



JOINT STANDING COMMITTEE ON MIGRATION: Inquiry into migration in regional Australia

Australian Hotels Association & Tourism Accommodation
Australia Submission



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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 Joint Standing Committee on Migration's inquiry into migrant settlement in regional Australia.

Tourism is recognised as a super-growth industry critical to the future growth and diversification of the economy¹ contributing 3.1% to GDP and 5.2% to employment in 2017–18. Confidence and investment has supported the recent strong performance of the sector which has outpaced the national growth rate for the last three years.²

Regional tourism makes a strong contribution to overall economic success but has great unmet potential. Tourism visitation and consumer demand research have identified a preference for a range of Australian experiences that capitalise on natural assets and experiences which are best found in regional Australia. These include interactions with our native wildlife, enjoying and engaging in activities in natural marine and terrestrial environments, or appreciating local food and wine.

There is a strong case for private and public investment in tourism infrastructure. Examples include the development of wine museums, hotels, spa and wellness facilities, and indigenous operated resort with capacity for training and employment. However, future investment must be backed up by government support for increased accessibility and the removal of key barriers, particularly in meeting labour shortages. There is a workforce shortage in regional Australia for the hotel and hospitality sector which requires a two-pronged approach: create a pipeline of skilled Australian workers and at the same time, enable employers who have acted with integrity to more easily access skilled migrant workers.

Our submission calls for government to recognise the importance of the hospitality and tourism sectors in regional areas and provide investment to ensure employment opportunities can be created in the regions. AHA and TAA members are acutely aware of the workforce shortages in regional locations and we have included their experiences throughout this document for the committee to consider.

Getting the policy settings right is key to ensuring migrants come to – and stay in – regional areas. Overseas-born people are overwhelmingly staying in capital cities, 83% which is comparable to the 61% of Australian-born population who do so.³ AHA and TAA support government initiatives to encourage increased regional dispersal of the workforce whilst maintaining integrity in the wider immigration system. Hotel and hospitality businesses offer welcoming places for newly arrived migrants wanting to contribute to their local community.

¹ Deloitte, Positioning for Prosperity? Catching the Next Wave, 2014

<https://www2.deloitte.com/au/en/pages/building-lucky-country/articles/positioning-for-prosperity.html> .

² Deloitte, Tourism and Hotel Market Outlook, Edition 1, 2019

<https://www2.deloitte.com/au/en/pages/consumer-industrial-products/articles/tourism-hotel-outlook.html> .

³ Australian Government 2019, Planning for Australia's Future Population,

<https://www.pmc.gov.au/sites/default/files/publications/planning-for-australias-future-population.pdf>.

SUMMARY OF RECOMMENDATIONS

IMPORTANCE OF REGIONAL TOURISM

- Government continue to invest in tourism-related infrastructure and facilities in regional areas to stimulate growth of visitation.
- Make a commitment via resources to enable the promotion of regional areas to potential overseas visitors.
- Continue to provide funding under the Building Better Regions Fund to facilitate growth in regional tourism infrastructure.

HOUSING AVAILABILITY IN REGIONAL AREAS

- Establish an effective regulatory framework on unregulated short-term accommodation to support future investment in commercial short-term accommodation.

SKILLED MIGRATION

- Government continue to engage with industry in determining workforce shortages, including regular consultation i.e. the Traffic Light Bulletin and approaching relevant industry bodies.
- Recognise skilled migration as crucial in meeting labour and skills shortages in the tourism and hospitality sectors by ensuring policy settings are put in place to facilitate fast and reliable skilled migration:
 - Halve the Skilling Australians Fund levy (SAF) to \$600 for small business and \$900 for large businesses for each sponsored temporary migrant, in recognition of the already significant costs associated with accessing overseas labour.
 - Consider subsidies for employers who retain workers under the DAMA scheme.
 - Maintain the Accredited Sponsorship Programme which recognises employers who operate with integrity by providing faster processing times.
 - Conduct regular audits to identify issues that cause delays in processing times and implement stated time frames for processing, providing regular updates on how these are being achieved.
 - Make skilled occupations available for temporary as well as permanent migration in regional Australia, and ensure temporary skilled visas for regional Australia provide a pathway to permanency.
- Maintain flexibility in the skills list but introduce caveats to protect against integrity concerns.
- Improve the processing timeline on regional visas and more quickly allow regional businesses to access skilled workers.
- Commence benchmarking visa fees and charges and processing times to ensure we remain competitive as a tourist destination.
- Maintain the inclusive nature of the Working Holiday Maker (WHM) visa but improve competitiveness in terms of processing times.
- Hospitality/Tourism to be added as an approved industry to enable WHMs to complete their specified work in resorts, hotels, and pubs.
- Government seek to work with industry on opportunities to support initiatives for training and employment for humanitarian visa holders.

