criterion. More than half of those visaed are being sponsored by relatives living in Melbourne. Given that the underlying reason for providing points concessions is to attract persons to locations where the Government is anxious to promote settlement (notably regional locations) there does not seem to be any rationale for Melbourne to continue as a designated area in the SDAS visa subclass.

The threshold English language requirement for State-Specific and Regional visas to be raised from IELTS Band 5.0 to 6.0.

Justification

English communication skills are crucial to the settlement and employment prospects for State-Specific and Regional visa holders where there are fewer opportunities for formal English courses. The survey of recent migrants showed that people on SDAS visas did quite poorly in the labour market. It is very likely that one important reason for this is their lower level of English proficiency.

