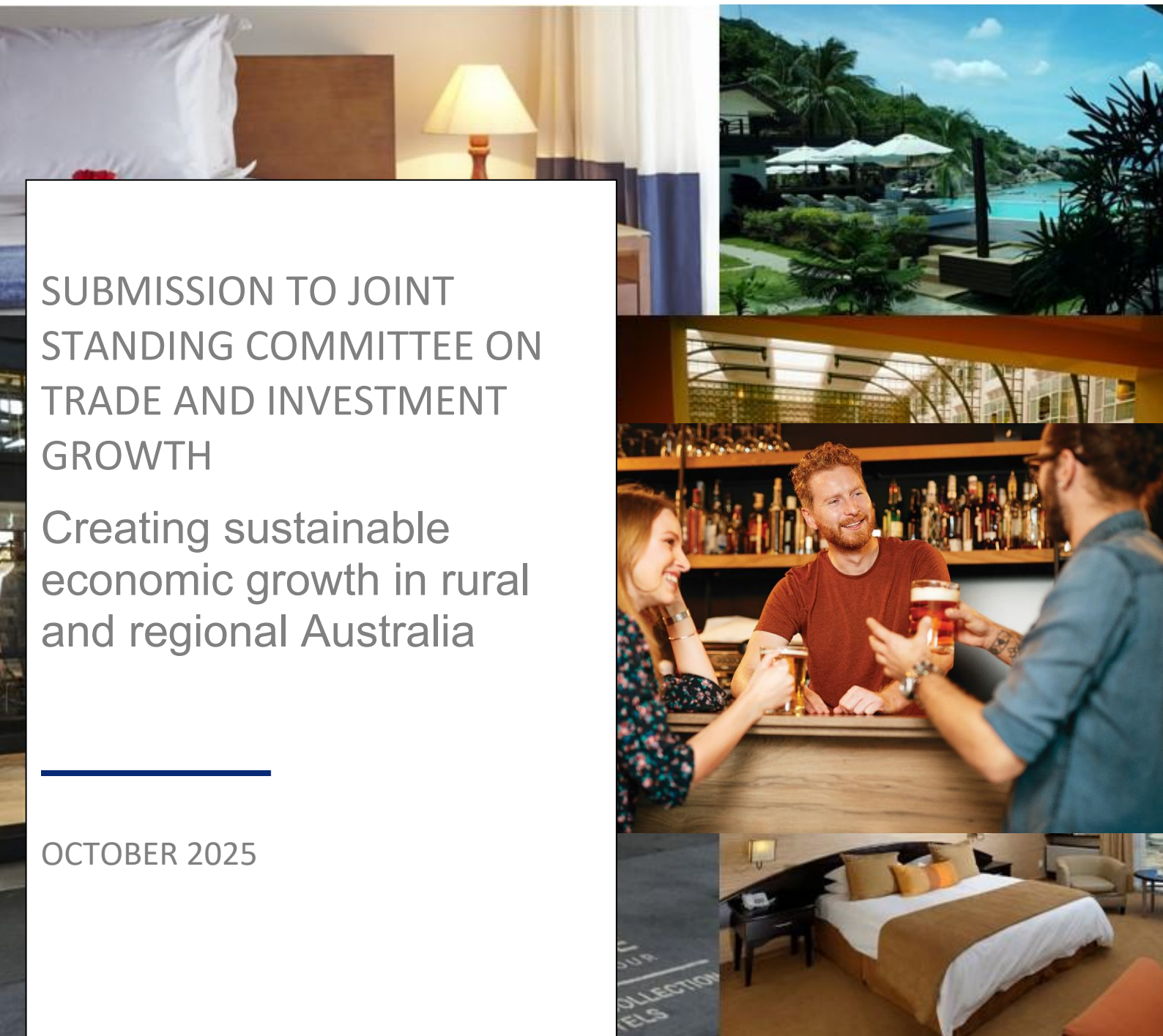




SUBMISSION TO JOINT STANDING COMMITTEE ON TRADE AND INVESTMENT GROWTH

Creating sustainable economic growth in rural and regional Australia

OCTOBER 2025

Joint Submission of the Australian Hotels Association and
Accommodation Australia

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Summary of Recommendations

1. *All OSCA occupations rated at Skill Level 3 or above should be eligible for sponsorship by regional employers for both temporary and permanent skilled migration.*
2. *Continue the increased investment in cutting visa processing times and look at ways to minimise cost and red tape including a reduction in visa fees.*
3. *Working Holiday Makers seeking a second and third year visa should continue to be required to undertake specified work in the regions but that the regions eligible should be expanded and no longer be based on the artificial application of postcodes.*
4. *For those occupations that are not assessed as in shortage on a national basis, JSA should identify those that would satisfy the Migration Model criteria on a state or regional level and recommend that those skilled occupations in shortage in those regions be met through migration sponsorship.*
5. *Increase the employer incentive to employ an apprentice chef to overcome the significant first year costs and better incentivise apprentices to complete their apprenticeship.*
6. *Support a geographic diversity of quality training providers, both public and private, to improve access to training for apprentices in the regions.*
7. *Recognise that skills development in all industries adds value and productivity to the economy, particularly in growing labour-intensive industries such as hospitality.*
8. *Tourism Australia's budget for 2026/27 should be at least \$200 million plus an expanded Business Events Bid budget of \$20 million to maximise the opportunity for event attraction and to enable access to smaller events proposed for the regions.*
9. *Tourism Australia to work closely with state tourism bodies to achieve greater regional dispersal of both domestic and international tourists.*
10. *Improve funding support for construction and refurbishment of regional tourism infrastructure and increase funding support for Indigenous tourism businesses*
11. *There needs to be strong commitment to increase and diversify international aviation capacity and improve transparency in bilateral air services agreement including coordination across government to ensure there is input from tourism stakeholders.*
12. *The government examine further avenues to incentivise new entrants in the domestic aviation sector to improve competition, accessibility and quality of service to travellers.*
13. *That a national framework for the regulation of short-term rental accommodation (including AirBNB and Stayz) be developed which should include at a minimum:*
 - *The registration of all STRA*
 - *A State/Territory wide cap of 90 days per annum with scope for local governments to impose lower caps*
 - *DA approval required for those properties who seek to rent out above the cap.*
14. *That regulation of STRA be backed by effective enforcement.*
15. *Consideration be given to changing the taxation treatment of STRA including to negative gearing of investment properties consistently used for STRA.*
16. *Provide co-funded support and tax incentives for the provision of housing for hospitality workers in the regions.*



Introduction

The Australia Hotels Association (AHA) and Accommodation Australia (AA) welcome the opportunity to contribute into this inquiry into the creation of sustainable regional growth through trade and tourism, and in particular the role of agritourism. The AHA represents more than 5,000 members across Australia, including hotels, pubs, taverns and bars, serviced by a network of branches based in every state and territory, plus a Canberra-based National Office. Accommodation Australia, as a division of the AHA, represents more than 1000 of those properties ranging from independent regional motels and caravan parks to the largest local and international hotel and resort groups.

This submission:

- Highlights the significant economic contribution made by the hotel sector to the economy, its high employment value and the potential growth prospects.
- Supports the increasing interest in agritourism opportunities, and the targeted promotion at federal and state tourism levels to promote food and drink experiences, including those classified as agritourism
- Identifies barriers to growth of agri-tourism including:
 - A shortage of chefs not being adequately addressed
 - Ensuring the migration system serves regional needs
 - Falls in real terms in funding of Tourism Australia such that Australia is not being able to take maximum advantage of the tourism export opportunities.
 - Improving housing availability for hospitalism, tourism and agricultural workers

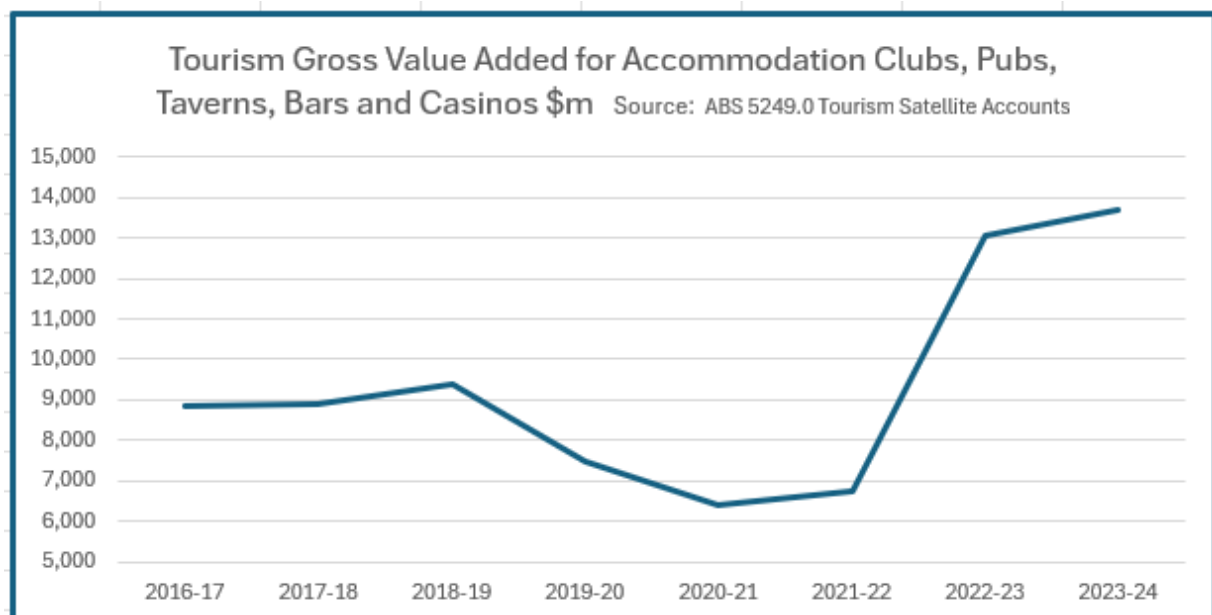
Hotel and Accommodation Sectors

Economic Contribution

The hotel, pub and accommodation sectors represented by AHA and AA fall within the ABS-defined Accommodation and Foodservice industry (AFS - often termed “hospitality”). According to the ABS, the industry value-add (IVA) for the Accommodation and Food Service Industry in 2023-24 was \$63.4 billion (compared with \$60.4 billion in 2022-23) on revenue of \$156.2 billion¹. Wages and salaries paid by AFS employers to 1.22 million workers in 2023-24 totaled over \$39 billion.

