

## **CLUBS AUSTRALIA SUBMISSION A MIGRATION SYSTEM FOR AUSTRALIA'S FUTURE**

Clubs Australia welcomes the opportunity to comment on the review into Australia's migration system.

Clubs Australia represents over 6,000 licensed clubs that directly employ more than 140,000 people. Clubs have a diverse workforce which includes hospitality workers such as bar attendants and chefs, as well as those working in areas ancillary to the hospitality operations, like greenkeepers, leisure attendants, fitness instructors and child care workers.

Overseas workers are an important contributor to the club industry's workforce by filling labour and skills shortages. Overseas workers fill skilled occupations, such as chefs and cooks, as well as other occupations like food and beverage attendants.

### **SUMMARY OF RECOMMENDATIONS**

Clubs Australia recommends the following:

- Remove labour market testing for employers who engage a temporary skill shortage visa holder
- Ensure that any increase in the temporary skilled migration income threshold considers market wages for hospitality workers, particularly in regional areas
- Give employers the option to spend money on training their staff to a suitable level, as an alternative to paying the Skilling Australians Fund (SAF) levy
- Refund the SAF levy where a skilled migrant does not fulfil their role
- Extend international students' unrestricted work rights past 30 June 2023

### **WORKFORCE SHORTAGES AND ASSOCIATED IMPACTS**

Workforce shortages are an ongoing challenge for the club industry and have been exacerbated by the pandemic.

In addition to the more fundamental drivers of labour shortages, COVID-19 damaged the image of clubs as a secure place to work, with hospitality businesses commonly being the first to get shut down and last to reopen.

A survey of 187 NSW clubs conducted in early 2022 found that 60 per cent of clubs had observed their staff leave hospitality for industries that had more trading stability during COVID-19.

There has been a **300.9 per cent increase** in job vacancies in the hospitality industry compared to before COVID-19<sup>1</sup> and a **184.4 per cent increase** in online job advertisements for hospitality workers (**11,800 positions**).<sup>2</sup>

Clubs are experiencing labour shortages in jobs that are commonly occupied by overseas workers, including skilled positions such as chefs and cooks. These shortages are most acute in regional areas.

## LABOUR MARKET TESTING

Clubs Australia believes that there are structural and administrative deficiencies in the Temporary Skill Shortage (subclass 482) (TSS visa) and Student (subclass 500) visas that unnecessarily limit the availability of overseas workers in clubs.

For example, clubs that employ overseas workers as chefs or cooks on a TSS visa face several challenges. The time to process applications for TSS visas frequently exceeds six months, and occasionally more than one year. This is an unsatisfactory outcome for a club that urgently needs a chef or cook and is unable to attract a worker from the domestic labour market.

The prolonged time to fill a job vacancy with a skilled overseas worker is compounded by the onerous and costly requirement to complete labour market testing (LMT). Practically, there is no policy rationale for requiring a business to demonstrate that it has exhausted attempts to find an Australian worker. Given the time and cost involved in engaging an overseas worker, clubs do not have any commercial interest in overlooking local workers to engage overseas workers.

It is therefore counterproductive for a business to incur the compliance costs and red tape involved in LMT to prove that an Australian worker could not be found.

**Remove labour market testing for employers who engage a temporary skill shortage visa holder.**

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<sup>1</sup> Australian Bureau of Statistics Job Vacancies, Australia, August 2022.

<sup>2</sup> National Skills Commission Vacancy Report, June 2022.

## **TEMPORARY SKILLED MIGRATION INCOME THRESHOLD**

Clubs Australia considers that the Temporary Skilled Migration Income Threshold (TSMIT) may constitute another unnecessary limitation if the threshold is lifted above the annual market salary rate (AMSR).

The most common skilled workers that clubs engage on TSS visas are chefs and cooks, whose wages vary across states and territories and, particularly, between and within metropolitan and regional areas.

Clubs Australia believes that raising the TSMIT above the market rate in any geographical area would disproportionately impact clubs in regional and rural areas, which are already struggling to attract workers.

Wages tend to be lower in certain regional and rural areas where the cost of living is less. Accordingly, any increase in the TSMIT must carefully consider the impact on the ability for regional and rural hospitality businesses to engage chefs and cooks on the TSS and boosting overall regional productivity.

**Ensure that any increase in the temporary skilled migration income threshold considers market wages for hospitality workers, particularly in regional areas the Government increase the TSMIT to the market rate.**

## **SKILLING AUSTRALIANS FUND LEVY**

The SAF also forms an expensive aspect of employer sponsorship visas. These costs usually add friction to the labour market, at a time when every effort must be made to support the market's agility.

Clubs Australia notes the rationale of the levy; to ensure that businesses that engage overseas workers contribute to training Australian workers. The club industry already makes significant contributions to Australia's skills and training system. Clubs who spend appropriate amounts on skilling and training Australians should therefore be exempt from needing to pay the SAF levy.

**Give employers the option to spend money on training their staff to a suitable level, as an alternative to paying the Skilling Australians Fund (SAF) levy**

Another anomaly of the SAF levy is that it is charged upfront to employers and can only be refunded in very limited circumstances. The prospect of paying a significant amount with no benefit disincentivises clubs from engaging overseas workers. Clubs Australia believes the refund options should be extended to instances where due to an unforeseen circumstance the skilled migrant is unable to fulfil their job.

**Clubs Australia recommends that employees be eligible to receive a refund of their SAF where a skilled migrant is unable to fulfil their role.**

Clubs and the broader hospitality industry also rely on working holiday makers (WHMs) and international student visa holders to fill positions such as food and beverage attendants.

Clubs Australia welcomes the announcement of international students being able to work more than 40 hours a fortnight to 30 June 2023. While Australian students are given flexibility and freedom to balance study and work, Clubs Australia does not understand the rationale of depriving international students of this same freedom. Clubs Australia is not aware of any evidence suggesting that international students are less capable of finding this balance. As not-for-profit, community institutions, clubs have proven a safe and secure place for international students to work.

**Extend international students' unrestricted work rights past 30 June 2023**

### **Contact information**

Clubs Australia appreciates the opportunity to provide a submission. For further information, please contact Simon Sawday, Executive Manager of Policy and Government, on 0451 661 475 or [ssawday@clubsaustralia.com.au](mailto:ssawday@clubsaustralia.com.au).