



23rd August 2019

Committee Secretary
Senate Legal and Constitutional Affairs Committee
PO Box 6100
Parliament House
Canberra ACT 2600

To the Senate Legal and Constitutional Affairs Committee,

The Australian Hotels Association (AHA) and Tourism Accommodation Australia (TAA) welcome the opportunity to make a submission to the Senate Legal and Constitutional Affairs References Committee inquiry into the impact of changes to service delivery models on the administration and running of Government programs.

The AHA and TAA represent a diverse membership of more than 5,000 licensed hotel businesses includes pub-style hotels plus three, four and five-star international accommodation hotels located in each state and territory. The size and scope of the AHA includes:

- Providing 270,000 jobs
- Generating \$12,000,000,000 economic benefit
- Supporting over 50,000 community groups.

In 2017–18, Australia generated \$57.3 billion in direct tourism GDP representing growth of 7% over the previous year – three times the national GDP growth of 2.3%.

AHA and TAA are concerned with visas as they relate to the workforce of the accommodation, tourism, and hospitality sectors, as well as tourist visas. We welcome any measures which seek to reduce the costs of visas – in terms of time and money – but cautions that any improvements need to maintain the integrity and security of the present system.

We have welcomed a number of government initiatives such as:

1. The Accredited Sponsorship Programme which rewards accredited employers who have met the sponsorship criteria with faster processing times.
2. Directing funds from the training levy to the Skilling Australians Fund (SAF) to foster the growth in apprenticeships. However, we are concerned at the cost of the SAF levy and in line with advocacy from the Australian Chamber of Commerce and Industry (ACCI) we recommend that the levy be halved to \$600 per year for small business and \$900 for large business for each sponsored temporary migrant.
3. The introduction of Designated Area Migration Agreements (DAMA) targeted at critical skills shortages in geographic regions offering pathways to permanent migration.
4. The intent of industry labour agreements, which AHA and TAA support for tourism and hospitality.

WORK VISAS

The hotel sector relies on workers from overseas, both skilled and unskilled, for a range of different roles. International workers are important in filling vacancies unable to be filled by local labour and in facilitating the global exchange of skills through intra-corporate transfers (ICTs). Hotels have reported that visa restrictions are among the most common reasons they have lost key operational staff.¹

When the skilled migration system runs smoothly, employers who have acted with integrity and demonstrated areas of need should have ease of access to the workers they require. However, the system is not running as effectively as it could be, particularly in addressing genuine workforce shortages in the hotel sector.

The Temporary Skills Shortage (TSS) visa (subclass 482) has resulted in tighter eligibility criteria, higher costs, longer processing times, and has reduced the responsiveness of the system. Of additional concern is that the TSS short-term stream has only a two year initial validity (renewable once, for a further two years).

PROCESSING DELAYS AND COSTS

There are high economic and productivity costs to seeking out an employee from overseas. Employers who utilise temporary skilled migration are paying high costs to do business in terms of sponsorship. This becomes a tax on business productivity. The average cost to hotels of employing a person on a STSOL visa averages \$6,100 with a maximum of \$9,000. For a MLTSSL visa the cost averages \$6,500 with a maximum of \$11,000.² As these businesses cannot source suitably skilled Australian workers, they are forced to pay these sponsorship costs. However, as pointed out above, the Accredited Sponsors Programme goes some way to addressing our concerns in processing times, where it is applicable.

