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Australian Hotels Association and Tourism Accommodation Australia Submission

Temporary Migration

Select Committee on Temporary Migration

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Contact:

taa@tourismaccommodation.com.au



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EXECUTIVE SUMMARY

The Australian Hotels Association (AHA) and Tourism Accommodation Australia (TAA) welcome the opportunity to make a submission to the Senate Select Committee on Temporary Migration.

Anecdotally, the temporary migration program fills the necessary skills gap, encourages cultural exchange and closer ties between countries and serves as a two factor contributor to the tourism industry, particularly in regional Australia, via:

1. Temporary migrants are key contributors to the labour force, especially within regional Australia
2. Temporary migrants, such as Working Holiday Makers (WHMs) are high value travellers, spending an average of \$10,100 per trip

The evolution of COVID-19 in Australia, has seen a mass departure of temporary migrants. As a point of reference, a mass departure of as many as 50,000 WHMs was reported in June 2020, this decline set to hinder the industry's ability to recover.¹

Historically, temporary migrants are key to filling tourism industry roles, especially in regional Australia, where local workers are usually not available and activating and supporting regional economies. Whilst the health response to COVID-19 has been necessary, it has not only forced the closure of hotel accommodation businesses but ensued a complete tourism shutdown.

The impact of COVID-19 and effective response has had wide spread effects on Australian tourism businesses and workers, inclusive of temporary migrants. As previously stated, although there has been a somewhat mass departure, many temporary migrants remain in Australia due to the border closures.

Our submission calls for government to recognize the importance retaining and attracting temporary migrants as a vital element to our COVID-19 recovery. Temporary Migrants have the ability to re-activate regional tourism economies and support local business with industry labour and skills.

¹ (ABC, 2020)



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AUSTRALIAN HOTELS ASSOCIATION (AHA) & TOURISM ACCOMMODATION AUSTRALIA (TAA)

Our membership is diverse and represents licensed businesses from small bars, restaurants, taverns, pub-style hotels through to three, four and five-star international accommodation hotels and resorts located in each state and territory.

Our role is to represent the best business and commercial interests of our members through services, advocacy and policies that reflect the best interests of our members. We are committed to ensuring the recovery, future development and growth of the sector within Australia's tourism industry.

The AHA and TAA recognises the importance of working with government departments and stakeholders and we have a demonstrated history of achievement in working with national, state and local government agencies, law enforcement agencies, educators, universities, and other organisations.



THE IMPACT OF TEMPORARY SKILLED AND UNSKILLED MIGRATION ON AUSTRALIA'S ECONOMY & LABOUR MARKET, INCLUDING TOURISM SECTOR

The hotel accommodation industry, especially in regional and remote areas rely heavily on temporary migration to support the industry that prior to COVID-19 was experiencing a severe skills shortage. This is supported by the report released by CEDA in 2019 stating more than half of the two million temporary migrants in Australia in early 2019 worked across four industries, the first of which was the accommodation and food services industry.²

Throughout this submission will assess various visas within Temporary Migration as case studies to outline its value to both the Australian economy and labour force.

WORKING HOLIDAY MAKERS

Valuable working holiday maker and seasonal worker programs deliver enthusiastic and mobile young workers particularly into the regions to provide the labour needed when it is most useful. These workers generally have skills above the seasonal job requirements, which increases the productivity benefit to industries such as agriculture and tourism. This seasonal work is often not attractive or suitable for young unemployed Australians who are looking for longer-term employment solutions that are a closer to their home and support networks.

A report published by Tourism Research Australia suggested that a total of 306,500 WHMs arrived in Australia for the year ending March 2019. In this study, hospitality was noted as one of the top employment avenues for WHMs.

Considering the majority of the temporary visa's cumulative \$3.2 billion spend in year ending March 2019 was spent on accommodation, food and drink, this segment is considered highly valuable to the tourism sector pre-COVID. This figure suggests that temporary migrants including the likes of WHMs are likely to spend 22% more on average per trip than other youth travelers. Despite the fact WHM stay an average of 151 nights it is clear that their travel spend is dispersed across local economies as 42% of WHMs visiting between 3 and 7 locations whilst 22% visit more than 8 locations during their Australian visit.

