



AUSTRALIAN HOTELS
ASSOCIATION



19 August 2022

Hon Dr Jim Chalmers
Treasurer
Parliament House
Canberra ACT 2600

Dear Dr Chalmers,

Jobs and Skills Summit – ideas for consideration

We commend you and the Government for taking the initiative to conduct a Jobs and Skills Summit.

1.1 Key proposals

Increasing participation and skills of Australian workers:

- Decreasing workforce casualisation by implementing the Hospitality Award flexible part time provision across all awards
- Increase the capacity of women to return to the workforce by ensuring affordable and available childcare
- Assist Australia to meet its 43% 2030 emissions target reduction by using the AHA NSW world first aggregated renewable energy PPA to brief other sectors
- Increase the mobility of workforce mobility of younger Australians by expanding “gap year” schemes
- Increase opportunities and income for mature aged Australians:
 - Increase the level of employment income for the age pension
 - Pilot new regional “place-based” approaches
 - Initiate an awareness campaign amongst the mature aged highlighting the transportability of their “soft skills” to sectors such as hospitality and accommodation
- Fix the employment service provider model
- Implement workplace internships for the most disadvantaged
- Boost adult apprenticeships
- Implement a more incentivised apprentice scheme

Using migration to fill gaps where there are shortages of Australian workers:

- Clear the backlog of visa applications
- Increase the cap on skilled migration
- Ensure Australia’s visa system is competitive against global competition
- In the short term, retain the current temporary pandemic initiatives
- Provide employment opportunities for refugees with low English language
- Decrease worker shortages in metro areas by expanding the PALM scheme

2 Background

2.1 Economic position

Recent analysis by EY (see **appendix**) of the Accommodation and food Service sector found:

- Total Accommodation and Food Service (AFS) sector debt grew 15.2% in the 32-month period from July 2019 till April 2022
- Out of all 19 industries the ABS analyses, the AFS sector has recovered least from Covid-19 and conditions have still not returned to pre-pandemic levels
- The AFS sector was the 2nd hardest hit during the pandemic – with only the Arts and Recreations Services industry hit harder, e.g., live music (which also impacts hotels)
- The AFS sector has the highest level of job vacancies (ABS estimate 51,900) after only the Health Care and Social Assistance industry.
- Approval process for the median short-term skilled visa is currently 83 days

2.2 Productivity post pandemic

There is significant variance as to where businesses find themselves, but as a general rule the majority of hospitality and accommodation businesses are operating at about 70% of usual productivity levels.

There is a large pipeline of new businesses and incoming travellers whose need will not be able to be met. This is largely due to worker shortages (skilled and unskilled) in the following areas:

Occupation	Vacancies ¹
Chef	11,737
Sous Chef	3,130
Chef de Partie	3,892
Kitchen Hand	11,723
Pastry Chef	1,853
Restaurant Manager	4,601
Restaurant Assistant Manager	602
Café Manager	5,966
Waitstaff	11,878
Barista	23,057
Bartender	13,892
Host/Hostess	3,260
Housekeeper	7,282
TOTAL	102,873

¹ <https://www.seek.com.au/jobs> 17 August 2022

3 Increasing participation and skills of Australian workers

3.1 Background

We recognise not all workplaces and practices are the same and that hospitality has some perception issues amongst prospective employees. In March, AHA (Vic), alongside psychologist Melinda Gashi in consultation with Annette Verhoeff of Thrive Hospitality, conducted extensive research on what attracts young people to the hospitality industry, what factors are important to them in a workplace, what kinds of cultures are desirable and explored the current perceptions of the industry. A summary of the finding is below.

The positive perceptions	The negative perceptions	Areas we can improve
<ul style="list-style-type: none">• Flexible hours• Work life balance• Career opportunities• Social workplace• Opportunity to meet diverse and interesting customers• Transferrable skills	<ul style="list-style-type: none">• Hours of work• Limited career progression• Outdated attitudes of management• Understaffing• Not a secure career	<ul style="list-style-type: none">• More opportunities for training and professional development• Better workplace cultures• Different management styles

Some of the ways we are working to drive business and workplace improvement include:

- AHA Vic CUB mentoring program “Pubs, pots and profits”
- AHA Vic Progressive Hospitality Network – next generation of leaders
- National and State/Territory Recognition of staff and business excellence at state and national awards
- National and State/Territory market updates and economic outlook
- National and State/Territory Legal and Workplace Relations updates
- National and State/Territory advice to members of skills and training availability e.g., TAFE

We recognise we can’t stand back and wait for workers to come to us. We recognise the need to put in place forums to attract and train our workforce - and have done so repeatedly. Some of the ways we are working within the states and territories to drive employment and skills include:

- AHA Vic Hospo future forums
- AAoA The Gappa scheme
- AAoA The Hub
- AHA NSW Hotel open week in conjunction with TAFE, schools and Regional Industry Education Partnerships (RIEP)
- AHA NSW Hotel Training Network NSW (HTN)
- AAoA, AHA WA and QHA PaTH program
- THA School-based hospitality training sessions
- THA School-based apprenticeships (TAS)
- Diageo Bar Academy
- ACCOR Indigenous Program <https://careers.accor.com/global/en/indigenous-careers>

Collectively, our industry is working to drive change and improvement; ensure better workplaces; and, maximise productivity. Ways in which we can be helped in the domestic Australian market are set out below.

3.2 Decreasing workforce casualisation

Idea	Decrease casualisation and increase permanent part-time employment by encouraging other industry sectors and businesses to implement “flexible part-time” as an option for workers.
Rationale	<p>The Hospitality Industry (General) Award was amended by the Fair Work Commission in 2019 by introducing a “flexible part-time” option. The AHA is aware other Awards do not yet have such a provision. Prior to the Hospitality Award change, part-time employment hours were fixed forcing workers and employers towards casual employment. The provision works by:</p> <ul style="list-style-type: none"> • Enabling workers and employers to agree on the band of hours a worker may be rostered • Guaranteeing a minimum number of hours the worker will be rostered and be paid <p>This has enabled the hospitality workforce to shift from:</p> <ul style="list-style-type: none"> • very high rates of casualisation, and <u>uncertain</u> hours and pay, • towards flexible part time With more <u>regular</u> hours and pay
Case study	<p>Sally has agreed with her employer that she is available to work:</p> <ul style="list-style-type: none"> • 10.00am and 2.00pm on Mondays to Fridays (excluding public holidays) • 10.00am till 6.00pm on Saturdays • With a minimum 20 hours guaranteed per week (and minimum \$500 per week) • Sally’s employer can only roster her for a maximum 28 hours per week within her agreed band of hours (any offer to work outside this band of hours are at Sally’s discretion and are paid at overtime rates) <p>That enables Sally to:</p> <ul style="list-style-type: none"> • manage school drop off and pick up on weekdays • with her partner managing sport on Saturdays • and them being guaranteed to have Sundays and public holidays together

3.3 Women returning to the workforce

Idea	Ensure available and affordable childcare
Rationale	<p>The hospitality and accommodation sector is proud of the high participation of females in the industry (55%). However, it was reported last year that 272,000 people across the country were not in the labour force due to caring for children. The main barrier to the return to work of many women in the hospitality and accommodation sector is available and affordable childcare. At the highest levels of our Associations, we are taking steps to increase the number of females at the executive, board and council levels.</p>

3.4 Increase opportunities and income for mature age Australians

We understand there has been significant support publicly to amend the employment income test for people receiving the pension. But we have also heard the Treasurer’s concerns regarding unintended consequences on the budget making this proposal more difficult to implement than otherwise thought.

Therefore, in addition to the suggestion regarding amending the income test, we have included two other proposals in the alternative. We suggest three proposals for consideration:

- Exempt employment income from the Age Pension means test
- Mature Aged worker action research project (paper **attached**)
- Mature Aged worker marketing plan (paper **attached**)

3.4.1 Exempt employment income from the Age Pension means test

Idea	Exempt employment income from the Age Pension means test to boost work force participation and help meet the nation's critical labour shortages.
Rationale	<p>The current worker shortfall could be reduced by:</p> <ul style="list-style-type: none"> • Permitting pensioners with limited wealth to work without penalty by exempting employment income from the Age Pension income test. • The exemption could be targeted by using the assets test to limit eligibility. <p>The policy could be applied to the whole economy or targeted at sectors with critical labour shortages, in particular hospitality. The benefits include:</p> <ul style="list-style-type: none"> • Addresses critical workforce shortages by encouraging pensioners to remain in the workforce, re-join the workforce or work more hours. • Increases income for low-wealth pensioners, especially women. • Increases superannuation balances for low-wealth pensioners, especially women. • Improves health and wellbeing through ongoing workforce engagement. • Removes the need for regular reporting of employment income to Centrelink. <p>However, as stated above we recognise the Treasurer's concern regarding having to solve unintended consequences in the above proposal.</p>

3.4.2 Mature Aged worker action research project (paper attached)

Idea	Pilot new regional "place-based" approaches tapping into mature aged residents who are not currently in the labour force to draw them into hospitality work by matching their availability to employer needs
Rationale	Workforce participation by people aged 55-64 varies significantly across regional Australia. There are major economic benefits from increasing participation – even slightly. This project seeks to address chronic shortages in the regional hospitality workforce by re-engaging some of these residents into tailored hospitality work shaped to suit their interests and availability.
Case study	Regional Australia Institute research from 2017 estimated on the Central Coast of New South Wales, a 3 per cent increase in the participation rate of 55–64 year-olds could increase total local income by \$33 million per annum. A similar increase in Victoria's Hume and Loddon Mallee regions could deliver \$80 million additional income per annum. In 2016 there were over 350,000 regional residents aged 55-64 who were not in the labour force.

3.4.3 Mature Aged worker Awareness Campaign (paper attached)

Idea	Awareness campaign highlighting the "soft" skills many mature aged people have and their adaptability to the hospitality and retail industries (paper attached).
Rationale	We believe there is an underutilisation or underemployment of mature aged people with valuable "soft" skills which can be transferred to industries such as

	<p>hospitality. The objective is to have mature aged people who have not considered the hospitality industry for employment, to take on casual or part time employment.</p> <p>In particular, we believe there is a cohort of retired or semi-retired mature aged Australians not listed with Centrelink who may be open to work but have not realised that their life and work skills are transferrable. For example, mature aged people who have retired from careers in the trades, management may not have realised how easily they can transfer to hospitality – and how valuable their “soft” skills are. There would also be benefits relating to being more active and socially engaged via workplace participation.</p>
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3.5 Retaining apprentices

Idea	Support the Governments plan for 6 monthly \$2,000 payments for the life of apprenticeships in sectors with labour shortages such as hospitality and accommodation.																		
Rationale	<p>Apprentice enrolment and completion rates are declining. There is also a structural and critical need for chefs in the hospitality and accommodation sector. For Food Trade Workers, there were 13,070 in training in a trade occupation as at 31 December 2021. To satisfy current and future demand, we require at least 20,000. The proposal by the government would assist in lowering the current drop out rate in our sector, especially in the early years of training.</p> <table><tr><th>Projected Attrition Rates within:</th><th>6 months</th><th>1 Year</th><th>2 Years</th><th>3 Years</th><th>4 Years</th></tr><tr><td>Food Trades</td><td>27%</td><td>41.9%</td><td>54.6%</td><td>58.7%</td><td>59.2%</td></tr><tr><td>Hospitality Service Workers</td><td>31%</td><td>48.4%</td><td>57.0%</td><td>58.3%</td><td>58.4%</td></tr></table> <p>Possible reasons for the high dropout rate are set out below:</p> <ul style="list-style-type: none">• Competition from other industries such as Uber drivers, retail assistants, logistics (packing, sending, online shopping). Many of our entry level employees are being drawn into these industries. This is because of the scarring experience of lockdowns and snap lockdowns - State governments gave employees the impression that employment (and wages) in our industry was not guaranteed. Employees commence in our industry, but then find an easier and “more secure” job elsewhere.• Critically, in this tight labour market apprentices and trainees can find higher wages by switching employers within our industry. Employers are taking on workers who haven’t completed their qualifications simply because they need staff. Workers have already learnt the foundational skills, and employers are taking the risk that the workers can learn the rest “on the job”. Staff are commanding higher wages without completing their qualifications, and so stop their apprenticeship/traineeship.• In the hospitality and accommodation industry, apprentices/trainees start with very few skills. The greatest productivity growth of an apprenticeship/traineeship comes at the start. Therefore, commencements are the most important measure. The rate of dropouts significantly plateaus after 2 years.• In a tight labour market, more workers have pre-employability issues which mean their longevity in employment is short. This may explain the high dropout rate within 6 months.	Projected Attrition Rates within:	6 months	1 Year	2 Years	3 Years	4 Years	Food Trades	27%	41.9%	54.6%	58.7%	59.2%	Hospitality Service Workers	31%	48.4%	57.0%	58.3%	58.4%
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Hospitality Service Workers	31%	48.4%	57.0%	58.3%	58.4%														