According to the ABS Tourism Satellite accounts, the Gross Value Add to tourism from sectors that the AA and AHA represent for 2023-24 was close to \$14 billion. As can be seen in Figure 1, the impact of COVID was profound, with the contribution dropping to a low point of \$6.4 billion in 2020-21, before recovering so that in 2023-24, the value add to tourism was 46% more than pre-COVID. Most of this GVA to tourism was contributed by the accommodation sector, at \$10.1 billion (compared to \$13.0 billion in 2022-23 and \$9,406 billion pre-COVID) reflecting that most of the economic activity in accommodation is connected to tourism, whereas pubs and clubs service a high proportion of local customers.

Figure 1. Direct contribution to tourism by Accommodation, Clubs, Pubs, Taverns, Bars and Casinos



The latest business turnover figures for July 2025 issued by the ABS show that business turnover in July for the AFS was higher than the previous month, rising by 2.5% compared with June. Compared with July 2024, the increase was a significant rise of 10.5%.

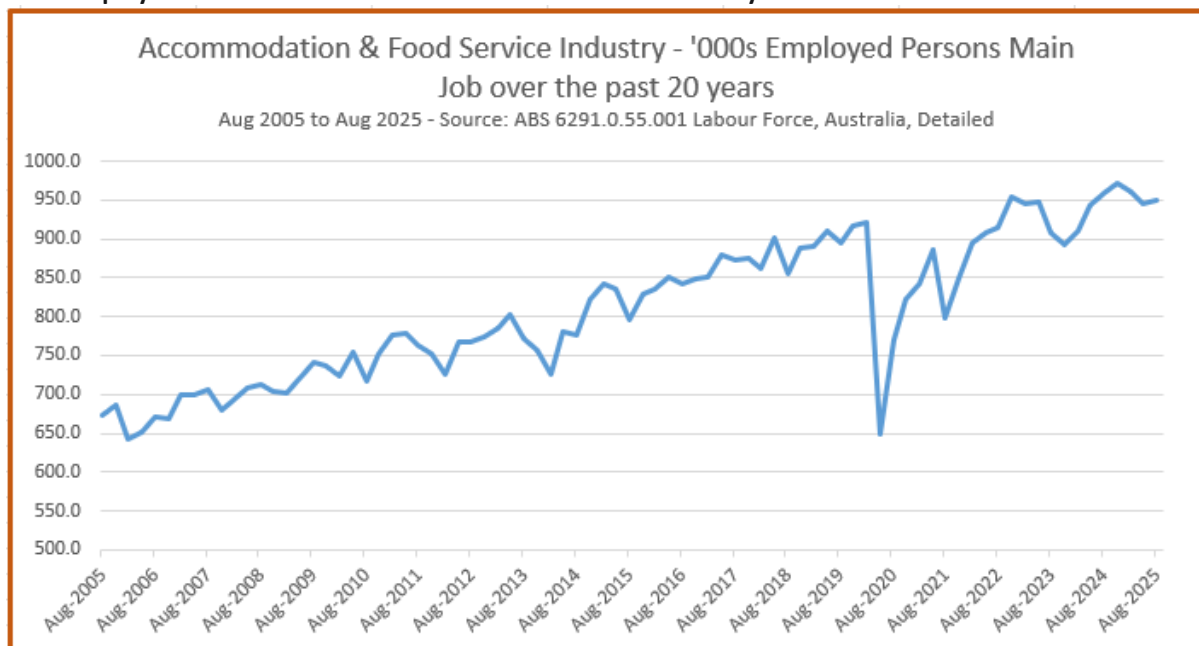
¹ ABS, 81550DO001_202324 Australian Industry, 2023-24 released on 30 May 2025.

Employment

Accommodation and Food Service Industry

As at August 2025, there were 950,400² people who identified that their main job was in the accommodation and food service (AFS) industry, of which hotels, motels, pubs and taverns are a significant part. As Figure 2 shows, jobs growth over the last twenty years has been considerable, except for the dramatic fall during the COVID-19 pandemic.

Figure 2. Employment in the Accommodation and Food Service Industry



It is important to note that this employment data underestimates the total number of people employed in the accommodation and food service industry as it categorises the labour force according to their main job. As there are many people who supplement their household income through a second job working in hospitality, the total number of employees who derive valuable income from our sector is much higher. As noted previously, the ABS annual industry report for 2023-24 records total employment in the AFS industry as 1.218 million up from 1.201 million the previous year.³

Within the AFS, there are over 200,000 cooks, chefs and bakers, almost 100,000 hotel, accommodation and restaurant managers, 130,000 waiters and over 120,000 bar attendants.

Accommodation and Pubs Sector

As a subset of the broader AFS industry, as at August 2025, there were 107,000⁴ people who identified that their main job was in the accommodation sector, and 118,800 employed in pubs and taverns.⁵ In

² ABS, 6291.0.55.001 Labour Force, Detailed, August 2025

³ ABS, 8155DO001 (2025), Australian Industry 2023-24 released 30 May 2025

⁴ ABS, 6291.0.55.001 Labour Force, Detailed, August 2025

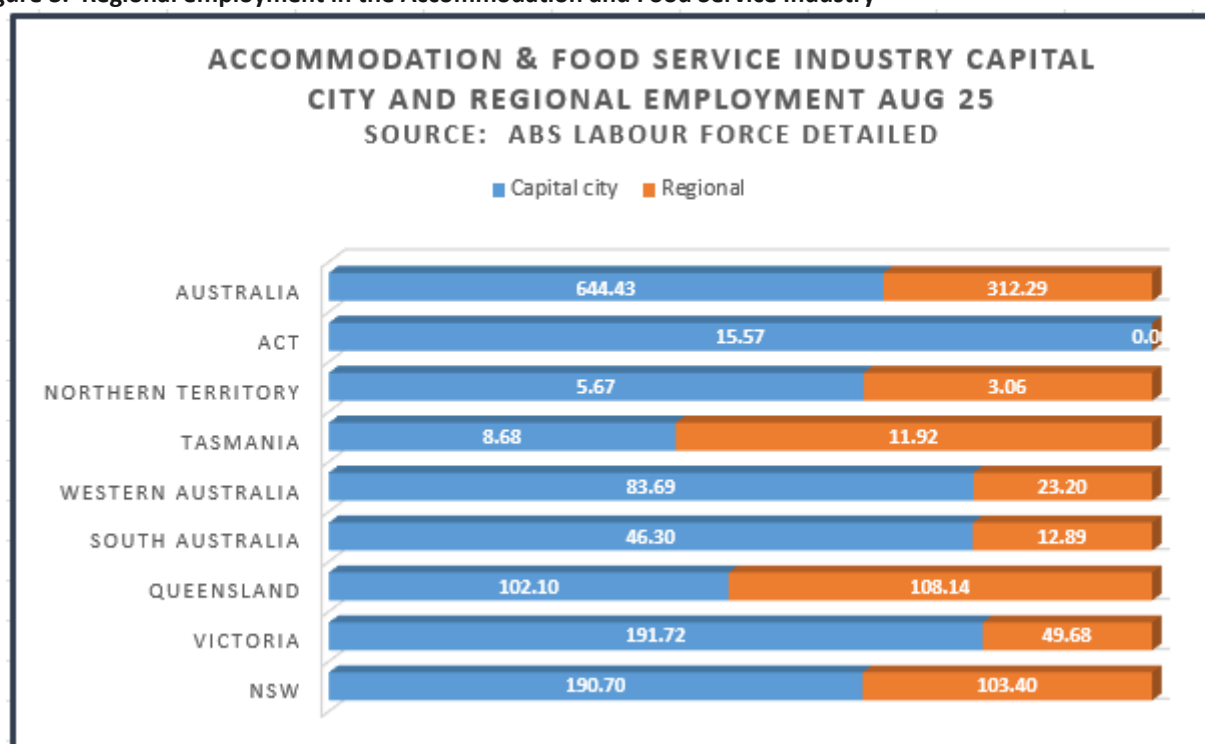
⁵ As an illustration of how the ABS employment data for our sectors fluctuate, in the ABS figures for February 2025, employment in the accommodation sector was 117,200, and pubs, taverns and bars was 100,500. In May 2025, Accommodation was 97,800 and pubs 105,200.

accommodation, the employment is below the heights of 2016, which in part is as a result of the ongoing difficulties in recruiting housekeeping staff and the consequent increasing trend for some accommodation properties to outsource housekeeping and cleaning services. Statistically (although not in practice) this trend shifts some sector-dependent jobs into other ABS defined industry categories.

Regional employment

In the accommodation and food service industry, almost one third⁶ of all jobs are outside of the capital cities with this figure rising to over 40% if surrounding regions such as the Central Coast are included in regional. As Figure 4 illustrates, Tasmania and Queensland stand out in terms of regional employment, with over half of the AFS workforce outside of the greater capital city region. Overall, Figure 3 demonstrates the geographic spread of the industry across Australia, and the need for workers across all regions.

