Global labour mobility and mutual recognition of skills and qualifications: European Union and Australia/New Zealand perspectives

Chandra Shah and Michael Long

WORKING PAPER No. 56
October 2004

Paper presented at the Technical Consultation on Mobility of Skills in Asia organised by the Korean Research Institute for Vocational Education and Training (KRIVET), the International Labour Organisation (ILO) and the Asia Pacific Skills Development Programme
Seoul, South Korea, 12-13 October 2004

Partial funding for this paper was obtained from a grant from the Monash Institute for the Study of Global Movements.

CEET, Faculty of Education, Building 6, Monash University, Victoria 3800, Australia
Telephone 61 3 9905 9157 Facsimile 61 3 9905 9184
Email ceet@monash.edu.au
www.education.monash.edu.au/centres/ceet
The Monash University-ACER Centre for the Economics of Education and Training (CEET) is a joint venture of Monash University (Faculty of Education and Faculty of Business & Economics) and the Australian Council for Educational Research (ACER).

**Directors**
Gerald Burke, Executive Director (Professorial Fellow, Faculty of Education, Monash University);
Phillip McKenzie (Research Director, Transitions and Economics of Education ACER); and
Chris Selby Smith (Professor, Department of Management, Monash University).

**Associates**
Peter Noonan (Consultant), Julian Teicher, (Head Department of Management Monash University,
Leo Maglen (Professorial Fellow, University of Melbourne)

**Senior Research Fellows and Research Fellows**

**Funding**
CEET undertakes consultancies for a range of State and Federal government authorities and private providers.

**Focus of Work**
CEET’s research focuses on the contribution of education and training to economic and social development. CEET projects in the last year include work on: User Choice for Apprentices and Trainees, Innovation in Vocational Education, Labour Mobility, Movement of Health workers, Migration of Workers with Vocational Qualifications, School Funding, Indexation of University Grants, Rural Pharmacy Initiatives, Inter-firm Cooperation in Training, Effects of Policy changes on Demand for Vocational Education, Transition of youth to work or further study, Changes in the Numbers and Composition of International Students.
Introduction

Migration is not a new phenomenon—people have moved from one place to another throughout history. Until World War I there were few border controls but since then the introduction of passports has somewhat restricted movements. After World War II labour shortages in many economies around the globe encouraged large migrations not only to the traditional ‘new world’ destinations like the US, Canada, Australia and New Zealand but also to Europe (Chiswick and Hatton 2002). Over the last three decades globalisation and the plethora of regional (eg European Union (EU)), North American Free Trade Agreement (NAFTA), Australia-New Zealand Closer Economic Relations Trade Agreement (CER) and multilateral economic cooperation agreements (eg General Agreement in Trades in Services (GATS)) are in principle opening doors to further movements of skilled and unskilled labour. Globalisation has been the driving force in the temporary movements of high skilled people. This, however, is only true in some sectors like the information and communication technology (ICT), in which English is the common language and regulations and standards are set internationally, or in semi-skilled or unskilled work.

Regional trade agreements approach labour mobility in a wide variety of ways. The approaches range from allowing permanent migration, including that of non-workers, to temporary movement for only service suppliers and explicitly excluding entry to the labour market or permanent migration. Temporary movements of persons across borders for the provision of services are allowed under Mode 4 of GATS. Some address facilitated movement for certain kinds of trade- or investment-related activities. Furthermore, while some cover workers at all skill levels others are limited to the higher skilled. In general, geographical proximity and the level of economic development determine how liberal an approach is taken towards movement of labour under these agreements.

Mutual recognition agreements (MRA) that often accompany many regional and global trade agreements are used to streamline regulations so that impediments to the mobility of goods and services across borders are minimised. Some MRAs include mutual recognition of qualifications, but mainly at the 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 a century from a union of six countries to that of twenty-five countries today. One of the founding principles establishing it was the free right of its citizens to live and work in different Member States. Australia and New Zealand has had open borders for its citizens and a close trade agreement—Australia-New Zealand Closer Economic Relations Trade Agreement (CER)—for 21 years. Even though under the Constitution of the Commonwealth of Australia interstate commerce is unrestricted, the Australian states signed a MRA amongst themselves only in 1992 and with New Zealand (Trans-Tasman MRA) in 1997.
Mobility and mutual recognition in the European Union

Background
The principle of free movement for its citizens within the European Union was enshrined in the Articles of the original Treaty of Rome signed in 1957 and implemented the following year. The principle was politically inspired as it was envisaged that free movements of people would help achieve the goal of a united Europe. Freedom of movement was considered integral to ‘European Citizen’ or ‘the European social area’. Subsequent directives, regulations, legislation and judicial rulings established the governing principles and the law on the rights of individuals to work and their rights of residence in Member States, and in fact encouraged mobility (European Commission 1996).

