



Restaurant
& Catering

31 March 2021

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

Dear Committee

I write to provide a further submission to the Joint Standing Committee on Migration's Inquiry into Australia's skilled migration program. This submission should be seen as an addendum to our previous submission dated 1 March. Submissions should address 1(a) & 2 of the terms of reference.

Restaurant & Catering Australia (R&CA) is the national industry association representing the interests of over 48,000 restaurants, cafés and catering businesses across Australia. The café, restaurant and catering sector is vitally important to the national economy, generating over \$35 billion in retail turnover each year as well as employing 450,000 people. Critically, over 93 per cent of businesses in the café, restaurant and catering sector are small businesses, employing 19 people or less.

R&CA delivers tangible outcomes to small businesses within the hospitality industry by influencing the policy decisions and regulations that impact the sector's operating environment. R&CA is committed to ensuring the industry is recognised as one of excellence, professionalism, profitability and sustainability. This includes advocating the broader social and economic contribution of the sector to industry and government stakeholders, as well as highlighting the value of the restaurant experience to the public.

R&CA wishes to place on the record our strong endorsement and support for the recommendations contained within the committee's interim report. However, this submission will state further key issues we believe the committee should consider for its final report.

Labour Agreements

R&CA would strongly urge the Committee to include the use and effectiveness of labour agreements as a part of the Terms of Reference for this Review. The Restaurant (Fine Dining) Labour Agreement (RILA) is currently one of seven industry-specific labour agreements in place, alongside dairy, fishing, meat, minister of religion, on-hire and pork. R&CA believes that the effectiveness of the RILA has been severely undermined by the heavy administrative and financial burden imposed on employers seeking to access the agreement.

R&CA believes that the use and effectiveness of the RILA would be significantly enhanced, should the requirements of the agreements be simplified. The current burden placed on restaurants means that only a handful of businesses with sufficient time resources and sophistication in their administrative systems are able to participate in this labour agreement. R&CA believes that this labour agreement cannot effectively meet the needs of businesses in its current form and should be amended to reduce barriers to participation.

Recommendation 1: Reduce the administrative burden on behalf of employers when accessing skilled labour under the terms of a labour agreement such as the Restaurant (Fine Dining) Industry Labour Agreement (RILA).

Skilling Australian's Fund Levy

R&CA has expressed significant concerns regarding the training levy imposed on sponsoring employers as part of the Commonwealth Government's Skilling Australians Fund (SAF). R&CA believes that the continued existence of the training levy in its current form will exacerbate the impact of acute skills shortages and act as a handbrake on the economic growth and development of the tourism and hospitality sectors.

R&CA argues that it is unreasonable to expect businesses of any size to absorb the heavy financial burden of this training levy, let alone small businesses operating on very low margins and will lead to the closure of businesses. In the café, restaurant and catering sector, over 93 per cent of businesses are small businesses employing 19 people or less. Whilst the structure of the training levy distinguishes between small and large businesses, the upfront and ongoing costs of employing foreign workers will make it almost impossible for small businesses to access the skilled labour they need and will exacerbate existing skills shortages across the tourism and hospitality industry.

The SAF levy, as it stands, has created a strong disincentive for businesses to invest in their own training programs as they are, in essence, having to pay for it already through the mandatory SAF levy. The SAF levy is a cause of significant frustration to business-owners given that they are having to pay the levy to source the skilled labour they require to run their businesses yet are not seeing any concomitant increase in the availability of locally skilled candidates. The skills shortages are in fact worsening, despite the presence of the SAF levy, meaning that employers are having to pay twice to then train the staff themselves.

Recommendation 2: The existing quantum of fees charged as part of the Skilling Australians Fund (SAF) should be subject to an immediate 100 per cent reduction for a period, with a permanent 50% reduction in place after that. Non-upfront payment options should be made available to employers as part of the Skilling Australians Fund levy requirement when sponsoring foreign workers.

Labour Market Testing

R&CA firmly believes that, whilst some form of labour market testing will be required once international border's re-open, its utility during the pandemic recovery period instead acts as a significant hand brake on economic growth and businesses recovery. This is especially acute in industries where there is a demonstrated, and agreed upon, skills shortage.

Recommendation 3: Waive the labour market testing requirements where there is clear and demonstrated shortages across occupations and/or industries.

Wholistic Review of Visa Settings

While skilled migration forms an important part of our national economic recovery – other forms of migrant labour will also be an important part of our national recovery. R&CA believes there is an important opportunity, following the completion of this inquiry, to commence an inquiry around the better utility of Working Holiday Maker & Student visas and whether their engagement with our labour market is currently fit for purpose.

Recommendation 4: That, following the resolution of this inquiry, the Joint Standing Committee on Migration inquire into the policy setting controlling working holiday maker and student visa holders ability to work in Australia.

If you have any questions relating to this proposal, please do not hesitate to contact R&CA's Head of Policy, Government & Public Affairs, Tom Green at Tom@rca.asn.au.

Regards

A handwritten signature in black ink, appearing to be 'Wes Lambert', written in a cursive style.

Wes Lambert CPA FGIA MAICD

Chief Executive Officer

Restaurant and Catering Australia