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SUBMISSION TO JOINT STANDING COMMITTEE ON MIGRATION

Inquiry into the value of skilled migration to Australia

JANUARY 2026

Joint Submission of the Australian Hotels Association and Accommodation Australia

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Contents

Summary of Recommendations 3
Introduction 5
Hotel and Accommodation Sectors 6
Economic Contribution 6
Employment 7
Accommodation and Food Service Industry 7
Accommodation and Pubs Sector 7
Regional employment 8
Employment projections and their shortcomings 8
Job Vacancies 9
Domestic Skills supply 10
Tourism drives the need for skills across Australia 11
The role of migration in the hospitality industry 11
Why skilled migrants matter to the hotel industry 13
Importance of skilled migration 14
Economic and fiscal benefits of skilled migration 14
Social and Cultural Benefits of Skilled Migration 16
Migration Settings 17
Temporary as a pathway to permanency 17
Employer-sponsored program driven by lists adds uncertainty 17
Temporary Skilled Migration 19
Core Skills Income Threshold 19
Labour agreements 19
Permanent migration 20
Student pathway to skilled migration 21
Visa Processing 21
Skilling Australia Fund 22
Developing skills in all industries should be the priority 23
Short Term Rental Accommodation and housing 23
Housing availability for hospitality staff 26
About the Australian Hotels Association 27
About Accommodation Australia 27

Summary of Recommendations

1. *Australia retains its current policy that enables:*
   - *all temporary skilled migrants to have the opportunity to transition to permanent residency; and*
   - *employers who have incurred the cost of sponsoring a temporary skilled migrant to then be able to sponsor these valuable workers for permanent residency subject to overall migration planning levels.*
2. *To better target Australia's skilled migration program, it is recommended that:*
   - *for employer sponsored skilled migrants (both permanent and temporary), restore the pre-2017 policy that all skilled occupations (not just those on the CSOL) be available for sponsorship to ensure local and regional needs are met without reliance on an imperfect national shortage analysis.*
   - *For independent permanent skilled migrants, a narrower list of occupations applies for those that are shown to be in national shortage. This provides stronger assurance to the independent applicant that there are likely to be job vacancies in the occupations on the list.*
   - *State sponsored supplementary lists be retained in order to meet state and regional needs so as to provide a second opportunity for non-employer-sponsored migrants to apply for occupations not on the narrow national list for independent skilled migrants.*
   - *That there continues to be considerably more employer-sponsored places in the permanent migration planning levels than for independent skilled migrants.*
3. *Consideration be given to reducing the CSIT at least for regional employers, where the cost of living and market rates of pay are lower.*
4. *Improve processing times and reduce complexity for industry and company labour agreements so that the temporary migration can be more responsive to industry and business needs.*
5. *Places for employer sponsored permanent skilled migrants remain higher than other skilled categories, and that the skilled component as a percentage of the total be increased.*
6. *Review the outcomes of the regional provisional permanent migration visas to analyse whether a provisional regional approach has led to better outcomes for the employers, migrants and regions.*
7. *Increase the investment in visa processing resources and look at ways of reducing delays, further cutting red tape and reducing costs to business and migrants*
8. *The Skilling Australia Fund levy should, at a minimum, be halved to $600 per year for small business and $900 for large.*
9. *Improve the fairness of the SAF by ensuring industries that contribute via the levy to skilling Australians are prioritised for government training funding.*

10. *Increase the employer incentive to employ an apprentice chef to overcome the significant first year costs and better incentivise apprentices to complete their apprenticeship.*
11. *Recognise that skills development in all industries adds value and productivity to the economy, particularly in growing labour-intensive industries such as hospitality.*
12. *To address the community's concern about housing, 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.*
13. *That regulation of STRA be backed by effective enforcement.*
14. *Consideration be given to changing the taxation treatment of STRA including to negative gearing of investment properties consistently used for STRA.*

Introduction

The Australia Hotels Association (AHA) and Accommodation Australia (AA) welcome the opportunity to contribute to this inquiry into Australia's skilled migration program. 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 inquiry has very important terms of reference (see box below) which will serve to highlight the importance of skilled migration to the economy and the productivity of Australia's workforce as well as providing the opportunity to identify ways the program can be improved to best serve this country's needs. In our commentary we will address the three terms of reference relating to the importance of skilled migration, targeting skill gaps and whether migration settings are effective in meeting workforce needs.

SKILLED MIGRATION INQUIRY TERMS OF REFERENCE

The Joint Standing Committee on Migration shall inquire into and report on Australia's skilled migration program, with reference to:

- The ongoing economic, social and cultural value of skilled migration to Australia;
- The scope to more effectively target skills gaps and shortages in critical sectors to improve services that benefit Australian communities;
- The scope for skilled migration settings to more effectively support Australian businesses, boost productivity and encourage innovation;
- Strategies to enhance public awareness and understanding of the role of skilled migration in Australia; and
- Approaches taken in other countries with similar migration objectives.