3.6 Boosting adult apprenticeships

Idea	Incentives to encourage businesses to employ mature aged apprentices
Rationale	<p>Levels of hospitality occupation commencements have dropped from 15,000 to 5,500 despite the incentives and income support being offered. We understand there is a declining trend in the numbers of adult apprentices. This is largely a result of:</p> <ul style="list-style-type: none"> the discontinuation and changes to incentive arrangements for adult apprentices and existing workers under the Commonwealth Australian Apprentices Incentives Program (Hargreaves & Blomberg 2015); and the decision of the Fair Work Commission to increase minimum wages for adult apprentices from 1 January 2014. Prior to 2014, the minimum wages applying to apprentices was the same regardless of age. <p>An adult apprentice is an apprentice who is 21 years of age or over at the commencement of their apprenticeship. Adult apprentices represent about 28% of trade apprentices. Adult apprentices are a different group from younger apprentices:</p> <ul style="list-style-type: none"> Generally have greater skills prior learning and experience in the labour market and education sectors, as indicated by both the higher proportions of older apprentices who are existing workers and hold a qualification at certificate III or above. More likely to be undertaking training at a higher level than younger apprentices and are more likely to complete their apprenticeship.

3.7 Implement workplace-based internships

Idea	Implement a workplace-based internship scheme for the most disadvantaged
Rationale	<p>The previous Government implemented the PaTH internship scheme aimed at the medium to longer term unemployed. Unfortunately, the scheme was criticised for:</p> <ul style="list-style-type: none"> Being heavily bureaucratic and complicated - resulting in low take up by industry associations and employers Interns not being paid full wages The scheme commenced with two weeks classroom-based training, which many of the participants were not suited to <p>Our suggestion is for retail industries such as hospitality and accommodation that internships be conducted in the workplace, rather than the classroom. Industries such as hospitality and retail have a focus on “soft skills” such as customer service, punctuality, presentation. These soft skills are best taught within the workplace, given classroom teaching is simply not suited to many in the disadvantaged cohort.</p> <p>The scheme should recognise the effort and cost employers need to make on training and mentoring staff unfamiliar with the workplace, or perhaps less motivated, and not yet in a position to be fully productive.</p>

3.8 Increase workforce mobility of younger Australians by expanding “gap year” schemes

Idea	Encourage the take up by young Australians of “gap year” schemes such as the Accommodation Association “The Gappa” scheme.
Rationale	Regional tourism areas are often seasonal and rely on high labour mobility and motivation to travel.
Case study 1	The Accommodation Association “Gappa” scheme is aimed at young Australians, especially those unsure about their next steps such as whether to study or which career to embark on. The Gappa scheme has the benefit of placing young Australians in areas of business need, whilst at the same time giving them experience in the hospitality workforce, and seeing Australia. https://www.aaoa.com.au/Careers/The-Gappa
Case Study 2	The Australian Defence Force has a similar “ADF Gap Year” scheme, aimed at those young Australians considering a career in the defence forces.

3.9 Fix the employment service provider model

Idea	Ensure the employment service providers are incentivised to service the tourism, hospitality and accommodation sectors including: <ul style="list-style-type: none"> • Provide outcome payments to providers for multiple casual or part-time jobs • Provide placement support across the full range of welfare recipients • Review the operation of work experience or internship programs such as PaTH to become more vocational (particularly in the Prepare phase) and link to a job or hosted work experience or internship opportunity
Rationale	There is a relatively low level of placement of candidates from the government supported employment services such as Job Active and DES providers into tourism, hospitality and accommodation. This is substantially because the recruitment model used across these industries is not well aligned to the placement funding model. As a result, the providers of employment services do not service the tourism, hospitality and accommodation sectors.

3.10 Assisting Australia meet its 43% 2030 emissions target reduction

Idea	Drive up business demand, and thus energy infrastructure employment, amongst energy generators for renewable energy by using AHA NSW to brief other industry sectors and businesses on its world first aggregated renewable energy Power Purchase Agreement (PPA).
Rationale	The Federal Government has a commitment for Australia to achieve a 43% reduction in emissions by 2030. Apart from likely limited rooftop solar, many small and medium businesses are not able to directly source renewable energy. This is currently: <ul style="list-style-type: none"> • a missed opportunity on the path to lowering emissions • a missed opportunity to maximise jobs in renewable energy
Case study	AHA NSW has devised a world-first way for single businesses to aggregate their power needs so as to: <ul style="list-style-type: none"> • Directly source renewable energy as their majority source of energy • Source energy at prices far lower than standard commercial agreements AHA NSW is embarking on the second round of its world first aggregated renewable energy power purchase agreement (PPA). It is willing to brief other

	<p>industry groups as to how they might achieve the same or participate in this next PPA.</p> <p><u>Background and Commencement</u></p> <ul style="list-style-type: none"> • AHA NSW partnered with Engie (wholesaler) and Simply Energy (retailer) to secure a 10-year aggregated electricity procurement scheme for hotel members (PPA) • As part of the agreement, 100% of the AHA members' load is contracted from a NSW solar farm • The deal provides price certainty and stability for participating hotels over a 10-year period • The PPA commenced in 2020 and runs through until 2029 <p><u>Participation</u></p> <ul style="list-style-type: none"> • 260 hotels in NSW signed up to the first PPA • This represents a collective load of approximately 150,000 MWh/annum (or 150 GWh) • This is the equivalent energy supply of 10,000 Australian households per year <p><u>Economic Savings</u></p> <ul style="list-style-type: none"> • The PPA includes a fixed price for the procurement of solar-generated energy, and a floating price for the non-solar component. For 2022 and 2023, the average price under the PPA is 9.87c/KWh • A recent competitive quote from a large multi-hotel owner for 1 July 2022 – 20 June 2024 include a peak rate of 36c/KWh, a shoulder rate of 25c/KWh and an off-peak rate of 18c/KWh • For one of the hotels in this portfolio, the PPA results in savings of 47% over this competitive offer. • A typical monthly bill under the PPA is \$6,569, compared with \$12,452 under the market offer. This represents annualised savings of \$70,592. <p><u>Environmental Benefits/Savings</u></p> <ul style="list-style-type: none"> • Participating hotels are contracted to purchase 100% of their annual electricity load from local NSW solar farms in Parkes and Griffith • 150,000 MWh/year procured from the solar farm by AHA members lead to a saving of 123,000 tonnes of CO₂ equivalent per year
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4 Using migration to fill gaps where there are shortages of Australian workers

Our members objectives are always to:

- hire Australians first
- and only then fill skill and labour shortages with immigration

We are aware employing migrant workers cannot be at the expense of Australians. We appreciate as part of our social licence to operate we must get the balance right. The greatest incentive to hiring Australians first is the time and cost involved. 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

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

4.1 Clearing the current backlog of visa applications

Idea	<p>Take the following actions for the short-term till the backlog is cleared:</p> <ul style="list-style-type: none"> • Remove or reduce labour market testing in the short-term where there are acknowledged shortages in skills or geographical areas • Accept casual overseas work as experience for the purpose of skills assessment • Move cooks and managers to the medium-term list enabling them to be sponsored for four years (not just two years) and provide them a pathway to permanent residency • For the short-term, provide an age concession to skilled worker aged over 45 years (who are currently ineligible) • For 12 months at least, remove the current need for skills assessments for “accredited” Australian employers • Have the states and territories loan staff to the Commonwealth to assist with processing the backlog of visa applications • Provide applicants with short term WHM visas and then process their long-term applications whilst on shore
Rationale	<p>We understand there is a current backlog of circa 750,000 unprocessed visas. The good news is our members have noticed a positive change in the attitude of the Department since Minister Giles’ appointment. Minister Giles is advocating for clearing through the backlog of unprocessed 482s created under the previous government and prioritising 482s to aid labour shortages. Other initiatives for consideration include for example:</p> <p>Labour Market Testing (LMT): in the current system, if one mistake is found in the Labour Market Test, the entire application is refused and the DHA keeps the nomination fee and SAF contribution and the entire amount needs to be repaid again when re-lodging (\$5,000 to \$8,000 pending on visa length). It’s necessary the government ensure nominations are legitimate and genuine efforts are being made to source Australian candidates, but an opportunity should be available for honest mistakes to be corrected. As of 4 July, New Zealand has introduced the Accredited Employer Work Visa which no longer requires LMT for occupations on</p>

	<p>their Skills Shortage List. Given the current difficulty finding Australian staff to fill longstanding Cook/Chef vacancies within the Business, removing the LMT requirements would speed up lodgement times and likely would not take jobs away from Australian candidates. One major employer advises that on average their LMT ads on Jora/Indeed received two responses and their JobActive ads receive about 80. It's reasonable to assume this is due to mandatory applications for some Centrelink recipients. They advise very few legitimate, qualified candidates are found via LMT ads. The onerous, LMT requirements in today's market mean that businesses have to re-advertise for a period of at least four weeks in a manner that complies with legislation and is inconsistent with usual business practices, e.g., including the salary in the ads and flooding the market with advertising that is not producing any candidates.</p> <p>Processing times: Even for businesses that have departmental accreditation, our members advise lengthy processing times continue to be an issue, particularly with international recruitment campaigns.</p> <p>Accepting casual work as experience: Casual work is currently not able to be counted towards experience on a visa application. Working fulltime hours as a casual is common within the hospitality and accommodation industry and prevents skilled applicants from being eligible for sponsorship (we are advised this is by far the most common challenge our members have faced finding sponsorship pathways for their staff).</p> <p>Moving Cooks and managers to the medium-term list: This would allow hotels to sponsor them for four years, instead of two. Ideally, this would also offer them a pathway to permanent residency similar to the current chef pathway, providing businesses the opportunity to retain international talent long-term.</p> <p>Age Concessions to the 186: Many experienced chefs are denied access to permanent residency due to their age. We have had multiple candidates that have decided not to proceed after learning they would not be able to apply for permanent residency as they were just over the age of 45.</p> <p>Skills Assessments: Under the 482 visas, Australia currently requires an independent skills assessment. The skills assessment process is time consuming and costly (generally about \$3,000). This assessment must be conducted by an Australian approved certifier (e.g. William Angliss) for visa applicants from the following countries: Bangladesh, Brazil, China, Fiji, Hong Kong, India, Macau, Nepal, Pakistan, PNG, Philippines, South Africa, Thailand, Vietnam and Zimbabwe.</p> <p>This process has the effect of deterring strong candidates from pursuing their application in Australia, considerable delays to lodge visa applications, and the likely loss of candidates to other countries. Many of these candidates have been assessed face-to-face already by the Australian hotel group wishing to hire them.</p> <p>States and territories to assist processing visas: The states and territories are heavily invested in getting their industries back on track. It is feasible staff from the states and territories could be loaned to the Commonwealth to assist with the visa processing backlog.</p>
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	<p>Provide short term visas while long term visas are being processed: short term visas (e.g., Working Holiday Maker visas) are processed far more quickly than longer term visas. One solution is to provide long term applicants with short term visas whilst their long-term visas are processed.</p> <p>Investigate the use of technology to speed up visa processing: Anecdotal evidence suggests the current visa approval process is paper based and overly bureaucratic. Horror stories of applications often taking ten months to process should never be accepted. The use of technology may help speed up the process, whilst at the same time ensuring the integrity of the system.</p>
Case study 1	One Australian hotel group has 70 chef visa candidates in Dubai that they have met and assessed by them face-to-face as suitable for their needs. However, the application process is delayed until an Australian approved skills certifier can travel to Dubai to conduct their own skills test.
Case study 2	A major hotel group has a strong venue manager candidate from the UK. The business lodged his 482 short-term visa application on 24 March and are still awaiting an outcome on his Visa Application, despite his nomination being approved 1 June.
Case Study 3	<p>A regional hotel advised the process it has gone through to sponsor a chef for one of their kitchens. They advise an issue was raised with their advertising of the role (labour market testing). Despite there being a national well-known shortage of 8,000 chefs, they were required to re-advertise for a couple of reasons:</p> <ul style="list-style-type: none"> • the media/portals where they had advertised were not accepted • the wording was incorrect, i.e. they advertised for a cook but this employee's Visa stated chef <p>They started the three-month advertising period again. After the chef finally started, the hotel was then advised they could not pay his wages directly to the chef as his visa had not been processed and he was not allowed to work or earn money in Australia yet.</p> <p>He was initially on a 482 Visa and was in the process of being transferred to a 494 Visa. They were then advised by their migration agent the Immigration Department was extremely behind in their processing and was focussing on processing visas to bring people into the country and not the visas of people who are already in the country, as was the case with their new employee.</p> <p>As the migration agent also has a training company, he offered a solution that he would register the employee as a Trainee and the hotel would pay the agent to have the staff member in his business "in a training environment". The agent would then transfer funds to the employee in lieu of wages. The hotel sums up their concerns as follows:</p> <ul style="list-style-type: none"> • It has taken almost six months to get the employee to them • They have paid fees at the start not knowing when or if their employee will arrive • Now the employee has arrived, they can't technically employ him • Their business is caught up in red tape • The employee is also caught up in the red tape delays as he can't accept his wages directly • They are now in a position of technically not being compliant for Fair Work nor National Employment Standards due to the delay in his visa processing