² (CEDA, 2019)



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As the economic benefit of WHM, particularly through the tourism dollars they spend, is very high, without this visa, we would be economically worse off, and regional communities will suffer from lack of access to the labour they need to satisfy seasonal demand.

The latest figures from the National Institute of Labour Studies at Flinders University found that WHMs alone created 23,000 jobs in the Australian economy and spent two and a half times more than they earned, again reinforcing the high value of the WHM travel spend.

WHMs consistently provide adequate support, especially in regional Australia, as the peaks and troughs of seasonal labour needs are in motion. Temporary Migration visas effectively place young and mobile workers into regions fulfilling these labour needs when it is most valuable. Such seasonal work is not suitable for young Australian's who seek longer-term employment or navigate their career trajectory.

As the pandemic restricts free movement and travel, temporary migration will be required in regional Australia to provide labour and skills to local businesses.

INTERNATIONAL STUDENTS

International education is one of Australia's largest export industries worth over \$32 billion to the economy and contributing to the cost of research and educating Australians³. There are also strong intangible benefits of soft power diplomacy and increased cultural understanding. As at July 2019, there were 927,411 international students studying in Australia, 97 percent of which are studying in our major cities, and 70 percent in NSW and Victoria combined⁴.

While they are here international students add to demands on infrastructure and housing as do tourists, but the economic benefit vastly outweighs the cost. The jobs generated by tourism and education exports provide opportunities for Australians to work in a growing service economy at a time when jobs in mining,

³ Department of Home Affairs & Treasury 2018, Shaping a Nation,
<https://cdn.tspace.gov.au/uploads/sites/107/2018/04/Shaping-a-Nation-1.pdf>

⁴ Department of Education and Training 2018, International Students in Regional Areas,
<https://internationaleducation.gov.au/research/Research-Snapshots/Documents/Location%20of%20International%20Students%20in%202019.pdf>



manufacturing and agriculture are falling in relative terms. There are also flow on benefits to jobs in construction and infrastructure to meet the needs.

International students are temporary migrants - around 85 per cent of international students leave Australia when their studies have concluded⁵. For those that seek permanent residency, the benefit of a strong international education program is that these migrants are trained here, which makes their skills more relevant to Australia, yet without the costs of their education being paid for by Australians.

Although international students have limited work rights (up to 40 hours per fortnight), evidence indicates that only about half take up the opportunity to work, and those that do, work a median of around 15 hours per week⁶.

AUSTRALIAN RESIDENTS UNABLE TO FILL LABOUR SHORTAGE

As reported in TAA NSW's 2019 Labour Benchmarking Study, the industries pre COVID-19 environment forecasted that 0.43 employees are required per accommodation room. The Tourism Investment Monitor revealed that there are 53,227 rooms in the pipeline (recorded as at 2018) from 305 projects. This projected a need for at least 22,887 additional workers ($0.43 \times 53,227 = 22,887$). As recorded in 2017, there were 88,800 directly employed accommodation workers. Hence, 22,887 additional workers represented a 26% increase of the workforce in the coming years.

By 2020, the broader tourism sector was predicted to witness a shortfall of 150,000 workers. By May 2024 Accommodation and Food Services employment was projected to increase by 91,400 (or 10.0 per cent), supported by strength in both domestic and international tourism as a result of the lower Australian dollar and an expanding middle class in Asia. The Cafés, Restaurants and Takeaway Food Services sector is projected to make the largest contribution (of 77,400 jobs) to employment growth of any industry sector.

⁵ Department of Home Affairs & Treasury 2018, Shaping a Nation,
<https://cdn.tspace.gov.au/uploads/sites/107/2018/04/Shaping-a-Nation-1.pdf>

⁶ Universities Australia 2018, Student Finances Survey 2017



The accommodation sector relies on workers from overseas, both skilled and unskilled, for a range of different roles. International workers are both important in filling vacancies unable to be filled by the local labour supply 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.⁷

Employing Australian workers is always the first priority of accommodation businesses because it is the most efficient and lowest cost way of sourcing skilled and unskilled labour. However, our research shows that the following combine to create substantial labour market gaps across the accommodation sector:

- Limited applicants with sufficient skills, education and experience;⁸
- Competition from other sectors;⁹
- Growth in supply;
- Seasonality of demand in regional areas; and
- A lack of interest in careers in hospitality and tourism.¹⁰

