Skill Development and Regional Mobility: Lessons from the AustraliaPacific Technical College

Michael Clemens, Colum Graham, and Stephen Howes

Abstract

Developing countries can lose part of their investment in training skilled workers who later emigrate. One innovative response is for migrants' destination countries to help finance skilled emigrants' training ex ante—linking skill creation and skill mobility. We describe one such project, the Australia-Pacific Technical College (APTC), which has financed vocational training in five Pacific island developing countries for employment both at home and abroad—including employment in Australia. The APTC has attained its goal of skill creation, but not its goal of skill mobility. We offer explanations for this result and lessons for future policy innovation.

JEL Codes: F22, J24, O15, R23

Keywords: skill, education, labor, training, human capital, migration, brain drain, Australia, pacific, mobility.



Working Paper 370
June 2014 (revised March 2015)

Skill Development and Regional Mobility: Lessons from the Australia-Pacific Technical College

Michael Clemens Center for Global Development and NYU Financial Access Initiative

> Colum Graham Australian National University

> Stephen Howes Australian National University

We received support from the World Bank ILM program at the Center for Mediterranean Integration under the overall supervision of Manjula Luthria, and from Good Ventures. Nabil Hashmi assisted with research. We are grateful for the assistance of Kaye Schofield and her colleagues, and we also thank Stephen Bolton, Chakriya Bowman, Satish Chand, David Coleman, Robert Curtain, John Davidson, Cosmo Fujiyama, Natasha Iskander, Fiona He, Manjula Luthria, Zoe Mander-Jones, Denise O'Brien, Mercedes Pepper, Marty Rollings, María Claudia Sarta, Bill Savedoff, Peter Speldewinde, Marla Spivack, Charles Tapp, and Allison Taylor. We received helpful ideas from participants in the 12th UKFIET Conference on Education and Development, Oxford University, 10–12 September 2013 and the Australasian Aid and International Development Policy Workshop, ANU, February 13-14, 2014. Only the authors are responsible for the viewpoint and accuracy of this text. It does not necessarily represent the views of the Center for Global Development, Australian National University, the World Bank, their boards or their funders. Data availability: We will provide the datasets used in this study to bona fide researchers who have obtained written permission from the Australian Dept. of Foreign Affairs and Trade, which retains controlling rights to the data.

CGD is grateful for contributions from Good Ventures in support of this work.

Michael Clemens, Colum Graham, and Stephen Howes. 2014. "Skill Development and Regional Mobility: Lessons from the Australia-Pacific Technical College." CGD Working Paper 370. Washington, DC: Center for Global Development. http://www.cgdev.org/publication/skill-development-and-regional-mobility-lessons-australia-pacific-technical-college

Center for Global Development 2055 L Street NW Washington, DC 20036

202.416.4000 (f) 202.416.4050

The Center for Global Development is an independent, nonprofit policy research organization dedicated to reducing global poverty and inequality and to making globalization work for the poor. Use and dissemination of this Working Paper is encouraged; however, reproduced copies may not be used for commercial purposes. Further usage is permitted under the terms of the Creative Commons License.

www.cgdev.org

The views expressed in CGD Working Papers are those of the authors and should not be attributed to the board of directors or funders of the Center for Global Development.

1 Introduction

International labour mobility offers the promise of vast gains to migrants and their families. But it comes with a double dose of unpopularity. Low-skill migration is unpopular in migrant destination countries, and high-skill migration is unpopular in migrant origin countries. An appealing way to cut this Gordian knot is a Global Skill Partnership (Clemens 2014a), in which destination countries subsidize skill creation among potential migrants at the origin. Partnerships of this kind mean that destinations can create the skills they need, while building rather than sapping skills at the origin.

In this paper we study one large-scale program designed to link skill creation with skill mobility: the Australia-Pacific Technical College (APTC). The gains to migrants from Pacific Island states to Australia are in the hundreds of percent (McKenzie, Stillman, and Gibson 2010; Gibson and McKenzie 2012), but low-skill immigration is a political battlezone in Australia, and many Pacific Island states fear that skilled migration drains away skilled workers they need. The APTC was born at the 2006 Pacific Islands Forum, with the dual mandate to foster skill creation within the Pacific states of origin and skill mobility within the region. To date it has trained thousands of workers across the region, at Australian qualification standards, in fields that have included shortage occupations in Australia.

But less than 3% of all graduates have migrated to Australia or New Zealand. This is a very small fraction of the migration rates envisaged at the creation of the college. Here we suggest reasons why the migration rate has been so low. Administrative and survey data on APTC graduates show that the principal constraint on migration, by far, is not the demand to migrate but the supply of opportunities to migrate. The supply of opportunities to migrate is constrained by design features of the APTC, including a lack of mechanisms to facilitate skill recognition in Australia and direct connection with employer-sponsors. We also offer evidence of a lack of political commitment to the original labour mobility goals of the APTC, in the governments of both Australia and Pacific island countries.

This analysis is not an overall evaluation of the APTC. Clearly the APTC has many achievements—such as new training infrastructure in the Pacific and thousands of qualified graduates. The full balance of its benefits and costs lies beyond the scope of this study. Our exclusive focus is on one of the college's two

original goals—to foster labour mobility—that was not attained. This outcome offers lessons to programs elsewhere seeking to foster labour mobility at higher levels.

We begin in the next section by placing the APTC in its larger context as an innovative scheme to link skill creation and skilled migration (Section 2). The following section describes the APTC (Section 3). We then describe primary data from the APTC (Section 4) and analyse the constraints on migration by graduates (Section 5). We then proceed to a qualitative analysis of the reasons for APTC's failure to promote international mobility, drawing lessons for future programs of this type (Section 6). Section 7 concludes.

2 Policy options when skills are mobile

More and more skilled workers are migrating. In 2000, 24% of immigrants to OECD countries had university education; by 2010, 29% did (OECD 2012). This migration is often seen to place policymakers in conflict between migrant-origin and migrant-destination countries. In origin countries, policymakers must find ways to build human capital with scarce public resources. In destination countries, policymakers must raise skill-selectivity to resolve sectoral shortages under pressure to protect domestic workers.

Traditional proposals to reduce this conflict fall into two categories. The first is to simply obstruct skilled migration. This can involve preventing destination-country recognition of migrants' skills or obliging skilled migrants to return home after certain periods (e.g. Gish and Godfrey 1979), 'self-sufficiency' policies at destination countries to prevent migrants from working there (e.g. WHO 2011, Article 5.4), and treating international recruiters of skilled workers as unethical—or even criminal (e.g. Mills et al. 2008). All such proposals are complicated by practical and ethical concerns: they are not shown to be generally effective at building human capital in origin countries, they do not address shortages in destination countries, and they might violate skilled migrants' rights.¹

¹ Bans on 'active recruitment' of skilled workers may conflict with Article 13.2 of the Universal Declaration of Human Rights, which conveys the unqualified right to leave any country, for the same reason that banning firms from 'actively recruiting'

which conveys the unqualified right to leave any country, for the same reason that banning firms from 'actively recruiting' women might conflict with their unqualified right to work. Migrants' skills are often the only legal basis for their migration. This issue remains unsettled.

The second traditional policy proposal is to compel skilled migrants or destination countries to compensate origin-country governments *ex post* for migrants' training costs, possibly many billions of dollars (e.g. Mills et al. 2011). Such policies also face important difficulties. The financial loss is difficult to calculate given that many skilled workers provide substantial home-country service prior to migration, and send home important sums of money (Clemens 2009, 2014b). Destination countries' priorities for human capital subsidies in origin countries might differ from origin countries' own priorities, making compensation payments politically vulnerable. And aid flows may be fungible (Khilij and Zapelli 1994, Feyzioglu et al. 1998, Pack and Pack 2003), so even aid spent on human capital creation need not increase human capital creation.

A new and different approach is the subject of recent policy experimentation: directly link skill creation and skill mobility, by providing *ex ante* support for the training of those who intend to migrate. The German and Japanese governments have created pilot programs to provide nursing training and language courses to potential migrants from selected developing countries including Vietnam and Indonesia. Singaporean construction firms train migrant labourers in Bangladesh and India to prepare them, before migration, for subsequent semi-skilled work in Singapore. Technical training for migrant seafarers is supported in the Philippines and Kiribati, before migration, by shipping firms and donor-country aid agencies. Clemens (2014a) describes a number of these programs and calls them Global Skill Partnerships.

Australia offers an ideal setting to learn about the potential for Global Skill Partnerships. Australia exhibits widespread and sector-specific shortages of human capital,² while Pacific-region developing countries have pressured for greater access to Australia's labour market. The APTC was an innovative initiative to align these interests.

3 The Australia-Pacific Technical College

The APTC was created in July 2007 to link skill creation and skill mobility in the Pacific region. It was financed by the Australian government through its aid program, managed by the Australian Agency for

-

² One prominent survey of 2,250 Australian employers made in 2013 suggests that 45 per cent report "difficulty filling jobs due to a lack of available talent" (Manpower 2013, p.5). "Skilled Trades Workers" are placed first in Australia's "Top 10 Jobs Employers are Having Difficulty Filling" ranking, and 42 per cent of Australian employers give the reason as "[I]ack of available applicants" or "no applicants".

