

# CONNECT. ELEVATE. CREATE.

CONNECTING OUR INDUSTRY TODAY TO CREATE A BETTER TOMORROW



Suite 1B/2 Ocean Street  
Newcastle NSW 2300

P (02) 4929 6098

E [info@theahc.org.au](mailto:info@theahc.org.au)

W [www.theahc.org.au](http://www.theahc.org.au)



The Australian Hairdressing Council (AHC) is the national voice that connects hairdressing/barber professionals, educators and suppliers. It exists to ensure a sustainable and positive future for our industry. Since 2010 the AHC has set ethical business standards for salon and registered training organisations (RTOs) members and represents the professional hairdressing, barber and beauty industry nationally.

In making this submission the AHC consulted with the hairdressing and barber industry to gather evidence to support the difficulties of the hairdressing industry is experiencing with respect of recruiting and retaining workers and reliance on overseas workers to fill this skills shortage.

We have also consulted with the Australian Taxation Office and the Treasury over the concerns of the industry's contribution to the black economy.

The hairdressing and barber industry make a substantial contribution to the nation economy by accounting for over 3 billion in hairdressing services and retail sales in excess of 350 million.

As hairdressing is a creative and international career and one of the arts, the international industry has much to offer the Australian market in regard to skills, inspiration, training and education.

## KEY POINTS

- Apprentice commencements have fallen sharply for hairdressing and beauty services, with new starters dropping from 2585 in the 2010 January to March (Q1) quarter almost halving over the nine years to 2019 with 1326 apprentices starting in the 2019 January to March quarter.<sup>1</sup>
- Apprentice completions over the same period have more than halved, falling from 1169 in Q1 2010 to 553 in Q1 2019.<sup>2</sup>
- The Department of Home Affairs has implemented reforms to Australia's temporary skilled migration program including the abolition and replacement of the 457 visa and the permanent employer sponsored skilled migration program.

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<sup>1</sup> NCVER 2019, *Australian Vocational Education and Training Statistics: Apprentice and Trainee Collection Dashboard*, NCVER, Adelaide

<sup>2</sup> *ibid*



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- AHC members have raised concerns with respect to the extreme difficulty in recruiting and retaining Australian workers and therefore a greater reliance on employing overseas workers to maintain the viability of their business.
- The Temporary (Skilled) subclass 457 visa has previously been used successfully by the hairdressing and barber industry.

## PURPOSE OF THIS SUBMISSION & INDUSTRY FINDINGS

The current Visa 482 is not suitable to the Hairdressing Industry. Our Industry is currently on the Short Term Skilled Occupation list. The following submission will clearly show the need for Hairdressing to be on the Medium and Long Skilled Strategic list with a pathway to residency.

The Australian Hairdressing Council has sent numerous case studies and requests to the Department of Immigration and Citizenship with no response. Why?

As a consequence, the AHC has continued to seek additional feedback and comments from our industry on the difficulty business owners are facing in sourcing and retaining labour and what changes they would recommend to reduce this problem.

The AHC and its members in the hairdressing and barber industry recognise that the ideal situation is to employ Australian workers. However, this is not easy in our industry as 90% of their workers are female. As this is a female dominated industry then the majority of the industry result in part time employment due to family commitments. International and qualified workers assist in filling a very real shortage of qualified, full time hairdressers and barbers.

The industry has also suffered significantly from declining apprentice numbers over the last decade. Apprentice commencements in hairdressing and beauty qualifications have declined by almost half since 2010. Coupled with a high non-completion rate for apprentices in the industry, the flow through of new entrants into the sector has struggled to meet the demand for workers.



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Our industry environment is currently alarming. As the ATO does not separate Hair & Beauty the ABNs registered as active in 106,716. In hairdressing and barbering there are approximately ONLY 13,000 shopfronts. The ATO has currently recorded **34,335** taxable returns in hairdressing and 4,302 barbers/hairdressers. The average wage for a female worker is \$32,066 and male is \$38,824. The ATO show only 38, 637 workers in total for 13,000 shopfronts. This equates to only 3 workers per salon, the majority of these are part time. These stats include apprentices. The average wage for a hairdresser is \$35,000.

