To Whom It May Concern,

Thank you for the opportunity to comment on the Review of the General Skilled Migration Points Test Discussion Paper released for consultation on 15 February 2010. The Vice-Chancellor has asked me to respond to the paper on the University’s behalf.

The University of Sydney welcomes this Review and supports the Australian Government’s recent decision to revoke the Migration Occupations in Demand List and to replace it with a new, more targeted, Skilled Occupations List to be developed independently by Skills Australia through an evidence-based approach to the nation’s evolving skills needs. These changes, together with the reforms now under consideration following the Baird Review of the Education Services for Overseas Students (ESOS) Act 2000 (Cth), will serve to strengthen the integrity of Australia’s migration program, as well as its reputation as a provider of high quality international education.

Access to knowledge and the capacity to exploit it effectively are increasingly determining the living standards of countries around the world. Competition between firms for highly skilled workers is intense and is only likely to increase as the demand for people with general and specialised knowledge grows. Highly skilled workers are global citizens - largely able to pick and choose where they work and live. For Australia to prosper in this international market for talent our tax, education and skilled migration policies need to work together to attract the highest quality candidates in areas of strategic importance – particularly where domestic supply is insufficient to meet demand, or projected future demand. However, the need to strengthen our economy through migration policy should always be balanced against our responsibility to contribute to the development of countries in our region through the combination of our diplomatic, migration, education and development policies.

Our attached submission raises a number of contextual issues for consideration by the Review and responds to those substantive questions raised in the paper that are of direct relevance to the higher education sector. For example, while the proposed enhanced emphasis on the quality of GSM candidates is strongly supported, in our view, any decisions about changes to the points granted for qualifications gained in Australia or overseas need to be informed by reliable data about the factors that influence the study choices of international students.

Looking forward, we see a need for a discussion at the national level about the adequacy of Australia’s capacity and support for high quality independent research on migration, diversity and regional engagement. In our view national capacity for research in these areas has diminished since the 1996 decision to abolish the Bureau of Immigration, Multicultural and Population Research (BIMPR). The Review of the GSM program highlights the need for Australia to pursue a more strategic and coordinated approach to research in these areas in order to enhance national understanding of the issues and provide an evidence base to inform the development of good public policy.
Given the diversity of the Australian population and the predicted significance of migration issues to our future as a result of population growth in the region, climate change and political instability, we see a need for the Government to again consider options for enhancing national capacity for migration research.

We look forward to the outcomes of this important Review and to further discussions with the Government about how to ensure that our migration and education policies – and our research effort – can best meet the needs of the nation and the region.

Yours sincerely

Professor John Hearn
Deputy Vice-Chancellor, International
1. **Summary of key points**

The University of Sydney:

- Welcomes the Review of the General Skilled Migration (GSM) Points Tests as part of a comprehensive effort by the Australian Government to restore the integrity of Australia's skilled migration program and to safeguard Australia’s reputation as a safe and high quality destination for international students.

- Stresses the importance to Australia's future prosperity of attracting the highest quality candidates in areas of strategic value - particularly in fields where there are shortages in the domestic supply of appropriately skilled workers. Critically, this includes the ability of Australian universities to attract top teachers, researchers and research students.

- Emphasises the significant short and long term benefits that flow to universities, the nation and the Asia Pacific region in particular through the enrolment of high quality international students in Australian universities. Critically, this includes the important contribution that international education makes to Australia’s development and engagement strategies for the region.

- Urges the Review to have regard for the context within which Australian universities are operating. This includes ensuring that any changes to the GSM points test are made in close consultation with both the sector and other Commonwealth agencies with responsibility for higher education.

- Questions the utility of continuing with a ‘queue based’ GSM points test in an environment where demand for available places exceeds supply and suggests that consideration be given to developing a new ranking system to enable the selection of the highest quality candidates in any given year.

- Cautions against the use of international rankings of universities as a mechanism for determining the quality of candidates and/or their qualifications and suggests that consideration be given to adopting an approach similar to that applied by the United Kingdom through its Tier 1 General Skills program.

