



**Tourism
Accommodation
Australia**

A division of the AHA

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2016–17 Migration Programme
Department of Immigration and Border Protection
Via Email: migration.submissions@border.gov.au

To whom it may concern,

Thank you for the opportunity to provide feedback on the *Planning the 2016-17 Migration Programme Discussion Paper*. Tourism Accommodation Australia (TAA) represents the needs and interests of the major hotels, motels and serviced apartments in Australia's accommodation industry, and is a division of the Australian Hotels Association. The purpose of this submission is to provide comment on the Migration Programme from the perspective of Australia's diverse accommodation industry.

Employment needs in the accommodation sector

The Australian tourism accommodation industry directly employs 70,000 people, and indirectly supports a further 118,000 jobs. Part of the 24/7, services economy, accommodation businesses are labour intensive, and the sector is presently affected by labour shortages. According to Deloitte Access Economics, there is a current shortage of around 38,000 workers in the tourism sector¹. The main reason provided for recruitment difficulties in the accommodation industry is a lack of access to workers with the required skills to perform relevant roles and positions. In the absence of any changes to existing policy settings, the tourism industry is forecast to require an additional 123,000 workers by 2020, comprising 60,000 skilled and 63,000 unskilled positions².

While the bulk of the industry's workforce is sourced from the domestic labour market, the industry uses temporary and permanent migrant workers to fill chronic skills gaps and labour shortages. As a consequence of present labour market conditions, the accommodation industry employs a larger proportion of international workers than the national average with 16% of workers being from overseas. The composition of the industry's workforce includes Australian workers (84%), working holiday makers (6%), international students (4%), temporary skilled migrants (2%) and permanent migrants (4%). Because of the limitations on permanent migration programs – which place an emphasis on higher skilled and professional occupations – temporary migrants make up a larger component of the workforce than permanent migrants.

As demonstrated by the above statistics, the employment of Australian workers is always the first priority for accommodation businesses, as this represents the most efficient and

¹ *Australian Tourism Labour Force Report: 2015-2020*, Deloitte Access Economics (2015)

² *Ibid.*

cost-effective way of sourcing labour. However, factors such as restricted labour market mobility, seasonality, industry growth, competition from other sectors, and a lack of appetite for careers in the hospitality industry, means that labour gaps exist across the sector. The clear preference for Australian workers results in the employment of overseas workers having a complementary impact in the accommodation industry.

TAA believes that the prevalence of labour challenges in the accommodation sector should be of concern to the Federal Government, which has set ambitious targets for the tourism accommodation industry. Reports prepared by Deloitte and Tourism Research Australia show that tourism is a major pillar of the Australian economy, which is poised to deliver continued growth over the next decade. Labour shortages have been identified as a potential constraint to the industry's ability to fulfil its economic potential.

There are presently 75 medium term projects in the hotel investment pipeline that will require a ready source of workers.³ While the tourism industry will continue to provide expanded employment opportunities to Australian workers as it grows, migration will also play a key role in meeting chronic shortages.

Connection between employers and migration

TAA notes that over the past decade the Australian Government has deliberately shifted the balance of the skilled immigration program towards employer-nominated immigration. The effect of this is that employers are increasingly playing an important role in migration pathways. TAA views this development as a positive outcome. Skilled migration that is driven by employer demand ensures that programs can be responsive to economic conditions⁴. Furthermore, migrants that are accepted through employer nominated pathways are able to begin making an immediate contribution to Australian society. There are statistics to show that on average, employer-nominated migrants have better labour market outcomes than independent skilled immigrants.⁵

Comment on current policy settings

- Age limits

TAA accepts that age limits are generally appropriate for permanent skilled migration, as it has been demonstrated that older immigrants can impose net costs on Australian taxpayers. However, TAA would support a degree of flexibility to allow for circumstances where an exception is reasonable, for example, in the case of an experienced medical practitioner with very highly specialised skills. Furthermore, a review of occupational retirement ages could assist to reveal the types of occupations where people are working longer, a potential justification for revisiting age limits on an occupational basis.

- Visa processing order

³ *Tourism and Hotel Market Outlook 2015*, Deloitte Access Economics (2015)

⁴ Hon Scott Morrison MP, Migration Institute of Australia's National Conference (2013)

⁵ *Migrant Intake into Australia – Draft Report*, Productivity Commission (2015)

In the 2015-16 migration programme year, the vast majority of applicants were accepted through the skills stream. TAA supports the current visa processing order for the skills stream, which affords a higher priority to processing 'Regional Sponsored Migration Scheme' and 'Employer Nomination Scheme' applicants.

- English language

A certain level of proficiency in English language is required to ensure that workers can meet and respond to workplace safety requirements, and comprehend relevant legal rights. However, TAA would prefer a more flexible approach that enables certain occupations to be carved out of across-the-board requirements if it can be demonstrated that concerns about safety and workplace rights can be met.

- Skill requirements

Under current policy settings, to be eligible for employer-nominated immigration, the applicant's occupation must be regarded by the Australian Government as 'skilled' and listed on the Consolidated Sponsored Occupation List. However, the majority of occupations on the CSOL are in the ANZSCO skill levels 1–3, meaning that accommodation industry labour shortages in lower skilled occupations cannot be filled through the employer-nominated, permanent immigration stream. Similarly, to be eligible for points-based, 'independent' migration, applicants generally have to perform an occupation which is listed on the Skilled Occupation List (SOL). The SOL is restricted to just 191 occupations (including 'chef'). As previously mentioned, the permanent migration program is currently geared towards higher skilled and professional occupations, although the accommodation sector requires workers with a broader mix of skill levels.