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

The AHA and TAA are the peak industry bodies representing Australia's tourism, hotel accommodation and hospitality industry. Our membership is diverse and serviced by a network of branches based in every state and territory, plus a Canberra-based National Office.

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 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 future development and growth of the sector within Australia's vibrant 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.

BUILDING A CASE FOR INVESTMENT IN REGIONAL TOURISM

Tourism is a significant contributor to the national economy and is recognised as a future growth industry and diversifier of the economy. In 2017–18, Australia generated \$57.3 billion in direct tourism GDP, representing growth of 5% over the previous year.⁴ However, regional tourism is underperforming. For 2017–18, 44 cents in every tourism dollar was spent in regional areas but the differences between domestic and international are stark: 52% of domestic overnight spend and 56% of day trip spend is in the regions but by contrast only 10% of international spend is in regional Australia despite 97% of international visitors arriving in a capital city.⁵ In addition, dispersal rates are not increasing. For domestic travelers, the rate of regional dispersal has remained static for more than a decade, while there has been a steady decline in international visitor numbers, with only 34% visiting a regional area in 2017–18.⁶

The growth of regional visitor economies is dependent on dispersing more international visitors beyond capital cities for longer overnight stays. Therefore, there is a need to attract more quality supply into regional Australia, to assist with increased dispersal to regional areas. Many of Australia's regional areas suffer from insufficient investment in, and renewal of, tourism facilities. Investment in regional facilities is unlikely to occur without an increase in regional visitor nights, yet an increase in regional visitor nights is unlikely to occur without improved accommodation. This represents a market failure requiring government intervention. With investment in regional tourism facilities comes the opportunity for more tourism operators, accommodation providers, and hospitality businesses to operate in the regions, which would ultimately require a suitable workforce.

TOURISM INVESTMENT IN REGIONAL AUSTRALIA

Growing investment is a key focus for the Federal Government. Austrade and Tourism Australia have developed a *Tourism Investment in Regional Australia* Strategy to attract more foreign direct investment for regional tourism infrastructure, helping to spread the benefits of the visitor economy beyond Australia's major gateway cities.⁷

The AHA and TAA support the Strategy which recognises that many of Australia's key icons are in regional Australia. Relying on tourism data around consumer demand and visitation trends, our natural environment, food and wine, aquatic and coastal assets, culture and heritage offerings, and wellness present the greatest opportunity for investment.

Cooperation by governments and industry is required to promote tourism investment as a priority within eight key regions in Australia. In addition, there is a need to overcome local impediments which may be holding back supply of visitor experiences and broader investment. These impediments can range from a lack of existing visitor attractions or international flights, to a regulatory system that makes investment challenging for the broader industry.

⁴ Tourism Research Australia, *Tourism Satellite Account 2017-18*.

⁵ Tourism Research Australia, *State of the Industry 2017-18*, April 2019, <https://www.tra.gov.au/Economic-analysis/State-of-the-Industry/state-of-the-industry>, p.13.

⁶ Ibid.

⁷ Austrade and Tourism Australia, *Tourism Investment in Regional Australia*, August 2019, <http://www.tourisminvestment.com.au/content/dam/assets/document/1/6/z/2/m/2005006.pdf>.

For the investment strategy to succeed policies must be put in place to provide a local labour workforce population.

Growth in properties and rooms has largely been concentrated in capital cities, as reflected in STR's *Australian Accommodation Monitor* data for the years 2016-17 and 2017-18. There was a 4.0% increase in capital city rooms from 2016-17 to 2017-18, compared to regional areas, where there was only a 0.6% increase. It was a similar story for properties added, which saw a 2.9% increase in capital cities, compared to regional areas, which saw a 0.5% increase (see Table 1 below for more).

TABLE 1: PROPERTIES AND PERFORMANCE

(STR, Australian Accommodation Monitor, years 2016-17 and 2017-18).