Every EU citizen has a fundamental, personal right to move and reside freely within the territory of other Member States (subject to some limitations and conditions). The freedom of movement includes access to employment; residence rights (with family) in other Member States (for those seeking employment, a six month time limit normally applies); and equality of treatment regarding working conditions and employment-related benefits. Even though no visas or work permits are required, residence permits may be required. Exceptions on the grounds of public policy, public security or public health are made even within the very liberal EU regime (OECD 2002). The charter on the free movement of persons has been expanded to include citizens of all countries in the European Economic Area (EEA), and also those of European Free Trade Association (EFTA)-EEA states. Third-country residents in Member States however do not enjoy the same rights as EU nationals although some progress to provide them with similar freedom is being contemplated.

Thus it seems that legal barriers to labour mobility, in principle, do not exist in the EU (and for all practical purposes also not in EEA-EFTA). Surveys done in the early 1990s indicate 80 per cent of the EU population saw working abroad to be an advantage for one’s career (European Commission 2001b). Yet, mobility within the EU 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

---

1 Residence permits must be granted for at least 5 years for workers; for temporary employment of less than one year a temporary residence permit can be issued for the expected duration of employment. Employees working for less than 3 months, cross-frontier workers and seasonal workers (on specified terms) do not require residence permits.

2 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.

3 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. Full labour mobility of people is however to be phased in over time for the new member states.
than people and that this did not bode well towards the construction of the European Community (European Commission 1996).

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 US is several times higher (European Commission 2001b). The reasons for the low intra-EU mobility are unclear and more research has been called for to understand the determinants and consequences of intra-EU-migration (Fertig and Schmidt 2002). Partial economic explanations might be to do with the high cost of physical relocation to another country and the loss of country-specific human capital when people move. Van Houtum and Van der Velde (2004) offer a sociological explanation for the relatively low level of mobility in the EU labour market. They suggest that most workers do not seek employment across borders because of ‘nationally habitualised 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.

In the current context, 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 (European Commission 2002). Interestingly the destination of 35 per cent of these commuters was Switzerland, a non-EU country.

In the 1990s the European Commission saw support for intra-EU mobility as an important policy response to the changing economic circumstances such as the creation of a ‘single market’, the shift to services, the adoption of the euro, technological change, globalisation and the existence of skills shortages in some regions along side high unemployment in other regions. The emerging new European labour markets contain geographical and occupational or skills-based dimensions. They affect the demand and availability of skills at all levels, including basic and intermediate skills. The Commission attaches high priority to the creation of an efficient pan-European labour market with fewer barriers to labour mobility, lower adjustment costs and fewer skills mis-matches. 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 Commission 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.

---

4 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).
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:

1. *New European labour markets, open to all and access for all* (European Commission 2001b);
2. *High level task force on skills and mobility* (European Commission 2001a); and
3. *Commission’s action plan for skills and mobility* (European Commission 2002); and

These reports dealt with the problem of mobility in a much wider context than the Green Paper, and included occupational (skills-based) and geographical or spatial dimensions of mobility. They identified three main challenges facing European labour markets that were open and provided access to all its citizens. 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.

**The three challenges**

1. **Inadequate occupational mobility**

The levels of occupational mobility—movement of workers between jobs, sectors or occupations within or between Member States—have traditionally been low in the EU compared to one of its main competitor, the US where on average people change jobs more frequently. 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 US (European Commission 2003c). The European Commission considers capacity for occupational mobility to be essential in the modern EU whose economy is increasingly knowledge-based and which is affected by structural, organisational and rapid technological changes. Building this capacity can be useful for alleviating skills imbalances across sectors and regions.

The Commission emphasises the importance of good quality initial education as the bedrock upon which future human capital capacity is built. The post-initial education development of skills and acquisition of knowledge 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.

---

5 In this sense occupational mobility is defined more broadly than just change of jobs that involve changing occupations.

