

REVIEW OF THE POINTS TEST: DISCUSSION PAPER

24 MAY 2024





ABOUT THE REGIONAL UNIVERSITIES NETWORK

The Regional Universities Network (RUN) welcomes the opportunity to make a submission to the Department of Home Affairs's Review of the Points Test.

RUN is a national collaborative group of seven regional Australian universities: Charles Sturt University, CQUniversity Australia, Federation University Australia, Southern Cross University, University of New England, University of Southern Queensland, and University of the Sunshine Coast.

This submission reflects the positions of RUN institutions, and in doing so, also aims to represent the views of those students and communities which RUN universities serve; the one-third of Australians who live outside of metropolitan centres in Regional, Rural and Remote locations.

For further information please contact RUN on 0408 482 736 or info@run.edu.au.

CONTEXT

Regional Australia benefits greatly from the social, cultural, and economic contributions made by international student and migrant communities. Australia's regions are made more vibrant, inclusive, and prosperous by the welcoming of students and migrants from all cultures. International students/graduates and migrants who settle in regional communities play an important role in addressing key skill shortages, boosting global perspectives within regional classrooms and workforces, and in suppressing the growing skills divide with metropolitan Australia.

Changing patterns of economic activity since COVID-19 have resulted in regional areas having far higher and more persistent levels of skills shortages than cities¹. Further compounding this skills shortfall, regional Australia also hosts a lower share of working age population compared to that of our capital cities resulting in a dependency ratio of 60 dependents per 100 working-age persons in regional Australia, compared to 50 in the major capitals². Australia's regions are also sites of considerable disadvantage in tertiary education attainment rates – indeed this geographic phenomenon consumed much of the equity focus within the Commonwealth's recent Australian Universities Accord.

Regional Australians understand the role that international students/graduates and migrants play in not only alleviating widespread skills shortages, but in contributing to civic vibrancy and diversity. As such, Australia's regions overwhelmingly welcome those who are prepared to make non-metropolitan Australia their home.

RUN universities play an important role in regional Australia's migration profile through our welcoming of international students and

our recruitment of highly skilled migrant academics, researchers, and professional staff. RUN universities are often the largest employers and educators in their respective communities, and as such our regional communities are made far more diverse, vibrant, and resilient by the contributions of our international students/graduates and professional migrant colleagues.

RUN believes there is a strong case for regional Australia hosting a greater share of Australia's international student cohort, and for regional Australia welcoming a greater proportion of those international students who choose to remain in Australia post-graduation. Despite the regions being home to almost four in every ten Australians, and featuring many world-class universities, just three and a half per cent of onshore international students (year-to-date October 2023) attended a regional campus³. A further maldistribution occurs at an institutional level, whereby over 50 per cent of all international students in Australia in 2022 were attending one of eight large metropolitan universities. Twenty per cent of Australia's international university students are spread across 20 institutions, despite those 20 universities representing over half of Australian's total university count.

Of the share of international students who were welcomed by regional Australia during their studies, only 16 per cent are likely to have remained in Australia following graduation via a transition to permanent residency⁴. In terms of broader regional migrant settlement, less than 20 per cent of Australia's (pre-pandemic) overseas arrivals settle in regional Australia annually⁵, despite the regions now hosting almost 40 per cent of the nation's total population.

1 Jobs and Skills Australia, Labour Market Update, February 2024, accessed at <https://www.jobsandskills.gov.au/publications/labour-market-update-february-2024> on 23 May 2024.

2 Regional Australia Institute, Rebalance the Nation, September 2022, accessed at <https://www.regionalaustralia.org.au/Web/Research-Policy/Regionalisation-Framework.aspx> on 17 October 2022

3 Department of Education, International student enrolment and commencement data by ABS SA4, accessed at: <https://www.education.gov.au/international-education-data-and-research/international-student-enrolment-and-commencement-dataabs-sa4>, accessed on 22 May 2024.