Of equal concern is the length of time taken in processing, impacting hotel productivity. The STSOL average processing time stated by hotels is 2.9 months, whilst the average processing time stated by hotels for the MLTSSL is 4.3 months.³

TABLE 1: GLOBAL VISA PROCESSING TIMES AS AT 14 AUGUST 2019

Source: <https://immi.homeaffairs.gov.au/visas/getting-a-visa/visa-processing-times/global-visa-processing-times>

| VISA | Stream | 75% of visas processed | 90% of visas processed |
|---|------------------|------------------------|------------------------|
| 482 - TEMPORARY SKILL SHORTAGE VISA (SUBCLASS 482) | Short-term | 32 days | 48 days |
| 482 - TEMPORARY SKILL SHORTAGE VISA (SUBCLASS 482) | Medium-term | 22 days | 43 days |
| 482 - TEMPORARY SKILL SHORTAGE VISA (SUBCLASS 482) | Labour Agreement | 20 days | 43 days |
| 482 - TEMPORARY SKILL SHORTAGE VISA (SUBCLASS 482) | Nomination | 8 days | 11 days |

¹ Tourism Accommodation Australia NSW, *Hotel Labour Benchmarking Study*, 2019, p. iv.

² Tourism Accommodation Australia NSW, *Hotel Labour Benchmarking Study*, 2019, p 18.

³ Tourism Accommodation Australia NSW, *Hotel Labour Benchmarking Study*, 2019, p. 14.

AHA and TAA note that the Minister for Immigration, Citizenship, Migrant Services and Multicultural Affairs has indicated⁴ that there has been a reduction in the processing times in the first half of 2019 (see Table 1), which is a welcome development. We urge that the Department continue the reduction in processing times.

Utilising SAF funds to support the delivery and promotion of apprenticeships and traineeships is a step in the right direction for developing the Australian labour force. However, it is a high cost on employers, and exceeds what was recommended by the *Robust new foundations: a streamlined, transparent and responsive system for the 457 programme* (Azarius) review.⁵ As recommended earlier, AHA and TAA support halving the SAF Levy to \$600 per year for small business and \$900 for large business for each sponsored temporary migrant, given the costs outlined above.

We also note the introduction of more Designated Area Migration Agreements and encouragement for industry associations to negotiate labour agreements. AHA and TAA welcome such developments and will seek to determine the suitability of these agreements for the hospitality and tourism sector.

INTEGRITY AND EFFECTIVENESS OF THE VISA SYSTEM

A relevant matter to the visa system is the flexibility of the skills list in responding to the changing needs of the Australian workforce. The lists need to be broad enough to be responsive to the needs of different industries, as well as account for regional differences and fluctuations in the market, but also have caveats to protect against integrity concerns. The hotel sector is unique, and whilst it has recruitment needs like other sectors that cannot always be filled by Australian workers, it also operates as part of a wider global industry and relies on being attractive to skilled workers from overseas.

The Australian and New Zealand Classification of Occupations (ANZSCO), which underpins the skills list, has only been reviewed and revised twice (2009 and 2013). AHA and TAA believe that more agility is needed in the ANZSCO system so that it can better incorporate emerging occupations and skills. A number of hotels are unhappy with the current codes, and find that they are not well defined or pragmatic for the sector.⁶

WORKING HOLIDAY MAKERS

AHA and TAA welcome changes to the *Working Holiday Maker* (WHM) visas, particularly the introduction of third year visa option and increasing the number of places available on 462 visas by lifting annual caps to a number of countries. The increase in age limit (to 35 years) for working holidaymakers from Canada and Ireland is also a positive step to expand the program.

Where we see an opportunity is around the regional requirement for the second and third years of the WHM visa. AHA and TAA seek to make hospitality/tourism an approved industry for specified work relating to eligibility requirements for a second or third working holiday visa. Regional members in

⁴ The Hon David Coleman MP, Minister for Immigration, Citizenship, Migrant Services and Multicultural Affairs, Sydney Institute Address, 13 August 2019.

