



AUSTRALIAN HOTELS  
ASSOCIATION



16 March 2023

Joint Standing Committee on Migration  
PO Box 6021  
Parliament House  
Canberra ACT 2600

### **RE: Migration, Pathway to Nation Building**

The Australian Hotel Association (AHA), Tourism Accommodation Australia (TAA) and the Accommodation Association of Australia welcome the opportunity to provide a response to the Joint Standing Committee on Migration's inquiry into the role of permanent migration in nation building.

#### **1. Introduction**

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

The size of scope of our members includes:

- Over 6000 businesses
- Generating \$12,000,000,000 economic benefit
- Directly employing 270,000 workers
- Supporting 50,000 community groups.

## 2. Recommendations

The AHA, TAA and AAOA has made recommendations in our recent submission to the review announced by Minister O’Neil, A Migration System for Australia’s Future to ensure Australia’s migration system is fit for purpose and can meet the needs of the industry in the coming decades.

This submission makes the following recommendations:

### Recommendation 1

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

### Recommendation 2

- Permanently increase resources to reduce the backlog of visa applications and streamline processing of applications.

### Recommendation 3

- Provide applicants with short term WHM visas and then process their long-term applications whilst on shore.

### Recommendation 4

- 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)

### Recommendation 5

- Enable pathways to permanency for all temporary skilled migrants.

### Recommendation 6

- That an ANZSCO review is undertaken as soon as possible to ensure that future migration programs and skills lists are responsive to the needs of the labour market, and ongoing funding is provided to allow for regular reviews of ANZSCO.

### Recommendation 7

- The Federal and State Governments take actions to increase housing affordability and to decrease housing cost, to assist with the supply of available workers and the ability to attract migrants to the regions.

### Recommendation 8

- Work with state and territory governments to replicate successful programs that enhance labour market participation of migrants.

### Recommendation 9

- The Temporary Skilled Migration Income Threshold (TSMIT) – currently \$53,900 is increased at a level that will not inadvertently exclude occupations in the accommodation and hospitality industry that might otherwise be eligible for skilled migration. This will ensure hospitality roles in cooking and supervisory roles can be sponsored. Wages will still be determined by the Annual Market Salary Rate (AMSR).

### 3. The role of permanent migration in nation building

Permanent migration has played a significant role in shaping Australia's nation-building, cultural diversity, and contribution to the economy. According to the most recent data released by the Australian Bureau of Statistics (ABS) in 2021, over 7.6 million people, or 31% of the Australian population<sup>1</sup>, were born overseas. With the increasing number of permanent migrants, Australia has become one of the most culturally diverse countries in the world.

The Accommodation Association, Tourism Accommodation Australia, and the Australian Hotel Association recent submission to the review *A Migration System for Australia's Future*, set out the important role of migration to our members and highlighting the needs for a fit for purpose migration system that can meet the needs of our industry in coming decades.

One of the significant contributions of permanent migration to the tourism and hospitality industry is the diversity it brings to the sector. Migrants from different parts of the world bring with them unique cultural experiences, traditions, and languages, which enriches the country's social fabric. This, in turn, promotes social harmony and understanding between different communities, making Australia an attractive destination for tourists. According to Tourism Research Australia, international visitors contributed \$45.4 billion to the Australian economy in the year ending December 2019<sup>2</sup>.

Permanent migration has also contributed to the development of new tourism experiences and opportunities in Australia. Migrants have brought with them their knowledge, skills, and expertise in the industry, which has driven innovation and new ideas.

To achieve effective nation-building, it is crucial to have a combination of temporary and permanent migration options that support the needs of Australia's regions, both for permanent settlement and to meet the significant demand for seasonal work, both skilled and unskilled, in industries such tourism.

AHA, TAA and AAoA view the temporary and permanent skilled migration programs as highly valuable components of workforce planning and development for the licensed hospitality and accommodation industry. Skilled migration is a vital tool that assists individual businesses who experience skills shortages as well as fill skilled gaps in the broader economy.