4 Parliament of Australia, Overseas students in Australian Higher Education: a quick guide, April 2022, accessed at: https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp2021/Quick_Guides/OverseasStudents

5 Regional Australia Institute, Rebalance the Nation, September 2022, accessed at <https://www.regionalaustralia.org.au/Web/Research-Policy/Regionalisation-Framework.aspx> on 17 October 2022

CONTEXT

The disproportionately distorted pipeline of domestically educated and qualified international graduates progressing into regional workforces puts regional economies at significant disadvantage. International students play a vital role in the globalisation and cultural diversification of regional Australia's university classrooms, yet their disproportionately limited presence adds another layer of disadvantage upon regional student cohorts who already exhibit the highest concentrations of inequity and underrepresentation in the sector⁶. Similarly, international graduates play a vital role in the globalisation and cultural diversification of regional Australia's skilled workforces. The importance of global perspectives within regional workforces is underscored by the fact that two-thirds of Australia's export earnings are derived from regional industries⁷. In an increasingly globalised world, Australia's continued national prosperity depends on a citizenship who are informed and engaged members of the global community, and who value and celebrate cultural and linguistic differences⁸. The geographic maldistribution of benefits from international student placement (and subsequent settlement) poses significant vulnerabilities in regional Australia's ability to effectively engage with global opportunities from a position of real-world experience.

Previous Government policy recognised the acute need for skilled migrants and international students in regional Australia and set differential regional migration incentives accordingly. While this may have produced mixed outcomes in terms of realising policy objectives, it is imperative that Australia seek a better understanding of how regional differential policy can be best designed – and remain in place – to incentivise a more equitable flow of international students to the regions (alongside incentives for graduates to remain in the regions post-study). Without incentives that are attractive to international

students, there will undoubtedly be a reduction of international students choosing to study (and subsequently settle) in regional Australia, further compromising the regional Australia's attempts to 'catch-up' to metropolitan Australia.

As such, RUN advocates for a number of measures designed to incentivise regional Australia as a place for international students to study, graduate, and eventually settle:

- Restoration and enhancement of positive regional visa differentials in international study and poststudy work rights policy.
- Consideration of an introduction of a dedicated priority regional skills student visa to secure overseas talent that can fill key domestic skills gaps in regional Australia.
- A shift towards priority skills lists – and away from occupation lists – to better align overseas migration towards a more nuanced classification of workforce and innovation need, as it applies respectively to regional and metropolitan areas (rather than a national aggregate approach).
- Additional points towards skilled visa applications if the student has studied in regional Australia, or even conducted an industry placement within regional Australia. An extension of this scheme could provide extra points if the applicant proceeds to remain in regional Australia, further solving the skills crisis regional Australia faces.
- A simplified and dedicated pathway to residency for students who study in, and then subsequently work in regional Australia.
- A nuanced approach to post-study work rights where students in metropolitan areas need to study a course and subsequently work in a field that relates to the national skills shortage

⁶ Australian Government. Australian Universities Accord Interim Report, 19 July 2023, accessed at <https://www.education.gov.au/australian-universities-accord/resources/accord-interim-report>

⁷ Australian Government. Australian Universities Accord Interim Report, 19 July 2023, accessed at <https://www.education.gov.au/australian-universities-accord/resources/accord-interim-report>

⁸ Education Council, Alice Springs (Mparntwe) Education Declaration, December 2019, accessed at <https://www.education.gov.au/alice-springs-mparntwe-education-declaration/resources/alice-springs-mparntwe-educationdeclaration> on 20 February 2023.

CONTEXT

and areas of importance, compared to far less strenuous criteria for regional universities.

- Maintaining the current one and two-year differential respectively between Category 2 and Category 3 regional locations, and metropolitan universities, noting that a collective increase across the sector proportionally disadvantages regional universities.
- Abandoning the utilisation of ‘points cliffs’ built into the age criteria of the points system, in favour of a smoother sliding scale linked to age, and a less punitive view of advancing age overall, at least when linked to a regional setting. This includes returning the maximum age for post-study work rights from age 35 to age 50.
- An expansion of points/criteria available to the partners of points tested visa holders, given the social and economic contribution they can make, and the supporting role they can play in migrant success.
- Improved gender representation outcomes arising from the review of the points test.
- Grandfathering provisions as part of any transition to a new points test regime, alongside a generous implementation and advisory period.
- Access to updated data relating to the new points test, alongside the outcomes of ongoing formal reviews, to enable rigorous policy analysis that allows the sector to more effectively plan and respond to reviews.
- The Commonwealth’s design and creation of a national body/fund that exists to raise the profile of regional Australia as a desirable destination for international migration, including students that will promote the excellence of regional tertiary opportunities in teaching and research, with an overall objective of distributing a greater share of Australia’s international migration load outside of capital cities.



