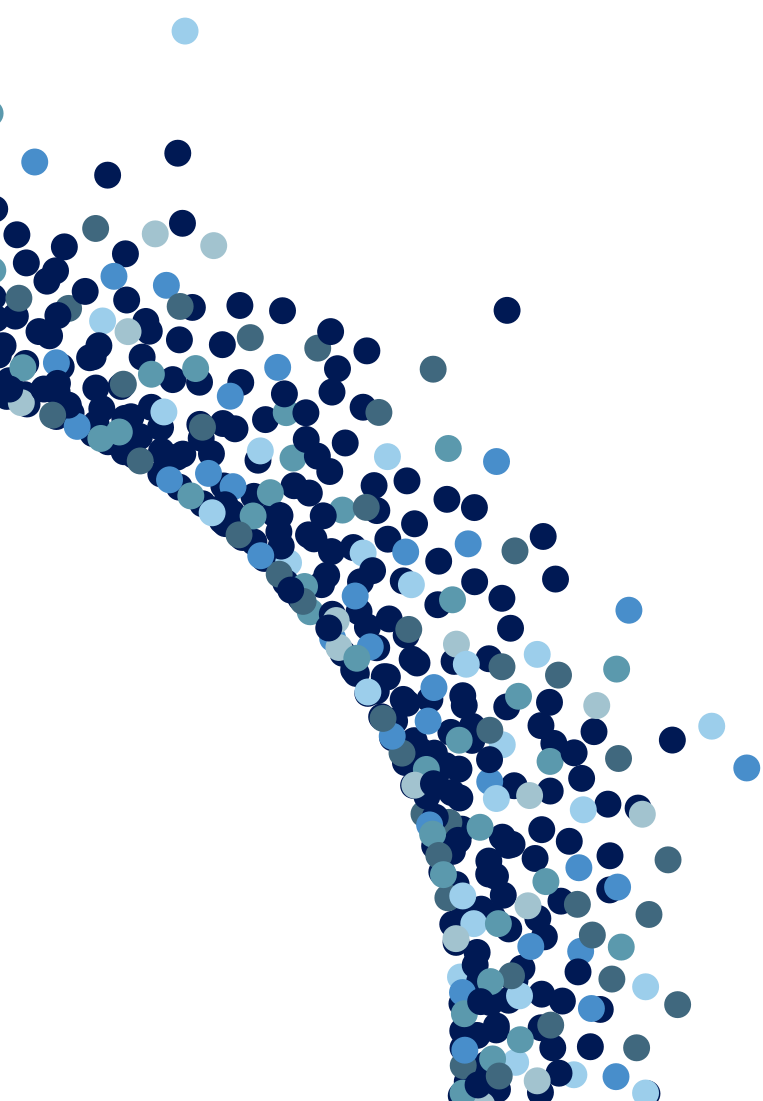




REPORT

The Australian points-based system: what is it and what would its impact be in the UK?



AUTHORS: Madeleine Sumption
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One of the policy options that has attracted attention in the UK debate about post-Brexit immigration policy is the 'Australian-style points-based system'. This commentary explains how the Australian system works and what it might mean to introduce something similar in the UK.

UPDATED: on 2/8/2019 to include discussion of proposals made by Boris Johnson and Priti Patel.

Executive Summary

Points systems are used in Australia and several other countries to select skilled migrant workers. They are a way of ranking or prioritising applicants for jobs based on their characteristics, such as education, language skills and work experience. In Australia, candidates that score the highest number of points based on these characteristics are invited to submit a visa application. Australia allows people to migrate without a job offer, although other countries with points tests, such as Austria and New Zealand, either require or prioritise job offers.