Location	Properties/Rooms						Performance					
	2016-17	2017-18	% change	2016-17	2017-18	% change	2016-17	2017-18	% change	2016-17	2017-18	% change
Properties	Properties	% change	Rooms	Rooms	% change	Occ (%)	Occ (%)	% change	RevPAR (\$)	RevPAR (\$)	% change	
NSW Regional	1,333	1,337	0.3%	43,896	43,949	0.1%	62.3	64.3	3.2%	104.73	112.17	7.1%
QLD Regional	991	996	0.5%	42,163	42,434	0.6%	65.9	68.3	3.7%	114.45	122.83	7.3%
VIC Regional	577	580	0.5%	17,285	17,440	0.9%	61.1	61.6	0.8%	94.20	98.85	4.9%
WA Regional	230	230	0.0%	11,600	11,645	0.4%	54.5	57.7	5.8%	83.93	90.42	7.7%
SA Regional	156	159	1.9%	5,231	5,400	3.2%	60.3	61.2	1.5%	79.88	84.00	5.2%
TAS Regional	98	99	1.0%	3,830	3,936	2.8%	71.3	73.4	2.9%	105.55	109.95	4.2%
NT Regional	51	51	0.0%	3,713	3,713	0.0%	64.3	65.5	2.0%	79.32	81.53	2.8%
Total Regional	3,436	3,452	0.5%	127,718	128,517	0.6%	63.2	65.2	3.2%	103.52	110.60	6.8%
Sydney	388	403	3.9%	40,490	42,921	6.0%	85.3	85.1	-0.2%	192.11	195.52	1.8%
Melbourne	359	366	1.9%	33,356	34,187	2.5%	83.4	82.9	-0.6%	154.55	153.91	-0.4%
Gold Coast	313	316	1.0%	20,731	20,587	-0.7%	71.2	72.6	1.9%	134.47	143.47	6.7%
Brisbane	255	269	5.5%	18,824	19,994	6.2%	72.0	73.0	1.3%	111.71	114.44	2.4%
Perth	143	149	4.2%	13,132	14,049	7.0%	75.5	74.3	-1.7%	132.83	124.23	-6.5%
Adelaide	114	115	0.9%	8,412	8,594	2.2%	77.8	79.2	1.8%	118.13	125.16	6.0%
Hobart	75	76	1.3%	3,367	3,663	8.8%	83.2	79.5	-4.4%	146.15	141.63	-3.1%
Canberra	60	62	3.3%	6,356	6,609	4.0%	76.9	77.7	1.0%	130.46	134.36	3.0%
Darwin	46	48	4.3%	5,421	5,559	2.5%	70.1	74.6	6.5%	105.37	114.06	8.3%
Total Capital Cities	1,753	1,804	2.9%	150,089	156,163	4.0%	79.7	79.8	0.2%	152.07	154.35	1.5%

GOVERNMENT REGIONAL INFRASTRUCTURE INVESTMENT

In the 2018-19 Federal Budget the Government committed to providing \$206.5 million over four years for round three of the *Building Better Regions Fund* to support investment in community infrastructure and capacity building projects in regional areas. This includes \$45 million to improve tourism related infrastructure which is of vital importance to increase regional dispersal and improve the capacity and attraction of regional visitor economies. The AHA and TAA welcome such moves. We also welcomed the recent announcement that the Business Events Bid Fund Program will become easier for regional destinations to access, which is expected to help attract new corporate visitors to regional Australia and provide significant return on investment.

Austrade and Tourism Australia's *Regional Tourism Infrastructure Investment Attraction Strategy 2016 – 2021* is important in facilitating regional investment, though its implementation within existing budget and resources – rather than receiving additional funding – is concerning.

AHA AND TAA RECOMMEND

- Government continue to invest in tourism-related infrastructure and facilities in regional areas to stimulate growth of visitation.
- Make a commitment via resources to enable the promotion of regional areas to potential overseas visitors.
- Continue to provide funding under the Building Better Regions Fund to facilitate growth in regional tourism infrastructure.

GROWING THE HOTEL AND HOSPITALITY WORKFORCE

AHA and TAA recognise the importance of growing the local workforce in regional areas. By May 2023 Accommodation and Food Services employment is projected to increase by 81,400 (or 9.1%). This includes a projected need for:

- 400 Hotel and Motel Managers (increase of 1.7%);
- 10,200 Accommodation and Hospitality Managers (increase of 9.4%);
- 13,300 Miscellaneous Hospitality, Retail and Service Managers (increase of 7.6%);
- 16,800 Chefs (increase of 16.7%);
- 14,100 Bar Attendants and Baristas (increase of 13.4%);
- 21,800 Waiters (increase of 21.8%); and
- 4,300 Housekeepers (increase of 12.5%).⁸

The Department of Employment, Skills, Small and Family Business has projected employment growth in regional Australia of 6.9% in accommodation and food services (in numbers, 21,100) to May 2023.⁹

Employing Australian workers is always the first priority of hotels and hospitality. However, our research shows the following combine to create substantial labour market gaps across the sector:

⁸ Department of Employment, Skills, Small and Family Business, Occupation Projections – five years to May 2023, <http://lmip.gov.au/default.aspx?LMIP/EmploymentProjections>.

⁹ Department of Employment, Skills, Small and Family Business, Regional Projections – five years to May 2023, <http://lmip.gov.au/default.aspx?LMIP/EmploymentProjections>.