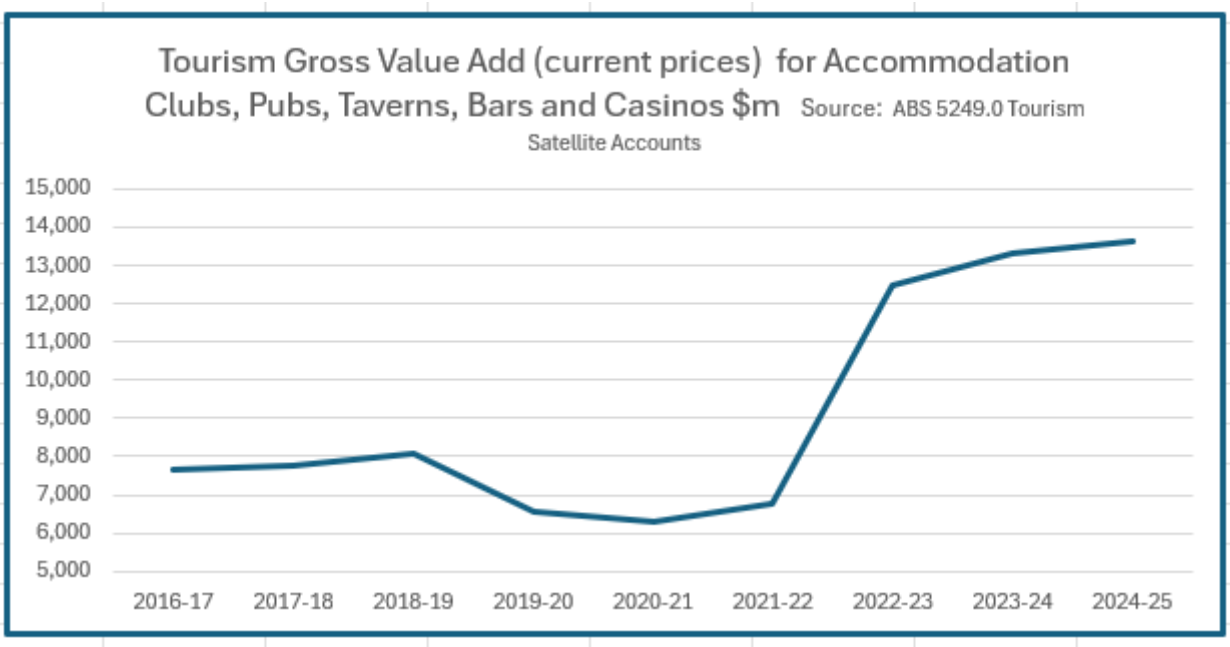
Hotel and Accommodation Sectors

Economic Contribution

The hotel (pub and accommodation) sector 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 billion[1]. 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 by sectors that the AA and AHA represent for 2024-25 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 $6.3 billion in 2020-21, before recovering so that in 2023-24, the value add to tourism was 69% more than pre-COVID. The three sectors contribute almost one fifth of all tourism GVA. Most of this was contributed by the accommodation sector, at $9.9 billion with $3.4 billion from the pubs, tavern and bars sector, 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[2] figures for September 2025 issued by the ABS show that business turnover in July for the AFS was higher than the previous month, rising by 1.4% compared with August. Compared with September 2024, the increase was a significant rise of 7.9%, the third highest of the 13-indexed industries.

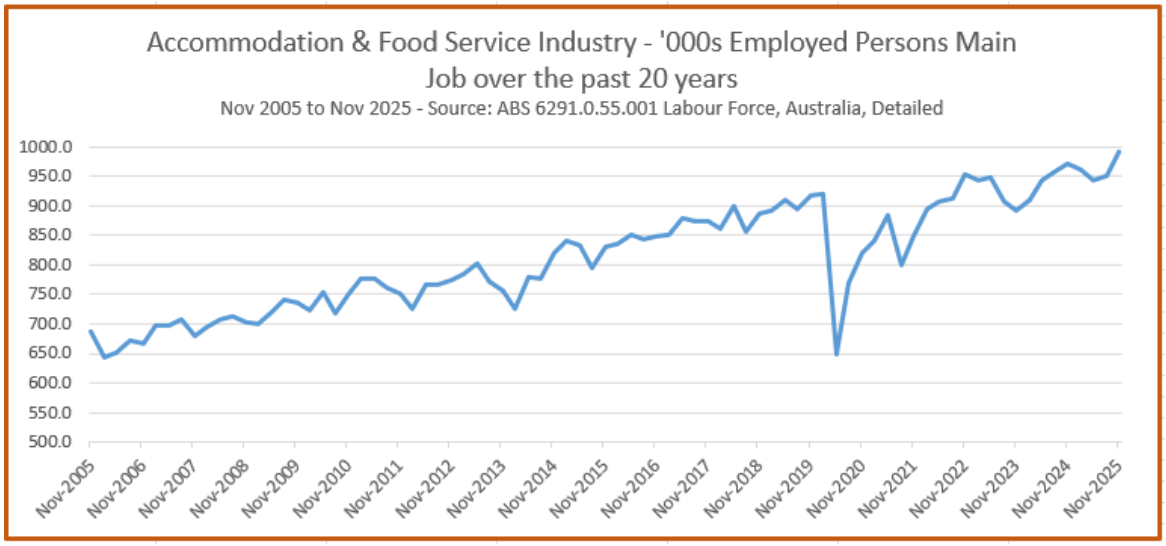
[1] ABS, 81550DO001_202324 Australian Industry, 2023-24 released on 30 May 2025.
[2] ABS, 5681.0 Monthly Business Turnover Indicator, Reference period September 2025

Employment

Accommodation and Food Service Industry

As at November 2025, there were 990,800[3] 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. This is the highest quarterly figure on record for the AFS industry. 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. According to the ABS Labour Account, which reports on the total number of jobs, as at September 2025, there were 1,339,100 jobs (seasonally adjusted) in the AFS, 1.19 million main jobs, and 113,600 secondary jobs. This was an increase of 4.9% compared to 1,276,600 jobs in the AFS as at September 2024, and over 150,000 more jobs than the pre-COVID number of 1.13 million.

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 November 2025, there were 102,600[4] people who identified that their main job was in the accommodation sector, and 105,200 employed in pubs and