Figure 3. Regional employment in the Accommodation and Food Service Industry



Employment projections and their shortcomings

According to Jobs & Skills Australia/Victoria Uni projections (Table 1), the Accommodation and Food Services (AFS) industry is predicted to grow by 54,900 jobs or 5.9% over the five years to May 2029, and 110,800 additional jobs in the ten years to May 2034. However, it is noted that these projections are lower than the previous year and use as a baseline a particularly low ABS employment figure in May 2024. The ABS Labour Force (employed in main job) for May 2024 for the AFS was 944,600, in August 2024 it was 959,900 and by November 2024, 971,700. For the accommodation sector, the picture is even more wildly fluctuating, even though the sector has the highest level of full-time

⁶ ABS, 6291.0.55.001 RQ1, Labour Force, Detailed, May 2024, labour Market regional data



employment of all hospitality sectors. In May 2024, the ABS labour force figure for people in main job in accommodation was 91,800, by August it was 112,900 and as at February 2025 it was 117,200 which is higher than the five-and-ten year JSA projections for 2029 and 2034.

Table 1. JSA Employment Projections for AFS, Pubs and Accommodation

Industry Employment	Employment - May 2024 ('000)	Projected employment May 2029	Projected employment May 2034	Projected 5 yr growth		Projected 10 yr growth	
				('000)	(%)	('000)	(%)
Accommodation and Food Services	929.9	984.8	1,040.6	54.9	5.9%	110.8	11.9%
Accommodation	96.6	97.9	103.9	1.2	1.3%	7.3	7.5%
Pubs, Taverns and Bars	101.9	108.8	115.0	6.9	6.8%	13.2	12.9%

It is understood that the JSA/Vic Uni projections are based on trend growth and do not take into account external growth forecasts or current economic growth trajectory. In our industry, growth in tourism numbers (both domestic and international) has a significant impact on employment growth. Tourism Research Australia has forecast that domestic visitor nights will grow by 16% in the five years to 2029, and expenditure by 19%. The estimated growth in international tourism is even stronger, with predicted growth of 16% in international visitor nights, and 21% in visitor expenditure in the five years to 2029.

In accommodation, one of the most accurate measures of the state of the sector are average occupancy rates published by STR. In the calendar year to July 2025, Australia's average occupancy rate was 71.5% compared to 69.6% for the previous year, which was in turn higher than the 67.1% experienced in the year to July 2023. This occupancy growth has occurred in the face of an Increase in room supply, with 82 new hotels opening since July 2023, containing 8,585 rooms.⁷

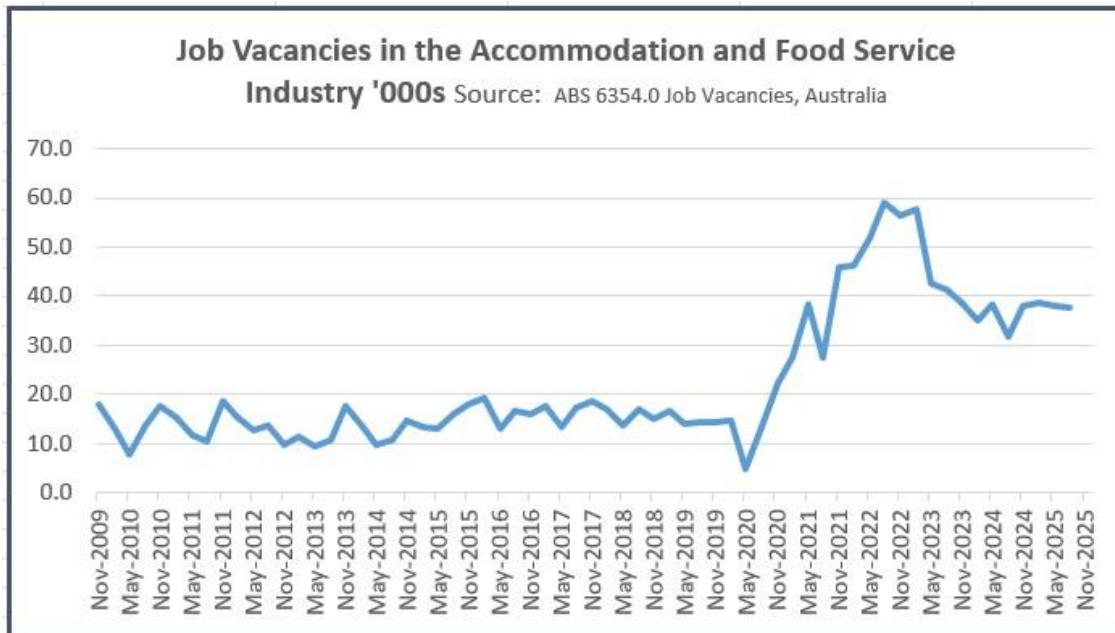
Job Vacancies

In job vacancy data released by the ABS, the Accommodation and Food Service Industry had 37,700 vacancies in August 2025, which was significantly higher than the 31,700 in August last year but around the same as the November 2024 to May 2025 period. This number of vacancies is second only to the Health Care industry and almost twice as many as industries such as manufacturing. The change in vacancies since pre-COVID (August 2019) was 160%, which is the highest change of all industries, and compares to the all-industry average increase of 44%. Demonstrating the difficulty still being experienced by members and also the growth in the industry, as Figure 4 shows, the average quarterly vacancy figure for the AFS industry pre-COVID was much lower than it is today. Since February 2021, job vacancies have been consistently higher each quarter than the larger retail industry.

In an AHA WA survey conducted in August 2025, over 73% of respondents indicated they were experiencing staff shortages. Almost a third of members rated the importance of skilled permanent and temporary migrants and working holiday makers at the highest level of very important, and two thirds rated it as important to some extent.

⁷ STR Supply database and occupancy figures. STR is a specialist international accommodation data company

Figure 4. ABS Job Vacancies in the AFS Industry – August 2025



Domestic Skills supply

Detailed consultation undertaken by AA/AHA with members in the last twelve months indicates that the difficulties in attracting skilled staff are particularly impacting regional employers, with key occupations such as chef, cook and hotel and restaurant managers hard to find.

The most important apprenticeship in hospitality is for cooks and chefs, where training is dominated by Certificate III Commercial Cookery. Much smaller numbers undertake a Certificate IV in cookery or kitchen management. In all other apprenticeship contracts, the training is via a traineeship. However, the numbers undertaking hospitality traineeships have plummeted since employer incentives were removed in July last year. As a result, traineeships are no longer a significant channel for skills development for our industry.

As table 2 shows in the year to March, the number of apprentices commencing as cooks and chefs fell by 11.2% to 2,510 compared to the 2,825 that commenced the previous year. As the table below shows, the numbers commencing a Certificate III apprenticeship fell even more dramatically by 18%, and it is only a rise in Certificate IV apprenticeships in commercial cookery or kitchen management that made up some of the shortfall. These numbers compare unfavourably to the pre-COVID levels when the number of cooking apprentices in training in September 2019 were 7,685 with 3,725 commencing their training in the year to September 2019.

The data also reveals that hospitality traineeships continued to dramatically fall following the removal of employer incentives on 1 July 2024. Commencements in the most popular industry traineeship, the Certificate III in hospitality fell by 26% to 4,195 in the year to March 2025 compared to the previous year, and as the table shows, there were only 6,520 in training as at March 2025.

Table 2. Commercial Cookery Apprenticeships and Hospitality Traineeships

NCVER Chef Apprentices in training Mar 2020 to Mar 2025						
	2021	2022	2023	2024	2025	2025 v 2024
Chefs Cert IV	420	630	540	515	720	39.8
Cooks Cert III	7360	7550	7125	6025	5410	-10.2
Total	7780	8180	7665	6540	6130	-6.3
NCVER Chef Apprentices commencements year to 31 Mar						
	2021	2022	2023	2024	2025	2025 v 2024
Chefs Cert IV	255	410	255	265	410	54.7
Cooks Cert III	3485	3865	3180	2560	2100	-18.0
Total	3740	4275	3435	2825	2510	-11.2
NCVER Hospitality Traineeships in training Mar 2020 to Mar 2025						
	2021	2022	2023	2024	2025	2025 v 2024
Cert I to Diploma	11245	15765	12530	8725	6520	-25.3

Without intervention, the number of apprentice chefs currently in training is sure to fall even further as those that commenced in COVID when wage subsidies were in place either drop out or complete their training, and the number of new commencements, which fell 6.7% in the year to 31 December 2024 is not sufficient to replenish this reduction.

Although the industry reports difficulties in attracting people to become cooking apprentices, the above figures show that if the employer incentives are sufficient, the numbers rise.

Regional tourism

In the year to June 2025, international tourists spent \$37.5 billion in Australia, of which \$5.5 billion was spent in the regions, representing 14.7%. As Table 3 shows, this percentage share has been consistent since 2018 (excluding pandemic years), but is a decline from 17% in 2015. Northern Territory is the standout for regional spend by international tourists at 59.3%, reflecting the attraction of Uluru, Alice Springs and Kakadu to name just a few of the highly visited locations. Queensland was a strong second with 34% of spend in the regions (37.1% in 2015). Tasmania is just behind with 28% in the regions, although this is well below 37.4% in 2015. The strength of spend in Sydney and Melbourne by international tourists is reflected in those States' percentage share of regional spend being below 10%.

