



Australian Government  
Department of Employment  
and Workplace Relations

# Trades Recognition Australia

## Consultation paper on cost recovery for Migrant Skills Assessment Services

August 2022



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The document must be attributed as the TRA 2022 Cost Recovery Consultation Paper.

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## 1. Introduction

The Australian Government Department of Employment and Workplace Relations (the Department) is proposing, from 1 October 2022, to change the fees charged by Trades Recognition Australia, under its Cost Recovery Implementation Statement, for migrant skills assessment services provided under the:

1. Job Ready Program (JRP)
2. Migration Skills Assessment (MSA)
3. Migration Points Advice (MPA)
4. RTO Assessment Services: Offshore Skills Assessment Program, and
5. RTO Assessment Services: Temporary Skills Shortage Skills Assessment Program.

This proposal aligns with the whole-of-government Australian Government Charging Framework (the Charging Framework)<sup>1</sup>.

The Charging Framework provides that where an individual or organisation creates the demand for a government activity, they should generally be charged for it. Cost recovery promotes consistent, transparent and accountable charging for government regulatory activity and supports the proper use of public resources.

## 2. Purpose of this consultation paper

This consultation paper provides information on Trades Recognition Australia's review into its Cost Recovery arrangements and proposed fee structure for its migrant skills assessment services (Table 1 refers).

Trades Recognition Australia is seeking feedback on the proposal from interested parties and stakeholders in the skilled migration sector. Feedback will inform decisions on how the proposal may be adapted or improved. The feedback will be incorporated into the Cost Recovery Implementation Statement (CRIS).

Submissions will be accepted until **4pm Friday, 12 August 2022**.

Please provide your feedback on Trades Recognition Australia's proposed changes to its cost recovery arrangements via email at [TRAConsultations@dese.gov.au](mailto:TRAConsultations@dese.gov.au).

Trades Recognition Australia's current schedule of fees and charges are available at [www.tradesrecognitionaustralia.gov.au](http://www.tradesrecognitionaustralia.gov.au).

## 3. Trades Recognition Australia

Trades Recognition Australia is a skilled migration assessing authority, authorised under the *Migration Regulations 1994*<sup>2</sup> (Migration Regulations) to assess the trade and technical skills of prospective migrants under the Skilled Migration Program. The purpose of these assessments is to

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<sup>1</sup> <https://www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/australian-government-charging-framework>

<sup>2</sup> <https://www.legislation.gov.au/Details/F2022C00520>

ensure that an applicant can perform at the required skill level for their nominated occupation in Australia. This is an output to achieve the Government's skilled migration policy outcomes to attract migrants that make a significant contribution to the Australian economy and fill positions where no Australian workers are available.

Trades Recognition Australia is one of 39 approved skilled migration assessing authorities and is the approved authority for assessing applicants for 131 of the occupations designated on the Skilled Occupation List maintained by the Department of Home Affairs (Home Affairs).

Trades Recognition Australia conducts migrant skills assessments through five pathways which differ depending on their eligibility criteria, processes, fees and final outcomes.

## Pathway 1: Job Ready Program

Under the Job Ready Program, Trades Recognition Australia staff monitor participants as they gain relevant experience in their nominated trade in Australian workplaces. Participants also have their work capacity verified by a qualified assessor to determine if they are considered to be 'job ready'.

The program is for international students who have graduated with a trade qualification issued by a Commonwealth Register of Institutions and Courses for Overseas Students registered training organisation (RTO) and require a skills assessment for temporary or permanent migration.

For the 2022-23 financial year (i.e., 1 July 2022 to 30 June 2023), the first step of the Job Ready Program (Provisional Skills Assessment) will be replaced by a simpler registration and eligibility check in response to a decision by the Minister for Immigration to remove occupation nomination and skills assessment requirements for Temporary Graduate visa Graduate Work stream applicants. Under current policy settings, the standard four-step employment-based skills assessment program will recommence on 1 July 2023.

The Job Ready Program is comprised of the following with a fee payable at each point:

### Registration and Eligibility (1 July 2022 to 30 June 2023 only)

Registration and Eligibility is a preliminary desktop verification of an applicant's Australian Qualifications Framework (AQF) qualification and relevant employment to meet workplace monitoring requirements. This activity is undertaken by Trades Recognition Australia staff and a successful outcome will enable a participant to progress through the Job Ready Program.