#### Recommendation 1

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

<sup>1</sup> Australian Bureau of Statistics (2021). Migration, Australia, 2020-21. Retrieved from <https://www.abs.gov.au/statistics/people/population/migration-australia/latest-release>

<sup>2</sup> Tourism Research Australia (2019). Tourism in Australia: Key Facts. Retrieved from <https://www.tourism.australia.com/content/dam/assets/document/1/c/1/k/n/2241527.pdf>

#### 4. Timely Visa Processing

The government has allocated additional resources to address the substantial backlog in visa processing. These resources include adding more staff to the visa processing team and streamlining the application process to ensure that it is as efficient as possible.

While some progress has been made in reducing processing times, there are still challenges that the system faces. The complexity, cost, and delays in our system still pose a risk to Australia's competitiveness in attracting migrants. If we fail to make further improvements, we may fall behind other comparable countries in attracting and retaining talented individuals, which could have serious implications for our economy and society as a whole.

Therefore, it is crucial that the government continues to allocate resources to address the visa processing backlog and make the application process as smooth and straightforward as possible.

##### Recommendation 2

- Permanently increase resources to reduce the backlog of visa applications and streamline processing of applications.

##### Recommendation 3

- Provide applicants with short term WHM visas and then process their long-term applications whilst on shore.

#### 5. Ensuring Australia's visa system is competitive against global competition

Australia is one of the most popular destinations for international tourists, students, and skilled workers. However, visa pricing and ease of application can be a major deciding factor for potential visitors. Therefore, benchmarking Australia's visa pricing and ease of application against its competitors like Canada and New Zealand is crucial to increase Australia's competitiveness in the global market.

Australia is currently facing a shortage of working holiday makers and international students compared to pre-pandemic times. Australia is currently short 100,000 working holiday makers and 150,000 international students. To address this issue, one potential solution is to temporarily incentivise Working Holiday Makers to come to Australia by rebating visa fees for arrivals before the end of the year. This may help to mitigate the impact of expensive airfares and limited flights, which have contributed to Australia being considered "expensive and hard to get to" by many potential visitors, students, and skilled workers.

##### Recommendation 4

- 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).

## 6. Pathways to permanent residency

Like many industries in the Australian economy, the licensed hospitality and accommodation industry is suffering an unprecedented number of skills and labour shortages. This is only set to increase, as it is one of the five growth industries identified as having significant job shortages and potential for growth in the next four years. Employment in Accommodation and Food Services is projected to grow by 112,400 (or 13.2%) to November 2026<sup>3</sup>.

Labour and skills shortages in these positions persist because these occupations are listed on the Short-Term Skilled Occupation List. This STSOL provides no pathway for a skilled migrant to access permanent residency and only permits maximum stays of two years, which increases to four years if an international trade obligation applies. Prospective skilled migrants are generally unwilling to relocate to Australia for only two years without the potential to become a permanent resident.

Given the demonstrated immobility of the labour market over recent years, when a business is experiencing a skills shortage in a certain occupation it is immaterial whether there is also a national or regional skills shortage in that occupation. When a business experiences a skills shortage in a specific occupation, it restricts business productivity and broader economic activity. Therefore, the STSOL needs to be flexible and capture this nuance.

To address this issue, the Australian Hotels Association (AHA), Tourism Accommodation Australia (TAA), and the Accommodation Association of Australia (AAoA) believe in providing skilled migrants with a maximum four-year stay (with the option of an extension) and a pathway to permanent residency. This pathway to permanency was a fundamental strength of the system from 1996 to 2017 and should be restored to ensure Australia remains an attractive destination for skilled migration. Providing skilled migrants with the option of permanent residency will enhance Australia's global competitiveness and attract and retain the best and brightest talent.

### Recommendation 4

- Enable pathways to permanency for all temporary skilled migrants.

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<sup>3</sup> National Skills Commission, [Employment Projections](#), Accommodation and Foods Services 2021

## 7. ANZSCO Review

The Australian and New Zealand Standard Classification of Occupations (ANZSCO) serves as a critical pillar of the labour market statistical infrastructure, supporting a wide range of labour market data and playing a significant role in regulating which occupations are eligible for migration programs. ANZSCO not only identifies new jobs but also evaluates the duties within a job and assigns an appropriate skill level, making it a vital tool for job outlook information.

However, as the nature of work and job roles are constantly evolving, ANZSCO's limited scope to accommodate technological progress and changes to the economy and employment market is concerning. Despite being introduced in 2006, ANZSCO has only been reviewed and revised twice, with a major review long overdue.