The UK's current system for admitting non-EU citizens is known as 'The Points-based System' although it is quite different from the Australian model and relies heavily on employers to decide which workers have the skills that they need. Compared to the UK's employer-driven system, Australia's points system is more centrally planned as the government, rather than employers, plays the key role in deciding who should be admitted. There is also more scrutiny of migrants' personal characteristics such as their age and qualifications, and not just the jobs they will do. Unlike in the UK, many skilled workers migrating to Australia receive permanent residence rights immediately.

The effects of introducing an 'Australian-style' points system in the UK would depend on how it was designed – for example, what points were awarded to and whether the role of employers in the immigration system changed. Australia has used its points system to generate relatively high levels of migration, but it is possible to design more restrictive points systems that would not have this effect.

What is a points-based system?

A [points system](#) is a way of selecting labour migrants based on their characteristics, such as their educational qualifications, language proficiency, work experience and occupation. Points systems are generally used to select migrants for economic purposes, not for family migrants, refugees or international students.

The best known examples of points systems are from Canada, Australia and New Zealand. Points systems can be designed in many different ways, but key features that have traditionally defined points systems are that:

- Applicants are given points for different characteristics, and their score on a 'points test' is used to decide whether they can migrate (though it will not necessarily be the only factor considered).
- There is some flexibility about how applicants meet the criteria – so a person who has less of one sought-after quality (e.g. skilled work experience) can make up for it if they have more of another (e.g. language proficiency).
- Some people planning to migrate for employment can qualify for visas without having a job offer lined up in advance.

Most countries do not use points-based systems to select work migrants but instead rely on 'employer-driven' work-visa systems. In employer-driven systems, prospective migrants must have a job offer lined up with an employer who is willing to sponsor them.

However, the gap between employer-driven systems and points-based ones in which migrants can move without a job lined up [has narrowed](#) over the past decade, as some of the governments using points systems have tried to increase the role of employers (e.g. by prioritising migrants who have job offers).

How does the Australian points-based system work?

The debate about whether the UK should introduce an Australian-style system after Brexit can be confusing because it is not always clear what aspects of Australia’s immigration policy are being proposed for the UK. There are many different types of work visas in Australia, with different eligibility criteria.

The best-known points-tested visa in Australia is known as the ‘Skilled Independent’ route, which provides visas for permanent residency. However, variants of the same points test are used in other visas, such as devolved state/territory nominated routes. There is also a separate points test for investors and entrepreneurs.

How does it work? To apply, prospective migrants first submit an ‘expression of interest’ online. Some are then invited to make a visa application if they meet various basic requirements (e.g. minimum language and age criteria) and if they score highly on the points test summarized in Table 1.

In the ‘skilled independent’ route, must earn a minimum of 65 points from the points table below, although in practice candidates often need more points than this to be invited, because only the highest ranked candidates are invited to apply. In June 2019 as the migration ‘program year’ drew to a close, applicants had to score at least 85 points to be invited, up from 70 points 6 months earlier in December 2018.

Table 1: Points awarded in the Australian Skilled Independent Points Test, July 2019

Attribute	What is valued most	Maximum points
Age	Highest points for those age 25-32 years	30
Language	Three levels of English: competent, proficient and superior	20
Skilled work experience in Australia	More is better, up to 8 years	20
Skilled work experience overseas	More is better, up to 8 years	15
Educational qualifications	More is better up to PhD level. Qualifications must be recognised as equivalent to Australian ones	20
Education or training in Australia	Up to 5 points each for professional training in certain fields, Australian study, certain specialist qualifications and study in ‘regional Australia’.	20
Other	Qualification in a ‘credentialed community language’ (5 points) and partner is qualified for skilled job (5 points)	10

Source: Australian Department of Home Affairs, Points Table for Skilled Independent Visa (subclass 189).

By way of example, a candidate who had never worked or studied in Australia could earn 70 points if they were 32 years old (30 points), spoke ‘proficient English (10 points), had 5 years of skilled experience overseas (10 points), a recognised Bachelor’s degree (15 points) and had a skilled partner (5 points). When 85 points are required, a candidate who had not worked or studied in Australia would struggle to score enough points to qualify unless they received the highest scores in almost every other area.