6 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.
The European 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, educational systems should also seek to promote awareness of different cultures, language skills, 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 Low geographic mobility

The relatively low rate of intra-EU mobility was noted earlier in this paper. Even within Member States mobility is low by US standards. Improving geographic mobility is linked with the existence 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 geographical 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 are also significant barriers to labour mobility. In spite of an increasing number of EU citizens having skills enabling them to communicate in European languages other than their mother tongue, 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 however often joint decisions of a couple or a family unit. Where both partners are working then suitable work has to be found for both 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 fifty odd years. There are however larger 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. If these different systems are not compatible and transparent, however, 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. If the coverage of health insurance cannot extend beyond the State borders then this can become a major barrier to geographical mobility. Lack of portability can also mean that a person ceases accruing health benefits while he/she is out of the country. Even though most EU countries have universal health coverage for their citizens, this may not extend to non-citizens. Residents who are non-citizens may need to serve a qualifying period before accessing benefits.

Other obstacles 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. In other States, on his/her return the person must undergo further training in order to regain rights to benefits. Thus there is a built in disincentive in the social security system for unemployed persons to seek training or in another country.

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 geographical mobility than a 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. If an employee decides to move within that time, he or she will not acquire any pension rights for that period. Also dormant acquired rights are not indexed against inflation when an employee leaves for another job when moving to 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, or indeed occupational 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.

Apart from a few regulated professional qualifications, such as those in medicine, pharmacy, nursing, veterinary science and architecture, until recently 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.

3 Insufficient relevant labour market information

The potential for geographic 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 need 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.

*Programmes to encourage mobility in the EU*

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

The European Community 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 European 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

---

CEET, Faculty of Education, Building 6, Monash University, Victoria 3800, Australia
Telephone 61 3 9905 9157 Facsimile 61 3 9905 9184 Email ceet@monash.edu.au
www.education.monash.edu.au/centres/ceet
State. The exchanges also included workers or the unemployed undertaking or providing training. Some of the main programmes are:

1. Erasmus—allowed the creation of a European network of university cooperation via subsidising student and staff mobility between institutions. Direct financial support was provided to students to cover language courses, travel and living costs. The concept of the European Credit Transfer System (ECTS) resulted from the programme.

2. 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.

3. Youth for Europe—promoted the development of young people’s exchanges and complementary activities outside the formal education and training structure.

4. 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.

5. Comett—promoted cooperation between higher education and enterprises in the area of advanced technologies, which included transnational exchanges and placements.

6. Leonardo da Vinci—promoted the improvement and innovation in initial and continuing vocational education and training systems and arrangements in the EU. The program included transnational placements for the trainees as well as trainers.

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

1. Comenius—covers school education with the aim of enhancing the quality of teaching, strengthening its European dimension and promoting language learning and mobility.

2. 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.

3. Minerva—aimed to promote European co-operation in the field of information and communication technology (ICT) and open and distance learning (ODL) in education.

4. 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.

5. 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 developed European Network of National information Centres (ENIC) on academic recognition and mobility.

Recent programmes—labour mobility

In 2000 the Lisbon European Council committed the Union to achieve “the new strategic goal for the next decade of becoming the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion”. The redesigned European Employment Strategy adopted in 2003 strengthened the focus on education and training and set targets in these areas as well as the labour market by 2010:

- at least 85% of 22 year olds in the EU 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% of the adult working age population; and
- the EU average number of early school leavers may not exceed 10%.

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. Programs 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

Automatic recognition of qualifications is still only accorded for a small number of regulated occupations—doctors, nurses, midwives, pharmacists, dentists, veterinarians and architects—and are covered by a Sectoral directive. For all other regulated occupations, including trade and commercial professions a ‘General System’ of recognition applies. The General System is based on the premise that if a professional is qualified to practise in an occupation in the country where he/she trained then he/she has a right to practise in the same occupation in another Member State without having to totally requalify. The system is for recognition of professional qualifications in contrast to academic qualifications (European Commission 2004c).

---

7 If the profession a person wants to practise in is not regulated in the host country, even if it is regulated in the country where the individual trained, then application for recognition is not required. On the other hand if the profession is regulated in the host country then recognition is required even if it is unregulated in the country of origin.
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. To make use of the General System a person must possess a ‘diploma’ which is a combination of academic or vocational qualifications and evidence 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 the qualifications within a reasonable time. The authority can make one of three decisions on each application: recognise the qualification; recognise it conditionally; or refuse to recognise. Where there are substantial differences between the education and training to which the qualification attests and that required in the host Member State, compensation measures for these differences can be required. In the case where there is a difference of at least a year in the duration of training then professional experience of between one and four years may be accepted as a substitute. Compensatory measures may also include a period of adaptation or an aptitude test.

