

# TVET and mobility: Experiences from the Australia-Pacific Technical College

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Migrant workers who fill shortage occupations can bring big benefits – both to the destination economy and to themselves and their families. But migrants face political opposition on two fronts. At the destination, many policy-makers discourage low-skill immigration; and back at the origin, many policy-makers discourage high-skill emigration.

Policy innovation could help address these concerns. One of many such proposals that we have advanced is called Global Skill Partnerships (GSPs; Clemens, 2014). GSPs are bilateral agreements between skilled migrants' countries of origin and destination. In such a partnership, public or private organisations at the destination use some of the benefits of high-skill migration to directly finance training in origin countries – for migrants *before* they migrate and for non-migrants. This can turn skilled migration into an engine of human capital creation, get destinations the skills they need, eliminate fiscal drain at the origin and preserve worker mobility.

Only a handful of agreements resembling GSPs have been attempted anywhere. One visionary policy innovation in this spirit is the Australia-Pacific Technical College (APTC). In 2007 funding from AusAID helped launch the APTC, creating four vocational education centres in Fiji, Papua New Guinea, Vanuatu and Samoa, with the dual mandate of fostering skill creation in origin states and skill mobility within the region.<sup>1</sup> Migrants from these countries to Australia and New Zealand typically experience earnings gains in the hundreds of per cent (McKenzie, 2010). APTC centres build human capital in Pacific countries while training candidates to Australian qualification standards in sectors originally designed to include shortage occupations in Australia.

Years after the inception of the APTC thousands of students have graduated, but fewer than three per cent of graduates have migrated to Australia or New Zealand. This suggests that the APTC has met or surpassed its goals of skill creation, but not met its goal of linking skill creation with skill mobility. This experience offers



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*Around three per cent of graduates of the Australia-Pacific Technical College have migrated to Australia or New Zealand*

valuable lessons for future policy innovation. Here I briefly analyse why the migration rate has been so much lower than anticipated and discuss lessons for the future. This article summarises a more extensive academic paper co-authored with Colum Graham of the Australian National University (Clemens et al., 2014).

## Policy options for a mobile world

The increasingly skilled nature of international migration poses challenges to migrant origin and destination countries. Migrant origin country policy-makers face pressure to build human capital. Their counterparts in destination countries must attempt to address skill shortages while dealing with political pressure to protect domestic workers from increased competition.

Although these policy-makers are often seen to be working in conflict, there are some policy proposals that provide *ex ante* support for training potential migrants and help reconcile potentially competing policy interests. GSPs are designed to facilitate skill creation in migrant origin countries while supplying labour to destination country sectors with skill shortages. Destination country firms or taxpayers finance technical training for aspiring migrants in developing countries. Thus, the main beneficiaries of skilled migration – destination employers, taxpayers or migrants themselves – bear the costs of this human capital creation. The development of educational institutions and the training of non-migrants in developing countries further benefit migrant origin countries.

Australia offers a useful context to test the feasibility of GSPs because many of its neighbours want greater access to the country's labour market and because many Australian employers face sector-specific shortages of suitable labour. The APTC was a policy innovation intended to address these concerns.

## Lack of migration opportunities

Internal APTC records and a Graduate Tracer Survey reveal that just 1.2 per cent of all graduates migrated to Australia or New Zealand. Even for graduates from the early years of the programme, only two to three per cent of the graduates have made it to Australia or New Zealand.

The demand for migration opportunities among graduates clearly and greatly exceeds this small supply of migration opportunities. Data from inside and outside the APTC supports this finding in many ways. First, in the Graduate Tracer Survey, the number of graduates expressing *unprompted* the desire to migrate to Australia exceeds the number of migrants by about 400 per cent. These responses occur in open-ended comments, as the survey did not ask directly about desire/intent to migrate to another country.

Second, one Graduate Tracer Survey did ask about intent to migrate to another 'country or region' for work – 86 per cent said yes. The question did not specify whether 'region' included different parts of the same country, and did not ask which other country graduates intended to move to. But we can learn something about what they had in mind by observing the behaviour of those who did move: about half of graduates who had actually moved to another 'country or region' had moved to another *country*. This suggests that around 43 per cent of graduates have the desire and intent to move to another country. And which country do they want to move to? Again looking at the behaviour of past graduates who did move,

we observe that about four-fifths of those who moved to another country moved to Australia or New Zealand. This suggests that around a third of APTC graduates have the desire and intent to move to Australia or New Zealand. This is more than an order of magnitude greater than the number of graduates who have actually been able to migrate.

