

# **Recognition of skills and qualifications: labour mobility and trade in services**

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## Executive Summary

A skilled and flexible workforce is increasingly identified by governments as a key to economic development. With the emergence of a global market in both educational services and labour, agreements on mutual recognition and transparency of skills and qualifications have become important elements of international co-operation. They are often included in broader bilateral and multilateral trade agreements. Some of these agreements which have implications for the provision of education and the accreditation of skills are the Australia-New Zealand Closer Economic Relations Trade Agreement (CER), European Union (EU) and North American Free Trade Agreement, the General Agreement in Trades in Services (GATS), and a number of bilateral Free Trade Agreements (FTAs). Recent FTAs that Australia has signed with the United States, Singapore and Thailand, have included skills recognition. Agreements are currently being negotiated with China, Malaysia and Japan.

### *The European Union*

From the mid-1990s the European Commission began to see alignment of educational provision and mutual recognition of qualifications as an important policy area for generating an efficient EU-wide labour market, including addressing the problem of skills shortages in some regions coexisting with high unemployment in other regions.

A number of measures have been developed to facilitate the transparency and transferability of skills, qualifications and experience across the EU borders, including instruments to translate, record and electronically lodge different aspects of a person's human capital at national employment service centres where they can be accessed by employers across the EU.

This strategy also relates to the provision of information on various aspects of mobility, including that of the labour markets of other EU regions. The national employment services have been networked to form EURES (European Employment Services). To this has been added a portal on mobility and one on information on education and training opportunities.

Implementation of EU directives and guidelines at the level of member state governments has been slow and uneven. The Bologna Process, for example, has been met with resistance in a number of countries (e.g. France, and Greece), but has already become influential beyond the EU. The Australian Government has strongly expressed concerns about the implications of Australia staying outside of this process:

If Australia is not able to maintain alignment with these [Bologna] developments, a significant proportion of the current 32,000 European enrolments in Australian institutions may find other destinations more attractive. Similarly should Asian countries or institutions choose to align with the Bologna Process, Europe may become a more attractive destination for those students.

The Australian Government's initial assessment is that Australian higher education has much to gain by aligning with the key Bologna initiatives. Some countries in Asia are already monitoring the Bologna Process. For example, China has shown interest in cementing its educational links with a number of European countries and has sought observer status for the 2007 ministerial meeting. The Bologna Process is also influencing the provision of tertiary education in the United States through the signing of a new agreement on higher education and vocational training for the period 2006–2013.

Developments in the international higher education market, accelerated by EU alignment programmes, are likely to bring differentiation to the Australian high education sector, and possibly the TAFE sector, and thus make the qualifications descriptor basis of the Australian Qualifications Framework (AQF) inadequate for its major current functions.

In Australia, the concept of regional qualifications framework developed in conjunction with some neighbouring countries such as Malaysia and Singapore, similar but probably not as elaborate as the Bologna and the Copenhagen Processes, has attracted the interest of the Australian Government.

#### *Australia and New Zealand*

The Australian states and New Zealand have in place mutual recognition measures which sit on a different footing to those developed elsewhere and represent an even greater level of acknowledgement of professional accreditation.

The MRA (Mutual Recognition Agreement (within Australia)) and TTMRA (Trans-Tasman Mutual Recognition Agreement) highlight the desirability of mutual recognition of qualifications. The 2003 review in particular reports some limited quantitative evidence of the contribution of the Agreements to labour mobility between states and territories and between Australia and New Zealand. That review also reports numerous instances where stakeholders have found reduced costs and other advantages associated with the Agreements.

Mutual recognition of skills typically focuses on the equivalence of qualifications or registration requirements and seeks their harmonisation between jurisdictions over time. The strategy behind the MRA and the TTMRA, however, is different. They focus on the mechanisms for occupational registration. Qualifications are declared equivalent and problems are sorted out after the event. In Australia and New Zealand, those problems are still being addressed, but the approach has initiated a focused review of some impediments to labour mobility and possibly unnecessary costs to industry.

The consequences of the MRA and TTMRA provide possible lessons for other countries considering mutual recognition arrangements. They highlight both the difficulty of achieving mutual recognition agreements even when language, cultural and other differences are small as well as the potential threats to the standards governing occupations. The strategy did, however, produce results quickly.

#### *Other developments*

Other local developments in skills recognition have their genesis in the Lisbon Convention, bilateral trade agreements and multilateral regional frameworks (e.g. the Asia-Pacific Academic Recognition Network–APARNET). One of Australia's obligations under the Lisbon Recognition Convention is to promote the widespread use of the Diploma Supplement. There is widespread and increasing use of the Diploma Supplement across Europe, much of which is driven by students and other stakeholders. An increasing number of Diploma Supplements issued by European universities are now starting to be seen in Australia and have begun to facilitate Australian recognition of European educational qualifications. The Australian Government recently announced that it would provide \$400,000 for a consortium of universities to develop a single agreed template for an Australian Diploma Supplement.

Free Trade Agreements negotiated, or under negotiation, make mention of increased recognition of skills and qualifications, but have generally left the details for development at a later date. The Agreement with the USA, for instance, establishes a Professional Services Working Group with a specific mandate to investigate ways to promote, among other things relevant to professional services, mutual recognition of qualifications.

The General Agreement on Trade in Services (GATS), to which all WTO members are signatories, also provides a framework of principles and rules for trade in services. The GATS may be contributing to the increase in the provision of education services across borders due to the better access and conditions negotiated by WTO members; however, it is likely that market demand on its own has been a major contributor.

# 1 Introduction

Migration is an age old new phenomenon. Before World War I there were few border controls and although the subsequent introduction of passports restricted movements of people, improvement in mass transportation has increased opportunities for migration. After World War II labour shortages in many economies around the globe encouraged large migrations not only to the traditional *new world* destinations such as the USA, Canada, Australia and New Zealand but also to Europe (Chiswick and Hatton 2002). Economic cooperation agreements between nations (eg Australia-New Zealand Closer Economic Relations Trade Agreement (CER), European Union (EU) and North American Free Trade Agreement and General Agreement in Trades in Services (GATS) have facilitated the increase in migration over the last fifty years.

Economic cooperation agreements deal with labour mobility in several ways, ranging from allowing permanent migration, including that of non-workers, to temporary movement for only service suppliers who are explicitly excluded from entry to the labour market and permanent migration. Temporary movements of persons across borders for the provision of services are allowed under Mode 4 of GATS. Geographic proximity, the level of economic development and the nature of labour shortages generally determine how liberal an approach is taken towards movement of labour under these agreements.

The agreements often include clauses streamlining regulations dealing with mobility of goods and services across borders. Some agreements include mutual recognition of qualifications and occupational registration, mainly at professional levels. Mutual recognition of qualifications, however, remains one of the most significant factors inhibiting the mobility of labour across borders. Not only has this been a problem in international structures such as the EU, but until recently it was also the case within countries (eg. Australia).

This paper looks at policies, programmes and measures that encourage the mutual recognition of qualifications and cross border mobility. It describes developments in the EU and in Australia and New Zealand. The EU has evolved over the last half century from a union of six countries to twenty-seven countries today. One of the founding principles establishing it was the free right of its citizens to live and work in different member states. The European Commission declared 2006 as the *European year of workers' mobility* as part of a plan to encourage and support increased cross-border mobility.

Movement of goods, services and people has generally been unrestricted between Australia and New Zealand although formal agreements to their effect were signed only in the last fifty years.

## 2 Mobility and mutual recognition in the European Union

### 2.1 Background

The original six members of the EU enshrined the principle of free movement across their borders for their citizens in the Articles of the original 1957 Treaty of Rome. The principle was politically inspired as it was envisaged that free movements of people would help to unite Europe. Freedom of movement was considered integral to the concept of the *European citizen* and the *European social area*. Subsequent directives, regulations, legislation and judicial rulings encouraged mobility and established the governing principles and the law on the rights of individuals to work and their rights of residence in member states (European Commission 1996).

Every EU citizen has a fundamental, personal right to move, reside<sup>1</sup> freely and seek employment within any EU state (subject to some limitations and conditions). Accorded with this right is equality of treatment regarding working conditions and employment-related benefits. Within this liberal regime, restrictions on mobility can be applied on the basis of public policy, public security or public health (OECD 2002).

The charter on the free movement of people has been expanded to include citizens of all countries in the European Economic Area (EEA), and also those of European Free Trade Association (EFTA) states.<sup>2</sup> Third-country residents in member states however do not enjoy the same rights as EU nationals although some progress towards providing them with similar freedom is being contemplated.

Legal barriers to labour mobility, in principle, do not exist in the EU, including for all practical purposes also in EEA-EFTA states. Yet, mobility within the EU<sup>3</sup> still seemed rather low or even negligible in spite of the rather striking unemployment and wage differentials between member states (Fertig and Schmidt 2002). In a Green Paper in 1996, the European Commission observed that capital, goods and services moved more freely within the Union than people and that this did not bode well towards the construction of the European Community (European Commission 1996).<sup>4</sup>

The population share of EU nationals living in another member state hardly changed from around 1.5 per cent between 1985 and 1998 while that of non-EU nationals increased from 2.3 to 3.5 per cent in the same period. In comparison, the inter-state mobility in the United States is several times higher (European Commission 2001b). The reasons for the low intra-EU mobility are unclear although partial explanations might be to do with the high cost of physical relocation to another country, the loss of country-specific human capital when people move and a lack of portability of pensions, health and social security benefits across borders. A sociological explanation suggested by van Houtum and van der Velde (2004) is that most workers do not seek employment across borders because of *nationally habituated indifference*, which translates to avoiding uncertainty associated with working on the *other side* and wishing to *border* ones orientation and identity within the existing socio-spatial environment.

A European Commission report on the free movement of workers since the 2004 enlargement of EU shows that mobility from the new Member States in Central and Eastern Europe to the old Member States has had mostly positive effects and has generally been lower than foreseen (European Commission 2006c). The report's statistics, submitted by the Member States themselves, show most countries having seen lower than expected labour flows from Central and Eastern Europe. New Member State nationals represented less than one per cent of the working age population in all countries except Austria (1.4 per cent in 2005) and Ireland (3.8 per cent in 2005). The report shows that immigration from non-EU countries remains a much more important phenomenon than intra-EU mobility, both within the pre-enlargement zone and the new Member States.

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<sup>1</sup> Even though no visas or work permits are required, residence permits may be required for some states.

