MIGRATION OCCUPATION LISTS—UPDATE AND METHODOLOGY

1. Background and Objective

On 18 April 2017, the Prime Minister and the Minister for Immigration and Border Protection announced reforms to the employer-sponsored permanent and temporary skilled visas, which support the Australian Government's objective of aligning its migration programs to Australia's economic and social priorities.

These reforms included the introduction of the Short Term Skilled Occupation List (STSOL) and the Medium and Long Term Strategic Skills List (MLTSSL) which identify the occupations that are available for temporary and permanent skilled migration. Further changes to the skilled migration occupation lists were made by the Minister for Immigration and Border Protection on 1 July 2017.

From March 2018, the Temporary Work Skilled (subclass 457) visa will be abolished and a new Temporary Skill Shortage (TSS) visa will be introduced. The TSS visa program will comprise a:

- Short-term stream of up to two years, which can be renewed once only, which will be based on the STSOL.

- Medium-term stream of up to four years, which can be renewed multiple times and will enable access to permanent residency, which will be based on the MLTSSL.

Further changes to the applicability of the new occupation lists to the skilled migration program will occur in March 2018. Further details are available at www.border.gov.au/Trav/Work/457-abolition-replacement.

This Consultation Paper seeks feedback on the methodology used by the Department of Employment to provide advice on the composition of the STSOL and MLTSSL. This methodology is based on labour market factors using datasets that are updated regularly and which are benchmarked to the Australian and New Zealand Standard Classification of Occupations (ANZSCO).

2. A New Approach to Skilled Occupation Lists

The Department of Employment, working closely with the Department of Immigration and Border Protection (DIBP) and other relevant departments, is now responsible for providing advice to the Australian Government on updates to the STSOL and MLTSSL. Our advice will have a strong evidence base using the methodology outlined in this paper and other sources such as economic modelling, survey results and submissions from stakeholders.

The Department of Employment will provide its advice to the Minister for Employment and the Minister for Immigration and Border Protection for consideration. The Minister for Immigration and Border Protection will remain the decision maker on the composition of the lists and any caveats, as they are given effect through the Migration Regulations under the Migration Act.

Every six months, the Department of Employment will as a minimum undertake labour market analysis for all ANZSCO Skill Level 1 to 3 occupations and other occupations that were previously on the Consolidated Sponsored Occupation List (CSOL) for skilled migration—this includes around 650 skilled occupations. This means the migration occupation lists will be responsive to changing economic and labour market conditions. The next update to the lists will be in January 2018.

The six monthly updates will be underpinned by the following principles:

- We will be transparent in our methodological approach and stakeholder consultation processes.

- The lists will be formed based on reliable, robust labour market evidence and analysis.

- We will consider new evidence and will investigate opportunities to improve the methodology over time through new technologies and modelling capabilities.

Following each update, occupations may move on, off or between lists. A system of 'traffic light bulletins' will be developed to consult with stakeholders on the outcomes of the Department of Employment's labour market analysis. Occupations will be published for stakeholder feedback and submissions as follows:

- Green: those occupations where our initial labour market analysis suggests no change is likely.

- Orange: occupations which may move from MLTSSL to STSOL.

- Yellow: occupations which may move from STSOL to MLTSSL.

- Red: occupations which may be removed from STSOL and/or MLTSSL altogether.

- Blue: occupations which may be added to STSOL and/or MLTSSL having been previously removed.

The 'traffic light bulletin' will also identify occupations that are in scope of our international trade commitments, those for which Australian citizenship is a pre-requisite for employment, those which were flagged in recent years as part of the annual review of the SOL by DET, and those which have been identified as supporting Australia's science and innovation agenda.

Stakeholders will be invited to provide evidence on occupations identified for possible removal (red), addition (blue) or movement between lists (orange and yellow) for the Department's consideration. All submissions will be considered carefully and any proposed changes to the skilled occupations list will be implemented in a manner consistent with Australia's international trade commitments.

The Department of Employment will continue to refine the methodology. This will strengthen the evidence base and ensure a wider range of labour market supply and demand factors are considered over time.

We are also developing a methodology for the regional migration occupation list (RMOL) which will apply from March 2018. A separate Paper on this methodology will be published on the Department's website following analysis of available data sets at the regional level.

3. Labour Market Factors

All of the datasets used in the current methodology are national datasets and are underpinned by ANZSCO Classifications at the four or six-digit level. We use the following labour market related factors and datasets:

- Skilled Migrant Employment Outcomes—DIBP's Continuous Survey of Australia's Migrants (CSAM)

- Reliance on Temporary Visa Holders—Australian Bureau of Statistics (ABS) Census, Department of Employment Occupation Trend Data, DIBP Visa Grant and Visa Stock Data

- Graduate Outcomes—Graduate Careers Australia: Graduate Outcomes Data and Field of Education Occupation Destination data

- Apprenticeship Outcomes—VOCSTATS on the number of apprentice and trainee completions in each occupation (indicator of labour supply)

- Skill Level versus Education Attainment—ABS Survey of Education and Work: Educational Attainment by Occupation data

- Employment Growth Projections—Department of Employment Occupational Projections: Five Years to May 2022 (based on ABS data)

- Vacancies—Department of Employment Internet Vacancies Index for occupations by skill level, as well for all states/territories.

- Australian (National) Skill Shortages—Department of Employment: Skill Shortage Analysis

- ANZSCO Not Elsewhere Classified (NEC) occupations—ABS Census, Department of Employment Occupation Trend Data, Subclass 457 Visa Grant Data

- Age Profile—ABS Labour Force Survey: Employed Persons Median Age by Occupation, and DIBP Subclass 457 Visa Grant Data

- Salary—ABS salary data and Subclass 457 Visa Grant Base Nominated Salary Data (not published).

