

Senate Standing Committee on Education Employment and Workplace Relations

QUESTIONS ON NOTICE

Supplementary Budget Estimates – 2012-2013

Outcome 3 – Employment

DEEWR Question No.EW0655_13

Senator Thistlethwaite asked on 17 October 2012, Hansard Page 96

Question – Responsibility for determining skills shortages in particular sectors of the economy

Senator THISTLETHWAITE: Just as a follow-up, which department does determine if there are skill shortages or not in particular sectors of the economy? Mr Kovacic: We certainly would provide advice based on our labour market expertise. But, as I said, in respect of this list, it is ultimately the Minister for Immigration and Citizenship that decides which occupations are included or not included in the list. Senator THISTLETHWAITE: So ordinarily you would? Mr Kovacic: In a general sort of sense; we will take it on notice as to the details.

Answer

Australian Government departments have different roles in the creation and maintenance of the following migration occupation lists:

- Consolidated Sponsored Occupations List (CSOL) – introduced on 1 July 2012, this list applies to the employer-sponsored temporary business (subclass 457) program and the permanent Employer Nomination Scheme (ENS);
- State Migration Plans (SMP) – an SMP exists for each state and territory and since 1 July 2012 SMPs that are finalised will be a subset of the CSOL;
- Skilled Occupations List (SOL) – introduced on 1 July 2010 with annual updates based on advice from the Australian Workforce and Productivity Agency (AWPA), this list applies to independent permanent migration through the points tested General Skilled Migration (GSM) program.

The Department of Education, Employment and Workplace Relations (DEEWR) provides advice to the Department of Immigration and Citizenship (DIAC) on labour market issues (including employment growth forecasts and the market salary framework) associated with the policy settings for permanent and temporary migration programs.

This includes advice on the employer-sponsored temporary business (subclass 457) and permanent ENS (subclass 186) programs. However, the Minister for Immigration and Citizenship is the decision maker on these policy settings and on the composition of all the migration lists noted above.

DIAC sought advice from DEEWR and the then Skills Australia Secretariat on its proposed principles and methodology to inform its work on the CSOL, but did not seek advice on the labour market status of occupations being considered for inclusion on this list.

DEEWR conducts research to identify skill shortages in the Australian labour market, the results of which are considered in a range of education and training programs. While this skill shortage research is considered by AWPA as part of its annual update and advice to DIAC on the SOL, it does not form part of the DIAC methodology for the CSOL.

The focus of DEEWR skill shortage research is on skilled occupations (that is, those which generally require at least three years of post school education or training). The research covers in excess of 100 skilled occupations, mainly in the professions and trades.

The DEEWR research results identify occupations where skill shortages are evident or emerging in the Australian labour market:

- the core of the research is a methodology based on *surveying a sample of employers who have recently advertised vacancies* for selected skilled occupations to discuss their skill needs and recruitment experiences, and to identify whether they are able to recruit suitable workers for their positions;
- industry intelligence is considered in tandem with statistical information on demand and supply trends, such as industry activity indicators, training data, graduate employment outcomes, wastage and vacancy trends;
- consultation with key industry associations is undertaken to verify the findings of the research.

Information on the AWPA website suggests that in addition to DEEWR skill shortage research, AWPA considers the following factors in providing advice to DIAC on the annual update of the SOL:

- demand and supply imbalance, both nationally and regionally, for occupations;
- medium-to-long term demand and supply trends which may impact upon the employment outlook for occupations;
- formal licensing or registration requirements for occupations.

Questions on the data sources, research and methodology used by AWPA for the annual update of the SOL and the extent to which this information forms part of advice provided to DIAC should be directed to AWPA.