Table 3. Regional share of international tourism expenditure in Australia ⁸

International	Year ending June 2015	Year ending June 2016	Year ending June 2017	Year ending June 2018	Year ending June 2019	Year ending June 2024	Year ending June 2025
Australia	17.0	16.3	16.1	14.8	15.1	14.8	14.7
New South Wales	10.3	9.7	10.6	9.1	9.4	9.8	8.7
Victoria	7.2	6.6	7.3	7.0	7.0	6.8	8.5
Queensland	37.1	37.1	35.5	32.7	32.3	30.7	34.0
South Australia	13.3	12.9	12.6	10.3	13.0	15.7	14.4
Western Australia	15.5	17.1	14.8	15.9	17.8	15.7	12.1
Tasmania	37.4	37.8	40.8	32.4	34.5	41.3	28.0
Northern Territory	60.7	63.5	65.9	70.1	72.1	52.4	59.3
ACT (all capital city)							

⁸ Tourism Research Australia (2025), International Visitor Survey June 2025

Of relevance to this inquiry, the only two states/territories that have seen a rise since 2015 in regional international tourist spend have been Victoria and South Australia, both of which have strong reputations for regional food and wine tourism.

The contribution of the accommodation and pub sectors to international tourism is not just significant but vital. As Table 4 shows, almost one third of international visitor nights are spent in a hotel, motel or resort, a significant increase in pre-pandemic level or 22%.

Table 4. International tourism visitor nights by accommodation type in Australia ⁹

International Visitor Survey, Visitor Nights, year to June, '000's, Source:Tourism Research Australia												
	Holiday travellers						All travellers					
Accommodation type	2019	%	2024		2025	%	2019	%	2024	%	2025	%
Hotel/resort/motel or motor Inn	18708	22.2	20349	27.9	26258	31.9	28841	10.6	41799	15.0	45080	15.0
Guest house or Bed & Breakfast	746	0.9	170	0.2	334	0.4	1076	0.4	287	0.1	1195	0.4
Rented house/apartment/flat or unit	29550	35.1	25757	35.3	28117	34.1	107758	39.5	104025	37.4	108114	35.9
Caravan or camping	4243	5.0	2840	3.9	3290	4.0	4616	1.7	3634	1.3	4341	1.4
Backpacker or hostel	10469	12.4	8855	12.1	7782	9.4	11782	4.3	11797	4.2	9441	3.1
Friends or relatives property	8953	10.6	8087	11.1	6714	8.2	83519	30.6	89255	32.1	100129	33.3
Other Private Accommodation	9758	11.6	3392	4.7	4370	5.3	20770	7.6	9246	3.3	10326	3.4
Other Accommodation	1844	2.2	3430	4.7	5491	6.7	14120	5.2	17415	6.3	21663	7.2
	84278		72884		82365		273023		278169		301100	

Regional dispersal of international visitor nights

A detailed analysis of regional dispersal of international holiday visitor nights undertaken last year by AA compared activity over the ten years to 2024 showing that the share of visitor nights spent in the regions has declined in the last ten years from 31.3% in 2014 to 29% in 2024. However, as Table 5 shows, the hotel share of international holiday visitor nights has increased in the last ten years from 18.6% to 21.3%. This increase has not matched the more significant rise in the use by international holidaymakers of regional rented houses/units (Air BNB etc), where the share has risen from 22.6% ten years ago to 33.3% in 2024.

Table 5. International holiday visitor nights in the regions by accommodation type - Year to September¹⁰

	Regional (outside Capital Cities and Gold Coast)					
	2014	%	2019	%	2024	%
Hotel/resort/motel or motor Inn	4,030,042	18.6	4,993,671	18.6	4,664,190	21.3
Guest house or Bed & Breakfast	325,527	1.5	274,127	1.0	174,363	0.8
Rented house/apartment/flat or unit	4,910,540	22.6	8,082,713	30.1	7,279,684	33.3
Caravan park or commercial camping	2,295,417	10.6	2,491,435	9.3	1,452,170	6.6
Backpacker or hostel	4,311,741	19.9	4,018,364	15.0	3,080,772	14.1
Other commercial accommodation	172,691	0.8	392,497	1.5	1,051,590	4.8
Total Commercial	16,045,959	73.9	20,252,808	75.5	17,702,769	80.9
Own Property	137,453	0.6	np		np	
Friends or relatives property	1,928,139	8.9	1,581,558	5.9	1,397,321	6.4
Caravan or camping - non commercial	1,177,713	5.4	1,137,797	4.2	717,562	3.3
Other Private Accommodation	2,216,329	10.2	3,580,593	13.3	1,852,846	8.5
Total Private	5,459,634	25.1	6,460,264	24.1	4,050,967	18.5
Total Regional Visitor Nights	21,716,281		26,839,630		21,878,014	
% regional of total int visitor nights	31.3	%	31.4	%	29.0	%
Total International Holiday visitor nights	69,359,580		85,384,484		75,563,432	
Holiday nights as % of international nights	31.5	%	31.0	%	26.3	%

⁹ Tourism Research Australia (2025), *International Visitor Survey June 2025*

¹⁰ Tourism Research Australia (2024), *International Visitor Survey September 2024*

Accommodation in the regions

One of the key sources of accommodation data is global company Co Star STR. Across Australia in 2025 we have seen a steady improvement in both occupancy rates and average daily room rate (ADR) for accommodation hotels as demand starts to outpace supply. The graphs below illustrates this picture of demand increasing at a faster pace than supply, particularly in regional accommodation when year to August 2025 is compared with the corresponding period pre-pandemic.

Figure 5. Australia capital cities and the regions, showing growth in supply, demand, occupancy rates and ADR YoY Change, year to August 2025¹¹

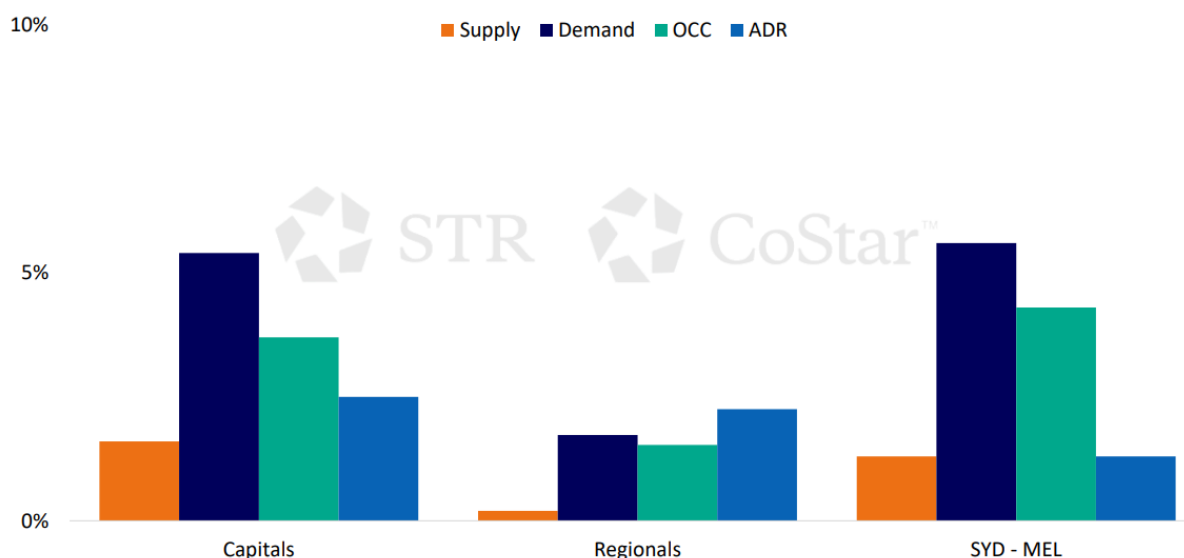
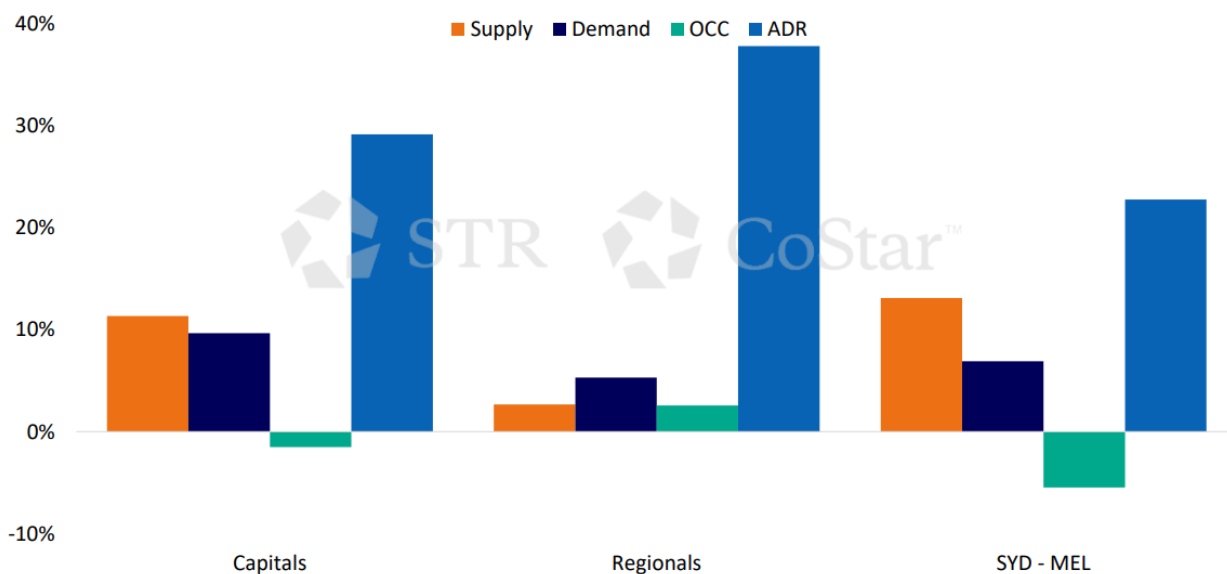


Figure 6. Australia capital cities and the regions, showing growth in supply, demand, occupancy rates and ADR YoY Change, year to August 2025 compared with corresponding period in 2019¹²



¹¹ STR (2025), Presentation to Golden Chain Conference, October 2025

¹² STR (2025), Presentation to Golden Chain Conference, October 2025



Agri-food tourism

It is pleasing to see in the terms of reference for this Joint Standing Committee inquiry a prominent reference to the economic benefit and employment opportunities that can arise from a strong alignment between tourism and food and drink experiences in rural and regional Australia. Both the accommodation and pub sectors play a prominent role in this increasingly important alignment. For example, many country pubs have combined a local-produce dining experience with retailing of locally produced food and wine into a popular tourism experience that is attractive to domestic and international tourists alike. Similarly, many accommodation hotels and resorts are located near or within wineries or other agri-related properties and serve valuable high-yielding international tourists a quality dining and accommodation experience with local produce at its heart.