### Provisional Skills Assessment (resumption from 1 July 2023)

Provisional Skills Assessment is a desktop verification of an applicant's Australian Qualifications Framework qualification and any relevant employment or vocational placement undertaken in an Australian workplace. This step is undertaken by Trades Recognition Australia staff and a successful outcome can be used for a Temporary Graduate work stream visa (subclass 485) and will enable a participant to progress through the Job Ready Program.

### Job Ready Employment

Job Ready Employment is undertaken by Trades Recognition Australia staff who monitor a participant over a minimum 12-month period as they gain experience in an Australian workplace to further develop skills relevant to their nominated occupation.

### Job Ready Workplace Assessment

These assessments are undertaken by Trades Recognition Australia approved RTOs contracted to deliver this service. It is generally conducted in the participant's workplace to determine whether they are working at the required skill level for their nominated occupation.

### Job Ready Final Assessment

The final assessment is undertaken by Trades Recognition Australia staff once the participant has met program requirements with the issuing of a successful outcome. The outcome will satisfy the skills assessment requirement for an application with Home Affairs for an independent skilled migration visa.

## Pathway 2: Migration Skills Assessment

Migration Skills Assessment is available to anyone, onshore and offshore, applying for a permanent skilled migration visa in an occupation and country that are not required to be assessed by another Trades Recognition Australia pathway. To be eligible, an applicant's occupation must be listed on the Medium and Long-term Strategic Skills List or the Short-term Skilled Occupations List, must be directly relevant to their qualification or apprenticeship and must be directly relevant to their employment.

The Migration Skills Assessment is a documentary evidence-based assessment of an applicant's qualification and employment history to determine whether this is comparable with Australian standards for a skilled worker in their nominated occupation.

Trades Recognition Australia staff review the verifiable documentary evidence provided by applicants to confirm it is comparable to an AQF qualification for the applicants' nominated occupation, as well as employment evidence demonstrating the applicants' skills and experience at the standard necessary to work in their nominated occupation in Australia.

## Pathway 3: Migration Points Advice

The Migration Points Advice program is available for anyone, onshore or offshore, with a successful Trades Recognition Australia skills assessment outcome, who wants to apply to the Department of Home Affairs for a points-tested, independent skilled migration visa.

The Migration Points Advice is a documentary evidence-based assessment which is used to meet Home Affairs points requirements for skilled migration. A Migration Points Advice identifies an applicant's comparable qualifications and periods of relevant employment.

Trades Recognition Australia staff review the verifiable documentary evidence provided by applicants to confirm it is comparable to an AQF qualification for the applicants' nominated occupation, as well as employment evidence demonstrating the applicants' skills and experience at the standard necessary to work in their nominated occupation in Australia.

## Pathway 4 and 5: RTO Assessment Services | Offshore Skills Assessment Program and the Temporary Skills Shortage Skills Assessment

The Offshore Skills Assessment Program and Temporary Skills Shortage Skills Assessment Program are for permanent and temporary migration respectively. Trades Recognition Australia engages RTOs

to perform aspects of the skills assessment process on its behalf under these programs. The skills assessments are for non-Australian passport holders who have gained trade skills overseas or in Australia in nominated occupations (Offshore Skills Assessment Program has 30 and Temporary Skills Shortage Skills Assessment Program has 23) for the purpose of migration and skills recognition

The skills assessment begins with a documentary evidence assessment that reviews the documents that provide evidence of the applicant's identification, qualifications and employment experience.

If successful, the applicant will be required to participate in a technical assessment of skills and knowledge, conducted by a qualified assessor who will also be a qualified tradesperson in your nominated occupation.

The assessor collects evidence to determine if the applicant is capable of undertaking the full range of tasks expected of a tradesperson in Australia for the nominated occupation against the Australian qualification nominated for that occupation. This will involve a technical interview of skills and gathering evidence from nominated employers or other referees.

If the applicant is applying for a nominated occupation that requires a licence, a practical assessment will also take place. The four nominated licenced occupations are Airconditioning and Refrigeration Mechanic, Electrician (General), Electrician (Special Class) and Plumber (General).