<sup>2</sup> Iceland, Liechtenstein and Norway and Switzerland are the four EFTA states but only the first three come within EEA. Even though no visas are required there are however, some limits placed on movements and special rules govern frontier workers, public service and public authority activities, and the acquisition of real estate in Switzerland.

<sup>3</sup> Refers to the EU-15 states: Germany, France, Italy, Greece, Spain, Portugal, UK, Sweden, Denmark, Austria, the Netherlands, Belgium, Luxembourg, Ireland and Finland. Since 2004 ten new countries have joined and EU-15 is now EU-25. Temporary restrictions apply to the citizens of the new member states looking for employment or residence in some of the member states.

<sup>4</sup> This is not to say that some large-scale movements of people within the Union have not taken place, for example, manual workers, both skilled and unskilled, moving from agricultural regions in the South to industrial regions in the North, particularly into steel and mining regions (European Commission 2001b).

Mobility of EU nationals tends to take one of four main forms: temporary migration (limited stay often linked to specific job contracts); mobility within multi-national enterprises (possibly involving a career-long peripatetic lifestyle, but also possibly short-term regular moves); mobility between industry and academia; and cross-border commuting of various kinds. Precise data on some of these movements are difficult to obtain but half a million workers were involved in cross-border commuting, mainly in border regions, in the EEA in 1999, and interestingly the destination of 35 per cent of these commuters was Switzerland, a non-EU country (European Commission 2002a).

The 1990s saw EU economies affected by globalisation, technological changes and a shift to services just as were other developed economies. The creation of a genuine single market was, and still is, a priority policy concern among most member states, some of which adopted a common currency, the Euro, to accelerate the process. At the same time skills shortages existed in some regions along side high unemployment in other regions. In this context, the European Commission saw support for intra-EU mobility as an important policy response.

The creation of an efficient pan-European labour market with fewer barriers to labour mobility, lower adjustment costs and fewer skills mis-matches has become a high priority within the commission. It has been suggested that the problems related to ageing of populations in many developed countries could be addressed through increased immigration. Increased intra-EU migration is however unlikely to be a solution to this demographic problem for EU states because almost all face similar problems.

The Commission has produced a number of reports identifying administrative, economic and informational obstacles to intra-EU mobility and recommended lines of action to overcome them. One of the first of these reports was a Green Paper, *The obstacles to transnational mobility*, (European Commission 1996). Even though the report was prepared in the context of encouraging mobility in the areas of education, training and research its findings have wider implications.

Three main reports subsequently followed this Green Paper together with a progress report on the implementation of the action plans suggested in the previous reports:

- *New European labour markets, open to all and access for all* (European Commission 2001b)
- *High level task force on skills and mobility* (European Commission 2001a)
- *Commission's action plan for skills and mobility* (European Commission 2002a)
- *Report on the implementation of the Commission's action plan for skills and mobility* (European Commission 2004d).

These reports dealt with the problem of mobility in a much wider context than the Green Paper, and included occupational (skills-based) and geographic or spatial dimensions of mobility. They identified three main challenges facing European labour markets. The reports also suggested lines of actions to meet these challenges. As a result a number of programmes have been initiated by the European Commission and by member states to address the issues raised. In the following, we first discuss the three challenges facing the European labour markets and then some of the programmes that have been implemented to meet these challenges.

## **2.2 The three challenges**

### **2.2.1 Inadequate occupational mobility**

Labour mobility—movement of workers between jobs, sectors or occupations within or between member states—has traditionally been low in the EU compared to one of its main competitor the United States. In 2000, for example, it was estimated that 16 per cent of workers in the EU had been with their employer for less than a year, compared with 30 per cent in the United States (European Commission 2003b). The European Commission considers capacity for occupational mobility to be

essential if the EU economy is to be efficient and competitive in the global market and if skills imbalances across sectors and regions are to be alleviated. The critical factor in building this capacity requires the development of the human capital potential of the union's citizens together with the processes for its recognition and transferability across borders.

The Commission emphasises the importance of universal good quality initial education as the bedrock upon which future human capital capacity is built.<sup>5</sup> The post-initial education and training that may be required for transition to work or lifelong learning should be a matter of shared responsibility between government, individuals and social partners. At a time when fewer young people are expected to join the labour market skilling the existing labour force to the highest possible level becomes more important. This includes providing opportunities for women, who have temporarily withdrawn from the labour market to raise families, to acquire skills that are currently needed in the workplace.

The Commission is concerned that education and training systems are not adapting sufficiently to the changing needs of the labour market. The European Parliament, however, noted that education systems have broader and more humane objectives than training systems and that transient skills shortages in the labour market should not determine the curriculum and content in education (European Parliament 2002). In addition to vocational skills, education systems should also seek to promote awareness of different cultures, language skills, the environment and citizenship, which also serve to promote mobility.

Recognition of non-formal or informal learning can also enhance occupational mobility. For older workers recognition of on-the-job learning and experience can be particularly beneficial for occupational mobility.

### **2.2.2 Low geographic mobility**

The relatively low labour mobility in the EU was noted earlier in this paper. Even within member states mobility is relatively low. Improving geographic mobility is considered a way to address the problem of dual labour markets in the EU, with regions of high unemployment co-existing with regions suffering from skills shortages. Some of the barriers to geographic mobility are social, cultural, linguistic, economic and those to do with the recognition of qualifications.

#### *Socio-cultural and linguistic factors*

Differences in culture and language add diversity and richness to European societies but they are also significant barriers to labour mobility. In spite of an increasing number of EU citizens who are multi-lingual, language is still one of the most significant barriers to mobility. Living and working in another member state requires a person to have at least a working knowledge of the local language for successful integration into the local community. The most common second languages learnt are English, French and German in that order, but overwhelmingly English is the language of first choice. What are the implications of English becoming the de facto second language? Will English eventually be a second language of work, and if so will this mean that the language barrier to intra-EU mobility may become less significant? The answers to these questions are complex given the very high priority that the European Commission places on the protection of all European languages and the importance of the national identity through language for each member state.

Age is a major determinant of mobility with the highest mobility among those between 20–40 years of age. On the one hand this age group can expect the highest economic return from migrating and the lowest costs but on the other hand it is also the age group most likely to start families and thus in need of social and economic security. Mobility decisions are often joint decisions of a couple or a

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<sup>5</sup> There is concern in the Commission that initial education levels vary substantially across member states, for example, even though overall attainment of at least upper secondary level of education across the EU population, aged between 25-64 years, was 60 per cent in 2000, it varied from 78 per cent in Denmark to 19 per cent in Portugal.

family unit and involve factors such as suitable work for both partners in the new location. If children are part of the family unit then the problem of finding suitable schools and the degree of difficulty of integrating into the education system of another country can be major deterrents to moving to another country.

#### *Economic factors*

Major advances have been made in economic integration in the EU over the last half century. There are however large areas where member states still have control, particularly in the areas of taxation, social security, health coverage and wages. These systems have been constructed over many years. For many states the systems are part of their cultural heritage which they are unwilling to see dismantled. However if these different systems are not compatible and transparent then they can create both financial and administrative hurdles with a potential to deter individuals from making decisions to seek employment and relocate to another country.

Healthcare systems vary widely between member states. Even though most EU countries have universal health coverage for its citizens, this may not immediately extend to non-citizens. If the coverage of health insurance cannot extend beyond state borders then this can become a major barrier to geographic mobility. Lack of portability can also mean that a person ceases accruing health benefits while they are out of the country.

Other obstacles and disincentives exist for those looking for work and wanting to undergo training in another member state. In some states individuals lose their rights to unemployment benefits and social security if the training lasts longer than three months or they leave the state for more than three months. On their return a person in some states must undergo further training in order to regain rights to benefits.

Restricted portability of pensions, particularly supplementary or occupational pensions, whose role is set to grow with ageing of populations, can be an even bigger deterrent to geographic mobility than the lack of portability of health insurance. For example, in certain member states employees typically have to remain with the same employer for five years before being entitled to an occupational pension. Also, dormant acquired rights are not indexed against inflation when an employee leaves for another job. Furthermore, it is not always possible to transfer pension rights between schemes of different types, or to a scheme in another member state. The interaction of the differing taxation regimes with different pension schemes can create a highly complex and opaque system that may fail to encourage worker mobility.

Housing and information on housing can be barriers to mobility. They can also be barriers to mobility within countries. The housing markets in member states can be subject to a varying range of rigidities such as property taxes and discretionary planning regulations by local authorities, all of which can mean big differences in costs of moving.

#### *Recognition of skills and qualifications*

One of the major obstacles to intra-EU mobility is that an individual's qualifications and competencies may not be accepted in member states other than in their own. Although the problem of transparency and equivalence between qualifications and the lengthy delays in their recognition has been known for a long time, progress towards finding solutions has been slow.

The proliferation of qualifications world-wide, the diversity in the national qualification systems and education and training structures, and the constant changes to all these are additional complicating factors. For example, Germany's apprenticeship system is underpinned by and operates under quite different principles to that of the UK and thus mutual recognition of trade qualifications between these two countries would be more complex than they would be between say Germany and Switzerland.



Until recently, apart from a few regulated professional qualifications, such as those in medicine, pharmacy, nursing, veterinary science and architecture, there had been no serious attempt at an EU-wide system of mutual recognition of qualifications and skills, let alone those acquired in third countries. Mutual recognition has never been practised in the spirit in which it was intended even in the few occupations where it has been extended across the EU by law.

### **2.2.3 Insufficient relevant labour market information**

The potential for geographical and occupational mobility is often inhibited and labour market adjustment slowed by lack of quality labour market information to firms, households and education and curriculum planners. Heijke and Borghans (1998) argue that efficient training and education decision-making requires transparency in the links between education and training courses and labour market opportunities.

Good information is the *life-blood* of an efficient market. In order to make informed decisions about employment opportunities, persons need to know about current wage rates, rates of return, necessary qualifications, unemployment rates, job openings and supply of workers not just in a particular labour market but in all labour markets and in different sub-markets. Persons also require information on living conditions and the housing market. The diversity in the laws on taxation, labour, social security and pension, not to mention the differences in languages and culture make comparison of information relating to different markets difficult.

While there is abundant information on each national labour market, it is dispersed, fragmented, difficult to access and to compare and sometimes unreliable. For the information to be useful it has to be brought together into a format that facilitates comparisons. This requires efficient networking among organisations at the local, regional, national and the European level. Similarly, individuals and organisations need to be made aware of this information, its benefits and ways of accessing it.