As a timely contribution to this inquiry, Tourism Research Australia in conjunction with Tourism Australia has recently released a report into Agri-tourism.¹³ The report itself should be a major consideration in this inquiry, so only a few key comments will be highlighted here:

- 84% of global travellers are interested in agritourism experiences in their future international holidays. Globally, agritourism is on the rise with increased supply and demand for agritourism experiences. From wine regions in Europe, spice plantation tours in India to dairy farm stays in Midwest USA, agritourism businesses are opening the gates for visitors to experience their unique offering.
- Agritourism in Australia is a large and valuable sector of the visitor economy, with holiday and leisure travellers who engage with agritourism accounting for 18.5 million trips (6% of total trips), 100 million nights (18% of total nights) and \$20.3 billion in spend in 2024.
- The top three markets for agritourism experiences in Australia (UK, China and USA) account for 1 in 3 trips that include agritourism and contributed \$1.8 billion to the Australian economy.
- Regional Australia is a key beneficiary of trips involving agritourism activities as we see many trips going to regional Australia. Almost 3 in 4 trips including agritourism visited regional Australia compared to 3 in 5 overall trips.
- Agritourism is a great economic opportunity for regional Australia. By attracting international travellers and domestic visitors, agritourism promotes all that Australia has to show, and offers experiences not easily replicated elsewhere.
- Travellers who engaged in agritourism also engage in a higher number of trip activities compared with the average.
- Demand for agritourism experiences is broad. This is seen through the spread of ages and travel party types engaging with agritourism on their trips. Adult couples are a key group, engaging in the most agritourism activities – especially wineries, distilleries, and breweries – and spending the most on their trips
- Business events attendees, or those accompanying business events attendees, who engage with agritourism spend much more and stay longer than the average business events travellers.
- Across Australia, there is opportunity for agritourism with activities ranging from wineries, to indigenous food experiences, and farm stays. Each state and territory provides a slightly different mix of activities, influenced by the local environment and offerings.

¹³ Tourism Australia and Tourism Research Australia (2025), *Agritourism in Australia – measuring and evaluating agritourism in Australia*, October 2025

Key Policy Considerations

The summary above presents a mixed picture of opportunities and threats around the potential for growth in regional tourism. There is no doubt that the further development and promotion of agri-tourism is one such opportunity, but even its potential can be limited unless some key policy issues are positively addressed. These include:

- Ensuring migration settings are more responsive to regional skill and labour needs.
- Providing stronger and more effective support for developing skills needed in the regional hospitality workforce.
- Increasing the funding to Tourism Australia to more extensively promote Australia including agritourism and regional experiences and encouraging greater collaboration between Tourism Australia and the State/Territory tourism bodies to promote regional and agritourism to domestic and international tourists.
- Improving aviation capacity and competition to regional destinations.
- Addressing the shortage of housing in regional areas including through more effective regulation of short term rental accommodation (STRA).

Migration should be more responsive to regional needs

Australia's economy and society have significantly benefited from migration, particularly when the program has been well targeted and responsive to the skill needs of businesses and the economy. A focus on relatively young skilled migrant workers has been highly beneficial to an otherwise aging workforce, with the most successful migrants being those that are employer sponsored.

Migration plays an important role in the hotel sector for both labour and skills. Skilled occupations such as chefs, accommodation managers, and food and beverage managers have been in shortage (either nationally or regionally) for many years, and migration is an important supplement to the workforce developed in Australia. There are also many specialist cuisine restaurants in hotels and resorts that need highly skilled chefs in that cuisine style. The need for highly skilled chefs is particularly important in the regions and is critical to any successful agritourism strategy.

Migration is also an important contributor to the accommodation front-line workforce, with international students and working holiday makers both playing a vital role. There is a strong contingent of both who work in housekeeping as room attendants, as well as in other work throughout the hotel. Due to the type of work, or its location, or the seasonality, or often the lack of rental accommodation, it is difficult for hotels particularly in regional areas to attract Australians to undertake the work. Students and Working Holiday Makers (WHMs) are looking for short term, flexible work, and in the case of WHM they are willing to travel and stay in hostels and other shared accommodation that may be available in an otherwise difficult region to rent.

Temporary Skilled Migration

For many years, migration has been regulated through skilled occupation lists which limit which occupations can be sponsored for either permanent or temporary skilled migration. Although there is an important regulatory role in migration for this national analysis, now undertaken by JSA, it is essential to understand that many skill needs are local and will not be identifiable from national analysis. In accommodation, there are many occupations that are not what would be seen as a hospitality job. For example, wellness and health professionals, lifeguards, greenkeepers, air



conditioning mechanics, plumbers and many others are critically important to the operation of a hotel or resort. National or even state or regional analysis may not show a shortage or much demand for some of these skilled occupations in a region where a resort is located, but that business may find it very difficult to source the skills they need where and when they need them. For this reason, it is essential that both temporary and skilled **employer sponsored** migration remains a key component of Australia's migration program, and that it is responsive to these needs.

The Core Skills Occupation List which regulates occupations available for sponsorship above the Core Skills Income Threshold (\$76,515) includes most of the key skilled occupations required in the hospitality industry. However, a major omission is the restaurant manager, which is a critically important role for our members, and is definitely in shortage particularly in the regions. Also, as mentioned above, there are a wide range of skills needed in hotels and resorts, including important roles such as security manager that are no longer available. Our strong preference with employer sponsored skilled migration (both permanent and temporary) is that **all** skilled occupations should be eligible (as was the case prior to 2017) as the employer sponsorship and regulatory and cost barriers are evidence of the need. In the absence of this flexibility, we recommend that in support of regional growth, all skilled occupations should be available to regional occupations (see below).

Our industry's increasing reliance on skilled migration is borne out by the most recent data on activity. The number of temporary skilled visa applications lodged by the accommodation and food service (AFS) industry more than doubled in 2024-25 compared to the previous year. AFS applications totalled 16,910, up 111.5% and accounted for almost one fifth of applications lodged across all industries. During 2024-25 the AFS industry had 10,770 applications granted (up 125.2% on 2023-24), with many of those processed under the previous Temporary Skilled Shortage visa. The 6,000 difference between applications and grants is largely due to delays in processing - now around 3-4 months wait. Of the AFS granted visas, 3,820 were in NSW, 2,030 in Queensland, 2,790 in Victoria, 1,380 for WA, 350 for SA, 240 for ACT, 110 for NT and 40 for Tasmania.

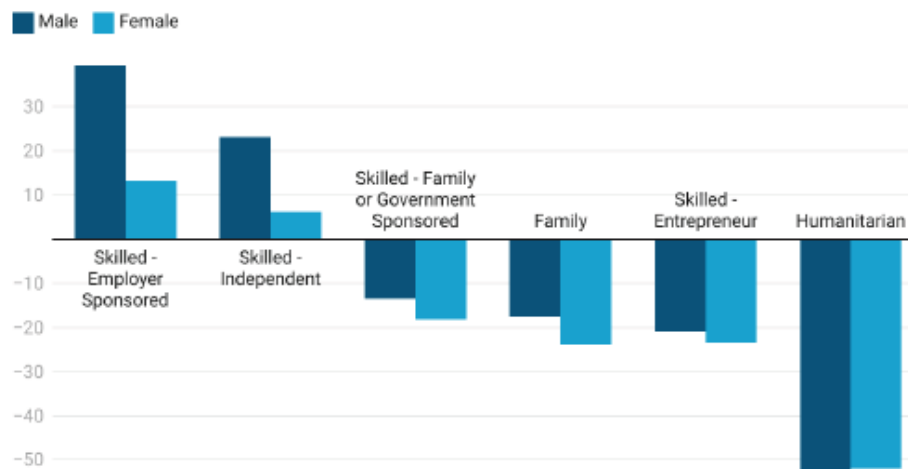
The occupation of chef remains the most granted temporary skilled visa, with 6,380 granted in 2024-25, up 179.2% on the previous year, and accounting for 9.3% of all occupations where visas were granted. Restaurant managers were the sixth highest with 1,680 granted, up 79.4%, all of which would have been applied for under the old TSS visa as they are not currently eligible for the Skills in Demand visa. Cooks were the 7th highest, with 1,560 visas granted, up 132.1%. NSW and Victoria both were granted close to 2,000 chef visa applications, with Queensland chef visa grants at 1,260

Permanent migration

Although we are very aware of the concerns being given voice in the media about migration numbers, we urge the government to stay the course on maintaining a level of permanent migration that meets Australia's long-term skills needs. In this context, we were relieved that the government in 2025-26 maintained the planning levels at 185,000 and encouraged by the number of places allocated to employer nominated migration.