International Development (AusAID)³ and implemented by Australian technical education providers. Today it has vocational training campuses in Fiji, Papua New Guinea, Vanuatu, Samoa, and the Solomon Islands. Any national of a Pacific Islands Forum (PIF) country may apply. The college awards Australian-recognized credentials: Certificate III and IV and Diploma technical and vocational training. The most common subject areas are Automotive, Construction & Electrical and Manufacturing, Tourism and Hospitality, and Health and Community Services. By December 2013 there were over 5,600 graduates (Swanton and Ong 2013). The Australian aid program has so far disbursed or committed approximately A\$300 million to the college for the entire period 2007–2015.

The APTC arose from pressure on the Australian Government by Pacific island countries to provide more labour mobility opportunities. "Pacific Island governments have made gaining greater access to the labour markets of Australia and New Zealand an explicit policy goal. The ... response was to establish an Australian owned and operated technical training institution in the Pacific, the Australia-Pacific Technical College (APTC)" (Auditor General 2011, p. 89). At first, what the Pacific countries requested was a seasonal agricultural worker program. New Zealand such a scheme in 2005 (Tait 2005) and created it in 2006 (APH 2008). But in Australia, "[d]espite years of pressure from Pacific Island governments and Australian primary producers, the Coalition Government under Prime Minister John Howard refused to create a seasonal work scheme" (Maclellan 2008a, p. 2). In 2005, the AusAID *Core Group Recommendations Report* suggested an alternative way to address pressures for labour mobility: a type of Global Skill Partnership. "Use the aid program," it recommended, "to provide skills training to build more competitive workforces in the Pacific Islands, both for domestic labour markets and to promote labour mobility" (2005, p. 33).

Howard announced precisely such an initiative at the October 2005 Pacific Islands Forum (PIF) meeting in Papua New Guinea, stating that it would "certainly make a contribution in the area of labour mobility" (Banham 2005). He then followed this up with a more detailed announcement—including a funding commitment, and the name Australia-Pacific Technical College—at the 2006 Pacific Islands Forum meeting in Fiji.

The PIF Communiqués leave no doubt that the APTC was created partially in response to pressure for international labour mobility from the leaders of Pacific island nations. In their 2005 Communiqué from Papua New Guinea, PIF country leaders had noted "the need…to consider the issue of labour mobility in

4

³ In late 2013, AusAID was abolished, and responsibility for the Australian aid program passed to the Department of Foreign Affairs and Trade (DFAT).

the context of member countries' immigration policies". This is a polite, indirect reference to Australia and New Zealand. In the 2006 Communiqué from Fiji, PIF leaders "recalled their decision the previous year to continue to consider the issue of labour mobility in the context of member countries' immigration policies. They agreed to continue to explore opportunities for developing labour mobility schemes that would benefit Forum Island Countries." Two such schemes are listed within the "labour mobility" section of the 2006 Communiqué. One is the New Zealand's seasonal worker program; the other, the APTC. The Australian Prime Minister's Office (2006) announced,

"The college will assist economic growth in Pacific island countries by addressing skills shortages and increasing workforce competitiveness, and will also assist mobility of skilled workers between the Pacific and developed countries."

While previous aid programs had fostered skill creation in the Pacific, the innovation of the APTC was to link skill development and international labour mobility. "The underlying rationale of the APTC is to facilitate regional labour mobility through demand-driven, internationally recognized and portable technical and vocational skills development for the formal wage economy" (AUSAID 2010a, p. i), in part because "labour importing countries such as Australia and New Zealand need to share the costs of training the skilled labour imported from the Pacific [...]" (AUSAID 2010a, p. iii).

4 Data

To assess migration outcomes for APTC graduates, we use four sources of data. Two of these are full-universe administrative data, and two are surveys conducted on samples of graduates. For one of the administrative datasets and one of the sample surveys we have access to anonymized individual-level data kindly provided by the APTC; for the other two datasets we use published summary statistics. The four sources are:

- Administrative data on cumulative migration by the full universe of graduates, since graduation (three timepoints, as of Jan. 2011, Jul. 2012, Mar. 2013): summary statistics in APTC reports.⁴
- Administrative data on age, nationality, and prior degrees for the full universe of newly-enrolled students since founding (one timepoint, cumulative through Feb. 18, 2013): microdata, N = 4,474.

⁴ January 2011 data from Australian National Audit Office, *AusAID's Management of Tertiary Training Assistance*, Audit Report No.44 2010–11, Canberra: Auditor General, p. 90. June 2012 data from *ATPC 6-Monthly Progress Report, January–June 2012*, p. 75. March 2013 data from *APTC Quarterly Activity Report, Quarter 1, January–March 2013*, p. 14.

- The 'Graduate Tracer' sample survey of recent graduates (6–12 months after graduation, conducted annually Apr. 2009–Nov. 2012): microdata, N = 1,421.
- The 'Down the Track' sample survey of past graduates (2–5 years after graduation, conducted in Oct.–Nov. 2013): summary statistics in Swanton and Ong (2013), N = 904.

The two sample surveys, but not the administrative datasets, could be subject to meaningful nonresponse bias. The 'Graduate Tracer' survey attempted to contact recent graduates by email, paper mail, and/or in person, with completion rates varying from 39% to 50% in different years.⁵ The 'Down the Track' survey attempted to contact graduates 4,804 graduates by telephone, with a completion rate of 19% (Swanton and Ong 2013).

We complement these data with qualitative interviews conducted throughout 2013 in Canberra and Washington, DC; various official documents; and skill recognition processing costs published online by the relevant agencies. These last are described in the Appendix.

5 Results: high demand to migrate, low supply of migration opportunities

Here we document extremely low rates of international migration among APTC graduates. We then present evidence that migration is overwhelmingly constrained by a low supply of migration opportunities, not a low demand for migration. We find that the tightest limits on migration arise from the cost and difficulty of formal skill/experience recognition in Australia.

5.1 Low prevalence of migration

Extremely few APTC graduates have migrated. Table 1 gives a snapshot of the cumulative total APTC graduates residing outside their country of citizenship in 2011, 2012, and 2013. The first three columns show APTC internal data from full-universe administrative records. As of early 2013, just 1.2% of all graduates were residing in either Australia or New Zealand. A few more had migrated from one Pacific island to another, so that 1.5% of all graduates had left their country of citizenship.

⁵ The 2011 Graduate Tracer Survey does not report a completion rate (APTC 2011, p.3). The 2012 Graduate Tracer Survey attempted to contact 1,200 graduates, contacted 929, and received completed surveys from 465 (APTC 2012, p. 5). The 2013 Graduate Tracer Survey attempted to contact 692 graduates and received completed surveys from 346 (APTC 2013a, p. 5).

Perhaps it takes graduates some years to make migration arrangements. We can use the same data to place an upper bound on migration rates among graduates several years after migration. Assume for a moment that *all* migrant graduates through March 2013 graduated before January 2011: if this were true, the cumulative migration rate, 2–6 years after graduation, would be 2.4% to Australia/New Zealand (comparing the migrant stock in column 3 with the graduate stock two years earlier in column 1, that is 58/2,424) or 3.1% to any other country (76/2,424). The true rates must be lower. This bound on migration rates years after graduation is corroborated by the 'Down the Track' survey sample of Swanton and Ong (2013), whose targets had graduated 2–5 years earlier, 3.3% reported having moved to any different country by late 2013. In that survey, the sample size (N = 904) implies a 95% confidence interval of (0%, 6.6%), which overlaps with the interval (0%, 3.1%) admitted possible under the full-universe data. Any nonresponse bias in the survey would not affect the firm bound offered by the universe of administrative data, with the slight proviso that the survey and the administrative data were measured at slightly different timepoints (March 2013 and October-November 2013, respectively).

5.2 High demand for migration

Graduates report an "intent" to migrate that vastly exceeds their realized migration rates. In the same 'Down the Track' survey where reported migration behaviour matches full-universe data on migration behaviour (Swanton and Ong 2013), graduates two or more years after graduation were asked evaluate this statement: "In the future, I intend to move country or region for work". Respondents were told that "region" meant "a different part of the same country." 86.1% of these graduates answered either "agree" (60.9%) or "strongly agree" (25.2%). To estimate how many of these intended to move to another *country*, we note that of respondents who had already move to another *country or region* (6.2%), roughly half had moved to another *country* (3.3%). If intended destinations roughly reflect past realized destinations, then roughly half of those intending to move—around 43%—intended to move internationally.

As noted above, the margin of error is $\pm 3.3\%$ and there is the possibility of nonresponse bias. But we do not expect large nonresponse bias here. This is because unobserved respondent characteristics associated with expressing the desire to migrate are likely to correlate with actual migration behaviour, and as we have seen, the 'Down the Track' survey results on actual migration behaviour are corroborated by full-universe data. The survey is thus unlikely to be greatly unrepresentative of those unobserved traits.

Furthermore, the distribution of basic observed demographic traits that influence migration is similar in the 'Down the Track' survey data and in full-universe data on APTC students.⁶

Does "intent" to migrate reflect demand for migration? Intent could understate true demand to the extent that graduates do not intend to migrate due to a circumstance that prevents it: a graduate may wish to migrate but cannot plan or intend to migrate because a visa is not available. On the other hand, expressed intent could overstate true demand to the extent that respondents are expressing a casual wish rather than a serious plan. A long literature has tested the relationship between stated migration intent and true migration behaviour (including McHugh 1984, Hughes and McKormick 1985, continuing through de Groot et al. 2011). Broadly this work finds that stated intent to migrate is a strong predictor of subsequent migration, but it may take many years for intent to be realized.