DESIGNING THE POINTS TEST

Question One: How can we design the points test to best target migrant success in finding a skilled job?

RUN acknowledges that the Government has a desire to reduce the size of Australia's Net Overseas Migration (NOM), however RUN believes this can be achieved while still allowing regional Australia's share of international students within the NOM to grow. RUN therefore advocates for a migration points test that has been designed with explicit nuance distinguishing between the skill needs and economic objectives of Australia's migration system from a metropolitan as well as a regional perspective. At the core of Australia's national migration points test system must be an understanding that a blanket 'national aggregate' approach may perpetuate regional Australia's disproportionately limited share of dividends from skilled migration settings, particularly as they relate to the distribution of international students/graduates. Without intervention via differentiated policy design, the benefits of international study (and subsequent settlement) will remain highly concentrated within a small handful of higher education providers operating within Australia's most densely populated capital cities.

In terms of the predictors of migrant success, RUN agrees that education, English language proficiency, skills, and to a lesser degree, age should remain core criteria that are weighted most heavily.

I RUN SUPPORTS

education, English language proficiency, skills, and age remaining the most heavily weighted core criteria.

However, RUN strongly disagrees with assertions within the Migration Review that the (already) modest weighting attached to the regional study criteria delivers 'less obvious benefit' than other criteria of equal/similar weighting.

"...because of insufficient differentiation, many applicants score the maximum available points on the core criteria (skills, age and English proficiency), leaving criteria of less obvious benefit (such as regional study and community language skills) to be the primary determinants of individual rankings."⁹

I RUN DISAGREES THAT

regional study criteria delivers 'less obvious benefit' than other criteria of equal/similar weighting.

Indeed, the discussion paper appears to question the balance of weightings assigned to the regional study criteria in multiple examples which seek to promote the weightings of other criteria. RUN does not look to diminish the importance of any points criteria, but would strongly urge the design of any new points allocation to reflect the position that positive policy differentiation for regional applications is vital (even when seemingly disproportionate), because regional Australia has simply not realised an equal share of dividends arising from the national migration system. There is ample room for regional Australia to play catch-up with capital cities in terms of rebalancing dividends from Australia's NOM, and differential policy must be designed to facilitate this. To that end, RUN recommends for the regional study criteria to see its points weighting increase, with further points available if the study aligns to a priority regional skills need. The heightened regional study weighting could be designed to be accompanied by a period of post-graduation work (aligned to the student's field of study) in regional Australia that would provide a pathway to permanency for migrants.

I RUN RECOMMENDS

increasing the points for regional study.

⁹ Commonwealth of Australia 2023, Review of the Migration System 2023, page 68, accessed at <https://www.homeaffairs.gov.au/reports-and-pubs/files/review-migration-system-final-report.pdf> on 20 May 2024.

DESIGNING THE POINTS TEST

Furthermore, RUN would like to see additional points available under 'skilled work experience' for experience gained in a regional context, and additional points available under 'Education' for qualifications gained in Australia that included a work placement in a regional area. There would be value in considering the introduction of a dedicated priority regional skills student visa to secure overseas talent that can fill key domestic skills gaps in regional Australia.

Australia's international student/graduate load – and the socio/cultural/economic benefits that flow from it – is unsustainably concentrated within a small handful of large universities operating in our biggest capital cities. Any efforts to rebalance this concentration must surely prioritise regional areas, where skills needs are highest, and education attainment rates are lowest.

RUN would support more work being done in collaboration with other Commonwealth and State Departments to inform a more

sophisticated understanding of regional Australia's specific skills need, to determine regional skills priority areas. Additional work could be undertaken to increase the recognition of mutual qualifications between Australia and other countries to enable greater skilled migration.

REGIONAL SKILLS SHORTAGES

The 2023 Skills Priority List released by Jobs and Skills Australia (JSA) found that skills shortages have been particularly acute in regional areas in recent times, especially for the highly skilled. JSA identified that professional occupations (including health, engineering, information communication technology, and science roles) face greater shortages in regional and remote areas, than compared to metropolitan areas¹⁰.



