



AUSTRALIAN HOTELS
ASSOCIATION



Australian Hotels Association and Tourism Accommodation Australia Submission

Planning Australia's 2021-22 Migration Program

Submission to the Department of Home Affairs

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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 Department of Home Affairs' consultation process into the Migration Program for 2021-22.

Both organisations have long been involved with migration policy, providing considered and industry based perspective on the business impacts of the migration policy. The AHA & TAA have maintained that the needs of business and the broader community must form the pillars from which Australia's migration program is built.

This submission seeks to outline a case for support in returning permanent migration to the planning cap of 190,000 places in the 2021-22 program year. COVID-19 has reduced Australia's migration to a slither in relation to off-shore applicants and substantially altered the composition of the program in relation to on-shore applicants. This has significant economic and fiscal consequences for Australia.

It is imperative that the Government seizes every available opportunity to increase Australia's permanent migration intake especially in the skilled migration area given, the impact of the COVID-19 pandemic on our demography and population growth due to very low Net Overseas Migration, particularly permanent migration.

Throughout the course of the pandemic, we saw the mass departure of overseas Working Holiday Makers as the JobKeeper Stimulus was not applicable for these workers, rendering them the first to be let go as industry businesses pivoted. There is an opportunity to offer a permanent pathway for those remaining to assist the preliminary rebuilding of both industry and the Australian economy at large. There is no doubt the economic and fiscal benefits arising from increased migration will contribute to Australia's recovery in the post-pandemic environment.

The submission also makes the case that regardless of the size of the cap, the proportion of migrants that are employer sponsored should remain proportionally high and as accessible as possible for both regional and urban Australian businesses. This is especially necessary in the recovery period when businesses will need access to experienced skilled migrants to fill the skills gap in a tough economic environment.



SUMMARY OF RECOMMENDATIONS

- That permanent migration levels be restored for the 2021-22 program year to 190,000 in order to maximise both economic and fiscal benefits as well as to make up for the population impact of net zero migration arising from the COVID crisis.
- All skilled temporary migrants in country who are with or can find an employer sponsor, be eligible to apply for permanent residency under an employer-sponsored skilled visa irrespective of which skills list their nominated occupation is on, provided their occupation is at skill level 1 to 3.
- Increase the cap for skilled migration within the permanent migration program.
- Increasing the proportion of Employer Sponsored Migrants within the Skilled category.
- A “labour-lite” agreement option for small business
- An immediate review of the ANZSCO by the Australian Bureau of Statistics.

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 business and commercial interests of our members through services, advocacy and policies that reflect their best interests. 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.



RESTORE PERMANENT MIGRATION CAP TO 190,000 PLACES

Migration is not only a substantial contributor to our economic prosperity but is the lifeblood of Australia's heritage and culture. The Australian Bureau of Statistics (ABS) describes us well: "We have more than 300 different ancestries and 28 percent of our resident's population is born overseas – that's nearly 7 million people. We're a nation of nations – we speak more than 300 languages."¹ Australia is a nation that is built on migration, as is our workforce and our economy.

Treasury's statement on migration in 2018, 'Shaping a Nation', rightly highlights the economic and fiscal benefits of a strong permanent migration program. The decision taken to reduce the migration intake by 30,000 to 160,000 sent a negative signal about the benefits of migration. Given the impact on population stalling arising from the pandemic, the negative impact of this decision was exacerbated.

The AHA & TAA view both the temporary and permanent skilled migration programs as highly valuable components of workforce planning and development for industry. Skilled migration is a vital tool that assists individual businesses who experience skill shortages as well as fill skills gaps in the economy. It provides access to skilled workers not available to the employer when they need to expand or replace a departing worker. Without this option, hotels and the industry at large are negatively affected, and this costs our economy as well as reduces job opportunities for Australians.

Between 2020-21 and 2022-23, the planning level for the permanent migration program has been set at 160,000 places and from 2023-24 it is 190,000 places. However, the AHA & TAA recommends the planned permanent migration intake for 2021-22 should be restored to 190,000 places. The AHA and TAA recommends that caps for future years be set according to the evidence of maximum benefit, including an assessment of economic, fiscal and demographic outcomes. The cap of 190,000, is an appropriate level to maximise benefits and still control migration levels.

RECOMMENDATION

- That permanent migration levels be restored for the 2021-22 program year to 190,000 in order to maximise both economic and fiscal benefits as well as to make up for the population impact of net zero migration arising from the COVID crisis.

