



AUSTRALIAN HOTELS
ASSOCIATION



7 April 2021

Committee Secretary
Joint Standing Committee on Migration
PO Box 6021
Parliament House
Canberra ACT 2600
By email: migration@aph.gov.au

Dear Sir/Madam

RE: Inquiry into Australia's Skilled Migration Program

This submission to the Joint Standing Committee on Migration's Inquiry into Australia's Skilled Migration Program from the Australian Hotels Association and Tourism Accommodation Australia addresses the complete terms of reference, including 1(a) and 2 that were separately addressed in an earlier submission.

1. Introduction

The Australian Hotels Association (AHA) is an organisation of employers in the licensed hospitality and accommodation industry registered under the *Fair Work (Registered Organisations) Act 2009*. Our diverse membership includes pub-style hotels, bars, taverns, restaurants plus accommodation hotels and serviced apartments in each state and territory. The AHA's accommodation members are represented by Tourism Accommodation Australia (TAA), a division of the AHA.

The size of scope of our members includes:

- Over 5000 businesses
- Generating \$12,000,000,000 economic benefit
- Directly employing 270,000 workers
- Supporting 50,000 community groups.

2. Recommendations

This submission makes the following recommendations for expeditious implementation in order to aid the hospitality and accommodation industry's pandemic recovery:

1. That international students working in the hospitality industry be permitted to work more than 40 hours per fortnight;
2. That cooks and chefs (ANZSCO occupations 351411 and 351311) are added to the Priority Migration Skilled Occupation List;
3. That hospitality (including accommodation) is listed as a critical sector for the purposes of the subclass 408 Temporary Activity visa;

4. That subclass 417 Working Holiday and subclass 462 Work and Holiday visa holders be able to work in tourism and hospitality in rural and remote areas of Australia to qualify for their second or third year WHM visa;
5. That Working Holiday and Work and Holiday visa holders working in tourism be able to work for the same employer for more than 6 months in rural and remote areas of Australia.

This submission makes the following recommendations on how the skilled migration programme can be improved more broadly to ensure it aligns with its intended objectives:

6. That skilled migrations in the following occupations are provided with a maximum stay of four years and a pathway to permanent residency: Café and Restaurant Manager, Hotel or Motel Manager, Accommodation and Hospitality Manager nec., Cook, Pastry Cook, and Hotel Service Manager.
7. That an ANZSCO review is undertaken immediately to ensure future migration programs and skills lists are responsive to the needs of the labour market.
8. That the Skilling Australians Fund levy be halved to \$600 per year for small business and \$900 for large business for each sponsored temporary migrant.
9. That the Skilling Australians Fund levy be refunded in all cases where a skilled migration application is not successful.
10. That the Skilling Australians Fund levies generated from the licensed hospitality and accommodation industry are spent on skills development in the licensed hospitality and accommodation industry.
11. That Industry Outreach Officers are employed within the Department of Home Affairs to liaise with industry through industry organisations.
12. That the maximum validity of the 485 visa Graduate Work Stream be increased from 18 months to two years.
13. That the permanent migration cap is restored to 190,000 per annum.
14. That further investigation and consideration is given to the approval of industry labour agreements to reputable industry organisations with high levels of industrial compliance among their membership.

3. The Need for Skilled Migration

Hiring Australian workers is always first priority for hospitality businesses. It is cheaper, more reliable and sustainable solution to workforce shortages. However, not for want of trying, labour shortages persist in the licensed hospitality and accommodation industry.

Research shows that the following reasons combine to create substantial labour market gaps across our industry:

- Limited applicants with sufficient skills, education and experience¹
- Competition from other sectors²
- Growth in the number of accommodation and food services businesses
- Seasonality of demand in regional areas; and
- A lack of interest in careers in hospitality and tourism.³

¹ 2019 Employment Projections – Labour Market Information Portal

² Above

³ Colmar Brunton report, 2016

For these reasons, licensed hospitality and accommodation businesses rely on the migration system to secure skilled and unskilled workers when they are unable to source a local worker.