Tourism Accommodation Australia's *NSW Hotel Labour Benchmarking Study 2015* revealed that the top occupations affected by skills shortages include: chefs (executive and sous); bar mangers; and bar attendants. The study reported a particular difficulty in attracting suitably skilled chefs to regional areas. The top occupations for staff shortages include cooks; housekeepers; and food and beverage assistants⁶.

Currently the working holiday and student visa programs are used by the accommodation industry to fill labour shortages at more varied skilled levels (for example, for general workers in restaurant/ bar, kitchen and housekeeping departments).

Link between temporary and permanent migration

- 457 visas

The demand driven, predominately uncapped nature of temporary migration is critical to ensuring Australia's migration programs respond to shifts in the labour market at varying skill levels. Like the majority of other stakeholders, TAA regards the increasing propensity of temporary migrants – in particular 457 workers – to transition to permanent residency as a positive outcome, given that applicants have made a demonstrated commitment and

⁶ *NSW Hotel Labour Benchmarking Study 2015*, AEC Group (2015)

contribution to Australia prior to seeking permanency. In NSW approximately 12 per cent of the hotel industry's international workforce are 457 visa holders. Indeed, several occupations related to the NSW Accommodation sector appear in the top 15 nominated occupations list of 457 visa holders, being cook (5% of 457 visa holders), café or restaurant manager (4.6%) and chef (2.3%)⁷. Generally, for the purposes of the 457 visa, the CSOL occupations with the most applicability to the sector include: cook, chef, café/ restaurant manager, hotel manager, pastry cook, marketing specialist, program or project administrator, accommodation and hospitality manager, sales and marketing manager and accountant. One of the persistent criticisms of the program has been the high TSMIT (i.e. salary floor), which sometimes creates a gap between the standard award rate and the amount that must be paid to an overseas worker. In light of the widespread, acute shortages faced by the industry, the requirement for labour market testing is also regarded as cumbersome by the industry because it extends the timeframes for filling positions.

To address the potential for employees to feel “bonded” when seeking permanency, TAA supports a policy change that would allow 457 workers to spend at least one year with their nominating employer (out of a total of two years working in Australia) before transitioning to the Employer Nomination Scheme or Regional Sponsored Migration Scheme (i.e. Recommendation 15.1 of the *Robust New Foundations* report).

According to the Department of Immigration and Border Protection, more than 70 per cent of 457 visa holders eventually transition to permanent residency. TAA notes that a much smaller proportion of working holiday makers and student visa holders are transitioning to permanency (approximately 20 per cent and 30 per cent respectively)⁸. As previously noted, these two temporary visa categories are highly regarded and well utilised by the accommodation industry. TAA would support a Government initiated review process aimed at better supporting the pathway to permanency for these visa categories.

- Intra-company transfers

TAA has previously expressed support for a short-term visa category created specifically to facilitate intra-company transfers. An established pathway in other jurisdictions such as the UK and US, intra-company transfers are an entrenched corporate practice, promoting employee development and retention across international borders. From an employer's perspective, intra-company transfers allow shortages to be addressed efficiently, maximising productivity. Local employees also benefit from such programs as they become exposed to the skills and knowledge of their global peers. In order to derive the productivity and efficiency benefits associated with intra-company transfers, TAA believes this process needs to be exempt from labour market testing. This view is also supported by Deloitte Access Economics.⁹

Better support for regional Australia

⁷ *Ibid*

⁸ *DIBP Working Paper* (2015)

⁹ <http://www2.deloitte.com/au/en/pages/tax/articles/labour-market-testing-457-visa.html>

TAA is of the opinion that more specific support for regional Australia through our migration programs could help to ease chronic skills shortages in remote and rural areas. The retention of Australians in regional areas is a significant contributor to the regional skills shortage in accommodation businesses. It should be noted that labour shortages in regional Australia include a lack of low skilled and unskilled workers. Accordingly, TAA recommends that a holistic, whole-of-government approach is required to address the reasons why sufficient numbers of people do not stay in or migrate to regional areas.

Specifically, TAA supports the wider expansion of two key initiatives, outlined in the *White Paper on Developing Northern Australia*, which are designed to expand the working holiday maker visa programmes. Recent changes permit working holiday visa holders to work an additional six months with one employer if they work in tourism and hospitality, or another high demand area. As per the White Paper, the Government also plans to allow subclass 462 holiday makers to access a second 12 month visa if they work in tourism or agriculture for three months. TAA believes that these policy settings, which are geographically restricted to the north, should be expanded to other regional areas of demonstrated need.

Conclusion

Permanent and temporary migrants deliver significant benefits to the Australian tourism industry, and wider economy. It is hoped that the information in this submission will assist the Government to better understand the specific employment and skills needs of the burgeoning tourism sector. Subject to specific amendments that would make Australia's permanent and temporary migration programs more responsive to the particular needs of the accommodation industry, TAA is broadly supportive of Australia's overarching migration framework.

TAA supports a recommendation made by the Australian Chamber of Commerce and Industry to moderately increase the number of places allocated under the 2016/17 period programme up to 200,000, on the condition that this increase is targeted at meeting areas of identified skill shortages across the economy. Greater examination should also be given to measures that can boost Australia's competitiveness as a country of choice for skilled migrants, for example through deregulating and simplifying processes.

Should the Department require any further information regarding the views of TAA on the subject of Australia's permanent and temporary migration programs, I encourage you to make contact on 02 8218 1816 or email: carol@tourismaccommodation.com.au. We look forward to engaging with the Department on the recommendations within this response.

Yours sincerely,



Carol Giuseppi
CEO