

SUBJECT:

Submission to review
occupation list
Department of Employment

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Dear Sir or Madam

We refer to the request for stakeholder feedback via the Traffic Light Bulletin and we appreciate this opportunity to present submissions to the Department of Employment ('the Department') in relation to the review of the Short-term Skilled Occupation List ('STSOL') and Medium and Long-term Strategic Skills List ('MLTSSL').

Gilton Valeo ('GV') is an immigration law firm specialising in corporate immigration. Our clients range from individuals and small businesses to large corporations.

One of our main areas of expertise is in the hospitality industry where we represent a number of clients from small family restaurants and cafes to larger hospitality groups and multinational conglomerates.

Confidentially, we act for:

- Australian Chef Migration – who are the only specialist recruitment brand for sourcing and placing talented chefs/cooks
- Chong Co Group
- Me Wah Restaurants

Our submissions have been compiled in consultation with our hospitality clients.

Background

The hospitality industry is a major contributor to Australian's economy. Based on statistics from the Australian Bureau of Statistics ('ABS'), Accommodation and Food Services generated an annual turnover of A\$91,793m in 2015/2016 financial year¹ and employed 819,000 people as of February 2016, which makes up 6.9% of the Australian workforce.² The ABS Labour Force Survey predicts very strong job growth with between 25,001 and 50,000 job openings from 2015 to 2020.³ Similarly, Restaurant & Catering Australia ('RCA'), which is the national peak industry body estimates demand for a further 28,000 cooks and chefs across Australia over the next 4 years.⁴

¹ <http://www.abs.gov.au/ausstats/abs@.nsf/PrimaryMainFeatures/8155.0?OpenDocument>

² https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1516/Quick_Guides/EmployIndustry

³ <http://joboutlook.gov.au/occupation.aspx?code=1411>

⁴ <http://www.smh.com.au/nsw/dumping-457-work-visas-disastrous-for-hospitality-sector-says-garfish-restaurateur-20170418-gvn5p3.html>



This is dire news for an industry that is already experiencing a severe skills shortage, which has been widely reported by reputable publications in recent times.⁵ This sentiment has been echoed by the National President of RCA, who has been spoken out about the impact on the hospitality industry. He has been quoted "I cannot overemphasise the importance of people on 457 visas. We could not operate our business without them."⁶ Importantly, we hear directly from our clients the difficulty in recruiting Australian staff as the majority of job advertisements are receive little to no Australian resident applicants.

Following consultation with our clients in the hospitality industry, we propose that the Australian Government has the capacity to significantly reduce the severe skills shortage in the hospitality industry through its skilled and employer sponsored migration programs.

This can be done by:

- Retaining Cafe or Restaurant Manager, Chef and Cook on the Occupation lists; and
- Adding Cafe or Restaurant Manager, Cook to MLTSSL.

We believe that this will reduce the skills shortage by allowing businesses to attract and fill these important positions with skilled foreign workers.

Why are these positions important to the business?

Cafe or Restaurant Managers, Chefs and Cooks are all crucial members of restaurants, cafes and other related establishments that provide dining and catering services. These roles are essentially the engine room of any restaurant.

Please refer to a standard organisational chart of a typical café or restaurant below:

Owner/Director
Café and Restaurant Manager
Executive Chef
Cook, Kitchen Hand, Beverage Staff, Waitstaff, Admin Staff

A typical Café and Restaurant Managers is responsible for the managing the entire operations of a restaurant, café or related establishments. They generally report directly to the Owner/Director and their reporting line includes chefs, cooks, kitchen staff, wait staff, beverage staff and admin staff.

Typically a chef is responsible for the planning and organisation of the preparation and cooking of food in a restaurant, café or related establishments. This generally involves but is not limited to planning menus, estimating food and labour costs, ordering food supplies, monitoring the quality of dishes, demonstrating techniques and advising on cooking procedures, and selecting and training staff. They generally report to the Café and Restaurant Manager and their reporting line can include cooks and kitchen staff.

⁵ <http://www.abc.net.au/news/2017-09-13/upmarket-restaurateurs-scrapping-457-will-hurt-food-industry/8893970>

⁶ <http://www.smh.com.au/nsw/dumping-457-work-visas-disastrous-for-hospitality-sector-says-garfish-restaurateur-20170418-gvn5p3.html>

Whilst cooks are typically responsible for the preparation, seasoning and cooking of food in restaurant, café or related establishments.

With the introduction of the STSOL and MLTSSL, occupations listed on STSOL can only obtain a Subclass 457 visa for up to 2 years (instead of the 4 years previously granted) and therefore are no longer relevant to providing an employer sponsored pathway for permanent residence after March 2018. The trickle down effect of this proposition is the immediate departure of talent⁷ and a shift in the education framework for a generation of potential culinary students (which we discuss in more detail below).

This has had a major impact on the hospitality industry with a number of hospitality occupations being placed on STSOL. One of the major drawcards for potential foreign candidates is job security. As a consequence of these changes, employers can now only offer 2-year employment contracts and are unable to provide any incentive that they will support the applicant for permanent residence.

This has largely led to many of our clients reporting a reduction in high quality candidates and feedback from candidates that the shorter 2-year contract and a lack of a pathway for permanent residence is a huge disincentive for them to consider job opportunities in Australia rather than overseas.

Furthermore, it is a disadvantage to employers as these jobs require substantial training and proprietary experience in the business and to lose the candidates after 2 years poses a training expense that cannot be ignored. Therefore, it is in both the employer and candidate's best interests to offer the candidate a contract with a longer term as it will allow the employer/employee to grow with the business and progress.