¹ The Australian Bureau of Statistics, [Interesting Facts about Australia's 25,000,000 population](#)

CHANGES TO MIGRATION PROGRAM SETTINGS

In the current pandemic environment with it is highly likely that there will be a significant gap between the recommended 190,000 cap and the actual intake. The disruption to supporting services such as English Language testing, biometrics and health and character checking were amongst some of the cited impacts of COVID-19 in the 2019-20 Migration Program report² that foresaw the lower than expected intake during 2019-2020. Overall Migration Program lodgements dropped by 12.3 per cent from 198,710 in 2018-19 to 174,170 in 2019-20. As a result, the actual permanent migration intake in 2019-20 was only 140,366 – 20,000 less than the cap.

In this financial year, it is highly unlikely that the cap of 160,000 will be achieved even with the current significant ramp up of partner visa processing. The skew towards partner visas, while understandable given that these applicants are on-shore, will change the economic outcomes for migration in this financial year.

Meanwhile, our members advise that skill shortages are becoming a significant barrier to recovery and growth, especially in regional areas. By way of example, TAA surveyed members across NSW in late 2020, the results of which can be viewed in Figure 1.

This survey reveals that of the 358 members involved, there is an accumulated shortage of 3247 staff, an average of 9 per property with Bar, Chefs and Management personnel the most sought after.

In this context, we recommend that more is done to adjust the migration policy settings to adapt to these unique circumstances in order to meet the skills needs in our industry.

Leveraging temporary skilled migrants who are already in country with a job, will help fill some of the gap created in the permanent migration program due to the pandemic. Changes made to skilled migration program in April 2017 resulted in the removal of pathways to permanency for over two-thirds of skilled occupations.

Temporary migrants on the subclass 482 Temporary Skill Shortage (TSS) visa under the short-term stream do not have a pathway to permanency while those on the medium-term stream have an option to extend their visa for another 2 years after the initial 2 years, thereby opening up a pathway to permanency. The main difference is the list that their sponsored occupation sits under – the Short-Term Skilled Occupation list (STSOL), the Medium and Long-term Strategic Skills list (MLTSSL) and the Regional Occupation List (ROL).

² Department of Home Affairs, 2019-20 Migration Program Report: Program year to 30 June 2020, <<https://www.homeaffairs.gov.au/research-and-stats/files/report-migration-program-2019-20.pdf>>.



<i>TAA NSW MEMBER SURVEY RESULTS</i>				
<i>TOTAL COUNT – 358 RESPONSES</i>				
<i>ROLE</i>	<i>FULL TIME</i>	<i>PART TIME</i>	<i>CASUAL</i>	<i>TOTAL</i>
Bar and Floor Staff	159	189	1358	1706
Chefs	293	39	209	541
Cooks	58	36	145	239
Management / Supervisory	232	10	57	299
Front of House	49	17	168	234
Cleaners	26	7	132	165
Other	14	3	46	63
Total	831	301	2115	3247
<i>PERCENTAGE OF HOTELS LOOKING FOR STAFF, BY CATEGORY AND EMPLOYMENT TYPE</i>				
<i>ROLE</i>	<i>FULL TIME</i>	<i>PART TIME</i>	<i>CASUAL</i>	<i>ANY</i>
Bar and Floor Staff	21.2%	13.4%	76.6%	86.6%
Chefs	37.0%	5.6%	30.1%	55.9%
Cooks	11.1%	6.7%	23.7%	37.2%
Management / Supervisory	32.9%	1.9%	12.5%	43.9%
Front of House	6.7%	3.1%	15.6%	21.5%
Cleaners	4.5%	1.4%	17.3%	21.2%
Other	2.8%	0.3%	8.1%	9.2%
<i>AVERAGE NUMBER OF VACANCIES AT HOTELS LOOKING FOR STAFF, BY CATEGORY AND EMPLOYMENT TYPE</i>				
<i>ROLE</i>	<i>FULL TIME</i>	<i>PART TIME</i>	<i>CASUAL</i>	
Bar and Floor Staff	2.1	3.9	4.9	
Chefs	2.2	2.0	1.9	
Cooks	1.5	1.5	1.7	
Management / Supervisory	2.0	1.4	1.3	
Front of House	2.0	1.5	3.0	
Cleaners	1.6	1.4	2.1	
Other	1.4	3.0	1.6	

Figure 1: TAA NSW Member Survey Results



The AHA & TAA recommends that all temporary migrants in country who are with or can find an employer sponsor, be eligible to apply for permanent residency under an employer-sponsored skilled visa provided their occupation is at skill level 1 to 3.

As at 31 December 2020 there were 110,338 skilled temporary residents in country, out of which 83,925 were on the 482 TSS visa. Out of this number, a proportion will already have a pathway to permanency, but many will not.

Another source of permanent skilled migrants are graduate visa holders and working holiday makers who are in country. Many of these temporary migrants may have skills in occupations that are not on the MLTSSL and are therefore not currently eligible for permanent residence. But they may have skills in demand by employers who may be prepared to sponsor them to become permanent residents.

