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Proposal for invitation rounds - Skilled Independent visas

Background

Skilled migrants make a significant positive impact to Australia's economy. The points tested visa programs, subject to planning levels under the permanent Migration program, are effective in securing migrants with the right skills to address shortages and prepare for our future capability needs. Migrants arriving on a Skilled Independent (subclass 189) visa are invited by the Commonwealth, and are the largest per capita contributors to GDP¹, with the highest participation rate² amongst skilled visa programs. Data from the Migrant Linked Outcomes report shows that of key skilled visa programs, subclass 189 migrants had the highest median annual income at \$106,800 for primary visa holders and \$64,000 for secondary visa holders³. This compares to a median employee income across Australia of \$58,260 in the same period⁴.

The points test assesses prospective migrants on a set of human capital characteristics, including education, age, English language ability and work experience. These are indicators of long-term success, labour market adaptability, and lifetime net fiscal contribution and economic impact. The platform where Expressions of Interest (EOIs) are submitted, SkillSelect, ranks applicants on their points test score. This ranking is used to guide who the Department issues an invitation to apply for a subclass 189 visa, and the Skilled Work Regional (Provisional) (Family Sponsored) (subclass 491) visa.

Occupation has a strong effect on lifetime earnings, and has a strong association with particular skills, capabilities and education levels. A considered approach to occupation-based selection in invitation rounds is required to capitalise on such opportunities.

During the pandemic, the Department departed from its established process for managing invitation rounds in order to support economic recovery by targeting high priority occupations in critical sectors (healthcare and teaching). There is now an opportunity to design a new process and prioritisation model that is evidence-based, agile, transparent and accountable.

Working across government

s. 47E(d)

¹ September 2023, Jessica Hua, Baily Hepple, Linus Gustafsson (Fiscal Policy Analysis Unit, MAPD), *Analysis of the lifetime economic contribution of permanent migrants*

² s. 47E(d)

³ Migrant Linked Outcomes data – Employer Sponsored and Independent Skilled Migrants, *Reported income (median) in Australia in the 2021/22 financial year – visa granted prior to or on 30 June 2022*

⁴ 2021-22, ABS, *Personal Income in Australia*, <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/personal-income-australia/latest-release>

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State and Territory governments run their own invitation rounds through access to the EOI pool in SkillSelect, according to their annual allocation of places in the Skilled (Nominated) visa programs. Employers also actively fill vacancies with new permanent migrants using the Employer Nomination Scheme. The Department will monitor State and Territory subclass 190 and subclass 491 invitations and visa lodgements in the Employer Nomination program, to ensure that the Commonwealth is addressing any gaps that arise from jurisdictions and employers targeting the occupations in acute need, rather than those of greatest long-term strategic utility.

Operational efficiency

Under this proposed framework, the policy lead will develop and seek authority for carrying out the invitation rounds each program year. Annual review of priorities, in consultation with key government agencies, will ensure the invitation rounds continue to meet Australia's short-term needs and long-term goals. It will also provide high-level government oversight of the intake of independent skilled migrants.

Subject to Migration Program planning levels, invitations are currently extended in volumes necessary to maintain a pipeline of visa applications. This requires monitoring of rates of conversion from invitations to applications. Prior to the commencement of each program year, ISTB will review prevailing conversion rates and occupation fulfilment rates across the permanent skilled visa programs (Skilled Nominated – Subclass 190, Skilled Work Regional (Provisional) – Subclass 491, and Employer Nomination Scheme – Subclass 186), based on review of visa grant data for the entire previous program year. For example, occupation ceilings set for PY2025-26 will be based on review of fulfilment in PY2024-25. This approach will enable ISTB to set invitation numbers for each occupation at the beginning of a new program year, enabling the Skilled Independent program to fill gaps and maximise both diversity and intake of high priority occupations.

Invitation rounds

Under this framework, invitation rounds would be run frequently on a predictable (e.g. quarterly or monthly) schedule, to improve operational responsiveness and provide certainty to potential migrants. A shift to frequent, regularised invitation rounds will improve the availability of data that enables policy evaluation and responsiveness.

A review of the first six months' of visa grants against invitation data by end of each January will act as a useful checkpoint to ensure invitation rounds are on track. In addition to general rounds that broadly seek to fill occupation targets on a pro rata basis, monthly rounds will allow greater flexibility for running targeted invitation rounds during the year as needed, for example to respond to shifts in priority or patterns of EOI submissions that may be identified at the mid-year checkpoint.

More frequent invitation rounds will ensure the Department acts promptly on high value EOIs, reducing the wait time for highly skilled candidates in the EOI pool and the potential loss of talent.

It will also provide greater certainty to State and Territory governments. Analysis of SkillSelect data from PY2022/23 shows that 87% of Subclass 189 candidates also submitted EOIs to State and Territory governments for a Subclass 190 or Subclass 491 visa. s. 47E(d)

Communication and outreach

Publicly communicating the government's annual priorities, and advertising the composition and timing of upcoming invitation rounds, will help to drive client behaviour and better attract the capabilities and occupations that are most in need.

Relevant Procedural Instructions and website content will need to be updated in line with the endorsed model and annual occupation composition. This will ensure that transparency of the Department's management of the skilled migration programs.