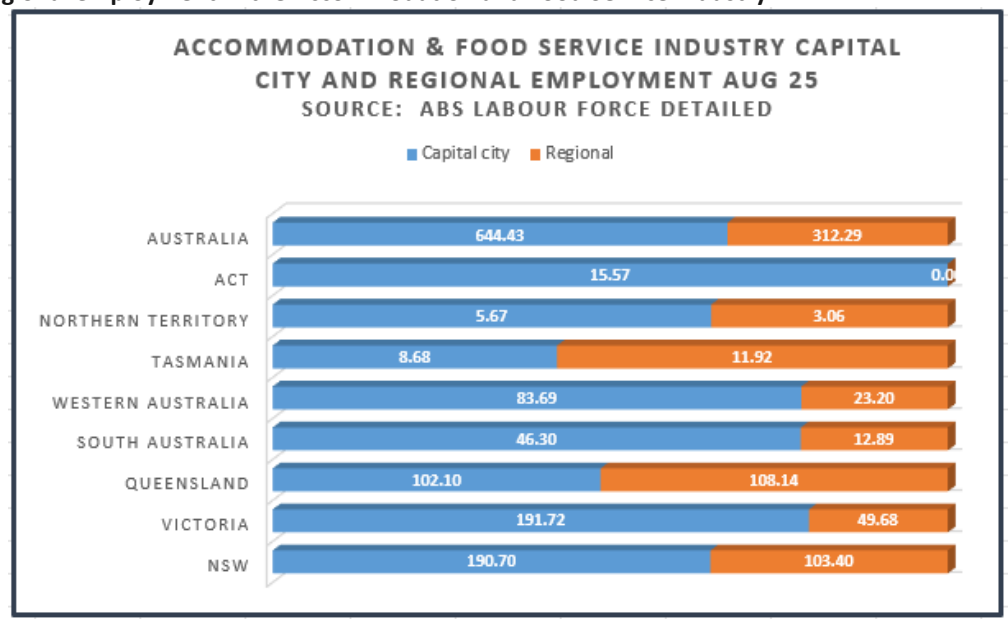
[3] ABS, 6291.0.55.001 Labour Force, Detailed, November 2025
[4] ABS, 6291.0.55.001 Labour Force, Detailed, November 2025

taverns.[5] It should be noted that quarterly ABS employment figures for our industry fluctuate significantly. In August 2025, the figures were 107,000 and 118,800 respectively. In accommodation, the employment is below the heights of 2016 (126,000 in Nov 16), which is, in part, 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 third[6] 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 3 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 33,400 jobs or 3.5% over the five years to May 2030, and 92,400 additional jobs in the ten years to May 2035. However, it is noted that these projections are lower than those published by JSA in the previous two years. Of even greater concern, for the accommodation sector, JSA inexplicably predict virtually zero employment growth in the next five years which is not consistent with tourism and general industry growth projections. As recently as

[5] As an illustration of how the ABS employment data for our sectors fluctuate, in the ABS figures for February 2025, employment it 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.

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

February 2025 employment in main job in the accommodation sector was 117,200, which is higher than the five-and-ten year JSA projections for 2030 and 2035.

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

Industry Employment	Employment - May 2025 ('000)	Projected employment - May 2030	Projected employment - May 2035	Projected 5 yr growth		Projected 10 yr growth	
				('000)	(%)	('000)	(%)
Accommodation and Food Services	962.1	995.5	1,054.5	33.4	3.5%	92.4	9.6%
Accommodation	104.4	104.5	113.2	0.1	0.1%	8.8	8.4%
Pubs, Taverns and Bars	104.6	109.1	115.4	4.4	4.2%	10.8	10.3%

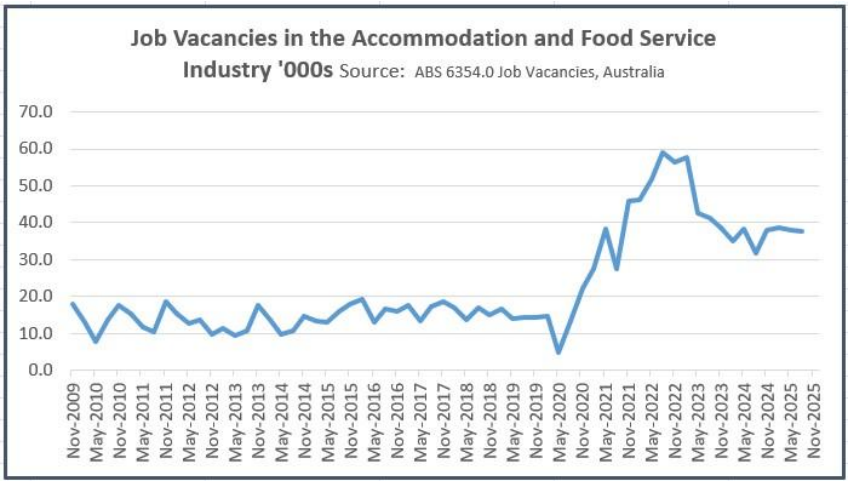
Attention is drawn to these concerns regarding employment projections to ensure that any reliance that may be placed on JSA employment projections and the role that migration will have within the next ten years and beyond should be tempered by the likely underestimate of total employment and skills needs for our industry into the future.

Job Vacancies

ABS job vacancy data shows that 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 our 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.

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 they are experiencing difficulties in attracting skilled staff with key occupations such as chef, cook and hotel and restaurant managers proving hardest 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.

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, and 3,725 commenced their training in the year to September 2019.

The data also reveals that hospitality traineeships continued to dramatically fall following the removal of government funded 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 traineeships 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						
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						
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, 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. Flying in the face of this need, the government announced in November 2025 a halving of the employer incentives for taking on an apprentice chef. Previously $5,000 in the first year, as of 1 January 2026, this incentive will drop to $2,500. Given the obvious impact of incentives on apprentice numbers, this reduction is sure to see the above numbers fall even further and the demand for migrant skills rise proportionately.

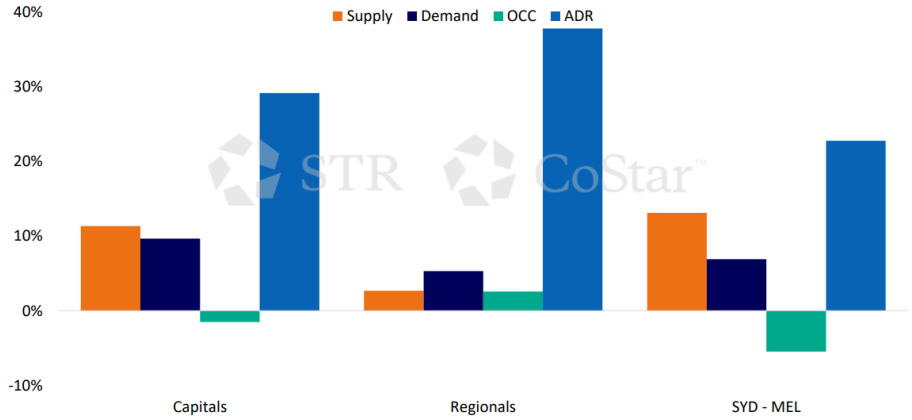
Tourism drives the need for skills across Australia

In the year to September 2025, international tourists spent $37.1 billion in Australia, an increase of 15% on the previous year.

