



COMMONWEALTH OF AUSTRALIA

## Official Committee Hansard

# HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON EMPLOYMENT, WORKPLACE  
RELATIONS AND WORKFORCE PARTICIPATION

**Reference: Workforce challenges facing the Australian tourism sector**

FRIDAY, 30 MARCH 2007

SYDNEY

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES



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**HOUSE OF REPRESENTATIVES**

**STANDING COMMITTEE ON EMPLOYMENT, WORKPLACE RELATIONS AND WORKFORCE**

**PARTICIPATION**

**Friday, 30 March 2007**

**Members:** Mr Hardgrave (*Chair*), Mr Hayes (*Deputy Chair*), Mr Baker, Ms Hall, Mr Henry, Mrs May, Mr Brendan O'Connor, Mr Price, Mr Randall and Mr Vasta

**Members in attendance:** Mr Baker, Ms Hall, Mr Hardgrave, Mr Hayes, Mr Brendan O'Connor

**Terms of reference for the inquiry:**

To inquire into and report on workforce challenges in the Australian tourism sector, with particular reference to the following:

Current and future employment trends in the industry;

Current and emerging skill shortages and appropriate recruitment, coordinated training and retention strategies;

Labour shortages and strategies to meet seasonal fluctuations in workforce demands;

Strategies to ensure employment in regional and remote areas; and

Innovative workplace measures to support further employment opportunities and business growth in the tourism sector.

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**Committee met at 9.28 am****NAMBIAR, Mr Raman, Director, Hostec Hospitality Services****UGARTE, Mr Andrew, General Manager, Education and Training, Hostec Hospitality Services**

**CHAIR (Mr Hardgrave)**—I declare open this public hearing of the House of Representatives Standing Committee on Employment, Workplace Relations and Workforce Participation and the inquiry into workforce challenges facing the Australian tourism sector. The inquiry arises from a request to the committee by the Minister for Employment and Workplace Relations. I welcome witnesses from Hostec. Although the committee does not require you to give evidence under oath, I should advise you that these are formal proceedings of the parliament and therefore warrant the same respect as proceedings of the House itself. It is customary to remind witnesses that giving false or misleading evidence is a serious matter and may be regarded as contempt of parliament. Having said that, would either of you, or both of you, care to make any introductory remarks?

**Mr Nambiar**—Thank you. I have looked over several of the submissions given by various organisations. They are all very interesting and I thank you for inviting us in to give a bit more information about our submission. We are an executive recruitment and training company. We are fully Australian owned—the company started about 10 years ago—focusing on executive recruitment, which these days is primarily for general managers, directors of sales and financial controllers for the Middle East, Asia and Australia. We are a registered training organisation and we deliver nationally accredited material across Australia.

I think that it is important to give just a brief personal background as well because that is relevant to the information that I am going to put forward. I am from a mixed-culture background—my father is Indian and my mother is Polish—and I have grown up in Australia. Because of that, I guess I have been exposed to strong Indian and Polish cultures—Indian being very subservient in terms of service, and Polish being very proud but keen to take whatever job is available to further themselves in career advancement in general. I think this matters because a lot of the statistics that I have seen focus on the numbers. But further to the numbers, one of the major obstacles we face—which you probably all realise anyway—is the fact that the service culture in Australia is very different from some of the service cultures in other countries. Even if we get the numbers right and they look good on paper, it is actually very difficult, even through training—and I represent a training company—to train that service mentality and culture. And it is those jobs where we have the major skill shortages. It is a difficult challenge culturally to begin with, let alone getting the employment numbers right.

**CHAIR**—I think that is a very generous observation that you make. I could not comment on the generalisation about Polish and Indian cultures but it is on record now and so I will let your friends talk to you about that. I gather from what you say that you think there is a reluctance amongst Australians to take on these very important but very service based jobs?

**Mr Nambiar**—Yes, exactly. In respect of my representations about some of the visa restrictions, I think that we need to look at some of those in terms of bringing in people with a lower skill base than some of the people we are bringing in because, if we do want to fill that

gap, even if we have the right number of people available here in Australia they may not be keen to take on those positions anyway.

**CHAIR**—So there is a sort of workers' strike, if you like, on the type of work being done. By choice they are not seeking those jobs and yet those jobs are absolutely important to the operation of the whole tourism and hospitality industry?

**Mr Nambiar**—Yes, that is my understanding.

**CHAIR**—We are sort of typecasting Australians again. I gather that what you mean is that regardless of your parents' culture the Australian cultural environment gives you a feeling that you should not go off and do these jobs, or that they are something you do until something better comes along. Do you hear that as well?

**Mr Ugarte**—Yes, definitely. I could take that one step further in relation to the particular career of cookery and chefs. You often hear discussions about the labour shortage in commercial cookery. For instance, there is a slight problem with that in that there are plenty of people around who are skilled in commercial cookery—they just choose not to work in the industry. For instance, at a conference recently that point came up and when there was a show of hands about 25 per cent of the group had their commercial cookery qualifications but only five per cent were actually working in the industry. So the industry have to take some responsibility as well, because they are not providing conditions that keep people in those jobs. I am a qualified chef myself but I have not worked in a kitchen for 15 years.

**Ms HALL**—Is it that the working conditions themselves are not flexible enough? For instance, there are split shifts and work at night when other people are socialising. They are the types of things that chefs have spoken to me about and they have told me that those things have influenced their decision to move into a different industry. Some of them have also talked about coming back at a later date, but the burnout rate and the impact that it has on their lives is significant.

**Mr Ugarte**—In part that is true. I think there is a lack of flexibility in the industry. People can work a variety of shifts because a lot of restaurants are open 24 hours a day. The industry operates 24 hours, seven days a week. It needs to have a bit of flexibility that it does not provide for now. Also, the remuneration needs to reflect that, which it does not. If you look at apprenticeships, again you will find that a second-year apprentice doing 60, 70 or 80 hours a week is not being compensated adequately. They are trying to run a car, they have got a girlfriend or a boyfriend, and maybe they are living out of home. They do not stay very long.