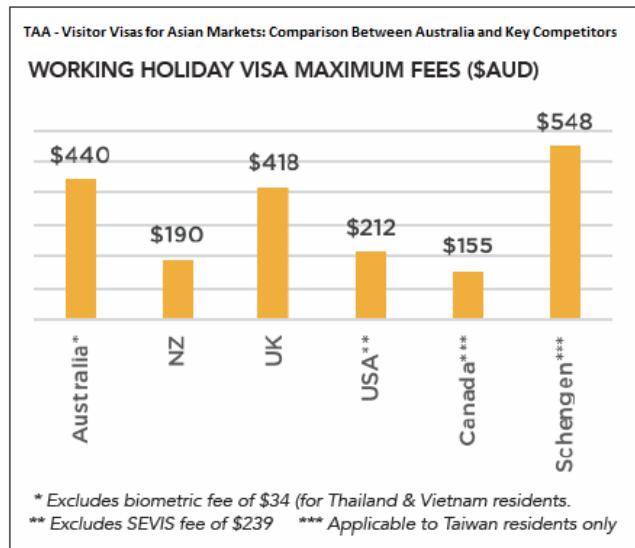
⁵ Azarius, J, et al, *Robust New Foundations: A Streamlined, Transparent and Responsive System for the 457 Programme*, Commonwealth of Australia, 2014, p. 12.

⁶ Tourism Accommodation Australia NSW, *Hotel Labour Benchmarking Study*, 2019, p 14.

particular need assistance with both skilled and unskilled migration, and at present Working Holiday visas do not adequately assist with meeting workforce requirements.

FEES AND CHARGES

A key consideration in Australia's overall competitiveness as a destination for WHMs is the cost of visa fees and supplementary charges, along with visa processing times (see Figure: 'Working Holiday Visa Maximum Fees'). TAA research on *Visa Competitiveness in Asian Markets* (attached) showed that visa fees are amongst the least competitive and processing times are also relatively uncompetitive when compared to the other destinations. Our research also showed that when all fees are added, including passenger movement charges, Australia is amongst the countries that have the most expensive visa costs, along with the UK.⁷



The World Economic Forum's 2017 Travel and Tourism Competitiveness Index ranked Australia poorly on government charges: 128th for airport taxes and charges.⁸ The key component of that cost is the Passenger Movement Charge (PMC) and the Government increasing the charge from \$55 to \$60 confirms it as the most expensive short haul charge in the world and the second highest long haul charge. This situation is likely to worsen as visa changes are linked to Consumer Price Index (CPI) increases.

IN SUMMARY, AHA AND TAA RECOMMEND THE FOLLOWING TO THE COMMITTEE:

- Recognise that skilled migration is crucial in meeting labour and skills shortages in the tourism and hospitality sectors by:
 - Providing improved access to skilled migrants for employers who have operated with integrity;
 - Ensuring policy settings are put in place that facilitate fast and reliable skilled migration:
 - a) Halve the Skilling Australians Fund levy (SAF) to \$600 for small business and \$900 for large businesses for each sponsored temporary migrant, in recognition of the already significant costs associated with accessing overseas labour.
 - b) Maintain the Accredited Sponsorship Programme that recognises employers who operate with integrity by providing faster processing times.
 - c) Conduct regular audits to identify issues that cause delays in processing times and implement stated time frames for processing, providing regular updates on how these are being achieved.
- Maintain flexibility in the skills list but introduce caveats to protect against integrity concerns.

⁷ Tourism Accommodation Australia, *Visitor Visas for Asian Markets: Comparison Between Australia and Key Competitors*, May 2018.

⁸ World Economic Forum, *The Travel & Tourism Competitiveness Report 2017*, http://www3.weforum.org/docs/WEF_TTCR_2017_web_0401.pdf.

- Maintain the inclusive nature of the Working Holiday Maker visa (WHM) but improve its competitiveness in terms of processing times.
- Hospitality/Tourism to be added as an approved industry to enable WHMs to complete their specified work in resorts, hotels, and pubs.
- Commence benchmarking visa fees and charges and processing times to ensure we remain competitive as a tourist destination.

AHA and TAA look forward to the committee considering the recommendations presented in this submission and welcomes further consultation on the visa system.

Yours sincerely,



Stephen Ferguson
CEO
Australian Hotels Association



Michael Johnson
CEO
Tourism Accommodation Australia