

Thank you for the opportunity for Tourism Accommodation Australia, to be represented at this Senate inquiry.

We represent the needs and interests of major hotels, motels and serviced apartments in Australia's accommodation sector. The accommodation sector is a dominant player in the tourism industry and, the 2016-17 Tourism Satellite Accounts showed that the sector is the third largest direct tourism employer with 88,000 directly employed and 101,000 indirectly employed. This figure has continued to grow.

**The single biggest issue for the industry is labour and skills shortages.** The tourism industry has seen unprecedented growth with international visitor nights up 8% over 2 years and domestic nights up 11.5% over the same period. This growth has fostered growth in supply in capital cities in particular, with close to 20,000 rooms added to supply across Australia over the past 2 years.

And our research shows that every new hotel opening means significant demand for labour, with an average of 0.43 employees per room!

- **Industry growth, a strong supply pipeline, Low unemployment, decline in apprenticeships and VET enrolments, combined with a labour force that does not see hospitality as a career and tightened skilled migration settings have all placed increased pressure on access to labour and skills in our sector.**

While employing Australian workers has always been our first preference because it is the most efficient and lowest cost way of sourcing skilled and unskilled labour, our research shows that hotels are not finding the skills they need because:

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

Research shows that existing skills shortages are particularly acute amongst the skilled occupations of chefs, cooks, food and beverage managers; Accommodation/Hospitality Managers and housekeepers. According to the Department of Jobs and Small Business, these occupations are expected to have double-digit growth over the five years to May 2023.

**The current settings are not meeting our needs.**

We therefore support a two pronged approach:

1. creating a pipeline of skilled Australian workers and;
2. maintaining a temporary skilled visa system that assists in filling skills shortages for employers that operate with integrity, thus maintaining industry productivity.

There is no doubt that the new 482 visa has resulted in tighter eligibility criteria, higher costs with the Skilling Australians Fund, longer processing times and reduced responsiveness.

We support and recognise the integrity issues that led to the tightening of these settings and the desire to prioritise Australian workers. Unfortunately no industry is one size fits all and the current settings are often prescriptive rather than responsive, ***a function of the narrowing of the skills list and closure of pathways to permanent migration.***

Saying this, we have welcomed the settings that reward employers with integrity such as the new Sponsorship Accreditation process which rewards accredited employers (with less than 25% international employees) with faster processing times. And the Global Talent Scheme, but not at the current salary levels.

- **We are seeking support of employers who operate with integrity** and in particular support of intra-corporate transfers for management positions, which are core to the exchange of skills in a global industry.

**The other area of significant skilled and labour shortage is Housekeepers** which are largely outsourced and despite recognised shortages are not on the skills list. Given that they are central to the operation of hotels, there is scope to include on the short term skills list.

Currently the industry is overly reliant on **International Students** and **Working holiday makers**, to fill a lot of these positions. And current policy settings are not sustainable to match industry growth.

In conclusion, at a time when tourism's contribution to the economy is growing, the industry continues to face critical labour and skills shortages exacerbated by factors such as poor perceptions of the sector, VET policy settings and funding, increased competition from other sectors and tightened skilled migration settings. We seek to work with government to proactively address these issues.