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

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 graph 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. This growth in demand will put even more pressure on skills shortages.

Figure 5. 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 2019[7]



The role of migration in the hospitality industry

For a wide range of reasons migrants play a critically important role in the hospitality industry, and a large percentage of migrant types are relevant. In addition to skilled permanent and temporary migrants, there are also a large number of working holiday makers, international students, and bridging visa holders working in the industry.

In 2024-25, of the 68,200[8] primary temporary skilled migration visas granted across all industries, 10,770 were for the accommodation and food service industry, which was 125.2% more than the previous year. As can be seen in Table 3, Chefs accounted for 6,360 which represented 9.3% of all occupations granted a temporary skilled visa – the highest across all industries. Cooks were the 6th highest and Cafe & Restaurant Manager was the 5th highest occupation granted visas, up 79.4% to 1,680. All grants for restaurant manager would have related to applications prior to December 2024 when that job role lost its eligibility under the new Skills in Demand visa.

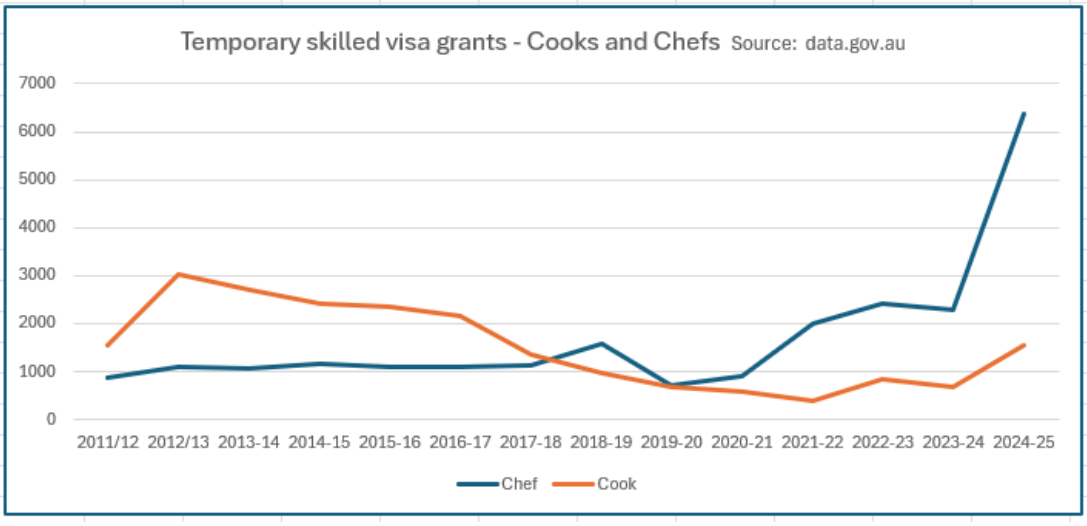
[7] STR (2025), Presentation to Golden Chain Conference, October 2025
[8] Home Affairs (2025), *Temporary Resident Skilled Report 2024-25*, Temporary resident (skilled) report 30 June 2025

Table 3. Top 10 occupations – Primary applications skilled temporary visas granted 2024-25 to 30 June 2025[9]

Nominated Occupation	2023-24	2024-25	% change from 2023/24
Chef	2280	6360	179.2%
Resident medical officer	2410	2730	13.3%
Motor mechanic	1580	2250	44.1%
Software engineer	1880	1810	-3.8%
Café & Restaurant Manager	940	1680	79.4%
Cook	670	1560	132.1%
ICT Business analyst	1040	1150	10.3%
Registered Nurse (Aged Care)	620	1140	82.6%
Mechanical Engineering Technician	1010	1060	7.1%
Marketing Specialist	780	1060	38.5%

Figure 6 illustrates the shift over the last fifteen years from an emphasis on cooks to chefs. Cooks are skill level 3, whereas Chefs are at the higher level of skill level 2 as they possess more advanced levels of skill and responsibility for menu design, supervision and more complex cooking tasks. This shift in migration sponsorship has been driven by two major factors: the increase in the Core Skills Income Threshold (CSIT, previously the TSMIT) and the increased customer and business expectations on dining quality and diversity. The market salary of most cooks now fall below the CSIT and thus be ineligible for sponsorship. In many regions, less experienced chefs would also fall under the CSIT.

Figure 6. Visas granted, Temporary Skilled Migration, Cooks and Chefs 2011-12 to 2024-25[10].



As at 30 June there were 10,140 Chefs holding temporary skilled visas in the country, more than double the next occupation.

In relation to permanent migration employer sponsorship, in 2023-24 out of the 132,200 skilled visas granted, 1,842 were for cooks, chefs, and hospitality managers. [11]

[9] ibid
[10] Home Affairs, Temporary visas, Data.gov.au
[11] Home Affairs, Permanent Migration Program (Skilled & Family) Outcomes Snapshot – Annual Statistics, accessed via data.gov.au

Why skilled migrants matter to the hotel industry

The above summary of hotel industry's economic contribution and skill needs paints a picture of an industry of significant economic substance which provides around a quarter of a million jobs. As the above evidence demonstrates, skilled migration matters to our industry because:

- Our workforce is dispersed throughout the country, with skills and labour shortages evident in all areas, and particularly acute in the regions. The old adage of *needing the right skills, in the right place at the right time* exactly describes our industry's workforce challenge – and migration is necessary to fill the gaps.
- Governments are not sufficiently prioritising training funding for our industry and the number of Australians developing the skills needed in our industry is falling
- Every single hospitality business needs skilled workers such as hotel manager, café & restaurant manager, cook or chef to operate. Without these skills, all other jobs are at risk.
- Vacancies in the industry are high and roles hard to fill, leading to an increasing reliance on migration to fill the gaps so that the industry can continue to serve both our international, domestic and local customers to a high standard they have come to expect in Australia.

