



AUSTRALIAN HOTELS
ASSOCIATION



8 May 2023

Hon Clare O'Neil MP
Minister for Home Affairs and Cyber Security
Parliament House
Canberra ACT 2600

Dear Minister,

Review of the Migration System – Final Report 2023

We are writing regarding the Review of the Migration System Final Report tabled in April 2023. The report is a very comprehensive analysis of Australia's vastly complex migration system. The AHA/TAA and AA commends the Government for commissioning the report and your objectives of making the system fairer and simpler. A summary of our recommendations is set out below.

- Any new migration system must cater for overseas workers to perform those roles where Australian workers are unwilling or unable to do so.
- We support the proposal to remove the requirement for labour market testing and for Jobs and Skills Australia to be the source of labour market needs, supported by input from MACSM.
- We request consideration be given to appointing a person from AHA, TAA or AA to MACSM.
- We support the Panel's observation that the use of sector level tripartite Labour Agreements" (or other program) should be considered for sectors in genuine need where the Award salaries fall below the TSMIT.¹
- We also strongly recommend the revised TSMIT not be implemented until the sector level tripartite Labour Agreements (or other program) are in place.
- We support the proposal "there may be a role within this framework for the use of a sector or industry based tripartite Labour Agreement model for lower paid occupations that include enhanced protections"²
- Where a worker moves on from the original employer, we recommend the second employer must be required to reimburse the original employer for the proportion of sunk costs the first employer will not get to utilise (e.g., migration agent, airline costs, relocation expense).
- We request the Government to confirm all Government charges (e.g. visas, DHA applications fees) can be paid monthly (or be proportionately reimbursed), and not just the Skilling Australia Fee.
- We do not support a one-year visa for Working Holiday Makers (WHM). Instead, we support the current extensions for Working Holiday Makers who undertake work in regional Australia. We recommend two years as a minimum.
- We support the current cap of 24 hours per week for work by international students, however recommend its implementation on 1 October 2023.

¹ Report p95

² Report p85

Background

We note there are numerous competing needs identified in the report and the objective for Government is to strike the right balance. Hiring Australian workers is always the priority for hospitality and accommodation businesses. Australian workers are the most reliable and sustainable solution to workforce shortages. However, where Australian workers cannot be found, our sector relies heavily on skilled and unskilled workers from overseas. Labour shortages are significant across the hospitality and accommodation industry.

Current worker shortage

The current worker shortage is set out below.

Occupation	Vacancies ³
Barista	14,689
Bartender	2,487
Kitchen Hand	7,554
Chef	8,042
Housekeeper	5,190
Sous Chef	1,899
Chef de Partie	2,226
Pastry Chef	1,128
Restaurant Manager	3,794
Assistant Restaurant Manager	1,191
Café Manager	4,294
Waitstaff	2,796
Host/Hostess	2,628
Total	57,918

Young people, females, and humanitarian

The report has a strong emphasis on the migration system's economic and social benefits to Australia being enhanced by providing opportunities for young people and female overseas workers. We note that for our sector:

- 36% of employees are aged 18-24, with another 39% being aged 25-44
- 60% of employees are female
- Our members participate in humanitarian schemes (such as PALM) and our venues are well placed to employ workers with low English skills

As well as the strong economic contribution made by Australian hotels, we note also the social benefits hotels provide to their communities nationwide as places to work, socialise and stay. Below, we have made various observations and recommendations relating to some of the Report's Reform Directions.

³ <https://www.seek.com.au/> 4 May 2023

Reform Direction 11: Rely on the expertise of Jobs and Skills Australia to identify labour needs and market salary rates and provide deep insights and put in a way that links migration with skills and training

We agree “there is evidence of growing labour shortages in lower paid occupations” and “Australia lacks an explicit migration policy focusing on lower paid workers.”⁴ The hospitality and accommodation sectors have several worker categories whose salaries will fall below the new TSMIT. We understand this will also be the case in sectors such as aged-care.

We recommend that any new migration system must cater for overseas workers to perform those roles where Australian workers are unwilling or unable to do so.

Reform Direction 12: Remove the requirement for labour market testing.

We agree labour market testing is an ineffective method for identifying shortages and causes unnecessary delays in recruitment in genuine areas of skills shortages.⁵

We support the Reports proposal to remove the requirement for labour market testing and for Jobs and Skills Australia to be the source of labour market needs, supported by input from MACSM.

Reform direction 13: Renew and strengthen the role of the Ministerial Advisory Council on Skilled Migration (MACSM) as a tripartite advisory body.

We support the suggested model for reforming MACSM. Currently, our sector is not represented on MACSM. The AHA, TAA and AA have vast coverage of our sector nationwide, deep knowledge of the migration system, and our reputation as a model employer body.

We request consideration be given to appointing a person from AHA, TAA or AA to MACSM.

Reform direction 15: Increase the Temporary Skilled Migration Income Threshold (TSMIT)

All worker classifications under the *Hospitality Industry (General) Award 2020* (HIGA) are above the current TSMIT threshold of \$53,900 when paid annualised salaries. However, under the proposed threshold of \$70,000, several worker classifications sit below that threshold.