The main feature with respect to recognition of vocational education qualifications is the importance of practical experience alongside the necessary education and training. Member States are required to accept practical experience as reasonable evidence of knowledge and aptitude and as substitute for the national qualification but 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.

Diploma Supplement

The Diploma Supplement (DS) is a document attached to a higher education diploma aiming at 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 DS 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 DS the same authentication procedures as for the diploma itself. The standardised structure of the DS 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 apprenticeship (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. All the information contained within the MobiliPass is endorsed by the sending and receiving organisations. This information includes details such as the name and level of the course being followed in the home country and the training and practical work undertaken abroad.

A trainee wishing to partake in MobiliPass needs to find a business, school or training centre in another country prepared to accept him/her. This body is the host partner. The trainee’s current establishment and the host partner then agree upon the practicalities for the training period (content, objectives, duration, monitoring). To facilitate smooth integration the trainee is assigned a mentor while with the host partner. At the completion of the training the host partner fills in the MobiliPass (in his/her own language), certifying the training was undertaken as agreed upon followed. On the trainee’s return home the certificate is translated and his/her current establishment officially recognises the training period abroad as an element of the training followed.

European CV

The European Curriculum Vitae is a recent initiative of the European Commission. The document provides a standardised overview of an individual's education and occupational qualifications, and its purpose is to enhance recognition of education and training throughout Europe. The information about an individual contained in the European CV includes; language competences, work experience, education and training qualifications and other skills and competences gained outside formal training schemes. The European CV has been developed alongside the Certificate Supplement and is frequently used across Europe. Job searchers have the opportunity to post their CVs 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 who often face
difficulties in making finance 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 common set of guiding principles on validation of non-formal and informal learning has become important.

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

1. 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;

2. individual entitlements—first and foremost serve the needs of individual citizens, in particular with respect to issues such as privacy, ownership of validation results and right to appeal;

3. obligations of stakeholders—must assume responsibilities when they initiate validation, for example, in terms of providing proper guidance and support and quality assurance mechanisms;

4. 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;

5. impartiality—relates to the roles and responsibilities of the assessors involved in the validation process; and

6. credibility and legitimacy—reflects the inclusion and commitment of relevant stakeholders (eg social partners) 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 EU also regards multilingualism as the glue to bond the peoples of Europe. Since 2003 the European 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.

To encourage the learning of languages and to recognise the effort of those who succeed the European Language Portfolio has been developed to record this. The document records languages learnt or being learnt whether at school or outside school. The language competences are recorded according to common criteria accepted throughout Europe and
which can serve as a complement to customary certificates for employment purposes or further education.

*European Certificate in Basic Skills (EUCESB)*

A competency-based certificate, European Certificate in Basic Skills (EUCESB), 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; European Association for Education of Adults 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, leaning to learn and citizenship and can be broken into six mini-certificates according to these domains. It is designed to achieve the following aims:

- improve basic skills in the EU population;
- achieve greater citizen participation;
- develop the potential of online learning;
- promote greater mobility of EU workforce;
- reach ethnic and other minority groups; and
- improve transparency of qualifications.

An e-Portfolio tool which enables effective monitoring of an individual's own learning within the e-Learning environment is also being developed in conjunction with the certificate. The certificate can also be used as a tool for accreditation of prior and informal learning.

Specific aims of the project are to develop a European standard qualification in basic skills that can be attained in an online learning environment; to develop training for the tutors; and to develop a Qualified EUCESB Assessor Award. Initially national endorsement of the certificate will be sought before an EU-wide endorsement. The certificate can be offered through workplaces and learning centres, including, neighbourhood houses.

It 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. The certificate will be offered online in the manner of the European Computer Driving License, “making visible”, to employers and others, what those who gain the certificate can do. 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. A record of awards gained will be sent to the Europass agency of the country where a candidate presents the required evidence of competence. Award-holders will be issued with a European supplement to any national basic-skills certification held, and with a personal European CV.
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 Copenhagen Declaration of 30 November 2002 explicitly called for the integration of the existing instruments into a single framework (European Commission 2003b).

