

# GMS Flash Alert

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## Australia - 457 Visa to Be Replaced March 2018, Other Immigration Changes Now

Australia's Prime Minister, Malcolm Turnbull, on 18 April 2017, announced that the 457 Visa will be replaced with a new Temporary Skill Shortage (TSS) Visa from March next year.<sup>1</sup>

Significant changes to the current occupation list for 457 visas will progressively come into effect commencing from 19 April 2017. In addition, there will be changes to the eligibility requirements of the employer-sponsored permanent skilled visas.

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### WHY THIS MATTERS

The government is responding to a combination of politics and the need to address an evolving labor market. The new policies will result in a tightening up and some restrictions with respect to foreigners entering the country to work, which will create challenges for employers bringing foreign workers into Australia.

Immigration advisers and global mobility professionals charged with the immigration affairs of their international assignees need to be aware that the changes will see the removal of 216 occupations and access to 59 other occupations restricted, thus affecting applications under:

- the subclass 457 and permanent employer nominated subclass 186 visa categories;
- the training subclass 407 and skilled independent subclass 190 and 489 visas.

The maximum validity of the 457 visa issued from 19 April 2017 (i.e., two years or four years) will also be affected.

Employers that wish to bring foreign workers into Australia will need to consider if these workers will be able to meet the criteria of the new TSS visa. They should be also aware that government lodgment fees for the visas will be higher than the current 457 visa fees, which could impact their international assignment costs.

## Immediate Effects of the Announcement

In addition to the introduction of the new visa from next year (further details below), it has also been announced that there will be significant changes to the current occupation list for 457 visas.

Effective 19 April 2017, the “Short term skilled Occupation List” (STSOL) will replace the current “Consolidated Sponsored Occupation List.” This will see the removal of 216 occupations and access to 59 other occupations restricted. This will affect applications under the subclass 457 and permanent employer-nominated subclass 186 visa categories. It also affects the training subclass 407 and skilled independent subclass 190 and 489 visas. The maximum validity of 457 visas issued (i.e., two years or four years) will be dependent on the occupation nominated.

“Grandfathering arrangements” will apply to current 457 visa holders and there will be no change to their visa status.

The implementation of these reforms will be phased in up to March 2018 with changes implemented 19 April 2017, 1 July 2017, before 31 December 2017, and from March 2018.

## New Temporary Skill Shortage (TSS) Visa

Key features of the new visa include the following:

- A reduced list of eligible occupations (as advised above);
- Mandatory labour market testing (unless an international trade obligation applies);
- A non-discriminatory workforce test to establish employers are not actively discriminating against Australian workers;
- Strengthened requirement for employers to contribute to training Australian workers;
- A minimum market salary rate;
- The Department of Immigration and Border Protection will collect Tax File Numbers and data will be matched with the Australian Tax Office’s records;
- Applicants will be required to have a minimum of two years’ work experience in their occupation;
- A higher English language threshold will apply; and
- Criminal background checks for all applicants.

Further, the new visa will have two streams:

- A Short-Term stream for up to two years which can be renewed for a further two years from onshore. Any further renewal applications will be required to be made from offshore, and there will be no pathway to permanent residence for this stream.
- A Medium-Term stream for up to four years which will be available to a limited number of select occupations, with a higher skill threshold. Holders of this visa will be able to apply onshore for visa renewals and have a pathway to permanent residence after three years.

Government lodgment fees for the visas will be higher than the current 457 visa fees.

## Changes to Employer-Sponsored Permanent Residence

In addition, there will be changes to the eligibility requirements of the employer-sponsored permanent skilled visas, including the following:

- A reduced list of eligible occupations;
- Tightened English language requirements;
- A requirement for visa applicants to have at least three years' work experience;
- A maximum age requirement of 45 years for the Direct entry stream (although we expect this should be read as requiring applicants to be under 45 (not a maximum of 45));
- Strengthened requirement for employers to contribute to training Australian workers; and
- Employers must pay the Australian market salary rate and meet the Temporary Skilled Migration Income Threshold.

Concessions for regional areas will continue to be available.

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### KPMG NOTE

#### Considerations and Next Steps for Employers

Noting there will be certain immediate impacts that will need to be considered, in the lead up to March next year, employers should be reviewing their current 457 visa population as well as their overall foreign recruitment plans.

Although "grandfathering arrangements" will be available to current 457 visa holders, employers should consider what action they can take now to mitigate the potential negative impact of these changes.

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### FOOTNOTE:

1 For an announcement on the Department of Immigration and Border Protection website, see: <https://www.border.gov.au/Trav/Work/457-abolition-replacement> .

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### RELATED ARTICLE

This article is excerpted, with permission, from "457 to be replaced – March 2018 (with certain changes effective from tomorrow)" in *Migration Newsflash* (18 April 2017), a publication of the KPMG International member firm in Australia.

## Contact us

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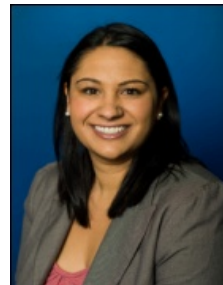
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