¹⁰ Australian Government, Jobs and Skills Australia, 2023 Skills Priority List Key Findings Report, September 2023, accessed at: <https://www.jobsandskills.gov.au/sites/default/files/2023-10/2023%20SPL%20Key%20Findings%20Report.pdf>

MEETING AUSTRALIA'S SKILLS NEEDS

Question Two: How can we better target points tested visas to meet Australia's skills needs?

RUN would revisit the position that regional Australia has historically and persistently lagged behind metropolitan Australia in terms of skills prevalence and education attainment, and also in terms of dividends realised from its disproportionately diminished share of migrant and international student/graduate distribution. In the future, Australia's regions will undoubtedly experience an accelerating divergence from metropolitan Australia in terms of its own distinct skills need, as the regions take the lead on Australia's transition to a net-zero economy, in meeting the national Closing the Gap targets, building defence and border security, and issues relating to food, water, energy, and climate security.

As such, RUN argues for points testing that takes a more nuanced account of our regions and the different skills needs that exist outside of our largest capital cities. Accurately identifying the current – and future – skills needs of regional Australia, as distinct from metropolitan Australia, will need to be an important feature of an effective points test system. A priority regional skills list (for fields of study and/or work) would

need to be developed in close consultation with JSA, relevant state or territory-level skills and planning authorities, the Jobs and Skills Councils, and the (soon to be established) Australian Tertiary Education Commission to promote geographically targeted skilled migration driven at the international student level.

■ **RUN RECOMMENDS**

developing a nuanced regional skills lists.

To this end, RUN is supportive of a shift towards priority skills lists – and away from occupation lists – to better align overseas migration towards a more nuanced classification of workforce and innovation need, as it applies respectively to both regional and metropolitan areas. Facilitating student migration that prioritises skills development and work integrated learning in priority skills areas will increase the prospects of migrant success in the regions.

■ **RUN SUPPORTS**

a shift towards priority skills lists, away from occupation lists.



ALLOCATION OF POINTS AND MIGRANT AGE

Question Three: How should we redesign the points allocated to age to better select younger migrants?

While there are benefits to Australia – including regional Australia – in prioritising younger migrants, RUN would support changes to the points test that take a more nuanced approach to a candidate’s age.

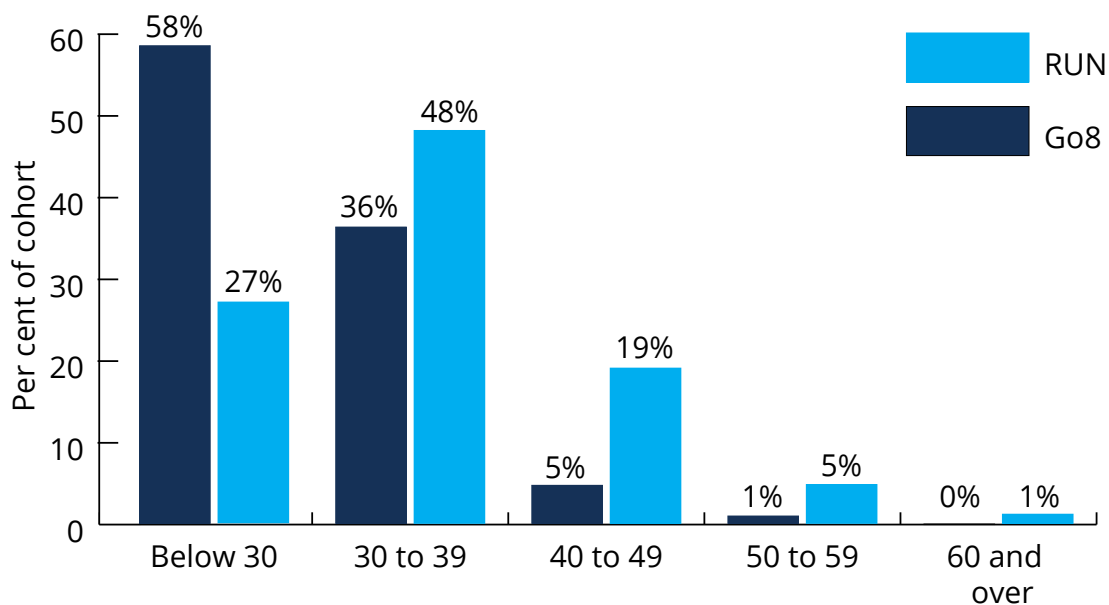
■ RUN SUPPORTS taking a more nuanced approach to a candidate’s age.