In 2003 the European Commission proposed the Europass as a single framework incorporating:

1. personal competencies (the European CV);
2. language learning (European Language Portfolio);
3. mobility experiences (MobiliPass);
4. qualifications in vocational education and training (Certificate Supplement); and
5. qualifications in higher education (Diploma Supplement) (European Commission 2003b).

Europass is expected to be 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.

The European CV is expected to provide the backbone to the Europass. It is also proposed to extend the availability of MobiliPass to all kinds of learning not just vocational training and thus the ‘work-linked training’ criterion is to be removed.

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 member states to forty, including Russian participation.

The Bologna Process suggests that Member States reform higher education in the following ways:

- adopt a system of common degrees—Bachelors, 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 Bachelors and Masters levels.

The implementation of the Bologna Process in the full spirit that it was conceived can improve transparency and recognition of qualifications at the higher education level across most of Europe and thus remove one of the obstacles to labour mobility.

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 or 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. Regulations are being drafted to implement the agreement.

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 is already in the implementation stage. It was introduced on June 1, 2004 and it is expected that by the end of 2005 all Member States will use the card. 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 European 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 International Labour Organisation (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 the European employment strategy, the mobility of workers is not only a fundamental right, but also a tool to help the labour market adapt to developments. For this reason 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 manpower in different sectors, in overcoming qualification 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 programs 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 geographical 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.

Summary

In summary, intra-EU mobility of people has been low compared to the US in spite of the fact that free movement of people was a founding principle of the modern EU. There were however substantial movements of mainly unskilled and semi-skilled workers from the south to the north between 1960 and 1973 in response to labour shortages. Incidentally most movements were from non-EU countries. Early mobility programs focussed on learning of languages and cultural awareness through exchanges of students, teachers and academics. The main aim of these programs 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 response to the rapid economic changes, including the emergence of a single market and skills shortages in some regions coexisting with high unemployment in other regions.

A three-pronged strategy has been developed 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. A number of programs have been developed to facilitate this. Programs are also being developed to raise the levels of basic skills, including IT skills, across the EU. Substantial progress has been made in setting up instruments to record an individual’s language skills, educational qualifications, vocational training at home and abroad and other aspects of their curriculum vitae in standardised formats under a single framework. These documents can be electronically lodged at the national employment service centres of Member States from where they can be accessed by employers across the EU.

The second element of the strategy relates to facilitating geographical 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.

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

**Background**

In the last decade or so, Australia has implemented a policy of mutual recognition of skills across its eight States and Territories. More recently, the arrangement has been 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 skills 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 substantial geographic movement of people across jurisdictions.

Australia has a population of about 20 million. It is a federation of eight States and Territories. When Australia was formed in 1901 by the federation of the states, the new Australian Constitution gave relatively few powers to the Australian Government—immigration, defence and foreign affairs among them—and left the remaining powers with the States. The influence of the Australian Government, however, has increased during the twentieth century 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. This inherently conflict-ridden structure is frequently overlain by party political differences with opposed political groups in government in the different jurisdictions.

The railways are a symbol of the problems of the federal structure. Until 1962 passengers between Sydney and Melbourne—Australia’s two largest cities—had to change trains because the different states in which the cities are located ran train systems with rails that were a different distance apart. New South Wales trains would not run on Victorian rails and vice versa. It should not be too much of a surprise, then, that mutual recognition of skills and qualifications by the different States and Territories took a long time to achieve and even today it is still work in progress in some areas.

In 1992 the Council of Australian Governments (COAG) was created to address some of the problems of Australia’s federal political structure. It consists of the Prime Minister, the State Premiers, the Chief Ministers of the Territories and the Head of the Australian Local Government Association. 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 members of these committees and have full voting rights on any issue concerning New Zealand. Any agreement reached by COAG requires enabling legislation to be passed in each of the jurisdictions.

Mutual recognition of registration requirements for various occupations by the States and Territories falls under the auspices of COAG. 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. Before mutual recognition arrangements were implemented, persons wishing to practice an occupation in more than one State or Territory 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 business and individual service providers. The Mutual Recognition Agreement between the Commonwealth, States and Territories of Australia addressed this problem and was signed in 1992 with enabling legislation passed each of the jurisdictions in 1992 and 1993.

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.

Oversight of the national system of the recognition of qualifications is undertaken by state and territory authorities. The states and territories have agreed to abide by the Australian Quality Training Framework (AQTF), which is overseen by the Australian National Training Authority (ANTA). 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 these efforts. Instead it focuses on a very different approach that Australia adopted to the issue of the mutual recognition of registration requirements for different occupations.