Importance of skilled migration

The first of the Committee's Terms of Reference is to examine the "ongoing economic, social and cultural value of skilled migration to Australia". There is an abundance of evidence as to the economic and fiscal benefits of skilled migration, some of which is summarised below. As to the social and cultural value, although these are far more subjective factors, our experience serving tourists and locals alike, as well as operating within a global hotel industry, enables us to provide useful insights.

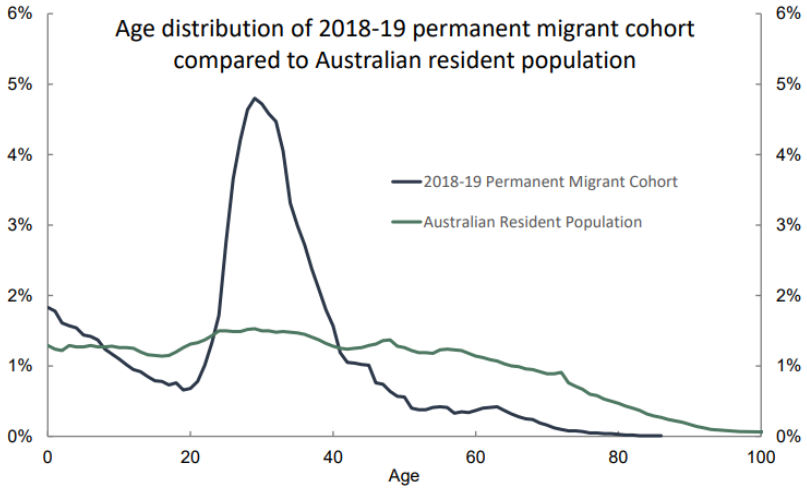
Economic and fiscal benefits of skilled migration

In the recent report*, Migration, Pathway to Nation Building (*Pathway report), your Joint Committee made valuable observations as to the economic benefits of skilled migration. Some of the most salient comments include:

> .. migration is a powerful policy lever for infusing skilled workers that can innovate and drive economic adaptation and change and assist in future-proofing the economy for the coming decades. …(7.2)
>
> Centrally, skilled migration is a key driver of productivity growth and rising living standards, positive fiscal outcomes for government, and the supply of skilled workers to supplement Australia's domestic workforce. Skilled migrants, and migrants more generally, also enrich Australian society and culture. (7.5)

The emphasis on the economic and fiscal benefits of a skilled migration program skewed to younger workers summarised in the Pathway report, and indeed in a number of research reports, is well placed. Most fundamentally, as can be seen in the graph produced by Treasury using the 2018-19 migrant cohort as an example, the age profile of skilled migrants is significantly different. This ensures that Australia is better placed than many advanced economies in tackling the challenges of an aging workforce. Treasury have also concluded that "younger and more highly skilled migrants have a larger economic activity effect."[12]

Figure 7. Migrant age profile in the 2018-19 permanent cohort
Source: Australian Treasury[13]



[12]Hepple, Hua and Gustafsson, Treasury (2022), *Analysis of Australia's permanent migration program using Treasury's lifecycle general equilibrium model*, Australian Conference of Economists, July 2022 Analysis of Australia's permanent migration program using Treasury's Overlapping Generations Model of the Australian Economy

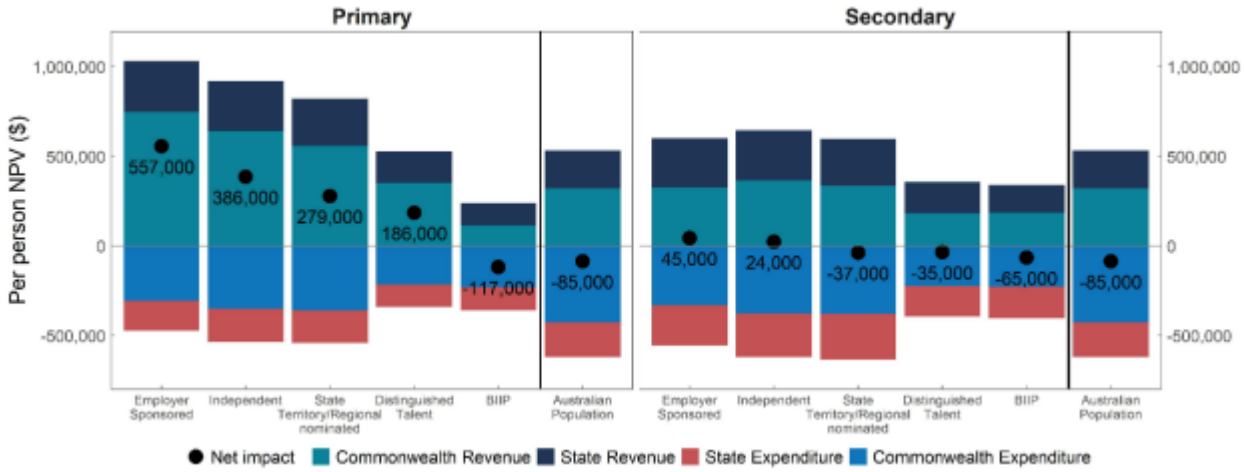
[13] ibid

The Centre for Population partnered with the OECD in 2021 to investigate the impact of migration on the Australian economy. Some of their key findings include:[14]

- In 2019, Australia had the highest share of migrants in the OECD after Luxembourg, at 30 per cent of the population. This was more than twice the OECD average (14 per cent).
- Migrants boost the labour productivity of Australian-born workers. On average, a region with a 10 per cent larger migrant share (e.g., 33 per cent instead of 30 per cent) has a 1.3 per cent larger regional wage difference, which indicates a positive link between migration and labour productivity.
- Migration boosts the employment of the Australian born population and does not affect its wages. A one percentage point rise in the annual migrant inflow (measured as share of the total population), on average, leads to a 0.53 per cent increase in the employment of the Australian born population. Australian born people of all skill levels, ages or genders benefit from this positive effect.