- Limited applicants with sufficient skills, education and experience;¹⁰
- Competition from other sectors;¹¹
- Growth in supply;
- Seasonality of demand in regional areas; and
- A lack of interest in careers in hospitality and tourism.¹²

These factors are acutely felt by our members seeking to employ Australian workers in regional areas. For the above indicated reasons, hospitality and tourism businesses rely on the migration system to secure both skilled and un-skilled workers when they are unable to source a local worker. AHA and TAA have consistently been strong advocates for growing the local hotel and hospitality workforce – we have provided information on this in Appendix 1 for the committee’s consideration.

¹⁰ Ibid, p. 27.

¹¹ Ibid.

¹² Colmar Brunton, Australian Trade Commission. Tourism and Hospitality Careers, 8 March 2016.

Feedback from AHA and TAA members:

“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.”

Regional hotel owner, 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, Mansfield VIC

“Of note, qualified Australian chef’s 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, Ceduna 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.”

Hotel, Coober Pedy SA

“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.”

Coral Coast, WA

HOUSING AVAILABILITY IN REGIONAL AREAS

A factor compounding the issue of attracting a regional workforce is the shortage of long-term housing stock available. The rise of unregulated short-term accommodation through online platforms such as Airbnb and Stayz is having a negative impact on the availability of affordable housing options in regional areas. This is acutely felt during peak tourism periods when increases in unregulated short-term accommodation removes stock from the long-term housing market. In popular regional destinations businesses have been forced to provide accommodation or subsidise the cost due to the lack of low cost housing options available to seasonal workers, adding to operational costs.

AHA and TAA have been lobbying state governments to regulate providers of unregulated short-term accommodation to address the distortion in the commercial accommodation market. Policy solutions include the introduction of mandatory registration, minimum requirements and penalties for non-compliance to provide for better transparency, and compliance and enforcement to the benefit of communities, businesses and consumers.

Introduction of an effective regulatory framework would support future investment in commercial short-term accommodation. Investors would have greater confidence in the viability of investing in accommodation which will contribute towards building the capacity of regions to attract a range of visitors, from budget through to luxury tourism.

AHA AND TAA RECOMMEND

- Establish an effective regulatory framework on unregulated short-term accommodation to support future investment in commercial short-term accommodation.

SKILLED MIGRATION

The hotel sector relies on workers from overseas, both skilled and unskilled, for a range of different roles and has become critical to the operation of many regional hospitality businesses. International workers are important in filling vacancies unable to be filled by the local labour supply, training and mentoring Australian workers and in facilitating the global exchange of skills through intra-corporate transfers. It is not however, the preference of business owners, and does not present a cheaper option particularly once time and costs associated with administration, sponsorship training, and application fees are taken into consideration.

Hotel operators in NSW have reported visa restrictions as among the most common reasons they have lost key operational staff.¹³ To provide a snapshot, approximately 7.9% of NSW operators' international workers are temporary skilled migrants on the SOL or SSL.¹⁴

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

The identification of national skills shortages is an outcome of the assessment undertaken by the Department on a 6 monthly basis.¹⁵ The methodology used by the Department has improved over the past three years to meet the increasing demands of industry for more responsive and timely

¹³ Ibid, p. iv.

¹⁴ Tourism Accommodation Australia (NSW), NSW Hotel Labour Benchmarking Study 2019, January 2019, p. 16-17.

¹⁵ Department of Jobs and Small Business, *Migration Occupation Lists – Update and Methodology*, <https://docs.jobs.gov.au/documents/skilled-migration-occupation-lists-proposed-methodology>.

identification of shortages. Industry welcomed the Traffic Light Bulletins, which provided an opportunity to respond on occupations of concern and highlight the inclusion of new occupations, however this process has continually been delayed. AHA and TAA continue to engage with government in contributing to reviews of the skills lists.

Although there is a separate regional list that allows employers from regional Australia to access additional occupations, the removal of a pathway for important occupations has severely affected the flow of migrants to the regions. To alleviate this, AHA and TAA agree with the Australian Chamber of Commerce and Industry (ACCI) who have recommended all skilled occupations be available for temporary as well as permanent migration in the regions, the effect of which positively skews overseas migration towards regional Australia without disadvantaging urban employers using the migration program.

PROCESSING DELAYS AND COSTS

There are high economic and productivity costs to seeking out an employee from overseas. Employers who do utilise temporary skilled migration are paying high costs to do business in terms of sponsorship. This becomes a tax on business productivity. The average cost to hotels of employing a person on a STSOL visa averages \$6,100 with a maximum of \$9,000. For a MLTSSL visa the cost averages \$6,500 with a maximum of \$11,000.¹⁶ There is also a minimum income threshold that applies to all occupations. As these businesses cannot source suitably skilled Australian workers, they are forced to pay these additional sponsorship costs.