Classification	Yearly HIGA rate	Annualised salary at 125%
Commi Chef Cook – Grade 3 (wage level 4)	\$48,926.80	\$61,157
Demi Chef Cook – Grade 4 (wage level 5)	\$51,999.48	\$63,999
Chef de Partie Cook – Grade 5 (wage level 6)	\$53,383.20	\$66,728

⁴ Report p31

⁵⁵ Report p76

We believe there are two critical issues which need to be considered:

- From member feedback, we believe market rates for these roles in metropolitan areas are most often equal to or above the \$70,000 threshold. However, in regional, rural and remote areas, many salaries will still sit below the \$70,000 threshold.
- We also note in worker classifications as set by the relevant Award, there is no account given to the hierarchy of salaries. With no provision to pay workers at the Award rate, it will force various classifications to be paid the same salary. This will defeat the hierarchy and cause friction between workers themselves, and employers.

The Report identifies this will be the case in sectors such as aged care and agriculture as well. Considering all the above, we believe:

- a one size fits all approach to the TSMIT has unintended consequences
- recognition must be given to award and market salaries in sectors such as hospitality, agriculture, and aged care
- geographical salary and condition variations must be factored in

We note the discussion in Chapter 10 where the Panel recognises that “labour needs are growing in some lower paying sectors and may not be able to be fully met from within the domestic workforce”.⁶ Also, the statement as to “whether there is a role for an explicit migration program targeting lower paid workers in meeting Australia’s needs.” The panel recommends sector level tripartite labour agreements to solve this problem, which we support.

We also note your statement the new TSMIT will apply to workers seeking to renew their visas. We are concerned businesses and workers will be caught out if the whole new TSMIT structure is not in place, including sector level tripartite labour agreements (or other programs) once the new threshold commences.

We support the Panel’s observation the use of sector level tripartite Labour Agreements” (or other program) should be considered for sectors in genuine need where the Award salaries fall below the TSMIT.⁷

We also strongly recommend the revised TSMIT not be implemented until the sector level tripartite Labour Agreements (or other program) are in place.

Reform direction 16: Adopt Risk based regulation of temporary labour migration with three tiers

The three tiers for risk-based regulation are:

- High salary
- Mid-level
- Lower paid

We support the Report’s proposal that “there may be a role within this framework for the use of a sector or industry- based tripartite Labour Agreement model for lower paid occupations that include enhanced protections”⁸

⁶ Report p90

⁷ Report p95

⁸ Report p85

Reform direction 17: Allow temporary migrant workers to move from their current employment to find work with another employer

The AHA/TAA and AA understands the rationale of allowing temporary migrant workers to move from their current employer to find work with another employer. However, the sunk costs for employers in sponsoring a temporary migrant worker are significant (circa \$20,000 to \$30,000).

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

It is unfair for an employer with a four-year plan to sponsor a worker to lose the employee to another employer and not be able to recoup the sunk costs in bringing that worker to Australia in the first place.

We recommend the second employer must be required to reimburse the original employer for the proportion of sunk costs they will not get to utilise.

Reform direction 19: Require employer fees and charges to be paid monthly, rather than up front, to facilitate mobility between employers and increase access for small business by reducing up-front costs

The government charges various fees in the visa application and approval process. These fees are usually paid-up front by the employer. Such charges include the:

- Skilling Australia Fee
- Skills Assessment Fee
- English Test
- DHA nomination fee
- MLTSSL – DHA visa application fee

In the event of workers leaving their original employer as proposed in the Report, the original employer will have numerous sunk costs which are currently unrecoverable. The Report states the Skilling Australia Fee can be paid monthly but is silent as to the other costs.

We request the Government to confirm that all Government charges (e.g. visas, DHA applications fees) can be paid monthly (or be proportionately reimbursed), and not just the Skilling Australia Fee.

Reform direction 23: Ensure the primary focus of the Working Holiday Maker (WHM) program is cultural exchange and consider limiting WHM visas to one year.

Working Holiday Makers (WHM) play a vital role in the hospitality, accommodation, and tourism industries - especially in regional, rural and remote areas - and in seasonal tourism areas. This workforce is critical given their willingness to travel and follow the seasonal work

We stress with the cost associated with long distance airfares to Australia and visa costs, a one-year visa will not be competitive in the current international WHM market – we will lose extensive numbers of WHMs who are still critical to our industries – particularly in regions and seasonality.

We do not support a one-year visa for Working Holiday Makers (WHM). Instead, we support the current extensions for Working Holiday Makers who undertake work in regional Australia. We recommend two years as a minimum.

Reform direction 26: Review the student visa working hours cap

International students are a vital part of our workforce and we note the concerns set out in Chapter 12 of the Report. We recognise the friction between students having sufficient study time but at the same time also being able to work to help support themselves.

However, we note the report does not identify failure rates caused by excessive work hours as an issue. The issues seem mainly to be around unscrupulous employers; however, we believe these are a small minority.

We support the current cap for work by international students of 24 hours per week, however recommend its implementation on 1 October 2023.

Thank you for the opportunity to have made this submission.

Yours faithfully,



STEPHEN FERGUSON
AHA NATIONAL CEO



MICHAEL JOHNSON
TAA NATIONAL CEO
Acting CEO ACCOMMODATION AUSTRALIA