The Australian government imposes limits on the number of people who will be invited to apply in each occupation, in order to avoid a small number of occupations dominating the route. For example, in the 2018-19 program year,

the Australian government [determined that](#) in addition to any workers sponsored by employers or nominated by a state or territory government, it would be desirable to admit a maximum of 1,000 childcare centre managers, 1,224 medical imaging professionals, and 3,894 management consultants (among many others). This means that points requirements are higher in certain occupations like accountants (95 points required in June 2019), auditors (90 points) and electronics engineers (90 points).

Not all work migrants have to pass the points test. For example, there is a different route without a points test for people who have been nominated by an employer.

Doesn't the UK already have a points-based system?

The UK's immigration rules include something that is known as 'the points-based system' but it is a points-based system in name only (Immigration Rules part 6A).

For non-EU citizens taking up a new job, the UK has an 'employer-driven' system, which is the norm across high income countries and also exists in Australia. This system, known as Tier 2 (general), requires skilled workers to find an employer who is willing to sponsor them to fill a specific vacancy. The employer must meet various requirements such as advertising the job in the UK and paying the regulated salary for the occupation.

This system does assign points to different criteria, as show in Table 2. However, there is no flexibility on how to meet the criteria. Candidates for Tier 2 (general) visas must earn 70 points to qualify, and there is only one way to do that: by meeting all of the criteria. This is fundamentally different from the points system in Australia. In the UK, the points awarded are simply a way of organising information.

Table 2: The points system that isn't: points awarded for UK Tier 2 (general) visa

Criteria	Points available
Being sponsored by an employer who has met the necessary criteria (i.e. the job meets occupation skill criteria, the employer has conducted a labour market test or is exempt from doing so)	30
Receiving appropriate salary for the occupation	20
English language skills	10
Maintenance (e.g. having enough funds in the bank)	10
Total	70

Source: Home Office, Tier 2 of the Points-based System: [Policy Guidance](#), March 2019.

There is one important but niche exception to this. There is a cap of 20,700 places under the UK's Tier 2 (general) system, except for certain jobs that are exempt and whose numbers are not limited, such as high earners and doctors and nurses. Most of the time, this cap has not been met. However, when the monthly allocation of Tier 2 (general) places is reached, applicants are prioritised using a different points test. This points test, which the Migration Observatory has explained [elsewhere](#), scores applications based on the proposed salary, the type of occupation (whether it is considered a PhD-level or shortage occupation), and whether the person is a graduate recruit. It is slightly more similar to the Australian system in that it is designed to rank and prioritise applications, although the criteria it uses are quite different.

In addition, the UK used to have a points system more similar to the Australian model in the mid-2000s, which admitted non-EU migrants without job offers. This system was initially known as the Highly Skilled Migrant Programme and later became Tier 1 (general) of the Points-based System. The government closed it in 2010-

2011, however, [citing the concern](#) that some of the migrants it selected were unemployed or only found work in low-skilled occupations.

In summary, the UK does already have a points test in its immigration system but it is only used in narrow circumstances. The part of the UK immigration system that is officially known as the ‘Points-based System’ is a points system in name only, and is not similar to the Australian one. And something that really was a points-based system conceptually similar to the Australian one used to exist a few years ago but no longer does.

What are the differences between the UK’s work-visa system and the Australian points-based system?

What it would mean in practice to adopt an ‘Australian-style’ system in the UK would depend on what aspects of that system were implemented.

Some aspects of the Australian immigration system are already quite similar to what happens in the UK. For example, employers can sponsor workers to fill specific vacancies in Australia (without passing a points test), much as they can in the UK.

Some are different. Table 3 summarises some key differences between the UK’s arrangements for admitting skilled workers looking to take up new employee jobs (i.e. under the Tier 2 (general) route). For more background on the UK’s work-visa system and the range of routes that exist, see the Migration Observatory briefing, [Work visas and migrant workers in the UK](#).