- Draws attention to the research currently underway in relation to the future supply of, and demand for, people with higher degree by research qualifications in Australia’s higher education institutions and the economy more broadly.

- Stresses the need for better data and reliable research to inform policy decision about the GSM program.

- Highlights the need for a discussion at the national level about the adequacy of Australia’s capacity for strategically coordinated high quality independent research on migration, diversity and regional engagement.
2. International students at the University of Sydney

The University of Sydney has a long and proud tradition of educating thousands of international students who have graduated to make significant contributions in their home countries, Australia and elsewhere. Like many Australian universities, we have experienced strong growth in international student enrolments over the last decade and have pursued a deliberate and successful strategy of increasing our enrolments of foreign students for a variety of reasons. In 2000, the University enrolled some 4,400 international students, constituting some 11 per cent of our total enrolments. We currently have around 10,500 international students enrolled from some 130 countries, constituting around 22 per cent of our total enrolments.

Our international students have brought many benefits to the University and Australia. They have diversified our student base, enriched campus life and enhanced cultural understanding between staff and students. They have given the University and our students an extensive network of alumni and friends throughout the world. They have brought the University closer to many of its local ethnic communities. They have provided an invaluable source of personal linkages in government and business around the world - on which we have been able to build extensive research and educational collaborations. These linkages provide an important foundation for engagement, which supports the Government’s ambitions for Australia’s future as a ‘creative middle power’, with a particular role to play in addressing the development, environmental, health and other challenges faced by many of our neighbours in the Asia Pacific region. The enrolment of international students has also provided the University with an increasingly important source of additional income during a period of rapid expansion in the teaching and research activities of Australian universities when public funding has been constrained.

While the University of Sydney is already highly internationally connected in its research and teaching, it recognises that it will only achieve its goal of being a world centre for scholarship, research and education if it can embed internationalisation at the core of all of its activities. The ability to compete for high quality international students and staff is central to the University’s international strategy. It would be a regressive step for this University and the nation if changes to the GSM program were to reduce the capacity of Australian universities to attract high quality candidates from around the world. In short, Australia’s future depends on talent and the next 10-20 years will see fierce competition from OECD countries and other nations for the best and brightest students, teachers and researchers.

3. Operating context

The operating context for Australian universities is currently being shaped by key factors including:

- a rapidly ageing academic workforce
- increasing international competition for high quality staff and students
- projected growing demand for higher education by domestic school leavers and lifelong learners
- fickle domestic demand for higher degrees by research
- strong international demand for research degrees
- the gradual deregulation of the supply of places for domestic undergraduate students
- teaching and research infrastructure capacity constraints
- financial pressures resulting from funding arrangements that have failed to keep pace with teaching and research costs
- lost revenues as result of the Global Financial Crisis, and
- a heavy reliance by many institutions on income from international students to support core teaching and research activities.
In this environment, if changes to the General Skilled Migration program were to result in a dramatic decline in demand from international students generally, then the implications could be significant for institutions whose students count the achievement of a positive migration outcome as an important factor in their study decisions. Similarly, if the reforms were to result in a decline in demand from high quality international students, then those institutions that have targeted their recruitment at the quality end of the market are also likely to be adversely affected.

4. Comments on specific aspects of the discussion paper

We provide comment on the following issues identified as directly relevant to the University sector.

4.1 Greater emphasis on ‘demand driven’ employer sponsored pathways (p.5)

The global competition for the best academic talent is intense and is only predicted to increase over the next decade as large numbers of staff in developed countries retire, and developing and developed nations alike pursue strategies to enhance the competitiveness of their leading research universities. If Australia’s universities are to remain competitive in this environment, the schemes and processes supporting the recruitment of outstanding academic staff must facilitate this in each individual case, while safeguarding the integrity of the migration system as a whole. We would therefore welcome the development of proposals to enhance the capacity of universities, as employers, to recruit outstanding academic staff from overseas, while ensuring that the quality thresholds set for this sub-category are consistent with any reforms that are made to the criteria for the general skilled independent visa.