**Mr Nambiar**—The problem is in no way unique to Australia. A couple of weeks ago I was at a conference in Las Vegas. At that conference there were some statistics about why key performers stay and it said that industry or the employer believed that the top performing employees in the hospitality industry would leave because of pay. Of those employers who thought that top performing employees would leave because of pay, the figure was 45 per cent. But for top performing employees who say that they would leave because of pay, the figure was 71 per cent. So you can change the flexibility and the different arrangements but in the end the key element always comes down to the pay.

**Mr HAYES**—That is completely different from what we have heard, say, in Europe where key people would be the concierge and so on and people do go into this industry to make a career. Is this a bit of a reflection on how the industry views itself?

**Mr Nambiar**—The industry here in Australia is different from those industries. For instance, in the States or in Europe there is a large tipping culture in those sorts of jobs that you mention, whereas in Australia that is not a big part of it. You can set yourself up in a career in those countries and you can survive quite nicely. But in Australia it is getting more difficult. You will find concierges in Australian hotels where the tipping has got lower and lower. It is not like it used to be in the good old days of the gold keys—get a job as a concierge and you are pretty much set up for life.

**Mr HAYES**—You also hear evidence that young people who come in with an academic qualification in hospitality and tourism are more likely to go and apply that overseas, as opposed to being recruited and retained within the Australian industry.

**Mr Nambiar**—There is a huge brain drain in Australia. I am in executive recruitment and so I guess I am partly responsible for facilitating some of that—

**CHAIR**—Now we know.

**Mr Nambiar**—But what we are seeing is that the type of employment in Australia is not enough for some of these executives that want to advance in their careers. If you want to manage a very large hospitality property, we just do not have those sorts of facilities in Australia. They have them in the Middle East and in Las Vegas and Tokyo, but if you get to a certain point in your career in Australia in the hospitality industry and if you are a real go-getter, there is a bit of a ceiling for you.

**Mr BAKER**—Are you saying that our industry is still very immature?

**Mr Nambiar**—It is still quite young. When we speak to a lot of senior executives in other parts of the world they see Australia as their little retirement patch. They are all looking for a good GM role in Australia to come back to at the end of their career, because Australia is such a beautiful place to live.

**CHAIR**—This is down to the professionalism aspect of this sector. From what we have heard, it is seen as something you do until something real comes along. So one would suspect, if you are the hirers of chefs, the commercial artists with food, you end up with someone who says, ‘Mate, I am not going to work for that,’ and in the past you have always been able to find someone else who would. Essentially, those days are pretty much behind us—

**Mr Ugarte**—Our unemployment figures at the moment, exactly.

**CHAIR**—Equally, the recognition of front-of-house staff and the skills and talents that they need is even further down the drain than the back-of-house staff, from what we have been able to see. It is a frustration in your executive recruitment business, I am sure, that overseas countries are looking to the front-of-house staff as professionals that they want to hire but in Australia that is not necessarily the case. It is not true in all cases but is there a bigger end of town if you like, a

bigger operator, that has a greater regard for front-of-house staff versus the sort of smaller boutique mum-and-dad type operations? Do you have contact with those sorts of differences?

**Mr Nambiar**—We do, but across-the-board the front-of-house staff are difficult to find in Australia both in the regional areas and in the cities in the big enterprises. Going back to what I originally said, finding that sort of service mentality is difficult in general.

**CHAIR**—Would it be your view that the skills associated with front-of-house staff are not necessarily appreciated as they are in other countries?

**Mr Nambiar**—I would not say they are not appreciated.

**CHAIR**—Or as recognised?

**Mr Nambiar**—Maybe not as recognised, but it comes back to what I was talking about in terms of pay. They are not paid as well and other industries are poaching them from the hospitality industry. You will find some of the corporates—financial institutions et cetera—are recognising that those skills are so important that they are poaching from hospitality and sometimes paying them double what they normally would be paid in the hospitality industry.

**Mr Ugarte**—Prior to my time with Hostec I was the head of school at the William Blue International Hotel Management School. We tracked the career paths of our graduates and found that the majority of them would enter the hospitality industry after getting an advanced diploma, associate degree or degree. They would spend several years working through in their area of expertise, whether it was in the front office, sales and marketing or human resources, and they would come to a stage when they would reach the top in what is quite a small industry in Australia and that would be when they would opt out. So they would gain their skills and hone their skills—

**CHAIR**—In a customer service environment—

**Mr Ugarte**—In a dynamic, lively environment where money is not the big opportunity and you want a lifestyle, but you get to a stage and you think: I am out now. I am going to work for a pharmaceutical company or any company that has a customer service interface. They are poached all the time.

**Ms HALL**—I wanted to come in before we got too far from the issue that you were talking about before when you were talking about managers and how the opportunity for managers is very limited in Australia and it was seen as more of a retirement stop. I want you to take us through the levels of management that are available in Australia, whether in hotel group management or whether the higher positions in Australia are filled by people that are just brought in for short periods to manage a group, or the group is managed from overseas. You also touched on poaching from the industry being at a higher level within the industry. Another thing linked to that is the qualifications that you are looking for to fill those top management positions. Are they the university-based tourism courses that we read about or are they more of a financial management type courses with some human resources training or maybe somebody has had that experience in the industry?

**Mr Nambiar**—As you know, the industry is made up of a few organisations at the top end and then a massive number in that middle area of small to medium businesses. At the top end, qualifications are usually financial or in general management—they do not have to be hospitality qualifications. We are finding more and more a mix of people from industries other than hospitality at that senior level because hospitality is becoming very much brand management. The big chains—the Hiltons, the Hyatts, Shangri-Las—all offer a very similar product these days so it comes down to how to best manage your brand.

We are finding that the CEOs of those sorts of organisations, whether Coca-Cola or steel companies, are mixing and matching a lot at the very top level. That is the corporate office level. The next level down is the general management level of the property level. The kinds of skills you are looking for there are usually financial and business skills, but not necessarily hospitality and tourism management, although a lot of those people have those qualifications as well. You are then talking about the huge mix of small- to medium-sized businesses. This is where I am going to try to get back to concentrating on solutions rather than to keep on talking about the problems. But, at that middle level, a lot of those people have no qualifications. They have perhaps been a supervisor and were then thrust into that area, but one of the big problems is that they have not been trained in human resources and that has problems down the line in retention and career development et cetera. They have not been trained properly in financial management, so a lot of those businesses do turn over, and we see a lot of problems at that range in our industry. Those are the people who really need development skills in general business and in hospitality and tourism. I hope that answers some of your questions.