Thus while stated migration intent among graduates 2–6 out of school vastly exceeds realized migration, it is possible in principle that realized migration rise closer to intent much later, such as 10–20 years after graduation. But given that the average age of an APTC enrollee in the full-universe microdata is 36, that would effectively prevent graduates from working for a substantial portion of their careers in Australia. Beyond this, there is abundant evidence that migration barriers are tightly binding in general across the Pacific region. Opportunities to migrate to New Zealand under the Pacific Access Category visa lottery (from Kiribati, Tonga, and Tuvalu) are oversubscribed by about 900% (McKenzie et al. 2010). The Samoan Quota Scheme, a separate lottery for opportunities to migrate from Samoa to New Zealand, is oversubscribed by 1,600% (Gibson, McKenzie, and Stillman 2013). If these lottery applicants had access to other, less-constrained visas, presumably they would use them.

Additional, suggestive evidence on migration desire comes from a different survey, the 'Graduate Tracer' Survey', conducted shortly after graduation (6–12 months later). Tracer survey respondents were not asked about migration behaviour or intent. But when asked open-ended questions like "Any other comments?", many expressed unprompted their desire to migrate. Of the 1,421 surveys completed through November 2012, 55 (3.9%) declared of their own accord their desire to migrate. 19 of those mentioned a specific destination country, almost all of which (17) were exclusively Australia and/or New Zealand. Responses included "Please give me a chance to work in Australia"; "APTC to assist in placement to work in Australia"; "I would really like to work overseas due to better working conditions";

⁻

⁶ In the 'Down the Track' survey the age distribution of respondents is, Age 18–25: 10.7%. Age 26–35: 39.6%. Age 36–45: 32.5%. Age 46+: 17.2% (Swanton and Ong 2013, p. 14). In the full universe of newly-enrolled students 2007–Feb. 2013, the distribution is, Age 18–25: 10.0%. Age 26–35: 45.7%. Age 36–45: 29.1%. Age 46+: 15.2%. In the 'Down the Track' survey 60.9% of respondents are male; in the full universe of enrollees 58.6% are male.

"[I]f I take another course in APTC ... it will be easier for me to have [a] good job in overseas countries especially New Zealand and Australia." Some comments note the high demand for migration by those around them ("Mostly local people now migrate overseas so it's a must to complete some courses with APTC to help them out while moving to New Zealand or Australia"). The full set of these responses is included verbatim in the Online Appendix. The margin of error in the Graduate Tracer Survey is $\pm 2.6\%$, and the survey's 39–50% response rate allows for the possibility of nonresponse bias.

5.3 Supply of migration opportunities

Australia is the largest labour market neighbouring the Pacific island region. The principal employment-based visas available to APTC graduates desiring to come to Australia have been (i) unsponsored permanent skilled migration visas, and (ii) temporary, employer-sponsored visas. This subsection assesses the possibility for APTC graduates to access these visas.⁷

Unsponsored permanent migration

APTC graduates have had limited and diminishing opportunities to migrate to Australia with the unsponsored, points-based "Skilled-Independent" (SI) visa. In this track, migrants may apply for a settler visa without sponsorship by any firms or family members in Australia. Intending migrants must first register an "expression of interest" with the online "Skill Select" system. Those registrants may or may not be invited to apply for a visa, by employers or the government, and registrants cannot apply for a visa without such an invitation. To get an invitation, they must reach a certain threshold of points. Points are assigned for characteristics like age and English language ability. SI applicants must undergo skills assessment in their nominated occupation (DIAC 2011).

For APTC graduates, the critical limiting factor appears to have been the difficulty for graduates to obtain Australian recognition of skills and experience (as opposed to the APTC diploma) acquired abroad. We evaluate the potential for unsponsored settler migration of APTC graduates in Table 2. This figure uses two versions of the points system. The left side of the table uses the points system in place from the birth of the APTC in 2007 until 2009. In early 2010, there was a major revision of the points system based on a comprehensive review by Birrell, Hawthorne, and Richardson (2006). Therefore the right side of the

_

⁷ APTC graduates could in principle enter Australia on permanent employer-sponsored skilled settler visas. But it is costly and burdensome for Australian employers to sponsor permanent employment-based visas and they are extremely unlikely to be willing to do this for a graduate with whom they do not already have a relationship. Forming that relationship would require, in almost all cases, that the APTC graduate had found some other way to enter Australia and work there.

figure uses the points system in place from 2010 to present. The Skill Select expression-of-interest system was introduced in the middle of the latter period, but this only changed the point in the process at which the points hurdle must be passed. The points listed for 2010–2013 were thus an all-or-nothing hurdle for any applicant even before the Skill Select registration requirement began.⁸

The first conclusion of this analysis is that, without recognition of overseas work experience in their profession, APTC graduates cannot approach the points threshold. The upper half of Table 2 counts the points that APTC graduates of different ages could attain without recognition of overseas skills and experience. Different columns show points for different ages, and the second row of the table shows the percentage of all APTC enrolees who fall into each age range. While points are available for numerous traits other than those listed here (such as certification as a professional interpreter of a "community language" like Fijian), those are irrelevant for nearly all APTC graduates. The "subtotal" row is far below the points threshold, both before and after the 2009 revision of the points system.

The second conclusion is that if an APTC graduate had three years of work experience and had no difficulties in getting that experience recognized in Australia, he or she would have stood a chance of meeting the points threshold before the points system revision—but only about a third of graduates could do so after the revision. The lower rows of Table 2 show that before the 2009 revision of the points system, most graduates with three years of recognized overseas experience could have met the threshold. Only students over 40 (about 32%) would have required something besides three years of recognized experience—such as additional years of experience or nomination by an Australian state—in order to qualify.

This became much more difficult after the 2009 revisions to the points system, but still many APTC graduates with a great deal of experience could qualify if they had no difficulty in getting Australian recognition of their experience. Graduates age 25–32 (about 35%) with 8 years of recognized work experience could meet the points threshold based on this experience alone. For older graduates (33–44, about 40%) it would be difficult but they could meet the points threshold with either nomination by an Australian state or one year of work experience in Australia. Graduates of other ages cannot meet the threshold.

_

⁸ The Skill Selection expression-of-interest system was introduced in mid-2012. Before Skill Select, the point hurdle needed to be passed as part of the visa application (at the time of the application); with Skill Select, the points hurdle must be passed in order for a registered worker to be invited to apply for a visa (at the time of invitation).

Sponsored temporary migration

Employer-sponsored temporary migration streams would likewise require a mechanism for Australian recognition of skills and experience. The principal employer-sponsored visa that could be available to APTC graduates is the '457' visa for temporary skilled work. A 457 visa allows foreign skilled workers to enter Australia for up to four years to work for a business that has been unable to fill the position with an Australian citizen or permanent resident. Most trades workers applying for a 457 visa—like Skilled Independent migrants claiming points for work experience—must pass a skills assessment administered by a Registered Training Organization (RTO) acting for Trades Recognition Australia (TRA).

Skill recognition

The analysis up to this point demonstrates the critical importance of skill recognition. APTC graduates receive an Australian-recognized qualification (certificate or diploma). This facilitates the process of skill recognition, but does not replace it. For many of the most common fields of study at the APTC—including carpentry and cooking—each applicant, whether or not their qualification is Australian-recognized, must pass an in-person skills assessment by an RTO before they can obtain either a temporary or permanent employment-based visa. This section explores how difficult that is for typical APTC graduates.

We focus on one aspect of difficulties in skill recognition: the cost. We lack the information to assess other difficulties of skill recognition for APTC graduates, such as the burden of correctly navigating the necessary bureaucratic steps, and actually passing the skills assessment—which is not guaranteed. We estimate the cost of passing a skills assessment and acquiring a work visa for graduates in three of the fields most commonly studied at the APTC: carpentry, cooking, and hospitality. For carpentry we estimate costs to graduates from Fiji and Papua New Guinea (PNG); for cooking we estimate costs to graduates from Fiji (cooking courses are not offered in PNG); and for hospitality we estimate costs to graduates from all campus countries.

-

⁹ Australian Dept. of Industry, "Pathway 2: Applicants who hold a relevant Australian qualification", accessed Aug. 10, 2013.

Table 3 summarizes the estimated costs of skill recognition for the APTC graduates as of 2013, using sources listed in the Online Appendix. The first row shows the fee charged directly by the RTO, ranging from A\$600–800. The second row shows minimum travel expenses to Australia for the in-person skills assessment, A\$858–1,054. (Hospitality workers can have their skills assessed by mail and thus need not travel.) The third row shows the technical interview charged directly by the RTO. The fourth row gives the cost of the least expensive visa available to enter Australia for the skills assessment. The subtotal row shows that the total cost of skills assessment is already very large relative to average incomes in the campus countries, shown for reference at the bottom of the table. There is no refund of these costs if the applicant fails the assessment.