**Mutual Recognition Agreement (Australia)**

The Mutual Recognition Agreement (MRA) between the Australian Government and the governments of the eight Australian states and territories addresses restrictions on the sales 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. From this perspective, 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—a possibly surprisingly large number of occupations. 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.

The mutual recognition principle applies only to occupations that are 'equivalent', that is, the activities authorised to be carried out under registration are substantially the same (Mutual Recognition Act 1992: s29). In some cases equivalence can be achieved through the imposition of restrictions on registration.

**Obtaining registration under the MRA**

A person seeking registration under the MRA must lodge with the relevant registration authority a written notice containing specified personal details and information relating to his or her current registration. The person is then deemed to be registered and may carry on his or her occupation as if she 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 his or her original jurisdiction ceases.

A registration authority may refuse to grant a person registration if any part of their application is materially false or misleading or if the authority decides that the occupation is not an equivalent occupation and equivalence cannot be achieved by imposing conditions or limits on registration. A registration authority may also suspend or terminate a person's registration if it becomes aware that a person has had his or her registration suspended or terminated in any participating jurisdiction, or is otherwise personally prohibited from practising as a result of criminal, civil or disciplinary proceedings in any jurisdiction. Criminal or civil proceedings may follow if a person makes deliberately misleading or false representations to a registration board.

Decisions of a registration authority may be appealed to the Administrative Appeals Tribunal (ATT). The ATT is 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. Referrals to the ATT are prescribed in legislation such as the MRA. In regard to decisions made under the
MRA, the ATT may decide that the person is entitled to registration, possibly with conditions, or that the person is not entitled to registration either because the occupations are not equivalent or because registration would pose a threat to health, safety or the environment.

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. Two mechanisms are available if a registration authority has concerns about the competency of persons registered in another jurisdiction.

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. Determinations are to be submitted to Heads of Government for approval through the COAG Committee on Regulatory Reform. The participating parties are required to take action to implement the 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.

**Mutual recognition between Australia and New Zealand**

New Zealand has a population of about four million people. Given the small populations of both Australia and New Zealand and their relative geographic proximity (separated by the Tasman Sea), cooperation that results in a larger single market for businesses in both countries is likely to produce economic benefits. The two countries also share a common history as British dependencies. In the late 1890s New Zealand even voted on a proposal to join the new Australian federation—an opportunity it rejected.

Over the last two centuries there has been substantial movement of people between the two countries. In 2001 about 450,000 New Zealanders lived in Australia and around 50,000 Australians lived in New Zealand (Productivity Commission 2003).

Travel between Australia and New Zealand was liberalised in 1971 when Australian citizens were permitted to enter New Zealand without visas and further extended in 1973 under the Trans-Tasman Travel Arrangement, when Australian and New Zealand citizens and permanent residents were permitted to enter each others’ countries without passports or visas. In 1981 the freedom of movement between the two countries was marginally restricted when travelers were again required to present passports on entry to the two countries (Department of Foreign Affairs and Trade 1973).

Other legislation that enhances trans-Tasman population mobility includes reciprocity of elements of the social security systems, access to health care and avoidance of double taxation.
Australia-New Zealand Closer Economic Relations (CER) Trade Agreement

A free trade agreement had existed between Australia and New Zealand since 1965, although it was heavily qualified. The 1983 Closer Economic Relations Trade Agreement (CER) extended and modernised the arrangements for trade between the two countries. 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 1 July 1990 (Department of Foreign Affairs and Trade 1997).

The CER recognised that an appropriately structured closer economic relationship between Australia and New Zealand would bring economic and social benefits and improve the living standards of people in both countries. The economic issues, however, were placed in a more general context of fostering the longstanding and close historical and political relationships between the two countries.

The agreement acknowledged that the further development of this relationship 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 (Department of Foreign Affairs and Trade 1998).

The 1988 review of the *Australia-New Zealand Closer Economic Relations Trade Agreement* resulted in the *Trade in Services Protocol to the CER*. Almost all trans-Tasman trade in services is now open (Department of Foreign Affairs and Trade 1988).

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 other 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.

