

Impact of the Skilling Australia Fund levy: IRU submission

The Innovative Research Universities objects to the imposition of substantially higher costs through the proposed Skilling Australia Fund on the recruitment of staff with higher education qualifications who require visas to enter Australia.

Changing the charges for skilled visas: the Skilling Australia Fund

The *Migration (Skilling Australians Fund) Charges Bill 2017* and *Migration Amendment (Skilling Australians Fund) Bill 2017* seek to create a Skilling Australia Fund to support apprenticeships across Australia, with matching funding from States and Territories.

Under the legislation employers which nominate foreign workers under the new Temporary Skill Shortage visa and certain permanent visas will be required to pay a Skilling Australians Fund levy from March 2018.

The Skilling Australia levy would replace the current training benchmarks for employers sponsoring workers on Subclass 457 visas and permanent Employer Nomination Scheme (Subclass 186) visas and Regional Sponsored Migration Scheme (Subclass 187) visas. The levy requires businesses with an annual turnover of greater than \$10 million to pay \$1800 per visa at the time of nomination or \$5000 per employee in a one off payment at the time of nomination.

IRU members estimate the difference in visa changes between 2017 and 2018 at \$1.7 million across the seven universities. Across all universities the additional charge would be around \$15 million to \$20 million.

At a time where the Government wishes to reduce substantially the public investment in universities that additional charge represents another further cost impost on universities, soaking up university revenue from Government, students and business to meet Government requirements.

The point of a Skilling Australia Fund

The IRU recognises the importance of good training for Australians seeking vocational education and training skills. It is important that all Australians gain post school qualifications whether in higher education, vocational education or both, if they are to have a good chance of employment.

The question is why raising funds for vocational education and training should target all employers using visas rather than target those recruiting people with vocational qualifications with a direct tie to the extent of such recruitment. All, or close to all, university recruitment of international staff is for people with higher education qualifications.

Universities as part of a global employment market

Universities are part of a global industry in which people move regularly across countries to new positions. This involves Australians working in many countries across the world, and people from many countries gaining academic and senior administrative roles in Australia. The capacity of the Australian university system depends on its staff being part of this world wide movement. The exploration and dissemination of knowledge is the basis of all university teaching and research. That knowledge has few restrictions driven by national borders.

Dramatically raising the cost of each international recruit will tend to reduce the number selected, which may appear to increase the opportunities for Australian residents. It would do so at the risk of reducing the strength of university education and research through fewer highly capable people from around the world being selected.

The extent of international staff is one of the factors that some world university rankings consider. This both supports the argument that having staff with international background is important and the pragmatic risk to Australian universities' rankings which affects international student recruitment and access to research partnerships.

The response from other countries is hard to predict. Some may follow the Australian example to create barriers to international recruitment making it harder for capable Australians to develop the breadth of experience and capability that comes from working in university across the world.

The cost of the levy

IRU members have paid \$970,000 in visa charges in 2018. The estimate for 2018 should the Skilling Australia Fund levy come into force is a total of \$2.7 million, close to triple the 2017 cost through an increase of \$1.7 million annually.

Estimated additional cost from the Skilling Australia Fund levy

IRU Member	2017 costs 457 and 186/187 visa subclasses	2018 costs 457 and 186/187 visa subclasses	Increase in cost
Charles Darwin University	\$30,000	\$154,000 per year	\$124,000
James Cook University	\$122,700	\$378,250	\$255,550
Griffith University	\$210,900	\$792,900	\$582,000
Western Sydney University	\$213,275	\$344,875	\$131,600
La Trobe University	\$63,350	\$142,350	\$79,000
Flinders University	\$283,600	\$667,340	\$383,740
Murdoch University	\$56,000	\$178,000	\$122,000
IRU Total	\$979,825	\$2,657,715	\$1,677,890

Conclusion

The Innovative Research Universities recommends that the Skilling Australia Fund not be resourced through a levy on employers which recruit staff selected for having high level higher education qualifications.

15 December 2017