Further, the current training system is not providing the pipeline of Australian workers required for our industry. For the quarter to June 2020, total apprentice and trainee commencements in Australia declined 35.8%. Total completions declined 24.4%. The total number of apprentices and trainees in-training at 30 June 2020 was 266,565, down 4% from one year earlier. Amongst the biggest decreases in apprenticeship commencements was food trade workers, which at 5090 for 2019-20 has decreased 52% since its 2014 high of 10,671.

A pipeline of local workers to fill future skills shortages requires skilled workers today to help train and mentor Australian apprenticeships and trainees. If businesses cannot source sufficient and reliable workers, they cannot operate to the full capacity. This jeopardises the jobs of other workers employed in the business.

Addressing the long-term skills shortages in key occupations in the licensed hospitality and accommodation industry (chefs, cooks and management employees) will take time as there are insufficient numbers of Australians currently ready, willing and able to fill these positions. Nor is there a sufficient number in the apprenticeship or trainee pipeline.

Testimony from AHA & TAA Members

Regional Hotel Owner, VIC: “We have had great difficulty in finding qualified chefs to work at our tavern and also our hotel. Placing advertisements in the paper constantly results in getting zero people answering the ads. In the end we have employed cooks who are not qualified to fill the gaps.”

Hotel, Mansfield VIC: “We have taken over 6 months to fill a chef position and are still looking for front of house staff in all areas paying above award rates.”

Hotel, Ceduna SA: “Of note, qualified Australian chefs in particular are extremely hard to source and at times we are left having to utilise contracted chef’s flown in from Darwin to come to Ceduna to relieve our staff until we can fill the void in our team. During this time there is the added expense of getting them here and home again as well as the increased pay rates whilst they are working.”

Hotel, Coober Pedy SA: “Being in such a remote location it is very difficult to source labour, even locals within the Australian labour market. We will often need to use a recruitment agency to assist us in sourcing candidates, which brings with it significant recruitment costs. We have recruited a few managers from a recruitment agency with a cost of \$3,000 to \$5,000 per staff member, but unfortunately due to the remoteness of our location they may only stay with the business for 3 to 4 months.”

Coral Coast, WA: “Our trade fluctuates wildly due to being a tourist beachside playground, attracting families and fishers during school holidays, long weekends etc. The problems we face include: a fluctuating need for casual workers; a significant lack of local workers forcing us to attract workers from elsewhere; and a shortage of affordable accommodation. Most of what is available during the busy tourist season is offered at Airbnb prices. This means we need more casual

staff sourced from elsewhere. We normally employ uni students on break and overseas tourists on visa, but now coming to a small town for work is less attractive to them. Their goal is to work hard for a short time and save money quickly. Restricted wages and high accommodation costs make this difficult."

Hotel, Canberra ACT:

"Post-COVID there has been a loss of confidence in the hospitality sector. Staff are choosing to work 3+ casual jobs across different industries, instead of taking permanent roles in hospitality, to retain some form of financial security. This staff shortage is compounded by the lack of international students, who made up to twenty percent of our team. This has left a huge gap in our market as evidenced on Seek, with Canberra's major hotels and outsourced housekeeping companies constantly advertising. Due to the inability to fill permanent positions, the hotel's occupancy continues to be restricted due to these ongoing staff shortages."

4. Ongoing Impacts of the COVID-19 Pandemic

While the full economic impact of the coronavirus pandemic is yet to be quantified, it is undisputed that the hospitality industry was and continues to be one of the industries most adversely affected.

a. Debt Levels

In the months following 23 March 2020 during which the hospitality industry was forcibly closed, employers in the hospitality industry accumulated significant debt while at the same time having severely constrained revenue opportunities. Most rent and loan repayments were either deferred or recapitalised, which has had the effect of delaying and extending financial hardship beyond the initial six months of the pandemic.

