



# Fact sheet one: Reforms to Australia's temporary employer sponsored skilled migration programme—abolition and replacement of the 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 programme.

The reforms include abolishing the Temporary Work (Skilled) (subclass 457) visa (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 is changing?

### Changes from April 2017

From **19 April 2017**, for the existing 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.
- Of the 435 occupations, access to 24 occupations has been restricted to regional Australia (e.g. occupations relating to farming and agriculture).
- The Consolidated Sponsored Occupation List (CSOL) was renamed the Short-term Skilled Occupations List (STSOL) and will be updated every six months based on advice from the Department of Employment.
- The other occupations list used for skilled migration, the Skilled Occupations List (SOL) was renamed the new Medium and Long-term Strategic Skills List (MLTSSL). This list will contain 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 457 visas issued from this date for occupations that are on the STSOL will be two years. Occupations on the MLTSSL will continue to be issued for a maximum duration of four years.

## Changes from July 2017

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

- **Occupation lists:** The STSOL will be further reviewed based on advice from the Department of Employment. The MLTSSL will be revised based on outcomes from the Department of Education and Training's 2017-18 SOL review.
- **English language requirements:** English language salary exemption threshold, which exempts applicants whose salary is over \$96,400 from the English language requirement, will be removed.
- **Training benchmarks:** Policy settings about the training benchmark requirement will be made clearer in legislative instruments.
- **Character:** Provision of penal clearance certificates will become mandatory.

## Changes by December 2017

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.

## Changes from March 2018

From **March 2018**, the 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, 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 high skill and critical 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.
- **Occupations:**
  - o For non-regional Australia, the STSOL will apply.
  - o For regional Australia, the STSOL will apply, with additional occupations available to support regional employers.
- **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 For non-regional Australia - the MLTSSL will apply.
  - o For regional Australia - the MLTSSL will apply, with additional occupations available to support regional employers.
- **English language requirements:** a requirement of a minimum of IELTS 5 (or equivalent test) in each test component.

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.<sup>1</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 \$1,200 per year or part year for small businesses (those with annual turnover of less than \$10 million) and \$1,800 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 programmes 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.

### Who is affected?

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

457 visa applicants that had lodged their application on or before 18 April 2017, and whose application had not yet been decided, with an occupation that has been removed from the STSOL, may be eligible for a

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<sup>1</sup> Set at \$53,900 as at 18 April 2017.

refund of their visa application fee. Nominating businesses for these applications may also be eligible for a refund of related fees.

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).