The proposed model – tiered prioritisation

The *World Economic Forum (WEF) – Future of Jobs Report 2025*⁵ highlighted the core capabilities required to ensure an adaptable workforce that will meet long-term skill needs. These include analytical thinking, resilience, flexibility and agility, leadership and social influence, talent management, teaching and mentoring.

Analysis by the ANU⁶ shows that outcomes are maximised for migrants with the highest levels of education and English language skills. There is an opportunity to prioritise occupations that demonstrate these capabilities and characteristics, to ensure skilled migrants are able to adapt to Australia's labour market.

Informed by analysis, a tiered prioritisation model has been developed to prioritise the occupations that have the greatest positive lifetime fiscal and economic impact. The model will establish a transparent, principle-based approach to invitation rounds. It will deliver migrants with high levels of human capital, in a diverse range of occupations, with focussed interventions for occupations that are high priority for the Government.

The model also seeks to balance the invitation of migrants in high priority occupations to meet short-term needs, with the invitation of migrants who possess skills, capabilities and high human capital for long-term adaptability and lifetime economic impact.

Within occupation skill levels there is a high variance in the training requirements and the capabilities required in job specific roles. For example, researchers and medical specialists spend years in specialist education – making individuals that can perform these roles naturally low volume and highly valuable. Their value is not necessarily reflected in a high points test score ranking, with analysis of SkillSelect data indicating that candidates with the highest rankings are those in highly saturated occupation groups, where competition drives points upwards (for example, accountants who access additional points through criteria of *Professional Year, Specialist Education, English language ability*). s. 47E(d)

Occupation Ceilings

Occupation ceilings have been recalibrated to effectively manage oversaturation of the permanent skilled migrant intake by high volume occupations (including accounting and ICT professionals). As mentioned above, invitation numbers will be managed in reference to occupation coverage in other permanent skilled migration visa programs.

s. 47E(d)

Previously an agreed multiplier of 6% was applied to the ABS stock employment figures, to set a ceiling for occupations so that fulfilment from migration would not negatively impact the labour market.

Analysis of this approach demonstrates that 6% is too high to set an effective upper limit for occupations within the migration program planning levels with no occupations approaching the ceiling – particularly as the occupation ceiling was applied only to the subclass 189 visa program rather than permanent and provisional skilled intake as a whole.

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Ceilings will be calculated using the average number (the 'stock') of workers according the Minor Group ANZSCO code in that occupation using the new multipliers. Occupation ceilings will be filled by grants by Minor Group ANZSCO codes in the preceding year under the Employer Nomination Scheme, Skilled

⁵ January 2025, World Economic Forum, *Future of Jobs Report 2025*, [The Future of Jobs Report 2025 | World Economic Forum](#)

⁶ September 2023, Varela P & Breunig R, Tax and Transfer Policy Institute – Crawford School of Public Policy (ANU), *Determinants of the economic outcomes of Australian permanent migrants*

Nominated Program and Regional Provisional Programs. The remaining unused places in the ceiling will be able to be granted in the Skilled Independent (subclass 189) Program.

Occupations that have had their ceiling met or exceeding through grants in other skilled programs in the preceding year would not be invited to apply in the coming year.

Box 2 – Example of calculating and filling occupation ceilings – s. 47E(d)

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Table 1 - Tiered Prioritisation Model - Invitation round structure

Candidates will be selected on the basis of highest points ranking, until occupation ceilings are reached.

The previous minimum 'ceiling' of 1,000 invitations has been ineffective as a control mechanism as it has been set too high, with few smaller occupations approaching the ceiling. A new minimum invitation threshold of 500 has been set following analysis of fulfilment rates for occupations. This threshold will both protect diversity of the intake for the Subclass 189 visa program and support invitation of candidates with skills and capabilities that are relatively scarce in Australia.

Description of the tiers

The tiers enable a structured approach to managing invitations throughout the program year. Occupations specified for each tier may be amended where there is a need to respond to emerging priorities. The full lists of occupations are at **Attachment B – Occupation composition of the tiers**.

- **Tier 1 – Highest value occupations**

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Long training time is the key driver of shortages, and there is long-term projected demand. These skills are scarce due to their specialisation. Most candidates are highly trained medical specialists with high social licence, such as cardiologists and oncologists. The highest multiplier of 4.0% has been applied to maximise intake from these occupations.

- **Tier 2 – High priority occupations**

This tier identifies priorities for government, and enables the department to be responsive to changes in priority. The occupations currently in this tier are those outlined in s499 Ministerial Direction no.105 (that are not already identified for Tier 1), and include the education and health sectors.

- **Tier 3 – Diverse occupations**

This tier contains 121 occupations not specified for other tiers, and enables selection of candidates with the highest levels of human capital from diverse occupations. This will maximise selection of candidates with long-term labour market adaptability and diversity of skills to protect for emerging shortages.

- **Tier 4 – Oversupplied occupations**

This tier includes occupations identified as having persistently high volumes of EOIs, such as accounting professionals, ICT professionals and chefs. These occupations may have higher than average points test scores due to increased competition in their occupation silo, and additional points may be available due to their occupation. The Department has historically applied lower ceilings to these occupations in order to prevent oversupply, and to prevent these occupations from making up the majority of the intake.