Managing this debt hangover is of principal concern to the AHA & TAA. Debt-to-Equity ratios and Interest-Cover ratios in the hospitality industry are at unsustainable levels. While debt can be managed by increasing revenue, unfortunately revenue opportunities remained constrained by an exacerbated labour and skills shortage.

b. Employment Levels

Employment levels in the Accommodation and Food Service industry have not recovered to the pre-COVID levels. As at 30 January 2021, the number of payroll jobs in our industry is 11.5% lower when compared to 14 March 2020. There is now insufficient labour supply in the hospitality industry, which has been caused by multiple factors:

- Previous employees finding new employment in alternative industries less exposed to the financial impacts of COVID-19, and are now unwilling to return to the hospitality industry;
- Fewer international students in Australia and a negligible number of new arrivals;
- Many skilled migrants left Australia at the beginning of the pandemic, following advice from the Commonwealth Government;
- Many working holiday makers left Australia at the beginning of the pandemic, following advice from the Commonwealth Government.

In a recently conducted nationwide survey of AHA members, 73% of responses reported that their business is suffering financially because of a shortage of skills. 56% of responses reported labour and

skills shortages in the cook occupation (ANSCO Code 351411), while 66% of surveyed members reported shortages in the chef occupation (ANSCO Code). Across NSW alone, TAA estimates a labour shortage in hotels of 3247 workers.

It will be impossible for the licensed hospitality and accommodation industry to return to its pre-COVID levels of revenue and productivity while the supply and availability of skilled labour remains so constrained.

5. Intended Objectives of the Skilled Migration Program

The purpose of Australia's skilled migration program is to attract highly employable workers to Australia in order to meet workforce needs that cannot be met by the local labour force. In the ongoing COVID-19 environment where international borders remain closed to most new arrivals, Australia's skilled migration program is incapable of meeting this intended objective.

The COVID-19 pandemic continues to have a unique impact on the dynamics of labour participation in Australia.

In response to this unique impact, it is necessary to adjust the current migration policy settings in order to meet the skills needs of the hospitality industry and to aid in our economic recovery.

It is important that the visa policy settings permit the hospitality industry to leverage non-residents currently residing in Australia to meet the labour demand that cannot be met with Australian workers. It is also important that Australia continues to be able to attract the best and brightest culinary talent with cutting edge skills to ensure our hospitality industry remains internationally competitive.

6. Changes Required to Aid the Short-term Recovery

To aid the hospitality industry's short-term recovery from COVID-19, changes should be applied to four areas of Australia's skilled migration program:

- Subclass 500 Student visa
- Priority Migration Skilled Occupation List;
- Subclass 408 Temporary Activity visa; and
- Subclasses 417 and 462 relating to working holiday makers.

7. Subclass 500 Student Visa

International students are an important source of labour for the hospitality industry. At June 2020, there were 555,000 international students in Australia. By comparison, the number of international students in Australia in July 2019 was 639,000. The number of international students in Australia has undoubtedly further decreased over the past 8 months as international students have left Australia following the completion of their studies or study remotely from abroad, while not being replaced by new arrivals. For example, 96,420 international students arrived in Australia in January 2020, while only 480 arrived in January 2021. These factors combine for a significant reduction that exacerbates the labour and skills shortages in industries such as hospitality that depend on international student workers.

International students are only permitted to work 40 hours per fortnight while their course is in session. However, in recognition of international students' vital role as part of a sustainable labour mix, the Department of Home Affairs and the Australian Border Force in January 2021 relaxed this requirement and allowed international student visa holders to work more than 40 hours per fortnight

in the agriculture, NDIS, aged care, and health industries. This relaxation was attributed to the exceptional circumstances caused by the COVID-19 pandemic.

Given that the exceptional circumstances caused by the COVID-19 pandemic have equally afflicted the hospitality industry, and that the available number of international students continues to decline with the ongoing international border closure, the AHA and TAA seek that international students working in the hospitality industry (including accommodation) be permitted to work more than 40 hours per fortnight. Such a change could be implemented immediately and need only be temporary.