The following rows of Table 3 show visa costs. If the applicant passes the skill assessment, he or she may then apply for a work visa. Applying for 457 temporary skilled work visa costs at least A\$1,035; applying for a Skilled Independent visa costs at least A\$3,520. There is no refund of these costs if the visa application is rejected for any reason.¹⁰

The total cost of *attempting* to obtain skill recognition and Australian work visa, reaches several thousand Australian dollars in any scenario—shown in the 'total' row of Table 3. These amounts are likely out of reach for most APTC graduates since they rival or exceed the annual incomes of average workers in the campus countries (see the bottom of Table 3). These costs of skill recognition and work visas also greatly exceed the cost of APTC tuition (the last row of Table 3), tuition that few APTC students can afford. ¹¹ Furthermore, even the few graduates who could afford such sums would have little information on the probability of failing the skills assessment or having their visa application rejected—events that would cause the irrevocable loss of their expenses without the acquisition of Australian earning power. That risk may powerfully deter even wealthier graduates.

Under current arrangements, Australian skill recognition is simply inaccessible to the vast majority of APTC graduates. The APTC does not currently facilitate this recognition. The data above suggest that this alone would eliminate most graduates from consideration for SI class visas or 457 visas.

6 Qualitative analysis and lessons for Global Skill Partnerships

11 88.6% of Stage II APTC enrollees are on means-tested scholarships, and do not pay fees (APTC 2013a, p. 10).

¹⁰ Australian Dept. of Immigration, "Visa Application Charges", accessed Feb. 9, 2014.

The inability of most APTC graduates to migrate raises two questions. First, why did the initial design of the APTC omit measures to facilitate migration? And second, why was that initial design not modified, as graduates' difficult in migrating became clear? Why were no efforts made to facilitate skill recognition or employer linkages for graduates? We cannot fully answer these questions, but we can provide informative evidence.

We can discard one possible explanation before proceeding. It is hypothetically possible that, as the project evolved, analysis showed its economic benefits to depend more on skill creation than on skill mobility. But no analysis of this type occurred. The only available cost-benefit analysis of the APTC (AUSAID 2010a, p. 18–19) found that the Economic Rate of Return (ERR) of the project depended critically on migration. It found,

"the ERR is sensitive to the proportion of APTC graduates who obtain work overseas ... For example, if 25 percent of graduates find work in the Australian construction industry soon after graduation, stay for ten years and remit 40 percent of their net earnings while abroad, this would generate a direct economic rate of return on the investment in the APTC of just under 12 percent. The limited information available suggests APTC graduates are keen to access overseas employment, and if 50 percent of graduates were to obtain employment in Australia the ERR jumps to almost 20 percent.

"In contrast, if APTC graduates obtain work only in their home countries, the ERR in most cases does not exceed 8 percent. This is a result of both the lower salaries paid, but also the lower differential between salaries at different skill levels in the Pacific. The lower ERR for employment only in home countries highlights the importance of the APTC rationale to provide training which facilitates labour mobility as a means of enhancing employment and income opportunities. It also reinforces the importance of the APTC training profile retaining a tight focus on industry demand domestically and regionally. ...

"[T]arget rates of return on development projects, with the same degree of risk, are typically set by aid donors at between 12 and 15 percent. That range should be expected on the PNG component of the APTC investment, but perhaps something more modest, say, around 10 percent would be acceptable for the broader Pacific region."

Farchy (2011) reaches similar conclusions, in general and outside the APTC setting, regarding the relatively low economic returns to strictly domestic formal TVET in the Pacific without international mobility. The APTC cost-benefit analysis does not allow for the possibility that even a slim possibility of skilled migration can raise the demand for human capital formation, with the potential net effect of raising origin-country skill stocks (as first theorized by Stark et al. 1997, Mountford 1997). This is quite possible in the APTC setting, as the above discussion of the 'Graduate Tracer Study' results shows that the uncertain possibility of future migration was salient to many new graduates in their decision to enroll. The same survey suggests that non-migrant graduates are using their new skills locally: 89% of recent

graduates either "agree" or "strongly agree" that their current employment position had improved since graduation (APTC 2013a, p. 17).

All of this does not allow a full, *ex post* evaluation of the ERR of the APTC now, four years after the analysis cited above. But it does rule out the possibility that the policy focus of the APTC shifted away from international mobility due to economic analysis.

6.1 Why was not more done to achieve APTC's labour mobility objectives?

If the reasons were not economic ones, what were they? Certainly aid spending worldwide responds to numerous non-economic goals, including humanitarian goals, domestic political goals (Nunn and Qian 2010), and geopolitical goals (Kuziemko and Werker 2006). Here we suggest that political processes at the migration destination (Australia) and at the origin (various Pacific island countries) were important determinants of the outcome. We begin with the destination and proceed to the origin.

Politics at the destination

We observe very limited political commitment, in Australia, to the skill mobility goal of the APTC. The Department of Immigration was not substantially involved in the design or creation of the APTC. Government statements on the APTC extensively discuss skill creation, but are silent on low skill mobility. The project's mid-term review found that it "was performing well against its goals and key results areas" (AusAID 2010a, p. 3). Neither the 2009 mid-term review nor the 2010 Phase II design notes the very low rates of migration, discusses their implications, or contrasts them with the migration rates analysed in the Cost-Benefit Analysis contained in the same Phase II design document. The APTC (2013c) annual report reports migration rates—without comment. Successive Annual Portfolio Performance Reviews refer to APTC in highly positive terms and classify it as a "green-light" project, that is, one which does not face any major problems (AusAID 2012; DFAT 2013). We could only identify one Australian government document (Auditor General 2011, p. 90) that discusses the extremely low migration by APTC graduates as a concern, and that only in a single paragraph written by an auditor outside AusAID. AusAID's (2011) *Pacific Education and Skills Development Agenda* does not mention labour mobility.

Politicians do, however, discuss APTC graduate migration in negative terms. A Senate Enquiry into the Pacific in 2010 "recognize[d] the problem of brain drain in the Pacific" and through its Recommendation

10 asked AusAID to study its scholarships and APTC to ensure it was not contributing to the brain drain (APH 2011, pp. 6–7). The government's response (*ibid.*, p. 7) cited "anecdotal evidence" that the rate of migration by graduates "is low"—as a *defence* of the project. This is not compatible with any substantial commitment to fostering graduates' mobility.

The APTC does retain its stated objective of promoting international mobility, declaring on its Internet site that its training helps graduates "find employment in targeted sectors nationally and internationally". Graduates' limited migration in the College's first few years "prompted AusAID in the second phase of the initiative to decouple the APTC course profile from Australian visa requirements" (Auditor General 2011, p. 90). But this decoupling simply meant that training subjects *need not* be strictly linked to Australia's shortage occupations, and there remains substantial overlap between APTC subjects and Australia's shortages. The 2010 phase II design document states that an "underlying rationale" of the APTC is to "facilitate regional labour mobility". It was furthermore the Phase II design that included the high rates of migration envisioned in the aforementioned analysis of economic costs and benefits.

Politics at the origin—and connections to project design

We also observe a lack of political pressure from Pacific Island Countries to ensure that the APTC's original mobility goals were met. We offer two explanations.

The first is the advent of Australia's Seasonal Worker Program (SWP). When the Labour Government was elected in 2007, it decided to create the SWP that the Coalition Government had opposed (Hay and Howes 2012). The APTC, as we discuss in Section 3, was created in part as a way to assuage PICs' requests for greater labour market access *without* creating the SWP. The SWP may, then, have reduced PICs' will to pressure the Australian government for attainment of the labour mobility goals of the APTC.

The second is that, unlike the SWP, the APTC originated as a unilateral Australian initiative. Pacific governments seem to have embraced APTC's skill training, but never its mobility component. From the time of the establishment of APTC, there were concerns that it would contribute to the depletion of skill stocks in the Pacific. Partner governments feared from the beginning that the APTC was created for the purpose of "denuding the region of its skilled workers" (Schofield et al. 2009, p. 3).

This was likely due, in part, to the "central focus" of the APTC on top-up training— "upgrading and certifying the skills of those currently in the workforce or those with other post-school qualifications

and/or industry experience" (*ibid.*, p xii). AusAID noted the risk that, because or the APTC, "Australia runs the risk of within 5–10 years leaving national skills pools in PICs worse off than when the APTC started" (*ibid.*). One reason for this focus was cost. Given its international mobility goals, the APTC had to offer courses at the Certificate III and IV levels, the minimum requirements under Australia's skilled migration program. But to take students with no experience or training to the Certificate III or IV level would cost much more than taking students with past experience and training. The second reason was to avoid competition, seen as unfair, with local institutions. "The APTC endeavours to avoid competing with local providers by assuming a niche role at the upper end of the training market not covered by local suppliers" (Auditor General 2011, p.91).

Thus, ironically, it was probably in part APTC's international mobility objective that led to the postgraduate approach of the APTC—which in turn may have undermined origin-country support for migration by APTC graduates, by intensifying concerns about skill depletion.

6.2 Lessons for future Global Skill Partnerships

The APTC appears to have met its initial goal to create skills and training infrastructure in Pacific Island Countries, but not its goal to foster international labour mobility. This suggests lessons for the design of future programs that seek to link skill creation with skill mobility.

- Political commitment and consultations. Linking skill acquisition with skill mobility is a new
 public policy objective for donors, and a potentially controversial one. Migration by graduates is
 nowhere near automatic and must be actively facilitated. Projects of this type likely require
 widespread and ongoing consultations. Destination- and origin-country business councils and
 labour organizations must be directly involved from the start.
- Measures to expand skilled labour supply. Both to maximize economic welfare and to build
 political support in sending countries, projects of this type must build—not deplete—skills at the
 origin. Simply providing additional training to the already-skilled may not be effective. Project
 design must allow a supply-side response to the greater incentives for skill acquisition which
 international mobility provides—such as by targeting inexperienced school-leavers.
- Mechanism for skill/experience recognition. Though APTC certificates and diplomas are recognized in Australia, APTC graduates face very large barriers in getting their skills and work

experience recognized as the basis for employment-based visas to Australia. The APTC has partly recognized this barrier.¹² One efficient mechanism would be to conduct Australian skill assessments inside the campus countries.

