



Senator Chris Evans
Leader of the Government in the Senate
Minister for Immigration and Citizenship

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Dear Subclass 457 sponsor

I am writing to inform you of recent and upcoming changes to the Subclass 457 – Business (Long Stay) visa and to provide you with a range of information pertaining to employer requirements.

On becoming Minister for Immigration and Citizenship I made it a priority to start work on addressing problems with the visa and restore public confidence in the system.

The Subclass 457 visa program has grown dramatically over the last four years in response to the current skills crisis across many sectors.

Estimates predict that Australia is currently heading towards a skills shortage of around 240 000 skilled workers by 2016. Skill shortages threaten future economic growth, contribute to higher inflation and high interest rates, and limit productivity.

In response to this shortage, the Rudd Government recently announced an extension to its commitment to the Productivity Places Program by investing \$1.9 billion in 630 000 new training places over five years. The program includes up to 238 000 training places for people currently not in the workforce and up to 392 000 training places for existing workers.

Alongside this training agenda for Australians, skilled migration will also play a role in delivering the skills our nation needs.

The Government has a preference for permanent skilled migration over temporary skilled migration, which is why the permanent skilled visa program was increased by 6000 in 2007-08 and a further 25 000 in 2008-09. This increase in the program will ensure a better balance between permanent and temporary work visas.

There is a legitimate role for temporary work visas in meeting current skill needs that cannot be addressed through training or permanent migration. That is why the Government is committed to developing a temporary skilled visa program that delivers the skills the economy needs, while protecting the opportunities of local workers and the rights of overseas workers.

I have taken the following steps this year to improve the existing Subclass 457 visa program:

- To improve the efficiency of the system I have directed that the Department of Immigration and Citizenship:
 - eliminate processing backlogs for Subclass 457 visa applications by 30 June and streamline the application process in the future;
 - establish dedicated centres for processing applications from July to provide for expedited processing; and
 - develop a more coordinated and streamlined process for the approval of labour agreements.
- Employers seeking labour agreements for Subclass 457 visas, which can contain concessions on standard arrangements, must now consult with industry stakeholders, including peak employer groups and unions, so that the process is more transparent.
- In the Budget I announced the indexation by 3.8 per cent of the Minimum Salary Level (MSL) for the first time in two years. Unlike previously, this increase will apply to all new and existing Subclass 457 workers from 1 August 2008. This means that a person who is currently paid the MSL of \$41 850 must be paid \$43 440 for a 38-hour week from 1 August 2008.
- I will introduce legislation this year that will give the Commonwealth greater powers to investigate alleged abuses and pursue financial penalties through the Courts, where an employer has breached their obligations.

While the above changes improve the existing arrangements, the Government recognises the need for long-term reforms to our skilled migration program to improve its responsiveness to industry and its integrity. That is why the Government will shortly be establishing a consultative group, with representatives from industry, unions and State Governments, to advise on longer term reforms for the temporary work visa program.

Ms Barbara Deegan, who I recently appointed to examine the integrity of the temporary skilled migration program, will provide advice to the consultative group.

The enclosed brochure, "Employer sponsorship requirements", outlines undertakings that Subclass 457 sponsors are required to fulfil. Also enclosed is information on the upcoming changes to the MSL, due to take effect from 1 August 2008. The enclosures are part of a broader information campaign to sponsors, Subclass 457 visa holders and other stakeholders. On 1 August 2008, the new instrument will be posted on my Department's website at: <http://www.immi.gov.au/skilled/skilled-workers/sbs/eligibility-nomination.htm>

The Government recognises the need for a temporary skilled visa program, but also recognises that it will only be sustainable if the community has confidence in its integrity.

I look forward to working with stakeholders to develop such a system.

Yours sincerely



CHRIS EVANS