## **2.3 Programmes to encourage mobility in the EU**

### **2.3.1 Early programmes—mobility in education, training and research**

The European Commission views personal mobility as a vital investment in human resources, which is seen as one of the keys to successfully meeting the economic, social and cultural challenges of the future. It is seen to foster improvement in the understanding of other European societies and cultures; to enhance the social skills of individuals, who learn how to communicate and live within those societies and to respect diversity; to encourage broader acquisition of linguistic skills; and to contribute to the development of the concept of a *European citizen*.

Early attempts and programmes to encourage mobility by the Commission were largely restricted to education, training and research. These included exchange programmes for students and staff from educational institutions to study or work in another member state. The exchanges also included workers and the unemployed undertaking training. Some of the main programmes were:

- Erasmus—allowed the creation of a European network of university cooperation via subsidising student and staff mobility between institutions. The concept of the European Credit Transfer System (ECTS) resulted from the programme. As part of the Bologna processes, the European Commission has been working on the blueprint for a credit transfer system for VET (European Credit for VET - ECVET), which is expected to complement ECTS.
- Lingua—promoted learning of foreign languages. Assistance was provided for in-service training courses for teachers of foreign languages, the promotion of learning of foreign languages in universities, at work and in economic life. Support was also provided for exchanges of young people undergoing specialised vocational or technical training.
- Youth for Europe—promoted the development of young people's exchanges and complementary activities outside the formal education and training structure.

- Petra—promoted inclusion of a European dimension in initial vocational training of young people. The programme included the placement of young job seekers and those in training in enterprises and training institutes of member states to enable them to experience and come in contact with new training methods and equipment. It also included the establishment of working links between national systems for vocational guidance and for the training of vocational guidance counsellors.
- Comett—promoted cooperation between higher education and enterprises in the area of advanced technologies, which included transnational exchanges and placements.
- Leonardo da Vinci—promoted the improvement and innovation in initial and continuing vocational education and training systems in the EU, including placements for the trainees as well as trainers in other member states.

In 1995 a new umbrella programme called Socrates was launched which covered education from school to university, including lifelong learning. Socrates incorporated a number of earlier programmes as well as the following streams:

- Comenius—covers school education with the aim of enhancing the quality of teaching, strengthening its European dimension and promoting language learning and mobility.
- Grundtvig—aimed at covering the European dimension of lifelong learning. It supports activities designed to promote innovation and the improved availability, accessibility and quality of educational provision for adults within the framework of formal, non-formal and independent learning, by means of European co-operation.
- Minerva—aimed to promote European co-operation in the field of information and communication technology and open and distance learning in education.
- Eurydice—aimed to create an institutional network for gathering, monitoring, processing and circulating reliable and readily comparable information on education systems and policies throughout Europe.
- National Academic Recognition Information Centres (NARIC)—is a network of national centres created to help regulate qualifications recognition and facilitate the improvement in, integration and transparency of national educational systems through exchange of *good* practice, information and experience. Each NARIC provides authoritative advice and information concerning the academic recognition of diplomas and periods of study undertaken in other states. The main users of this service are higher education institutions, students and their advisers, parents, teachers and prospective employers. NARIC work in cooperation with Council of Europe/UNESCO who developed European Network of Information Centres (ENIC) on academic recognition and mobility.

### **2.3.2 The Lifelong Learning Programme**

In 2006, a new programme, Lifelong Learning Programme 2007–2012 was established to continue the initiatives started under the Socrates programme. The new programme draws together all existing initiatives relating to schools, higher education, vocational education and adult education sectors, as well as the Jean Monnet Programme (which supports research into European integration). The existing sectorial programmes are accompanied by a programme supporting trans-sectoral activity in languages and ICT and the dissemination of the results of the other programmes. The reframing of these programmes into the paradigm of lifelong learning reflects concern to increase access to adult learning opportunities, especially for older workers, whose numbers are set to increase by around 14 million by 2030, and for the low skilled (European Commission 2005a). Furthermore, the Commission seeks to cooperate with third countries and with the competent international organisations, in particular the Council of Europe, the Organisation for Economic

Cooperation and Development (OECD) and the United Nations Educational, Scientific and Cultural Organization (UNESCO) with this new programme (European Commission 2006b).

### **2.3.3 Recent programmes—labour mobility**

The commitments made at the 2000 Lisbon European Council meeting on the economy and social cohesion saw the Union adopting a redesigned European Employment Strategy in 2003. It strengthened the focus on education and training and set EU-wide targets in these areas as well as the labour market by 2010:

- at least 85 per cent of 22 year olds should finish school with an upper secondary education
- employment rate of 55–64 year-olds to increase to 50 per cent
- participation rate in lifelong learning should be raised to at least 12.5 per cent of the adult working age population
- the average number of early school leavers may not exceed 10 per cent.

One of the main policies developed to achieve the strategic goal was an action plan on skills and mobility. Increasing labour force mobility, in both occupational and geographical dimensions, is a central plank of this plan. The plan signalled a noticeable shift from regarding mobility not only as a vehicle for achieving cultural and linguistic understanding among the population but to also use it as an instrument for a more efficient allocation of labour at the European level and thus address the regional skills imbalances. Programmes to remove barriers to mobility for not only students, trainees, teachers and researchers but also workers were developed. Some of these initiatives are described below.

#### *General system of recognition of qualifications*

For most regulated occupations, including trade and commercial professions, a general system of recognition of qualifications was developed. The system is based on the premise that if a professional is qualified to practise in an occupation in the country where they trained then they have a right to practise in the same occupation in another member state without having to totally requalify (European Commission 2004c).

Except for a handful of regulated occupations—doctors, nurses, midwives, pharmacists, dentists, veterinarians and architects—recognition is however not automatic and each individual has to apply to the authorities in the host country for their qualifications to be assessed as equivalent to the local ones. The applicant must possess evidence of academic or vocational qualifications and that of training or experience, all gained wholly or mainly within the EU or EEA. If the professions are the same and the training broadly similar then the authorities are obliged to recognise; conditionally recognise; or refuse to recognise the qualifications within a reasonable time. Professional experience may be used as a substitute for training that may be of shorter duration than in the host country. In particular, practical experience is central with respect to recognition of vocational education qualifications although the length of this experience that will be accepted can vary and may depend on the training that has been undertaken. The *Certificate of Experience*, issued by the country where a person has trained and worked, can be provided as evidence. Compensatory measures may also include a period of adaptation or an aptitude test.

In 2005 the Commission replaced the fifteen directives that related to the general system of recognition with a new single directive to come into force in 2007. Its aim is to increase mobility in the labour market, further liberalise the provision of services, encourage more automatic recognition of qualifications and to consolidate, simplify and rationalise the previous directives. With minor exceptions the reforms still maintained the principles and procedures of the general system but a number of enhancements and new provisions have been included, most significantly in relation to easing the restrictions on the temporary provision of cross-border services. The directive also lays

down five reference levels for qualifications for the purpose of mutual recognition among member states and defines common platforms as agreements between professional bodies in member states describing differences between professional qualifications which will increase transparency for a given profession (European Commission 2005b).

#### *European Qualifications Framework*

The European Qualifications Framework (EQF) is designed to increase transparency and comparability of qualifications across borders. It is expected to provide a reference point and a translation device for the EU's diverse education and training systems. Member states are expected to relate their own national qualifications frameworks to the EQF by 2009.

The EQF's scope differs from that of the directive on the general system of recognition of qualifications, which includes legally binding obligations, in that the EQF is not a tool granting rights to migrants to practise in a regulated occupation in another member state. At its core the EQF consists of a set of eight reference levels spanning all education and training acquired at the end of compulsory education, including non-formal and informal learning. The framework helps describe a person's qualification in terms of learning outcomes regardless of the system where it was acquired. In this way the reference levels shift the focus away from the traditional approach, which emphasises learning inputs (length of a learning experience, type of institution). Shifting the focus to learning outcomes supports a better match between the needs of the labour market (for knowledge, skills and competences) and education and training provisions (European Commission 2006a).

Recently the European Commission has stepped up efforts to establish a co-ordinated approach to quality assurance within the EQF. Quality assurance and accreditation exercises usually take place at national or regional level. In certain highly international fields of studies, however, transnational evaluations and accreditations can be meaningful. For this reason, the Commission has supported sector-led projects to establish *European Quality Labels* in Engineering (EUR-ACE-Accreditation of European Engineering Programmes and Graduates) and Chemistry (The Chemistry Eurobachelor Label CEBL). Member countries have also been asked to adopt European Standards both for universities and for quality assurance agencies as proposed by NQA (European Association for Quality Assurance in Higher Education) and partners. The standards will provide the minimum level of compatibility in the form of common references, which are needed in order to achieve the cross-recognition of qualifications and competencies, expected by citizens and the European labour market.

#### *Diploma Supplement*

The Diploma Supplement is a document attached to a higher education diploma with the aim of improving international transparency and at facilitating the academic and professional recognition of qualifications (European Commission 2004a). It is designed to provide a description of the nature, level, context, content and status of the studies that were pursued and successfully completed by the individual named on the original qualification to which this supplement is appended. It also includes information provided by NARIC on the national higher education system from which the individual graduated.

The Diploma Supplement is produced by national institutions according to a template that has been developed by a joint European Commission/Council of Europe/UNESCO working party that tested and refined it. Institutions have to apply to the Diploma Supplement the same authentication procedures as for the diploma itself. The standardised structure of the Diploma Supplement makes it more transparent and comparable than the original diploma, thus helping skilled labour mobility across national boundaries.

### *Certificate Supplement*

The Certificate Supplement was developed to improve transparency and ease recognition of vocational qualifications across Europe. It provides a detailed description of an individual's vocational qualification including the awarding body, accrediting body and level of the qualification. It also includes information regarding routes to obtaining the qualification, the entry requirements and the possible progression to further education. Details of any skills and competences acquired and details of occupations the holder is qualified to perform are included in the document. The Certificate Supplement is not a substitute for the original qualification, but can be used alongside it. It is not guaranteed to be recognised everywhere, as it is up to the individual country, institution or employer whether to recognise the qualification.

### *MobiliPass*

The MobiliPass initiative (previously known as Europass Training) came into effect in 2000 to promote European pathways in work-linked training, including apprenticeships (European Commission 1999). It is a method of recording the training carried out and skills acquired during a period of work experience, undertaken as part of an on-going training programme, in another European country. It boosts the transparency and visibility of these European pathways, by means of an official certificate attesting to the training and/or work experience acquired by the beneficiary in another country.