This would include a re-examination of the existing points ‘cliffs’ that sees, for instance, a sudden halving of points available to a 40-year-old candidate as compared to the points available for a candidate who is 39 years-old. RUN would support a revised model that not only sees a smoother sliding scale of available points depending on age, but a less punitive view of age in general. This includes returning the maximum age for post-study work rights from age 35 to age 50. RUN believes that the weighting of age-related points should be diminished, at the very least when linked to a regional setting. The elevated shortages of

higher-level skills in regional communities cannot be solved by an aged-determined approach to migration settings. If a highly skilled individual with qualifications and experience in hydrogen production, for example, is willing to live and work in a difficult-to-recruit regional community like Gladstone, then Australia’s decision-making should be more age-agnostic, given the acute skill demands at play.

In RUN’s experience, regional institutions tend to host post-graduate international students who undertake and subsequently complete their qualifications at a later age than those attending metropolitan universities. Using the Group of Eight (Go8) universities as an indicative metropolitan baseline, RUN universities host higher proportions of international PhD students in older age categories, while Go8 universities host higher proportions of international PhD students¹¹ in younger age categories, as shown below:

Figure 1: Percentage of International PhD Cohorts by Network, 2022



11 Department of Education, Higher Education Student Statistics [unpublished data], 2024

ALLOCATION OF POINTS AND MIGRANT AGE

RUN would urge against any sharpening of the existing points cliffs built into the age criteria of our points system, or any moves towards a more punitive assessment of older age in general, as this would have an exclusionary impact upon many international PhD candidates who otherwise tend to show high levels of ongoing success as migrants in regional areas with positive employment outcomes. Indeed, the discussion paper identifies the stronger migrant outcomes that are achieved with higher levels of education.

As with the case of undergraduate degree attainment, regional Australia also hosts a lower share of its population holding postgraduate degree qualifications¹². Regional Australian innovation is disadvantaged by its lower share of research-trained workforces. It is therefore important not just to preserve, but to encourage, the research-trained workforces

of regional Australia, recognising the valued role that older international PhD students play in this important process.

RUN recognises that age is a consideration that should not necessarily overshadow other indicators of migrant success, such as level of education, the meeting of scarce (regional) skills need, earning potential – and combined with these factors – a candidate’s willingness to make a life outside of our major capital cities. To this end, RUN would support alternative approaches to the way age is considered in the points test, for instance, the sliding age scale that features within the Canadian model, as identified by the discussion paper.

■ **RUN SUPPORTS**

alternative approaches to the way age is considered in the points test.



¹² Department of Education, National Regional, Rural and Remote Tertiary Education Strategy: final report, 2019, accessed at <https://www.education.gov.au/access-and-participation/resources/national-regional-rural-and-remotetertiary-education-strategy-final-report> on 10 May 2024

CONTRIBUTIONS OF PARTNERS

Question Four: How should we design the points allocations for partners to best reflect their potential labour market contributions?

RUN would support an expansion of points/criteria available to the partners of points tested visa holders, given the social and economic contribution they can make, and the supporting role they can play in migrant success.

RUN's experience as an employer of skilled migrants – and as with the example listed above for instance, as the host of older migrant PhD students – reveals the value of the role of the partner in migrant success. Many spouses of migrant staff often go on to secure employment at RUN universities themselves, or elsewhere within their regional community. But importantly too, RUN sees the important role of partners in supporting the study or employment success of their initial (and often stressful) settlement transition period. In the latter instance, RUN believes that a high-scoring candidate, who is willing to make a

contribution in an area of skill need in regional Australia (where it is more difficult to attract skilled migrants or international students), should not be penalised for being supported by a (lower scoring) partner who has helped them attain their employment or education experience. A partner not only means support, or an additional participant in the workforce, but it also equates to a ready couple who may wish to have children. The children of migrants absorb Australian language, culture, and values readily, have presumably higher and longer lifetime earning potential, and are obviously more beneficial to Australia's aging demographics. RUN urges a longer-term view of the high value of partners in Australia's points test.