Successful applicants in the non-licensed occupations will be awarded the relevant Australian VET qualification, if they do not already hold one, and a skilled migration outcome letter that can be used to support a visa application. If the occupation was licenced, the applicant will receive the skilled migration outcome letter as well as an Offshore Technical Skills Record that will allow the applicant to seek provisional licencing while they undertake additional work experience and training before being the qualification and granted a full licence (upon application to the relevant authority in their chosen jurisdiction).

The only material difference between the assessment processes is that Temporary Skills Shortage Skills Assessment is aligned to a specific visa class and is expected to take no more than nine weeks from the first application payment to completion while Offshore Skills Assessment Program is expected to take no more than 15 weeks.

#### **4. Cost recovery framework**

The Charging Framework, including the Government's Cost Recovery Guidelines (CRGs), sets out the overarching framework under which government entities design, implement and review cost recovered activities. The Government's overarching charging policy is that, where appropriate, non-government recipients of regulatory activities should be charged some or all of the efficient costs those activities.

The cost recovery policy promotes consistent, transparent and accountable charging for government regulatory activity and supports the proper use of public resources.

## 5. Cost recovery model

The CRGs note the need to break down the activity into distinct outputs and the key business processes that are used to produce those outputs. These outputs should have a discernible link with the costs, charges and performance of the activity.

This section describes the outputs and business processes for Trades Recognition Australia’s activities.

Trades Recognition Australia has two activities, which are:

- Assessing applications and reviews, which contains outputs and business processes that are assessment-based (initiated by an application to Trades Recognition Australia for a migrant skills assessment), and
- Program management and administration, which contains outputs and business processes that are non-assessment-based (initiated by Trades Recognition Australia for business-as-usual operations).

These activities are broken down into the outputs and business processes in Figures 1 and 2. The outputs and associated business processes are based on the department’s assessment of key regulatory impacts of the program.

The business processes associated with effort expended on assessing applications and reviews are shown in Figure 1, while business processes associated with effort expended on program management and administration, including IT maintenance and compliance, are shown in Figure 2.

These types of cost recovery activities, and their corresponding outputs and business processes, are consistent with the CRGs.

Figure 1. Activity 1 –applications delivery and review.

Output 1: Receive	Output 2: Assess	Output 3: Decide	Output 4: Review
<ul style="list-style-type: none"> <li>•Mailbox management</li> <li>•Case officer allocation</li> </ul>	<ul style="list-style-type: none"> <li>•Identity and document verification</li> <li>•Work experience or vocational placement experience</li> <li>•Knowledge and practical assessment</li> <li>•Qualifications verification review</li> <li>•Site visits</li> </ul>	<ul style="list-style-type: none"> <li>•Quality assurance</li> <li>•Compliance review and investigation</li> <li>•Notification of outcome</li> <li>•Finalise application</li> </ul>	<ul style="list-style-type: none"> <li>•Outcome management</li> <li>•Review of outcome decision</li> </ul>



Figure 2. Activity 2 – program management and administration.

Output 1: Program administration	Output 2: IT support and maintenance	Output 3: Compliance and audit	Output 4: Program policy
<ul style="list-style-type: none"> <li>• Enquiry line</li> <li>• RTO contract management</li> <li>• Finance</li> <li>• Internal Reporting</li> <li>• Home Affairs liaison</li> <li>• Stakeholder engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Web publishing</li> <li>• IT system maintenance</li> <li>• Password resets</li> </ul>	<ul style="list-style-type: none"> <li>• Quality assurance</li> <li>• Program fraud and integrity settings</li> <li>• Program risk management settings</li> <li>• RTO compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Updates to program guidelines / web pages</li> <li>• Coordination requests</li> <li>• Policy changes</li> <li>• Legal matters</li> </ul>

### Costs of the regulatory charging activity

The **cost driver** is the number of applications registered for each step of the migrant skills assessment pathways.

The cost to conduct a migrant skills assessment has been determined according to the following methodology:

- Identifying the business processes that comprise a skills assessment for each applicant/participant
- Estimating the effort (time) and skill level required to complete each activity
- Identifying whether these costs are direct, indirect or capital related
- Determining the annual cost of assessing each type of application
- Multiplying the full cost of assessing each application by the demand gives the full cost price
- Determining the fee by averaging the total cost price for the business cycle and rounding this to the nearest \$5.00.