Although MobiliPass does not represent formal accreditation, the standard format of this passport style document is intended to ensure a consistent framework for the recognition of skills by training providers and employers throughout Europe.

### *European Curriculum Vitae*

The European Curriculum Vitae (ECV) provides a standardised overview of an individual's educational and occupational qualifications, language competences, skills and competences gained outside formal training schemes and work experience. Its purpose is to enhance recognition of education and training throughout Europe. The ECV has been developed alongside the Certificate Supplement. Job searchers have the opportunity to post their ECVs online.

### *Non-formal and informal learning*

Occupational mobility within and across borders may be improved with a better system for recognition of non-formal and informal learning. This type of learning can bring mutual benefit to employees and employers in small and medium enterprises that often face difficulties making funds or time available for formal training. While the value of experience and on-the-job training is often more important than formal qualifications for older workers, for young people non-formal learning acquired in, for example, civil society and voluntary activities can be important. With increasing European co-operation in vocational education and training, the need for a common set of guiding principles on validation of non-formal and informal learning has become important.

An expert group set up by the EC reported on a set of common principles for validating non-formal and informal learning (EAEA 2004a; European Commission 2004b). The principles include six main themes:

- purpose of validation—make visible and value the full range of qualifications and competences held by an individual, irrespective of where these have been acquired;
- individual entitlements—first and foremost serve the needs of the individual, in particular with respect to issues such as privacy, ownership of validation results and right to appeal;
- obligations of stakeholders—must assume responsibilities when they initiate validation, for example, in terms of providing proper guidance and support and quality assurance mechanisms;

- confidence and trust—requires well-defined standards; clear information on how assessments are conducted and on which basis conclusions are drawn; clear information about the purpose of validation and how the results will be used; and, clear and accessible information on conditions for validation, for example time and cost involved as well as support/guidance provided;
- impartiality—relates to the roles and responsibilities of the assessors involved in the validation process; and
- credibility and legitimacy—reflects the inclusion and commitment of relevant stakeholders in the process.

### *European Language Portfolio*

The importance of the ability to communicate in the language of the host country is well recognised for successful transition into the labour market of that country. The European Commission also regards multilingualism as the glue to bond the peoples of Europe. Since 2003 the Commission has adopted the *Language Action Plan* (European Commission 2003a) which aims to teach all young people at least two European languages other than their mother tongue from a very early age. The plan sets out a number of policy objectives with the aim of extending lifelong languages learning to all citizens. It contains concrete proposals for supporting actions taken in this regard at the local, regional and national level and encouraging more mobility of language learners and language teachers. The European Language Portfolio has been developed to record the individual's language skills according to common criteria accepted throughout the EU and which can serve as a complement to other certificates.

### *European Certificate in Basic Skills*

A competency-based certificate, European Certificate in Basic Skills (EUCEBS), as part of the Leonardo da Vinci Community Vocational Training Action programme 2000–2006 has been piloted in a number of member states over the last four years (Tosh 2004; EAEA 2004b). It has parallels with the European Computer Driving Licence (European Computer Driving Licence Foundation 2004).

The certificate has six domains: communications, ICT, numeracy, interpersonal skills, self learning and citizenship and can be broken into six mini-certificates according to these domains.

An e-Portfolio tool which enables effective monitoring of an individual's own learning, including accreditation of prior and informal learning, within the e-Learning environment is also being developed in conjunction with the certificate. It is expected that the tool will be used to develop training for tutors and a Qualified EUCEBS Assessor Award.

The certificate is targeted at employed and unemployed adults without formal qualifications, early school leavers, those who lack confidence in their basic skills, immigrants from non-European countries and those who are not yet equipped for the information society. It can be offered through workplaces and learning centres, including, neighbourhood houses. The certificate will be offered online in the manner of the European Computer Driving License. Candidates' records of achievement will be lodged with the European Single Framework on Transparency of Qualifications and Competencies, allowing employers anywhere in Europe to verify these candidates' skills.

### *Europass*

It is clear from the above discussion that there are now a number of instruments for recognising skills, qualifications and experience. Large numbers of disparate instruments has the potential to make the objective of transparency and transferability more complex if there isn't a single overarching framework. The *2002 Copenhagen Declaration* explicitly called for the integration of the existing instruments into a single framework (European Commission 2002b).

In 2004 the Commission established Europass as a single framework incorporating:

- personal competencies (ECV);
- language learning (European Language Portfolio);
- mobility experiences (MobiliPass);
- qualifications in vocational education and training (Certificate Supplement); and
- qualifications in higher education (Diploma Supplement) (European Commission 2004e).

Europass is an open document in the sense that further documents may be added in future, to allow in particular for a closer focus on specific sectors or skills.

#### *National Reference Points*

National Reference Points (NRP) were first proposed by the *European Forum on Transparency of Vocational Qualifications* (CEEDEFOP and European Commission 2001). The Forum recommended that NRPs should:

- act as a first point of contact when questions relating to national qualifications, certificates and certificate supplements arise;
- have direct access to relevant information or be in contact with the relevant national bodies which have the information;
- either be able to answer questions themselves or transfer them to the competent agency; and
- be a national partner in a European network of reference points with similar responsibilities.

NRP have been or are in the process of being set up in each member state. They act as a hub and a point of entry into the country for information about its vocational qualifications system. Moreover they are electronically networked and linked with each other.

Just as there was a need to bring all the documents relating to skills, qualifications and experience under a single framework of Europass, similarly there is a need to coordinate the activities of NARIC, ENIC and NRP under a single framework.

#### *The Bologna Process*

The Bologna Process is the most important and wide-ranging reform of higher education in Europe in the last thirty years (McKenna 2004). The ultimate aim of the Process is to establish a European Higher Education Area by 2010 in which staff and students can move with ease and have fair recognition of their qualifications. In 2003 it was decided to make all countries party to the European Cultural Convention eligible for membership, provided that they implement the objectives of the Bologna Process in their own system of higher education. This increased the number of current members to forty-five states.

The Bologna Process suggests that member states reform higher education in the following ways:

- adopt a system of common degrees—bachelor, masters and doctoral—to improve comparability and compatibility, with reasonably well defined structures in terms of the number of credits to be completed by a full-time student in order to be awarded a degree;
- establish a system for credit transfer and accumulation (eg ECTS);
- promote geographic mobility of students and staff;
- promote co-operation in quality assurance; and
- increase recognition of qualifications awarded in other member states.

The needs of the labour market are reflected in the development of the degree structures, particularly at the bachelor and masters levels. There remains, however, some uncertainty about whether the generally accepted three-year length of the first cycle is adequate in some professional fields such as architecture (Keating 2006).

#### *The Copenhagen Process*

A parallel process in the VET area is under way. Its goals are similar to those that are being achieved in the higher education area (Keating 2006):

- A single framework for transparency of competences and qualifications. The intention is to bring together into a single user friendly and more visible format the various existing transparency instruments, for example the European CV and the Certificate and Diploma Supplements.
- A system of credit transfer for VET. Inspired by the successful ECTS in higher education, the intention is to develop a similar system for the vocational sector (the ECVET). ECVET will be developed within the EQF and is expected to be directly relevant to individual citizens.
- Common criteria and principles for quality in VET. Taking forward the work of the European Forum on Quality, a core of common criteria and principles for quality assurance will be developed, which could serve as a basis for European level initiatives such as quality guidelines and checklists for VET.
- Common principles for the validation of non-formal and informal learning. The aim is to develop a set of common principles to ensure greater compatibility between approaches in different countries and at different levels.
- Lifelong guidance. The aim is to strengthen the European dimension of information guidance and counselling services, enabling citizens to have improved access to lifelong learning.

#### *Social security coordination*

In principle agreement at the political level has been reached to improve EU-wide transferability of social security rights to all nationals of member states irrespective of whether they are students, self-employed, family dependents etc. In particular, the general principle that benefits should be paid in whichever country the beneficiary happens to be living shall apply. The rights extend to nationals of third countries who are legally resident in any of the member states.

#### *Portability of occupational pensions*

The social security legislation will in theory provide effective mechanism to coordinate the transfer of statutory pensions across member states and thus help remove obstacles to labour mobility. Little progress, however, has been made on making occupational pensions portable across the EU. In a consultation paper the Commission urges management and unions, who together bear the main responsibility for setting up occupational pension schemes, to take decisive steps towards improving portability and to negotiate an EU-wide collective agreement in this area. The Commission sees a possible solution in the elimination of age conditions and the gradual reduction of the waiting and vesting periods required for qualification or the recognition of relevant employment periods in another member state. Workers should be offered choice as to whether they want to keep their acquired pension rights in the original scheme or transfer them to another, including one in another member state. In case they opt for a transfer of their accrued rights, job changers should enjoy fair actuarial conditions, otherwise dormant acquired rights left in a previous employer's pension scheme should be made inflation-proof.

#### *European Health Insurance Card*

The European Health Insurance Card was introduced in 2005. The aim of the card is to simplify procedures for accessing the healthcare system in another member state and speed up the



reimbursement system between jurisdictions. The system will remain as present with the member state that has treated the individual being reimbursed by that individual's home social security institution. The card is not valid for a person who goes to another member state for the sole purpose of receiving treatment for an existing medical condition.

#### *European Job Mobility Information Portal*

European employment services (EURES) brings together the Commission and the public employment services of the countries belonging to the European Economic Area and Switzerland. Other regional and national bodies concerned with employment issues are also included, such as trade unions, employers' organisations, as well as local and regional authorities. The network provides services for the benefit of workers and employers. This involves three types of service provision: information, advice and recruitment/placement (job-matching). EURES is in the process of being modernised. In collaboration with the ILO work is in progress to adapt and enhance the International Standard Classification of Occupations (ISCO) for the purposes of job descriptions and guidance activities.

In the context of encouraging labour mobility, an information module, *European Job Mobility Information Portal*, has been developed within EURES. Placing the module within EURES means that it can take advantage of the enormous networking capacity that already exists. The portal provides an electronic gateway to information on living, working and labour market conditions in all European regions. The inclusion of the PLOTEUS module, relating to education and training opportunities, means that information on learning, training and employment and mobility is all available at a single site.

EURES, together with the other modules, is playing an increasing role in identifying the surpluses and deficits of labour in different sectors, in overcoming skills bottlenecks and creating a European labour market, as well as, in certain border regions, assisting in the establishment of an integrated regional labour market.