By being permitted to work more hours, this temporary change will mean that international students can rebuild their depleted cash-reserves and are better equipped to support themselves financially during the pandemic-recovery period. As a consequence, the best and brightest international students will have the financial means to remain in Australia in the short and medium term and contribute to Australia's international competitiveness through the pandemic-recovery period.

Increasing the hours that international students can work each fortnight leverages non-residents currently residing in Australia to fill the hospitality industry's labour shortage, without the COVID-risk associated with international travel or quarantine requirements.

Recommendation 1

That the Department of Home Affairs and the Australian Border Force take a flexible approach to student visa holders working beyond their usual work limitations in the hospitality industry.

8. Priority Migration Skilled Occupation List

The Priority Migration Skilled Occupation List (PMSOL) identifies occupations which fill critical skills needs to support Australia's economic recovery from COVID-19. Visa applications with an occupation on the PMSOL are currently given priority processing.

As above, the current shortage of cooks and chefs is hampering the hospitality industry's ability to recover from the COVID-19 pandemic.

Listing cooks and chefs on the PMSOL will mean the hospitality industry will receive priority visa processing in instances where it is unable to find suitably qualified and experienced candidate from the domestic labour market.

This change can provide short-term relief to the labour and skills shortages in the hospitality industry while Australia's international border remains closed. It will ensure that throughout the pandemic-recovery period Australia's hospitality industry remains internationally competitive by providing a permanent residency pathway for the best and brightest skilled culinary professionals with cutting edge skills.

These culinary professionals will assist in lifting the productivity of the hospitality industry to its pre-COVID levels, and aid in generating sufficient revenue to pay down the increased debt obligations caused by the pandemic.

Recommendation 2

That cooks and chefs (ANZSCO occupations 351411 and 351311) are added to the Priority Migration Skilled Occupation List.

9. Subclass 408 Temporary Activity Visa

The Subclass 408 visa allows holders to remain in Australia if they have no other visa options and are unable to depart Australia due to COVID-19 travel restrictions. If the visa holder is working in a 'critical sector', the visa holder can remain in Australia for 12 months. If the visa holder is not working in a 'critical sector', the visa has a duration of 3 months and is not accompanied by any work rights.

Despite bearing the brunt of COVID-19 restrictions, the hospitality industry is not currently listed as a 'critical sector'. This means that for temporary visas that expire, such as the subclass 482 Temporary Skills Shortage – Short Term Stream visa, visa holders in the hospitality industry are no longer permitted to work and have to make arrangements to depart Australia within three months. Cooks are one such occupation where a labour and skills shortage is being reported by over 50% of AHA members, but the current visa framework requires these visa holders to leave the country at the conclusion of their visa. This requirement is exacerbating the hospitality industry's acute labour and skills shortages.

Listing the hospitality industry as a 'critical sector' is an immediate solution that will allow 408 visa applicants currently in Australia to fill critical labour shortages – or remain in their existing positions – in our industry for a further 12 months while they make arrangements to either depart Australia or transition to another visa subclass. Rather than bringing new skilled migrants into the country, this short-term solution leverages non-residents already residing in Australia. It has the added benefit there is no need to navigate the complexities and safety hazards of international travel and quarantine requirements.

Recommendation 3

That the hospitality (including accommodation) is listed as a critical sector for the purposes of the subclass 408 Temporary Activity visa.

10. Working Holiday Makers

Working holiday makers are a critical labour source for the hospitality industry. They possess skills currently demanded by hospitality employers. There are presently about 35,000 working holiday makers in Australia, a significant reduction from 141,000 in December 2019. Given the reliance of the hospitality on working holiday makers, this decline throughout COVID-19 has exacerbated the acute labour market pressures in our industry.

