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Barton ACT 2600, Australia

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## National Competition Policy analysis 2025

Dear Productivity Commission,

I am writing to you on behalf of the [Activate Australia's Skills](#) campaign, convened by SSI, to urge the Productivity Commission's National Competition Policy analysis study, currently underway, to examine and make recommendations that address the employment and productivity constraints arising from Australia's outdated system for recognising overseas-acquired skills and qualifications.

Recent research conducted by Deloitte Access Economics and commissioned by SSI, called the [Billion Dollar Benefit](#), found that almost half (44%) of permanent migrants in Australia work below their skill level. This disconnect between skills and employment opportunities is a key contributor to the nation's stagnant productivity and skills shortages across various sectors. By effectively harnessing the talents of migrant workers already in Australia, Australia stands to gain \$9 billion in GDP annually, enhance national productivity, and increase employment figures by over 51,000 FTE jobs. Industries that would see the greatest increase in employment from harnessing the skills of migrants are professional services, public administration, and education. But other industries - construction, manufacturing, trade and financial service industries – would have the largest productivity increases, according to the modelling. For example, the modelling found that housing supply would increase as the result of a more productive and better resourced construction industry.

However, Australia's system for recognising overseas skills and qualifications is holding back productivity by creating unnecessary barriers for quality expertise to fill skill shortages. These barriers are unrelated to people's skills: excessive fees and time-consuming administrative requirements; lack of clear information; and inconsistencies between outcomes and requirements for assessments for migration purposes and to obtain occupational licenses.

With no integrated oversight at the national level, each assessing authority or licensing body operates within its own framework, setting different pricing, documentation requirements, and timelines, which further exacerbates the bureaucratic complexity. Consequently, many skilled migrants are de-skilled due to prolonged periods outside their professions, hindering their ability to contribute effectively to Australia's labour market and entrenching the nation's skills shortages and productivity challenges. This disconnect between migration skills assessments and professional recognition for employment purposes prevents overseas-trained professionals from filling critical skills gaps, limiting economic growth and productivity.

The 2023 [Review of the Migration System Final Report](#) endorsed existing Productivity Commission recommendations that Australia consider, "driving greater synchronisation between skills assessments and license/registration processes ... [M]igration system settings should be better informed by occupational licensing requirements ... [including] aligning skills assessment criteria with occupational licensing criteria" (page 161). The Joint Standing Committee on Migration's recent Inquiry Report, [Migration, Pathways to Nation Building](#) recognised that targeted reform is required to realise skilled migration's potential to be an even greater key driver

of productivity growth. Several of its recommendations call for harmonising the regulation of skills assessment, qualifications recognition and occupational licensing requirements across jurisdictions, in conjunction with professional bodies and with other countries that have similar standards to Australia.

Competing countries overseas have already taken steps to modernise their skills recognition systems that has unlocked productivity. For example, Germany's Recognition Act creates a legal right for individuals to have their overseas qualifications assessed and mandates recognition outcomes to be finalised within two to four months. In Manitoba, Canada, the statutory Office of Fairness Commissioner has enhanced procedural fairness and reduced assessment times, resulting in an increase in registration rates from approximately 25 per cent in 2012 to almost 45 per cent in 2020. Sweden's federal government facilitated collaboration with industries, employers, unions, universities and government agencies to develop 'Fast Track' initiatives to address occupation-specific barriers to licensing and registration, prioritising industries with the greatest skill shortages. In 2023, the Nursing and Midwifery Council in the United Kingdom placed greater emphasis on competency-based assessment rather than qualifications; resulting in almost half (48%) of newly registered practitioners coming from overseas trained backgrounds.

Responding to this opportunity to address skills shortages and stagnant productivity by removing barriers that prevent skilled migrants already in Australia from working to their full potential, more than 100 organisations, including business groups, unions, community organisations and policy advocates have formed Activate Australia's Skills; an alliance united in calling for changes to federal workforce strategy.

The solutions put forward by Activate Australia's Skills would generate a skills recognition system that is more affordable, based on quality and outcomes. Following the launch of [Skilled and ready: A blueprint for activating Australia's overseas trained workforce](#), our campaign is calling on the Australian Government and Parliament to implement four key reforms; which are also supported by the Joint Standing Committee on Migration's Inquiry, [Migration, Pathways to Nation Building](#):

- Establish one national governance system for overseas skills and qualifications recognition. This governance system should include an Ombudsman with regulatory power and resources to provide independent oversight and transparency over the end-to-end system (Recommendation 36 [para 7.243]).
  - The Ombudsman would collect data, review and report on overseas skills and qualifications recognition processes, pricing, outcomes and systemic risks and issues (including recognition rates and timeliness and costs of assessments); hold relevant authorities accountable for delivering on government-mandated recognition timelines; and ensure fairness and reasonableness in the overall conduct and operations of assessing authorities.
- Create a more joined-up system that links skills recognition for migration purposes with licensing and accreditation for employment purposes; making the system more efficient and reducing duplication (Recommendations 37 [para 7. 244], 39 [para 7.246] and 40 [para 7.247]).
- Provide financial support to reduce cost barriers to make it more affordable and remove information barriers through a one-stop-shop portal – a single source of truth - with all the information people need to get their skills and qualifications recognised (Recommendations 24 [para 6.185], 38 [para 7.245] and 44 [para 8.61]).
- Establish migrant employment pathways hubs, or career gateways, with skills recognition navigators to help get people back into their professions again. These hubs would be located in areas with high migrant populations across the country, and have broad

eligibility so those currently working below their skill level – not just the unemployed – can access support (Recommendations 46 [para 9.52], 47 [para 9.53] and 48 [para 9.54]).

More than 15 prominent economists, industry leaders and policy professionals have endorsed these four proposed reforms, including Dr Martin Parkinson AC PSM (former Secretary of Treasury and the Department of the Prime Minister and Cabinet), Glenn Stevens AC (former Governor of the Reserve Bank), the Hon. Arthur Sinodinos AO (former Industry Minister), Melinda Cileto (CEO of CEDA) and Liz Ritchie (CEO of the Regional Australia Institute).

While we note that the focus of the Productivity Commission's National Competition Policy Analysis 2025 study is to explore models to improve occupational licensing recognition across Australian jurisdictions, parallel reform needs to occur at the national level to reduce barriers beyond inter-jurisdictional inconsistency such as lack of information, lack of transparency and accountability, excessive fees, and slow processing times.

We urge the Productivity Commission to consider overseas skills recognition reform as a priority issue in its competition policy analysis and other ongoing inquiries, including into the Five Pillars of productivity. Overseas skills recognition reform is a domestic employment issue, rather than an immigration issue, that needs to be addressed to unlock productivity and the potential of Australia's overseas-trained workforce.

Yours sincerely



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