- Employer linkages. A program to link skill creation with skill mobility would require strong ties to employers. This could include heavy promotion of APTC recruitment among employers within Australia, international job fairs in origin countries, or the use of a short-term work visa that could be used for APTC graduates to have brief internships in Australia. The APTC has partly recognized that this is a barrier to movement by graduates, ¹³ but such promotion efforts remain very limited.
- Interministerial coordination. Our discussions in Canberra suggested that, from the beginning, there was little joint planning for the movement of APTC graduates between AusAID and the Department of Immigration. We were not able to identify any prior study of the immigration requirements for APTC graduates such as we conduct here.
- The costs of expatriate staff. Heavy use of Australian expatriate staff on the island campuses has meant that the cost of training each APTC graduate rivals the cost of bringing him or her to Australia for training there (Auditor General 2011, p. 92). The cost per student in the APTC is much greater than the cost in local training facilities. The APTC is currently engaged in training local staff that could replace expatriate educators in the future. The resulting savings could be directed toward facilitating skill recognition in the Australian trades.

7 Conclusion

The APTC began as a new type of international program to link skill creation and skill mobility. It has achieved large-scale skill creation, but extremely limited skill mobility. The principal constraint on mobility has the lack of a streamlined and affordable path for APTC graduates to connect with Australian employers and to get their skills and experience certified in Australian trades. We find that these adverse

¹² "Access to Australian employment is for some trades restricted by national and state registration requirements. The APTC should therefore continue to investigate partnerships with Australian industry bodies, such as the Master Plumbers Association and Electrical Contractors Association, and industry interlocutors, such as the Australian Chamber of Commerce and Industry, to review viability, and if appropriate, obtain sponsorship for any necessary in-Australia workplace training for Australian registration requirements" (AUSAID 2010a, p. 23).

¹³ "Whilst the APTC is not responsible for employment services, it will encourage regional and international employers to consider the employment of APTC graduates" (AUSAID 2010a, p. 22).

design features have persisted due to a lack of political commitment—both in the Australian government or Pacific island governments—to mobility by graduates. It would have been unrealistic to expect substantial migration from a program designed as the APTC was, and low migration rates are likely to continue unless it is fundamentally redesigned.

Future regional programs that seek to link skill creation with skill mobility can be expected to face resistance, and will need to build political commitment from both sending and receiving countries. This will likely require broad consultations, but also good design. To ensure political support in sending countries, and to maximize economic welfare, international mobility programs will need to ensure that they contribute to rather than deplete the stock of skilled workers. They will also need to provide mechanisms by which experience as well as qualifications can be internationally recognized, and through which links can be made with potential international employers. We also suggest that immigration ministries work directly with aid and education ministries to ensure that movement plans are administratively viable, and that such programs rely as quickly as possible on local staffing of training facilities to make best use of the cost advantage of training workers in developing countries.

References

- APH. 2003. <u>Inquiry into Papua New Guinea and the Island States of the South-West Pacific, Submission No. 15: Australia Pacific Islands Business Councils.</u> Senate Foreign Affairs, Defence and Trade References Committee. Canberra: Commonwealth of Australia.
- APH. 2008. *New Zealand's seasonal guest-worker scheme*. Parliamentary Library. Canberra: Commonwealth of Australia.
- APH. 2011. Response of the Australian Government to the Senate Foreign Affairs, Defence and Trade
 Reference Committee Report (Volumes I and II) on the Economic and Security Challenges facing
 Papua New Guinea and the island states of the south west Pacific. May 2011. Department of
 Foreign Affairs and Trade. Canberra: Commonwealth of Australia.
- APTC. 2011. <u>Graduate Tracer Survey: Report 3. 30th June 2011</u>. Coordination Office. Nadi, Fiji: Australia-Pacific Technical College.
- APTC. 2012. *Graduate Tracer Survey Report—2012*. Corporate and Student Services Office. Nadi, Fiji: Australia-Pacific Technical College.
- APTC. 2013a. *Graduate Student Tracer Survey Report* 2013. Nadi, Fiji: Australia-Pacific Technical College.
- APTC. 2013b. *Quarterly Activity Report—Quarter 1 (January–March) 2013*. Nadi, Fiji: Australia-Pacific Technical College.
- APTC. 2013c. <u>Australia-Pacific Technical College: 2012–2013 Annual Report and Plan</u>. Nadi, Fiji: Australia-Pacific Technical College.
- APTC. 2014 "Goals, purposes and objectives." Viewed 18 January 2014.
- APTC undated. <u>Certificate III in Automative Mechnical Technology</u>. Nadi, Fiji: Australia-Pacific Technical College. Viewed 18 January 2014.
- AusAID. 2005. *Core Group Recommendations Report for a White Paper on Australia's aid program*. Canberra: AusAID.
- AusAID. 2010a. <u>Australia-Pacific Technical College, Stage II: 2011-2015, Design Document, 25 November 2010</u>. Canberra: Australian Government.
- AusAID. 2010b. <u>Australia-Pacific Technical College Stage II Design Annexes. 25 November 2010</u>. Canberra: Australian Government.
- AusAID. 2011 "Pacific Education and Skills Development Agenda.", Canberra: Australian Government.
- AusAID. 2012 "<u>Pacific Regional Program Annual Program Performance Report 2011</u>." Canberra: Australian Government.
- Auditor General. 2011. "<u>AusAID's Management of Tertiary Training Assistance</u>," Audit Report No.44 2010–11, Australian National Audit Office. Canberra: Commonwealth of Australia.
- Banham, Cynthia. 2005. "Seasonal worker entry not on PM," Sydney Morning Herald, October 27.
- Birrell, Bob, Lesleyanne Hawthorne, and Sue Richardson. 2006. Evaluation of the General Skilled Migration Categories. Canberra: Commonwealth of Australia.
- Clemens, Michael A. 2009. "Skill Flow: A Fundamental Reconsideration of Skilled-Worker Mobility and Development." CGD Working Paper 180. Washington, DC: Center for Global Development.

- Clemens, Michael A. 2014a. "Global Skill Partnerships: A proposal for technical training in a mobile world", CGD Policy Paper 40. Washington, DC: Center for Global Development.
- Clemens, Michael A. 2014b. "A case against taxes and quotas on high-skill emigration." *Journal of Globalization and Development*, forthcoming.
- DFAT. 2013 "Aid Program Performance Report 2012-13. Pacific Regional" Canberra: Australian Government.
- DIAC. 2011. "<u>Recognition of Qualifications and Employment in the 1 July 2011 Points Test</u>". Canberra: Department of Immigration and Citizenship.
- Duncan, Ron. 2005. "<u>Benefit-Cost Analysis of a Pacific Regional Nurse Training Facility</u>", Pacific Studies Series: Toward a New Pacific Regionalism, An Asian Development Bank-Commonwealth Secretariat, Joint Report to the Pacific Islands Forum Secretariat. VOLUME 3: WORKING PAPERS, Working Paper No. 10.
- de Groot, Carola, Clara H. Mulder, and Dorien Manting. 2011. "<u>Intentions to Move and Actual Moving Behaviour in The Netherlands</u>". *Housing Studies*, 26 (3): 307–328.
- Esipova, Neli, Julie Ray, Anita Pugliese. 2011. "<u>Gallup World Poll: global desire, plans and preparation to migrate</u>", *Migration Policy*, Dec. 2011–Jan. 2012 issue. Geneva: International Organization for Migration.
- Farchy, Emily. 2011. "Labor Markets in the Pacific Islands". East Asia and Pacific Social Protection, Human Development Department. Washington, DC: World Bank.
- Feyzioglu, Tarhan, Vinaya Swaroop, and Min Zhu, "<u>A panel data analysis of the fungibility of foreign aid</u>," *World Bank Economic Review*, 1998, 12 (1), 29–58.
- Gibson, John and David McKenzie. 2012. "<u>The Economic Consequences of 'Brain Drain' of the Best and Brightest: Microeconomic Evidence from Five Countries</u>". *Economic Journal* 122 (560): 339–375.
- Gibson, John, David McKenzie, and Steven Stillman. 2013. "<u>Accounting for selectivity and duration-dependent heterogeneity when estimating the impact of emigration on incomes and poverty in sending areas</u>". *Economic Development and Cultural Change* 61 (2): 247–280.
- Gish, Oscar and Martin Godfrey. 1979. "A Reappraisal of the 'brain drain'—with Special Reference to the Medical Profession." Social Science and Medicine. 13 (1): 1–11.
- Hay, Danielle and Stephen Howes. 2012. "<u>Australia's Pacific Seasonal Worker Pilot Scheme: Why Has Take-Up Been So Low?</u>", Development Policy Centre Discussion Paper No. 17. Canberra: Development Policy Centre.
- Hollway, Sandy, John W.H. Denton, Bill Farmer, Stephen Howes, and Margaret Reid. 2011. *Independent Review of Aid Effectiveness*. Canberra: Commonwealth of Australia.
- Hughes, G. A. and B. McCormick. 1985. "Migration Intentions in the U.K. Which Households Want to Migrate and Which Succeed?" Economic Journal, 95: 113–123.
- HWA. 2012. *Health Workforce* 2025. Canberra: Health Workforce Australia.
- Khilji, Nasir M and Ernest M Zampelli, "<u>The fungibility of US military and non-military assistance and the impacts on expenditures of major aid recipients</u>," *Journal of Development Economics*, 1994, 43 (2), 345–362.
- Kuziemko, Ilyana and Eric Werker. 2006. "How much is a seat on the Security Council worth? Foreign aid and bribery at the United Nations." *Journal of Political Economy*, 114 (5), 905–930.