**Ms HALL**—Thank you.

**Mr BAKER**—Can you touch on your view of regional areas? We have spoken a lot about the cities and the internationally situation but not regional areas. What is the current status quo and what packages do you believe need to be considered specifically for those types of regions?

**Mr Nambiar**—In the regional areas a lot of the problems come down to flexibility of employment—providing extra services, whether it is child care or flexibility in hours available. That is one of the big problems with retaining people in the industry in the regional areas. Seasonality of the regional areas is a huge problem. We see a big focus on the northern area of Australia in certain parts of the year and the ski fields in other parts of the year, and trying to move those groups of employees around Australia is very difficult. I think it is very good that we brought in the extension to the working holiday visa from three months to six months. We may even have to consider a further extension or, as I mentioned before, bringing in skills from overseas at that level; otherwise, regionally, it is very difficult to keep those people in the jobs.

**Mr BAKER**—What other funding or training programs would be helpful?

**Mr Nambiar**—I think the funding is a little unbalanced. A lot of funding is available for training—and I think the Department of Education and Training have done a great job in funding—but the funding is usually the same dollar for dollar as it is in the regional areas. When some of the big registered training organisations based in the city look at whether to fund a program in the city or in regional Australia, they choose the city because—

**CHAIR**—The employer incentives are higher in regional Australia than they are in city Australia. The living away from home allowance and all those sorts of things are geared towards regional Australia, so I will very quickly correct the record that, from the federal government's point of view, this is not correct

**Mr Nambiar**—Okay. What we find with the funding that is presented to the RTOs we deal with is that it is very similar for regional and for city based. The organisations that are able to gain access to that funding often do not know of the funding models that exist in regional Australia because of what I mentioned; they are small businesses. You may well be right that a lot of funding mechanisms are available to them—

**CHAIR**—But whether people know about it—

**Mr Nambiar**—Yes.

**CHAIR**—I accept that.

**Mr Nambiar**—It is very difficult for those guys to access that sort of funding.

**CHAIR**—A lot of that is to do with the fact that there is a lot more of a pottage kind of approaches to these things.

**Mr Nambiar**—Correct.

**Mr BAKER**—And owner business.

**Mr Nambiar**—Correct.

**CHAIR**—On that visa matter, just to be very clear: from your experience, we note—we have heard this from others—there is not sufficient visa flexibility to allow people with, say, front-of-house skills to be brought to Australia.

**Mr Nambiar**—Correct.

**CHAIR**—We do not have that ability.

**Mr Nambiar**—Yes.

**CHAIR**—Do other countries have that ability? Can you give us some examples of other places that you know of?

**Mr Nambiar**—Other countries are working on it, in the same way that we are working on it.

**CHAIR**—What sorts of countries are you talking about?

**Mr Nambiar**—Japan, for example, have a huge shortage of spa therapists at the moment, because the spa industry is growing rapidly. So they are looking at ways to bring in spa

therapists from countries like Thailand—countries across Asia—to meet that skill shortage gap. They are working on their visa restrictions to allow that.

**CHAIR**—As host workers or like a 457 kind of short entry visa?

**Mr Nambiar**—Similar to what we are talking about: the six-month to one-year, working holiday type visas.

**CHAIR**—I see; so it is not a two- to three-year kind of picture?

**Mr Nambiar**—Not at this stage.

**CHAIR**—It is more a six- to 12-month type visa.

**Mr Nambiar**—Correct.

**Mr Ugarte**—The Middle East as well.

**Mr Nambiar**—Yes, the Middle East does it. With processing those visas, because we have that cottage industry, a lot of those employers find it pretty hard to nominate, sponsor and so on. It is quite restrictive at the moment, because if you put in a nomination for a certain category and if it does not fit a business type that it recognises, they usually come back with the response that that job description—or whatever it is—does not fit that visa nomination.

**CHAIR**—‘Front of house’ does not compute, does it?

**Mr Nambiar**—That is right.

**CHAIR**—So if you are short on people to fix up your hotel rooms, to wait your tables or whatever—bad luck. If you cannot fill them in Australia, you just shut down those hotel rooms or restaurants.

**Mr Ugarte**—And you cannot afford to pay them the \$42,000-odd that you need to under the 457 visa.

**CHAIR**—But they cannot even come in under the 457.

**Mr Nambiar**—Correct.

**Mr Ugarte**—Another option is the occupational training visa, which does not have a salary restriction. The issue there is that any employer needs to have a formalised training program in place to be able to access those visas; and of course the mums and dads operations do not have that.

**CHAIR**—I think one person has come into Australia under that visa—one person. That shows that, whilst the visa is offered, it is all too hard. It is unworkable from your point of view. Do you think, though, that people reach that stage long after the horse has bolted and is down the street

anyway? You said in your submission something about, 'There is not enough long-term planning,' or there seems to be a tourism focus in a very short-term way. This would be as true in planning their workforce requirements as anything else, I suspect.

**Mr Nambiar**—Correct. And for people like ourselves, who may be used to this sort of bureaucracy, it is not so difficult to nominate, sponsor et cetera, but, as Andrew said, the mums and dads find it very difficult to do.

**CHAIR**—When do people come to you to say, 'I want to nominate and sponsor someone from overseas'? Is it six or 12 months after they need that person, or is it six or 12 months before they need that person? Are there people planning their workforce requirements?

**Mr Nambiar**—Not very well. It is very much last minute.

**CHAIR**—Or maybe the minute after the last minute.

**Mr Nambiar**—Yes, it is.

**CHAIR**—I am not trying to lead you down this path, but—

**Mr Nambiar**—No, but I will give you a good example of the big shortage that we talked about: chefs. As Andrew said, there are hundreds of employers right now who could take another chef tomorrow. There are also hundreds and hundreds of chefs sitting overseas, with the right qualifications and the right motivation to come and fill those positions. I will give you a normal recruitment process. The employer will say, 'Get me a chef'. We will say, 'The chef is sitting in Nepal waiting to come and fill that role.' The employer will say, 'We want that person to have a skill test. We are not going to employ them until they are here in the country.' The person in Nepal has saved for the last 10 years for a trip to Australia to get a job that he may not get. They might feel that it is a high risk for them, the employer will not do it until they are here on shore, so the solution is in front of us, but it is how to make that work.

