



Restaurant
& Catering

1 March 2021

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

Dear Committee

I write regarding the Joint Standing Committee on Migration's Inquiry into Australia's skilled migration program. I note that initial 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 nearly \$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.

In our 2020 Benchmarking Survey, R&CA surveyed hundreds of member businesses across the country regarding issues relating to access to skilled migration. Access to both skilled and unskilled labour remains one of the most pressing issues facing restaurant, café and catering business owners across Australia., Which has been greatly exacerbated by the lack of access to international labour due to the Covid Pandemic.

Respondents were asked whether they were currently having trouble hiring staff, with 31.9 per cent indicating they did have vacancies they were struggling to fill. Also, businesses who did indicate that they had vacancies that were required to be filled in the past 12 months were asked how easy or difficult certain key positions were to fill. Chefs were again the most difficult positions to fill, with 33.8 per cent of businesses indicating it was 'very difficult' to fill these positions. 46.1 per cent indicated it was more difficult than last year to fill vacant positions.

R&CA appreciates the opportunity to provide a submission to the Committee's inquiry into the effectiveness of the current temporary skilled visa system in targeting genuine skills shortages. R&CA welcomes the Committee's explicit focus on skilled visa arrangements as part of this inquiry, and the subsequent effectiveness in addressing genuine skills shortages across the Australia workforce. As the only national industry association representing the interests of cafés, restaurants and catering businesses across Australia, R&CA is pleased to provide the committee with perspective on the effectiveness of the current visa framework on behalf of the hospitality sector.

R&CA has long argued to government and industry stakeholders that chronic skills shortages across key hospitality sector occupations, including, but not limited to, chefs and restaurant managers are one of the most pressing issues that the industry currently faces and has faced for over 20 years. Skill shortages across the sector have been exacerbated by structural problems at a vocational education and training (VET) level resulting in an inadequate pipeline of locally skilled workers to fill vacancies and thus necessitating a reliance on skilled migrants from overseas. According to current estimates from the Department of Employment, Skills, Small and Family Business, the café, restaurant, and catering sector is expected to generate an additional 77,400 positions by May 2023, representing percentage growth of 12.4 per cent.

The importance of skilled migration in meeting requirements for Australia's current and future workforce has been magnified by structural deficiencies in the VET system. The persistent failure of the VET system to produce a strong pipeline of locally skilled candidates has magnified the importance of skilled overseas migration in meeting the demand for key hospitality occupations across the sector. It is clear that the local workforce will be unable to sustain jobs growth amongst key hospitality sector occupations. Therefore, the importance of Australia's skilled visa system in targeting genuine skills shortages is vital for the future productivity of the national economy.

Recent changes in the Federal Government's skilled visa system, including the introduction of the 482 - Temporary Skills Shortage visa (subclass 482) ("TSS visa") in March 2018, has severely undermined the ability of the hospitality sector to meet genuine skills shortages thereby creating a significant source of angst, confusion and frustration amongst business-owners and their staff. It is clear to R&CA that the TSS visa, alongside other elements of the current skilled migration system, does not represent an effective means of targeting genuine skills shortages, and needs to be significantly altered. The nature of the skills shortage problem which the TSS visa seeks to address is long-term and deeply systemic which will not be addressed by a system predicated on a 'temporary' solution.

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.

Given the significant problems that exist within the current framework, R&CA therefore recommends that urgent policy adjustments to the current system should be pursued to ameliorate this situation, which can be found at **Attachment A**.

In the absence of such policy changes, the full spectrum of economic and employment benefits associated with the prolific growth of Australia's hospitality sector may not be realised.

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

Attachment A – Policy Recommendations

PATHWAYS TO PERMANENT RESIDENCY

- Pathways to permanent residency associated with key hospitality sector occupations, previously available under the 457-visa program should be restored as a matter of urgency.
- The key hospitality sector occupations of cook and café or restaurant manager should each be included on the Medium and Long-term Strategic Skills List (MLTSSL) in addition to chef thus enabling permanent residency options.

SPECIAL COHORT TO 'RESTART HOSPITALITY'

- Should the above changes not be made, the Government should urgently establish a special cohort of 10,000 skilled workers accessible to hospitality businesses which would be designed to aid in the recovery of the sector post pandemic. This cohort would be applicable to occupations of Chef, cook and café or restaurant manager.

INTERNATIONAL STUDENTS

- International students graduating from a local VET provider should be granted a pathway to obtaining a TSS visa and subsequent permanent residency options through a two-year post-study visa rather than the current 18-month post study visa allowed for VET graduates.

SKILLING AUSTRALIANS FUND LEVY

- The existing quantum of fees charged as part of the Skilling Australians Fund (SAF) should be subject to an immediate 50 per cent reduction.
- Non-upfront payment options should be made available to employers as part of the Skilling Australians Fund levy requirement when sponsoring foreign workers.

VISA PROCESSING TIMES AND LABOUR MARKET TESTING

- Adequately resource the Department of Home Affairs to improve the current length of visa processing times which have reached unacceptable levels during the Pandemic Period.
- Waive the labour market testing requirements where there is clear and demonstrated shortages across occupations and/or industries.

LABOUR AGREEMENTS

- 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).