- Manpower. 2013. 2013 Talent Shortage Survey Research Results: Australia & New Zealand, Sydney: Manpower Australia.
- Maclellan, Nic. 2008a. "Workers for All Seasons? Issues from New Zealand's Recognised Seasonal <u>Employer (RSE) program</u>," Institute for Social Research. Melbourne: Swinburne University of Technology
- Maclellan, Nic. 2008b. "Seasonal Workers for Australia–Lessons from New Zealand," Farm Policy Journal 5 (3): 43–53.
- Manpower. 2013. "2013 Talent Shortage Survey Research Results: Australia & New Zealand," Sydney: Manpower Australia.
- McHugh, Kevin E. 1984. "Explaining Migration Intentions and Destination Selection". *The Professional Geographer*, 36 (3): 315–325.
- McKenzie, David, Steven Stillman, and John Gibson, 2010. "<u>How Important is Selection? Experimental VS. Non-Experimental Measures of the Income Gains from Migration</u>," *Journal of the European Economic Association*, 8 (4), 913–945.
- Mills, Edward J. et al. 2008. "Should Active Recruitment of Health Workers from sub-Saharan Africa be Viewed as a Crime?" *The Lancet*. 371 (9613): 685–688.
- Mills, Edward J. et al. 2011. "The Financial Cost of Doctors Emigrating from sub-Saharan Africa: Human Capital Analysis." *British Medical Journal*. 2011;343:d7031.
- Mountford, Andrew. 1997. "Can a brain drain be good for growth in the source economy?" *Journal of Development Economics*, 53 (2): 287–303.
- Nair, Robin. 2010. "Critical Analysis of the Australian-Pacific Technical College," mimeo, Centre for International and Regional Affairs, University of Fiji.
- Nunn, Nathan and Nancy Qian. 2010. "<u>The Determinants of Food Aid Provisions to Africa and the Developing World</u>". Working Paper 16610. Cambridge, MA: National Bureau of Economic Research.
- OECD. 2012. International Migration Outlook 2012. Paris: OECD Publishing.
- Pack, Howard and Janet Rothenberg Pack. 2003. "Foreign Aid and the Question of Fungibility." *Review of Economics and Statistics*. 75 (2): 258–265.
- Prime Minister's Office. 2006. "Australia-Pacific Technical College," Canberra: Commonwealth of Australia.
- PWC. 2012. Fiji National Budget 2013: Commentary. Suva: PriceWaterhouseCoopers.
- Schofield, Kaye. et al. 2009. "Australia—Pacific Technical College Mid-Term Review, Final Report 22

 June 2009." Canberra: Commonwealth of Australia.
- Stark, Oded, Christian Helmenstein, and Alexia Prskawetz. 1997. "A brain gain with a brain drain," *Economics Letters*, 55 (2): 227–234.
- Swanton, Tas and Adrian Ong. 2013. *APTC Graduates Down the Track*. Consultancy Report. Adelaide: National Centre for Vocational Education Research.
- Tait, Maggie. 2005. "Australia and NZ differ on seasonal workers." The New Zealand Herald, October 26.
- UN. 2013. "<u>The number of international migrants worldwide reaches 232 million</u>". *Population Facts*, No. 2013/2. Dept. of Economic and Social Affairs, Population Division. September.

WHO. 2011. *The WHO Global Code of Practice on the International Recruitment of Health Personnel*. Geneva: World Health Organization.

World Bank. 2007. World Development Report 2007. Washington, DC: World Bank.

Table 1: Cumulative migration by APTC graduates since founding in 2007

As of date:	2011	2012	2013	2013
<u> </u>	Jan.	Jul.	Mar.	Nov.
Source:	Adn	ninistrative d (universe)	ata	Survey (sample)
Migrant graduates (stock)	40	72	76	
of which: Australia		29	33	
New Zealand		25	25	
Pacific Islands		12	12	
Other		6	6	
Total graduates to date (stock)	2424	3931	4919	_
% migrant	1.7%	1.8%	1.5%	
% in Aus/NZ		1.4%	1.2%	
Only 2007–2011 graduates (stock)		_	_	4804
% migrant	_	_	_	3.3%
% in Aus/NZ				$[2.6\%]^*$

[&]quot;Other" means Austria, China, or Unknown. "Stock" means the cumulative number who have migrated or graduated at any point prior to and including the date of observation. Sources for administrative data on the universe of APTC graduates: January 2011 data from Australian National Audit Office, *AusAID's Management of Tertiary Training Assistance*, Audit Report No.44 2010–11, Canberra: Auditor General, p. 90. June 2012 data from ATPC 6-Monthly Progress Report, January–June 2012, p. 75. March 2013 data from APTC Quarterly Activity Report, Quarter 1, January–March 2013, p. 14. Source for Nov. 2013 tracking survey data: Swanton and Ong (2013).

^{*}The survey contains no data on migration to Australia or New Zealand specifically. The primary data indicate only that 3.3% are in some country other than their country of origin, which could include other countries in the Pacific. The figure of 2.6% here is an estimate based on the July 2012 and March 2013 data in the previous two columns. If the fraction of all migrants who were in Australia or New Zealand was the same in the Nov. 2013 sample as it was in the previous two samples, then about 2.6% of the 2007–2011 graduates in the November 2013 sample would have been in Australia or New Zealand.

Table 2: Potential for APTC graduates to qualify for unsponsored 'Skilled Independent' settler visas to Australia

	Points system 2007–2009				Points system 2010–2013					
Age Fraction of enrollees (Feb. 18, 2013)	18–29 28.7%	30–34 21.9%	35–39 17.7%	40–44 13.8%	45+ 17.9%	18–24 6.6%	25–32 35.4%	33–39 26.3%	40–44 13.8%	45+ 17.9%
Basic points										
Age	30	25	20	15	0	25	30	25	15	0
English: proficient	20	20	20	20	20	10	10	10	10	10
Australian diploma/qualification						10	10	10	10	10
MODL occupation	20	20	20	20	20					
Subtotal (without skill recognition)	70	65	60	55	40	45	50	45	35	20
Points requiring skill recognition										
3 years overseas skilled employment	60	60	60	60	60	5	5	5	5	5
+5 years overseas experience	10	10	10	10	10		10	10	10	10
One year work in Australia	5	5	5	5	5	5	5	5	5	5
Nomination by state government	10	10	10	10	10	5	5	5	5	5
Total (including skill recognition)	155	150	145	140	125	60	75	70	60	45
Pass mark	120	120	120	120	120	65	65	65	65	65

Age fractions show the fraction of all enrolled students from 2007 through February 18, 2013 for which an age is recorded in APTC records (5,646 out of 5,654). This table shows no points for the cell corresponding to age 18–24 with 8 years of work experience, since this combination could rarely exist. Sources: the 2007–2009 scheme is described in Birrell, Hawthorne, and Richardson (2006), and the post-2010 scheme in DIAC (2011).

Table 3: Costs of skill/experience recognition for Australian trades

Occupation:	Cook	Carp	Hospitality Worker	
Origin country:	Fiji	Fiji	PNG	Fiji, PNG, Vanuatu, Samoa
Skill recognition costs	A (1000	Α Φ COO	ΑΦ	A 0.550
Skills Assessment Fee	A\$800	A\$600	A\$600	A\$650
Travel Expenses	A\$858	A\$858	A\$1,054	N/A
Technical Interview	A\$500	A\$500	A\$500	N/A
Visa for Skills Assessment ^a	A\$115	A\$115	A\$115	N/A
Subtotal (skill recognition)	A\$2,273	A\$2,073	A\$2,269	A\$650
Visa costs ^b				
Either: 457 Skilled work, temp.	A\$1,035	A\$1,035	A\$1,035	A\$1,035
Or: 189 Skilled independent	A\$3,520	A\$3,520	A\$3,520	A3,520^{c}$
Total (skill recognition + visa)	A\$3,308-5,793	A\$3,108-5,593	A\$3,304–5,789	A\$1,685–4,170
For comparison:				
GDP/capita	A\$4,712 (Fiji)	A\$4,712 (Fiji)	A\$2,004 (PNG)	A\$2,004 (PNG)
APTC Course Cost	A\$2,039	A\$932	A\$1,670	A\$368–1,670

Source: See the Appendix, "Method and sources for skills assessment costs". Notes: We do not include cooks coming from PNG because this course is not currently offered at the Port Moresby APTC. Income per capita is measured at market exchange rates, the appropriate measure for the purpose of measuring ability to pay Australian fees. "This is the cost of the least expensive visa to enter Australia, a Visitor (subclass 600) visa, as of July 2013. "Visa fee assumes applicant age 18 or more. Not included are living expenses, such as accommodation fees and food "Extremely few hospitality workers other than high-level managers would in practice be considered for Skilled Independent settler visas.