The Department of Employment will also take into consideration:

- Data and advice from DIBP including on visa grants and on occupations where there may be migration risks and sensitivities.

- Evidence based submissions which are preferably referenced to ANZSCO skill level 1 to 3 occupations and, where they refer to survey findings or modelling, this has been undertaken in the preceding 6 months and includes information on the methodology, assumptions, survey questionnaire and the response rate.

- Stakeholder views on changes to the skilled migration occupation lists and caveats as presented in the traffic light bulletin.

4. Methodology—Factors, Scoring and Variation to Standard

The Department of Employment has analysed the robustness of the various datasets and classified them into two categories: primary factors and secondary factors.

Primary factors are those where we assessed that the dataset is sufficiently robust and statistically reliable; and available for most occupations. Current primary factors are skilled migrant employment outcomes, reliance on temporary visa holders, educational attainment of workers compared to ANZSCO skill level, low visa grant, and projected employment growth for the occupations.

Secondary factors are those where data is not available for all occupations or where analysis indicates the factor is less relevant from a labour market perspective. Current secondary factors are high migration risk, graduate employment outcomes, Department of Employment national skill shortage research findings, ANZSCO not elsewhere classified occupations, and age.

We are exploring alternative datasets for some of the secondary factors and are undertaking further analysis on datasets relating to internet vacancies, and apprenticeship and trainee employment outcomes. We are also working to include average salary data by occupation into our methodology.

It is important to note that no single primary or secondary factor is determinative and an occupation will only be identified for change on the traffic light bulletin where it is of concern against multiple factors.

4.1 Points Allocation and Scoring

Once we have all the data for each factor by occupation, we apply a points system for each factor in the methodology. Higher points are awarded where the data indicates that the occupation may require further analysis and/or is of concern from a labour market perspective. An overall point score is then calculated for each occupation, noting:

- We will undertake this analysis for all occupations on the former CSOL, other than those removed because Australian citizenship is a pre-requisite for, or community expectation of persons employed in, an occupation.

- The points system used for the STSOL and MLTSSL for the employer-sponsored visa categories involves:

  o Summing the actual number of points for each occupation and for each factor and dividing by the total possible points available for the occupation (ie if a score is not available for a factor for an individual occupation, it has a lower total possible points).

  o Occupations scoring on multiple primary factors are recommended for further consultation through the traffic light bulletin. This approach is consistent with the objectives of the 2014 Subclass 457 Integrity Review which recommended that the then CSOL (now STSOL and MLTSSL) should reflect skilled workforce needs.

  o Occupations scoring on multiple primary and secondary factors are also recommended for further consultation through the traffic light bulletin.

- We are currently revising the scoring for the employment growth projections factor, as our projections on employment growth for occupations for the five years to May 2022 is relevant to the objectives of the MLTSSL as it applies to the employer-sponsored categories.

- The points system used for the MLTSSL for the points-tested permanent skilled visas will, in addition to a revised weighting for employment growth projections factor noted above:

    o Adopt elements of the Skilled Occupation List (SOL) methodology which are appropriate to the objectives of the points tested categories. This includes the DET "long lead time" definition to determine where skills are highly specialised which is measured by the benchmark number of years required for completion of qualifications.

    o May include a revised score for the CSAM labour market factor, depending on the robustness of data on the occupation-specific employment outcomes of independent points-tested permanent skilled visa holders.

The occupations of concern will be highlighted in the 'orange', 'yellow' or 'red' categories in the traffic light bulletin which will published on our website and we will call for further evidence or submissions to support their suitability for skilled migration.

The methodology lends itself to the inclusion of new labour market factors and the movement of factors from secondary to primary status as more data sets are identified. The methodology can also be expanded to include other occupations, including caveats for specialisations in the ANZSCO coding index which do not appear in the published ANZSCO, and new occupations recognised in ANZSCO following periodic reviews and the introduction of the next edition of ANZSCO. See below for details on how other labour market evidence and submissions will be incorporated into the methodology.

5. Other Labour Market Evidence and Submissions

The methodology allows for new and emerging evidence to be incorporated into the analysis. New evidence provided to us that is based on a robust methodology which shows there is a shortage of suitably skilled workers in an occupation which cannot be met from the Australian labour market will have greater weight than other types of evidence. For example, Department of Health workforce projections for health professions are an example of robust and reliable evidence.

We will provide a summary of all submissions received to the Minister for Employment and the Minister for Immigration and Border Protection.

6. Caveats

The Department of Employment acknowledges there are limitations with its methodology which arise, in part, as a result of the need to use data at the national level, as data at the state, territory or regional level is either not available or not as statistically robust.

We are exploring whether other sources will provide reliable data to allow their inclusion in the methodology. If so, these will be incorporated for future updates.

The use of caveats has been a feature of the STSOL and MLTSSL since they were introduced in April 2017, and of the previous CSOL since 2012. For example, Aeroplane Pilot or Helicopter Pilot were included on the 1 July 2017 update on the STSOL with a regional caveat as stakeholder submissions contained sufficient evidence of shortages in regional and remote areas of Australia.

In the future, the Department is considering how to apply a new category in the traffic light bulletin for those occupations where caveats are under consideration. This would then enable stakeholders to provide comment on the caveats as it relates to the occupation, prior to consideration by DIBP for consideration of the feasibility of such caveats.