**Trans-Tasman Mutual Recognition Arrangement**

In 1996 the Governments of New Zealand, Australia and each of Australia’s eight states and territories through COAG signed an agreement committing both countries to recognise each other’s licensing and registration requirements for the sale of goods and provision of services (Department of Foreign Affairs and Trade 1998). The Trans-Tasman Mutual Recognition Arrangement is foreshadowed in the CER and in the MRA. It extends the MRA among Australia’s States and Territories and is, as far as possible, consistent with the scheme established by the MRA. The Arrangement is expected to 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. For instance, it includes clauses
that refer to international treaties and national legislation governing international trade. The agreement refers to a new New Zealand tribunal—The Trans-Tasman Occupations Tribunal—that parallels Australia’s AAT. Exchange of members between the two tribunals and mutual recognition of decisions is also prescribed. New Zealand Ministers are likewise able to make Ministerial declarations with any of the other signatories and are members of the relevant Ministerial Councils.

An evaluation of the MRA and TTMRA

The Australian Productivity Commission reviewed the processes and effects of the TTMRA and the MRA in 2003 (Productivity Commission 2003). An earlier review was conducted in 1998 by a Review Group established under the auspices of COAG (Council of Australian Governments Committee on Regulatory Reform 1998a). That review built on a 1997 information paper Impact of Mutual Recognition on Regulations in Australia: A Preliminary Review (Council of Australian Governments Committee on Regulatory Reform 1997). 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 remarkably similar. Again, we focus here on those aspects of the reviews that address the mutual recognition of occupations.

Both reviews recommended that continuation of the MRA (and the TTMRA in the case of the 2003 review). The 1998 review reported that there was a consensus that the MRA was achieving its objectives, although experiences with mutual recognition varied between occupations and between jurisdictions within the same occupations. The 2003 review found that both anecdotal information and such data as are available support the view that mutual recognition has contributed significantly to increased labour mobility across MRA and TTMRA jurisdictions (Productivity Commission 2003). For instance, using Australian census data, 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.

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 persons wishing but ineligible to practice in one state to apply for registration in another state with more lenient registration rules and then using the provisions of the MRA to apply for registration in the state in which they really 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—which results from applicants shopping between jurisdictions. State
regulations governing registration of overseas applicants were also exposed to ‘jurisdiction shopping’ through the MRA.

Both reviews took the position that the TTMRA and MRA processes had partially created the solution to this problem. Both 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.

Both reviews noted that the TTMRA and MRA provided registration authorities with concerns about lower standards in other jurisdictions with a mechanism to address the problem. Jurisdictions can refer their concerns to the relevant Ministerial Council. Such a referral could result in new agreed minimal standards, although it could also involve questioning the need for any higher standards or whether different registration requirements do in fact reflect different standards. It is interesting to note that the 2003 review recommended greater use of the referral provisions in the legislation despite a similar finding by the 1998 review.

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, 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 MRA. Some submissions to the 1998 review—in the areas of real estate and building surveying—doubted that the knowledge required by one jurisdiction was necessarily sufficient to practice that occupation in other jurisdictions. This concern was repeated by some registration authorities in submissions to the 2003 review, most disturbingly in the area of registration of pharmacists. The 1998 Review Group took the view 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. The Review noted that ‘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’. The 2003 review concurred with this position.

Although both reviews concluded that registration of persons lacking local knowledge was not necessarily a significant shortcoming in the way the MRA works, this issue is treated differently in another COAG publication. A User’s Guide to the Trans-Tasman Mutual Recognition Arrangement discusses the case of registered pest controllers from cooler States where termites might not be a problem (Council of Australian Governments Committee on Regulatory Reform 1998b). The User’s 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 2003 review, however, claimed that the TTMRA (and by extension the MRA) already allowed registration authorities to impose local knowledge requirements on applicants as a condition of their registration. This view was supported by legal opinions reported in some submissions by stakeholders. Such requirements would undermine the MRA strategy.

Establishing equivalence

Establishing equivalence between occupations, that is, ‘when the activities authorised to be carried out under each registration are substantially the same (whether or not this result is achieved by means of the imposition of conditions)’ 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 Group responded by noting that conditions placed on registration as allowed in the MRA could deal with the problems raised by some occupations. Problems with other occupations, however, appeared to reflect flawed legislation in particular States and could only be addressed by reform of that legislation.

National Competition Policy

National Competition Policy (NCP) is a significant Australian policy initiative undertaken in the last decade. It seeks to promote competition in the market place. A major focus of implementation has been in addressing barriers to competition imposed by State and Territory regulations. Overall the MRA is 'pro-competitive' legislation, especially in regard to those aspects dealing with occupational registration.

