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GES NewsFlash

Australia — Reforms to the Temporary Work (Skilled) (subclass 457) Program

March 12, 2013

Background

The Minister for Immigration and Citizenship has announced that the Temporary Work (Skilled) (subclass 457) Visa program will be reformed in response to the changing needs of the Australian labor market. While the government has acknowledged that in certain locations there is a genuine skills shortage that can only be addressed through the employment of overseas workers, it maintains that the continued growth of the program is negatively affecting Australian workers.

The reforms

Under the reforms:

- Business sponsors must demonstrate that they are only nominating positions where a genuine skills shortage exists
- The English language requirements for certain positions will be increased
- The enforceability of existing training benchmarks for business sponsors will be strengthened
- The market salary exemption will rise from \$180,000 to \$250,000 per annum
- On-hire arrangements of subclass 457 visa workers will be further restricted
- Compliance and enforcement powers will be strengthened
- Stakeholders will be consulted with a view to tailoring market salary rate provisions more effectively to protect local employment

Deloitte's view

Further details regarding the nature and extent of the proposed changes are yet to be released by the Department of Immigration and Citizenship, though the date of effect of the proposed changes is set for 1 July 2013. Subject to the details yet to be released, there could be a significant impact on an employer's capacity to utilize the Temporary Work (Skilled) (subclass 457) program to fill vacancies within their business in Australia.

Deloitte will continue to monitor the details surrounding these changes, including any likelihood of the need for business to demonstrate a genuine skills shortage via labor market testing. The reintroduction of labor market testing to the subclass 457 program is likely to result in increased lead time in securing the services of skilled overseas workers.

Deloitte commends any move by the government to retain integrity in the use of foreign labor, so it is not to the detriment of local labor market conditions. To this end, Deloitte encourages the Department of Immigration and Citizenship to use existing compliance powers to monitor employers to verify that subclass 457 program requirements are being met.

People to contact

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