The projected increases included a need for:

- 8,900 Accommodation and Hospitality Managers (increase of 7.7%)
- 800 Hotel or Motel Managers (increase of 3.1%)
- 7,600 Café and Restaurant Managers (increase of 10.9%)
- 600 Hotel Service Managers (increase of 6.4%)
- 16,300 Chefs (increase of 16.1%)
- 3,800 Cooks (increase of 10%)
- 2,000 Bakers and Pastrycooks (increase of 6.4%)

As can be viewed in the table below extracted from the TAA NSW 2019 report, Accommodation and Food

⁷ Ibid, p. iv.

⁸ Ibid, p. 27.

⁹ Ibid.

¹⁰ Colmar Brunton, Australian Trade Commission. Tourism and Hospitality Careers, 8 March 2016.



Services is set to experience the fourth highest growth in Regional Australia. Whilst these figures may no longer be accurate in the COVID-19 world we now live in, it is clear to see that the rebuilding of the hotel industry will be labour intensive, especially in areas that local Australian workers are not interested in pursuing.

It is very clear to both TAA and the AHA that COVID-19 has had devastatingly negative impacts on labour market activity in Australia. We anticipate months, if not years of uncertain economic and employment conditions. Whilst the employment projections of 2019 do not reflect the impact of COVID-19 and it is difficult to reflect the current and predict future labour market conditions, it is hoped that industry will be able to return to its previous level of growth and demand for labour.¹¹

2019 REGIONAL PROJECTIONS – FIVE YEARS TO MAY 2024

<i>REGION</i>	<i>CAPITAL CITY AUSTRALIA</i>	<i>REGIONAL AUSTRALIA</i>	<i>AUSTRALIA</i>
Health Care and Social Assistance	14.0	16.7	15.0
Education and Training	12.4	12.1	12.2
Professional, Scientific and Technical Services	16.8	9.7	15.1
Accommodation and Food Services	10.7	8.8	10.0
Other Services	7.5	8.3	7.4
Arts and Recreation Services	11.6	8.2	10.4
Construction	10.6	7.6	9.7
Administrative and Support Services	8.5	6.4	7.7
Public Administration and Safety	6.3	6.3	6.2
Financial and Insurance Services	4.5	5.5	4.6
Electricity, Gas, Water and Waste Services	4.5	4.3	4.4

¹¹ (TAA, 2020)



Transport, Postal and Warehousing	7.8	3.9	6.6
Mining	9.7	3.6	6.2
Wholesale Trade	2.7	2.6	2.6
Retail Trade	6.1	2.0	4.8
Information Media and Telecommunications	-0.6	1.4	-0.3
Rental, Hiring and Real Estate Services	7.2	0.9	5.7
Manufacturing	-0.9	0.8	-0.4
Agriculture, Forestry and Fishing	-2.4	-0.9	-1.2
Total (industry)	9.0	7.1	8.3

FUTURE IMPACTS OF COVID-19

As experienced previous to COVID-19, the hotel industry, especially in regional Australia will face significant challenges when re-building their workforce with skilled and experienced employees. As it stands the industries' workforce comprises of a complex mix of local and overseas workers that are engaged across various contracts spanning from full to part time or casual. Temporary Migration Visas assume the ability of workers to contribute their skills and experience to regional Australian Businesses.

The TAA and AHA have dedicated much of pre-COVID-19 assisting industry in its plight to accessing and attracting skilled labour. As identified in the 2015-2020 Tourism and Labour Force Survey, there is a dire need for skilled labour in the industry.

If we are to build a pipeline of local workers to fill skills shortages in the wake of COVID-19 recovery, we require skilled workers today to help train and mentor Australian apprentices and trainees. For example, if a business cannot source a reliable, skilled and full time chef to service their needs, they effectively cannot reopen in many cases. This jeopardises the jobs of other workers who are employed at the business.

With industry primarily focused on reinstating their workforce and re-opening their properties, skilled and trained labour will be imperative to assist in the recovery efforts. If WHM have the necessary skills



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and experience, they should be able to transition to the skilled migration pathway, either through the employer sponsored stream of the independent stream.