Of equal concern is the length of time taken in processing, impacting hotel and employee productivity, though AHA and TAA acknowledge Sponsorship Accreditation goes some way to addressing processing times. The STSOL average processing time stated by operators of 2.9 months is longer than the 90% processing time of 48 days reported by Department of Home Affairs (DHA) (see Table 2 below), whilst the average processing time stated by operators for the MLTSSL of 4.3 months is considerably longer than the 90% processing time of 43 days reported by DHA.

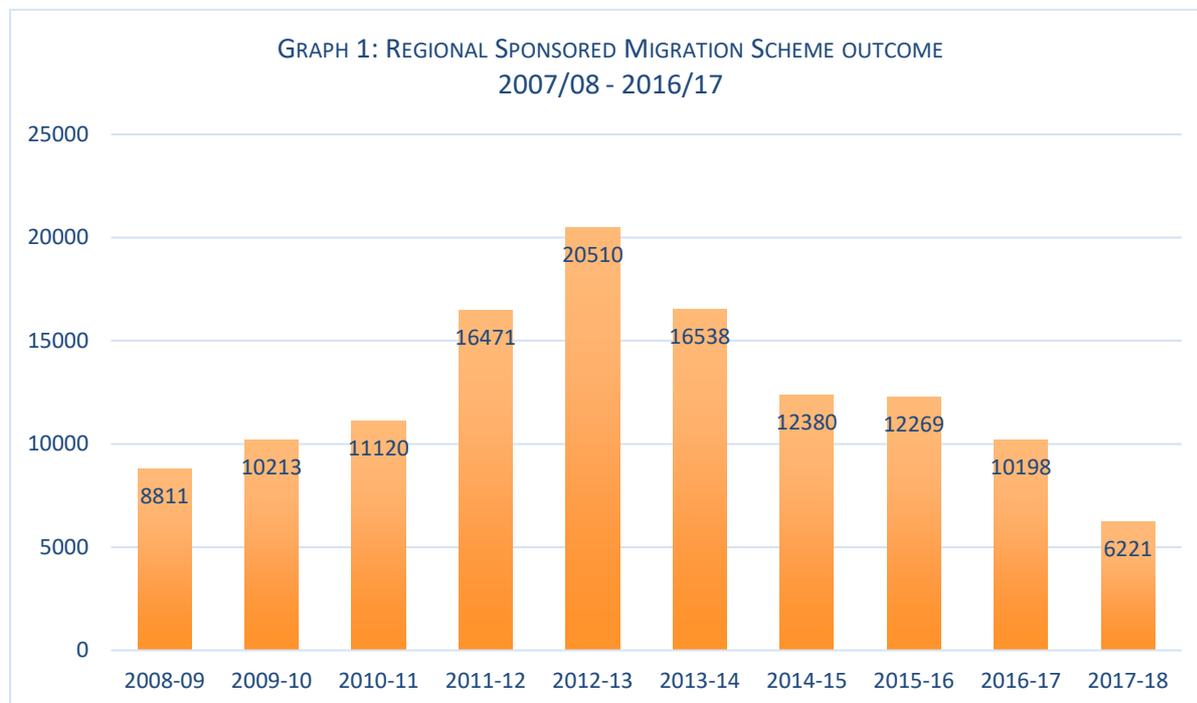
Visa	Stream	75% of visas processed	90% of visas processed
482 - Temporary Skill Shortage visa (subclass 482)	Short-term	32 days	48 days
482 - Temporary Skill Shortage visa (subclass 482)	Medium-term	22 days	43 days
482 - Temporary Skill Shortage visa (subclass 482)	Labour Agreement	20 days	43 days
482 - Temporary Skill Shortage visa (subclass 482)	Nomination	8 days	11 days

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

¹⁶ Tourism Accommodation Australia NSW, *Hotel Labour Benchmarking Study*, 2019, p 18.

REGIONAL SPONSORED MIGRATION SCHEME

The Regional Sponsored Migration Scheme (RSMS) is a permanent residency visa available for skilled workers. To be eligible for this visa, a worker must be nominated by an employer in regional Australia. The RSMS outcome in 2017-18 saw a 39% decrease on the 2016-17 outcome, falling from 10,198 places to 6,221 places (see Graph 1). Demand for places in the RSMS program decreased 2017-18, with 17,003 applications received compared to 20,236 applications in 2016-17. The RSMS pipeline jumped up 21.2% from 30 June 2017 to 30 June 2018 to reach 22,661 applicants.



(Source: Department of Home Affairs, 2016-17 Migration Programme Report)

AHA and TAA believe there is scope to improve the processing timeline on regional visas and more quickly allow regional businesses to access skilled workers. The decision to allow all skilled occupations to be eligible for the (now discontinued) permanent RSMS was welcome, as it improved accessibility for regional Australia.

AHA and TAA share ACCI's concerns about whether the replacement regional permanent visa will be successful given the limitations on movement of the migrants on arrival: to be eligible for permanent residence, holders of the skilled regional provisional visas will need to demonstrate they have lived and worked in regional Australia for at least three years.

