



Australian Government
**Department of Education,
Skills and Employment**

COST RECOVERY IMPLEMENTATION STATEMENT (CRIS)

Trades Recognition Australia

Job Ready Program

Migration Skills Assessment

Migration Points Advice

2021-2022

Cost recovery involves government entities charging individuals or non-government organisations some or all of the efficient costs of a regulatory activity. This may include goods, services or regulation, or a combination of these. The Australian Government Charging Framework (the Charging Framework), which incorporates the Cost Recovery Guidelines (the CRGs)¹, sets out the framework under which government entities design, implement and review regulatory charging activities.

¹ The Framework and the CRGs are available on the Department of Finance website (www.finance.gov.au).

1. INTRODUCTION

1.1 Purpose of the Cost Recovery Implementation Statement

This CRIS provides information on how the Department of Education, Skills and Employment (the Department) implements cost recovery for Trades Recognition Australia (TRA) skills assessment services provided under the Job Ready Program (JRP), Migration Skills Assessment (MSA) and Migration Points Advice (MPA) pathways.

The CRIS also reports financial and non-financial performance information for these TRA services and contains financial forecasts for 2021-2022 and three forward years.

The Department will maintain the CRIS until the activity, or cost recovery for the activity, has been discontinued.

1.2 Trades Recognition Australia (TRA)

TRA is a skilled migration assessing authority, authorised under the *Migration Regulations 1994* (Migration Regulations) to assess the trade and technical skills of prospective migrants under the Skilled Migration Program. TRA is located within the Department.

The occupations TRA is responsible for assessing are identified in the *Migration (LIN 19/051: Specification of Occupations and Assessing Authorities) Instrument 2019*.

TRA is one of 39 approved skilled migration assessing authorities and is responsible for assessing applicants for 131 of the 674 occupations designated on the Skilled Occupation List maintained by the Department of Home Affairs (Home Affairs). TRA is the only authority approved to undertake skills assessment for these 131 occupations.

TRA conducts skills assessments via the following five pathways: JRP, MSA, MPA, Temporary Skills Shortage (TSS) Skills Assessment Program and Offshore Skills Assessment Program (OSAP). The pathways differ depending on the eligibility criteria, processes, fees and final outcomes. The purpose of these assessments is to 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.

The JRP has operated since 2010 on a fee-for-service basis, with applicants paying TRA to conduct their skills assessment. Similarly, the MSA and MPA pathways have operated on a fee for service basis since their commencement in 2011. Neither pathway has had its fees reviewed since they were first implemented.

The Government has decided to set charges for the assessments undertaken through the JRP, MSA and MPA that will recover the full cost of providing these regulatory activities. Both the TSS and OSAP have been fully cost recovered since 1 March 2019.

Description of the Job Ready Program (JRP)

The JRP is a four-step employment-based skills assessment service with a charge for each step (i.e. each activity). TRA 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.

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.

Steps:

1. Provisional Skills Assessment (PSA) (Step 1) is a desktop verification of an applicant's Australian Qualifications Framework (AQF) qualification and any relevant employment or vocational placement undertaken in an Australian

workplace. This step is undertaken by TRA staff and a successful outcome can be used for a Temporary Graduate work stream visa (subclass 485).

2. –Job Ready Employment (JRE) (Step 2) administration is undertaken by TRA 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.

3. Job Ready Workplace Assessment (JRWA) (Step 3) is undertaken by TRA-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.

4. Job Ready Final Assessment (JRFA) (Step 4) is processed by TRA staff. A participant must have completed a minimum of 1725 hours’ paid employment over a minimum 12-month period. A successful outcome will satisfy the skills assessment requirement for an application with Home Affairs for an independent skilled migration visa.

Fees

The first fee relates to Step 1 – PSA of the JRP. Applicants will pay a fee for a documentary evidence-based assessment undertaken by TRA staff.

Participants who choose to apply for Step 2 – JRE of the JRP, must complete Step 3 – JRWA and Step 4 – JRFA to achieve an assessment outcome, with a fee chargeable for each step.

Description of the Migration Skills Assessment (MSA) and Migration Points Advice (MPA) pathways

MSA and MPA are 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 TRA 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 MSA 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.

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

TRA staff review the documentary evidence provided by applicants for both pathways. Applicants are required to provide verifiable evidence of a qualification that is considered 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.

1.3 Description of the regulatory charging activity

The Department has ensured that charges set for the JRP, MSA and MPA pathways are cost effective and efficient in line with the Australian Government Charging Framework (the Charging Framework).

The Charging Framework, which incorporates the Cost Recovery Guidelines (the CRGs), sets out the framework under which government entities design, implement and review regulatory charging activities. The Government’s overarching charging policy (under Section 10 of the CRGs) is that, where appropriate, recipients of regulatory activities should be charged some or all the efficient costs of those activities.

The charging policy promotes consistent, transparent and accountable charging for government regulatory activity and supports the proper use of public resources².

The regulatory charging arrangements for TRA relate to the regulatory activities designed in accordance with the Framework and the CRGs.