4.2 Should the points test be continued? (p.6-7)

The Discussion Paper explains how in recent years there have been many more applicants satisfying the points test for an independent GSM visa than there have been places available. Excess applications have been rolled over into subsequent years, causing record long pipelines and uncertainty for applicants. It argues that ‘the ideal points test would be structured to enable the selection of people with the highest levels of human capital, avoid a long pipeline of applicants and ensure a sufficient supply of applications to meet the Government’s annual GSM planning target’ (p.7), yet suggests that the outcome of the Review will be a revised points test. With limited places, excess demand and a large backlog, it appears that the points test approach itself may no longer be the best method of allocating available places. While there will be a need for some consistency with international practice, there would seem to be a strong case for replacing, or at least supplementing, the points test with a process whereby all applicants in a given year are ranked individually against agreed criteria down to a cut-off set by the Government.

Universities are routinely faced with excess demand for courses and scholarships, but have generally found fair and effective ways to rank competing applicants from diverse backgrounds. For example, at this University, all of our major postgraduate research scholarships are allocated according to a single list of applicants. Applicants from different institutions, countries and disciplines are ranked individually against agreed criteria. If the Review were to find that the points test approach is now incapable of meeting the Government’s objectives for the administration of the GSM program, then the ranking processes applied by universities when allocating scarce places might prove instructive for developing an alternative new approach.
4.3 Should there be differentiation in points awarded for occupations under the revised Points Test or should no points be awarded for occupation? (p.9)

If the Skilled Occupation List (SOL) is to be refined so that all occupations on the list are considered to be of high value to the Australian economy, then the proposal to weight all listed occupations equally is sensible. It would make a strong statement that all occupations on the list are equally important to the economy or community, regardless of the level of qualification required. It would bring our arrangements into greater alignment with the approach taken by the UK with its Tier 1 (General) Skilled Migration program where, in recognition of the transferability of strong disciplinary and generic skills between occupations, the focus is on qualifications and other aspects of a candidate’s application rather than on his or her profession per se. It will be important for Skills Australia to ensure that adequate consideration is given to including on the new list those occupations in universities and other educational institutions that are in high demand and which are essential to the education and training of the next generation of skilled workers. The work currently being undertaken by the Department of Innovation, Industry, Science and Research (DIISR) as part of its Research Workforce Strategy should be instructive in this regard.¹

The DIISR project has two pieces of relevant research underway. The first is assessing current levels of employer demand for graduates with research qualifications, while the second is seeking to predict Australia’s future research workforce needs. Both of these studies will build on an initial 2009 study of the supply of, and demand for, higher degree by research students in Australia conducted for DIISR by the Australian Council for Educational Research in 2009.² This report predicted substantial growth in demand over the next decade for people with doctoral qualifications in the natural and physical sciences, environmental studies, and social science fields; along with challenges for Australia in meeting estimated levels of demand in these areas from domestic supply alone. We note that the Government’s intention is to finalise the new SOL by the end of April, with the new list to take effect from mid-2010, but to be reviewed annually based on transparent evidence-based criteria that align with its national workforce development strategy. We trust that the Review will ensure that when finalising and reviewing the new list, Skills Australia will draw on the substantial relevant research that has been commissioned by DIISR in relation to demand for occupations requiring higher degree by research qualifications.

4.4 Should the points test differentiate between Australian and overseas qualifications? Should prospective applicants be awarded points for overseas and/or Australian qualifications? On what basis could ‘eligible’ overseas institutions and qualifications be determined? (p.10)

The options outlined in the paper for reforming the way that overseas qualifications are treated under the points test raise a number of important issues that require consideration. First, given the financial importance of the international student market to the Australian economy, any decisions about such changes cannot be approached on human capital grounds alone. They must also be informed by reliable quantitative and qualitative data about the reasons why international students currently choose to study at different levels (trade, diploma, bachelor, honours, masters, PhD) at Australian universities or other providers. At present, as a sector and nation we do not have a sufficiently thorough understanding of the factors that drive the study decisions of students at different levels from different countries. This makes it difficult to predict the likely impact of changes to the recognition of qualifications under the points test raised in the Discussion Paper. Here we note that a recent unpublished survey-based study undertaken by JWT Education found that in 2009 some 30 per cent of international students currently studying at Australian universities considered gaining permanent residency to be an important factor in their decision to study here.³

³ http://www.jwteducation.com/our_clients.html
If, for example, a change to the GSM points test to recognise overseas qualifications was to result in a decline in international enrolments of that proportion, then the consequences for affected institutions and the economy could be significant. While it is imperative that the GSM points test is reformed to refocus on quality and occupations of strategic importance, there may be a need for some transitional arrangements to assist universities to adapt to the reforms.