Online Appendix for "Skill Development and Regional Mobility: Lessons from the Australia-Pacific Technical College"

Method and sources for skills assessment costs

We analyze three of the top five highest-frequency qualifications awarded by APTC: hospitality worker, ¹⁴ cook, and carpenter. The other two certifications in the top five have little relevance for migration to Australia: one is for training (given in large part to students studying to become APTC trainers) and for children's services. ¹⁵ This appendix lists the sources for Table 4 in the main text.

HOSPITALITY WORKER

The application process for hospitality workers is opaque. Although the government has said that there is a labor agreement that would allow hospitality workers to apply for the 457 visa, it is very difficult to find any information about the project. Although there is no mention on the Department of Immigration or VETASSESS website about a technical interview for hospitality workers, the costs of applying for the visa remain high relative to the per capita GDPs of the countries eligible to send workers to Australia.

- APTC Course: <u>SIT30707 Certificate III in Hospitality</u> available in Fiji, Samoa, Vanuatu, and Papua New Guinea. The course costs (calculated on 8/6/13):
 - Fiji: FJD 1,200 (<u>A\$699</u>), Samoa: WST 800 (<u>A\$374</u>), Vanuatu: Vt 32,000 (<u>A\$368</u>), Papua New Guinea: PGK 3,500 (<u>A\$1,670</u>)
- The hospitality occupations listed under the <u>Consolidated Sponsored Occupation List</u> are all management-level positions like hotel or retirement village managers. To qualify for those occupations, applicants typically need a skill certification higher than Certificate III in Hospitality. In response to hospitality industry shortages of skilled workers, <u>the Australian government has announced a new labor agreement</u> that would allow hospitality workers to apply for the 457 visa even if their role is not listed on the list of sponsored occupations.
- It is not completely clear what kind of assessment would be needed for a hospitality worker. According to this discussion paper on a labor agreement for the hospitality industry, the Department of Immigration and Citizenship "would need to be satisfied that the independent skills assessment process will ensure that overseas workers have skills to Australian standards" (p. 6). Assuming hospitality workers would do their independent skills assessment through the same agency hospitality managers are required to use (VETASSESS), an assessment would cost A\$650. Applicants can apply online or by mail. It appears as though hospitality workers do not need to travel to Australia to conduct a practical skills assessment. Instead, VETASSESS conducts a review of the applicant's qualifications.
- If the skills assessment is approved, the applicant will have to pay a base application charge of A\$900 for the 457 visa and an additional charge of A\$900 if the applicant is over 18. The total visa application fee is thus A\$1,800.
- The total cost of the skills assessment process is A\$650. If the skills assessment is accepted, the cost of applying for the 457 visa is A\$1,800, resulting in a total cost of A\$2,450.
- GDP per capita (at exchange rates, not PPP) of Fiji: USD \$4,200 (<u>A\$4,712</u> as calculated on 8/5/13)
- GDP per capita (at exchange rates, not PPP) of Papua New Guinea: USD \$1,790 (<u>A\$2,004</u> as calculated on 8/5/13).

¹⁴ Although hospitality workers are not listed on the CSOL, <u>this article</u> notes that the government of Australia announced a labor agreement that allows employers to hire foreigners in hospitality occupations not listed on the CSOL.

¹⁵ Certificate III in Children's Services is one of the most awarded certifications at APTC, but it is not a strong enough qualification to qualify an applicant to work as a pre-primary teacher or child care center manager. The occupations for which the certification is applicable are not listed on the Consolidated Skilled Occupation List (CSOL).

All applicants must demonstrate that they have English language proficiency that is equivalent to an International
English Language Testing System (IELTS) test score of at least 5 in each of the four test components (speaking,
reading, writing, listening) or at least a 'B' in each of the components of an Occupational English Test (OET).

соок

The application process to acquire a 457 visa as a cook is considerably clearer than the process as a hospitality worker. Nonetheless, the costs are high. Applicants must incur costs of over A\$2,000 without a guarantee of receiving the skills assessment necessary to acquire a 457 visa. If a cook passes her technical interview, she must still pay an additional A\$1,800 to apply for the visa.

- ANZSCO Code: 351411
- APTC Course: SIT30807 Certificate III in Hospitality (Commercial Cookery)
- The course is offered in Fiji, Samoa, and Vanuatu. Of these three countries, only Fiji is on the list of <u>nominated</u> <u>countries for trades requiring a skills assessment</u>. Individuals applying for the 457 visa in one of the nominated trades must hold a passport from one of the nominated countries.
- In Fiji, the course costs FJD 3,500 (A\$2,039 as calculated on 8/6/13)
- Certification agency: Trades Recognition Australia (TRA)
- There are three Registered Training Organisations (RTOs) that can conduct a skill assessment.
- Looking at one of the three RTOs, <u>William Angliss Institute</u>, as an example, an applicant must first complete a preassessment. Applicants must then submit an application. As part of the application, applicants must submit a photo or video CD containing images of the applicant performing work tasks. Pathway Two applicants must also include pay slips or tax records proving three years of full-time employment in a relevant and directly related trade, including at least 12 months of full-time paid employment as a cook in the two years before applying. Following submission of the application, applicants must attend a technical interview at the Institute, which is located in Melbourne. A flowchart of the application process can be found here.
- The cost of submitting an application is A\$800. The minimum cost of the technical interview is A\$500. A full schedule
 of fees can be found here.
- Cost of a round-trip ticket (11/5/13 to 11/9/13) from Nadi, Fiji to Melbourne for technical interview: <u>A\$658</u> as calculated on 8/5/13.
- Visa to enter Australia for the purposes of the technical interview: A\$115
- Cost of travel expenses like accommodation, food, etc.: approximately A\$200
- If the skills assessment is approved, the applicant will have to pay a base application charge of A\$900 for the 457 visa and an additional charge of A\$900 if the applicant is over 18. The total visa application fee is thus A\$1,800.
- Without the guarantee of even passing the skills assessment, applicants would have to spend a minimum of A\$2,073. If an applicant's skills assessment is approved, she would have to pay an additional \$1,800 to apply for the 457 visa. Thus, the total cost of acquiring a 457 visa would be at least A\$3,873.
- GDP per capita (at exchange rates, not PPP) of Fiji: USD \$4,200 (A\$4,712 as calculated on 8/5/13)
- All applicants must demonstrate that they have English language proficiency that is equivalent to an International
 English Language Testing System (IELTS) test score of at least 5 in each of the four test components (speaking,
 reading, writing, listening) or at least a 'B' in each of the components of an Occupational English Test (OET).

CARPENTER

The costs and requirements for acquiring a 457 visa as a carpenter are similar to the equivalent requirements for cooks. In the case of Fiji, the total costs for acquiring a visa amount to more than 80 percent of GDP per capita. As for Papua New Guinea, the

costs are more than twice as high as GDP per capita. It is important to bear in mind that, as with the other professions, applicants can incur more than half of these costs without even having their skills recognized. If their skills are recognized, they must then pay an additional fee to acquire the visa.

- ANZSCO Code 331212
- APTC Course CPC30211 Certificate III in Carpentry
- The course is offered in Fiji, Papua New Guinea, and Vanuatu, but only Fiji and Papua New Guinea are <u>on the list</u>
 of <u>nominated countries for occupations requiring a skills assessment</u>. Individuals applying for the 457
 visa in one of the nominated trades must hold a passport from one of the nominated countries. In addition to cooks,
 carpenters are required to have a skills assessment.
- The costs of the course as calculated on 8/6/13 are:
 - Fiji: FJD 1,600 (A\$932)
 - o Papua New Guinea: PGK 3,500 (A\$1,670)
- Certification agency: TRA
- There are two RTOs that can assess this occupation: VETASSESS and Victoria University.
- A detailed description of the application process through Victoria University can be found here. Applicants must complete an application and demonstrate at least three years of full-time paid employment in a relevant and directly related trade, including at least 12 months full-time paid employment as a carpenter in the two years before applying. Applicants will then need to attend a technical interview at a Victoria University office.
- The cost of the application assessment is A\$600 and the cost of the technical assessment is A\$500.
- Cost of a round-trip ticket (11/5/13 to 11/9/13) from Nadi, Fiji to Melbourne for technical interview: A\$658
- Cost of a round-trip ticket (11/5/12 to 11/9/13 from Port Moresby, Papua New Guinea to Melbourne for technical interview: A\$854 as calculated on 8/5/13.
- Visa to enter Australia for the purposes of the technical interview: A\$115
- Cost of travel expenses like accommodation, food, etc.: approximately A\$200
- If the skills assessment is approved, the applicant will have to pay a base application charge of A\$900 for the 457 visa and an additional charge of A\$900 if the applicant is over 18. The total visa application fee is thus A\$1,800.
- GDP per capita (at exchange rates, not PPP) of Fiji: USD \$4,200 (A\$4,712 as calculated on 8/5/13)
- GDP per capita (at exchange rates, not PPP) of Papua New Guinea: USD \$1,790 (A\$2,004 as calculated on 8/5/13).
- All applicants must demonstrate that they have English language proficiency that is equivalent to an International English Language Testing System (IELTS) test score of at least 5 in each of the four test components (speaking, reading, writing, listening) or at least a 'B' in each of the components of an Occupational English Test (OET).