2. POLICY AND STATUTORY AUTHORITY TO COST RECOVER

2.1 Government policy approval to cost recover the regulatory activity

As part of the 2021-22 Budget, the Australian Government announced that TRA skills assessment services under JRP, MSA and MPA, provided by the Department, will operate on a full cost recovery basis from 1 September 2021.

2.2 Statutory authority to charge

TRA is a skilled migration assessing authority, authorised under the Government's skilled migration program operating under the *Migration Regulations 1994*, and the *Migration Act 1958*, to assess the trade skills of prospective migrants.

Authority for TRA to charge fees for assessment of a person's work qualifications and experience is provided by Regulation 5.40 of the Migration Regulations, with specific fees detailed in *Migration (LIN 19/034: Fees for Assessment of Qualifications and Experience) Instrument 2019*.

3. COST RECOVERY MODEL

3.1 Outputs and business processes of the regulatory charging activity

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 TRA's activities.

TRA has two activities, which are:

- assessing applications and reviews, which contains outputs and business processes that are assessment-based (initiated by an application to TRA for a skills assessment), and
- program management and administration, which contains outputs and business processes that are non-assessment-based (initiated by TRA 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.

² Australian Government Cost Recovery Guidelines, Resource Management Guide No. 304

Figure 1. Activity 1 – assessing applications and reviews

Output 1: Receive	Output 2: Assess	Output 3: Decide	Output 4: Review
<ul style="list-style-type: none"> • Mailbox management • Case Officer allocation 	<ul style="list-style-type: none"> • Identity verification • Work experience or vocational placement experience • Qualifications verification 	<ul style="list-style-type: none"> • Finalise application • Quality assurance • Notification of outcome 	<ul style="list-style-type: none"> • Outcome management • Review of outcome decision

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: Policy
<ul style="list-style-type: none"> • Enquiry line • Liaise with Home Affairs • RTO Contract management • Liaise with RTOs • Preparation of fortnightly report to Home Affairs • Finance • Internal Reporting 	<ul style="list-style-type: none"> • Web publishing • IT System maintenance • Password resets 	<ul style="list-style-type: none"> • Quality assurance • Fraud and Integrity • Risk management • RTO Compliance 	<ul style="list-style-type: none"> • Updates to program guidelines/web pages • Coordination requests • Policy changes • Legal matters

3.2 Costs of the regulatory charging activity

The **cost driver** is the number of applications registered for each step of the JRP, MSA and MPA pathways.

The cost to conduct a 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.

Table 1 below states the costs of regulatory activities for TRA and have been derived using the costs incurred by TRA to deliver the JRP, MSA and MPA pathways.

The costs incurred in the delivery of TRA include:

- **Direct** costs are expenses attributable to the effort involved in undertaking business processes directly linked to each individual applicant’s TRA skills assessment including, salaries and departmental on costs - these have been calculated using the Department’s costing template
- **Indirect** costs 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** related costs have not been incurred through this program.

The regulatory charging activities will be reviewed on a regular basis. This is to 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.

Table 1: Costs of regulatory charging activities for TRA – (Business cycle 1 July 2021 – 30 June 2025)

Output / business processes	Direct Costs \$'000	Indirect Costs \$'000	Total \$'000
Provisional Skills Assessment	5,720	1,518	7,238
Job Ready Program Employment	7,836	3,630	11,466
Job Ready Program Workplace Assessment	47,146	9,322	56,468
Job Ready Program Final Assessment	948	441	1,389
Migration Skills Assessment	3,575	1,365	4,941
Migration Skills Assessment Review	8	2	10
Migration Points Advice	359	131	490
Migration Points Advice Review	2	0.5	3
TOTAL	65,595	16,410	82,005

3.3 Design of regulatory charges

Skills Assessments

The costs of delivering the different steps of a skills assessment have been determined using the costs incurred by TRA to deliver the JRP, MSA and MPA pathways.

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 2 lists the proposed applicant fees under the charging model to recover the costs of regulatory activities, which will be fixed for the business cycle. The business cycle aligns with portfolio government processes and the obligations of the Portfolio Charging Review. TRA fees will be published on the TRA website www.tradesrecognitionaustralia.gov.au.

Table 2: Charge rates and revenue estimates for the 1 July 2021 - 30 June 2025 business cycle

Charge title	Fee \$	Estimated Volume	Estimated total revenue \$'000
Provisional Skills Assessment	200	36,813	7,363
Job Ready Employment	450	25,671	11,552
Job Ready Workplace Assessment	2,540	22,369	56,816
Job Ready Final Assessment	65	20,815	1,353
Migration Skills Assessment	720	6,851	4,933
Migration Skills Assessment Review	645	16	10
Migration Points Advice	410	1,195	490
Migration Points Advice Review	350	8	3
Total revenue			82,519

4. RISK ASSESSMENT

Demand estimates are based on current registration numbers, which is the best available data; however, actuals for any given year may differ. A risk for TRA is that if actual demand varies significantly from the forecast, the fees may over or under recover the delivery costs of the activity. This may occur due to external factors such as changes to global migration patterns, skilled migration reforms, and the unemployment rate, both in Australia and globally. These factors are harder to predict due to COVID-19 and its continued effect on global markets.