#### *Treatment of third country nationals*

In many EU states immigration is the only source of population growth, and as a result of labour shortages some of them have active recruitment programmes from third countries. Given that migrants are generally younger and are less likely than native-born citizens to have emotional bonds with their country of residence, they can make a significant contribution to geographic mobility. There is limited cooperation on the treatment of long-term third country residents among member states though. Recent decisions taken at the political level may eventually improve intra-EU mobility of this group of people. The proposal is that after five years of legal residency in a member state, and provided that other conditions to obtain long-term residence status are met, then a set of uniform rights of movement which are as close as possible to those enjoyed by EU citizens will be granted to nationals of non-EU countries.

### **2.3.4 Evaluations of the success of European Union Initiatives**

Although there has been an increase in the movement of students across borders within the EU, there is concern that there are not enough national strategies to encourage even more movements. In 2004, 2.7 million higher education students were enrolled outside their country of citizenship, an 8 per cent increase since 2003 (Charon-Wauters 2005). In the Erasmus programme alone, 150,000 people benefit each year, and to date a total of over 1.5 million have participated (European Commission 2007b).

The interim evaluations of the current Socrates and Leonardo da Vinci programmes and the public consultation on the future of Community activity in education and training indicated strong support for the programmes. They suggested strengthened and continuing cooperation in these fields at the European level. The reports emphasised the importance of creating closer links between Community programmes and policy developments in education and training, expressed the wish

that Community action should be structured so as to respond better to the lifelong learning paradigm, and pressed for a simpler, more user-friendly and more flexible approach to implementing such action (European Commission 2006b). Furthermore, the Commission identified “inappropriately detailed provisions” and “disproportionately onerous administrative procedures for grant applications” as problems with Socrates and Leonardo da Vinci programmes (European Commission 2006b).

The EU is far from reaching the benchmarks set out in the *Education & Training 2010* work programme. Almost 16 per cent of young people in the EU still leave school early, reflecting only slight progress towards the EU 2010 benchmark of 10 per cent (European Commission 2005a). Nearly 20 per cent of people aged 15 years continue to have serious difficulty with reading literacy, reflecting no progress since 2000 against the EU benchmark of reducing the share by one fifth. Although 77 per cent of 18-24 year-olds complete upper-secondary education, this is still well below the EU benchmark of 85 per cent, despite good progress in some countries. The persistently high numbers of young people leaving school without a basic level of qualifications and competences are a worrying signal that initial education systems are not always providing the necessary foundations for lifelong learning. This concern is also reflected in the new Lisbon integrated guidelines and in the European Youth Pact. Several countries are responding to this by reforming curricula and study programmes, aiming to ensure that key, transversal competences are acquired by all.

In 2005 new targets were set in the areas of training and mobility. The Commission set a target of three million university students to benefit from EU funding as part of its new financial framework up to 2010, for 150 000 vocational trainees to take part in mobility schemes each year by 2013, for 10 per cent of the school population to be involved in mobility schemes over the course of the programme and for 50 000 adults to take part in lifelong learning schemes (European Commission 2005c).

## **2.4 Global impact of European Union initiatives**

This section will mainly focus on the impact of the EU initiatives and reforms on Australia and United States. The impacts are also felt in many other countries including those in the Asia-Pacific region with some countries already monitoring the Bologna Process. China, for instance, has shown interest in cementing its educational links with a number of European countries and has sought observer status for the 2007 ministerial meeting.

### **2.4.1 Australia**

Keating (2006) reports that various commentators suggest the Diploma Supplement could threaten Australia’s international student market, with the competition from the shorter and cheaper first stage (bachelor) degrees. However, discussions at the global level regarding accreditation are raising some concerns from outside Europe that Bologna may be putting in place criteria and structures which inhibit the free workings of a ‘market’ in higher education (Education International 2005).

The Australian Government has expressed concerns about the implications for Australia of staying outside of the Bologna Process:

*If Australia is not able to maintain alignment with these [Bologna] developments, a significant proportion of the current 32,000 European enrolments in Australian institutions may find other destinations more attractive. Similarly should Asian countries or institutions choose to align with the Bologna Process, Europe may become a more attractive destination for those students (DEST 2006a).*

The government’s initial assessment is that Australian higher education has much to gain by aligning with the key Bologna initiatives.

### *ECTS*

The development in Europe of the ECTS scheme has prompted the Australian Government to re-examine the implications for credit transfer in Australia (DEST 2006a). Australia has the equivalent full-time student unit (EFTSU) system which, whilst providing a common measure of student workload applying across Australian universities, doesn't specify the workload in terms of learning outcomes and competencies. The lack of an accepted uniform national system of credits in Australia is a significant impediment to mobility—universities' different arrangements often mean that individual judgements have to be made for each student seeking credit for study completed. It is possible that EFTSU calculations could be translated into the ECTS on the basis that one EFTSU equals 60 ECTS credits.

Australian universities already have experience with the use of the University Mobility in Asia and the Pacific (UMAP) credit transfer system which is modelled on the ECTS. From the point of view of students moving between Australian universities, the introduction of a common credit system would have clear benefits, independent of any benefits of international mobility. The risk for Australia in the long term, if it were to remain a 'Bologna outsider', is that there is likely to be a tendency for relationships to increase between aligned systems at the expense of those between less compatible systems.

### *The Melbourne Model*

The new Melbourne University degree model is based upon a suite of six three-year generalist bachelor degrees to be followed by two (plus) year specialist degrees. This is not strictly the Bologna model and is more like the USA model. However, it has attracted the interest and the support of the Australian Government, which recently allocated \$4 million towards its development. (Keating 2006). also observes that apart from the 'Melbourne University model', there have been recent announcements of overseas universities establishing partnerships with Australian universities, and a number of TAFE institutes now offer degree level courses. Such developments would appear to potentially have a major impact upon the structure of qualifications in Australia, and the AQF. They are likely to bring differentiation to the higher education sector, and possibly the TAFE sector, and thus make the qualifications descriptor basis of the AQF inadequate for its major purposes.

### *Regional qualifications framework*

The Australian Government has shown interest in the concept of regional qualifications framework developed in conjunction with some neighbouring countries such as Malaysia and Singapore, similar but probably not as elaborate as Bologna and Copenhagen (DEST 2006a). Potential precedents could be the broad objective of several Middle Eastern countries (mainly Gulf States) to align their frameworks, and the integrating role played by the Inter-American Research and Documentation Centre on Vocational Training (CINTERFOR) in the development of Latin American frameworks. Once again, the absence of levels in the AQF is likely to be a barrier (Keating 2006).

## **2.4.2 United States**

Developments in the European Union are also influencing the provision of tertiary education in the United States through the signing of a new agreement on higher education and vocational training for the period 2006–2013. The new programme supports the following main initiatives:

- Transatlantic Degree action providing support to multilateral partnerships of EU and US institutions for the purpose of setting up joint study programmes—including joint/double degrees—and transatlantic mobility of students and academics.
- Excellence Mobility Projects, providing follow-up financial support for student mobility to joint consortia that have a proven track record of excellence in transatlantic cooperation.

- Policy-oriented measures, addressing comparative higher education and vocational training issues, and promoting dialogue on recognition of qualifications and accreditations.
- Schuman-Fulbright action providing scholarships to highly qualified professionals for undertaking studies or training on the opposite side of the Atlantic, in areas of specific relevance to the EU/US relations. The details of the Schuman-Fulbright action will be developed as a cooperative arrangement between the European Commission and the US Department of State.

Most importantly, the new *Transatlantic Degree Programme* is designed to stimulate the creation of truly joint or double degrees by providing support to multilateral consortia with a minimum configuration of two EU higher education institutions located in different Member States and one US institution. The partner institutions will have to create an integrated joint study programme, with students from the two sides spending a period of study both in the EU and in the US institution and getting either a joint degree (issued jointly by two institutions) or a double degree (two degrees, one from an EU institution, the other from the US institution) encompassing the whole period of study. At the core of the programme is the enhancement of student mobility, innovation and joint curriculum development and academic recognition between the EU and the US (European Commission 2007a).

## 2.5 Summary

In summary, intra-EU labour mobility is low compared to the United States although movements of third country nationals into the EU, especially economic refugees, have been high in recent times. Early mobility programmes focussed on learning of languages and cultural awareness through exchanges of students, teachers and academics. The main aim of these programmes was to extend cultural understanding between peoples of Europe in the hope that this would unite them after the experiences of World War II.

From the mid-1990s the European Commission began to see intra-EU labour mobility as an important policy area for an efficient EU-wide labour market, including addressing the problem skills shortages in some regions coexisting with high unemployment in other regions.

The Commission has developed a three-pronged strategy to overcome some of the barriers to occupational and geographical mobility. The first element of this strategy relates to transparency and transferability of skills, qualifications and experience across the EU borders. A number of programmes have been developed to facilitate this, including instruments to translate, record and electronically lodge different aspects of a person's human capital at national employment service centres where they can be accessed by employers across the EU.

The second element of the strategy relates to facilitating geographic mobility across borders. Lack of portability of social security, health benefits and supplementary pensions have been identified as major deterrents to mobility. The introduction of the European Health Card in 2004 has been the main achievement to date with progress on other fronts rather slow.

The third element of the strategy relates to provision of information on various aspects of mobility, including that of the labour markets of other EU regions. The national employment services have been networked to form EURES. To this has been added a portal on mobility and one on information on education and training opportunities.

The EU initiatives are undoubtedly having an influence globally. There are concerns, including within Europe, that the Bologna Process may be creating structures that may be inhibiting a free market in higher education.

### **3 Mobility and mutual recognition in Australia and New Zealand**

#### **3.1 Background**

Immigration has been a big factor in the population growth of both Australia and New Zealand since European settlement. Before World War II both countries competed with the United States, Canada, and South Africa for immigrants mainly from the British Isles. After the war, Australia extended its sources of migrants first to other parts of Europe, mainly Southern Europe, and then in the last 25 years to Asia as the numbers available from the traditional European sources began to shrink. At the same time New Zealand extended its sources to the South Pacific islands.

Australia and New Zealand had an informal understanding allowing unrestricted movement across borders for its citizens for the purposes of visits, settlement and work. The 1973 Trans-Tasman Travel Arrangement formalised this long-standing understanding.

In 2001 the governments of the two countries announced new bilateral social security arrangements under which New Zealand citizens are required to obtain formal Australian permanent residence status if they wish to access certain social security payments, obtain Australian citizenship or sponsor people for permanent residence, unless they are covered by special transitional provisions. Australian citizens face fewer restrictions to access welfare benefits in New Zealand though.