Evidence of the benefits of employer sponsored migration to the migrant has been presented through analysis undertaken by CEDA (Figure 7) which shows that employer sponsored migration delivers the most economically beneficial outcomes to the migrant with wages being significantly better than other categories of migrants as well as over 30% above the average for Australian-born workers.

Figure 7. Wage outcome compared with Australian born workers for migrants arriving 2015-19



With this evidence of these beneficial migrant outcomes between 2015 and 2019, it is important to note that up until mid-2017 employer sponsored migrants, both permanent and temporary, could be sponsored under practically any skilled occupation. Provided there was a proven skill need at the business level, employers could sponsor under the “old” CSOL list (Consolidated Skilled Occupation List) which encompassed almost all ANZSCO occupational codes in Skill levels 1 to 3. This program was the most responsive as it was able to fill the skills gaps which may have been local to a business or reflecting a regional shortage without reliance on lists and assessment of shortage.

The discontinuation of this successful pre-2017 approach to employer-sponsored permanent and temporary migration has not only reduced the responsiveness to local skill needs, but has significantly increased complexity, cost and uncertainty. Although it is essential that any occupation list that controls migration is reviewed regularly, the uncertainty created for employers and industries, and the effort required to ensure that vital occupational needs are not lost or are recaptured through the review process, should not be underestimated.

Regional Migration

The government initiated a review of regional migration last year as part of its migration strategy. In our submission to that review, we recommended that regional migration settings be as responsive as possible, including the availability for all skilled occupations for sponsorship by regional employers for both permanent and temporary skilled migration.

Regional skilled migration

In our consultations undertaken as part of input to the CSOL, it was very clear that skill shortages were particularly being felt in the regions. As the employment data shows, our industry is geographically very diverse, requiring a range of skills both in terms of occupation and management levels. A migration system that does not enable the meeting of regional skill needs will result in significant impediment to regional economic growth.

The current review of regional migration settings creates an opportunity to embrace the more responsive approach by allowing all regional employers to sponsor any skilled occupation at skill level 1 to 3. In implementing this recommended reform, if there are any integrity concerns created by the migrants taking the jobs that should be available to Australian skilled workers, then this can be closely



monitored through evidence analysed by both the Ministerial Advisory Council (MACSM) and Jobs & Skills Australia. For example, any concerning trends occurring in the regions for particular occupations can be identified through the data and action taken in those situations. This is a much more targeted and efficient approach than the current extensive analysis and shortage lists that simply do not work to satisfy regional skills gaps.

Our industry is geographically very diverse, requiring a range of skills both in terms of occupation and management levels. A migration system that does not enable the meeting of regional skill needs will result in significant impediment to regional economic growth.

As a logical extension of the need to meet regional needs, even when some occupations are not assessed as being in national shortage, the list of occupations available for permanent migration should be more extensive and inclusive. An assessment of migrant economic outcomes becomes less relevant for permanent migrants as their choices of employment are broader. Café and Restaurant Manager is a good example. Last year, in recommending that restaurant manager not be available for temporary skilled migration, the government's decision to extend the use of the CSOL to permanent employer sponsored migration also denied the opportunity to sponsor restaurant managers into permanent roles. Migration outcome analysis is not nearly as relevant to outcomes for permanent migrants as their options are broader. Temporary visa applications for restaurant managers were up 79% in 2024-25 compared to the previous financial year, even though their eligibility was only available prior to the changes to the CSOL in December. The demand for this occupation is high, particularly in regional Australia, but the list is not responsive to this irrefutable need.

In short, responsiveness to regional migration needs should not be sacrificed for the relatively superficial benefit of simplicity created from having one list. The occupations available for regional employers should reflect local and regional needs with all skilled occupations available.

Working Holiday Makers

The other major recommendations made in our regional migration submission dealt with the important working holiday maker visa. Working holiday makers (WHM) are, in large part, an ideal mix of those seeking travel, adventure and work (to earn money in order to fund the first two ambitions). Their mobility is an important aspect of the visa holder, as work for hotels across Australia is often seasonal and therefore temporary. Their presence in the accommodation workforce allows for employers to better manage their overall labour costs by injecting flexibility so necessary with such an event and seasonal-impacted industry.

As an important principle, the inducement for WHM to work in regional Australia is a highly valuable setting within the WHM program as:

- It encourages travel and therefore boosts the regional tourism economy
- It provides a mobile regional workforce which is in contrast to the less mobile habits of most of the domestic workforce
- The WHM are often highly engaged and skilled with a range of different backgrounds and experiences. Their spirit of independent travel is often highly suitable for work in a customer-service industry such as hospitality.

AA strongly supports the retention of a requirement for WHM to undertake regional work so that they can access second and third year visas. In this context we welcome the news that Government will not be accepting a recommendation of the 2023 immigration review panel to limit the Working



Holiday Maker visa to one year. However, as this statement only commits the government for visa extensions beyond one year, it is recommended that a third-year extension should also be retained. Already, the largest source market for WHM, being WHM from the UK, have the ability to stay for up to three years locked in via that agreement. WHM from other countries should have the same opportunity to stay for up to three years, although unlike the UK WHMs, the regional work requirement should be retained.

Length of time with each employer

Generally, there is a limit on WHM in that they cannot work with one employer for over six months without seeking permission, with one important exception being if they work in the tourism and hospitality industry. This exemption has proved to be very valuable to our industry and should become embedded into the program as a permanent feature.

Specified Work

The definition for specified work is very complex, postcode-driven and creates at times inexplicable differences between regions – the “have and have nots”. Currently “specified work” as it relates to the tourism and hospitality industry is that it needs to be undertaken in northern or remote and very remote Australia, which is much more restrictive than industries such as agriculture and construction. This narrow definition as it relates to our industry means that the hospitality and tourism businesses in many regional areas cannot access temporary migrant workers to fill roles. It is recommended that the language changes to “eligible regional work”, where the definition of regional as it relates to eligible work for WHM is outside of a capital city and the Gold Coast, but with the exception that Darwin should be considered regional. In relation to industries where regional work can be undertaken, the range of industries currently identified, which includes our own industry, should remain.

International Students

Migration settings for international students have changed significantly in the past year with the aim of reducing numbers, seemingly in response to concerns about overall net overseas migration levels and housing pressures. This reduction in student numbers is an economic “own goal”, as the economic cost of cutting back on such a valuable service export as well as limiting access to an important source of labour outweighs the perceived benefits of lowering temporary migrant numbers. Given the permanent migration planning levels, the larger than expected inflow of international students post-COVID will return to their home country on completion of their studies, so any long-term population and housing impacts can be managed. During their stay, international students are an important contributor to the economy, as well as a driver of tourism through their own travels as well as visitation from friends and relatives. As a source of labour, they are particularly valuable to the accommodation sector in the capital cities in roles such as housekeeping, where it is very difficult to source workers from the domestic workforce.

Through our current consultation with members concerning the critical chef shortage, it is very clear that a key source of skilled chefs has, particularly since the pandemic, been international students studying commercial cookery at international schools. Although the government is right to crack down on undesirable practices when students were not genuine, the imposition of “caps” on number of enrolments has had a very detrimental impact on well-respected education providers of cooking qualifications. This has further exacerbated the chef shortage as this channel was an important source of skilled cooks and chefs.



Although AA supports policies that limit non-genuine student arrangements, as well as the retention of the current fortnightly cap on working hours of students during study terms, we encourage the government to lift directives and other activities such as processing devices that limit the growth of this valuable export industry.

Visa Processing

The Government's early efforts to improve visa processing times were appreciated. However, members report they are again experiencing extensive delays particularly with temporary skilled visas (at times up to 9 months), and we urge the government to continue this investment and look at ways of reducing delays, further cutting red tape and reducing costs to business and migrants as. There is no doubt that costly delays are still occurring at considerable cost to members, and of significant impact to productivity and customer service.

Recommendation:

1. *All OSCA occupations rated at Skill Level 3 or above should be eligible for sponsorship by regional employers for both temporary and permanent skilled migration.*
2. *Continue the increased investment in cutting visa processing times and look at ways to minimise cost and red tape including a reduction in visa fees.*
3. *Working Holiday Makers seeking a second and third year visa should continue to be required to undertake specified work in the regions but that the regions eligible should be expanded and no longer be based on the artificial application of postcodes.*
4. *For those occupations that are not assessed as in shortage on a national basis, JSA should identify those that would satisfy the Migration Model criteria on a state or regional level and recommend that those skilled occupations in shortage in those regions be met through migration sponsorship.*

More effective support for skills development

As a labour-intensive industry, the accommodation sector relies on an adequate supply of job seekers who are either pursuing a career in the industry or are seeking an income while they study, or as a supplement to household income. Both labour sources are exceptionally important, the former providing a dedication to skills development, enthusiasm and long-term commitment to the industry; the latter fulfilling an important need to cope with the short-term demands of seasonality or the many functions and events that take place both within and external to accommodation properties which impact on food and beverage services and bed occupancy. In both cases, training improves productivity and the level of customer service that is highly important in a service sector such as accommodation.

Despite accommodation and food services being one of the four industries from which a third of the jobs of the future will come, the industry is no longer well served by the vocational training system on which it is primarily reliant. Government prioritisation of investment in vocational training requires a rethink. Apart from cooks and chefs, most of the key qualifications relating to accommodation, particularly those in food & beverage, are no longer eligible for federal apprenticeship support and also have dropped off the training subsidy priority lists of a number of the State and Territory Governments.



Addressing the chef shortage

At the core of any agritourism strategy is quality dining and food experiences, and to deliver that Australia needs more chefs. The important role of migration has already been canvassed, but it is critically important that Australia develops more of its own talent.