Treasury's focus in its research has been on the fiscal impacts, as this demonstrates the extent to which migrants contribute positively to the tax base that pays for benefits for all Australians as well as minimising the drain on welfare funding. Treasury analysis of the 2018-29 permanent migrant cohort shows that this cohort is more fiscally positive than other cohorts in the migration program as well as "the Australian population overall, by around $127,000 per person on average (see Chart below) Similarly, the average fiscal impact of migrants is $139,000 more positive than the fiscal impact of a newborn from the Australian population ($98,000)."[15]

Figure 8. Lifetime fiscal impact per person by visa subclass for the skill stream, Source: Treasury Paper[16]



This graph also illustrates the fiscal value of employer sponsored migration above all other categories of skilled migrants. Evidence of the benefits of employer sponsored migration to the migrant has also

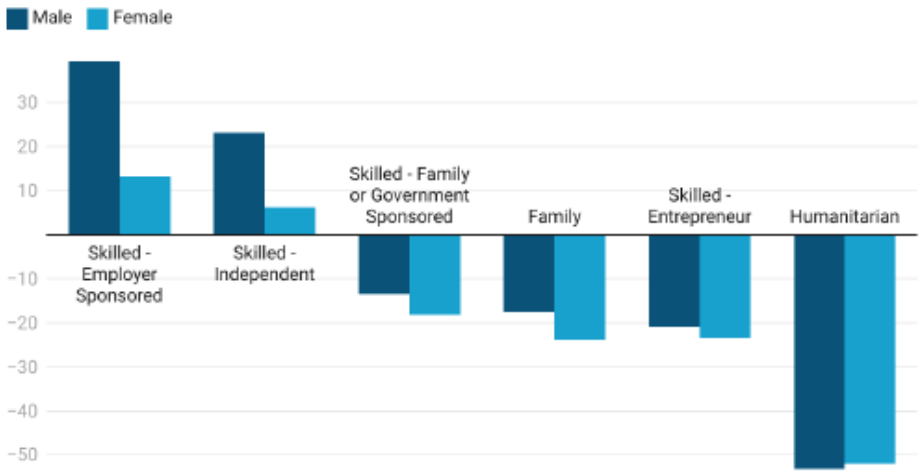
[14] OECD (2023-24), *Findings on the effects of migration on Australia's economy,* OECD: Findings on the effects of migration on Australia's economy | Centre for Population

[15] Varela, Husek, Williams, Maher & Kennedy. Treasury Paper, *The Lifetime Fiscal Impact of the Australian Permanent Migration Program*, December 2021 Treasury Paper: The lifetime fiscal impact of the Australian permanent migration program

[16] ibid

been reinforced through analysis undertaken by CEDA (Figure 9) 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 9. Wage outcome compared with Australian born workers for migrants arriving 2015-19



Overall, it is clear that the contribution to the Australian economy of skilled migrants is unequivocally net positive. Temporary skilled migration provides a strong pathway to permanent skilled migration as well as lifting productivity by filling skills shortages that would otherwise be a drag on the economy. As a subset of the skilled migration program, it is also very clear that employer sponsored temporary and permanent skilled migration provides the most beneficial economic and fiscal outcomes as well as the best wage outcomes for the migrant.

Social and Cultural Benefits of Skilled Migration

The hotel industry is accustomed to dealing with cultural diversity both within our workforce as well as the customers we serve. At the time of writing, with the Bondi terrorism event so confronting in people's mind, it will be disappointing but perhaps not surprising that some in the community will want to see a reduction in migration and a lessening in cultural diversity. Given our experience, we hope such pressures will be resisted as Australia which has long been regarded as a culturally tolerant society. We should not cede that important moral position.

Cultural tolerance and social good are best achieved by education of the benefits of migration and experience in interacting with migrants and customers from different ethnic backgrounds. As a country, we need to continue to accept cultural diversity, including a strong welcome for international tourists, as a tool for enhancing social harmony. Any attempt to limit skilled migration would not only be an economic "own goal" but also the catalyst of a potential downward spiral in cultural tolerance.

Migration Settings

This part of the submission addresses the second and third terms of reference which seek information on whether migration settings effectively target skills gaps and shortages in critical sectors and the scope for skilled migration settings to more effectively support Australian businesses, boost productivity and encourage innovation.

Temporary as a pathway to permanency

With the election of a Labor Government in 2022, an important and positive change has been the restoration of a pathway to permanency for all temporary skilled migrants and the elimination of a distinction between "short term" and "medium to long term" temporary skilled migrants. The opportunity to transition from temporary to permanency, subject to the planning levels of permanent migration, is an important attraction for potential temporary skilled migrants. A skilled worker considering migration to a new country also benefits from the opportunity to accept a temporary role and become comfortable that Australia is the country in which they wish to permanently settle.

Recommendation:

1. *Australia retains the current policy that enables:*
   - *all temporary skilled migrants to have the opportunity to transition to permanent residency; and*
   - *employers who have incurred the cost of sponsoring a temporary skilled migrant to then be able to sponsor these valuable workers for permanent residency subject to overall migration planning levels.*

Employer-sponsored program driven by lists adds uncertainty

Up until mid-2017 employer sponsored migrants, both permanent and temporary, could be sponsored under practically any skilled occupation. Under those policy settings, 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, provided there was a proven skill need at the business level. This pre-2017 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. Most importantly, this approach provided greater certainty that, subject to evidence of a proven skill need and the genuineness of the role, the employer could access the skills they needed.

The discontinuation of this successful pre-2017 approach to employer-sponsored permanent and temporary skilled migration has not only reduced the responsiveness to local skill needs, but has significantly increased complexity, cost and uncertainty. The uncertainty created by constantly updating the list 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.