	<ul style="list-style-type: none"> • They are concerned how Fair Work would see the solution we are now forced to operate under, if there was a Fair Work Audit <p>Of course, the AHA has advised the business that it must ensure it complies with the rules. However, this is an example of some of the pressure and complexities businesses are under to ensure they are adequately staffed.</p>
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4.2 Increasing the cap on skilled migration

Idea	Increase the cap on skilled migration
Rationale	<p>Always in the first instance hospitality businesses seek to hire Australians first. Unfortunately, many of the roles on offer are not taken up by Australians. For example, over the last 12 months there have been at least 8000 chef roles available on Seek. We recognise that as part of the social licence of filling such roles by migration, business must contribute to the training of Australians. Businesses contribute by way of their own training schemes but also via contributions to the Skilling Australia Fund. For cooks and chefs, the contribution ranges from \$3,636 and \$7,172.</p>

4.3 Ensuring Australia's visa system is competitive against global competition

Idea	<ul style="list-style-type: none"> • Benchmark Australia's competitiveness on pricing and ease of application for visas as compared to the countries we compete with e.g., (Canada, NZ, UK) • Where Australia is uncompetitive, temporarily incentivise Working Holiday Makers to come to Australia, e.g., rebating visa fees for arrivals before the end of the year
Rationale	<p>Australia is in a global contest for visitors and students against a range of other countries. Compared to pre-pandemic, Australia is short 100,000 working holiday makers and 150,000 international students. There is a range of reasons for this, including:</p> <ul style="list-style-type: none"> • Australia is considered "expensive and hard to get to" by many working holiday makers. Airfares are expensive and flights are limited. • Australia has also suffered brand reputational damage in being considered the least considerate towards migrant workers at the start of the pandemic by saying "if you are a visitor in this country, it is time to return home". <p>Australia needs to have an outward focus on the global competition for tourism, labour and skills.</p>

4.4 Retain temporary pandemic initiatives assisting recovery

Idea	<p>For the short term, we suggest the following remain in place:</p> <ul style="list-style-type: none"> • Retention of the current TSMIT levels (N.B. the current government policy is to increase the TSMIT) • Retention of the uncapped hours for international students
Rationale	<p>According to the ABS, the hospitality and accommodation sectors have a shortfall of at least 50,000 workers. We understand some of the temporary measures put in place must be reduced over time. However, whilst we are faced with this current worker and skills shortage, it is highly productive to retain these current settings.</p>

4.5 Provide opportunities for refugees with low English language

Idea	Establish a scheme to assist businesses to employ refugees
Rationale	<p>The Government is considering the plight of Afghan refugees and is considering granting circa 20,000 humanitarian visas. Roles in hospitality and accommodation such as kitchen staff and housekeepers can be performed successfully by people with low English skills. Training is based on “show” rather than “tell”. Recognising, however, that some cultural barriers may need to be overcome, the opportunity exists to place those incoming refugees within our sector.</p> <p>An issue is that corporate engagement has been low in similar schemes. A 2019 project commissioned by the Federal Government on the experience of employers who hired refugees can be found here: https://www.sydney.edu.au/news-opinion/news/2019/11/20/employer-engagement-key-to-boosting-jobs-for-refugees.html</p>

4.6 Decreasing worker shortages in metro areas by expanding the PALM scheme

Idea	Expanding the Pacific Australia Labour Mobility (PALM) scheme to include metropolitan areas.
Rationale	<p>Productivity - The PALM scheme is only available for businesses in rural and regional areas. Expanding the PALM agreement to include metropolitan businesses would assist with worker shortages in lower skilled roles such as housekeeping and kitchens.</p> <p>International relations – Especially given the heightened tensions and issues within the Pacific region, the PALM scheme creates links between people, businesses and communities fostering deeper connections between Australia and our Pacific neighbours.</p>

5 Other factors

5.1 Housing availability and cost

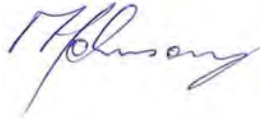
Idea	The Federal and State Governments to take actions to increase housing affordability and to decrease housing cost
Rationale	The availability and cost of housing is having a significant impact on connecting employees with employers. Ongoing rental increases across Australia are pricing especially lower income workers out of the market. The rental prices in major cities across Australia have steadily increased over the past three years, in some cases by as much as 28 per cent. This problem has exacerbated in regional centres where residential housing stock has shifted to short-term letting on platforms such as Air BnB, leaving very little housing for workers and their families.
Case study	An operator in North Queensland has rented a local home to house workers migrating from interstate. In addition to cost, problems for the employer include the conduct of individuals in group housing, and managing FBT compliance and obligations.

Thank you for the opportunity to have made a submission. We thank the Government for its initiative in generating ideas to help solve the current jobs and skills crisis.

Yours faithfully



STEPHEN FERGUSON
AHA NATIONAL CEO



MICHAEL JOHNSON
TAA NATIONAL CEO



RICHARD MUNRO
CEO AAoA

6 Appendix

- 6.1 Matured Aged - Hospitality Workers action research project
- 6.2 Mature Aged “Australia Needs You” Awareness Campaign
- 6.3 Economic Analysis of the Accommodation and Food Service Industry (EY 22 July 2022)

Title:	"Australia needs you" Mature Age Awareness Campaign
Initiative Owner:	Stephen Ferguson (Australian Hotels Association) Kim Houghton (Regional Australia Institute) Charles Cameron (Recruitment, Consulting and Staffing Association)
Initiative Objective:	<p>The objective is to have mature aged people who have not considered the hospitality industry for employment, to take on casual or part time employment.</p> <p>This would include people registered with Centrelink as looking for employment, but also those people not registered with Centrelink but who may be open work and supplementing retirement income.</p>
Initiative Description:	Print, television, radio and social media campaign (similar to the defence force campaigns)
What is being solved and what would the key benefits be?	<p>Underutilisation or underemployment of mature aged people with valuable "soft" skills that can be transferred to industries such as hospitality.</p> <p>There is a high need for workers in industries such as hospitality. This is particularly so in regional areas.</p> <p>We understand that many mature aged people have not realised that their life and work skills are transferrable.</p> <p>For example, mature aged people who have retired from careers in the trades, management may not have realised how easily they can transfer to hospitality – and how valuable their "soft" skills are.</p> <p>There would also be benefits relating to being more active and socially engaged via workplace participation.</p>
How would this be implemented?	Awareness campaign highlighting the "soft" skills many mature aged people have and their adaptability to the hospitality industry.
Target cohort(s):	Retired or semi-retired mature aged Australians <u>not</u> listed with Centrelink
Industry/key stakeholder views:	The hospitality industry is currently at about 60% of its usual workforce. Mature aged workers are highly regarded given their reliability and life/work skills. It is recognised that mature aged workers may have some limitations due to age, but nonetheless rosters can be organised to manage any shortcomings.
Risks:	Barrier to entry - Some requirements such as Responsible Service of Alcohol/Gaming are required prior to commencement as part of regulatory requirements.
Measurement:	This can be answered by the relevant department.
Indicative costs:	TBC

Title:	<i>Regional hospitality mature workers action research project</i>
Initiative Owner:	Stephen Ferguson (Australian Hotels Association) Kim Houghton (Regional Australia Institute) Charles Cameron (Recruitment, Consulting and Staffing Association)
Initiative Objective:	Piloting new place-based approaches to tapping into mature aged residents in regions who not currently in the labour force to draw them into hospitality work by matching their availability to employer needs
Initiative Description:	<p>This is an action research project – a project which will design and deliver interventions in three pilot sites to fast track mature aged residents into hospitality work. As an action research project it will combine both action and research.</p> <p>The action component comes through the project taking action and delivering real outcomes for employers in the pilot regions – by finding, placing and supporting workers ready and able to start. It will place facilitators in each region to work directly with older residents to understand their expectations of hospitality work and any barriers they may have. It will deliver any entry level certification needed, and work with employers to ensure that new workers are ready to start in positions tailored to suit their availability.</p> <p>In each region the facilitators will bring together small groups of 8-12 mature aged workers with interest in working in the hospitality industry. The action phase will work with these groups to help participants learn how to pitch themselves to employers in the industry, close any qualification gaps they may have, and broker suitable positions for them (hours and duties) with employers in each pilot region. We expect that at least 50% of participants will be placed in suitable work.</p> <p>The research component will use each group as a focus group to better understand the type of work sought by participants, and the barriers they experience in finding suitable hospitality jobs. This research is expected to enable some profiling of potential mature aged hospitality workers into market segments with some commonality of aims and barriers. These segments will then be used to craft marketing messages designed to appeal to certain types of mature aged workers, and to design the support systems best able to address the barriers identified.</p> <p>The project will be based on sound research to design and deliver interventions tailor made for each pilot site. The evaluation phase will track activities and outcomes, identify critical success factors and prepare a toolkit for other regions to learn from. The toolkit would include guidance from the project on how to reach potential mature aged hospitality workers and how to address the barriers they face. It would also include resources to fast track placement in hospitality work such as the DESE Regional Jobs Finder and DESE Skills Match to help people navigate from past work experience into hospitality work.</p>