LABOUR AGREEMENTS

It has been suggested elsewhere that for those occupations not covered under the STSOL and MLTSSL labour agreements can be utilised in regional areas. AHA and TAA agree with ACCI's contention that it is difficult for small businesses in the regions intending to employ only one or two skilled migrants to liaise with the Department of Home Affairs to negotiate a labour agreement, along with the primary task of running their business.

Feedback from hotel and hospitality owners and operators:

“We used to recruit skilled foreign employees who completed their studies in Australia. However with the imposition of the work experience requirement this has severely limited our capacity to source candidates. There is now a requirement that the foreign employee needs to have at least three years of experience ... now employees cannot apply for 187 Visa without three years of experience in relevant field. This has caused issues with processing times and also in a number of cases visa refusals.

The processing time for Permanent residency is significant - Visa processing time (more than two years) – most of the employees came to Coober Pedy under sponsored visa sub class 187 (direct entry), now most of them are waiting 24 months to 28 months to be processed for permanent residency.

We also don't understand why remote area applicants are not given priority over the cities, for example Coober Pedy is a remote location with nowhere near the facilities of Adelaide or even Whyalla and yet from a visa perspective the eligibility criteria is the same.”

Hotel, Coober Pedy

“Sponsorship for regional area jobs takes the same amount of time period as in other main cities. Can it be reduced to get the applicant earlier? We are included in the working holiday [maker program] in the first year – can we be included in the dedicated area for them to collect their days for second or third year?”

Regional Accommodation Hotel, NSW

“The ability to allow people working in Hospitality in Lorne to obtain a Second year Working Visa would provide us with a larger pool of people to hire, the ability to be more selective and meet our staffing requirements. The result would then be a much better customer experience through the ability to hold staff for a minimum of 3 months and allow better training. ... It is imperative if we want to provide great experiences for tourists both local and abroad and improve the Great Ocean Road as our premier tourist destination that we gain support around both second year holiday visas and access to allowing easier employment of staff on regional visas.”

Hotel, Lorne VIC

A new restaurant has been unable to open, as they have been unable to recruit a Chef to move to Darwin in order to open their specialty cuisine restaurant. This is despite spending significant resources advertising the job both locally and interstate. They are now in the process of applying for an overseas Chef, but that process could take months, and they are unable to open their new restaurant until they have certainty that their application has been approved.

Hospitality NT is aware of Award-winning Restaurants having to downgrade or limit their food service due to an inability to find and retain qualified Chefs. This is despite spending significant resources both locally and interstate in recruitment and even going down the migration path and attempting to sponsor workers. Losing award winning restaurants being fully operational restaurants is harmful to not only the hospitality industry, but to our tourism industry.

Hospitality NT feedback

WA members have used employer sponsored visas to fill critical chef and other vacancies at regional properties. All have been subject to long delays which has an adverse impact on the mental health of their staff and families. ... Our members are concerned about the lack of options for regional businesses to fill critical labour shortages that can't be filled locally. There are concerns about what appears to be a trend by the Department in rejecting applications which is forcing licensees to take appeals to the AAT. Migration agents have reported that the Department had advised that 70% of all 187 applications this year will be refused, meaning they intend to do so as a workload target and regardless of the merits of each application. Apparently at end of 2018, there were 40,000 187 and 186 refusal appeals before the AAT.

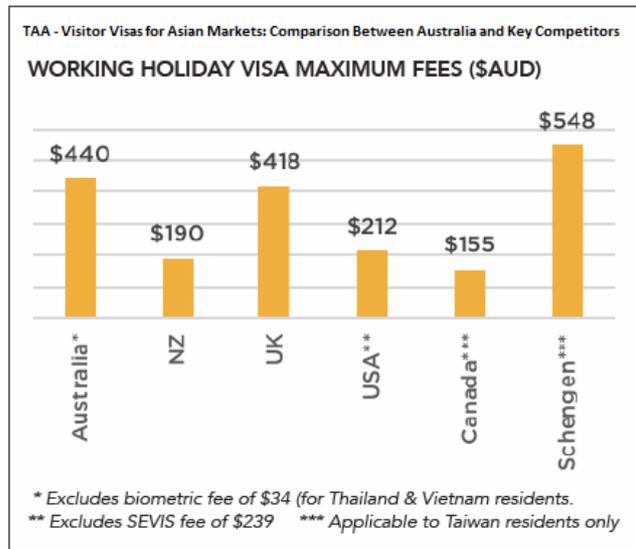
WA member feedback

WORKING HOLIDAY MAKERS

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

Where we see an opportunity is around the regional requirement for the second and third years of the WHM visa. We seek to make hospitality/tourism an approved industry for

specified work relating to eligibility requirements for a second or third working holiday visa. Regional members in particular need assistance with both skilled and unskilled migration, and at present WHM visas do not adequately assist with meeting workforce requirements.