Other evidence from the region suggests that the demand to migrate greatly exceeds the opportunities for migration. The Pacific Access Category visa lottery, which enables migration from Kiribati, Tonga and Tuvalu, is oversubscribed by about 900 per cent (McKenzie et al., 2010). A similar lottery from Samoa to New Zealand is oversubscribed by 1,600 per cent (Gibson et al., 2013).

## Skill recognition

What factors explain the low migration rates in spite of the willingness of many graduates to migrate? There are two major employment-based visas available to APTC graduates: unsponsored permanent skilled migration visas and temporary, employer-sponsored visas. Neither option offers much hope for APTC graduates.

Unsponsored permanent migration through the 'Skilled-Independent' visa track is managed through a points system that assigns candidates points based on characteristics like age and English language ability as well as a skills assessment. The foremost obstacle for APTC graduates pursuing this type of visa seems to have been gaining Australian recognition of their skills and experience. The 2009 revision to the points system also made it harder for APTC graduates to access this visa.

Sponsored temporary migration through the '457' visa for temporary skilled work allows foreign skilled workers to move to Australia for up to four years to work for a firm that has been unable to fill the position with an Australian citizen or permanent resident. As with applicants on the Skilled-Independent track, most applicants for a 457 visa need to pass a skills assessment administered by a Registered Training Organisation (RTO).

Skill recognition constitutes an essential part of both of these migration opportunities. Although the APTC grants its graduates an Australian-recognised qualification, graduates of the most common disciplines at the APTC must also pass an in-person skills assessment with an RTO before obtaining a visa. This hurdle is extremely difficult for APTC graduates because the cost of travelling to Australia for such a skills assessment is often prohibitively high. The total cost of simply attempting to obtain skill recognition and an Australian work visa rivals or exceeds the average annual income of workers in the countries where APTC centres are located. Even those who can afford the fees risk having their applications rejected.

## Labour mobility?

Limited political commitment in Australia existed to promote the skill mobility aspect of the APTC. It is beyond question that labour mobility was a central part of the initial plan for the APTC: a cost-benefit analysis commissioned by AusAID three years after the project began considered it plausible for somewhere between 25 per cent and 50 per cent of graduates to migrate to Australia. Indeed, that analysis concluded that the economic rate of return of the project would only be attractive if more than a quarter of graduates were able to migrate.

But many Australian government statements ignored the labour mobility component and political leaders remained unconvinced that migration is good for the Pacific. Moreover, domestic political actors including tradesperson and professional organisations opposed increased mobility. Little was done, therefore, to facilitate recognition of APTC graduates' skills and experience in Australia, to connect graduates to Australian employers, or to take other steps that would have facilitated regional mobility among graduates.

Domestic politics in APTC-eligible countries also played a role. The creation of Australia's Seasonal Worker Program may have reduced the desire in migrant-origin countries to pressure the Australian government into promoting the APTC's labour mobility goals. Furthermore, the APTC was created as a unilateral Australian initiative. Pacific governments never seemed to embrace the international mobility side of the APTC as fully as they did the skill training. Their lack of interest in the former was enhanced by the fact that APTC was designed as a post-graduate or 'top-up' institution, focused on taking those with some technical skills already and giving them more. This intensified pre-existing fears about skill depletion.

## Lessons for future Global Skill Partnerships

The APTC's success in fostering skill creation and its failure to promote international labour mobility offers a handful of lessons for future GSPs:

1. Political commitment from policy-makers, business groups and labour organisations in origin and destination countries is critical
2. GSPs must increase skilled labour supply so that mobility does not result in skill depletion in the origin country
3. GSP partners must offer potential migrants viable and affordable options for skill and experience recognition
4. Strong ties to employers would help connect skill creation to opportunities for skill mobility
5. Co-operation between ministries within and across countries could ensure that migration requirements, such as visa fees and quotas, do not hinder the labour mobility goals of a GSP
6. GSPs that employ and train local training staff may have much lower overall costs than ones that employ many expatriate staff

Although the APTC has not achieved its labour mobility goals, it has certainly created skills on a massive scale across the region, which are high quality and come with standardised certificates and diplomas. It offers many useful lessons for how a Global Skill Partnership could work. Human capital creation and labour mobility need not be conflicting objectives.

## Endnote

- 1 A fifth was later added in the Solomon Islands.

## References

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