What is being solved and what would the key benefits be?	Workforce participation by people aged 55-64 varies significantly across regional Australia. There are major economic benefits from increasing participation – even slightly. For example Regional Australia Institute research from 2017 estimated that on the Central Coast of New South Wales, a 3 per cent increase in the participation rate of 55-64 year olds could increase total local consumption power by \$33 million per annum. A similar increase in Victoria’s Hume and Loddon Mallee regions could deliver \$80 million per annum. In 2016 there were over 350,000 regional residents aged 55-64 who were not in the labour force. This project seeks to address chronic shortages in the regional hospitality workforce by re-engaging some of these residents into tailored hospitality work shaped to suit their interests and availability.		
How would this be implemented?	Phase	Activities	Timeline
	Research foundations	Review complementary projects eg Barcats Profile local labour market issues in pilot sites Engage facilitators Develop evaluation instruments (before, during and after feedback)	Month 1
	Local engagement	Build local involvement with facilitators, employers and mature-aged resident networks	Month 1
	Participant identification	Identify participants	Month 1
	Aspirations and barriers	Focus group discussions to document aspirations and barriers Close barriers – eg through top-up qualifications	Month 2
	Placement	Work with employers to design jobs and place participants	Month 2
	Evaluation	Draw on baseline and mid program reviews, complete post placement reviews (employers, facilitators and workers) and evaluate effectiveness	Month 3
	Toolkit	Take lessons learned through the pilot to develop a toolkit showing employers in other regions how to best communicate with and place mature aged hospitality workers	Month 3
Target cohort(s):	Retired or semi-retired mature aged regional residents <u>not</u> listed with Centrelink		
Industry/key stakeholder views:	The AHA knows that even going into this pandemic there was a shortage of hospitality workers. Available positions have often been filled by working holiday makers, international students and visa workers. Coming out of the		

	<p>pandemic, the shortage is expected to be exacerbated. Mature age workers are ideal candidates to fill this gap especially given the recognition of their reliability and general work experience.</p> <p>RCSA welcomes this opportunity to better explore the motivation and priorities of mature aged people when it comes to their ongoing participation in work. We believe it is a vital step toward ensuring that mechanisms designed to facilitate greater participation by mature aged workers are as effective and enabling as they can be. We know from the experience of our members that there remains much unmet opportunity for mature aged workers, and there are many circumstances where attracting mature aged workers is as big a challenge as facilitating them. This work will help us better understand and respond to that unique challenge, which will be more important than ever as COVID continues to impact on availability of workers.</p>
Risks:	<p>One risk is that there is little interest in participation from mature aged residents or employers. This risk will be mitigated by the activities of locally-based facilitators. We expect employers will be eager to be flexible as labour shortages are acute.</p> <p>Barrier to entry - Some requirements such as Responsible Service of Alcohol/Gaming are required prior to commencement as part of regulatory requirements.</p>
Measurement:	<p>Number of participating residents and employers will be monitored, along with the number of participants placed into work. Proponents expect that at least 50% of participants will be placed in suitable work.</p>
Indicative costs:	<p>Cost of implementation, engagement, facilitation, evaluation and toolkit preparation estimated to be around \$300,000.</p>

Australian Hotels Association

Economic analysis of the Accommodation
and Food Services industry

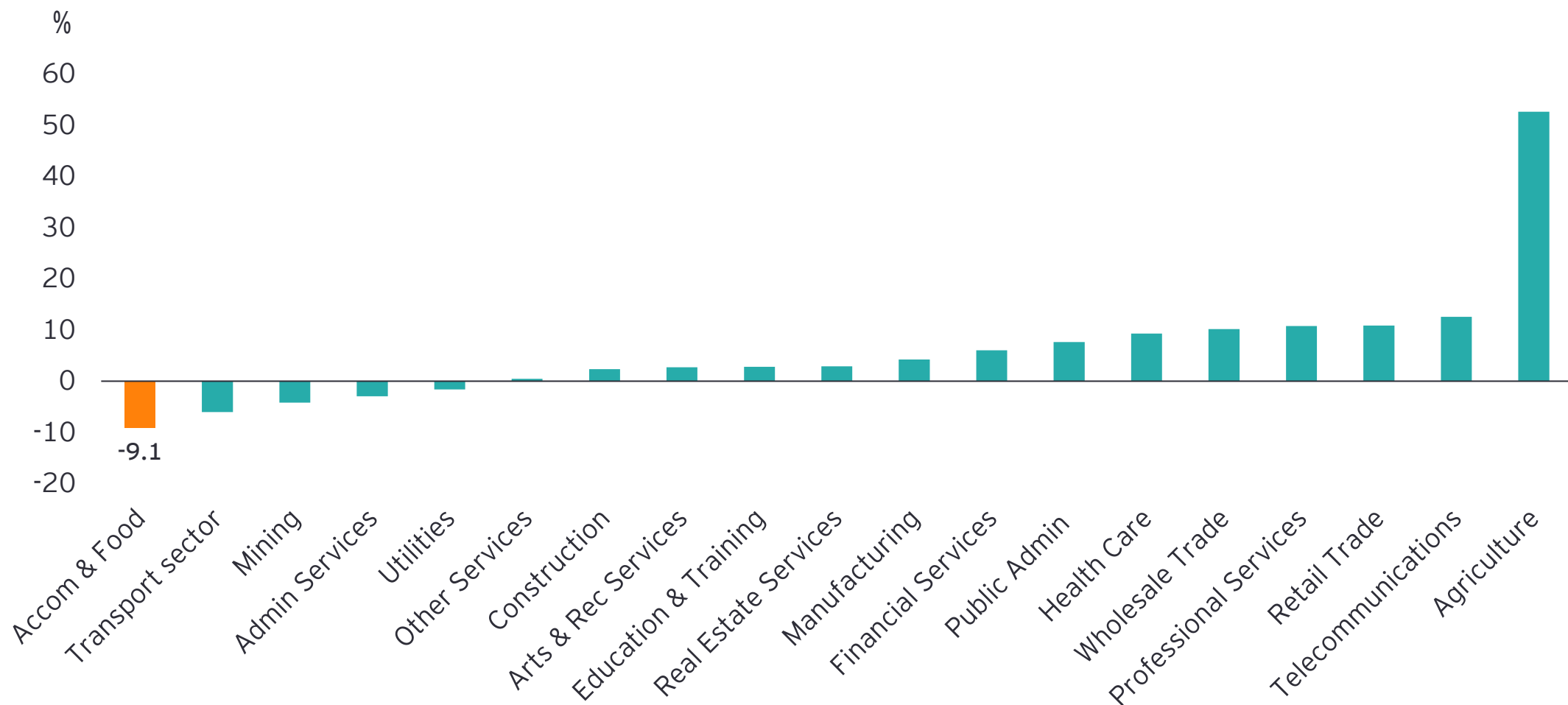
22 July 2022



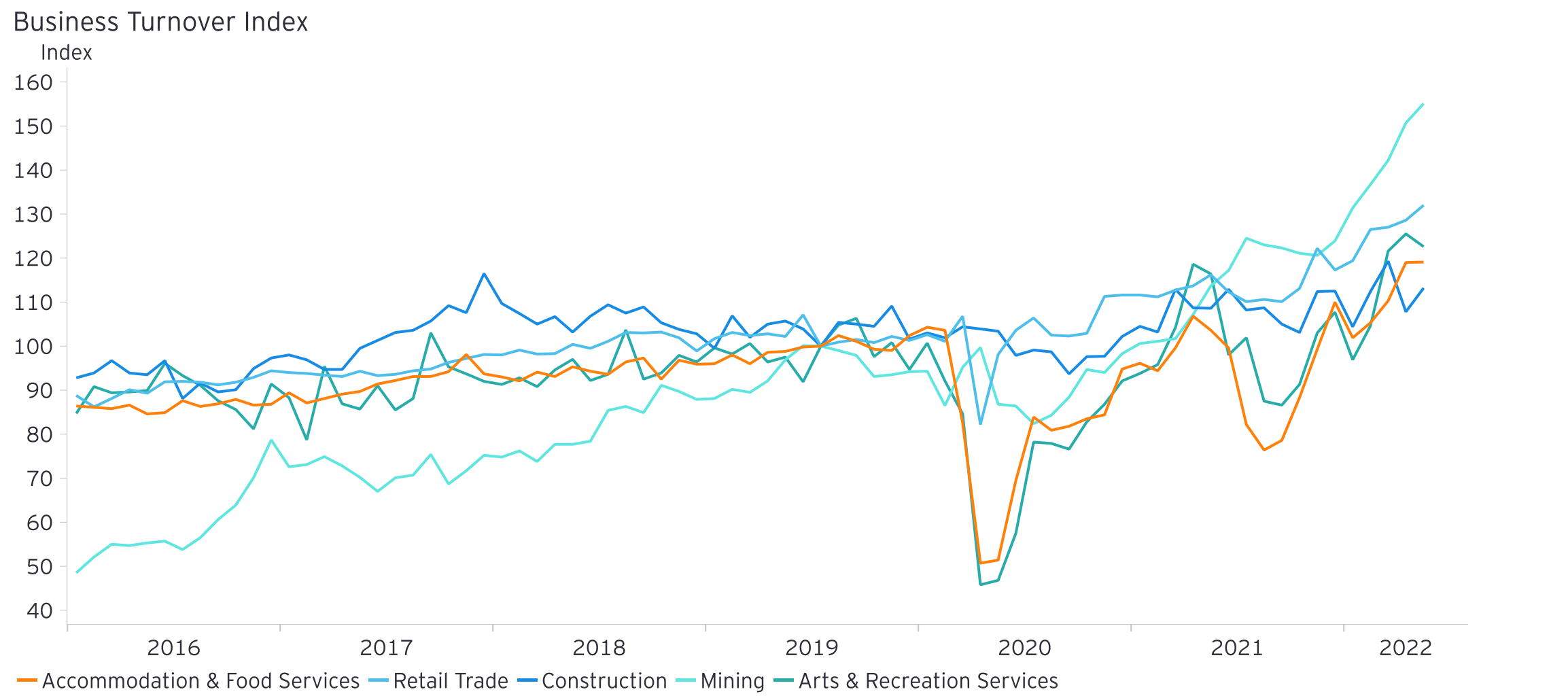
Building a better
working world

The Accommodation and Food Services (AFS) industry was hit harder than any other industry by COVID-19

Gross value added by industry, change between December quarter 2019 and March quarter 2022

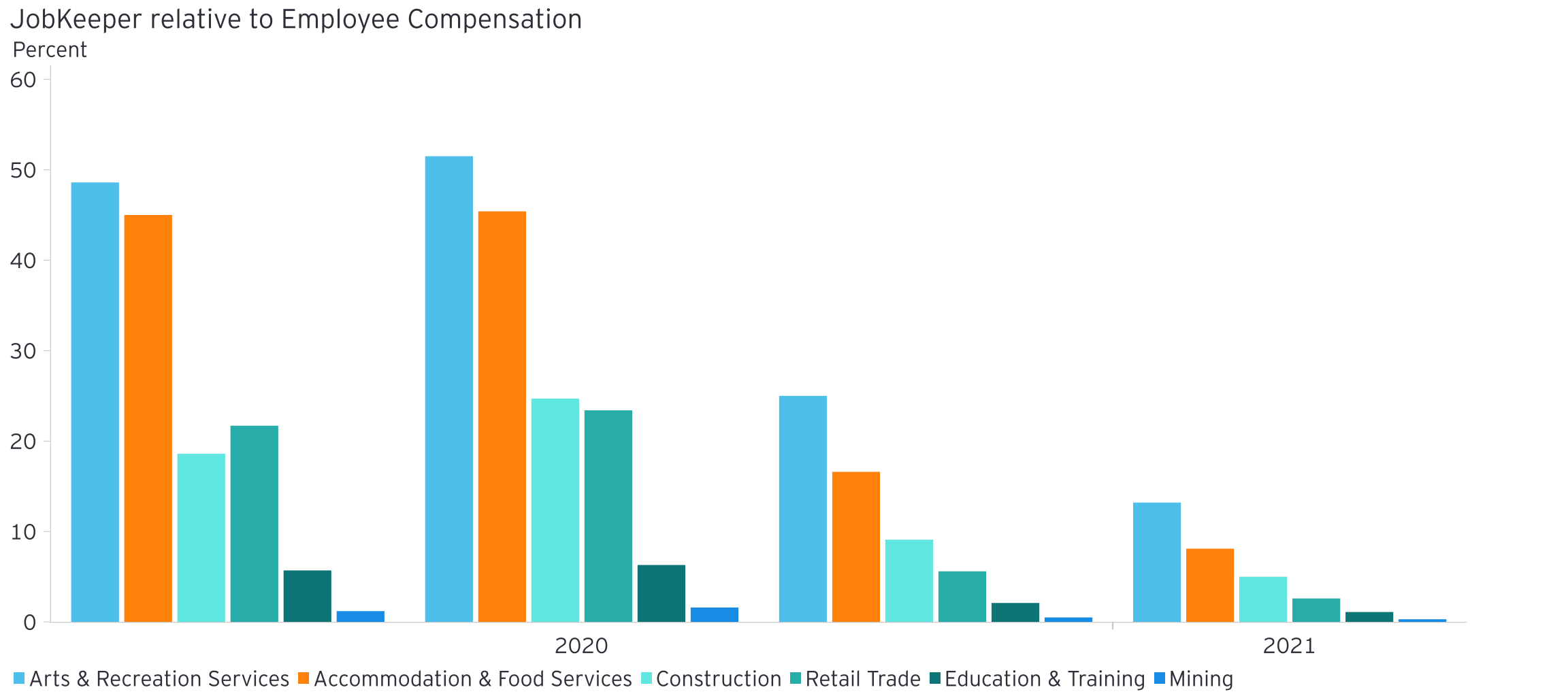


Across industries, AFS experienced one of the biggest declines in turnover during the lockdowns