VISA FEES AND CHARGES

A key consideration in Australia's overall competitiveness as a destination for WHMs is the cost of visa fees and supplementary charges, along with visa processing times (see Figure: 'Working Holiday Visa Maximum Fees'). TAA research on *Visa Competitiveness in Asian Markets* (attached) showed visa fees are amongst the least competitive and processing times are also relatively uncompetitive when compared to the other destinations. Our research also showed when all fees are added, including passenger movement charges, Australia is amongst the countries with the most expensive visa costs, along with the UK.¹⁷

HUMANITARIAN VISAS

AHA and TAA and our members have contributed to initiatives which seek to employ humanitarian visa holders. We have partnered with groups such as Social Ventures Australia in order to provide training programs and pathways to employment, and new opportunities are currently being pursued.

To be more effective, government involvement and support for industry in this regard could expand on past and existing initiatives to the benefit of both humanitarian visa holders and regional hotel and hospitality businesses, and ultimately the wider regional community.

¹⁷ Tourism Accommodation Australia, *Visitor Visas for Asian Markets: Comparison Between Australia and Key Competitors*, May 2018.

DESIGNATED AREA MIGRATION AGREEMENTS

The Designated Area Migration Agreements (DAMAs) go some way to recognising the skill and staff shortages the hotel and hospitality sector face. A key point of attraction in the DAMAs is the permanent residency pathway.

Feedback from AHA and TAA NT members is that the biggest impediment to a healthy uptake of visas under the second NT DAMA is the compulsory and upfront payment of the Skilling Australia Fund (SAF) levy. Prior to this, for migration programs, employers could provide evidence that they spent 1-2 % of payroll (depending on business size) to accredited or formal training for existing employees ('training benchmarks'). This option is no longer available, with the mandatory SAF now in place. The requirement of hotel and hospitality businesses to pay up to \$8,000 per visa nomination (depending on business size) SAF levy, in addition to application fees and fees to migration agents, makes it a cost prohibitive exercise for many employers. Along with ACCI, AHA and TAA seek a reduction in the SAF levy. We also seek subsidy for employers if they successful retain employees on the DAMA.

AHA AND TAA RECOMMEND

- Government continue to engage with industry in determining workforce shortages, including regular consultation i.e. the Traffic Light Bulletin and approaching relevant industry bodies.
- Recognise skilled migration as crucial in meeting labour and skills shortages in the tourism and hospitality sectors by ensuring policy settings are put in place to facilitate fast and reliable skilled migration:
 - Halve the Skilling Australians Fund levy (SAF) to \$600 for small business and \$900 for large businesses for each sponsored temporary migrant, in recognition of the already significant costs associated with accessing overseas labour.
 - Consider subsidies for employers who retain workers under the DAMA scheme.
 - Maintain the Accredited Sponsorship Programme which recognises employers who operate with integrity by providing faster processing times.
 - Conduct regular audits to identify issues that cause delays in processing times and implement stated time frames for processing, providing regular updates on how these are being achieved.
 - Make skilled occupations available for temporary as well as permanent migration in regional Australia, and ensure temporary skilled visas for regional Australia provide a pathway to permanency.
- Maintain flexibility in the skills list but introduce caveats to protect against integrity concerns.
- Improve the processing timeline on regional visas and more quickly allow regional businesses to access skilled workers.
- Commence benchmarking visa fees and charges and processing times to ensure we remain competitive as a tourist destination.
- Maintain the inclusive nature of the Working Holiday Maker (WHM) visa but improve competitiveness in terms of processing times.
- Hospitality/Tourism to be added as an approved industry to enable WHMs to complete their specified work in resorts, hotels, and pubs.
- Government seek to work with industry on opportunities to support initiatives for training and employment for humanitarian visa holders.

CONCLUSION

AHA and TAA welcome the focus of the Committee's inquiry into regional migration. The AHA and TAA's members are part of the wider tourism sector, providing one-of-a-kind Australian memories in our regional pubs and unique experiences in our accommodation. It is vital to their – and ultimately, Australia's – success as part of the visitor economy to have access to a suitable workforce, which includes migrant workers.

We look forward to the committee considering our submission, taking on board our recommendations to invest in the regions and providing easier access to migrant workers for hotel and hospitality employers whilst maintaining the integrity of the wider immigration system.

APPENDIX 1 - SKILLING AUSTRALIANS

The current training system is not providing the pipeline of Australian workers required for the hotel and hospitality sector. Accessible and relevant training at the secondary level is an important aspect of attracting students into the sector. Equally important for attracting students is reputable tertiary training that recognises the required skills and the pathways within the industry, which needs adequate funding support.

