



Australian Government

Department of Immigration
and Border Protection

Evaluation of Occupational Ceilings

Discussion Paper

November 2013



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Purpose

This paper is intended to initiate discussion and seek comment from stakeholders to evaluate the operation of occupational ceilings in SkillSelect since its introduction on 1 July 2012 and consider options for enhancement or improvement.

Consultations

This paper will form the basis for consultations with key stakeholders including:

- State and territory government representatives of the Senior Migration Officials Group (SMOG);
- The Treasury; Department of Finance; Department of Employment; and the Australian Workforce and Productivity Agency; and
- Agent peak bodies including the Migration Institute of Australia and Migration Alliance.

Timing

Responses to the paper are due by Monday 16 December 2013 to enable consideration of responses and development of any new arrangements for the 2014-15 programme year.

Contact

Responses to issues raised in this paper should be sent to the SkillSelect mailbox at skillselect@immi.gov.au, with “Occupational Ceiling Evaluation Discussion Paper” included in the subject line.

Introduction

On 1 July 2012, the Department of Immigration and Border Protection (the department) introduced SkillSelect, one of the most significant reforms to skilled migration in a generation, using technology to deliver a new model for visa processing.

As a core operational element of SkillSelect, occupational ceilings were implemented to manage the distribution of skilled migrants across occupations in demand. The ceilings addressed serious limitations in the previous demand based application process.

Prior to the introduction of SkillSelect, Australia was receiving more applications for skilled migration than there were places available in the annual skilled migration programme. This created an extensive pipeline of skilled migration visa applications and resulted in lengthy processing times which had the potential to impact on Australia's global reputation as a skilled migrant destination country. The lengthy pipeline also meant that occupations in demand were likely to change between the date of lodgement and time of visa decision, resulting in skilled migrants being granted visas although working in occupations which were no longer in demand.

Further, without a cap on the number of skilled visas granted by occupation, a small number of occupations were over represented in the program resulting in oversupply in some occupations while creating an undersupply of skilled workers in others.

The implementation of occupational ceilings in SkillSelect has ensures that prospective migrants are only invited to apply for certain skilled migration visas if they are working in occupations in demand, when places are available in the annual skilled migration programme and where the occupation has not yet met the annual ceiling.

Occupational ceilings - overview

Occupational ceilings were introduced as part of SkillSelect on 1 July 2012. They are designed to limit the number of invitations and nominations which can be issued for particular occupational groups in the points tested component of the skilled migration programme. This was intended to ensure that the programme is not dominated by a narrow range of occupations and guard against skilled migrants crowding out local job seekers in specific occupations.

The ceilings currently apply to independent and state and territory nominated skilled visas as they address labour supply generally. The ceilings do not apply to employer sponsored visa categories, reflecting that these target actual skilled vacancies.

Occupational ceilings apply to the following visa subclasses:

- Skilled – Independent, subclass 189;
- Skilled – Nominated, subclass 190; and
- Skilled – Nominated or Sponsored (Provisional), subclass 489.

Once an occupational ceiling has been reached, no further invitations or nominations for that occupation can be issued for the remainder of the programme year. Occupational ceilings do not apply to employer sponsored visas so specific skilled vacancies can still be filled through those visa subclasses even after the relevant ceiling has been reached for the points tested visa subclasses.

Occupational ceilings were included in the wider reform package of the skilled migration programme which was approved by the Australian Government in November 2011. The methodology for setting occupational ceilings was developed by the department in consultation with the Treasury, the Department of Employment (Employment) and the Australian Workforce and Productivity Agency (AWPA).

In consultations prior to the introduction of SkillSelect, occupational ceilings were set at six per cent of the number of workers in Australia in each occupational group. This represented the average figure for replacement demand (that is, replacing workers who have left the workforce) and new job growth. In later consultations between the department, the Treasury, Employment and AWPA in early 2013, it was agreed that the same methodology would continue in the 2013-14 programme year.

Of the approximately 200 occupational groups covered by occupational ceilings, the following six reached their ceilings in the 2012-13 programme year:

- Chemical and Materials Engineers (ANZCO Code 2331);
- Electronics Engineers (ANZCO Code 2334);
- Other Engineering Professionals (ANZCO Code 2339);
- ICT Business and Systems Analysts (ANZCO Code 2611);
- Software and Applications Programmers (ANZCO Code 2613); and
- Telecommunications Engineers (ANZCO Code 2633).

Prospective migrants from these occupational groups who submitted an EOI after the ceiling had been reached in 2012-13 could not be issued with an invitation until the occupational ceilings were reset at the commencement of the new programme year on 1 July 2013. The department has continued to receive high numbers of EOIs for these six occupational groups and in order to address this, administrative arrangements have been put in place to enable half of the remaining places for these occupations to be allocated for state or territory nominations and the other half have been set aside on a pro rata basis for independent skilled migration for the remaining invitation rounds in 2013-14.

Limiting the number of invitations issued for these occupational groups has ensured that available places were not exhausted early in the programme year and is also consistent with the intention of SkillSelect that the best and brightest prospective skilled migrants be invited to apply for a skilled migration visa. The arrangements ensure that highly skilled prospective migrants who submit an EOI later in the programme year are able to be considered for invitation.

Comment is being sought as part of this evaluation to determine whether changes should be made to how occupational ceilings operate with a view to some flexibility in the application of occupational ceilings. Possible options for the future operation of occupational ceilings are discussed later in this paper.