Source: ABS, Macrobond, EY

The AFS industry relied heavily on JobKeeper to make it through the pandemic

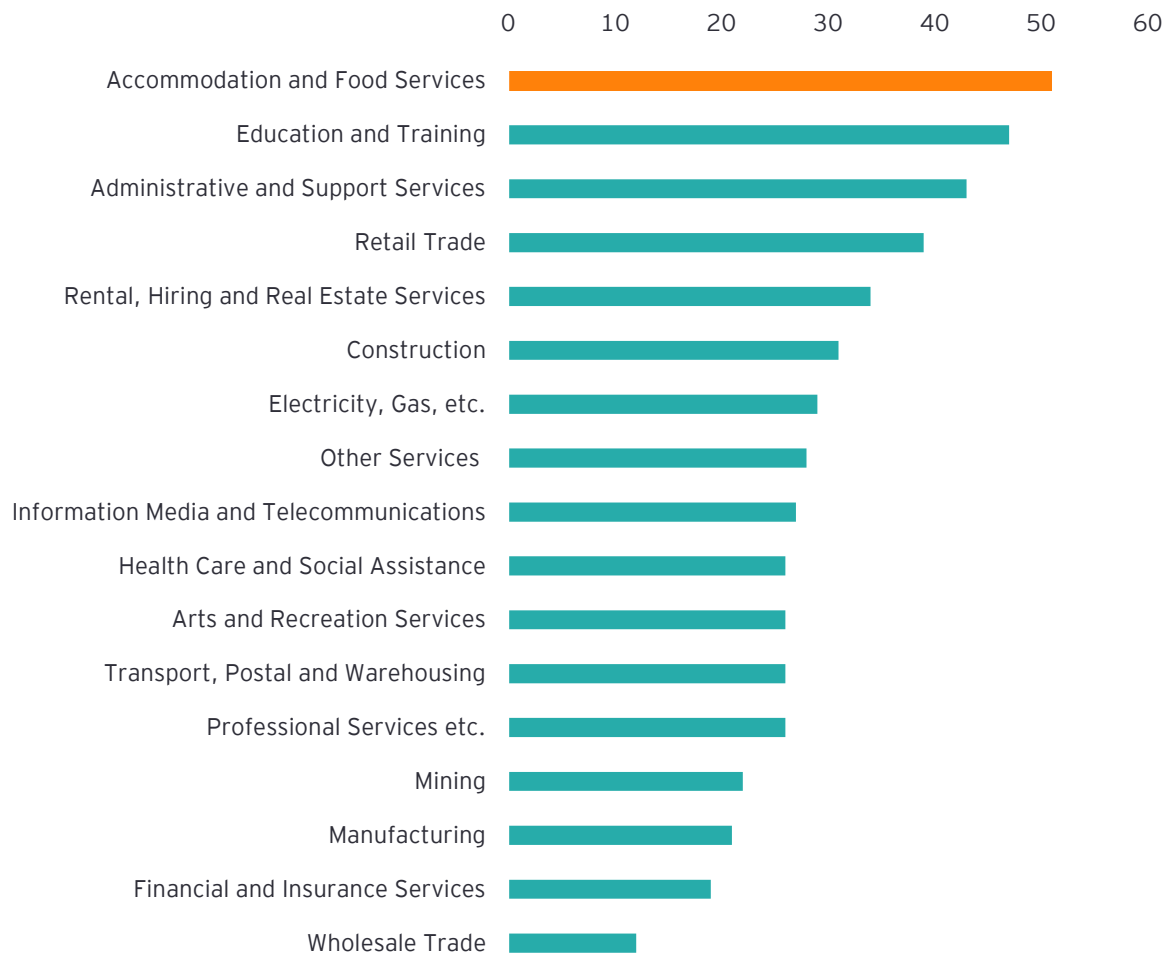


Source: ABS, Macrobond, EY



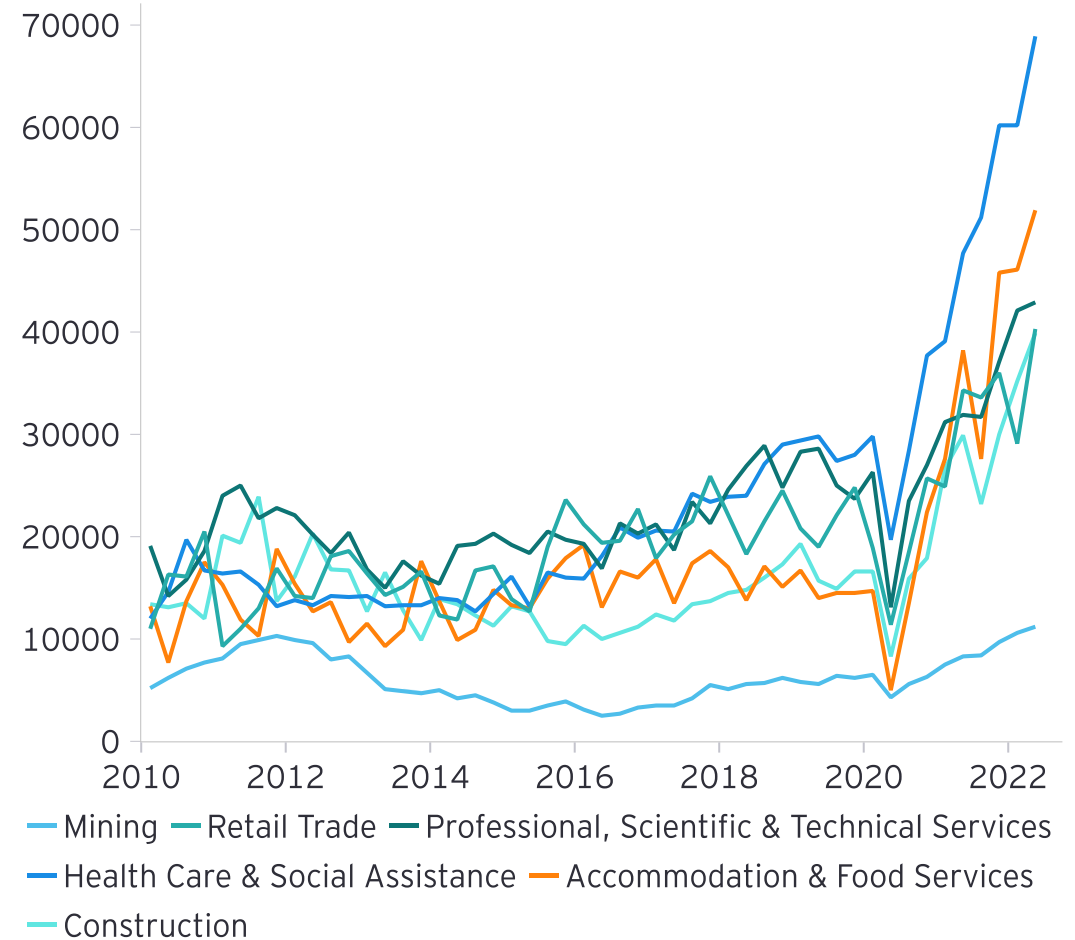
As activity has returned, labour shortages are a constraint on the industry

Per cent of businesses having difficulties finding suitable staff to fill any jobs, by industry, June 2022