■ RUN RECOMMENDS
the expansion of points/criteria available to the partners of points tested visa holders.

Question Five: How could the points test support gender equality in the Australian labour market?

RUN notes the discussion paper finding that historically, the primary applicants in the points test have tended to be male. RUN would support improved gender representation outcomes arising from the review of the points test. An additional criterion based on the primary candidate's gender (for instance, +5 points for women) may lead to a more equitable representation of gender in migration outcomes and would be worthy of further consideration. Also, a greater weighting emphasis on potential or actual contributions of the female partners of male primary candidates may go some way in supporting the economic empowerment of migrant women, while helping to diversify Australian workforces more generally.

RUN would not like to see any elevation of points allocated to partners to come at

the expense of points allocated to regional study – as was an inference gleaned from the corresponding example in the discussion paper:

“Couples who both have characteristics that will allow them to succeed in the labour market may receive fewer points than couples where the primary applicant, for example, receives an extra 5 or 10 points by studying in a regional location and/or paying for a professional year, but whose partner may struggle in the labour market”¹³

Debasement of the value of regional incentivisation (found in multiple instances throughout the discussion paper) does nothing to assist regional Australia's determination to realise a more equitable dividend from Australia's NOM.

¹³ Australian Government, Department of Home Affairs, Review of the Points Test Discussion Paper – April 2024. Accessed at: <https://www.homeaffairs.gov.au/reports-and-pubs/PDFs/points-test-discussion-paper-april-2024.pdf> accessed on 10 May 2024

MIGRATION TRANSITION ARRANGEMENTS

Question Six: How should transition arrangements for the points test reforms work?

New points test arrangements need to be communicated early, clearly, and consistently to all stakeholders, with RUN advocating for an extensive communications campaign to facilitate this. RUN recommends increased transparency in the current and projected points required to secure permanent residency. Any new points test arrangements must also be applied in a consistent and transparent manner, with a generous implementation period, while also ensuring grandfathering arrangements are in place to protect those who have already invested time and money (alongside major life decisions) upon the basis of the current arrangements.

I RUN RECOMMENDS

increasing transparency in the current and projected points required to secure permanent residency while ensuring that grandfathering arrangements are in place for existing immigrants.

In the case of international students for instance, many are currently undertaking three-to-four year undergraduate degrees based upon their willingness to gain eventual work experience linked to skills/occupations corresponding to existing point arrangements. Their relocation to Australia – and away from family support networks – to undertake tertiary studies at a world class Australian university comes with enormous time, financial, and emotional sacrifices upon the student. Their circumstances must be understood and respected through any changes to our points system.

If Australia wishes to remain a beacon of best practice upon the world stage in our engagement with international students, then we must ensure they are supported in a fair, transparent, and compassionate manner through the transition period via grandfathered allowances. A failure to do so would harm our international education export industry,

and erode the international trust and soft diplomacy dividends gained over many years by the university sector.

CASE STUDY

Gayathri Veera, a software engineer by training, left her two children, aged 14 and 10, and husband in Chennai, India, last year to begin an MBA (at an Australian university), but has since found the foundations on which she made that decision crumble.

“I thought an MBA would enhance my business acumen and if things worked well, then my family could move out here as well... But it looks like my dreams are going to be shattered.

Just a few months ago, I was thinking I would find a company to sponsor me after I graduate. But looking at what is happening right now, everything is blurred. I don't have any clarity. I am wondering whether this was a good decision to move to Australia to study.”

One policy change to undercut her plans is (the) decision to reduce the age limit for graduates to stay and work here for a couple of years from 50 to 35. Ms Veera is 40.¹⁴



¹⁴ Australian Financial Review, Universities brace for foreign student cuts of up to 95pc. Accessed at <https://www.afr.com/politics/federal/universities-brace-for-foreign-student-cuts-of-up-to-95pc-20240521-p5jfe2> on 23 May 2024

REGULAR REVIEWS OF THE POINTS TEST

Question Seven: How regularly should the points test be reviewed? What should reviews consider?