Second, the proposal to restrict recognition of overseas universities to a selection of institutions based on international rankings of universities is highly problematic. While the intention is to seek to ensure the quality of qualifications held by applicants, current international rankings of universities such as the QS Top Universities Guide referred to in the paper are unlikely to offer a fair and robust solution on their own. All of the university ranking systems that currently have international prominence rely heavily on data that are largely indicators of research quality and conventional western notions of the ‘university’, rather than on the quality of institutions’ undergraduate teaching and graduates, or their specific roles in diverse societies and economies. As QS itself acknowledges, rankings were never designed to be used in isolation as the basis for judgements or decisions about the quality of individual institutions or their graduates.

Universities are never equally as good at everything they do. An institution not ranked in the top 500 may produce excellent graduates in some areas, while one on the list will produce graduates of varying quality and employability across different disciplines. A small specialised teaching-focused institution may produce outstanding graduates in a narrow set of fields and hence not rank as highly as it might if it were part of a larger, more comprehensive research intensive university. Further, as not all Australian universities currently rank in the top 500, providing bonus points for study at all Australian universities would compromise the integrity of a scheme based on the acceptance of a ranking system as a valid indicator of the relative quality graduates.

In addition, relying on university rankings systems to achieve migration objectives would elevate the status of university rankings beyond where they deserve to be at present. It would also be likely to entrench the position of advantage of certain institutions in what in reality is a highly dynamic and rapidly changing global higher education market – particularly in our region. For example, while many developing countries in Asia are rapidly enhancing the quality of their higher education systems, they still have relatively few institutions on the ranking lists because of the historical strengths of their competitors and the methodology used by ranking agencies. There are also more practical issues that need to be considered, such as the likelihood of ranking agencies and methodologies changing over time, with consequences for students who will base their study choices on the Australian Government policy and the rankings of institutions at the commencement of their studies.

Australia’s economic, social and diplomatic interests in the region will be served best by a GSM program that ensures that no high quality international candidates are disadvantaged as a result of the institution from which they obtained their post school qualifications. We therefore suggest that the Review consider recommending an approach along the lines of that applied by the UK under its Tier 1 program. Under that system no distinction is made about the relevant quality of awarding institutions but all candidates are required to have qualifications above Masters level. Bonus points are provided if the studies claimed were completed at a UK institution. It can then be left to the professional accrediting bodies and employers to determine whether a GSM candidate meets the standard required.
4.5 Should there be changes to the points awarded for the age factor (to recognise value of work experience)? Should there be a relaxation of the age limit at time of application or provides applicants who possess work experience with the ability to access greater points? (p.11)

If an objective of the revision of the GSM points test is to increase the overall productivity of the Australian economy by increasing the number of GSM candidates with postgraduate qualifications and relevant work experience, then there should be some relaxation in the age limit requirements and the points provided for older applicants. Such a change would recognise the greater time that it generally takes to obtain such qualifications as well as relevant experience. However, as the average time for completion of a PhD varies between countries because of differences in requirements and modes of study, decisions about these issues should be based on reliable data about the average age at completion in different countries. Gender issues are also an important consideration, with female students often taking longer to complete higher degrees due to family responsibilities.