Generally there have been higher flows of New Zealanders to Australia than the other way round. The number of New Zealanders present in Australia in 2004 was 445,000 with 57 per cent having been in the country for 12 months or more (DIMIA 2005). In comparison, Australian-born residents in New Zealand in 2001 numbered just 56,000 (New Zealand Immigration Service 2003).

Against this background of large scale immigration from all corners of the world, it would come as a surprise to an outsider to find that the eight states and territories that make up the Australian federation signed a mutual recognition agreement (MRA) to remove barriers for people wanting to practise a regulated occupation across borders only in 1992. In 1996 the agreement was extended to include New Zealand. In the future it is hoped to extend the underlying model to other South Pacific and South East Asian countries.

Australia's approach is an interesting case study in mutual recognition of qualifications, partly because it illustrates the difficulties of the process even when the parties covered by mutual recognition have a common language, a similar political system and face few other barriers to geographic movement across borders.

When Australia was formed in 1901 by the federation of the states, the new Constitution gave relatively few powers to the federal government—immigration, defence and foreign affairs among them—and left the residual powers with the states but over time the influence of the federal government has increased as its fiscal strength has grown.

The Constitution enshrined free trade among the states and territories and ensured freedom of movement of people across state borders. Nevertheless, Australia's federal political structure has often resulted in confusion and inefficiency—the states are inherently jealous of each other and are often only united in their opposition to the federal government.

In 1992 the Council of Australian Governments (COAG), consisting of heads of federal, state and territory governments and the head of the Australian Local Government Association, was created to address some of the problems of Australia's federal political structure. Its purpose is to initiate, develop and monitor the implementation of policy reforms that are of national significance and that require cooperative action by Australian governments. A number of Ministerial Councils parallel COAG's role for specific issues. Relevant New Zealand Ministers are also members of these committees and have full voting rights on any issue concerning New Zealand.

One of the first set of reforms tackled by COAG was that on regulations relating to the flow of goods and services across state borders. It was felt that the current state-based regulations and licensing requirements were creating inefficiencies, including impeding labour mobility. Each of the states and territories has authority over registering persons as legally permitted to practice certain occupations. There were often substantial differences in the requirements of the various states and territories that made it difficult for people wishing to practice an occupation in more than one state or territory as they had to satisfy the registration requirements of all the states and territories in which they wished to practice—a process that was often onerous and caused delays and other costs for businesses and individual service providers. The 1992 *Mutual Recognition Agreement between the Commonwealth, States and Territories of Australia* addressed this problem.

As a country with extensive immigration, and an active skilled migration plan, Australia has devoted considerable resources to the problem of the recognition of overseas educational and professional qualifications. It has also had to confront the issue of the recognition of qualifications between its own states and territories.

In Australia all post-school qualifications come under the Australian Qualifications Framework (AQF). The states and territories have agreed to abide by Australian Quality Training Framework (AQTF) to ensure uniform standards for vocational education and training. Any organisation wishing to deliver nationally recognised training has to become a Registered Training Organisation (RTO) under the rules of the AQTF. RTO's registered in any state and territory can deliver training in any part of the country and the qualifications awarded are similarly recognised.

This paper does not address the qualifications system. Instead it focuses on a very different approach that Australia and New Zealand adopted to the issue of the mutual recognition of registration requirements for different occupations.

### **3.2 Mutual Recognition Agreement between Australian states and territories**

The MRA between the federal, state and territory governments addresses restrictions on the sale of goods and services across state borders created by different licensing requirements. From the perspective of individuals and enterprises, the MRA promised to remove the barriers associated with different occupational registration requirements in the various states and territories and therefore permit easier cross-border business activity and service provision. More generally the MRA sought to contribute to the creation of a national market and a regulatory environment that would encourage business and industry to maximise their efficiency and promote international competitiveness.

This paper focuses on those aspects of the MRA that deal with the registration of individuals to provide services. In this context, the fundamental tenet of the MRA is that:

*A person who is registered to practise an occupation in one jurisdiction is entitled to practise an equivalent occupation in any other jurisdiction without the need to undergo further testing or examination.*

The MRA covers all occupations that require an individual to have some form of legal registration to practise that occupation. It focuses on a person's registration in their original jurisdiction. If a builder is registered in the state of Victoria, for instance, then mutual recognition allows that individual to be registered as a builder in the state of New South Wales, regardless of whether they would otherwise satisfy the requirements for registration in New South Wales.

The MRA does not affect any laws regulating the way in which an occupation is conducted—only the eligibility of the person to legally practise that occupation. A person registered under the MRA and working as a builder in New South Wales must still comply in all respects with the laws governing the ways in which builders are to carry on their business in New South Wales, which

includes any requirements for ongoing registration in that occupation. These requirements, however, must not be based on attaining a certain qualification or level of experience.

### **3.2.1 Obtaining registration under the MRA**

A person seeking registration under the MRA must lodge appropriate documentation, including that relating to their current registration. The person is then deemed to be registered and may carry on their occupation as if they had already been granted substantive registration. Such registration continues until the registration authority grants, postpones or refuses registration. If a registration authority does not formally respond to the applicant within one month of the application for registration being lodged, the applicant is entitled to immediate registration. If there is any irregularity with the application, a registration authority can postpone making a decision for up to six months.

If registration is granted, a registration authority may impose conditions similar to any restrictions that apply to a person's original registration or that are necessary to achieve equivalence between occupations. Registration may be renewed, and subject to the laws of the registering jurisdiction, the entitlement to registration will continue whether or not the person's registration in their original jurisdiction ceases.

Grounds for refusing registration include making a false or misleading application, the occupation not being considered an equivalent occupation and equivalence cannot be achieved by imposing conditions or limits on registration, or a person's registration has been suspended in another jurisdiction as a result of criminal, civil or disciplinary proceedings.

Decisions of a registration authority may be appealed to the Administrative Appeals Tribunal (AAT), an independent body that reviews a broad range of administrative decisions made by specified government ministers, officials and other bodies as well as administrative decisions made by some non-government bodies.

A refusal of registration by the AAT on the basis of a threat to health, safety or the environment has effect for 12 months. During this period, the government in whose jurisdiction the declaration applies must refer the matter to the relevant Ministerial Council to examine the registration requirements for the occupation in question and determine whether any changes to the standards applying to the occupation should be introduced.

Mutual recognition is likely to highlight instances where registration authorities may wish to review the appropriate competency standards needed to gain registration to practise a particular occupation. First, if the issue substantially concerns the protection of public health, safety or the environment, a participating government may refer the matter to the relevant Ministerial Council for determination. Second, Ministers from any two or more jurisdictions may jointly declare that specified occupations are equivalent. They may also specify or describe conditions that will achieve equivalence. Ministerial Declarations only have effect in the jurisdictions of the parties making them, and prevail over any inconsistent decisions of the AAT.

## **3.3 Mutual recognition between Australia and New Zealand**

Given the small populations of Australia (20 million) and New Zealand (4 million) and their relative geographic proximity, cooperation that results in a larger single market for businesses in both countries is likely to produce economic benefits.

### **3.3.1 Australia-New Zealand Closer Economic Relations Trade Agreement**

A heavily qualified free trade agreement had existed between Australia and New Zealand since 1965. The 1983 CER Trade Agreement extended and modernised this agreement. A Protocol to the CER on the Acceleration of Free Trade in Goods in 1988 provided for the elimination of all remaining tariffs and quantitative restrictions by July 1990 (DFAT 1997).

The agreement acknowledged that the further development of the relationship between the two countries would ‘be served by the expansion of trade and the strengthening and fostering of links and co-operation in such fields as investment, marketing, *movement* of people, tourism and transport’ (emphasis added). Nevertheless, the agreement itself exclusively dealt with trade in commodities and detailed reductions in tariffs, quotas and export subsidies and a set of transitional arrangements. The CER did, however, include movement of people in a list of topics to be included in a proposed 1988 review of the agreement (DFAT 1998).

The 1988 review of the CER resulted in the Trade in Services Protocol to the CER, and Article 9 of the protocol contained two clauses that addressed licensing and certification. The import of the clauses was that Australia and New Zealand would:

- try to ensure that licensing and certification requirements will not impair or restrain, in a discriminatory manner, access of persons in each others countries to licensing or certification; and
- encourage the mutual recognition of each other’s qualifications for the purpose of licensing and certification requirements for the provision of services (DFAT 1988).

### **3.3.2 Trans-Tasman Mutual Recognition Arrangement**

In 1996 the MRA between Australian states and territories was extended to New Zealand in the form of the Trans-Tasman Mutual Recognition Arrangement (TTMRA) committing all jurisdictions to recognise each other’s licensing and registration requirements for the sale of goods and provision of services (DFAT 1998). The expectation is that the arrangement will eventually be extended to other economies, including those in the South Pacific and APEC.

In so far as it relates to the registration of occupations, the TTMRA involves only some minor modifications required by its international nature and refers to the New Zealand tribunal—The Trans-Tasman Occupations Tribunal (TTOB)—that parallels Australia’s AAT.

## **3.4 An evaluation of the MRA and TTMRA**

The processes and effects of the MRA and TTMRA have been reviewed twice (COAG 1998a; Productivity Commission 2003). The 2003 review placed a greater emphasis on effectiveness and included the TTMRA in its scope, but otherwise the issues addressed and conclusions reached by the two reviews were similar. Again, we focus here on those aspects of the reviews that address the mutual recognition of occupations.

Both reviews recommended continuation of MRA and TTMRA. The 1998 review reported MRA to be achieving its objectives, although experiences with mutual recognition varied between occupations and between jurisdictions within the same occupations. The 2003 review found that mutual recognition has contributed significantly to increased labour mobility across borders. For instance, it found an increase in the inter-state mobility of persons in regulated occupations compared with those in other occupations. The review also found evidence of increased efforts to harmonise standards for a number of registered occupations and anecdotal evidence of decreased costs to industry as a consequence of the MRA and the TTMRA.

### **3.4.1 Problems with the MRA**

The reviews both record several reservations by stakeholders about the way in which the MRA and TTMRA were working—reservation with which the reviewers did not necessarily concur.

#### *Erosion of quality*

Most importantly, stakeholders identified a lack of national consistency in registration requirements that provided opportunities for people to ‘shop’ for registration. In other words, people ineligible to practice in one state would apply for registration in another state with more lenient registration rules and then use the provisions of the MRA to apply for registration in the state in which they wished to



practise. Stakeholders labelled this ‘the lowest common denominator’ effect—the jurisdiction with the most lenient registration requirements set the benchmark for other jurisdictions. State regulations governing registration of overseas applicants were also exposed to ‘jurisdiction shopping’ through the MRA.

