



AUSTRALIAN HOTELS
ASSOCIATION



15 December 2022

Department of Home Affairs
A Migration System for Australia's Future
Department of Home Affairs
Parliament House
Canberra ACT 2600
By email: migration.policy@homeaffairs.gov.au

Dear Sir/Madam

RE: A Migration System for Australia's Future

This submission to the Department intends to address the primary questions relating to developing a new migration strategy for Australia, noting the challenges presented by Covid-19 restrictions and the needs identified in the recent Jobs and Skill Summit. It is a joint submission including the views of the Australian Hotels Association, Tourism Accommodation Australia and the Accommodation Association.

1. Recommendations

This submission makes the following recommendations for implementation to aid the hospitality and accommodation industry's ongoing pandemic recovery to ensure Australia's migration system is fit for purpose and can meet the needs of the industry in the coming decades:

1. That skilled migration in the following occupations are provided with a maximum stay of four years (plus the option to renew for an additional 4 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.
2. International students working in the hospitality industry be permitted to continue to work up to 30 hours per week until June 30, 2024;
3. That an ANZSCO review is undertaken as soon as possible to ensure the 2023/24 migration program and skills lists are responsive to the needs of the labour market, and ongoing funding is provided to allow for regular reviews of ANZSCO.
4. 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.
5. That the Skilling Australians Fund levy be refunded in all cases where a skilled migration application is not successful.
6. That the Temporary Skilled Migration Income Threshold (TSMIT) – currently \$53,900 is increased at a level that will not inadvertently exclude occupations in the accommodation and hospitality industry that might otherwise be eligible for skilled migration. This will ensure

hospitality roles in cooking and supervisory roles can be sponsored. Wages will still be determined by the Annual Market Salary Rate (AMSR)

7. That the maximum validity of the 485 visa Graduate Work Stream be increased from 18 months to four years.
8. That the permanent skilled migration cap is increased to 210,000 and the distribution between skilled and family migrants be restored to 2/3 to 1/3.
9. That the temporary Hotel and Accommodation industry labour agreement is turned from temporary to ongoing and that reputable industry organisations with high levels of industrial compliance among their membership sponsored visa applications are expedited.
10. That temporary migration is still a critical component of the accommodation and hospitality Labour Force to address seasonality, regional workforce requirements and the flexible working hours required for industry. To this end, promotional funding is required to attract Working Holiday Makers back to our shores.

2. 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 following Covid-19 are now at record highs in the licensed hospitality and accommodation industry.

The current worker shortage is set out below.

Occupation	Vacancies ¹
Chef	10,460
Sous Chef	2,946
Chef de Partie	3,471
Kitchen Hand	10,451
Pastry Chef	1,574
Restaurant Manager	4,812
Restaurant Assistant Manager	962
Café Manager	5,115
Waitstaff	4,563
Barista	20,039
Bartender	11,875
Host/Hostess	3,112
Housekeeper	7,464
TOTAL	86,844

We are aware employing migrant workers cannot be at the expense of Australians. We appreciate we must get the balance right. The greatest incentive to training and hiring Australians first is the time and cost involved of hiring skilled overseas workers. We note:

- Whereas an Australian can often start work immediately or after a brief notice period, bringing in workers from overseas can take two to nine months
- Apart from advertising costs and sometimes re-location costs, there are basically no costs to hire an Australian worker. In contrast, the cost of bringing an overseas skilled worker is immense

¹ <https://www.seek.com.au/jobs> 25 November 2022

Cost estimate to bring Chefs and Cooks from overseas	Chef cost \$	Cook cost \$
Skills Assessment per applicant	3,280	3,280
English Test	400	400
Relocation Accommodation - 14 days	1,400	1,400
DHA Nomination Application fee	333	333
MLTSSL - DHA Visa Application fee	6,298	2,640
POEA/OEC per applicant (authority to leave Philippines)	520	520
Skilling Australians Fund (N.B. 1,818.18 per year)	7,172	3,636
Migration agency fees (application and nomination)	3,945	3,657
Airfare (one way)	2,000	2,000
Recruitment fee	5,000	3,000
Total	30,348	20,867

Research and recent events (Covid 19) show that the following reasons combine to create substantial labour market gaps across our industry:

- Limited applicants with sufficient skills, education and experience²
- Slower than anticipated return of Working Holiday Makers and International Students,
- Competition from other sectors that were not closed due to lockdowns³
- Ongoing pipeline of new accommodation and food services businesses
- Seasonality of demand in regional areas; and
- A lack of interest and brand damage in careers in hospitality and tourism.⁴

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

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.