Table A1: Unprompted expressions of emigration desire in responses to the APTC Graduate Tracer Study, through Nov. 2012

Country	Comment (verbatim, with boldface added)	Course and year	Prompt ^a
Fiji	"They provide the best for their students and also you set recognised abroad with your certificate with better job opportunities ."	Tourism operations 2011	A
Fiji	"I hope that APTC gives me another opportunity to study in Australia or Anywhere in the world i[n] years to come i want to migrate to Australia and progress further in my field. It will be greatful [sic] if i am given another scholarship to study Certificate IV in Australia."	Commercial cookery 2009	A
Fiji	"It gives me experience for my future jobs, the certificate i have obtained can give me a chance to work overseas."	Carpenter (N.D.)	A
Fiji	"I would like it if the APTC alumni would provide suitable sponsors, travel arrangement working arrangement to other places overseas."	Hospitality operations 2010	С
Fiji	"APTC should find jobs overseas for current students of APTC/ graduated students."	Commercial cookery 2011	С
Fiji	"If only APTC can provide jobs for graduated students overseas."	Hairdressing 2011	С
Fiji	"More courses in my field as carpenter and more jobs overseas of if there's any course that I need to tak as soon as possible."	Carpentry (N.D)	С
Fiji	"I'm highly hoping to further my carrer overseas."	Children's services CIII 2010	С
Fiji	"Please give me a chance to work in Australia."	Plumbing 2010	С
Fiji	"I hope to graduate soon and attend the next course so that I can achieve my goal to work in Australia."	Plumbing 2010	С
Fiji	"As an APTC organisation, you people should find job for us as well as provide training in Australian Hotels so that we get more demands in our nation."	Commercial cookery 2010	С
Fiji	"Skills for exising [sic] workers, quality skills training for new industry standard, courses delivered to Australian standard and also chances of migrating to seek employment opportunity in Australia in more."	STH training and assessment 2009	В
Fiji	"It has reasonable expenses to cover the course. Gives a thorough knowledge and has higher chances of getting a job overseas ."	Commercial cookery (N.D.)	В
Fiji	"Certificates attained are of Australian standards and cheaper if we were to go overseas or attend FNU or USP."	STH training and assessment (N.D.)	В
Fiji	"APTC courses is easy to understand at our level and available in Fiji with recognised certificate in the Pacific and also in Australia could be the door way to other Country."	Community welfare (N.D.)	В
Fiji	"No Promotion, If given a job in Australia for 5 years and come back will be really terrific."	TAA training and assessment 2009	F
Kiribati	"I would like to continue on Hosoitality Operations if Certificate IV is applicable. This maybe able for me to seek jobs abroad ."	Hospitality operations 2009	A
Kiribati	"So that if I have a chance to study overseas I would learn more skills and this I can pass to the citizens of Kiribati. This might allow them to be employed overseas. Also teaching methods applied outside my country will help me to improve the KIT to a better standard."	STH training and assessment 2009	A
Kiribati	"Also it's a good opportunity for me to have a scholarship or study overseas ."	Children's services CIII 2010	A
Kiribati	"English is still the problem in this institute where trainees come from different islands and most of them have very little education and most of all they have very little knowledge of speaking or writing English. Teaching English to them in a way	STH training and assessment 2009	С

	where they could speak and write fluently will be a very good choice to this institute. Trainees will have to go overseas once they have passed out and have to communicate in English."		
Kiribati	"I would like to apply for a level 4 as what I really like to teach the new technologies either locally or overseas (Australian Certificate 4)."	Automotive mechanical 2009	С
Kiribati	"APTC courses are recognised in other Pacific countries as well as in Australia and New Zealand after completing these courses people will have a chance in finding jobs offshore ."	STH training and assessment 2009	В
Kiribati	"So that their qualifications is recognised both in Kiribati and offshore especially in Australia."	STH training and assessment 2010	В
Kiribati	"So that the outcomes should easily get jobs locally and offshore with a recognised qualification."	STH training and assessment (N.D.)	В
Nauru	"I need to complete another Certificate because for myself i can use my skills to try and do catering services or try to find a job in Australia"	Commercial cookery 2010	A
Nauru	"Would really want to improve the business/ organisations where i'm currently working, but would like to upgrade my skills (practically) in other Hotels (Overseas) ."	Hospitality operations 2010	С
PNG	"I would really like to work overseas due to better working conditions."	Mechanical fitting 2010	A
PNG	"Also I like to get more qualification to work in Australia or other Countries."	Automotive mechanical 2011	A
PNG	"Id greatly appreciate if I would be given an offer to further do my interest in studying in overseas doing electronics."	Mechanical fitting 2009	С
PNG	"APTC should send students with high distinction to experience overseas work experience for a certain time frame before they could return home after the course. Just to expose the APTC students and the APTC skills gained which will give the organisation opportunity to look into employing APTC students with the skills provided internationally."	Commercial cookery 2008	С
PNG	"Also if possible more students should be given a chance to study overseas ."	Automotive mechanical 2009	С
PNG	"This country is marred by corruption and wantok system and I still can't find a job therefore I am looking for overseas employment."	Hospitality supervision 2009	F
PNG	"When I completed the APTC course, I was not promoted by the company and my salary was not increased still the same and still looking for new job from mining company and overseas and also am happy with APTC I learn more lesson and have more knowledge."	Automotive mechanical 2011	F
Samoa	"Because I need to get more experience and high standard of education level and I am planning to migrate overseas and I need to get a job from my APTC certificate."	Hospitality/Accommodation 2009	A
Samoa	"I need those international certificates for overseas jobs."	Hospitality operations (N.D.)	Α
Samoa	"Need more qualifications and opportunity to go overseas to lear more. Job offers from overseas."	Commercial cookery 2008	С
Samoa	"Hopefully if I get another scholarship I want to study overseas . I want to move up the ladder and get a great opportunity to work when I succeed."	Hospitality operations	С
Samoa	"We can't travel overseas for further training but this is the good chance for me to study locally."	STH training and assessment 2010	С
Samoa	"I want you my dear APTC to find a job for me in Australia to prove my skills and look for more money to help my family needs."	Carpentry 2011	С
Samoa	"Mostly local people now migrate overseas so it's a must to complete some courses with APTC to help them out while moving to New Zealand or Australia ."	Hospitality (N.D.)	В

Samoa	"I push some of the staff in the area of fixing coolers/ refrigeration to get qualified/ certificate from Australia standard. They can use these Certificates overseas because its well organised, most of all its mainly practical, easy to learn."	STH training and assessment 2010	В
Samoa	"I know the difference between National University of Samoa and APTC. APTC available overseas that's the main point I pus to lots of my staff and friends to go to APTC to study."	Hospitality operations 2009	В
Solomon Is.	"I would like if the APTC could establish a link, an opportunity for the graduate students to find a job in other overseas countries ."	Hospitality operations 2008	С
Solomon Is.	"Please help us get more/further education in our field of travels. Get overseas job to help us broaden our experience especially in handling equipment."	Hospitality operations 2008	С
Solomon Is.	"APTC to assist in placement to work in Australia."	Carpentry 2009	С
Solomon Is.	"I'd like APTC to help in: Going out to other hotels in the Pacific Islands or Like same commercial kitchen in Australia."	Commercial cookery 2010	С
Tonga	"I know for sure that if i take another course in APTC, then i will have more qualification. Then it will be easier for me to have good Job in overseas Countries especially New Zealand and Australia ."	Tourism operations 2010	A
Tonga	"Move up to Australia for more apprentice on each area."	Fabrication welding 2010	D
Tonga	"Here in Tonga looking for a job is very hard and unemployment is very hight therefore I would recommend APTC courses to other people especially youth to help them get a job in the near future not only here in Tonga but overseas as well if they get a chances overseas."	Tourism operations 2010	В
Vanuatu	"Firstly I would like to undertake another APTC course in the future because I would like to further my knowledge and to get into further studies overseas ."	Hospitality operations 2010	A
Vanuatu	"As a Ex-APTC student, this is just like a comment and like a suggestion to APTC has trained students well and helping the gaining very high level of education in the industry in Vanuatu; thank you for that. Therefor, I was just gona say if it is possible or not that by doing this if the APTC can also help ex-APTC students like funding them places overseas for job opportunity ."	Carpentry 2009	С
Vanuatu	"Please provide more course for students in the Country or overseas would be good ."	STH training and assessment (N.D.)	С
Vanuatu	"I want APTC provided job in another country like, Fiji, Australia and New Zealand."	Carpentry 2009	Е
Vanuatu	"Yes I've been promoted to be a Chef in a restaurant in New Zealand for 2 years but I moved to another place."	Commercial cookery 2010	F
Vanuatu	"I am already working but decided to look for job overseas."	Hospitality supervision 2010	G

These rows represent 55 respondents out of 1,421 (3.9%). "N.D." = "no date". We omit multiple references to migration by the same respondent. We omit responses that mention the desirability of Australian-standard qualifications without explicitly mentioning a desire to migrate. "Questionnaire prompts: A = "Would you undertake another APTC course in future?"; B = "Would you recommend APTC courses to other people?"; C = "Do you have any other comments?"; D = "Did your course introduce new, more efficient workplace practices to replace traditional methods?"; E = "Did APTC course provide essential skills & knowledge required by employers & industry?"; F = "Did you receive a promotion after graduation?"; G = "How many months after graduation did you start your job search?"