Table 3: Key differences between UK Tier 2 and Australia’s points-tested visa routes

United Kingdom	Australia
<i>Role of employers</i>	
Skilled workers are sponsored by their employers. The employer is responsible for most of the paperwork and the worker must work in the job specified in the application.	Australia also has employer-sponsored visas, but its points-tested routes do not require employer sponsorship. Candidates can earn points for Australian work experience, which may have been gained while on an employer-sponsored visa.
Detailed requirements are imposed on the employer and the type of work performed (e.g. minimum salary requirements, recruiting procedures). Workers themselves must have sufficient English language proficiency, but otherwise it is assumed that employers will recruit people who are qualified to do the work.	The selection process focuses more on the characteristics of the migrant than their future employer. In addition to passing the points test, workers must have a ‘skills assessment’ to show that their qualifications are appropriate to the occupation they are planning to practice.
The system is ‘demand driven’ in that who is admitted ultimately depends on employers’ decisions to hire them. The government imposes criteria that prioritise some workers over others, but employers are still driving recruitment decisions.	The system is ‘government driven’. Migrants express their interest to move to Australia and the government decides which criteria (e.g. language, work experience, education) matter most; it decides how many workers can come overall and within each occupation and it decides which workers will be invited to make a visa application. The system is thus more ‘centrally planned’.

United Kingdom	Australia
<i>Migrant workers' status</i>	
Workers are admitted on temporary visas and must spend at least 5 years working the UK before they are eligible to apply for permanent status (Indefinite Leave to Remain). Workers who want to switch jobs must find another employer willing to sponsor them.	Workers can receive permanent visas immediately, although many do spend time on temporary visas first. They are not tied to a specific employer. Because workers are permanent residents (or on a pathway to permanent residence if they come through a provisional visa first), they can work in any job – including in unskilled work if they cannot find skilled work.
<i>Devolution</i>	
The same rules apply in all areas of the UK, with some minor exceptions such as separate shortage lists for Scotland (and more recently, Wales and Northern Ireland).	States and territories can nominate workers based criteria they develop themselves. The workers still need to pass the centrally developed points test and visa requirements, although they can score extra points for being nominated by a state or territory and for having studied in regional Australia.
<i>Other</i>	
There are no age restrictions – the system is designed to fill specific vacancies and the candidate's age is not considered relevant.	Points-tested applicants must be under age 45 and score most points if they are 25-32 inclusive.

Austrian or Australian? What do we know about recent proposals for a new UK points-based system?

In June 2019, Boris Johnson's leadership campaign announced that Mr Johnson favoured an 'Australian-style points-based system'. Formal details of how this system would work are not available at the time of writing, but Mr Johnson is quoted saying that applicants would need a 'firm job offer before they come'. Writing in the Mail on Sunday in July 2019, Home Secretary Priti Patel [said that](#) migrants should only qualify to come to the UK under the proposed points system "if they have a job offer from an employer registered with the Home Office".

One of the key features of the Australian system is that a job offer is not required, although there are other points systems in which most or all migrants must have a definite job. For example, in Austria, skilled migrant workers with a job offer in a shortage occupation can receive a 'Red White Red' card if they [pass a points test](#) that rewards education, age, German and English language skills and work experience. New Zealand, which also has a points system, awards significant numbers of points for having a job offer, which means that in practice [the large majority](#) of people who qualify through it do have work lined up. Most applicants are already living in New Zealand when they apply, having entered on a temporary visa.

It is thus in principle possible that a points-based system closer to the Australian (or, perhaps more accurately, Austrian) model for selecting workers could be adopted in the UK while maintaining an important role for employers. This could be applied to people applying for initial/temporary entry visas (as in Austria) or when a person is applying for permanent settlement (as in Australia, Canada and New Zealand).