The changes in 2017 also combined the lists that controlled both employer-sponsored medium to long term temporary migrants with the independent migration occupation list. Previously independent migrants with no employer sponsor could only apply under the Independent skilled national program, or the State sponsored program, which had defined lists in contrast to the broader employer-

sponsored approach. The independent list, previously known as the Skilled Occupation List (SOL) was much narrower list of occupations than currently exists under the new (post 2024) CSOL. As the evidence above testifies, employer sponsored migrants deliver the best economic dividend both for the country and the migrant. Whether they be temporary or permanent, the employer sponsor has incurred significant costs to sponsor the applicant and have guaranteed them a job on arrival in Australia, or in transition from another working visa, such as a student or working holiday maker visa.

In this context, in order to better target Australia's skilled migration program it is recommended that:

- for employer sponsored migrants (both permanent and temporary), the previous policy that all skilled occupations be available for sponsorship be restored in order to ensure that local and regional needs are met without reliance on an imperfect national shortage analysis.
- For independent permanent skilled migrants, a narrower list of occupations apply to occupations that are shown to be in national shortage. This provides stronger assurance to the independent applicant that there are likely to be job vacancies in the occupations on the list.
- State sponsored supplementary lists be retained to provide a second opportunity for non-employer-sponsored migrants to apply for occupations not on the narrow national list for independent skilled migrants in order to meet state and regional needs.
- That there continues to be considerably more employer-sponsored places in the permanent migration planning levels than for independent skilled migrants.

The consequence of these recommendations would be that the current Core Skills Occupation List is replaced by a much narrower list of skilled occupations (SOL) which would inform independent skilled migration, and that all skilled occupations, as assessed by the ABS as skill levels 1 to 3, would be available for sponsorship. Not only will this ensure the skilled program is more responsive to local and business needs, but it improves certainty to employers and reduces the workload on industry groups as well as government and the JSA who each year embark on a laborious and frustrating process advocating for the inclusion of occupations vital to each industry on the CSOL.

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 and local skills gaps.

In short, the recommendations recognise that a single list, currently the CSOL, is not fit for purpose in informing both employer sponsored and independent migration – for employer sponsored it is too narrow and not sufficiently responsive; for independent it is too broad and likely to lead to disappointment in employment outcomes for independent migrants.

Recommendation:

2. *To better target Australia's skilled migration program, it is recommended that:*
   - *for employer sponsored migrants (both permanent and temporary), restore the pre-2017 policy that all skilled occupations (not just those on the CSOL) be available for sponsorship to ensure local and regional needs are met without reliance on an imperfect national shortage analysis.*
   - *For independent permanent skilled migrants, a narrower list of occupations applies for those that are shown to be in national shortage. This provides stronger assurance to the independent applicant that there are likely to be job vacancies in the occupations on the list.*
   - *State sponsored supplementary lists be retained in order to meet state and regional needs so as to provide a second opportunity for non-employer-sponsored migrants to apply for occupations not on the narrow national list for independent skilled migrants.*
   - *That there continues to be considerably more employer-sponsored places in the permanent migration planning levels than for independent skilled migrants.*

Temporary Skilled Migration

The Core Skills Occupation List which currently 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, there are a wide range of skill needed in hotels and resorts, including important roles such as security manager that are no longer available. This further reinforces the need to ensure all skilled occupations are available for employer sponsorship.

Core Skills Income Threshold

The level of the CSIT, previously known as the TSMIT, at $76,515 is a barrier to sponsorship of critically important occupations in our industry due to it being above the market salary of key roles, particularly for our regional employers. Compared to the Hospitality Award the CSIT is equivalent at present to the salaried (award plus 25%) wage of a Chef de Partie, which is the highest level of chef in the Award below managers. This limits sponsorship for most trained but less experienced commi and demi chefs as well as commercial cooks, even though there is a high demand and significant staff shortages in these categories.

Consideration should be given to reducing the CSIT at least for regional employers, where the cost of living and market rates of pay are lower. .

Labour agreements

An important element of the temporary skilled migration program is the opportunity to strike labour agreements that can provide flexibility in the program relating to settings such as occupations available, English language requirements or the CSIT. Labour agreements have become increasingly important to address inflexibilities in the general settings. District Area Migration Agreements

(DAMAs) have started to be introduced not just at regional level but at State level. Although the extra responsiveness is welcome, it says something about the overall system settings, that a State Government wishes to establish a DAMA that provides greater flexibility and addresses some of the barriers such as the CSIT and the limited list of occupations in the CSOL. If some of the recommendations made in this submission are taken up, the need for state-wide DAMAs would be less important.

One of the major barriers to labour agreements at the industry and company level is the complexity and time taken to implement given the long processing times. It is important that processing times improve and the process becomes simpler for employers and industry to access.

Recommendation:

3. *Consideration be given to reducing the CSIT at least for regional employers, where the cost of living and market rates of pay are lower.*
4. *Improve processing times and reduce complexity for industry and company labour agreements so that the temporary skilled migration can be more responsive to industry and business needs.*

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.

Specifically, in the planning levels we recommend places for employer sponsored migrants remain higher than other skilled categories, and that the skilled component as a percentage of the total be increased. For planning levels around 185,000-190,000, the skills component should be around 145,000, and employer sponsored numbers around 47,000 (up from the current 44,000).

Should the recommendation (#2 above) that all occupations be available for temporary and permanent employer sponsored migration not be taken up, at the very least the list of occupations available for permanent migration should be more extensive and inclusive. Café and Restaurant Manager is a good example. Last year, in deciding 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.

