



# Fact sheet one: Reforms to Australia's temporary employer sponsored skilled visa program — abolition and replacement of the subclass 457 visa

## Purpose

The purpose of this fact sheet is to advise the general public about the scope and implementation timeframes for the reforms to Australia's temporary employer sponsored skilled migration program.

The reforms include abolishing the Temporary Work (Skilled) (subclass 457) visa (subclass 457 visa) and replacing it with the completely new Temporary Skills Shortage (TSS) visa in March 2018. The TSS will support businesses in addressing genuine skill shortages in their workforce and will contain a number of safeguards which prioritise Australian workers.

Implementation of these reforms commenced on 19 April 2017 and will be completed by March 2018.

## What has changed?

From **19 April 2017**, for the existing subclass 457 visa:

- **Occupation lists:** The occupation lists that underpin the 457 visa were significantly condensed from 651 to 435 occupations, with 216 occupations removed and access to 59 other occupations restricted. The lists will be reviewed every six months from 1 July 2017 by the Department of Employment.
- Of the 435 occupations, access to 24 occupations was restricted to regional Australia (e.g. occupations relating to farming and agriculture).
- The Consolidated Sponsored Occupation List (CSOL) was renamed the new Short-term Skilled Occupations List (STSOL). The list contains occupations required to meet critical, short-term skills needs.
- The other occupation list used for skilled migration, the Skilled Occupations List (SOL) was renamed the new Medium and Long-term Strategic Skills List (MLTSSL). This list contains occupations that have been assessed as being of high value to the Australian economy and aligning to the Government's longer term training and workforce strategies.
- **Validity period:** The maximum duration of subclass 457 visas issued from 19 April 2017 onwards for occupations that are on the STSOL is two years (unless international trade obligation apply<sup>1</sup>). Occupations on the MLTSSL continue to be issued for a maximum duration of four years.

---

<sup>1</sup> Departmental policy makes it clear that visa periods of up to four years for occupations on the STSOL are available where requested by the sponsor and required to meet Australia's international trade obligations.

From **1 July 2017**, for the existing subclass 457 visa:

- **Occupation lists:** The first regular review of the occupation lists was conducted based on extensive consultations with industry, labour market analysis and advice from government agencies.
- **English language requirements:** English language salary exemption threshold, which exempts applicants whose salary is over \$96,400 from the English language requirement, was removed (unless the person is an intra-corporate transferee).
- **Training benchmarks:** Policy settings about the training benchmark requirement were made clearer in legislative instruments.
- **Character:** Provision of penal clearance certificates became mandatory.

### Intended Changes in December 2017 / January 2018

Before **31 December 2017**, for the existing 457 visa:

- The Department of Immigration and Border Protection (the Department) will commence the collection of Tax File Numbers for 457 visa holders (and other employer sponsored migrants), and data will be matched with the Australian Tax Office's records to ensure that visa holders are not paid less than their nominated salary.
- The Department will commence the publication of details relating to sponsors sanctioned for failing to meet their obligations under the Migration Regulation 1994 and related legislation.
- To implement these reforms, the *Migration and Other Legislation Amendment (Enhanced Integrity) Bill 2017* was introduced to Parliament on 16 August 2017.

The occupation lists will be reviewed by the Department of Employment in **January 2018**.

### Changes from March 2018

From **March 2018**, the subclass 457 visa will be abolished and replaced with the TSS visa. The TSS visa will be comprised of a Short-Term stream of up to two years (unless international trade obligations apply)<sup>2</sup>, and a Medium-Term stream of up to four years.

The Short-term stream is designed for Australian businesses to fill skill gaps with foreign workers on a temporary basis, where a suitably skilled Australian worker cannot be sourced.

The Medium-term stream will allow employers to source foreign workers to address shortages in a narrower range of highly skilled and high-value need occupations, where a suitably skilled Australian worker cannot be sourced.

The **Short-term stream** will include the following criteria:

- **Renewal:** Capacity for visa renewal onshore once only.

---

<sup>2</sup> Departmental policy makes it clear that visa periods of up to four years for occupations on the STSOL are available where requested by the sponsor and required to meet Australia's international trade obligations.

- **Occupations:**
  - o the STSOL will apply.
- **English language requirements:** A requirement of an International English Language Testing System (IELTS) (or equivalent test) score of 5, with a minimum of 4.5 in each test component.
- **Genuine entry:** A genuine temporary entrant requirement.

The **Medium-Term stream** will include the following criteria:

- **Renewal:** Capacity for visa renewal onshore and a permanent residence pathway after three years.
- **Occupation lists:**
  - o the MLTSSL will apply.
- **English language requirements:** a requirement of a minimum of IELTS 5 (or equivalent test) in each test component.
- Additional occupations will be available to support regional employers.

Eligibility criteria for both streams will include:

- **Work experience:** at least two years' work experience relevant to the particular occupation.
- **Labour market testing (LMT):** LMT will be mandatory, unless an international obligation applies.
- **Minimum market salary rate:** Employers must pay the Australian market salary rate and meet the Temporary Skilled Migration Income Threshold requirements.<sup>3</sup>
- **Character:** Mandatory penal clearance certificates to be provided.
- **Workforce:** A non-discriminatory workforce test to ensure employers are not actively discriminating against Australian workers.
- **Training requirement:** Employers nominating a worker for a TSS visa will be required to pay a contribution to the Skilling Australians Fund. The contribution will be:
  - o payable in full at the time the worker is nominated;
  - o \$1200 per year or part year for small businesses (those with annual turnover of less than \$10 million) and \$1800 per year or part year for other businesses.

The detailed policy settings for several of these requirements will be finalised through the implementation process. Further details on these requirements to inform stakeholders will be available in due course.

## Why are these changes being made?

These measures will sharpen the focus of Australia's employer sponsored skilled migration programs to ensure they better meet Australia's skills needs, increase the quality and economic contribution of skilled migrants and address public concerns about the displacement of Australian workers.

---

<sup>3</sup> Set at \$53,900 as at 12 April 2016.

## Who is affected?

Current subclass 457 visa holders, prospective applicants, businesses sponsoring skilled migrants and industry. Existing 457 visas will continue to remain in effect.

Information on the changes to the occupation lists is available on the Department's website at [www.border.gov.au/Trav/Work/Work/Skills-assessment-and-assessing-authorities/skilled-occupations-lists](http://www.border.gov.au/Trav/Work/Work/Skills-assessment-and-assessing-authorities/skilled-occupations-lists)

## More information

More information about these reforms is available on the Department's website at [www.border.gov.au/Trav/Work/457-abolition-replacement](http://www.border.gov.au/Trav/Work/457-abolition-replacement).

The Department of Employment is responsible for reviewing and recommending eligible occupations for the STSOL and MLTSSL. The lists will be reviewed every six months. For more information, including how to make a submission for the next review, please visit the Department of Employment's website [www.employment.gov.au/SkilledMigrationList](http://www.employment.gov.au/SkilledMigrationList).