**CHAIR**—What is the solution that is right here in front of us?

**Mr Ugarte**—It is a good story.

**Mr Nambiar**—We have done a good job in promoting Australia as a destination—the country to visit, a beautiful place to be—but as a place that you can come to and secure employment, that message is not there for those people. That is part of it. The second part of it is helping them more when they arrive looking for a job. We know that they are looking for a job but we make it quite difficult when they arrive in the country. They get asked, 'Why are you here? Are you looking for a job or are you here for a holiday?' They are very hesitant to say that they are here to look for a job. When they get here, accommodation for them is quite expensive and difficult. Maybe something could be done as a group initiative to give them a place to stay while they are here conducting interviews, et cetera. We need to have a good look at their qualifications before they come over here to pre-screen them so that we can say that these people have been pre-screened—

**Mr HAYES**—Do you think that the host employer is going to simply sponsor people in, whether it be on a 457 visa or whatever, and then reserve the right to send them out again—

**CHAIR**—It is not a good look.

**Mr HAYES**—Certainly the government would have a view about that by the time you were making a solid decision to bring a person out on a specified visa.

**Mr Ugarte**—There is another solution. The hotels schools run a careers fair in Sydney every year where all the hotels come to one spot at Redfern Technology Park. All the employers come together and interviews take place on the spot. There is no reason why RTOs cannot go to places like India and Nepal, do the assessment over there and assess them to Australian standards, and a number of employers could go over in a coordinated effort and do the interviews over there. It would be much more cost-effective.

**Mr HAYES**—I think they are doing that in construction and some of the trade shortage areas. They are going overseas and doing that.

**CHAIR**—The key failure is still that they can assess them and even provide skills gap training to the Australian standards, but what then? You could have these overseas hubs operating. To my mind, that is part of the long-term solution for Australia's skills needs, as I just do not see that we are going to produce enough babies to want to take on these jobs anyway. But then you have to make sure that you have a visa regime that will allow these people with the skills to come in. You can train them up to be the best maitre d' in the world but the visa system, dictated by DEWR's migration occupation demand list, will not recognise them as the skills we need.

**Mr Nambiar**—Correct. I know we have very limited time and I would rather put forward a couple more solutions—and you can throw stones at them.

**CHAIR**—We are very generous, but just go on for a couple more minutes.

**Mr Nambiar**—In terms of the small businesses across Australia that we mentioned, financial planning assistance comes to mind. A lot of training has been directed towards certain parts of skill development, whether it is supervising staff—which is all very important—or customer skills, front-line management. All of those things are very good but the owners and managers of those small to medium businesses need more financial planning assistance and management of their operations because they keep going bankrupt and making bad financial decisions. They desperately need loans and they keep taking on bad loans. From what I can see in the marketplace, they really need help in the sector.

**Mr Ugarte**—The skill vouchers go some way with employees in rectifying that but not with employers, the next level up.

**CHAIR**—That is fair enough. As in the building and construction industry, you would have a similar problem amongst some of your tourism operators. Some survey work done in Queensland a couple of years ago found that about 50 per cent of people in the building trade did

not have sufficient literacy and numeracy levels. You probably find some of that among your small tourism operators as well.

**Mr Nambiar**—Definitely.

**CHAIR**—You have set us an interesting additional set of additional conundrums. Thank you very much for that.

**Mr Nambiar**—That is okay. One other initiative that I found interesting was raised at a recent conference. I am not saying that we need to hark back to heavy unionism here, but a few countries have a commitment under which hospitality organisations get together and a percentage of salary goes towards different types of training academies for training new entrants to the industry and providing ongoing development for existing employees in the industry. I have personally visited academies in the Middle East, in America and in Tokyo. Some of these academies seem to work extremely well. I feel that in Australia we do not have a cooperative of employers that is able to fund continuing development. I do not think it is fair to put it all back on government and say, ‘Well, the government has to keep funding the training.’ Some kind of effort as a group needs to be made in the industry.

**Mr BRENDAN O’CONNOR**—That is partly a sign of an industry or sector that is not mature—when employers only see each other as competitors rather than as collaborators. That is an example of a lack of development in terms of the corporate understanding of what is needed for the tourism sector.

**Mr Ugarte**—General managers generally only stay in positions for two years, so there is a huge transition through the hotels into and out of Australia if they are international chains. Those relationships do not—

**Mr BRENDAN O’CONNOR**—But if the culture is there, it will not matter how quickly you change the managers.

**Mr Ugarte**—But the culture cannot develop.

**CHAIR**—And the problem is not at the top end of town and the big brand name hotels; it is at the small operator level. They still see training as a cost rather than as an investment, I would suspect. You have given us a very good insight from a different viewpoint. Thank you for sharing that with us today. You have confirmed a couple of things and raised a couple of other things. Thank you for your time.

[10.02 am]

**WESTERBEEK, Professor Hans, Chair in Sport Management and Head of School, School of Sport, Tourism and Hospitality Management, La Trobe University**

**CHAIR**—Welcome, Professor. Although the committee does not require you to give evidence under oath, I should advise you that these hearings are formal proceedings of the parliament and require the same respect as proceedings of the House. It is customary to remind witnesses that giving false or misleading evidence is a serious matter and may be regarded as contempt of parliament. Would you like to make some introductory remarks to the committee?

**Prof. Westerbeek**—Thank you. Both in the submission that I provided to the committee and also today I probably am best positioned to comment from my position as head of a school which specialises in industry based sport, tourism and hospitality management. The best way I can provide value-added information to the committee is from the perspective of the tertiary education industry first and foremost. To further specify my contribution, I could talk to the TAFE/university task separation and articulation pathways, the issue of consistent regional research data and the role that universities can play in providing that type of information and the STCRC—the cooperative research centre. I could also talk about careers in the tourism industry and the issues that universities in particular are grappling with in balancing the need to bring in sufficient numbers of students. There are also issues around the attractiveness of the career in tourism that those students will have when they leave university.