The hairdressing industry currently contributes to the black economy and the above figures show our concerns. The ATO report to the AHC, show over 65,656 ABNs not registered for GST. 54,640 ABNs are considered high risk in contributing to the black economy. These are considered as a cottage industry working at home avoiding tax obligations.

Sponsorships in our industry are from business applicants who show ethical business practices and comply with transparent income records to honour the sponsorship requirements.

Hairdressing businesses simply cannot attract staff and will exhaust advertising avenues at a huge business cost and stress. The result is not only a financial stress on any business, but also inhibits growth in our industry. "Poaching" staff from other businesses becomes a pattern which only results in another business being under staffed and under stress.

Another industry concern is the lack of apprentice commencements in hairdressing. Without experienced senior stylists employed, this restricts the number of apprentices a business can indenture as the ratio must be one to one, qualified stylist to apprentice. This again puts an enormous stress on a business and has contributed to a low 28% completion rate of apprentices as businesses cannot spend time training with not enough skilled qualified staff working.

## REASONS WHY QUALIFIED STAFF ARE NOT RESPONDING TO ADVERTISEMENTS

Potential employers will spend thousands of dollars advertising on every platform and board available in the hope to attract any worker.

The following are reasons why there are no stylists available.



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- a. 90% of the industry are female. Family commitments result in qualified stylists can often only work part time.
- b. With a 28% completion of apprenticeships, working qualified stylists are more mature and so have family obligations.
- c. A majority of the qualified stylists in Australia do not have the skills, experience and are simply not competent or capable to work in a salon and will work at home, more often in a “backyard” arrangement, taking cash for services. The concern here is not just the contribution to the black economy but also the lack of investment in future apprentices as well as concerns for consumer safety using chemicals.
- d. “Rent A Chair” arrangements have increased from 2,200 to 6,600 in 12 months. To avoid registering for GST these contractors do not take on apprentices and so do not contribute to a future skilled workforce. Renting chairs, choosing to be self-employed is becoming more prevalent in the industry.
- e. Industry suite arrangements have been surfacing where an individual stylist can rent a small space amongst other businesses, working on their own.
- f. Qualified hairdressers simply want to work less and less hours. It is difficult to find any willing full time workers.
- g. There is too much competition between businesses all vying for the same employee.
- h. The number of qualified, experienced and capable stylists have become diluted as a result of an education system that has produced qualified but unemployable hairdressers, many of these are working within the black economy.

## HOW CAN OVERSEAS WORKERS ASSIST AND GROW OUR INDUSTRY

- a. International hairdressers/barbers come with a higher commitment for full time employment. The cost of the application for sponsorship is approximately \$7,500.
- b. Salon/Barber shop owners also have a higher commitment in ensuring the employment is productive due to the higher wages on Visa workers, averaging from \$55,000 \$65,000base wage, plus all other costs related to Visa applications, including onerous paperwork and time.
- c. Qualified stylists/barbers are more often trainers/educators in salons/barbers bringing international skills and experience.
- d. Employing more senior qualified stylists/barbers allows a business owner to recruit apprentices and invest in the sustainability and future of their business.
- e. Businesses employing Visa workers are more transparent with wage records and so must be compliant and not contribute to the black economy.



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- f. Small business growth is currently at a standstill without the ability to employ capable, skilled and qualified staff.

## SUMMARY

Hairdressing businesses are desperate to employ staff. There is a very real shortage of skilled operators in our Industry. This industry could potentially experience real growth and investment in the economy, apprenticeships, education and training and in business.

Please consider Hairdressing to be returned to the Medium and Long Term Strategic Skills list and consider a 4 year term Visa with a pathway of residency to ensure investment in the future of small businesses, its employees and the Industry.

