Trades Recognition Australia Cost Recovery Model Proposal 2021-22

Consultation Paper
May 2021

Contents

1. Introduction

The Australian Government Department of Education, Skills and Employment (the Department) is proposing to change the fees charged by Trades Recognition Australia (TRA) for skills assessment services provided under the Job Ready Program (JRP), Migration Skills Assessment (MSA) and Migration Points Advice (MPA) from 1 September 2021.

This proposal will seek to align TRA with the whole-of-government Australian Government Charging Framework (the Charging Framework). 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.

Currently, TRA partially recovers costs associated with assessing the trade skills of prospective migrants. That is, while applicants pay a fee for their skills assessment, the fee does not cover the full cost of providing the service, and as such, the Government subsidises the difference. Applicant fees have not been reviewed since they were first established in 2010 for JRP and 2013 for MSA and MPA.

2. Purpose of this consultation paper

This consultation paper provides information on how TRA proposes to implement a cost recovery charging model from 1 September 2021.

TRA 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) for TRA.

Submissions will be accepted until **Friday 28 May 2021.**

Please provide your feedback on TRA's proposed change to a cost recovery model via email at TRA-PolicyTeam@dese.gov.au

TRA's current schedule of fees and charges are available at www.tradesrecognitionaustralia.gov.au.

3. Trades Recognition Australia (TRA)

TRA is a skills assessment authority within the Department. It is the skills assessing authority for 131 technical and trade occupations specified by the Australian Department of Home Affairs (Home Affairs) Skilled occupation list (homeaffairs.gov.au).

TRA skills assessments are intended to ensure that a successful applicant can perform at the required skill level for their nominated occupation. They also provide an assurance to government and to the individual that their training and experience is relevant and appropriate for the Australian labour market. A successful outcome will satisfy the skills assessment requirement for an application with Home Affairs for an independent skilled migration visa.

TRA conducts skills assessments through five pathways which differ depending on their eligibility criteria, processes, fees and final outcomes. Two of these pathways, Offshore Skills Assessment Program and Temporary Skills Shortage Skills Assessment Program have been operating on a full cost recovery basis since 1 March 2019. This consultation paper relates to the remaining pathways; JRP, MSA and MPA, that are not operating as full cost recovery.

3.1. Migration Skills Assessment

The MSA involves an 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.

3.2. Migration Points Advice (MPA)

The MPA assists applicants to meet the Home Affairs points requirements for skilled migration. An MPA identifies an applicant's comparable qualifications and periods of relevant employment over the past 10 years.

TRA assesses the documentary evidence provided by applicants for both pathways in-house. Applicants are required to provide verifiable evidence of a qualification that is considered comparable to the Australian Qualifications Framework (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.

3.3. Job Ready Program (JRP)

The JRP is a four-step employment-based skills assessment service with a charge for each step. The program is for international student graduates who obtained a trade qualification from an approved registered training organisation (RTO) in Australia and who require a skills assessment for temporary or permanent migration.

TRA staff monitor participants as they gain relevant experience in their nominated trade in Australian workplaces. Participants also have their capacity to work at the acceptable trade level in an Australian workplace independently verified by a qualified assessor.

More information on these pathways can be found at www.tradesrecognitionaustralia.gov.au

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 of

those activities. The cost recovery policy promotes consistent, transparent and accountable charging for government regulatory activity and supports the proper use of public resources.[1]

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 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.

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[1] 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
• Mailbox management • Case Officer allocation	• Identity verification • Work experience or vocational placement experience • Qualifications verification	• Finalise application • Quality assurance • Notification of outcome	• 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
• Enquiry line • Liaise with Home Affairs • RTO Contract management • Liaise with RTOs • Preparation of fortnightly report to Home Affairs • Finance • Internal Reporting	• Web publishing • IT System maintenance • Password resets	• Quality assurance • Fraud and Integrity • Risk management • RTO Compliance	• Updates to program guidelines/web pages • Co-ord requests • Policy changes • Legal matters

5.1. 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.

The costs incurred in the delivery of TRA include:

- **Direct costs** which 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** 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 have 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.

5.2. 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 1 provides the costs of regulatory activities for each of the TRA 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. TRA fees will be published on the TRA website www.tradesrecognitionaustralia.gov.au.

Table 1: Costs, fees, volume and revenue estimates for 1 July 2021 - 30 June 2025 business cycle

Charge title	Costs of regulatory activities $m	Current fee rate	Proposed fee rate	Volume	Revenue $m
Provisional Skills Assessment (Step 1)	$7.2	$300	$200	36,813	$7.4
Job Ready Employment (Step 2)	$11.5	$500	$450	25,671	$11.6
Job Ready Workplace Assessment (Step 3)	$56.5	$2,000	$2,540	22,369	$56.9
Job Ready Final Assessment (Step 4)	$1.4	$150	$65	20,815	$1.4
Migration Skills Assessment	$4.9	$1,000	$720	6,851	$4.9
Migration Skills Assessment Review	$0.01	$900	$645	16	$0.01
Migration Points Advice	$0.49	$600	$410	1,195	$0.49
Migration Points Advice Review	$0.003	$300	$350	8	$0.003
Totals	**$82.0**				$**82.5**

6. Risk assessment

There is some risk associated with the implementation of cost recovery for TRA. That is, 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.

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.

To mitigate these risks, in the 2022-23 financial year the department will review the activities, outputs and key business processes of the JRP, MSA and MPA pathways to ascertain whether there is a need to adjust the fees.

Further, if actual demand varies from the forecast by more than 20 per cent, TRA will review fees for the following year to reflect this change.

TRA will inform applicants of any changes by publishing notifications on the TRA website.

7. Transition arrangements

If implemented, the proposed fees and charges will apply to all applicants from 1 September 2021.

There will be no legacy provisions for applications already in the system. That is, an applicant on Step 2 of the JRP will be subject to the fees set at 1 September 2021 if they apply for Step 3 on or after that date.

8. Providing feedback

Submissions will be accepted until **Friday 28 May 2021.**

Please provide your feedback on TRA's proposed introduction of a cost recovery model via email at TRA-PolicyTeam@dese.gov.au