Although chef shortages have been a structural long-term problem for the industry over many years, the current confluence of factors has seriously exacerbated the situation. Despite improvements in workplace conditions, including higher wages and stronger work health and safety regulations the industry continues to struggle with attracting and retaining chefs, with an insufficient local chef training pipeline and limitations in using the migration options.

On the upside, the passion, creativity and opportunity for a lifelong rewarding career as a chef are available for those that seek it. However, there is little doubt that working during hours when others may be resting or partying (such as evening or weekends) or the pressure of working in a commercial kitchen are downsides to a job as a chef. Given the very nature of the hospitality industry, the hours of work and customer demand for efficient and high-quality food service are unavoidable. These are the givens, so we need to look elsewhere for solutions.

There is no single solution to the chef shortage crisis. Action is needed on all policy fronts including apprenticeships, innovative training approaches, migration, and attracting more people to choose cooking as a career. Some of these solutions are in industry's hands, while others require governments, both federal and state, to act.

Despite the importance of chefs across a range of industries, current apprenticeship policies do not prioritise chefs or the hospitality industry generally. In June 2024, all employer incentive support was removed for hospitality traineeships. The current \$5,000 hiring incentive to the employer of apprentice chefs is not increasing the apprenticeship numbers sufficiently to meet industry needs. Across the apprenticeship system, all new funding for incentives has gone to apprentices rather than employers, particularly those in clean energy sectors and house building trades. However, with trade apprenticeships numbers falling across the board, it is questionable whether the money redirected from employers to apprentices is having any positive impact.

Encouraging more Australians to pursue chef apprenticeships requires financial incentives that support both apprentices and employers. A well-structured subsidy model can alleviate those financial pressures on both businesses and apprentices.

One of the largest barriers to increasing apprentice chef commencements is the cost to the employer in the first year. A new apprentice knows little about operations in the kitchen, their productive output is low and supervisory costs high. These costs are even higher in hospitality due to the 24/7 nature of the industry and the rostering complexities of ensuring adequate supervision for the apprentice.

It is also important to encourage more apprentices to complete. Being an unlicensed trade, many apprentices leave before completion due to the high demand for cooks as, unlike an electrician or plumber, they do not need a licence to utilise their skills. While the skills of a non-completer are still very valuable in the industry, finishing their apprenticeships delivers even more value to both the apprentice and the industry.

Given the above evidence, it is proposed that the financial incentives should be distributed as follows:

Incentives Payment Schedule	Chef apprentice	Chef Employer
Year One		
3 months		2,000
6 months	3,000	2,000
9 months		2,000
12months	3,000	2,000
Year Two		
18 months	2,500	2,000
24 months	2,500	2,000
Year Three	2,000	2,000
On completion	2,000	1,000
Total	15,000	15,000

This structured approach ensures ongoing financial support, increased apprentice retention, and encourages businesses to commit to long-term training with:

- Increased commencements of chef apprenticeships
- Increased apprentice retention – financial security during training will reduce the need for apprentices to work multiple jobs, lowering dropout rates.
- A more attractive structure to better enable the hiring of adult apprentices who are highly valued as apprentice chefs due to their ability to handle pressure in the kitchen and the application of experience and other life skills.
- Stronger domestic workforce – A greater supply of local chefs will reduce reliance on migrant workers, enhancing industry stability.
- Support for small and regional businesses – stronger incentives will help small hospitality venues invest in training without excessive financial strain.

Expanding employer wage subsidies and apprentice financial support will create a sustainable and attractive career pathway, ensuring a skilled, local workforce for the hospitality sector

In our extensive consultation with members undertaken this year to address the chef shortage, one of the main barriers to apprenticeships in the regions is lack of convenient access to training providers. Governments should look beyond free-TAFE initiatives into holistic policies that would encourage a geographic diversity of quality providers, whether they be public or private.

It cannot be stressed strongly enough that any agri-tourism strategy or the success of the current tourism promotions that highlights Australia's food and drink offerings which are being executed by Tourism Australia and their state/territory counterpart will be in jeopardy if industry and governments working together cannot address the chef shortage.

Developing skills in all industries should be the priority

Industry and occupational prioritisation of training funding is not serving industries such as tourism, hospitality and retail well. In addition to the removal of traineeship incentives from these industries (July 2024), there is a currently a review of the apprenticeship priority list following a review panel report that earmarked qualifications including chef as potentially being ineligible for any apprenticeship incentive funding as it is assessed as not being relevant to the government's "current social and economic priorities." If employer incentives are removed from commercial cookery



apprenticeships, then the number of apprenticeships will be decimated and the chef crisis significantly exacerbated.

Under previous Labor Governments, encouraging skills development across **all industries** was a priority. Indeed, it was a central feature of award restructuring in the 1980s and 1990s and connected industrial awards to the national VET training system. Ensuring more Australians had post-school qualifications was also a priority. But these priorities are not supported by the current approach of picking winners, where some industries receive support, while others are left to suffer. Apprenticeships and traineeships were a mechanism to build engagement between employers and the structured training system. Lack of apprenticeship support to some industries has led and will lead to lower post-secondary qualifications across large sections of the workforce - hospitality and retail alone employ 2.5 million Australians - that is a lot of people who will become unconnected to formal qualifications.

Prioritisation of apprenticeship incentives should be about putting the money to deliver maximum outcome - in other words invest the money in the way that it is most likely to change behaviour and increase apprenticeship commencements and completions, regardless of which industry.

Recommendation:

5. *Increase the employer incentive to employ an apprentice chef to overcome the significant first year costs and better incentivise apprentices to complete their apprenticeship.*
6. *Support a geographic diversity of quality training providers, both public and private, to improve access to training for apprentices in the regions.*
7. *Recognise that skills development in all industries adds value and productivity to the economy, particularly in growing labour-intensive industries such as hospitality.*

Tourism Promotion

Tourism Australia funding

To further expand international tourism opportunities, including extra activity to promote agri-tourism experiences, it is important that Tourism Australia continues to be well funded to undertake successful marketing campaigns. In this regard, we support an increase in funding to Tourism Australia. In both 2024-25 and 2025-26, the TA budget allocation was held constant at around \$170 million despite significant increases in costs of marketing and promotional activities overseas. It is a concern this figure may be further eroded by budget tightening this financial year which would increase the challenge of maintaining let alone improving traveller awareness and intention to travel to Australia.

A consistent and high-quality flow through of events is of critical importance to the accommodation sector. As noted in the TRA/TA Agritourism report, agritourism opportunities are an increasing feature of business events. The Business Events Bid Fund should also be increased and its eligibility expanded to include events smaller than 400 delegates (association events) and 700 delegates (incentives) where the event is going to be held in regional Australia.

Another area often debated is the role of Tourism Australia in the promotion of domestic tourism. There have been times when TA has become involved in domestic tourism promotion but it is noted that there is a current directive that it is not to promote domestic tourism. We recommend that



consideration be given to TA better coordinating with state tourism bodies to achieve the mutually beneficial aim of regional dispersal. Already there is much cooperation between the two levels of government tourism bodies on international marketing, but more could be achieved in a strategic and joint approach to regional dispersal of both international and domestic tourism.

Regional and Indigenous Tourism Product Development

One of the most successful ways of ensuring repeat tourism visitation is to ensure the tourism offering is refreshed and further developed. Funded support for the development and co-funding of important regional tourism infrastructure is critically important. In both the Growing Regions Program and Regional Precincts and Partnerships Program, we urge the government to embrace tourism clearly within the guidelines for funding support of regional tourism infrastructure. With tourism-related infrastructure builds, regions benefit economically as well as through the acquisition and enhancement of community assets such as airports, attractions and regional conference and event facilities.

It is widely recognised by tourism stakeholders that there are unique opportunities to build on the strength and attractiveness of indigenous tourism. Tourism Australia is doing an increasing amount of important work in this area, and the federal government is urged to support the growth of indigenous tourism through direct support to indigenous tourism businesses. This could include government-backed grants or partnerships to promote Indigenous tourism ventures, such as cultural tours, art exhibits, or Indigenous-owned accommodation businesses. This would position Australia as a destination for authentic cultural experiences. It would put additional funding muscle behind initiatives such as the First Nations Visitor Economy Partnership announced last year by the Minister for Trade and Tourism. This partnership includes First Nations tourism industry representatives from every state and territory and aims to provide leadership and guidance on respectfully embedding Australia's rich cultural heritage in our tourism offerings. The Partnership is also tasked with investigating and establishing a permanent First Nations national tourism peak body which will provide guidance and strategic support to grow this critical sector.

Coordination of Agri-tourism promotion

Food and wine tourism, together with agritourism more broadly, is a strong feature of almost all of the current federal and state/territory tourism promotion. Within TA's *Come and Say G'day* campaign, Nigella Lawson is one of the key champions used to attract the UK market, with it also being a strong theme particularly for the Japanese and German markets.

It would be beneficial if there was consistency that agritourism includes food/wine tourism across all jurisdictions and that there be coordination in marketing effort. Generally, the tourism bodies work well together which is to the betterment of Australian tourism and this cooperation should extend strongly into agritourism promotion.

Recommendation:

8. *Tourism Australia's budget for 2026/27 should be at least \$200 million plus an expanded Business Events Bid budget of \$20 million to maximise the opportunity for event attraction and to enable access to smaller events proposed for the regions.*
9. *Tourism Australia to work closely with state tourism bodies to achieve greater regional dispersal of both domestic and international tourists.*
10. *Improve funding support for construction and refurbishment of regional tourism infrastructure and increase funding support for Indigenous tourism businesses*



Airline capacity and competition

Given Australia is a large island continent, the overwhelming majority of international visitors arrive by air. There is no doubt that aviation access is critical to the tourism industry not just returning to pre-COVID levels but growing beyond them. The accommodation sector is reliant on airlines to bring their guests in from overseas in an affordable and timely way, treat them well so they return, and fly them efficiently and cost effectively around the country once they arrive. These positive aviation market characteristics are only achieved through an active, sustainable, and competitive airline market. Additional airline access not only provides the competition that leads to cheaper airfares for tourists, but it also brings more tourists. It is in the vested interest of airlines once they have been granted flights into Australia to promote travel to our country and to work with other partners, such as Tourism Australia, to undertake that marketing.