4.6 Should there be more or differentiated points for higher degree qualifications? (p.11)

Whether managerial, professional, technical, academic, trade-based or unskilled, all occupations are important to the individual, society and the economy. There is a risk inherent in the proposals contained in the Discussion Paper that preferring candidates with university-level qualifications could exclude applicants with qualifications or skills that are entirely appropriate for the occupation in high demand within the economy. Any revised points test will therefore need to balance the desire to increase Australia’s overall levels of human capital with the need to ensure that we continue to allow entry by candidates with a spectrum of skills, knowledge and the capacity to acquire further skills throughout their careers. That said, for the reasons outlined in 3 and 4.3 above, we see merit in continuing to use the points test to provide an additional incentive for international students to pursue doctoral studies in Australia. Any such decisions must be informed, however, by reliable data about the extent to which the study decisions of PhD students are influenced by migration prospects, the extent of future predicted demand within the economy for graduates at this level across different fields, and how different bonus point levels are likely to affect international demand. We are not aware of the existence of data or research that would inform the consideration of these questions.

4.7 Should there be points for regional study? (p.12)

Regional migration, whether driven by markets and/or promoted by governments, has played an important role in Australia’s post-settlement development. Like their metropolitan counterparts, regionally-based higher education providers make undeniably important contributions to their local communities and economies and there are therefore strong political and public policy rationales for supporting regional higher education provision. We are not aware, however, of data or research that demonstrates a causal link between the current bonus points available under the GSM points test for regional study and the study decisions of students, or of whether international students who spend the required time enrolled at a regional institution are more likely to pursue careers in regional Australia upon graduation. Further, many city-based universities, such as the University of Sydney, offer courses or conduct research of relevance to regional Australia and produce graduates who go on to make contributions to regional communities and economies. Once again, however, there is a need for better data and research to inform any decisions by Government in this area.

5. A need for better data in research regarding migration issues

In preparing this submission to the Review, it has become apparent that it is difficult to address many of the questions raised in the Discussion Paper because of the lack of relevant data and research. In the absence of better data about the factors influencing the choices of international
students, it is difficult if not impossible to assess the impact of the various substantive proposals for changes to the GSM point test contained in paper.

In this regard we note the demise over the last fifteen years of Australia's capacity for understanding the totality of immigration issues since the abolition of the Bureau of Immigration, Multicultural and Population Research (BIMPR) in 1996. In our view, the Review of the General Skilled Migration Points Test, again highlights the need for the Australian Government to reconsider the merits of having in place an independent, professional research body tasked with enhancing national understanding of immigration issues and with providing the Federal and State Governments with the evidence and analysis that is required to underpin the development of good public policy. Such a bureau or centre would link closely to the research and policy units of the OECD, World Bank and the International Organisation for Migration in Geneva.

When in place the BIMPR commissioned research from universities and other organisations areas such as: internationalisation and globalisation; national identity and social cohesion; economic and social institutions and structures; community and settlement studies; sustainability issues related to urban infrastructure and the environment; political participation and representativeness. Numerous research centres were established in Australian universities to support the work of the BIMPR and while some capacity remains in place, it is now relatively fragmented and exists with little encouragement or coordination from Government. This lack of a strategically led migration research capacity stands in stark contrast with the situation in Canada, a similarly multicultural society, where through its federally funded ‘Metropolis Network’ four centres of excellence in migration studies are currently supported to provide a strong, coordinated, independent research base to inform public policy development on migration, diversity and immigrant integration in cities in Canada and globally.4

As this submission has demonstrated, in the area of the interaction of migration policy with the Australian university sector alone, there is a need for a much deeper understanding of the factors driving the choices of international students. Ideally the process of reforming the GSM points test should include the commissioning of the independent research necessary to inform the important policy questions under consideration. Noting the Government’s commitment to introduce new arrangements as soon as possible, however, we urge the Review to recommend that the Department ensures that it consults with the sector and all other relevant agencies on the detail of any specific proposals prior to them being announced.

Looking ahead, we would be keen to discuss with the Department and other relevant agencies options for improving Australia’s national capacity for migration research – perhaps starting with some specific projects relevant to international education in the higher education sector. The University of Sydney has significant relevant expertise and we would be delighted to work with the Government and other research organisations to try to rebuild national capacity in this vital area.

The University of Sydney looks forward to the findings of this important review and to further discussions with the Government about how to ensure optimal outcomes for the nation and the region.

March 2010.

4 http://canada.metropolis.net/