It is also important to consider the macro work force environment of Australia in the up and coming years when considering the hospitality industry and the overarching argument of this submission. The fact is that we are currently in the middle of a generational shift when it comes to the makeup of the work environment. The Baby Boomer generation is in their soon – to – retire phase and Millennials are reaching their peak employment phases. By 2020 it is expected that millennials will comprise 50% of the global workforce.⁸ By 2025 they will be expected to make up 75% of the global workforce.⁹ This is significant especially when we flesh out the characteristics of the millennial group including intangible qualities including mindset, psychology and drivers which we will not deal with explicitly in this submission.

Compared to the Baby Boomers and the Generation X, Millennials are the most educated generation.

*'In 1976, less than a third (30%) of young adults had obtained a non – school qualification and only 5% had a bachelor degree or higher qualification. In contrast, over half (52%) of young adults had a non – school qualification, and around a quarter (26%) had a bachelor degree or higher qualification in 2011.'*¹⁰

By demographic construct, we see a generation moving past the hospitality industry and dabbling

⁷ <http://www.abc.net.au/news/2017-09-13/upmarket-restaurateurs-scrapping-457-will-hurt-food-industry/8893970>

⁸ <https://www.pwc.com/m1/en/services/consulting/documents/millennials-at-work.pdf>

⁹ <https://www.allianz.com.au/life-insurance/news/millennials-in-the-workforce>

¹⁰ <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features40April+2013>

in Arts, Humanity, Nursing, Education and Commerce, to list a few. Collectively, the skill set required by restaurants of Café/Restaurant Manager, Chef and cook, is not seen to be sufficiently possessed by millennials.

Furthermore, the millennials' attitude in the workplace and work in general is distinct from previous generations with many reports suggesting that at least 50% of the millennial population would prefer to work under a freelance arrangement and this to be a growing trend¹¹.

Here are some statistics for millennials engaging in freelance work:

- 41% of freelancers obtained a freelance job online in 2015 - that's a 11% increase on 2014 stats
- 69% of freelancers earned more than they did in their traditional employment within a year or less
- 73% of freelancers would recommend freelancing to family and friends
- 72% of freelancers believe the best days are ahead for freelancing
- 59% of freelancers are male
- 47% of freelancers are under 35 years old
- 17% of freelancers are over the age of 55
- 36% of freelancers have a university degree
- 33% of freelancers live in Sydney where job retention is by choice substantially fluid and tumultuous.

The digital platforms enable contract workers to find more assignments, market their talents, manage various clients and accept secure payments. Although contract workers have offered freelance professional services for decades, specialised gig platforms are emerging and making a huge impact on the status quo. The growth of peer sharing and freelance work has disrupted heavily on the traditional workforce.

Millennials hold a distinct value for a work / life balance and are consistently seeking growth, ready to change environments at a moment's notice. It is expected that by 2020 the average job tenure will be around 3 years with voluntary annual turnover approaching 20%.¹²

Compare this attitude to the needs of the hospitality industry that requires a high level of consistency, restaurant managers, cooks and line chefs that can stay with the business for a substantial period of time in order to aid in business growth.

*'The simple truth is that many Australians don't want them [restaurant roles]. We still have a massive issue with encouraging people to join our [hospitality] industry.'*¹³

The hospitality industry as an environment and a fast pace, breathing organism does not align with many Australians views and desires of what they want from a workplace. In this way the Hospitality industry is in significant need of a more liberal Occupations Lists and MLTSSL.

Labour Market Testing

¹¹ <http://www.cxcglobal.com.au/freelance-economy-changing-aussie-workforce/>

¹² <http://mccrindle.com.au/ResearchSummaries/Australia-in-2020-A-Snapshot-of-the-Future.pdf>

¹³ <http://jrmhospitality.com.au/2017/04/chef-visa-changes/>

A number of our hospitality clients have placed paid job advertisements online for three months or more and have not been receiving suitable skilled candidates from the local market. It is often that the businesses will receive only a few applications from Australian citizen or permanent resident candidates. Other applications received will be highly skilled candidates who hold Australian visas to enable them to work in Australia on a part-time basis or for a short-term period.

We have noticed in recent times that there has been a shortage of restaurant workers in the local market due to the increasing visibility of celebrity chefs and relatively low costs of buying food trucks, meal prepping and working as a personal chef instead of learning the business by putting in years of experience.

The difficulties these businesses face when trying to employ a restaurant manager, chef or cook have caused them financial losses and a lack of confidence to maintain a profitable restaurant.

With the increase in 'foodie' tourism, it is important that restaurants continue to maintain their food quality and service to attract further tourism into Australia, which will in turn service the growth of our economy. Our clients are large restaurants which service tourism groups, they are tourist attraction sites due to its location, quality in service and its food. These restaurants often demonstrate their ability to prepare Australian produce with an international flair. The restaurants require highly skilled cooks and chefs to prepare the recipes, with the assistance of a skilled restaurant manager to coordinate the menu which cannot be located in Australia.

Our Recommendation

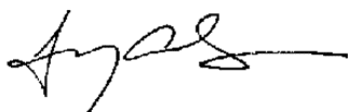
The Australian Government has the capacity to significantly reduce the severe skills shortage in the hospitality industry through its skilled and employer sponsored migration programs.

Therefore, it is our recommendation that:

1. Cafe or Restaurant Manager, Cook, Chef remain on the Occupation lists; and
2. Cafe or Restaurant Manager, Cook are added to the Medium and Long-term Strategic Skills List.

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Yours sincerely,



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