

# GMS Flash Alert

## Immigration Edition

2023-132 | June 29, 2023



# Australia - Update on Several Immigration Changes Taking Effect 1 July

A range of changes impacting foreign nationals wanting to travel and work in Australia become effective 1 July 2023.

Australian Home Affairs Minister Clare O’Neil announced in April policy changes based on a report on the migration system.<sup>1</sup> Among other goals, the changes seek to allow employers to select highly-skilled migrants from overseas to provide temporary migrants with more mobility in the labour market, and to encourage international students to remain in the country. (For prior coverage, see [GMS Flash Alert 2023-65](#), 27 March 2023.)

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## WHY THIS MATTERS

The significant changes to the current migration rules impact many current and future visa holders, expatriates, as well as businesses that need access to “in-demand” workers. To avail of the opportunities arising from the reforms, and help assure compliance, it is critical to understand the changes and new process requirements.

It should also be noted that with the increase in visa filing fees, the cost of bringing in individuals for work purposes into Australia may rise, thereby raising the costs for international assignments to Australia.

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## Labour Market Testing Exemption for United Kingdom (U.K.) Passport Holders

From 31 May 2023, employers applying for the Temporary Skill Shortage (TSS) subclass 482 visa will no longer be required to meet Labour Market Testing (LMT) requirements for U.K. passport holders as a result of the entry into force of the Australia-United Kingdom Free Trade Agreement (Australia-U.K. FTA).

This has recently been incorporated into legislation and means that job advertisements no longer need to be posted where the primary subclass 482 visa applicant holds a U.K. passport. A copy of the U.K. passport should be provided to the Department of Home Affairs as part of the subclass 482 nomination application.

## Working Holiday Maker Program Changes for U.K. Passport Holders

Australia and the U.K. have agreed to enact new arrangements under the Working Holiday Maker (WHM) program and Youth Mobility Scheme following entry into force of the Australia-U.K. FTA).

Under the new arrangements:

- From 1 July 2023, U.K. passport holders between the ages of 18 and 35 years inclusive can apply for a Working Holiday visa;
- From 1 July 2024, U.K. passport holders can be granted up to three separate Working Holiday visas without having to meet any specified work requirements.

The new arrangements will apply to all Working Holiday (subclass 417) visa applications for U.K. passport holders filed from the date of implementation.

## Pathway to Australian Citizenship for New Zealand Citizens

From 1 July 2023, New Zealand citizens who have been living in Australia for four years or more will be eligible to apply directly for Australian citizenship. They will no longer need to first apply for and be granted a permanent visa.

From 1 July 2023, the following changes will occur for New Zealand citizens holding a Special Category Visa (SCV) (subclass 444):

- Long-term New Zealand citizens resident in Australia will have their period of permanent residence backdated for citizenship purposes;
- All New Zealand citizens holding an SCV will be considered permanent residents for citizenship purposes;
- New Zealand citizens granted an SCV before 1 July 2022, will have their period of permanent residence for citizenship purposes backdated to 1 July 2022;
- New Zealand citizens granted an SCV for the first time on or after 1 July 2022, will be considered a permanent resident for citizenship purposes from the date of their SCV grant;
- Provisions will also apply to New Zealand citizens who are overseas but held an SCV immediately before last leaving Australia.

### Children of SCV holders

- From 1 July 2023, any child born in Australia on or after 1 July 2022, to a SCV holder may automatically acquire Australian citizenship at birth;
- From 1 July 2023, children who meet these circumstances can apply for evidence of citizenship.

## Temporary Skilled Migration Income Threshold (TSMIT)

- The TSMIT will increase from its current rate of \$53,900 to \$70,000 on 1 July 2023 (all dollar figures expressed are Australian dollars).

- The Department of Home Affairs has confirmed that any nomination applications submitted prior to 1 July 2023, will not be impacted by the increase in the TSMIT (even if the nomination and associated visa application are not finalised by 1 July).
- The increased TSMIT will apply to nominations filed from 1 July 2023.

## Increase in Visa Filing Fees

- From 1 July 2023, visa application charges (VACs) are increased by the 2023-24 forecast consumer price index (CPI) of 3.25%.
- Visitor, Working Holiday, Work and Holiday, Training, Temporary Activity, and Temporary Work (Short Stay Specialist) visas increased by a further 21% in addition to CPI.
- Business Innovation and Investment Program visa fees are increased by a further 46% in addition to CPI.
- The remaining visa fees are increased by 6% in addition to CPI.
- There is no increase apart from the CPI increase of 3.25% for Subclass 403 (Temporary Work (International Relations) visa fees in the Pacific Australia Labour Mobility (PALM) stream.
- The new VAC amounts are also rounded to the nearest \$5.

## Increase in Superannuation Guarantee Payments

- The Superannuation Guarantee (SG), which requires employers to contribute a percentage for an employee's earnings to a retirement fund, will increase from 10.5% to 11% on 1 July 2023, and applies to subclass 482 visa holders as well.
- If there is a reduction in the guaranteed annual earnings of the primary sponsored 482 visa holder, a new nomination must be submitted and approved first.

## Changes to Visa Conditions – Student Visa Holders

- Student visa holders will no longer be able to work unrestricted from 1 July 2023, and they will need to comply with their visa work condition.
- The permitted hours of work will be increased from 40 hours a fortnight to 48 hours per fortnight.
- Student visa holders working in the 'aged care' sector will be exempt from the capped work hours and will have unlimited work rights until 31 December 2023.

## Changes to Visa Conditions – Working Holiday Makers

- Persons who hold a valid Working Holiday Maker (subclass 417 and 462) visa have been able to work with an employer for more than six months due to a temporary relaxation of the associated work condition.

- These visa holders will no longer be able to work unrestricted from 1 July 2023, and they will need to comply with their visa work condition.
- From 1 July 2023, Working Holiday Maker visa holders will generally only be able to work for any one employer for up to six months as per their original visa condition.
- Any work that is carried out for an employer before 1 July 2023, will not be counted towards the six-month period. This means that from 1 July 2023, a Working Holiday Maker visa holder may work for an employer for an additional six months even if he worked for that same employer before 1 July 2023.

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## KPMG INSIGHTS

With regard to superannuation, we remind employers that primary sponsored 482 visa holders must be paid at least the guaranteed annual earnings in the most recent nomination approval or the market rate (whichever is higher). If the increase to the SG will reduce the base salary, this may result in a breach of obligations as a business sponsor. Employers are expected to increase total remuneration packages to align with the increase in SG. We recommend employers undertake a review of sponsored employee's remuneration to help ensure they remain compliant from 1 July 2023.

The Australian government is expected to release the final recommendations of the review of the migration system in July 2023. KPMG anticipates further significant changes to the Australian immigration program over the next three to six months and beyond.

For further information about the upcoming changes and how they may impact your business and employees, please consult with a qualified immigration counsel or a member of the Immigration team with KPMG in Australia (see the Contacts section).

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## FOOTNOTE:

1 Australian Government, Department of Home Affairs, "[Review of the Migration System: Final Report 2023.](#)"

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## Contact us

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*\* Please note the KPMG International member firm in the United States does not provide immigration or labour law services. However, KPMG Law LLP in Canada can assist clients with U.S. immigration matters.*

**The information contained in this newsletter was submitted by the KPMG International member firm in Australia.**

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