Would an Australian-style points-based system increase migration to the UK?

Australia is a country with relatively high levels of migration, by international standards. The points system has been used over the decades to increase migration above the level that would be achieved by relying only on employer sponsorship. In 2018, [29% of the population](#) of Australia were born abroad, compared to [an estimated](#) 14% in the

UK. This reflects decades of relatively liberal policies towards skilled migrants.

However, it is not possible to say whether or how much introducing an 'Australian-style points system' to the UK would increase migration, without knowing how this system would be designed. A points system is simply a way of ranking and prioritising applicants for work visas.

In principle, it would be possible to implement a restrictive points system that admitted relatively few people, or liberal one closer to the model used in Australia. A points system that required workers both to have a job offer and to pass a new points test, for example, could be designed to be relatively restrictive.

What are the advantages and disadvantages of points systems?

Debates about the impacts of points systems have focused on one feature in particular: the ability to qualify [without an employer sponsor](#). This has both advantages and disadvantages that are two sides of the same coin.

On one hand, workers entering under the Australian points system are less dependent on their employers and do not need permission to switch between jobs as they do in the UK; as a result, they are expected to have more bargaining power and to operate in a more competitive labour market.

The most common [criticism](#) of points systems is that they often do not require a job offer and if workers do not have employment lined up, it is difficult to know whether they are actually employable. The system relies on the government's perception of what skills are valuable, rather than on the views of the employers who are to recruit them. Evaluation data from [Canada](#) suggested that highly educated migrant workers selected without a job offer during the 2000s were less likely to find skilled work after arrival compared to those selected by employers. As noted above, the government closed the UK's previous 'Australian-style' points-based system in 2010–2011 [because of concerns](#) that the people it admitted were not finding skilled work.

Employment outcomes for points-tested migrants in Australia have been relatively good, however. According [to data on](#) cohorts of skilled migrants surveyed from 2014 to 2016, points-tested independent migrants coming directly from overseas had employment rates of over 90% 18 months after arrival, and higher median earnings than other skilled migrants, including even employer sponsored ones. (Counterintuitively, points-tested migrants switching from another visa in Australia do less well, perhaps due to differences in the composition of this group.)

However, points systems do not have to admit workers without job offers. It would be possible to require all applicants to have a job offer, or only give visas to people who have skilled work experience in the country (and thus demonstrated that they are employable in the UK).

The other implications of points systems have not received as much scrutiny. However, criticisms include the fact that eligibility criteria can be unpredictable if candidate are ranked against each other and a specific number admitted. This is because the bar for admission will be higher in periods when more other people are applying. (This was one of the outcomes of the UK's mini-points test to prioritise oversubscribed Tier 2 (general) applications when the cap on this category was hit, described above.)

In summary, the impacts of introducing a new points system in the UK would depend crucially on how the system was designed, including questions such as what points were issued for, whether the route was be for temporary or permanent visas, and whether employer sponsorship would still be required.

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The Migration Observatory

Based at the Centre on Migration, Policy and Society (COMPAS) at the University of Oxford, the Migration Observatory provides independent, authoritative, evidence-based analysis of data on migration and migrants in the UK, to inform media, public and policy debates, and to generate high quality research on international migration and public policy issues. The Observatory's analysis involves experts from a wide range of disciplines and departments at the University of Oxford.



COMPAS

The Migration Observatory is based at the Centre on Migration, Policy and Society (COMPAS) at the University of Oxford. The mission of COMPAS is to conduct high quality research in order to develop theory and knowledge, inform policy-making and public debate, and engage users of research within the field of migration.

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About the author

Madeleine Sumption
Director,
The Migration Observatory
madeleine.sumption@compas.ox.ac.uk

Press contact

Rob McNeil
Head of Media and Communications
robert.mcneil@compas.ox.ac.uk
+ 44 (0)1865 274568
+ 44 (0)7500 970081

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