If we are to build a pipeline of local workers to fill skills shortages in the future, we require skilled workers today to help train and mentor Australian apprentices and trainees. If businesses cannot source a reliable, skilled and full time chef to service their needs, they cannot open. This jeopardises the jobs of other workers who are employed at the business. Addressing the long term skills shortage in key occupations in the hospitality industry (chefs, cooks and management employees) will take time as there are simply insufficient numbers of Australians currently ready, willing or able to fill these positions, nor are there a sufficient number in the pipeline. When sponsorship, training and application fees are taken into consideration, along with the time it takes to secure an overseas worker, it is far cheaper and easier to hire locally.

The AHA and TAA are taking steps towards encouraging Australians to enter the hotel and hospitality sector, and welcome government initiatives in this area, particularly around VET.

As part of the more general decline in apprentices, there has been considerable decline in Food Trades apprentices and trainees commencements, completions, and 'in-training' recorded for the September 2018 quarter. NCVER data shows that for the December 2018 quarter there was a decline across the board for food trades apprentices and trainees:

	2018-19 change	2015-19 change
Commencements	-0.3%	-39.9%
Cancellations and withdrawals	-8.9%	-38.4%
Completions	-5.4%	-34.4%
In training as at 31 March 2019	-6.3%	-27.5%

Source: NCVER, Apprentices and trainees 2019: March quarter – Australia

The hotel and hospitality sectors prioritise employing Australian workers, but there is a disconnect between the requirements of the industry and the skills and workers currently available. The skills shortage will not improve unless a holistic approach to addressing the current challenges to the VET sector is taken in alignment with industry.

Government has recognised the need to improve student and industry perceptions and engagement with the VET sector, and to that end a number of initiatives have been undertaken. Some measures we note have had a positive effect including:

- Introduction of the *National Vocational Education and Training Regulator Amendment Bill 2015*.
- Introduction of the *National Training Complaints Hotline*.

- *Completion of the Joyce VET Review and establishment of an independent expert advisory panel to be chaired by the Hon Steven Joyce.*

Feedback from AHA and TAA members:

“The standard of apprentices has been frustrating. We have employed mature age apprentices as well as the school based apprentices. The basic skills (the old reading, writing and arithmetic) are very poor which makes it difficult to teach them the basics. Attitude is another major concern. Attending classes seems to be of little concern and extremely frustrating for the TAFE teachers as well for us.”

Regional hotel owner, VIC

“We had a history of hiring locals there and while it’s been more stable in that Chefs remain more loyal and consistent throughout their term, it’s when we have to replace them or get assistance over peak summer periods, we fall down. We have never been able to attract candidates to stay on if they are from out of town, or otherwise there are no qualified locals seeking Chef positions.”

Group owner, various regional/metropolitan locations

One area that has considerably declined is adult apprenticeships due to the considerable costs attached to employing and training them versus apprentices under 21. This decline is attributed to:

- the discontinuation and changes to incentive arrangements for adult apprentices and existing workers under the Commonwealth Australian Apprentices Incentives Program; and
- The Fair Work decision to increase adult apprentice wages to 80% of the adult wage in year one from 1 January 2014. Prior to 2014, the minimum wages applying to apprentices was the same regardless of age.

As a result of these changes NCVET data showed 66% of adult trade apprentices obtained jobs compared to 84% of younger apprentices. We welcomed the Federal Government’s recent announcement extending the current Adult Apprenticeship incentive to 21 – 24 year olds. However, the policy settings prohibit take-up of the incentive by the hospitality sector as *“an Australian Apprentice must be in receipt of an ‘actual wage’ paid by the employer at the date of commencement or recommencement, which is equal to or greater than the National Minimum Wage.”* We recommend this wording be amended to ‘the minimum rate of pay for an adult apprentice in the applicable modern award for the industry’.

There is the potential for considerable shortages in regional areas for the hotel and hospitality sector in coming years. Given that feedback from our members demonstrates existing shortages and

difficulties in sourcing employees, AHA and TAA seek assistance with growing the local pipeline of employees.

AHA AND TAA RECOMMEND

- That Government and industry work together to actively counter the negative perceptions of the hospitality industry and show Australians it is a career and not just a short term job.
- Government to coordinate and facilitate connections between schools, training providers, and industry to better develop skills-based education.
- Government provide funding support for industry led initiatives that both promote the sector and provide actual pathways into the sector.
- Reverse the funding decline in VET and review VET Student Loans to widen their availability and make them competitive with higher-education loans.
- Consider incentives and initiatives to attract more Australians into the industry such as:
 - Work with industry to identify pre-apprenticeship programs;
 - Continue to provide incentives for employers who hire adult apprentices, and revise wording of the Adult Apprenticeship incentive to be in line with the modern award, rather than the National Minimum Wage.