The reviews noted that the mutual recognition legislation had increased communication between registration boards in different jurisdictions so that they had become more aware of differing registration requirements and standards. One consequence had been stronger moves to create greater national and trans-Tasman consistency in registration requirements. Quality concerns could however be referred to the Ministerial Council for resolution and the reviews recommended a greater use of the referral provisions in the legislation.

This response might strike others as endorsing a somewhat strange approach to policy. First, instead of ensuring national consistency of registration requirements to encourage labour mobility and minimise inefficiencies, the strategy started by passing legislation that recognises all registration requirements as of equal value. Second, when the ensuing process highlights the inevitable inconsistencies among states and possible problems with registration requirements in some states, the solution to the problem is to legislate for nationally consistent standards. While this is an approach that might arguably be necessary in Australia, it might not be a path other countries would wish to follow.

#### *Lack of jurisdiction-specific knowledge*

Lack of familiarity of the laws and procedures within specific jurisdictions is another example of a possible problem with MRAs. Some submissions to the reviews doubted that the knowledge required by one jurisdiction was necessarily sufficient to practice that occupation in other jurisdictions with examples given in the case of real estate and building surveying and more disturbingly in the registration of pharmacists.

The reviews claimed that persons trained for an occupation had generic competencies that allowed them to understand legislation in their area of expertise and that these competencies would allow practitioners to obtain the required knowledge. If this were not the case, changes to laws and other requirements, which occur on a reasonably regular basis, would quickly render a person's skills and/or knowledge out of date.

However another COAG guide, *A User's Guide to the Trans-Tasman Mutual Recognition Arrangement*, treats this issue differently (COAG 1998b). It discusses the case of registered pest controllers from cooler states where termites might not be a problem. The Guide recommends that such pest controllers be granted only a restricted licence in other states because they lack (local) knowledge. The case for pest controllers is arguably little different from that for real estate agents or lawyers. The imposition of local knowledge requirements has the potential to undermine the general principles of a MRA.

#### *Establishing equivalence*

Establishing equivalence between occupations, that is, ‘when the activities authorised to be carried out under each registration are substantially the same’ is still difficult and is the basis for some appeals to the AAT and the TTOB. In some states, for instance, settlement agents and conveyancing agents do not draft their own documents and their work does not include commercial property and its components, while in other states they do. Other examples involved dental therapists and hygienists and chiropractors and osteopaths. The 1998 review noted that while the problems raised by some occupations could be dealt with by placing conditions on registration as allowed in the MRA, with other occupations the problems reflected flawed legislation and could only be addressed by reform of that legislation.

### *National Competition Policy*

National Competition Policy (NCP) is a significant Australian policy initiative that focuses on the removal of barriers to competition imposed by state and territory regulations. Overall the MRA is pro-competition legislation, especially in regard to those aspects dealing with occupational registration.

The main concern raised was that some states and territories responses to the NCP were eroding the benefits of the MRA. For example, under the NCP the states and territories were conducting uncoordinated state-based reviews of the legislation dealing with professional practice thus raising the possibility of new inconsistencies in registration requirements, contrary to the spirit of the MRA.

### *Business licensing*

A number of submissions to the 1998 review supported extending mutual recognition of occupations to business licensing. In some cases, registration to run a business is linked to the registration for an occupation. The review noted that conceptually these are two separate issues and that the requirements to have registered persons in charge of registered business are unnecessary and should be removed from legislation covering registration of businesses.

### *Negative licensing*

Occupations in some jurisdictions (eg land salespersons in South Australia and builders in Tasmania) have what is termed negative licensing—a person is deemed to be eligible to practice an occupation unless he or she is explicitly barred from that occupation because of unacceptable or unsatisfactory conduct. Negative licensing is a low cost (for governments and persons) and light handed approach to regulation. When moving between jurisdictions, however, persons in this situation may be at a disadvantage under the MRA because they are not explicitly registered and therefore have no basis on which to apply for registration in another state or territory.

The reviews' recommendation to extend mutual recognition to cover these non-traditional approaches to regulation has so far not been taken up.

## **3.5 Summary**

The MRA and TTMRA highlight the desirability of mutual recognition of qualifications. The 2003 review in particular reports some limited quantitative evidence of the contribution of the Agreements to labour mobility between states and territories and between Australia and New Zealand. That review also reports numerous instances where stakeholders have found reduced costs and other advantages associated with the Agreements.

Mutual recognition of skills typically focuses on the equivalence of qualifications or registration requirements and seeks their harmonisation between jurisdictions over time. The strategy behind the MRA and the TTMRA, however, is different. They focus on the mechanisms for occupational registration, declare them equivalent and sort out the problems after the event. In Australia and New Zealand, those problems are still being addressed, but the approach has initiated a focused review of some impediments to labour mobility and possibly unnecessary costs to industry.

The consequences of the MRA and TTMRA provide possible lessons for other countries considering mutual recognition arrangements. They highlight both the difficulty of achieving mutual recognition agreements even when language, cultural and other differences are small as well as the potential threats to the standards governing occupations. The strategy did, however, produce results quickly.

The problems surrounding 'negative registration' echo the problems of harmonising skills, qualifications and registration requirement between two countries one of which emphasises formal

qualifications and extensive regulation and the other which does not. There may be relatively little scope for negotiation in such circumstances.

## **4 Other arrangements and developments affecting Australia**

### **4.1 Developments within Australia**

The Australian Government is proposing that a national quality strategy for transnational education and training be developed, to draw together the many excellent quality assurance arrangements already in place for offshore delivery in each of the sectors (APARNET 2005).

The Transnational Quality Strategy will be pursued through activities in two key areas:

- improving communication and promotion of Australia's quality framework to all stakeholders, within Australia and internationally
- strengthening of the national quality framework, which comprises both regulatory and non-regulatory activities.

Keating (2006) has characterised Australia's existing National Qualifications Framework as relatively limited but that "Australia has tended to be ahead of the pack in terms of the architecture for credit transfer". He notes that by contrast, the unit credit basis of the New Zealand and South African qualifications frameworks provides a ready basis for the development of credit transfer arrangements. The notion of a skills passport, similar to that of the Degree Supplement, has recently surfaced in Australia as a way of improving the market value and relevance of qualifications in the form of the Queensland Certificate of Education (QCE). Other local developments in skills recognition have been initiated by the Lisbon Convention, discussed below.

### **4.2 Multilateral Developments**

Australia is an active participant in a collaborative UNESCO/OECD project to develop guidelines on quality provision in cross-border higher education (OECD 2005b). The main purpose of the guidelines is to protect students and the international reputations of member countries from disreputable providers and the provision of poor quality educational experiences. This is especially relevant where gaps in the quality assurance framework leave some cross-border higher education provision outside the protection of quality assurance and accreditation mechanisms. The guidelines will not have any legal status and as such will not be legally binding. Member countries are expected to implement the guidelines as appropriate in their national context.

In the Asia-Pacific region, the Asia-Pacific Academic Recognition Network (APARNET) has been established to promote and facilitate discussion on matters relating to qualifications recognition amongst the National Academic Recognition and Information Centres (NARICs). APARNET assists in the promotion, collection, dissemination and exchange of information on issues relating to higher education systems, assessing authorities and the recognition of educational qualifications within the region. Australia Education International (AEI), through the National Office of Overseas Skills Recognition (AEI-NOOSR) is the Australian body on the NARIC Network. It is also a member of the European Network of Information Centres (ENIC). Australia became a party to the Regional Convention on the Recognition of Studies, Diplomas and Degrees in Higher Education in Asia and the Pacific (the Asia-Pacific Regional Recognition Convention) in 1986. The Australian Government considers that it is of great importance that we use the Regional Convention for Asia and the Pacific and its Committee to continue and intensify our efforts to improve the current arrangements for qualifications recognition in our region (APARNET 2005).

### 4.3 Lisbon Recognition Convention

The Lisbon Recognition Convention, a joint Council of Europe/UNESCO initiative, aims to improve the international assessment and recognition of higher education qualifications. Australia is a signatory to this convention. The most important obligations placed on the Australian Government as a result of ratifying the convention concern assessment practices in Australia (APARNET 2005). These are to:

- ensure that the procedures and criteria used in assessment and recognition of qualifications (e.g. awarded by autonomous higher education institutions) are transparent, coherent and reliable
- encourage higher education institutions to recognise higher education qualifications conferred by a recognised higher education institution in another jurisdiction, unless a substantial difference can be shown between the qualification conferred and the corresponding qualification in Australia
- ensure that a holder of a higher education qualification issued in another jurisdiction to the Convention can obtain an assessment of that qualification upon request.

Other obligations include:

- encouraging all education institutions to comply with any reasonable request for information for the purpose of assessing qualifications earned at that institution
- ensuring that clear and adequate information on its education system is provided when requested by other parties to the Convention for assessment purposes (APARNET 2005).

One of Australia's obligations under the Lisbon Recognition Convention is to promote the widespread use of the Diploma Supplement. Australia views the promotion of the Diploma Supplement as an important part of its long-term strategic approach to developing an improved international framework for the recognition of higher education qualifications. In particular, Australia would like to promote its possible future adoption in the Asia-Pacific region as a contribution to improving recognition procedures in the region (DEST 2006b).

There is widespread and increasing use of the Diploma Supplement across Europe, much of which is driven by students and other stakeholders, who recognise its value in describing qualifications in a way that is clear to potential employers and other higher education institutions.

An increasing number of Diploma Supplements issued by European universities are now starting to be seen in Australia and have begun to facilitate Australian recognition of European educational qualifications. Implementation of the Diploma Supplement across Europe is taking place under the Lisbon Convention and as part of the Bologna Process, which aims to establish the *European Higher Education Area* and to promote the European system of higher education world-wide.

Consultation with key stakeholders on their views and experiences with the Diploma Supplement was an important component of a consultancy project involving a group of Australian Universities (DEST 2006b). Stakeholders explained that the Diploma Supplement was competing against other priorities and a convincing rationale for an Australian iteration, bearing in mind the existence of testamurs and transcripts, would be necessary, especially if significant costs would be associated with producing a Diploma Supplement.

In 2006 the Australian Government provided \$400,000 for a group of universities to develop a single agreed template for an Australian Diploma Supplement (to be completed in 2008).