As part of the design of the CRIS, TRA 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 TRA is high. There is an inherent risk that, over time, these fees may not capture the efficient cost of service delivery.

If actual demand 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 if needed. TRA will inform applicants of any changes by publishing notifications on the TRA website.

The department will undertake an initial review of the JRP, MSA and MPA cost model in July 2022. A review of the OSAP and TSS cost model will also be undertaken at this time, allowing both updated models to be amalgamated to reflect a single TRA cost recovery model. An initial review in July 2022 will allow any fee changes required as a result of new contracting arrangements that TRA enters into with providers to deliver services on its behalf, to be made and take effect by around September 2022. Following this initial review, the single TRA cost recovery model will be reviewed biennially, commencing in 2024-25.

5. STAKEHOLDER ENGAGEMENT

To provide applicants and other stakeholders, such as migration agents and RTOs, the opportunity to comment on the cost recovery arrangements, TRA released a Consultation Paper on the Department's website. An announcement about the consultation process was made on the TRA page of the Department's website, as well as a news item on the TRA website with a link to the paper. The Department also emailed key stakeholders directly to advise them of the consultation process and invite their feedback. The consultation ran from 12 May 2021 to 28 May 2021.

Only one submission was received during the consultation period which supported the TRA cost recovery model. The lack of submissions is a clear signal the proposal is non-contentious, and the underpinning cost model is considered to reflect fair and reasonable fees.

6. FINANCIAL & NON-FINANCIAL PERFORMANCE

Financial performance for the TRA charging arrangement for the JRP, MSA and MPA pathways is provided at Table 3 below. The 2021-22 financial year and three forward years will be updated each year as financial information becomes available.

The key non-financial driver for applicant fees will be the number of registered applications. The applicant fee assumes demand will increase year on year, as outlined in Table 4 below. Demand for the forward years is based on a linear forecast method using actual historical data. The estimated non-financial volume in Table 4 drive the estimated revenue outlined in Table 3.

There is the potential for a significant variation from the estimated revenue. Therefore, as per the CRA, TRA will accept up to and including a 20 per cent variation from the amount of applicant registrations for the JRP, MSA and MPA pathways. Any variation greater than 20 per cent will prompt a review of the charging activities and any changes will be reflected in the subsequent financial year.

Table 3: Financial estimates 1 July 2021 – 30 June 2025

Financial Item	Budget Year 2021-22 \$'000	Forward Estimates 2022-23 \$'000	Forward Estimates 2023-24 \$'000	Forward Estimates 2024-25 \$'000
Total expenses	23,470	20,030	23,590	22,570
Total revenue	17,270	19,510	21,750	23,990
Balance = revenue - expenses	-6,200	-520	1,160	1,420
Cumulative balance	-6,200	-6,720	-5,560	-4,140

Table 4: Historical and forecast demand - actuals and estimates

Pathway Stage	Total registrations	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
PSA	Actuals (a)	4,800	6,475	6,119					
PSA	Forecast (b)				6,400	7,500	8,600	9,800	10,900
JRE	Actuals (a)	2,016	3,983	3,986					
JRE	Forecast (b)				4,500	5,300	6,000	6,800	7,600
JRWA	Actuals (a)	851	1,931	3,347					
JRWA	Forecast (b)				4,000	4,700	5,300	5,900	6,500
JRFA	Actuals (a)	609	1,401	3183					
JRFA	Forecast (b)				3,500	4,200	4,900	5,500	6,200
MSA	Actuals	1,828	1,293	1,404					
MSA	Forecast				1,600	1,600	1,700	1,700	1,800
MSA Review	Actuals	2	6	4					
MSA Review	Forecast				4	4	4	4	4
MPA	Actuals	209	220	175					
MPA	Forecast				200	300	300	300	300
MPA Review	Actuals	0	2	2					
MPA Review	Forecast				2	2	2	2	2

(a) At the end of each financial year actuals will be updated demonstrating activity management, transparency and accountability.

(b) No forecast data is available for period 2016-17 to 2019-20.

7. KEY FORWARD DATES AND EVENTS

The key forward dates and events for the cost recovery activity are:

Date	Event
August 2021	Publication of CRIS
August 2021	Home Affairs to update <i>Migration (LIN 19/034: Fees for Assessment of Qualifications and Experience) Instrument 2019</i>
August 2021	Website updates with new fees
1 September 2021	Introduction of new fees
2022	Portfolio Charging Review
July 2022	Initial six-month review
Annually	Update of financial data contained in the CRIS
2024-25 onwards	Biennial reviews

8. CRIS APPROVAL AND CHANGE REGISTER

Date of CRIS change	CRIS change	Approver	Basis for change
18 July 2021	Certification of CRIS	Secretary, Department of Education, Skills and Employment	Updated cost recovery arrangements
4 August 2021	Approval of CRIS	Minister for Employment, Skills, Small and Family Business	Updated cost recovery arrangements
21 August 2021	Agreement to release CRIS	Agreement to release by Minister of Finance	Updated cost recovery arrangements