The costs incurred in the delivery of Trades Recognition Australia include:

- **Direct costs** which are expenses attributable to the effort involved in undertaking business processes directly linked to each individual applicant's Trades Recognition Australia skills assessment including, salaries and departmental on costs - these have been calculated using the department's costing template
- **Indirect costs** which are expenses related to IT support and maintenance and general program management and administration including contract management, responding to enquires, compliance and quality assurance processes
- **Capital maintenance** which has not been incurred through this program.

The regulatory charging activities will be reviewed on a regular basis. This will ensure costs are adjusted to reflect any changes in the cost drivers and ensure that the charges represent the minimum efficient costs of providing the service.

## Design of regulatory charges

The costs of delivering the different steps of a skills assessment have been determined using the costs incurred by Trades Recognition Australia to deliver each pathway.

Each business process has been broken down into various activities. Business processes have been calculated per activity by staffing level, effort (time) and demand.

Table 1 provides the costs of regulatory activities for each of the Trades Recognition Australia pathways and the estimated volume of applications. The table also shows current and proposed fee rates, which will be fixed for the business cycle. The business cycle aligns with portfolio government processes and the obligations of the Portfolio Charging Review. Trades Recognition Australia fees will be published on the Trades Recognition Australia website ([www.tradesrecognitionaustralia.gov.au](http://www.tradesrecognitionaustralia.gov.au)).

**Table 1: Costs, fees, volume and revenue estimates for 1 July 2022 - 30 June 2026 business cycle**

Charge title	Costs of regulatory activities	Current fee rate	Proposed fee rate	Per centage difference	Volume	Revenue
	\$m	\$	\$			\$m
Registration and Eligibility / Provisional Skills Assessment	11.07	200	130	-35%	85,900	11.17
Job Ready Employment	34.38	450	480	7%	71,400	34.27
Job Ready Workplace Assessment	120.52	2,540	2,800	10%	43,009	120.43
Job Ready Final Assessment	2.76	65	70	8%	38,500	2.70
<b>Total Job Ready Program</b>	<b>168.74</b>	<b>3,255</b>	<b>3,480</b>	<b>7%</b>	<b>238,809</b>	<b>168.56</b>
Migration Skills Assessment	7.17	720	795	10%	9,000	7.16
Migration Skills Assessment Review	0.19	645	600	-7%	310	0.19
Migration Points Advice	0.85	410	450	10%	1,430	0.64
Migration Points Advice Review	0.01	350	370	6%	22	0.01
<i>RTO Assessment Services</i>						
Documentary Evidence Assessment	36.29	1,280	1,115	-13%	32,500	36.24
Technical Interview - Pathway 1	48.75	2,000	2,000	0%	24,375	48.75
Technical Interview - Pathway 2	7.31	900	900	0%	8,125	7.31
Practical Assessment	8.58	2,200	2,200	0%	3,900	8.58
Documentary Evidence Reassessment	0.15	450	450	0%	325	0.15
Technical Reassessment - Pathway 1	0.24	1,000	1,000	0%	244	0.24
Technical Reassessment - Pathway 2	0.04	450	450	0%	82	0.04
Practical Reassessment	0.04	1,100	1,100	0%	39	0.04
Review	0.02	700	700	0%	34	0.02
<b>Totals</b>	<b>278.38</b>				<b>319,645</b>	<b>277.93</b>

## 6. Risk assessment

As part of the review of the CRIS, Trades Recognition Australia completed a Charging Risk Assessment (CRA), pursuant to the Charging Framework. According to the CRA methodology, the overall rating for the proposed cost recovery model for Trades Recognition Australia is 'medium'.

There is some risk associated with the cost recovery review that demand is estimated based on current registration numbers, which is the best available data. However, if actual demand varies significantly from the estimate, the fees may over or under recover the delivery costs of the activity.

As part of its risk mitigation strategy, if actual demand or internal financial reviews varies from the forecast by more than 20 per cent, the CRIS will be reviewed for the following year and fees changed based on revised expectations.

Trades Recognition Australia will utilise a quarterly moving average of demand analysis and undertake internal annual financial reviews to monitor its demand forecasts and costs.

Trades Recognition Australia will inform applicants of any changes by publishing notifications on the Trades Recognition Australia website.

## 7. Providing feedback

Submissions will be accepted until **4pm Friday, 12 August 2022**.

Please provide your feedback on Trades Recognition Australia proposed introduction of a cost recovery model via email at [TRAConsultations@dese.gov.au](mailto:TRAConsultations@dese.gov.au).