One of the other changes that have been implemented in the past decade has been the introduction of provisional permanent regional skilled visas including employer-sponsored visas. The reduction in numbers accessing these provisional employer sponsored categories compared to the previous use of the Regional Sponsored Migration Scheme (RSMS) indicates that the changes to provisional have not been entirely successful. Forcing people to stay in the regions for a set period by keeping their status provisional is a questionable approach worthy of review as to whether the stakeholders including the employers and migrants find it beneficial. The program also needs to be analysed as to whether it has led, relatively speaking, to increased long term settlement in the regions

Recommendation:

5. *Places for employer sponsored permanent skilled migrants remain higher than other skilled categories, and that the skilled component as a percentage of the total be increased.*
6. *Review the outcomes of the regional provisional permanent migration visas to analyse whether a provisional regional approach has led to better outcomes for the employers, migrants and regions.*

Student pathway to skilled migration

An important pathway into employer sponsorship of temporary skilled migrants is the international student visa. 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 colleges here in Australia. Although the government is right to crack down on undesirable practices when students were not genuine, the imposition of "caps" on the 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 that they are again experiencing extensive delays, particularly with temporary skilled visas (at times up to 9 months). We urge the government to increase the investment in process resources and look at ways of reducing delays, further cut red tape and reducing costs to business and migrants. There is no doubt that costly delays are still occurring at considerable cost to members, and of significant impact to productivity and customer service.

In addition to delays, more recently there have been issues relating to decisions made to reject visa applications that are clearly in error. For example, in once case in rejecting applications for chefs, the department is made an uneducated assessment of the number of chefs needed in a particular venue. Unfortunately, and increasingly, the Department is issuing a final decision rather than seeking further information which means that often the only way of overturning the decision is for the employer to pay to appeal the decision. This is unfair on the employer and further delays the process.

Recommendation:

7. *Increase the investment in visa processing resources and look at ways of reducing delays, further cutting red tape and reducing costs to business and migrants.*

Skilling Australia Fund

The imposition of the SAF levy on skilled migration since 2018 has been a huge burden on businesses and has comprehensively and non-transparently under-delivered on training outcomes. Initially, the SAF levy funded, by hypothecation, a partnership agreement on apprenticeships with the State and Territory Governments which, due to its structure and settings, did not demonstrably deliver any additional apprenticeships (with perhaps the exception of South Australia). Also, two states did not even sign up to the partnership agreement given the uncertainty over the levy proceeds. Since then, there has been no transparency over the proceeds of the levy. It is just a tax to consolidated revenue.

Given this context, and also the new migration strategy's emphasis on increased mobility of temporary skilled migrants, the amount of the SAF levy should, at a minimum, be halved to $600 per year for small business and $900 for large. As an alternative or as an additional option, the SAF levy should be waived completely if the sponsoring employer commits to employing an additional apprentice in the same or equivalent occupation to the visa applicant.

The expense of the Skilling Australian Fund has been made even more unfair by the recent decision to:

- halve the government funded employer incentives to employ an apprentice for many occupations, including chefs;
- the removal of employer incentives entirely from hospitality traineeships; and,
- the decline in publicly funded training for hospitality qualifications.

It is estimated that, based on the numbers cited above of visas granted for employer sponsored migrants (page 11), **the hospitality industry would have contributed in 2024-25 approximately $64 million to SAF**.[17]It is abhorrent and grossly unfair that the industry which contributes this amount is seeing the investment government makes in training for our industry fall away so dramatically.

Also relating to the SAF, the Migration Strategy released in 2023 signaled a conversation about charging the levy monthly rather than all up-front. While supportive of the principle of spreading the burden of the levy, this may work better if looked at annually rather than monthly. In either case, it is unsure how the passing on of the levy responsibilities to receiving employers of migrants will impact the potential for that migrant to secure a new position should they desire or need to leave their initial sponsoring employer. A reduction in the level to half the current levels will make both the initial sponsorship and any acquiring employer decision more affordable.

[17]Estimate based on 10,770 industry temporary migrants, and 2,000 employer sponsored permanent migrants, estimating that half the applicants would be large businesses.

Recommendation:

8. *The Skilling Australia Fund levy should, at a minimum, be halved to $600 per year for small business and $900 for large.*
9. *Improve the fairness of the SAF levy by ensuring industries that contribute via the levy to skilling Australians are prioritised for government training funding.*

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. As outlined above, in addition to the removal of traineeship incentives from these industries (July 2024), there has now been a halving of the apprenticeship incentives for cooks and chefs.

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 or people who will become unconnected to formal qualifications.

Prioritisation of some industries over others has the perverse result that industries such as ours are left to rely more heavily on migration to fill the skills gap left by falling government investment in training for our industry. Migration should always be seen as one half of the skills equation, with domestic skills development the other half. When support for the second falls in the dramatic way it has done in the last few years, it is inevitable that the demand for skilled migrants increases for those industries that continue to grow.

Recommendation:

10. *Increase the employer incentive to employ an apprentice chef to overcome the significant first year costs and better incentivise apprentices to complete their apprenticeship.*
11. *Recognise that skills development in all industries adds value and productivity to the economy, particularly in growing labour-intensive industries such as hospitality.*

Short Term Rental Accommodation and housing

One of the key concerns of people who stand in opposition to migration at the current levels is the lack of housing. There are many reasons for the housing shortage, and it cannot be argued that population growth does not put pressure on housing. That said, high demand for construction work and labour,

planning issues and many other factors have long had an impact on the shortage and cost of housing. Importantly, the COVID-era property boom (2020 onwards) triggered unprecedented price increases—e.g., a 32.5% jump between March 2020 and February 2024—leading to severe affordability pressures, especially on first-time buyers and renters.[18] It is significant, that this latest housing crisis started during COVID, where migration levels were very low due to the limitations on travel and the hiatus in most migration application processing.

As an organisation that operates within the accommodation sector, the AHA/AA have also been very concerned about the impact on housing of the rapid and largely unfettered growth of 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.

[18] Forbes, Australian Housing Crisis Explained – Forbes Advisor Australia

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:

- 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:

12. *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.*
13. *That regulation of STRA be backed by effective enforcement.*
14. *Consideration be given to changing the taxation treatment of STRA including to negative gearing of investment properties consistently used for STRA.*

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 Accor, Hyatt, IHG, Marriott, Crown, Best Western, Choice, Golden Chain, Lancemore, Ovolo, Crystalbrook, Pan Pacific, TFE, Minor, Ascott & Quest Apartments, EVT Group, Star, Hilton and Wyndham Destinations.

AA is the accommodation division of the Australian Hotels Association.