



[{View this email in your browser}](#)



POLICY & ADVOCACY UPDATE

Issue #23, 13 June 2024

- AA advocates for migration access for key occupations
- Changes effective from 1 July 2024
- Latest ABS data shows industry growth
- Overseas arrivals for April were disappointing

AA advocates for migration access for key occupations

In a joint submission from the AHA and AA to Jobs & Skills Australia, evidence and strong argument was put forward to retain temporary migration sponsorship for key occupations including chef, cook, pastry cook, hotel and restaurant managers, finance and security managers. Occupations such as cook and chef have been in shortage for decades, but under the new system, access to sponsorship may be curtailed due to new assessment criteria relating to employment and migrant outcomes. Given the new assessment model, we argued for an orderly transition from the old to the new system, as well as the need to base migrant outcomes on more recent data. The loss of access to migration sponsorship for these key occupations would be a huge blow to the industry and have major productivity and economic consequences. The full submission can be found [here](#). I am grateful for all contributions from members through the consultation sessions as well as the salary data received.

Changes effective from 1 July 2024

Three important increases occur on the 1st of July 2024 which impact the accommodation workforce. Firstly, on 4 June 2024 the Fair Work Commission (FWC) handed down its **Annual Wage Review** decision to increase the National Minimum Wage and modern award minimum wages by 3.75%. The Australian Chamber of Commerce and Industry, to which the AA belongs, advocated for an increase of no more than 2% while the ACTU had advocated for an increase of at least 5% plus an extra, interim 4% increase for certain industries to address gender-based undervaluation of work. Although the FWC rejected the ACTU's submission for an interim additional 4% increase, they did announce that they will commence proceedings to examine to what degree gender-based undervaluation of work requires further increases to the minimum wage rates initially in awards covering children's services, disability services, health services, and pharmacy.

Secondly, the Temporary Skilled Migration Income Threshold, more commonly known as the TSMIT, will rise to \$73,150, having last year increased from \$53,900 to \$70,000 as an election commitment of the Labor Government. No skilled migrant can be sponsored by an employer for a job which has a market rate of pay less than the TSMIT. It is commonly misunderstood that employers only need to pay the migrant this wage, but the threshold means more than that. The employer needs to demonstrate that other people in the equivalent job either in their own business or in their region, have a salary above the



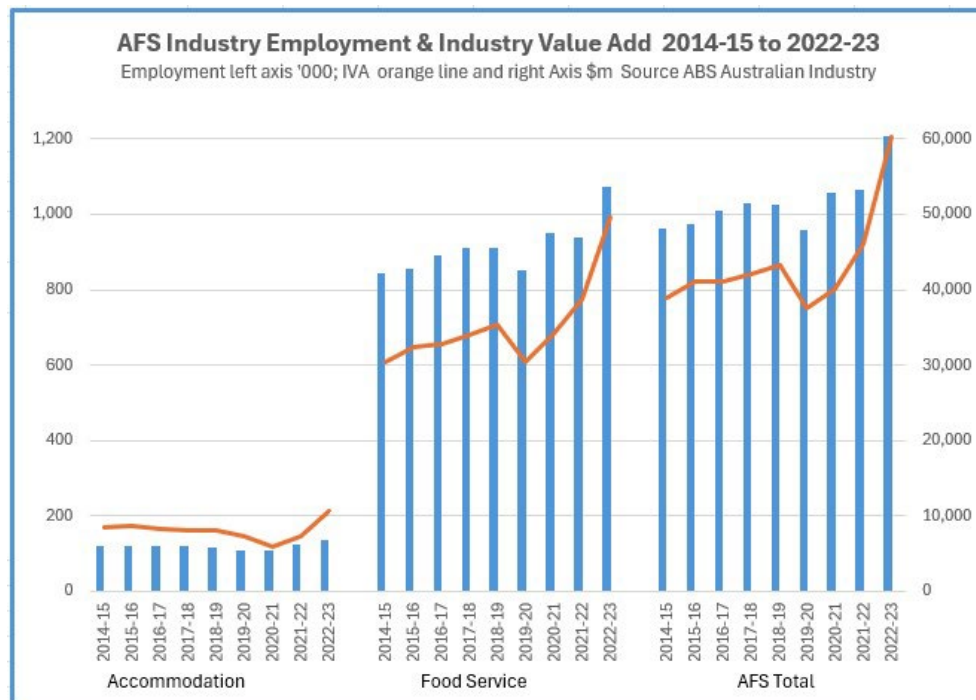
TSMIT. The TSMIT at this level puts many skilled jobs, particularly in the regions where the market rate is often lower, out of reach for sponsorship.

Thirdly, the superannuation guarantee rate which requires compulsory contributions by the employer to their employees' nominated superannuation fund increases from 11% to 11.5%. This is the second last of the scheduled increases, as it rises further to 12% on 1 July 2025. However, it remains Labor party policy to raise this contribution rate to 15%, although increases beyond 12% have not been announced let alone legislated.

Latest ABS data shows industry growth

The latest annual update on industry growth released by the ABS indicates that the accommodation sector's turnover in 2022-23 was \$22.7 billion, delivering an operating profit before tax of \$2.35 billion. This compared to the COVID impacted years of \$13.7 billion and a loss of \$219 million in 2020-21, and the beginning of a recovery in 2021-22 of \$18.1 billion turnover for a profit of \$1.5 billion. As the graph below shows, the accommodation sector added \$10.7 billion net value to the Australian economy, and interestingly its growth in industry value add (IVA) outstrips the rate of growth in employment over the last few years. For the food service sector (pubs, clubs & restaurants), the return to growth has also been rapid, and the growth has been broadly in line with IVA.

Across the whole Accommodation and Food Service (AFS) industry, the contribution to the economy in 2022-23 was over \$60 billion, with employment at over 1.2 million people as at 30 June 2023. Revenue for AFS was \$143 billion and profit before tax \$12.6 billion. The AFS industry paid a massive \$37.0 billion in wages, \$3.5 billion in superannuation, \$524 million in workers compensation premiums and \$991 million in payroll tax. The total labour costs for the AFS were \$42.2 billion, which was 30% of revenue.



Overseas arrivals for April were disappointing

The latest statistics from the ABS for April 2024 show that there were 593,090 short-term visitor arrivals in Australia, an increase of only 8.8% compared to April 2023, which is a much lower increase than the 24.1% experienced when comparing March this year with March 2023. The April 2024 arrivals were 15.3% below pre-COVID April 2019 arrivals.

The year-to-date figures show that there were 6.78 million arrivals in July to April 2024, compared with 4.8 million the previous corresponding period. The 2023/24 arrivals are still 18% down on the 8 million arrivals in the year to April 2019.

In order, the top four source countries for April 2024 were New Zealand, China, USA, and UK, with NZ arrivals almost double the next country and accounting for 20% of all arrivals. In April 2024 there were 45,940 international student arrivals to Australia, an increase of 3,110 students compared with the corresponding month of the previous year, an increase of 41%.

Drop me an email at policy@accommodationaustralia.org or give me a call on 0418 277 919 if you have any national policy issue that you think AA should be following up. If you know an AA member who is not receiving this advocacy report but wants to, then encourage them to email me and we can add them to the distribution list.



Kind Regards

Jenny Lambert OAM

National Policy & Research Advisor

Accommodation Australia