**CHAIR**—I might kick off where you ended. Can you tell us about the mix of students and the sorts of courses, or specialisations within the courses, they are pursuing compared to maybe a decade ago?

**Prof. Westerbeek**—Our school, in particular, is probably a good example of how this part of the education industry has grown. The school itself is 10 years in existence. We started as a school of tourism and hospitality, without the addition of management. I think the addition of management three years ago and also sport as part of the overall mix of programs that we deliver is evidence of the type of focus that we need to deliver to the industry. That focus is particularly on educating kids in the management of parts of the industry. It is not the operational side; it is the strategic side of the industry that we try to educate for. Sport, in that regard, has become an important addition in the context of Australia, in particular. Rather than focusing on those specified industries, the major event foundation platform that we use in the school to bring together hospitality, tourism and sport in one big framework of combined industries is probably the way we try to establish competitive advantage from our point of view.

The mix of degrees that we offer are sport and leisure management, tourism and hospitality, which is a combined degree, and separately, hospitality management. We operate across a number of campuses. We can offer a metropolitan and regional perspective as well. In terms of the mix of students that we attract to the school, I guess it is fair to say that tourism and hospitality—and hospitality management, in particular—attract increasingly an equal mix of domestic and international students. We are continuing to grow in terms of our international intake in tourism and hospitality, in particular. Sport and leisure management is almost

exclusively domestic. Very few international students pick up that particular part of the degree. But I foresee that in the next five years on the back of the major growth countries for tourism—as well as in China, organising the Games and India getting the Com Games in 2010—those parts of the industry will start to grow as well and will attract increasing numbers of international students.

**CHAIR**—What sorts of pre-course requisites or indeed pre-course experience are the students bringing? You would specify some requisites to start the course. Are they ‘been there, done that’ or are they fresh out of school thinking, ‘This is my career’ and—no offence—‘I will book learn it and then I will go and get the experience later’?

**Prof. Westerbeek**—I think it is fair to say that the kids in sport and leisure management have known for a very long time that that is what they want to do. So they have their sport playing careers, but they do a lot of volunteering work in advance or in their local clubs. In tourism and hospitality, if I have to put a number on it, I think a third of the students will have worked in the industry as their weekend earning jobs, and found through that particular experience that they like the industry and want to build a career in it. The others probably are attracted, particularly in tourism, from the perspective that it offers them an international career scope. It offers them travel, it offers them cultural experiences, etcetera, and they are confronted with the contents of what it means to be employed at university for the first time. That is about two-thirds, I would say.

**CHAIR**—We have had a few people lamenting that a lot of the quality people in our tourism sector up and leave and go to another country. But basically what you are saying is that a lot of the kids enter tourism to do just that.

**Prof. Westerbeek**—Yes. We use it as a selling point to attract them.

**Mr BAKER**—To travel, and working holidays?

**Prof. Westerbeek**—Yes.

**Mr BAKER**—You provide the training to send them. We want to attract them from overseas countries to come here on the same basis.

**CHAIR**—Maybe we need an affiliation with your counterparts in other countries and get them to travel to Australia after they finish their courses.

**Mr BAKER**—Strategically located around the world with different training facilities so you can be entwined.

**Prof. Westerbeek**—It is an interesting dilemma, I guess, because it certainly is a selling point from a marketing point of view. I am not saying that, after educating them, we are pushing them out. We know first and foremost that we need the quality kids to stay here, but it is definitely something. To offer them the career path, one, and to make it as attractive as possible, two, is what we use to get them in.

**Mr HAYES**—Do you track students as they graduate?

**Prof. Westerbeek**—Yes.

**Mr HAYES**—So that is how you come up with the two-thirds using their qualifications going overseas. In terms of the other graduates, do you have any information about how many stay in this industry generally? Or do they use it as a generic degree to do other things?

**Prof. Westerbeek**—The last point is a good one. Our degrees are bachelors of business, and, in brackets, tourism management, hospitality management, or tourism and hospitality management.

**Mr BAKER**—How much is that targeted towards Australian business? You say a selling point is obviously to travel overseas. How much are international requirements integrated into the courses, into the degrees?

**Prof. Westerbeek**—To be honest, I do not think the contents of the degrees are geared towards an international career in the way that we sell it. It offers them the opportunity to take up an international career, but the contents are largely geared towards performing in the Australian environment.

**Mr BAKER**—The point I am making is whether there are opportunities for attracting overseas students to come to Australia to study in the hospitality industry—or is the industry still too immature for that?

**Ms HALL**—Could you answer the question that Mr Hayes asked a moment ago and then maybe go to Mr Baker's question.

**Mr HAYES**—I asked about the generic nature of the degree and about tracking your graduates as to their retention rate within this industry or whether they are moving into finance, business et cetera.

**Prof. Westerbeek**—To be frank and honest, I think we have only recently started to stay in touch with our alumni, to set up alumni programs and to set up industry partnerships programs. We have been pretty complacent in the sector, on the whole, in that we simply put them through three years, not know them before they come in and not know them after they go. It is only now, when we are starting to realise, in terms of supply and demand of students, the attractiveness of industry career paths, that we have started tracking that.

**Mr HAYES**—Based on that, do you have any views as to why people are moving from the hospitality industry into something else where they can use the skills you have given them through your graduate degree? Do they alert you to the reasons for their decisions to move out of this industry?

**Prof. Westerbeek**—It comes down to the very basics of starting salaries, although that is not the principal driver. There is certainly the issue of the hours you have to put in to sustain a career path. There is a question if you do not want to put in the hours. In hospitality in particular, but in tourism as well, they are hours that often are when other people are taking their time off—evenings, weekends et cetera. The average working hours in starting jobs are horrendous. The pay is not bad, but it is not competitive when you look at starting salaries in other areas of

business. We get a very good take-up rate of our graduates—over 80 per cent. Probably closer to 90 per cent get a good job within 12 months of graduating. I do not have the hard figures but anecdotal evidence shows that about half of them end up in tourism and hospitality jobs in the first 12 months. Others use jobs they do not want to be in as opportunities to apply for jobs they want to be in, so rather than apply from a zero base they start from a mediocre job and move into tourism or hospitality jobs.