Source: ABS, EY

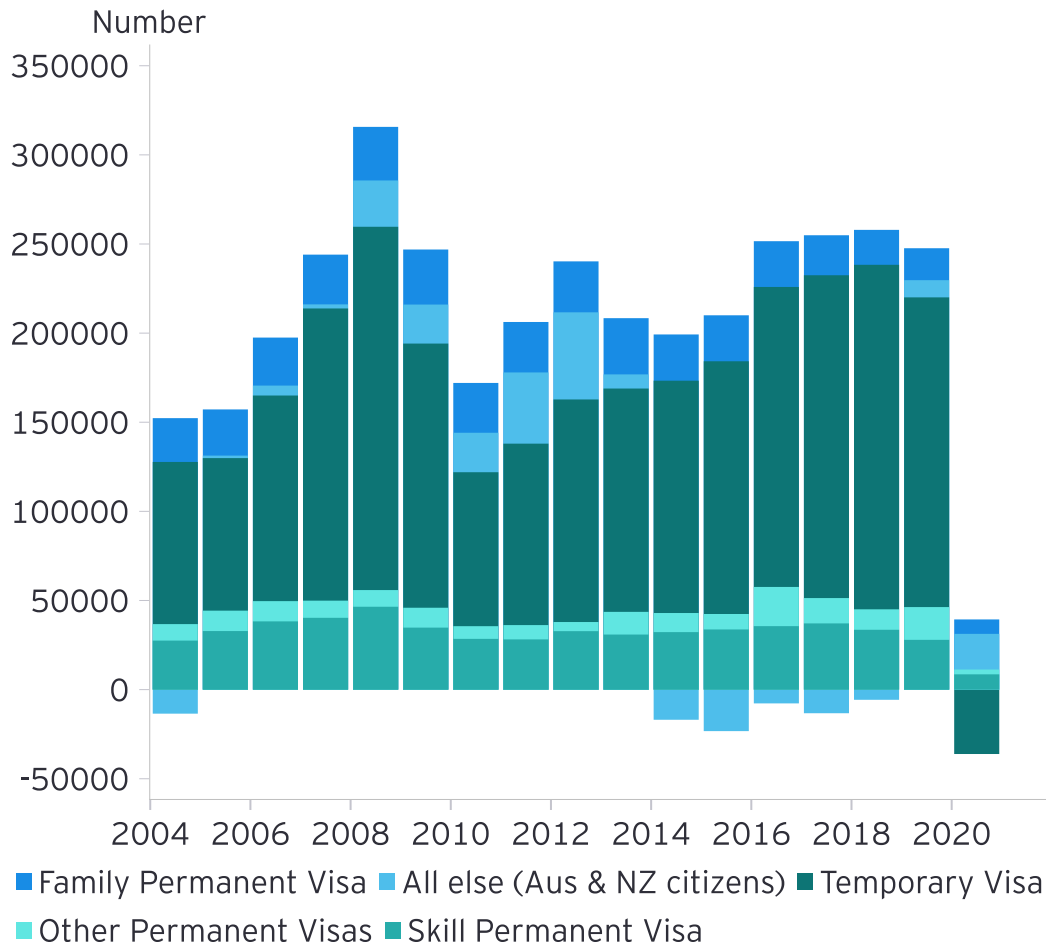
Job Vacancy by Industry



Source: ABS, Macrobond, EY

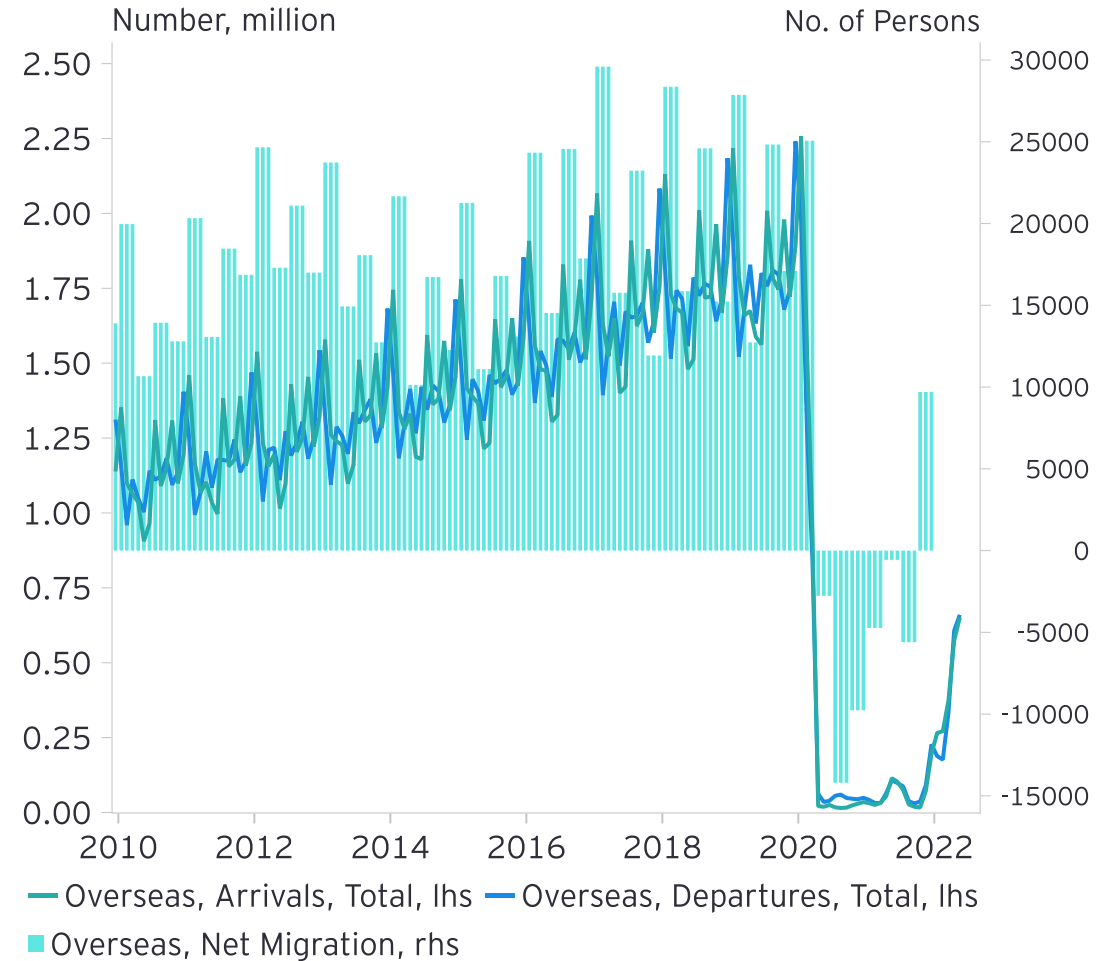
After a collapse in temporary visa holders during the pandemic, migration is starting to pick up again

Net migration by visa class



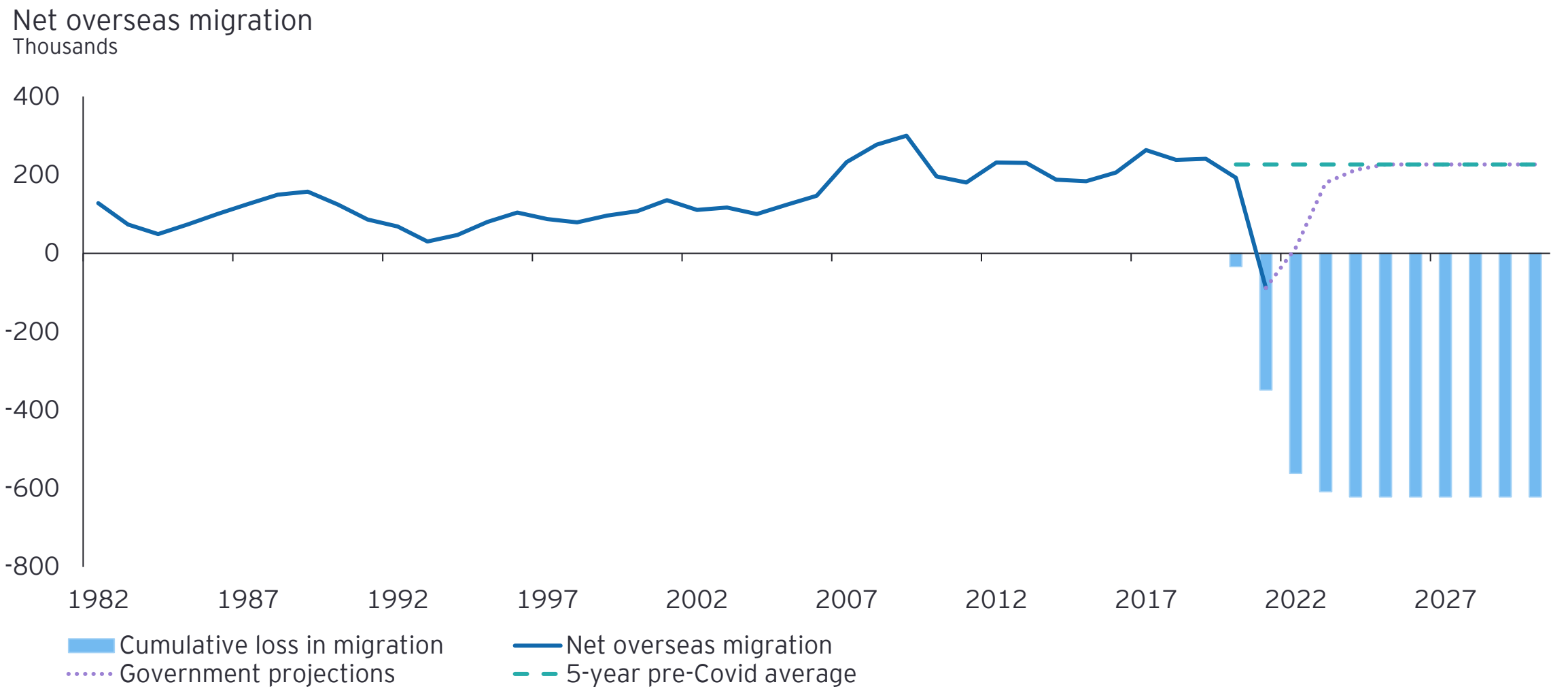
Source: ABS, Macrobond, EY

Overseas arrivals and departures



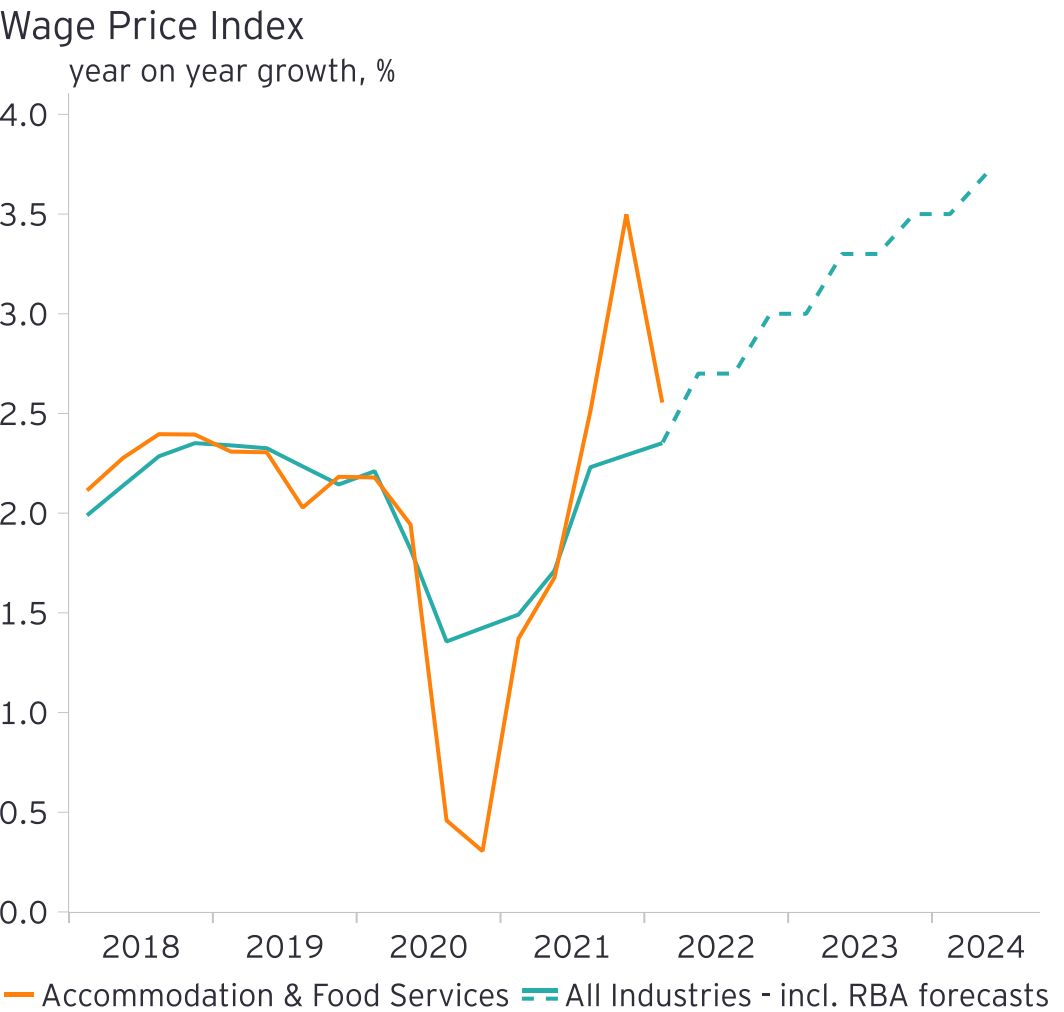
Source: ABS, Macrobond, EY

Skill shortages are driven by a large net shortfall of five hundred thousand migrants due to previously closed borders



Source: ABS, Commonwealth Budget 2022-23, EY

The largest increase in the national minimum wage since 2006 will impact the AFS industry