The rationale behind this recommendation:

- Since the temporary skilled migrants are already in country, there is no need to navigate international travel and quarantine requirements.
- Since many of these migrants already hold sponsored jobs, it will provide employers the option to permanently sponsor these migrants without causing any business disruptions.
- Fill the permanent migration gap created by the COVID-19 pandemic travel restrictions in the 2021-22 and 2022-23 program years.

RECOMMENDATION

- All skilled temporary migrants in country who are with or can find an employer sponsor, be eligible to apply for permanent residency under an employer-sponsored skilled visa irrespective of which skills list their nominated occupation is on, provided their occupation is at skill level 1 to 3.

CASE FOR INCREASING SKILLED MIGRATION

Each year the number of permanent skilled migrants (95,843) is only a very small percentage of the labour force. In 2020, this represented 0.74% of the total labour force. Whilst it is highly unlikely that there was any negative impact on jobs across the economy, Skilled Migrants make an enormous positive contribution to the organisations where their skills are desperately needed. These skilled migrants also



provide opportunities to further enhance and develop the skills of Australians working in that business, strengthening both the quality and skills of our local workforce.

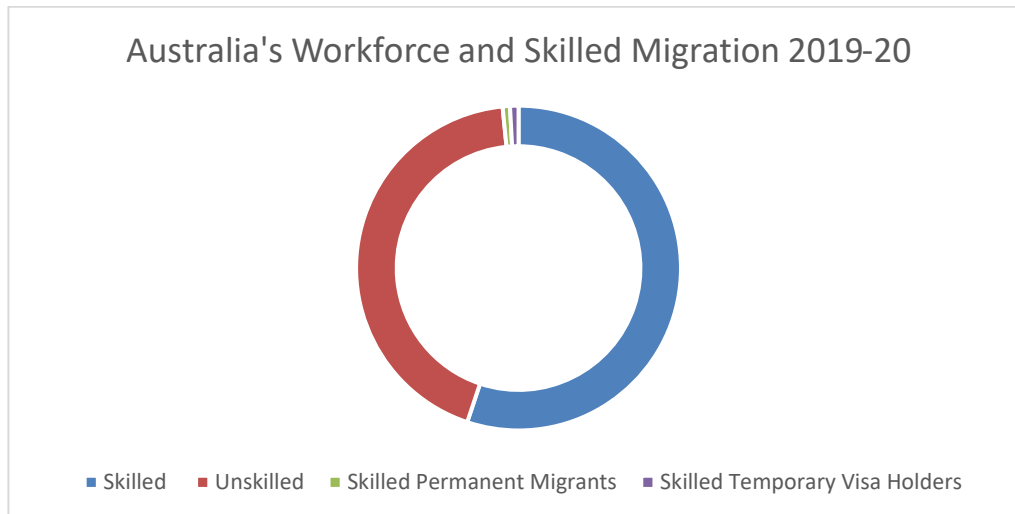


Figure 2: Proportion of Skilled Migrants to Australian Workforce

Key reasons to support the increased levels of Permanent Skilled Migration include:

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.

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.³

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;⁴
- Competition from other sectors;⁵
- Growth in supply;
- Seasonality of demand in regional areas; and
- A lack of interest in careers in hospitality and tourism.⁶

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 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.⁷

³ Ibid, p. iv.

⁴ Ibid, p. 27.

⁵ Ibid.

⁶ Colmar Brunton, Australian Trade Commission. Tourism and Hospitality Careers, 8 March 2016.

⁷ (TAA, 2020)



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
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

Figure 3: 2019 Regional Projections – Five Years to May 2024

Better skilled workforce: Migrants lift the educational attainment of the Australian population and lead to better research and development through enhanced productivity, innovation and accumulation of



human capital⁸. Skilled migrants are a resource in training as they transfer their highly valuable skills to the local workforce as well as fill skills gaps. With permanent migration curtailed, many businesses are finding it increasingly difficult to recruit the skilled workforce they need, in the location and time that they need it. Businesses report that access to skills and labour is one of their most pressing concerns⁹. It is therefore more likely that skilled migrants keep Australian businesses alive by promoting stability and train up the local workforce rather than take local jobs away.

Diversity: Australia's Migration Program has contributed to Australia becoming one of the culturally and linguistically diverse populations in the world. This widespread cultural diversity has strongly influenced the Australian business landscape in a positive manner, notably the education and tourism sectors. Cultural diversity in the business setting fosters the development of global linkages, opening up new markets for Australian businesses. These businesses have also benefitted from diversity in their workforce as it encourages critical and alternative thinking stemming from contrasting experiences and cultural contexts, often leading to innovation. Further restricting Australia's migration program will further hinder Australia's global competitiveness.

RECOMMENDATION

- Increase the cap for skilled migration within the permanent migration program.