In November 2020, the Joint Standing Committee on Migration published its Final Report of the Inquiry into the Working Holiday Maker Program. The Final Report noted that the historical benefit of the Working Holiday Maker Program to the Australian economy is roughly \$3.1 billion annually. The Final Report also made the following recommendations:

- That working holiday maker visa holders should be able to work in tourism and hospitality in all hard-to-staff rural and remote areas of Australia as part of their 88 days or 6 months to qualify for their second- or third- year WHM visa; and
- That working holiday maker visa holders should be able to work for the same employer for more than 6 months in hard-to-staff rural and remote areas of Australia without asking permission in the tourism and hospitality industry.

In light of the exacerbated labour and skills shortages caused by COVID-19 and the hospitality industry's reliance on working holiday makers, the AHA and TAA urges the Government to implement these recommendations of the Joint Standing Committee on Migration as soon as possible. These

reforms will make immediate inroads in alleviating workforce shortages faced by the hospitality industry, particularly in regional areas.

These reforms also have the benefit of allowing the hospitality industry greater access to a labour source that is already in the country and can be accessed immediately without the risks posed by international travel and quarantine.

Recommendation 4

That subclass 417 Working Holiday and subclass 462 Work and Holiday visa holders be able to work in tourism and hospitality in rural and remote areas of Australia to qualify for their second- or third- year WHM visa.

Recommendation 5

That Working Holiday and Work and Holiday visa holders working in tourism and hospitality industry be able to work for the same employer for more than 6 months in rural and remote areas of Australia without asking permission.

11. Changes Required to Aid the Long-term Recovery

To aid the hospitality industry's long-term recovery from COVID-19, changes should be applied to eight areas of Australia's skilled migration program:

- Providing listed occupations on the STSOL with a pathway to permanent residency
- Providing the ABS with adequate funding to undertake a review of the ANZSCO
- Reductions in the Skilling Australians Fund Levy, and the revenue collected from the hospitality industry re-invested into apprentices and traineeships in the hospitality industry
- Improvement in visa processing times
- Reinstate funding for Industry Outreach Officers to liaise with industry organisations
- Extending the validity of the 485 visa Graduate Work Stream from 18 months to two years
- Restore the permanent migration cap to 190,000 per annum
- Further investigate the potential of industry labour agreements

12. Term of Reference 3: Skills Lists and the Needs of the Accommodation and Hospitality Industry

a. Short-Term Skilled Occupation List

As demonstrated above, the licensed hospitality and accommodation industry is suffering ongoing skills and labour shortages. Hiring Australian workers is always first priority for hospitality businesses. It is cheaper, more reliable and sustainable solution to workforce shortages. Not for want of trying, the current labour demand in our industry is not being met by Australian workers.

While this situation has markedly deteriorated throughout the pandemic, it was still the reality before COVID-19 that the licensed hospitality and accommodation sector had difficulty finding staff in many occupations. The main occupations affected by persistent labour and skills shortages were (and continue to be):

- Café and Restaurant Manager (141111)
- Hotel or Motel Manager (141311)
- Accommodation and Hospitality Manager nec. (141999)

- Cook (351411)
- Chef (351311)
- Pastry Cook (351112)
- Hotel Service Manager (431411)

Labour and skills shortages in these positions persist because these occupations are listed on the Short-Term Skilled Occupation List. (The exceptions to this are Chefs which are on the Medium-Long Term Strategic Skills List, and Hotel Service Managers which are not on any skills list.) This STSOL provides no pathway for a skilled migrant to access permanent residency and only permits maximum stays of two years, which increases to four years if an international trade obligation applies. Prospective skilled migrants are generally unwilling to relocate to Australia for only two years with the potential to become a permanent resident.

While the AHA & TAA support Traffic Light Bulletin consultation process the STSOL, the persistence of skills shortages in the above occupations means the list is not achieving the intended objective of the skilled migration program. As above, this objective is to attract highly employable workers to Australia in order to meet workforce needs that cannot be met by the local labour force.