This will allow businesses who have employed and trained Temporary Migration Visa holders to retain the employee during COVID-19 recovery, assuring stability and continuity in these uncertain times.

ANZSCO

One of the pillars of labour market statistical infrastructure is the Australian and New Zealand Standard Classification of Occupations (ANZSCO). This infrastructure maintained by the Australian Bureau of Statistics (ABS) includes information from the Census and underpins a wide range of labour market data such as job outlook information and occupation lists that determine migration eligibility.

Despite major changes to the economy and jobs, including new jobs driven by technology as well as changes to the level of skill needed in certain jobs, ANZSCO has only been reviewed and revised twice (2009 and 2013) since its introduction in 2006 (having transitioned from the previous ASCO codes). Canada, which has a similar classification of occupations, has had regular revisions with a structural review scheduled every ten years (2001, 2006, 2011, and 2016). A major review of ANZSCO is long overdue. Occupations in ANZSCO are out of date in that skill levels are not reflective of the current work performed and for many industries it is woefully inadequate in assessing the skill needs in the context of new occupations. However, the Australian Bureau of Statistics (ABS), custodians of the statistical product say that they are unable to commence a review due to labour and resource constraints and competing priorities. Regular review of major statistical infrastructure such as the ANZSCO needs to be built into the normal operating budget of the ABS. The ABS is yet to commit to a review in the future, only that it will be considered post the 2021 Census process.



SKILLING AUSTRALIANS FUND (SAF) MIGRATION TRAINING LEVY

TAA & the AHA does not support the direct connection between the SAF migration training levy and the Skilling Australians Fund National Partnership Agreement for apprenticeships. This has created unnecessary complexity around the convoluted funding arrangement at both ends.

The quantum of the SAF levy is a major issue for business. The quantum of the levy is excessive and surpasses what was recommended by the 457-programme integrity review¹². Adding to this is the upfront nature of the levy and inadequate refund policy, which is proving to be a huge burden for small business. Similar to representations made in our 2019-20 Pre-budget submission, it is recommended the levy be halved to \$600 per year for small business and \$900 for large business for each sponsored temporary migrant instead of the current fees which are:

<i>STREAM</i>	<i>SMALL BUSINESS (ANNUAL TURNOVER LESS THAN \$10 MILLION)</i>	<i>LARGE BUSINESS (ANNUAL TURNOVER MORE THAN \$10 MILLION)</i>
TSS (short-term stream for 2 years)	\$2,400	\$3,600
TSS (medium-term stream up to 4 years)	\$4,800	\$7,200

Under the previous training benchmarks, there was an option for employers to demonstrate that they invested in training by proving that they spent equivalent of 1% of payroll (benchmark) or more on training. We support this avenue of demonstrating a commitment to training and that in these circumstances an additional levy is not payable.

In addition, it is a significant concern that the levy is payable upfront for the full duration of the visa with a refund available only in limited circumstances¹³:

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

¹³ Department of Home Affairs 2018, <https://immi.homeaffairs.gov.au/visas/employing-and-sponsoring-someone/sponsoring-workers/learn-about-sponsoring/cost-of-sponsoring>



- Where the migrant fails the health or character checks
- The sponsorship and visa applications are approved but the migrant does not arrive or commence employment
- The visa holder leaves the sponsoring employer within the first 12 months of employment where the visa period was for more than 12 months (refund is only given for unused full years)
- The nomination fee is refunded

TAA & the AHA recommends that the ability to access refunds should be extended to ensure that in all cases where the application has not been successful, the training levy would be refunded.

OTHER TEMPORARY VISA HOLDERS

Much is often made of the relatively large number of temporary visa holders with work rights in Australia. The table below summarises the temporary visa holders with some work rights in country:

<i>TEMPORARY WORK VISAS*</i>	<i>DECEMBER 2018</i>	<i>DECEMBER 2019</i>	<i>PERCENTAGE CHANGE</i>
New Zealand Citizens	656,983	668,687	1.78%
Working Holiday Makers	145,479	141,142	-3.00%
Temporary Graduate	70,049	89,324	27.52%
Temporary Resident (Skilled Employment)	136,007	119,160	-12.39%
Temporary Resident (Other Employment)	35,944	39,079	8.72%
Other Temporary	2,977	3,240	8.83%
International Students	433,624	480,543	10.82%
Crew and Transit	25,112	23,748	5.43%
Bridging Visa Holders	188,773	216,141	14.50%

*Includes secondary visa holders



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Concerns fuelled by the quoting these “large numbers” of temporary visa holders are ill founded and lack an understanding of what makes up these numbers. The biggest component with work rights are New Zealanders. In this area of public policy, there appears to be no stakeholder suggesting that New Zealanders should not have full work rights. The controversial aspect of New Zealand migration appears to be more about people with criminal records being sent back to NZ or whether there are long term entitlements to welfare benefits.