CASE FOR INCREASING EMPLOYER SPONSORED MIGRATION

It is recommended that within the cap, the percentage of skilled migrants, particularly employer sponsored migrants, should be further strengthened. In the 2019-20 Permanent Migration Program, only 95,843 places were delivered in the skills stream out of which the employer sponsored category only had an outcome of 29,261 places. Employer sponsored migrants have consistently delivered positive labour market outcomes. This can largely be attributed to having a proven skill set, employment available upon arrival and a relationship with an individual connected to the community. Despite employer sponsored migrants possessing the most positive labour market outcomes, the proportion of employer sponsored migrants has fallen.

The 2017 changes to the Migration Program have left businesses to contend with the high costs of sponsoring skilled migrants whilst simultaneously dealing with skills shortages in the local economy. As

⁸ Productivity Commission 2016, [Migrant Intake into Australia, Overview and Recommendations](#), p. 3

⁹ The Australian Industry Group 2018, [Skill Shortages Research Note](#)



previously mentioned, additional permanent migrants make up a miniscule sub section of the total skilled workforce, therefore, it is recommended that all skilled occupations should, once again, be available for sponsorship under the Employer Nominated Scheme (ENS). However, it is recognised that for some occupations, there may be a risk that ENS migrants could make up a higher proportion of the workforce in that occupation. In this scenario, a cap of say 4 percent of the workforce in those occupations could be considered. Importantly, any issues that may exist in a narrow band of occupations do not warrant removal of occupations from the list entirely as this severely reduces the accessibility and responsiveness of ENS.

We recognise that in 2021/22 there will still be international travel limitations, at least in the first half of the year, that will continue to impact on how many migrants can enter Australia from off-shore. However, the planning levels within the overall cap should reflect what is the ideal position rather than make assumptions in advance of knowing what is possible.

RECOMMENDATION

- Increasing the proportion of Employer Sponsored Migrants within the Skilled category.

ROLE FOR LABOUR AGREEMENTS

The Department of Home Affairs has encouraged industries and businesses to negotiate labour agreements. There is a clear role for labour agreements in the permanent skilled migration program to accommodate the needs of specific industries and enterprises where the need for skilled labour can be defined beyond the broader migration system in terms of occupation, salary and language level. AHA & TAA supports the continued use of labour agreements, however in agreement with ACCI we strongly advocate for the process to be more streamlined.

The regulatory burden of labour agreements should be particularly considered in relation to infrequent users of small numbers. Often with streamlining, there is a great deal of emphasis on reliable, large, frequent users. However, equally there is minimal integrity concern around a business that seeks to add, on average, one or two migrants per annum for the course of the agreement. A “labour-lite” agreement option should be considered for small businesses that have seen their occupation eligibility disappear or who need solutions to often niche concerns.



RECOMMENDATION

- A “labour-lite” agreement option for small business

ANZCO REVIEW

One of the pillars of labour market statistical infrastructure is the Australian and New Zealand Standard Classification of Occupations (ANZSCO). This infrastructure underpins a wide range of labour market data, including information from the Census, and is used for job outlook information and to regulate which occupations are eligible for migration programmes.

For all occupations experiencing technological progress, the nature of work and job roles are constantly evolving. ANZSCO not only identifies new jobs, but it also appraises the duties within their job and assigns an appropriate skill level. Despite significant changes to both the economy and employment market, including new jobs driven by technological changes as well as developments to the level of skills needed in certain jobs, ANZSCO has only been reviewed and revised twice since its introduction in 2006. A major review of ANZSCO is long overdue. However, the Australian Bureau of Statistics (ABS), custodians of the statistical product have claimed for several years that they were unable to commence a review due to labour and resources 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. Further, the ABS has not even committed to a review in the future, only that it will be considered post the 2021 Census process. Concern over the current state of ANZSCO is shared across many stakeholders and industry associations.

An out of date ANZSCO denies fair access to important migration programs and unreasonably complicates the regulation of the program due to the need for work-around style caveats in order that needs are best met. Although the 2021-22 Migration Program will not reap the benefits of a major ANZSCO review, it is recommended that it is undertaken immediately to ensure future migration programs are responsive to the needs of the labour market.

RECOMMENDATION

- An immediate review of the ANZSCO by the Australian Bureau of Statistics.



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SUMMARY

The AHA & TAA emphasizes the significant benefit arising from the Migration Program to the business community and to Australia and supports returning permanent skilled migration to the previous cap of 190,000 places. In these unprecedented times, it is recommended that the migration program settings be adjusted to allow for all in country employer sponsored skilled migrants to have a pathway to permanency. It is further recommended that the Department return to a system where it was possible for permanent migrants to be sponsored using the Employer Nominated Scheme (ENS) under any skilled occupation category.