Source: ABS, Macrobond, EY

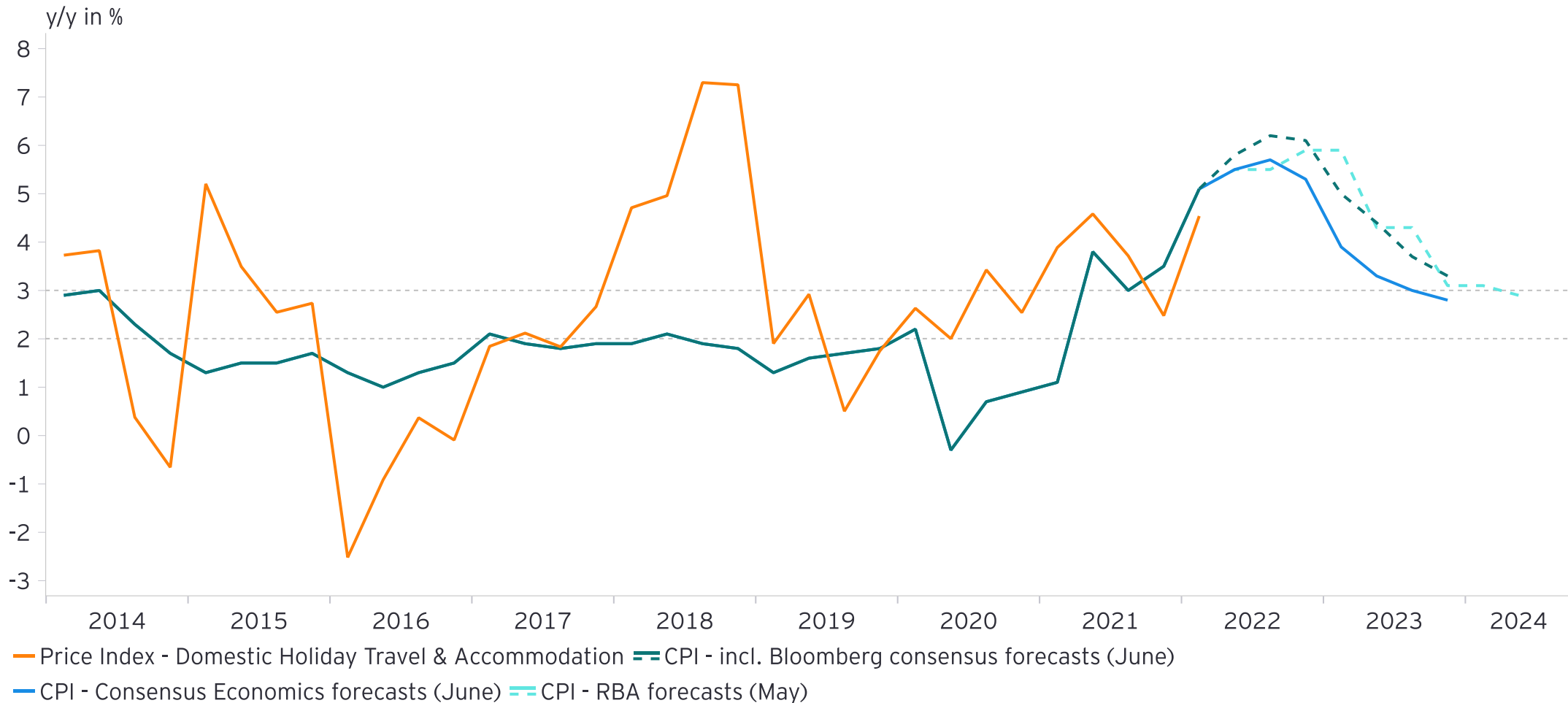


Source: Fair Work Commission, EY



High cost of living and falling real wages may impact the AFS industry as consumers think twice about discretionary purchases

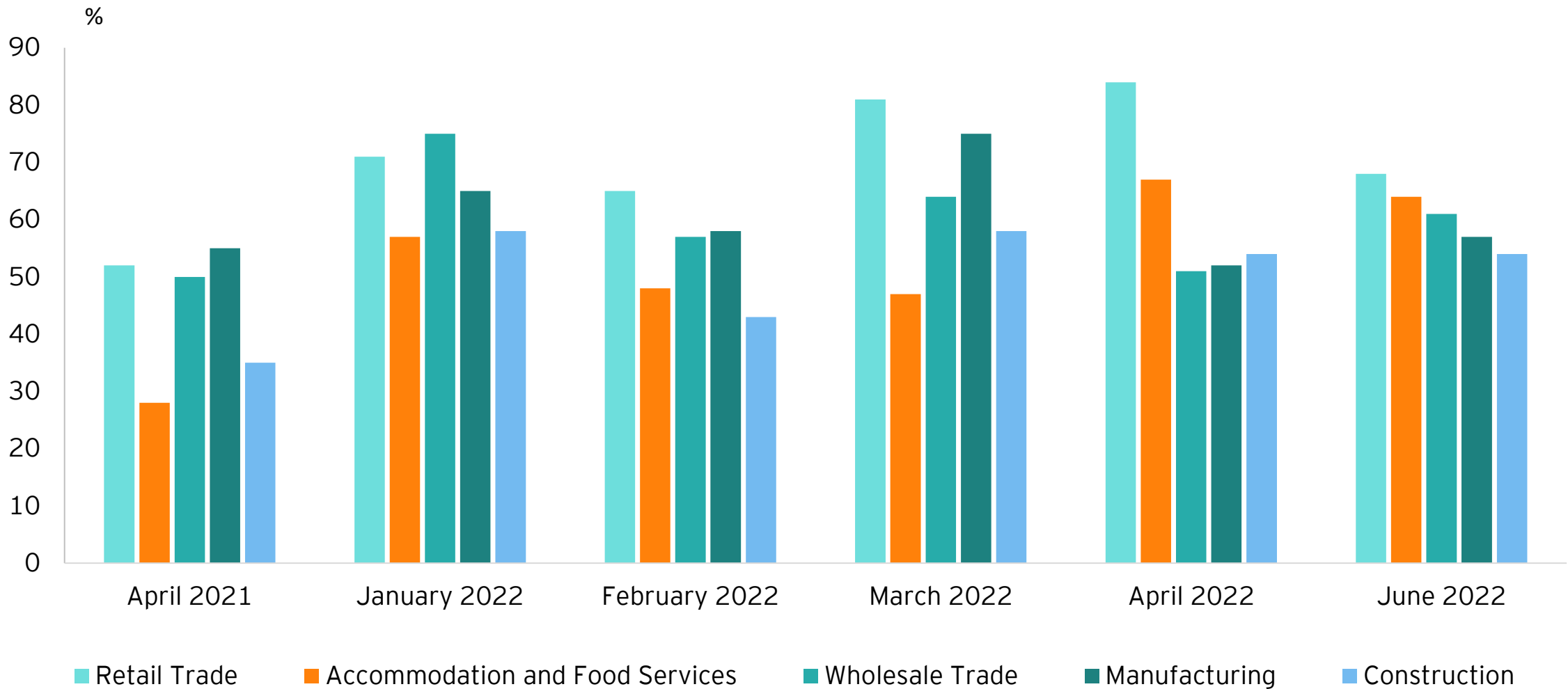
Consumer Price Index and price index for domestic holiday travel & accommodation



Source: ABS, Bloomberg, Consensus Economics, RBA, Macrobond, EY

Operations are also being impacted by supply chain disruptions

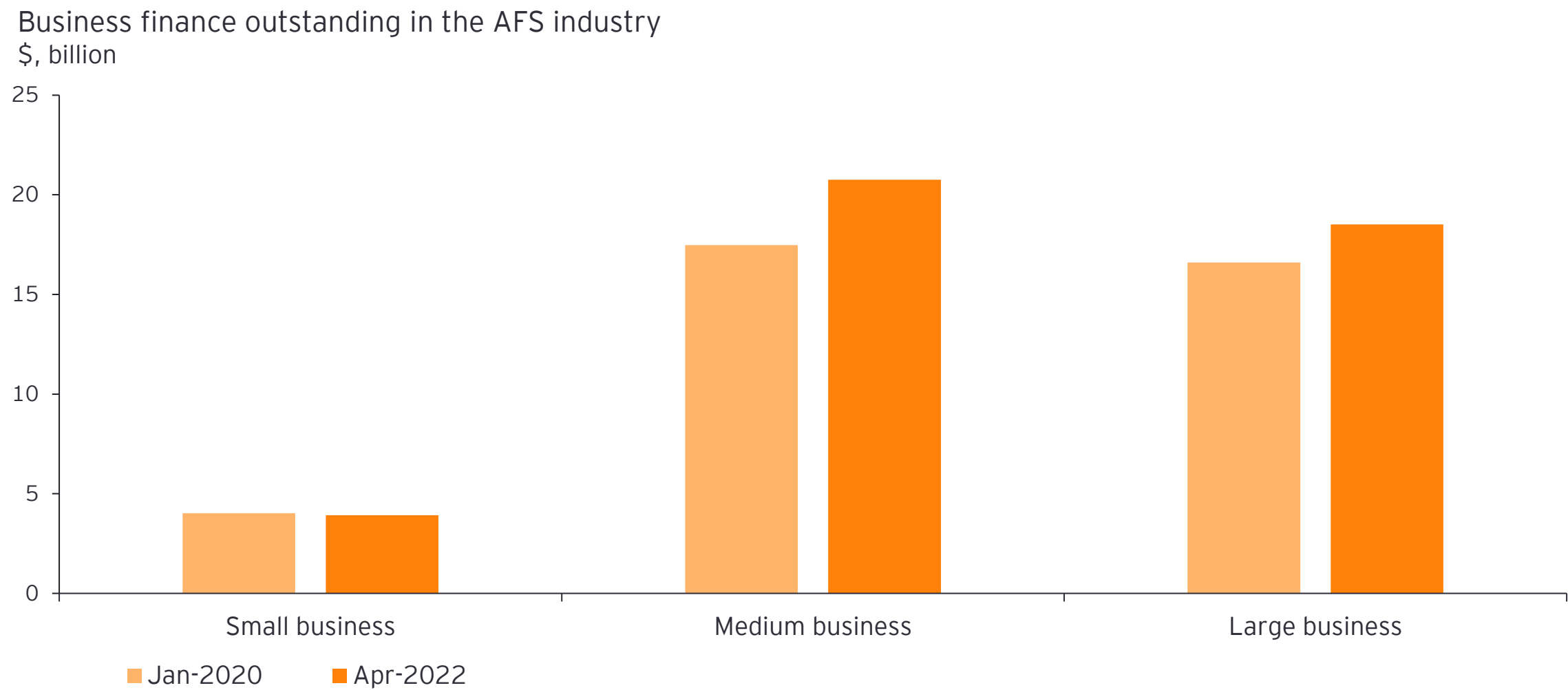
Businesses currently experiencing supply chain disruptions



Source: ABS, EY



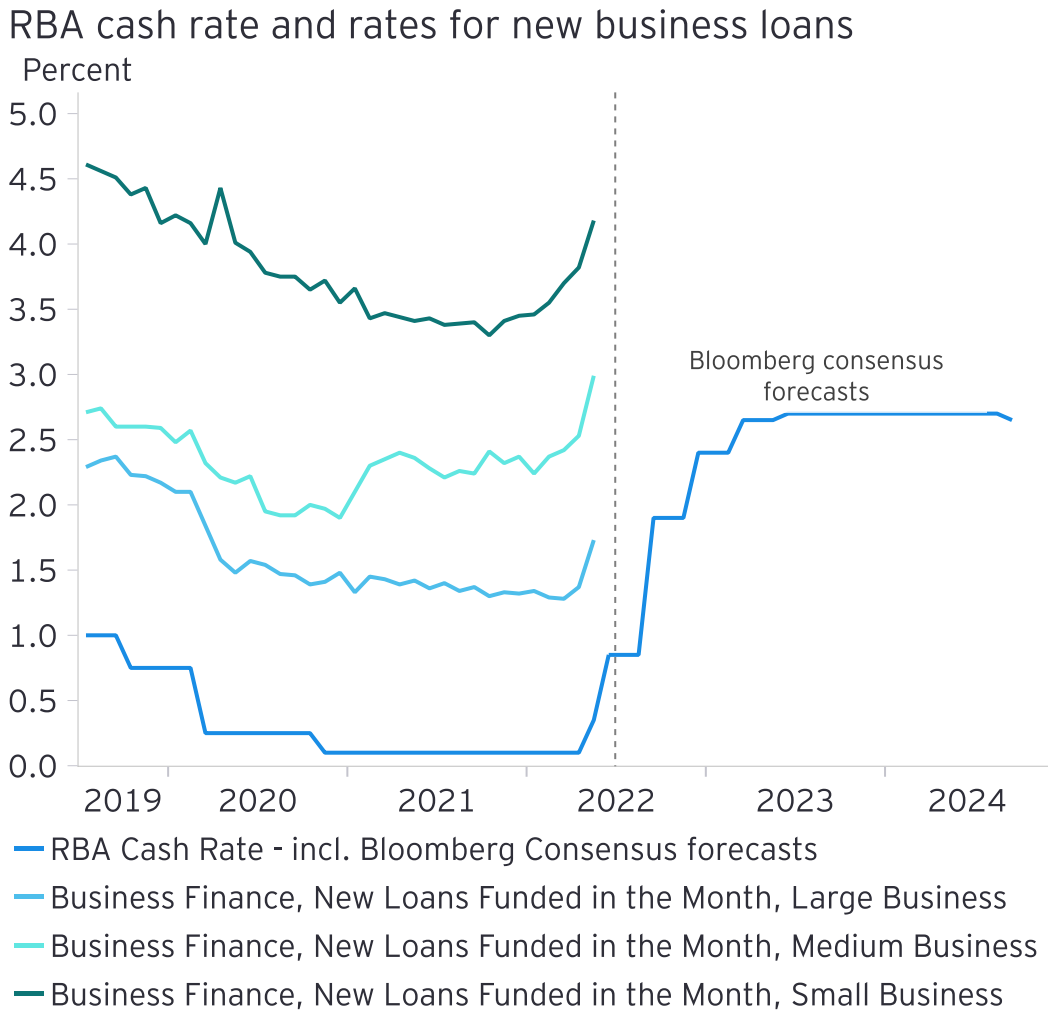
Debt levels in the AFS industry have increased since the start of the pandemic