**CHAIR**—What about the use of the dual pathway? With TAFE you have got the diploma and associate diploma courses—the certificates V and VI, if you like. Do you see them as an important adjunct to building career possibilities? Does it work in the hospitality and tourism sector as it might in some other parts of the economy?

**Prof. Westerbeek**—I think even amongst kids who choose to study in those areas there is a misperception about what should or could be delivered at those different levels of education. I guess hospitality is probably the best case in point where the TAFE institutions are best equipped, also in terms of their infrastructure, to deliver the skills that make people deliver high service standards face-to-face and in direct contact with tourists.

**CHAIR**—Every TAFE has a good restaurant, hasn't it?

**Prof. Westerbeek**—And fantastic facilities to train people on the job. As universities we do not have those and, to be honest, my view is that we should not have that. I do not want those facilities, because it is not what we are good at and not what we should be good at in the first place.

**CHAIR**—But are there elements of, say, your degree path that complement the elements of the TAFE degree path? So people literally—and it is very true in four institutes in Victoria—can get to the end of their study and training and end up with a dual degree: one essentially TAFE based and one academically based.

**Prof. Westerbeek**—We had that structure at La Trobe a couple of years ago, where we integrated a TAFE degree and institute with our current degrees. It is not available any more. In Bendigo, which is one of our bigger regional campuses, we have a direct relationship with the local TAFE institute and two of our units are delivered through TAFE. They are the ones where you need on-site infrastructure.

**CHAIR**—Why did you get rid of them from your university? What is your campus of La Trobe?

**Prof. Westerbeek**—We are at the Bundoora campus—it was a university decision. Our university aspires to rub shoulders with the Group of Eight type institutions.

**CHAIR**—So you have bought lots of sandstone to render the buildings.

**Prof. Westerbeek**—I am sure they would want that.

**CHAIR**—I am highly suspicious of La Trobe; I am from Griffith University and we do not want to be part of the Group of Eight, do we? I do not know; I will find out having said that. You have ditched that TAFE practical element to concentrate on the academic stream.

**Prof. Westerbeek**—Correct.

**CHAIR**—What is happening at Bendigo; what is the story at Bendigo—a cooperative approach?

**Prof. Westerbeek**—I am still confused about the university strategy and government strategies to link regional education with metropolitan education and about having the same degree with different entry scores effectively delivering different skill sets to students who graduate with those different degrees.

**CHAIR**—But they are not the same piece of paper.

**Prof. Westerbeek**—They are the same piece of paper. Admittedly, we would like most of our regional graduates to stay in regional areas, and that is probably why they chose to study in the regions in the first place. The skill sets required in regional areas are vastly different from those required for the majority of jobs that are on offer in metropolitan areas.

**CHAIR**—It sounds like the Bendigo one would be very attractive to a lot of employers though.

**Ms HALL**—I, like the chair, noted that you spoke about the different roles of TAFE and universities. Do you think that in addition to their separate roles there is probably a place within the market to do a complementary degree; a course between, say, TAFE and university? If so, are there any examples of that? I know you mentioned Bendigo, which is probably reasonably close to that.

**Prof. Westerbeek**—In reality we codeliver already through our articulation pathways. In the past we have given up to 12 units credit, so effectively half a degree, before kids come to us and finish their bachelor degrees.

**Ms HALL**—Is there any planning between institutes on that?

**Prof. Westerbeek**—Yes. We have close collaboration with a number of institutes, in particular in Melbourne, where we have long-established articulation pathways. That is probably going to change now that some of those institutions are delivering their own degree programs. I have been in this position for 2½ years. My background is in sport and therefore I have predominantly dealt with domestic students at different universities, so the whole international student body and the issues that come with it are relatively new to me, but I have come face-to-face with them as head of school.

My point is that if there is an articulation pathway there is limited incentive for TAFE institutions to make sure that they hit the nail on the head when those kids leave after 12 units and move into the universities. I felt that there is maybe not a slack but certainly a less than fully interested approach in making sure that those kids are good enough to come to university and to

live up to the academic standards that come with universities. We have tremendous difficulty with bringing them up to speed, first and foremost, and then with advancing them to the levels that we feel are appropriate to send them out into industry and say, 'Hey, that is a La Trobe graduate, we are happy with them, they talk on our behalf.' It is very difficult.

**Ms HALL**—In your submission you also talk about Australia having to decide whether it wants to gear its tourism towards the high end or the low end of the market. You may like to talk to us a little more about that, and about which of these things you think Australia is best positioned to do.

**Prof. Westerbeek**—I am a great believer in A brands. Not that you can choose between A brands and B or C brands at choice, but I am a great believer in aligning A brands with A-quality experience. I also truly believe that Australia as a tourism destination, in all aspects, is an A brand. So you cannot sell yourself short and then try to create mass influx by underselling what you have on offer. The only reason I am in the academic game in the first place is to deliver A-brand graduates who deliver A-brand experiences to high-yield incoming tourists. So there is no option, as far as I am concerned.

**Ms HALL**—In your opening remarks you mentioned the need for consistent regional research data. Would you give us more information on that and on the problems you see in that area, and provide examples of some of the regional data that has been collected.

**Prof. Westerbeek**—I guess it relates to the CRC in a way but I will give you some anecdotal examples of us as a school trying to work in the regions and trying to work with the regions. There is a desperate outcry from regional tourism bodies or campaign committees, for example, who really do not know what the characteristics are of the tourists passing through their townships on the way to the big metropolitan areas or more attractive areas that have iconic tourism opportunities. They want to know who these people are and what they can do to provide experiences that will make these people stay in their townships rather than simply have a coffee and move on to the metro areas.

I was at the regional tourism summit in Victoria two days ago and the same evidence came up there. Some of the bigger townships have a bit more money. They employ a local consultant to collect some economic data on tourism numbers. They do it for one year and then they move out. The town does not have money the next year but another consultant comes in the year after with a different format, different standards and non-comparable data. I suggested that regional universities, or at least universities with regional campuses, have an opportunity to standardise their information. It would be relatively low cost. You could even use honours students or masters students and set up particular long-term, longitudinal projects to start collecting that data.