### 4.4 Free Trade Agreements and Bilateral Agreements with Australia

Trade in educational and professional services and mutual recognition of qualifications are important components of existing and currently negotiated Free Trade Agreements between

Australia and a number of other countries. Australia also maintains a number of bilateral education, science and training relationships with countries in Europe, the Americas, Africa, the Middle East and Asia.

#### **4.4.1 Singapore**

The Singapore-Australia FTA resulted in a number of key outcomes in the facilitation of labour mobility:

- number of Australian law degrees recognised in Singapore doubled from 4 to 86
- removal/easing of residency requirements for Australian professionals
- mutual recognition agreements (MRAs) between architects and engineers under way
- national treatment and market access commitments for Australian education providers
- Singapore government overseas scholarships will be tenable at Australian universities (DFAT 2007e).

#### **4.4.2 Thailand**

The FTA with Thailand also addressed the question of market access for Australian providers. Under the agreement, Thailand will permit majority Australian ownership of tertiary education institutions specialising in science and technology (up to 60%) provided it is located outside of Bangkok (DFAT 2007c). Although visa conditions for temporary business entry have been eased under the agreement, increased recognition of Australian skills and qualifications is not a key outcome. Australia, for its part, has agreed that it will grant permits to Thai providers of:

- advice on Thai law, third country law and international law
- international commercial arbitration services and other alternative dispute resolution services
- planning and design services for the aesthetic landscaping of parks, commercial and residential land
- database services and other computer services
- scientific and technical and other consultancy services to mining sector, including drilling services, repair and dismantling services, site preparation and well-casing services
- education services in Thai cooking training, Thai language training and in Thai traditional massage through training institutes (DFAT 2007b).

Australia also agreed to permit Thai lawyers to join local law firms in all states and territories except Western Australia and South Australia.

The Memorandum of Understanding between Australia and Thailand aims to facilitate improved mutual recognition of academic and professional qualifications and enhanced credit transfer arrangements between institutions of higher learning in the two countries.

#### **4.4.3 United States**

Australia's FTA with the US establishes a framework to promote the mutual recognition of qualifications between the two countries. In addition to the recognition of qualifications, this framework will also examine other requirements governing the accreditation and licensing of professionals, including experience and professional development requirements. The Agreement establishes a Professional Services Working Group with a specific mandate to investigate ways to

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<sup>6</sup> During a review of SAFTA held in 2004, Singapore agreed to recognise law degrees from an additional two Australian universities.

promote mutual recognition and other issues relevant to professional services. According to (DFAT 2007d), no other country has achieved such a structured, high-profile platform to pursue these mutual recognition issues with the United States. The Working Group is due to report by the end of 2007 on recommendations for initiatives to promote mutual recognition of standards and criteria. The Working Group has prioritised improved mutual recognition of qualifications and professional memberships/registration in accounting, engineering and law.

Current negotiations also include labour mobility and skills recognition as key elements.

#### **4.4.4 China**

Australia and China currently have an arrangement on Higher Education Qualifications Recognition. It aims to facilitate the recognition of higher education degrees and graduate awards to students in Australia and China as well as their academic credentials, so as to make it easier for students to pursue further academic studies in the two countries. The two countries are also negotiating a FTA. Negotiations are addressing the following areas under the rubric of education services:

- different time lengths for courses (three years in Australia and four in China)
- difficulty in achieving recognition of Australian curricula for educational institutions operating in China
- uncertainty about regulations affecting the vocational training sector
- requirements for Chinese control even where majority foreign ownership is permitted
- marketing restrictions on institutions seeking to attract Chinese students to Australia
- difficulties experienced in repatriating profits that appear to be linked to China's recognition of education as a not-for-profit activity (DFAT 2007a).

#### **4.4.5 Malaysia**

In 1998 Australia and Malaysia signed a *Framework Agreement on the Recognition of Academic Qualifications* as a supplement to the *Memorandum of Understanding on Co-operation in Education* between the countries. The agreement facilitates increased student and academic exchange. Current concerns that are being negotiated are in the area of education and skills recognition.

#### **4.4.6 Indonesia, India, Saudi Arabia and Gulf Cooperation Council**

Bilateral agreements between Indonesia, India, Saudi Arabia and Gulf Cooperation Council and Australia all put priority on mutual recognition and equivalence of academic qualifications and exchange of information as possible areas of cooperation. Reference is also made to these questions in a study on the prospects and possible benefits of a free trade agreement between Australia and the Gulf Cooperation Council (DFAT 2007f).

### **4.5 Impact of GATS**

The GATS, to which all WTO members are signatories, provides a framework of principles and rules for trade in services set against the background of a commitment to the expansion of such trade under conditions of transparency and progressive liberalisation.

For Australia, as an exporter of educational services, key emergent issues relating to cross-border trade in services include quality assurance and accreditation and qualifications recognition (APARNET 2005). The GATS may be contributing to the increase in trade in the provision of education services across due to the better access and conditions negotiated by WTO members; however, it is likely that market demand on its own has been a major contributor.

The GATS also appears to be providing the impetus for many countries to closely examine their education systems and policies. These examinations help resolve issues relating to areas where a country can make commitments in the current round of negotiations. In this way, the GATS may also be contributing to the development of education policy in many countries. For example, some countries, through the current round, are offering to allow foreign institutions to provide education services in partnership with local providers in their country and are developing or amending legislation to create the enabling environment for this. Many countries see benefits in this for developing the capacity of partner institutions and also lessening the effects of “brain drain” as students are less likely to leave the country. However, it is difficult to know which comes first: the desire, driven by either the government or the market to make changes, followed by a GATS commitment, or the request for a commitment made through the GATS which then prompts the country to make changes (APARNET 2005).

#### **4.6 Informal learning**

As a follow up to its work on national qualification systems, the OECD has recently begun an activity on the recognition of non-formal and informal learning and credit transfer (OECD 2005a). On current indications it is a large and ambitious activity, with at least 20 countries, including Australia, taking part. The activity will aim to:

- map out existing institutional and technical arrangements
- develop indicators to measure benefits and risks and collect evidence of who pays, who manages, who benefits and who is at risk
- collect evidence of what is working and what is not working with current systems
- develop effective, beneficial and equitable pilot models (embracing risk-management) and help launch a pilot model.

In 2004 the AQF Advisory Board in Australia endorsed a set of National Principles and Operational Guidelines for Recognition of Prior Learning (RPL). RPL involves the assessment of previously unrecognised skills and knowledge an individual has achieved outside the formal education and training system. RPL assesses this unrecognised learning against the requirements of a qualification, in respect of both entry requirements and outcomes to be achieved.

#### **4.7 Other developments in skills recognition**

Professional accreditation agencies have been making their own moves towards greater recognition of skills within particular professions. In some occupations this is largely driven by convergence of global standards. For example, the Australian Society of Certified Practising Accountants (CPA Australia) has mutual recognition agreements with the Hong Kong Institute of Certified Public Accountants (previously known as HKSA), Institute of CPA Singapore and the American Institute of CPAs (an agreement may also be reached with Malaysia).

Despite an expanding skilled migration programme, in Australia no single authority assesses or recognises all overseas qualifications. Many professional, government and other organisations are involved, depending on the type of qualification or occupation and whether the assessment is for the purpose of migration or employment in a particular state or territory. Each assessing authority has its own assessment procedures, timeframes and fees. Even after skills have been assessed and a visa granted, there is no guarantee that the migrant can be employed in their occupation in a particular state or territory.

Mobility is hampered not just for outgoing workers but for returning expatriates. The Senate Inquiry *They Still Call Australia Home* (The Senate (Legal and Constitutional References Committee) 2005) reported on difficulties experienced by Australian expatriates with their foreign

superannuation and health insurance upon return to Australia. It also reported on schemes put in place by state and federal governments to encourage the return of academic expatriates through fellowship schemes (such as the Victorian Endowment for Science, Knowledge and Innovation).

## 5 Concluding remarks

The labour market no longer (and perhaps never did) consist simply of exchanges involving the time of the worker. Labour embodies increasing amounts of human capital in the form of skills, talents and knowledge.

Migration of workers between regions and countries can contribute to efficiency. People are moving from areas in which they are underemployed or unemployed to areas in which there is greater demand for their labour. Frequently the movement of people is across borders. Differences between jurisdictions in the way in which they recognise experience, skills and qualifications can subtract from the efficiency of migration. This problem reduces workers' capacities to earn financial returns on their human capital and the benefits for the destination country or region.

Better recognition of the experience, skills and qualifications of migrants is in the interests of most, but not necessarily all, stakeholders. Some employers may gain in the short term from their ability to employ (unrecognised) skilled labour at below market rates. The creation of dual labour markets is unlikely to contribute to the broader social good in the longer term.

This paper has outlined the comprehensive steps taken in the European Union to improve the mobility of labour between EU countries. Earlier programmes focused on culture, training, education and language, all underpinned by the vision of a united Europe. More recently programmes have been introduced to improve the portability of qualifications by creating greater standardisation or more meaningful descriptions of content. The interface between qualifications and the labour market is being addressed by the creation of extensive electronic networks providing workers with more information about potential jobs and employers with more meaningful information about potential applicants. Mobility of labour can be further enhanced by improving the portability of social security, health and pension benefits.

The EU has also recognised the economic importance of labour mobility for its long-term immigrant workforce. Any impediments to their mobility between EU countries reduces the efficiency of the contribution they can make—and in terms of mobility, they may be better placed than EU residents to take advantage of regional shifts in demand for labour. Accordingly the EU has liberalised restrictions on their movement between countries.

The experience in Australia and New Zealand is both similar and different. It is similar in so far as it too recognises the economic benefits to be derived from geographic labour mobility and especially of those aspects associated with the recognition of skills. It is different from the EU experience in two regards. First, the cultural differences present in Europe are far less apparent in Australia and New Zealand. Second, the strategy employed was far more dramatic—registration in one jurisdiction was a basis for eligibility for registration in all jurisdictions. The EU has made some apparently similar moves, but applicants can in effect be required to fulfil all local requirements for registration. The approach used in Australia and New Zealand was successful in part because of the political will behind its implementation in the face of often quite powerful professional bodies.

However this model of mutual recognition between Australian states and New Zealand is unique. It is not adopted within the framework of other FTAs that Australia has signed with other countries. Nevertheless there has been much progress in mutual recognition of qualifications and registration requirements between Australia and a number of other countries some areas (e.g. accounting, IT



and engineering) but the impetus for this has come from the global convergence in standards in these fields.

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