Submissions to the 1998 review, however, were concerned that the benefits of the MRA were being eroded by the responses of States and Territories to NCP. Under the NCP, the States and Territories are reviewing the legislation dealing with professional practice in isolation. A jurisdiction might, for instance, remove registration requirements as a result of an NCP review while other jurisdictions had yet to conduct a review, resulting in increased inconsistencies between States. Even where registration requirements are not removed, State-based reviews of registration of occupations inherently contain 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 Group note that conceptually these are two separate issues. The requirements to have registered persons in charge of registered business are unnecessary and should be removed from legislation covering registration of businesses. A recommendation to this effect was made by COAG under NCP reviews.
Again a similar recommendation was made by the 2003 review. Although harmonising business registration regulations across states is important for similar reasons to those for harmonising registration of occupations, it is separate from the MRA.

**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 recommendation of the 1998 review to extend mutual recognition to cover these non-traditional approaches to regulation did not appear to have been heeded because the 2003 review made similar findings.

**Summary**

The MRA and TTMRA highlight the desirability of mutual skills recognition. 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.

A traditional approach to mutual recognition of skills is to focus on the equivalence of qualifications or registration requirements and seek their harmonisation between jurisdictions over time. The strategy behind the MRA and the TTMRA, however, is very different. The idea is to 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.

Improved communication between registration authorities in different jurisdiction is both a consequence of the agreements and a condition for creating agreed upon minimum standards. Similarly the referral mechanisms within the Agreements provide opportunities for progress towards greater harmonisation between parties. The success of the strategy, however, depends on the speed with which authorities move to address any problems uncovered by mutual recognition. That many of the recommendations in the 2003 review echo concerns raised in the 1998 review suggests that registration boards and especially governments may not have recognised the real need for remedial action after the introduction of mutual recognition.

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 minimised as well as the potential threats to the standards governing occupations. The strategy did, however, produced 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.

**Concluding remarks**

The labour market is one the most significant markets in modern economies. It no longer (and perhaps never did) consist simply of exchanges involving the time of the worker. Today labour embodies increasing amounts of human capital in the form of skills, talents and knowledge. And increasingly, modern economies demand this human capital.

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 national or other administrative borders. Differences between jurisdictions in the way in which they recognise experience, skills and qualifications can subtract from the efficiency of the labour market. Some part of the human capital can be left behind at political borders because it is not recognised.

This is clearly a problem for workers themselves. It reduces their capacity to earn financial returns on their human capital. It is also a problem for the country or region in which their labour is required. Incentives for movement might be reduced to a level where it is no longer in the interests of the person to migrate. Even if he or she does migrate, the worker may not be able to use their skills and qualifications in ways that maximise their contribution to the host economy (and possibly remittances to the originating economy).

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, however, 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 skilled labour between EU countries. Earlier programs focused on culture, training, education and language, all underpinned by the vision of a united Europe. More recently programs 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. Migrants are a substantial proportion of the EU 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 as well as introducing forms of trans-European educational certification particularly appropriate for unskilled elements of this group.

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 and jurisdictional 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.

The TTMRA and MRA appears to have had both the direct effect intended (improved portability of skills across jurisdictions) and motivated professional bodies to harmonise their registration requirements. The TTMRA and the MRA, however, have resulted in some difficulties. Any countries intending to pursue this strategy could learn from these problems. In particular, it must be prepared to persist with the strategy despite opposition from professional bodies. Second, it must be prepared to act swiftly to enact legislation to correct problems produced by the strategy.
References


Fertig, M & Schmidt, C 2002, 'Mobility within Europe--What do we (still not) know?' IZA Discussion Paper No. 447, IZA-Bonn.


Working Papers (free)

Papers 21 onwards can be downloaded from the website www.education.monash.edu.au/centres/ceet/

7. Selby Smith, J, Selby Smith, C & Ferrier F, 1996, Key policy issues in the implementation of User Choice.
9. Curtain, R 1996, Is Australia locked into a low skills equilibrium?
11. Selby Smith C, Selby Smith, J 1997, Third party access and separation of roles in the implementation of User Choice.
15. Anderson, D 1997, Student perceptions of career development and employment services in TAFE.
27. Selby Smith, C & Ferrier, F 2000, CEET’s stocktake of the economics of vocational education and training.
32. Teicher, J, Shah, C & Griffin, G 2000 *Australian immigration: the triumph of economics over prejudice?*