The CRC can play a role in that as well. Rather than make it snapshot projects with industry, at least identify one stream along the duration of the CRC that says hardcore, long-term, longitudinal, regionally based evidence that gives us information about the segmentation we so desperately need in order to supply those regional areas as well.

**Mr BRENDAN O'CONNOR**—You referred to the 2005 FutureBrand rankings and about Australia being the second behind Italy—and then it goes on about the improved brands being

China and South Korea. Firstly, what is the basis upon which that ranking is determined? What factors are taken into account? Also, how important is it that this particular body makes such a call on where you rank? How significant is it in terms of selling a country to people who may want to travel?

**Prof. Westerbeek**—It is a very fair question and I am happy that you ask it as well. The reality is that they are a commercial organisation in the business of selling and developing and perfecting brands. They have a significant interest in showcasing products that can be communicated across industries and the FutureBrand country ranking is one such product that they offer free on the website. The background statistics and background methodology used to come up with the ranking cannot be accessed. So it is a fair point that you question the foundation to the data.

I have put it in as a very quick snapshot comment on the general perception of Australia in the world and about how people across a number of nations—probably across all nations in the First World—perceive Australia to be a tourism destination. In other words, there may be a lot of unmined potential in terms of the destination value of Australia. Without taking the FutureBrand data as the perfect evidence that tourism is going through the roof in Australia, it is more an expression of brand value than it is of what that brand value means for mining the equity that is within the brand.

**Mr BRENDAN O'CONNOR**—Finally, you talk about perceptions that Australia would be a good destination for overseas tourists to come here, but what about the perception of the tyranny of distance? Is that still a real difficulty? Is that a large impediment to attracting people? I know that people from Europe always complain if they have to travel more than three hours, and Americans say that they have to travel six hours to get to Paris and that is awful. Even despite the exponential growth of aviation travel I wonder whether there is still a thing about travelling all this way—16-hour legs—to get to Sydney or Melbourne or Brisbane or wherever.

**Prof. Westerbeek**—I do not have research data that I can share with you but anecdotally and from many of our international students it is probably fair to say that it still is an issue. A majority of them are from Asia and their families come over. But about 10 per cent of our students are from the north of Europe predominantly and you can tell that their parents are much less likely to travel to Australia to visit their kids compared to those who are from Asia. That in itself is probably some numerical evidence that they do not just jump on a plane.

**CHAIR**—Is the FutureBrand labelling also potentially a burden for us if we fail to meet people's expectations?

**Prof. Westerbeek**—Yes.

**CHAIR**—So here we have got ourselves sitting second to Italy in the world sense in the minds of people as a good place to go and if we do not meet their expectations we are in trouble, I would have thought, if reality becomes a word-of-mouth message we do not want.

**Prof. Westerbeek**—It is fantastic free marketing. But you are right: you need to offer the capacity and also the quality experience to back it up.

**CHAIR**—Do you have any reason to be concerned that Australia is not able to meet those expectations? We are hearing lots of talk about shortages of people doing the ancillary but very important work—the front of house work, the cleaning of hotel rooms and so forth. We hear of rooms and restaurants being shut down because there are not enough staff. Does not meeting the rhetoric impact on our reality?

**Prof. Westerbeek**—Again forgive me for using yet another source of anecdotal evidence—as a professor I should not do that, I guess—

**CHAIR**—We should not either as members of parliament, but we will back each other, okay!

**Prof. Westerbeek**—but at the regional tourism summit two days ago there was also an elaborate discussion about service standards and perceptions of poor quality, about high-level functions where bartenders would call high-level visitors ‘mate’—the Australian way of showing what friendly people we are. It was perceived by most of the members of the tourism community as something negative. But I can say from the point of view of my own European background and of many people that come here, and also from my involvement in organising government trips for people coming this way, that anecdotally the views do not match that perception, that concern, that Australians have about the attitude of service provision, in particular by domestic service providers. There is a general perception that, in stark contrast to many European countries, the service attitude and friendliness and the proverbial good-natured Australian attitude is still kicking big goals in terms of tourists coming this way.

**CHAIR**—So if we are not so stiff and formal it goes over okay.

**Prof. Westerbeek**—And being always willing and able to lend a helping hand—to ask, ‘What can I do for you?’ rather than just doing what I need to do and then moving on to the next customer.

**Mr BAKER**—What we call ‘plus one’.

**Prof. Westerbeek**—Yes.

**CHAIR**—That is a positive note to finish on. Thank you for your time today and we wish you well.

**Prof. Westerbeek**—Thank you very much.

**Proceedings suspended from 10.32 am to 10.45 am**

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**OLAH, Mr Peter, National Affairs Manager, Hotel, Motel and Accommodation Association**

**CHAIR**—Welcome. Although the committee does not require you to give evidence under oath, I should advise you that these hearings are formal proceedings of the parliament and consequently require the same respect as proceedings of the House itself. It is customary to remind witnesses that giving false or misleading evidence is a serious matter and may be regarded as contempt of parliament. Having said that, would you care to make some introductory remarks?

**Mr Olah**—Yes, I would, Chair. Firstly, on behalf of the HMAA and the tourist accommodation industry across Australia, I thank you, Chair, and the committee members for the opportunity to appear before and to make a submission to this inquiry. I represent the HMAA, which is the national industry association representing the tourism accommodation industry. The industry ranges across a large number of different types of businesses from five-star, global hotel chains through to motel chains, independent motels, motor inns, bed and breakfast accommodation, camping grounds and includes everything in between. Our membership represents that broad range of accommodation interests. I will not go through our submission in detail because I know you have all had the opportunity to look at it. I will make a few key points from it.

The first regards the nature of the accommodation part of the Australian tourism industry and where it is similar to and where it is different from the tourism industry. Accommodation represents in dollar terms about 10 per cent of the Australian tourism industry. That is a contribution of somewhere between \$7 billion and \$8 billion to GDP. It represents a little over 10 per cent in terms of employment; direct employment from tourism is about 550,000 and about 100,000 of that is in the accommodation sector.

The similarities—and there are many—between accommodation and the rest of the tourism industry are these. Firstly, the Australian accommodation industry, notwithstanding the big presence of major international players, is an industry dominated by small and medium businesses. That brings all the strengths and weaknesses that SMEs bring to any sector. It is flexible. It can be quick to respond. It can also be disconnected. The level of entrepreneurship and management can be variable. Access to capital can be difficult. Like other parts of the tourism industry, the accommodation part is heavily reliant on the quality of its people. It is a labour intensive industry. In the end, what people buy from tourism is the experience, and the experience is about people. They are the similarities.