International students and working holiday makers are other large components of the program, and it is worth making observations on each category. With the other large component, being bridging visas, these are people waiting for a visa decision so the situation for the migrant is more uncertain. Thus, even though they generally have work rights attached, their options for employment will often be impacted by this uncertainty.

PERMANENT V TEMPORARY MIGRATION

One of the Committee’s Terms of Reference is “whether permanent migration offers better long-term benefits for Australia’s economy, Australian workers and social cohesion.” We do not agree with the premise of this question as it implies that one has a greater priority than the other. Both permanent and temporary migration have an important role to play. Temporary migration, in particular temporary skilled migration, plays a useful role in providing a pathway to permanent migration as it allows both the migrant and the employer to assess the long-term fit, including from the migrant’s perspective whether they feel comfortable within the broader culture and community that Australia offers. It is a shame that with the more recent changes to temporary skilled migration that many occupations have lost this important pathway to permanency.



INQUIRY INTO 'UNLAWFUL UNDERPAYMENT OF EMPLOYEES' REMUNERATION'

The current, Opposition initiated, inquiry of the Senate Economics Committee into 'Unlawful underpayment of employees' remuneration'14, which has the following terms of reference is also relevant:

- the forms of and reasons for wage theft and whether it is regarded by some businesses as 'a cost of doing business';
- the cost of wage and superannuation theft to the national economy;
- the best means of identifying and uncovering wage and superannuation theft, including ensuring that those exposing wage/superannuation theft are adequately protected from adverse treatment;
- the taxation treatment of people whose stolen wages are later repaid to them;
- whether extension of liability and supply chain measures should be introduced to drive improved compliance with wage and superannuation-related laws;
- the most effective means of recovering unpaid entitlements and deterring wage and superannuation theft, including changes to the existing legal framework that would assist with recovery and deterrence;
- whether Federal Government procurement practices can be modified to ensure that public contracts are only awarded to those businesses that do not engage in wage and superannuation theft; and
- any related matters.

This is a well ventilated area, subject to independent recommendations, which are in the process of being implemented, and the community will see draft legislation very shortly (which will almost certainly be subject to a further inquiry through the Senate Education and Employment Legislation Committee).

Therefore, underpayments and breaches of workplace rights and conditions impacting on migrant workers are being examined and addressed through other avenues. We see no cause for additional examination or engagement with these considerations at this point through this Committee, and are

¹⁴ https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Underpaymentofwages



concerned at risks of ineffective or poorly directed efforts if these considerations are splintered into yet another inquiry and set of recommendations.

SUMMARY OF RECOMMENDATIONS

- Create a clear pathway allowing Temporary Migration Visa holders to extend their visa terms
- Maintain within the Australian Bureau of Statistics a current statistical list of occupations, known as ANZSCO, and immediately commence the next review, which is long overdue.
- Enable pathways to permanency for temporary skilled workers for all skilled occupations and eliminate the differential between short term and long term temporary skilled workers.
- Ensure visa fees and arrangements are internationally competitive.
- Halve the skilling Australians fund levy and improve the refund policy.
- Continue to promote international education and working holiday maker programs.

CONCLUSION

A well-managed temporary migration system will facilitate Australia's economic recovery and prosperity and contribute to the success of our society as a whole. The high level of regulation in the system, along with important compliance monitoring and enforcement, is sufficient to limit overuse of the program in all but an isolated few occupations and sponsors. Yet, the 2017 changes resulted in the system becoming too expensive, inflexible and unresponsive, as well as overly complex thus effectively creating red tape and a disincentive to use the system. As part of Australia's recovery and for the rebuilding of our tourism and visitor economies our temporary migration system is critical.



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