3. 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. The COVID-19 pandemic recovery 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.

² 2019 Employment Projections – Labour Market Information Portal

³ Above

⁴ Colmar Brunton report, 2016

4. Subclass 500 Student Visa

International students are an important source of labour for the hospitality industry. At October 2022, there were 424,793 international students in Australia.⁵ By comparison, the number of international students in Australia in March 2019 was 639,000. This reduction exacerbates the labour and skills shortages in industries such as hospitality that depend on international student workers.

International students were 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 June 2021 relaxed this requirement and allowed international student visa holders to work more than 40 hours per fortnight in the hospitality, tourism and accommodation sector. 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 afflicted the hospitality industry, and that the available number of international students will take time to return to pre-covid numbers, the AHA, TAA and AAoA seek that international students working in the hospitality industry (including accommodation) be permitted to work more than 40 hours per fortnight up until June 2024. Whilst we appreciate the need for a cap to return to support Australia's education export business, a 30hr cap per week would ensure businesses don't fall back in dire labour shortage problems and assist students fund the higher cost of living associated with today's economy.

5. Changes Required to Aid the Long-term Recovery

To aid the hospitality industry's long-term recovery, 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 regular reviews 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
- Continued improvement in visa processing times to reduce the backlog
- Increase the permanent skilled migration cap from 142,400 to 210,000 per annum
- Further support of the Hotel and Accommodation industry labour agreements

6. 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 an unprecedented amount of skills and labour shortages. This is only set to increase, as it is one of the five growth industries identified as having significant job shortages and potential for growth in the next four years. Employment in Accommodation and Food Services is projected to grow by 112,400 (or 13.2%) to November 2026.⁶

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 cannot be met by Australian workers.

⁵ The Administration of the Immigration and Citizenship Programs – 10th edition (home affairs)

⁶ National Skills Commission, [Employment Projections](#), Accommodation and Foods Services 2021

As 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. This STSOL provides no pathway to 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 without the potential to become a permanent resident.

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 migration system that can meet their labour needs when a local worker cannot be sourced. AHA, TAA and AAoA believe this can be achieved by providing skilled migrants in the above occupations with a maximum four-year stay (plus the option of an extension – as is the case with the MLTSSL) and a pathway to permanent residency.

b. ANZSCO 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) 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.

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 funding is committed to ensure that regular reviews of ANZSCO can be undertaken and that intervals between reviews are in line with world best practice.

7. 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 \$11,000.⁷ As these businesses cannot source suitably skilled Australian workers, these costs are unavoidable.

The AHA, TAA and AAoA 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.

The AHA, TAA and AAoA 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.

b. Temporary Skilled Migration Income Threshold (TSMIT)

The TSMIT is currently \$53,900. AHA/TAA & AAoA believe this should only be increased at a level that will not inadvertently exclude occupations in the accommodation and hospitality industry that might otherwise be eligible for skilled migration. This will ensure hospitality roles in cooking and supervisory roles can still be sponsored. Actual salaries will still be determined by the Annual Market Salary Rate (AMSR).

8. Increase Permanent Skilled Migration Cap to 210,000 Places and Skill and Family stream Distribution to 2/3 – 1/3

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.

AHA, TAA and AAoA 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

⁷ TAA NSW 2019

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 2022/23 the Labor Government, as part of the Jobs and Skills Summit increased this to 195,000 places. The AHA, TAA and AAoA recommend to catch up on the year's of limited uptake on migration that planned permanent migration intake for 2023-24 should be increased to 210,000 places for skilled migrants to support the current skills and labour shortage. 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 210,000 to be an appropriate level to maximise the benefits of migration while controlling overall migration levels. We are also of the view that the distribution between skilled and family migrants needs to be restored to two thirds versus one third.

9. 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 and AAoA were successful in 2022 in achieving a Temporary Hotel and Accommodation Labour Agreement (business specific). This needs to be more user friendly in its application and revert from a temporary agreement to an ongoing concern.

10. Conclusion

The AHA, TAA and AAoA thank you for the opportunity to make a submission into this vitally important program for the future. We look forward to your favourable consideration of the recommendations we have made in order to support the licensed hospitality and accommodation industry's ongoing 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



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