RUN would support the regular review of the points test to ensure it maintains step with Australia's evolving skills needs. Regular reviews that are informed by research and data on characteristics linked to migrant success should distinguish between metropolitan and regional contexts, and between macro and micro factors, as important regional dynamics are often diluted by whole-of-Australia assessments that tend to reflect metropolitan circumstance. RUN recommends that reviews occur at three-to-five year intervals and suggests that ongoing real-time reporting be utilised in favour of major summative point-in-time reporting.

I RUN RECOMMENDS

that reviews occur at three-to-five year intervals.

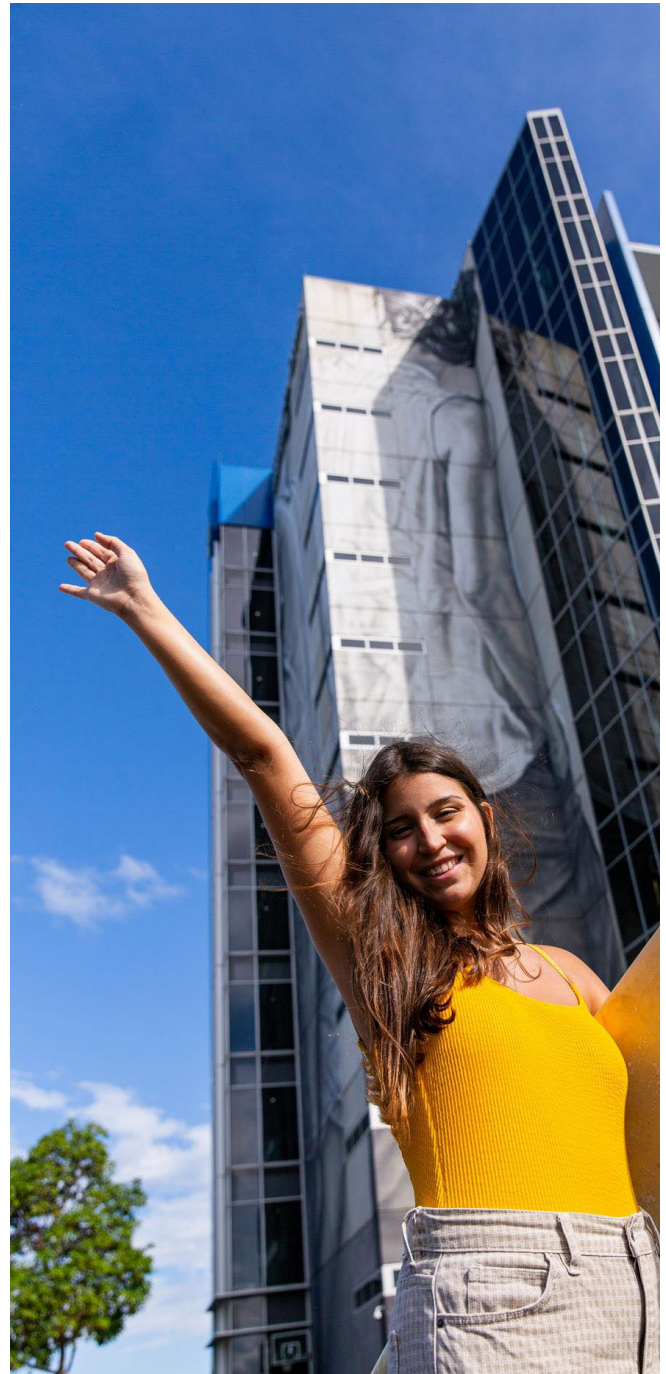
I RUN RECOMMENDS

that ongoing real-time reporting be utilised in favour of major summative point-in-time reporting.

The university sector in particular would benefit from frequent access to updated data relating to the points test, alongside the outcomes of ongoing formal reviews, to enable rigorous policy analysis that allows the sector to more effectively plan and respond to reviews, and identify where policy is working/ failing, as the implantation of new points measures occurs over time. RUN would be supportive of a shared data-driven approach to policy development and analysis.

I RUN SUPPORTS

a shared, timely data-driven approach to policy development and analysis.





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