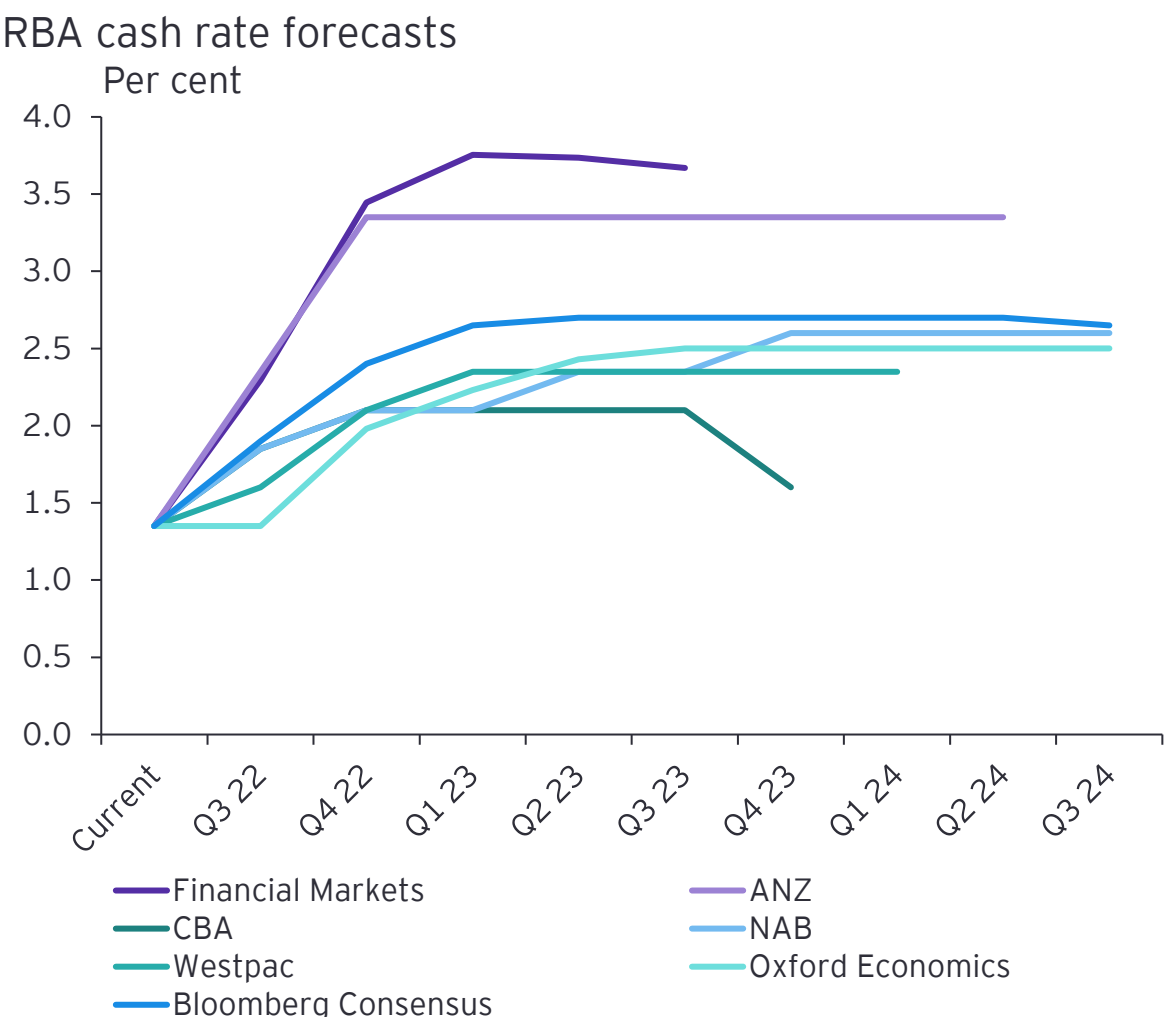
Source: RBA, EY



Further rises in policy rates expected, driving up interest costs for businesses



Source: ABS, Macrobond, EY

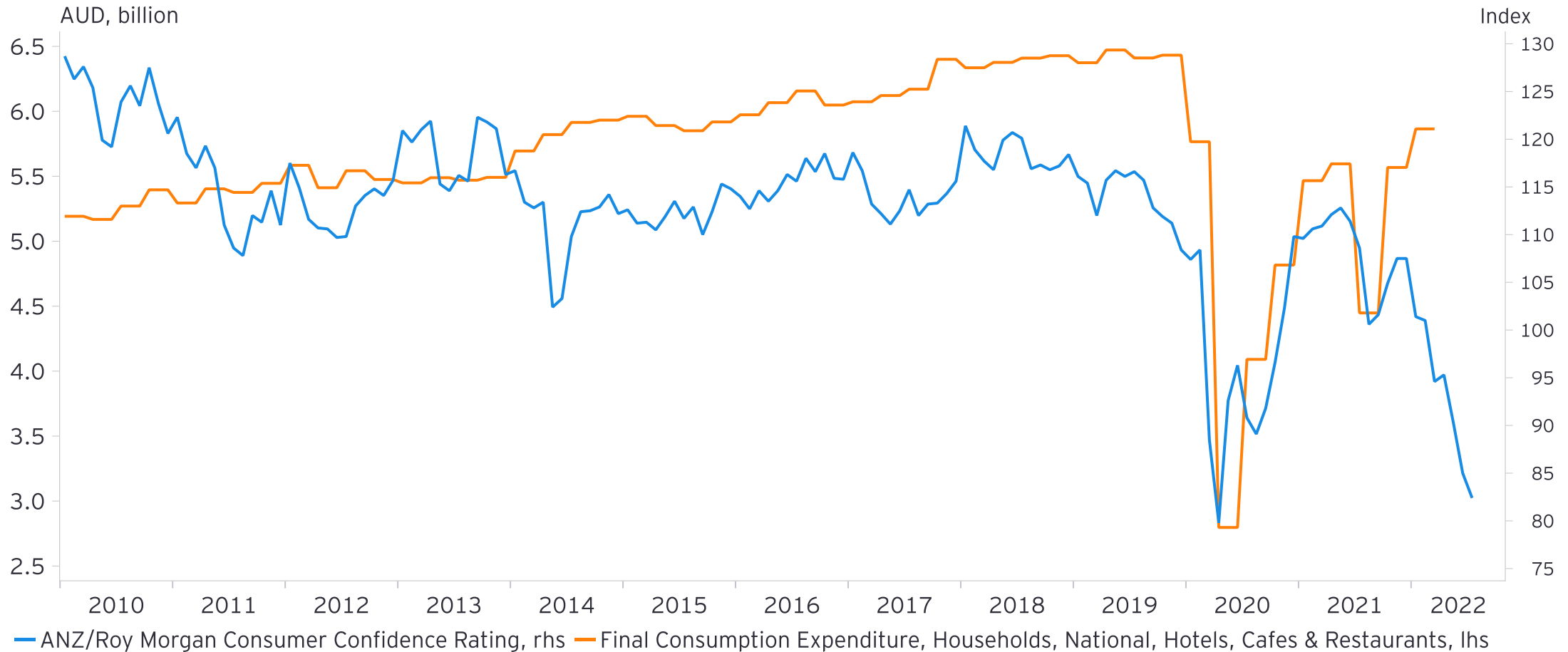


Source: ASX, Bloomberg, Oxford Economics, EY



Subdued consumer confidence indicates consumption of discretionary items could fall

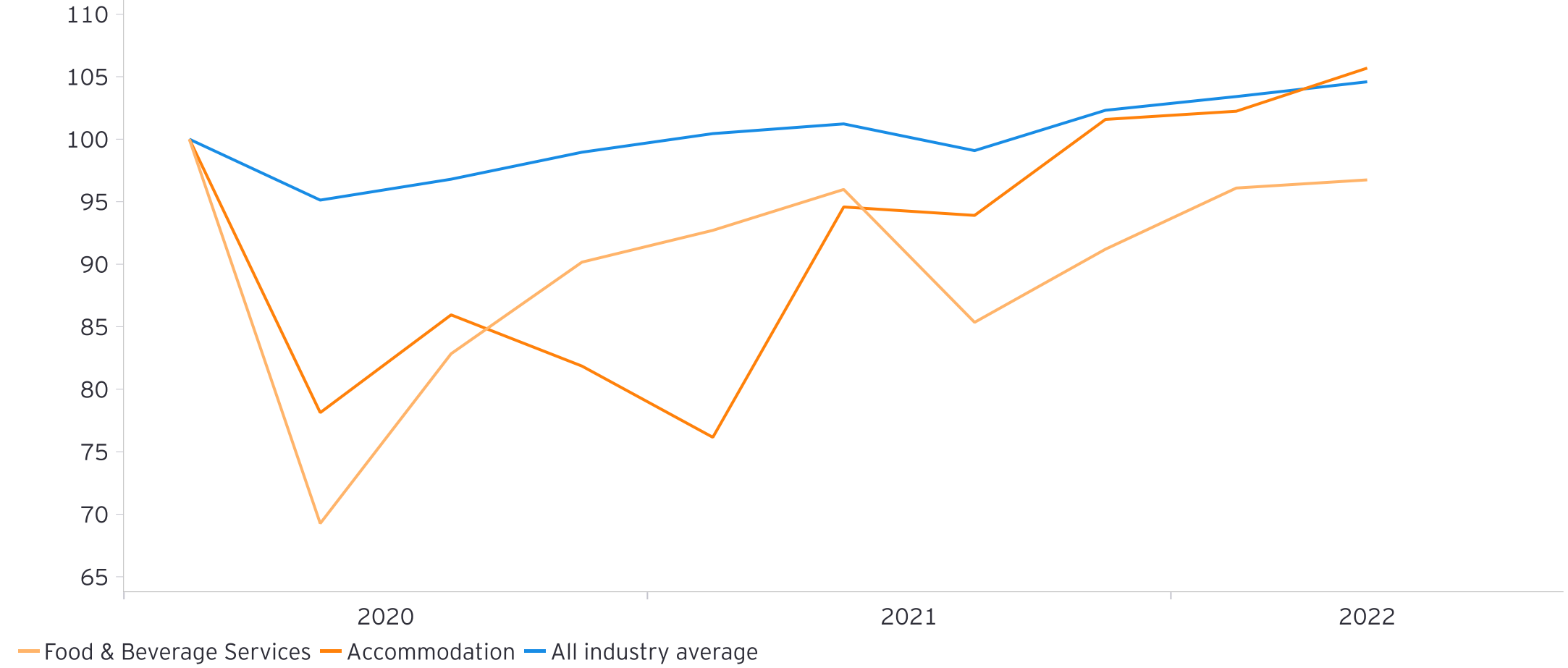
ANZ/Roy Morgan Consumer Confidence Rating & Final Consumption Expenditure for Hotels, Cafes & Restaurants (Chained)



Source: ABS, ANZ, Macrobond, EY

Despite Job Keeper, AFS industry had to reduce workforce by more than the all industry average

Employment by industry group
Index, Jan-2020 = 100



Source: ABS, Macrobond, EY



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