The AHA & TAA support the view of the Australian Chamber of Commerce and Industry in their submission to the Committee that ‘accurately identifying labour market needs across the country is a vital exercise ... in the broader context of developing skills in the economy.’ We also agree with ACCI that ‘The shortages experienced by an individual business, in a particular location, at a particular point in time, cannot be identified by a national assessment or data set on skills shortages.’

Given the demonstrated immobility of the labour market over recent years, when a business is experiencing a skills shortage in a certain occupation it is immaterial whether or not there is also a national or regional skills shortage in that occupation. That skills shortage experienced at the business level is constraining business productivity and broader economic activity. The STSOL needs to be able to capture this nuance.

Given that the first priority of the accommodation and licensed hospitality industry is always to fill labour and skills shortages from the local workforce, businesses in the accommodation and licensed hospitality industry need a STSOL that can meet their labour needs when a local worker cannot be sourced. AHA & TAA believe this can be achieved by providing skilled migrants in the above occupation with a maximum four year stay and a pathway to permanent residency.

Recommendation 6

That skilled migrations in the following occupations are provided with a maximum stay of four years and a pathway to permanent residency:

- Café and Restaurant Manager (141111)
- Hotel or Motel Manager (141311)
- Accommodation and Hospitality Manager nec. (141999)
- Cook (351411)
- Pastry Cook (351112)
- Hotel Service Manager (431411)

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) have claimed for several years that they are 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 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. It is recommended that an ANZSCO review is undertaken immediately to ensure future migration programs are responsive to the needs of the labour market.

Recommendation 7

That an ANZSCO review is undertaken immediately to ensure future migration programs and skills lists are responsive to the needs of the labour market.

13. Term of Reference 5: The Cost of Sponsorship

a. Reduction in the Skilling Australians Fund

There are high economic and productivity costs to seeking out an employee from overseas.

Employers who utilise temporary skilled migration are forced to pay significant amounts of money to sponsor a skilled migrant. This is akin to 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 approximately \$9,000. For a MLTSSL visa, the cost averages \$6,500 with a maximum of approximately \$11,000.⁴ As these businesses cannot source suitably skilled Australian workers, these costs are unavoidable.

The AHA and TAA remain concerned at the quantum of the Skilling Australians Fund levy. In line with the Australian Chamber of Commerce and Industry, we recommend that the levy be halved to \$600 per year for small business and \$900 for large business for each sponsored temporary migrant.

More support for employers in regional areas (especially in the context of natural disasters) can be delivered through concessions such as waiving Skilling Australians Fund levies.

⁴ TAA NSW 2019

The AHA & TAA also seek improvement in the refund scheme, which is only available in limited circumstances and argue that it should be available for all cases where the application has not been successful.

Revenue from the Skilling Australians Fund should be spent proportionally on the industries that are most contributing to it. For example, Skilling Australians Fund revenue extracted from employers in the hospitality and accommodation industry should be used to increase the number of apprenticeships and traineeships in the hospitality and accommodation industry. It should not be used in other industries.

Of equal concern is the length of time taken in processing, impacting hotel and employee productivity. It is acknowledged that Sponsorship Accreditation goes some way to addressing lengthy processing times.

Recommendation 8

That the Skilling Australians Fund levy be halved to \$600 per year for small business and \$900 for large business for each sponsored temporary migrant.

Recommendation 9

That the Skilling Australians Fund levy be refunded in all cases where a skilled migration application is not successful.

Recommendation 10

That the Skilling Australians Fund levies generated from the licensed hospitality and accommodation industry are spent on skills development in the licensed hospitality and accommodation industry.

14. Term of Reference 6: The Complexity of Australia's Skilled Migration Program

a. Industry Outreach Officers

The complexity of the migration system can make it difficult for AHA & TAA members to understand the process, eligibility and suitability of the different visa offerings. This is a deterrent to businesses accessing the migration program, often at the cost of losing skills essential for their business or stemming growth. AHA & TAA believe there is a role for the Department of Home Affairs to provide information and assistance to industries through their industry organisations, especially those experiencing significant skills shortages, so employers are aware of changes to the migration system and the application process.