The Australian Bureau of Statistics (ABS) has cited labour and resource constraints and competing priorities as reasons for the delay in ANZSCO's review. However, regular review of significant statistical infrastructure like ANZSCO is essential and should be built into the ABS's normal operating budget.

Outdated ANZSCO classifications hinder fair access to vital migration programs and complicate the regulation of the program due to the need for work-around style caveats. As such, funding commitment is necessary to ensure that regular reviews of ANZSCO can be undertaken and that the intervals between reviews are in line with global best practice.

Therefore, to attract and retain working migrants to Australia, it is recommended that the Federal Government commit to funding the ABS to ensure that regular reviews of ANZSCO are conducted. This will promote fairness and transparency in the migration program and maintain Australia's competitiveness in the global job market.

### Recommendation 5

- That an ANZSCO review is undertaken as soon as possible to ensure that future migration programs and skills lists are responsive to the needs of the labour market, and ongoing funding is provided to allow for regular reviews of ANZSCO.

## 8. Housing

Providing adequate housing for both current residents and new migrants is a critical component of sustainable economic growth. Currently, housing affordability and availability are major challenges facing Australia's labour market, hindering the ability to connect employees with employers. The high costs of rent and limited availability of affordable housing act as a significant deterrent for prospective migrants seeking to relocate to Australia.

Over the past three years, rental prices in major cities across Australia have steadily increased, with some areas experiencing hikes of up to 28 percent. This issue is further exacerbated in regional centres where housing stock has shifted to short-term letting, leaving limited options for workers and their families.

This housing crisis is particularly problematic when considered in the context of visa requirements aimed at promoting economic growth and filling critical skills shortages in regional and rural areas. It is imperative that measures be taken to address the shortage of affordable housing.

*A prominent accommodation provider in the Hunter Valley recently described the situation, saying that their ability to attract talent to the region for skilled roles has been significantly impacted by the lack of affordable rental accommodation. They have seen multiple indicators that are now adding to the ongoing labour shortages they have been experiencing as they've emerged from Covid-19. More and more staff have been approaching them as an employer seeking assistance with accommodation. Many employers in the area have now reverted to offering accommodation as part of remuneration, particularly during high-demand periods, which is not a sustainable option. The huge numbers of short-term rentals (Air BnB) have reduced available rental stock, directly impacting their ability to adequately staff and deliver an experience reflective of what they are trying to achieve as a tourism destination.*

### Recommendation 6

- The Federal and State Governments take actions to increase housing affordability and to decrease housing cost, to assist with the supply of available workers and the ability to attract migrants to the regions.

## 9. Strengthening labour market participation

There are notable examples of successful collaboration between industry and state government to enhance labour market participation, particularly in new migrant communities such as family and humanitarian migrants, as well as partners of skilled migrants.

One such example is the "Accommodation Jobs initiative," a \$5.6 million program funded by the Victorian government in partnership with the Accommodation Association of Australia. The aim of the program is to attract 320 priority job seekers into paid training and provide them with at least 12 months of secure employment with one of the association's member hotels. The program focuses on "priority cohorts" such as people seeking asylum, refugees, newly arrived migrants from non-English-speaking backgrounds, and people from culturally and linguistically diverse backgrounds who face additional employment barriers. To date, the program has successfully recruited over 200 individuals and placed them into ongoing, secure employment.

Programs like the "Accommodation Jobs initiative" offer numerous benefits to employers, new migrants, their families, and the wider community and economy. We strongly recommend that the committee explores similar programs and advocates for the adoption of similar initiatives at a national level.

### Recommendation 7

- Work with state and territory governments to replicate successful programs that enhance labour market participation of migrants.

## 10. Temporary Skilled Migration Income Threshold (TSMIT)

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

### Recommendation 8

- The Temporary Skilled Migration Income Threshold (TSMIT) – currently \$53,900 is increased at a level that will not inadvertently exclude occupations in the accommodation and hospitality industry that might otherwise be eligible for skilled migration. This will ensure hospitality roles in cooking and supervisory roles can be sponsored. Wages will still be determined by the Annual Market Salary Rate (AMSR).



## 11. Conclusion

The AHA, TAA and AAoA thank you for the opportunity to make a submission into this enquiry.

Yours faithfully



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