There has been a great deal of attention in the last two years on airline access to Australia and Bilateral Service Agreements. There needs to be a strong commitment to increase and diversify international aviation capacity including attracting new routes and transparency in bilateral air services agreement including coordination across government to ensure there is input from tourism stakeholders when these agreements are negotiated to enable more economic value to be realised.

In this international aviation context, although there is much more to be achieved, it has been pleasing that in the last few months there have been a number of announcements that bring welcome increases in international airline capacity including the ACCC granting conditional approval for more Qatar Airways flights to and from Australia by issuing an interim authorisation for Virgin Australia and Qatar Airways to commence marketing 28 additional flights to commence in June 2025 to Brisbane, Melbourne, Perth and Sydney. Also, the passing of the Sydney Airport Demand Management Amendment Bill is welcome in better managing slots into Australia's most important gateway.

The same more positive environment is not in any way replicated in the domestic aviation market. The collapse of Bonza in 2024 and the struggles experienced by Rex Airlines is yet another chapter in the difficulty in achieving effective competition of key domestic air routes. This impacts both domestic as well as international tourism as it inhibits tourism dispersal. The recent review accompanying the Aviation White Paper has shown there is no magic solution for this intransigent problem, but the government should place the realisation of genuine domestic aviation competition as the highest priority to improve consumer confidence to travel.

Aviation Industry Ombuds Scheme

The AA supports the establishment of the new Aviation Industry Ombuds Scheme as a way to improve outcomes for air travellers by clarifying and upholding the rights of aviation customers. It is hoped this independent mechanism to resolve customer complaints will encourage more tourists to choose to holiday in Australia.

In addition, the ACCC should be directed to continue to permanently monitor airline and airport pricing and performance with quarterly reports focused on improving consumer outcomes.

Recommendation:

11. *There needs to be strong commitment to increase and diversify international aviation capacity and improve transparency in bilateral air services agreement including coordination across government to ensure there is input from tourism stakeholders.*
12. *The government examine further avenues to incentivise new entrants in the domestic aviation sector to improve competition, accessibility and quality of service to travellers.*

Short Term Rental Accommodation and housing

A policy issue of significant concern to the accommodation sector that intersects housing policy is the unfettered growth via digital platforms such as AirBNB and Stayz in the non-commercial short-term rental accommodation (STRA) market.

Short Term Rental Accommodation (STRA) relates to those properties where the owner chooses to market their property for short term rental instead of offering the property under a long-term rental agreement. By definition, STRA does not include hotels, motels, resorts, serviced apartments or properties that operate in a similar way which are highly regulated for the benefit of customers and investors.

The Australian STRA market has over 160,000 listings on AirBNB across Australia and tens of thousands more properties listed through other websites and agents. This is equal to the number of new home dwellings currently built each year. With the current need for increased housing supply, this is an area where effective action can be taken.

The impact on housing of STRA has been the subject of increasing scrutiny, including a commitment on 16 August 2023 by the National Cabinet in its focus on housing policy, to “Consider options for better regulation of short-stay residential accommodation” (commitment 8 of *A Better Deal for Renters*).

Since that commitment, action by State & Territory governments has been mixed, with some seeming to take no action at all. Firstly, to achieve greater consistency of definitions and regulation, we urge the Federal Government to lead the development of a national STRA regulatory framework including:

1. A State or Territory-wide cap of 90 days for un-hosted STRA with local councils authorised to implement a lower cap such as 60 days depending on their local situation
2. Obligatory registration for all STRA including hosted and un-hosted accommodation, with host platforms and agents required to provide information to intending hosts on STRA regulations and ensure the unique property number is clearly identified.
3. Annual registration fee for all properties on the market for rental terms less than 90 days per letting (regardless of which platform or agent they use) to cover the cost of administering the scheme.
4. Stronger enforcement of the registration system and caps such that:
 - a. The listing number is required to be displayed on all advertisements of that property;
 - b. The register is available for public viewing including strata managers and the register should record the dates on which the property is used for this purpose.



5. Significant annual fees for STRA platforms, and the mandating that host platforms remove from their websites all properties that are not registered except when legally exempt from registration (such as commercial accommodation) and fines for non-compliance with data sharing and regulation enforcement.
6. Registration data shared across platforms and rental property agent systems to ensure the property's full rental activity is tracked.
7. Property owners seeking to exceed the cap must apply for DA approval and be subject to commercial regulation. Owners which exceed the cap or are non-compliant with registration or other regulation subject to significant fines.
8. Authorising local councils to charge higher than residential rates for properties registered as STRA.
9. Clearly defined and consistent approach to what is considered STRA as defined at the start of this policy statement.

Secondly, we urge the Federal Government to consider changes to the taxation treatment of investor owners of STRA properties. Action for consideration could include:

- Disallowing negative gearing for defined STRA properties which were rented on lease agreements of less than 30 days for more than 90 days in each financial year; and/or
- If a nationally consistent regulatory framework were adopted, following the example of the Canadian parliament:
 - to deny income tax deductions for expenses incurred by STRA residential property owners for any period of non-compliance with provincial or municipal rules or restrictions; and
 - provide funding to state and local governments to assist in enforcement of effective regulation

Features of this proposed policy approach are that it:

- focuses on the objective of influencing the decision of property owners to more frequently choose long-term rental rather than STRA.
- sends a clear signal to property owners and the STRA industry that unfettered, under-regulated STRA has gone too far.
- allows for regional differences of long-term rental demand and seasonal tourism needs.
- proposes a more effective maximum cap across all regions that is well below the 180 day cap that is in place in some jurisdictions, as the 180-day limit wherever imposed has proved ineffective in shifting owner decisions.
- does not include a call for a levy, as a levy by itself will not convert many STRA properties to long term rentals as it is merely passed on to the customer and does not impact investment decisions.
- balances the needs of property owners with the needs of the community. Those owners that have a holiday home can still enjoy some income from rental up to a quarter of the year when they are not using the property,
- focuses on un-hosted STRA with hosted accommodation only having a light touch annual registration process and fee.
- addresses, in part, the disparity of costs and regulation imposed on commercial accommodation compared to those who offer their properties as STRA.
- requires data sharing across systems and platforms to ensure caps can be monitored.
- addresses key safety and noise concerns relating to STRA.
- Compared to stronger measures such as in New York, parts of Europe and Canada, it is modest and achievable



- Provides direct intervention options at the federal as well as the State/Territory level.
- Aims to achieve greater consistency of definitions and regulation across Australia. In the four jurisdictions where STRA legislation is in place the definition of what is STRA varies as does the regulatory approach.

Housing availability for hospitality staff

One of the major impacts that the growth of STRA has in tourism areas is the reduction in availability of rental accommodation for tourism and hospitality staff. Effective regulation of STRA as proposed above will go a long way towards solving this problem. But it is not the sole answer. Initiatives such as tax incentives or co-funding of housing for regional hospitality workers should be explored.

Removal of FBT and other tax incentives for hotel businesses which build and offer accommodation to their workforce should be considered.

Recommendation:

13. *That a national framework for the regulation of short-term rental accommodation (including AirBNB and Stayz) be developed which should include at a minimum:*
 - *The registration of all STRA*
 - *A State/Territory wide cap of 90 days per annum with scope for local governments to impose lower caps*
 - *DA approval required for those properties who seek to rent out above the cap.*
14. *That regulation of STRA be backed by effective enforcement.*
15. *Consideration be given to changing the taxation treatment of STRA including to negative gearing of investment properties consistently used for STRA.*
16. *Provide co-funded support and tax incentives for the provision of housing for hospitality workers in the regions.*



About the Australian Hotels Association

The Australian Hotels Association (AHA) is an organisation of employers in the hotel and hospitality industry registered under the *Fair Work (Registered Organisations) Act 2009*. Its diverse membership of more than 5,600 businesses includes pub-style hotels plus three, four and five-star international accommodation hotels. AHA members provide a wide range of services to the Australian public including accommodation, food, beverage, wagering, gaming, retail liquor, functions, events, live music, and entertainment.

The AHA's members are serviced by branches located in every Australian state and territory and a Canberra-based national office. As well as being members of their respective state or territory branch, accommodation hotels are represented by Accommodation Australia.

The Australian hotel industry is a 24/7 labour intensive service industry and is a key element of Australia's tourism industry. The makeup of the hotel workforce is extremely diverse and includes adults of all genders and ages. The AHA member workforce comprises over 250,000 workers, 60% of which are female. 65% of businesses are family owned with family members working in the business



About Accommodation Australia

Accommodation Australia (AA) is the nation's only peak body representing the entire accommodation sector. AA was formed on 1 July 2023 after the merger of Tourism Accommodation Australia and the Accommodation Association of Australia. AA represents more than 1,000 properties ranging from independent regional motels and caravan parks to the largest local and international hotels and resort groups, including Best Western, Choice, Golden Chain, Lancemore, Ovolo, Crystalbrook, Accor, Hyatt, IHG, Marriott, Crown, Pan Pacific, TFE, Minor, Ascott & Quest Apartments, EVT Group, Star, Hilton and Wyndham Destinations.

AA is the accommodation division of the Australian Hotels Association.