Possible improvements and enhancements

This section sets out areas of possible improvement and enhancement for Occupational Ceiling operation in SkillSelect. It is not exhaustive and we would welcome any comments on the ceilings.

How should occupational ceilings operate?

As discussed above, six occupational groups reached their occupational ceilings in the previous programme year and are again likely to be reached in the current programme year based on ongoing high levels of demand. If the ceilings were met early in the programme year, this would be inconsistent with the original policy intention of SkillSelect since highly skilled prospective skilled migrants would be prevented from receiving an invitation, despite prospective migrants in the same occupational group with lower points scores having been invited earlier in the programme year.

In the short term, administrative arrangements have been put in place to address this by allocating remaining places in the affected occupations for the remainder of this programme year:

- Chemical and Materials Engineers (ANZCO Code 2331) (ceiling 360);
- Electronics Engineers (ANZCO Code 2334) (ceiling 420);
- Other Engineering Professionals (ANZCO Code 2339) (ceiling 300);
- ICT Business and Systems Analysts (ANZCO Code 2611) (ceiling 1380);
- Software and Applications Programmers (ANZCO Code 2613) (ceiling 4800); and
- Telecommunications Engineers (ANZCO Code 2633) (ceiling 300).

Given the continuing high levels of demand for these six occupational groups and the potential for other occupations to be similarly affected in the future, this is an area where comment is sought to optimise the application of occupational ceilings. Apart from the options below, there may be other alternatives to be implemented and we would welcome any input in this regard.

Option 1 – Exempting state and territory nominations from occupational ceilings

As noted previously in this paper, currently both independent and state and territory government nominated skilled visas are subject to occupational ceilings. The ceilings do not apply to employer sponsored categories as these are targeted to address specific skilled vacancies

Exempting states and territories from the application of occupational ceilings would enable jurisdictions to nominate skilled workers in occupations that may otherwise have reached their ceiling.

Possible questions raised by this option include:

- what would the labour market impact be if states and territories were exempted from the application of the occupational ceilings?
- If an exemption were considered, would this be best applied to all occupations or to a limited number? If so, on what basis could occupations be identified for exemption?
- Alternatively, would it be more effective to apply an exemption on an as needed basis by state / territory for specific occupations?

Option 2 – Setting a minimum level for occupational ceilings

Occupational ceilings are currently set at six per cent of the existing workforce for each occupational group regardless of their individual size. Setting a minimum ceiling of, for example, 1000, 2000 or 5000 places would ensure that smaller occupational groups are not unnecessarily impacted by the ceilings when they are not likely to dominate the overall skilled migration programme.

The possible questions raised by this option include:

- What would be an appropriate minimum ceiling level to ensure that smaller occupational groups are not unnecessarily impacted?
- Would setting minimum levels address issues related to ongoing high demand in certain occupational groups?
- What would be the implications of this for employers, states and territories and the Australian labour market?

Option 3 – Differential ceiling rates based on labour market conditions

It would be possible to set differential ceiling rates based on specific labour market conditions for occupational groups. In this regard, higher ceilings could be allocated to occupational groups where there is evidence of high growth rates or other relevant factors. Under current arrangements, the occupational ceiling is set at a standard rate of six per cent across all groups and there is no acknowledgement of different labour market conditions between groups.

Possible considerations for this option include:

- What eligibility criteria could be used to identify occupational groups for differential ceilings?
- What would the implications be from applying differential ceilings?
- How frequently would differential ceilings need to be reassessed?

Option 4 – Development of a new occupational ceiling algorithm

A new occupation ceiling algorithm could be developed to distribute invitations across the whole programme year, rather than having all places available on a first in, first invited basis from 1 July each year. Current arrangements mean that occupational groups with high levels of demand are likely to reach their ceilings well before the end of the programme year. Clients with high scores may then be excluded from receiving an invitation or nomination because they submitted an EOI later in the programme year while clients with lower scores may have been invited if they submitted their EOI before the ceiling was reached. If a new algorithm was introduced to automatically release places at regular intervals throughout the programme year, this would ensure that SkillSelect operates as intended to invite the most highly skilled potential skilled migrants. However, there would be cost implications in developing and implementing system changes for a new algorithm.

Possible considerations for this option include:

- What would the implications be of distributing invitations across the year?
- Should this apply to all occupational groups or only those with high demand?

Option 5 – Removal of occupational ceilings

While there are approximately 200 groups on the Skilled Occupation List, only six met their ceiling in the 2012-13 programme year. Given this, it may be appropriate to consider removing occupational ceilings for all or some occupational groups.

It is useful to note the context in which occupational ceilings now operate. Access to the skilled migration programme is already controlled via the SOL and CSOL and through SkillSelect, with prospective skilled migrants required to meet threshold requirements before being invited or nominated to apply for a skilled migration visa.

Possible considerations for this option include:

- Should all occupational group ceilings be removed or only for certain occupations? If so, how should those occupations be determined?
- How would removing the occupational ceilings impact on the labour market?
- How would removing the ceilings impact on the overall composition of the migration programme?

Comments deadline – Monday 16 December 2013

Please send any comments on this discussion paper to the SkillSelect mailbox at skillselect@immi.gov.au by Monday 16 December 2013, with “Occupational Ceiling Evaluation Discussion Paper” included in the subject line.

Individual submissions will not be published but responses may be referred to in the evaluation. If you would prefer your input to remain confidential, please clearly state this in your response and your details will not be included.