TAA and the AHA seek the reinstatement of the industry outreach officers program within the Department of Home Affairs to support industry and business to navigate the increasingly complex employer nominated migration landscape. The industry outreach officers program also had a role in navigating barriers and providing support to ensure businesses are aware of their obligations and requirements as sponsors. This will assist in maximising economic outcomes to ensure that businesses are accessing the Migration Program in suitable ways, minimising wastage in terms of time and productivity.

Recommendation 11

That Industry Outreach Officers are employed within the Department of Home Affairs to liaise with industry through industry organisations.

15. Term of Reference 7: Other Issues

a. *Temporary Graduate (485) Visa*

The existing *Temporary Graduate (485)* visa has validity duration of a maximum 18 months. This duration precludes graduates from applying for a temporary work visa at the expiration of their graduate visa as occupations on both the STSOL and MLTSSL require two years' work experience.

While AHA & TAA welcomed the announcement that the duration of the 485 *Temporary Graduate* visa Post Study work stream was extended to two or more years, this was only for degree-level or above in nominated courses not relevant to our sector.

We believe that the 485 Graduate work stream should also be extended to two years and/or the relevant practical experience during studies should count towards the calculation of two years' work experience. The AHA and TAA believe that this change in counting experience and employment history should only be available to international students undertaking a minimum Certificate IV qualification in a CRICOS registered course at an Australian institution.

Recommendation 12

That the maximum validity of the 485 visa Graduate Work Stream be increased from 18 months to two years.

b. *Restore Permanent Migration Cap to 190,000 Places*

Migration is both a substantial contributor to Australia's economic prosperity but it also the lifeblood of Australia's heritage and culture. Australia is a nation that is built on migration, as is our workforce and our economy.

The joint paper *Shaping a Nation*, authored by Treasury and the Department of Home Affairs, highlights the economic and fiscal benefits of a strong permanent migration program. The decision to reduce the migration intake by 30,000 to 160,000 sent a negative signal about the benefits of migration. Given the impact of stalling population arising from the pandemic, the negative impact of the reduction in migration places has been exacerbated.

AHA & TAA view the temporary and permanent skilled migration programs as highly valuable components of workforce planning and development for the licensed hospitality and accommodation industry. Skilled migration is a vital tool that assists individual businesses who experience skills shortages as well as fill skilled gaps in the broader economy. When a business needs to expand or replace a departing worker, skill migration provides access to skilled workers that are not otherwise available. Without this option, the licensed hospitality and accommodation industry is negatively affected. This impacts on overall economic activity, and therefore reduces the job opportunities available to Australian workers.

From 2020-21 to 2022-23, the planning level for the permanent migration program has been set at 160,000 places. In 2023-24, this increases to 190,000 places. The AHA & TAA recommend that planned permanent migration intake for 2021-22 should be restored to 190,000 places to coincide with the re-opening of the international border. Further, beyond 2023-24 the migration caps should be set according to the evidence of maximum benefit including an assessment of economic, fiscal and demographic outcomes. We believe 190,000 to be an appropriate level to maximise the benefits of migration while controlling overall migration levels.

Recommendation 13

That the permanent migration cap is restored to 190,000 per annum.

c. 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 we 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.

Consideration should also be given to the role that reputable industry organisations with high levels of industrial compliance among their membership can play through the development of industry labour agreements that target the skills and labour needs within specific industries.

Recommendation 14

That further investigation and consideration is given to the approval of industry labour agreements to reputable industry organisations with high levels of industrial compliance among their membership.

16. Conclusion

The AHA and TAA thank you for the opportunity to make such a comprehensive submission into this vitally important topic. We look forward to your favourable consideration of the recommendations we have made in order to support the licensed hospitality and accommodation industry recover from the economic impacts of the coronavirus-induced recession. We are available to offer clarification or further detail on any aspect of this submission.

Yours faithfully



STEPHEN FERGUSON
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TAA NATIONAL CEO