The key difference is that accommodation is, clearly, more capital intensive than most other parts of tourism. You need to have a physical place in which to carry out your business, and there is a cost attached to that, so there is more up-front capital required to make it work.

We have some clear evidence across our industry as to the fact that the labour and skills shortage is starting to bite. I use ‘labour’ quite deliberately. I think the focus on a skills shortage has really detracted from the broader debate about the fact that in some areas there is difficulty getting anyone, skilled or unskilled, into certain types of businesses.

**Mr HAYES**—That has been well and truly identified.

**Mr Olah**—Yes. For our membership we have carried out surveys. We had a general industry survey in May last year, which we will replicate in May this year. We had a specific survey in tropical North Queensland in the lead-up to a joint program that we were running as part of the Welfare to Work program with the Department of Employment and Workplace Relations.

The data from the larger survey showed a number of things, but the most interesting thing—and the data is there for you to look at—is that the greatest difficulty our members are facing nationally in filling jobs is in base grade jobs like room attendants and cleaners. So it is not at the skilled end of the spectrum; it is at the semi- or lowly-skilled end of the spectrum. There are a number of reasons for that, and we have not done as much qualitative research as we would like, but we will. The main reason appears to be that a generation of largely non-English-speaking background workers have gone through those jobs—these are people who are now reaching retirement age—and there is no equivalent replacement coming through to do those jobs. That is what is happening at that end.

Clearly, at the other end, in skilled and semi-skilled positions, there is low availability and for those positions we are competing not just with other businesses in the tourism sector but across other industries such as mining and resources. The capacity of our industry to respond to those shortages is low compared to other industries. The main reasons for that are: (a) we are an industry dominated by SMEs that do not understand the market and cannot take a concerted response; and (b) that we are an industry that runs on low margins. So the capacity to have a purely price response is also very low. We cannot simply ratchet up what we offer in order to compete with, say, mining. That is the quantitative data.

Qualitatively, we have data that show things like in the peak season after the twin cyclones in North Queensland last year a number of accommodation businesses in the peak following that operated below full capacity simply because they could not find the people to clean the rooms to keep the rooms open. We have two or three examples of that occurring from members. Whilst not all of them will always go public, we have evidence that that is likely to be spreading. It happened first in North Queensland because it is a very seasonal location, so staff turnover is obviously very high and there is a recruitment imperative each year as a consequence.

There is some good news, and the good news is—let me take a step back. Members will be aware that TTF did some detailed research on recruitment and retention in the accommodation sector and that was released as a report a few months ago. Because of what TTF is, the targets of that research tended to be 4½- and five-star chains mostly located in CBD locations. It showed some, frankly, quite horrific results, especially in terms of staff turnover in the 50 to 60 per cent range for those businesses annually. The good news is that our figures for the broader industry show that, whilst turnover is still unacceptably high, it is significantly lower than that figure across the breadth of the industry; more in the region of 15 to 20 per cent. There are a number of reasons for that: the most commonly accepted one in the industry is the fact that smaller local businesses with local managers are more able to call their friend on the chamber of commerce and see who is available; and there is a closer employer-employee relationship. They are more likely to be friends who have dinner together and so on, so the retention rate is higher. It is still problematic and increasingly so, especially in those areas where there is a tight labour market and greater competition for labour—notably places like WA, Mount Isa, Mackay and so on.

We propose in that context that there are a number of issues that need to be looked at and a number of solutions divided into those areas. Firstly, we believe there are still, despite a lot of work being done on the tourism white paper, significant gaps in the data available for decision making in the industry. There is greater strategic data. There are fewer gaps in that data and it is more commonly available. What is not as widely available is day-to-day operational data—things like: what is happening in your industry or in your region with room fill rates across the industry? It is the stuff that allows businesses to make day-to-day operational decisions to maximise profitability. It is still not commonly available and is problematic. There are still gaps in data, there is still difficulty in accessing data and there are major issues with timeliness of data in the industry. The problem, of course, is if that data is not available, decisions about staffing are made by guesswork or gut feel, and those decisions can often therefore be wrong—wrong for both the employer and the employee.

Secondly, we strongly support the work that has already been done to ensure a full capture of available workers within Australia. Clearly, when you are talking about a gap in the availability of workers right across the spectrum from highly skilled to unskilled, that means there are jobs available for anyone who wants to work in our sector and has a personal cultural affinity towards the sort of work, which is a people based job. That work needs someone who is comfortable with that sort of day-to-day interaction. We are already cooperating with DEWR in a couple of locations with trial programs under the Welfare to Work program. However, we would be very supportive of any further initiative to maximise the access to our industry of people who are currently not in the workforce or those people who are not fully employed in it but wish to work longer hours than they currently are. The members of our industry are very open to that.

Let me say explicitly—this is based on survey data—that our membership, and we extrapolate that to the broader accommodation industry, generally supports the thrust of Work Choices. We do not want to enter a political debate—we are not a political organisation—but there is a broad belief that the flexibilities under Work Choices will serve the interests of our industry in the longer term. Having said that, I note that, as with most small businesses, if you give them time to adhere to a new legislative and regulatory regime, they will take every moment of that time, so the take-up of Work Choices in our industry sector is still fairly low. We anticipate that it will be ramped up this year, due to stage 3 of the employer advisory program. But, as always, when you give small businesses time with a new system they will take that time.

We certainly believe that we need to work across the tourism industry, and certainly in our part of it, to make tourism a more attractive career option. I think that, like me, most of you will have done some work in tourism and hospitality at some time in your career, having passed through the industry in a holiday job. It is not generally seen as something that is an attractive long-term career option. There are a number of reasons for that. They are outlined in our paper and I will not go into them.

However, there are upsides. Most significantly, there is the fact that it is a truly global career. In an environment in which young people want to travel and want to have options around the globe, that is a very attractive quality. However, we do not sell ourselves well. The industry does not gel all that well in sending out clear, positive messages about itself. We need to work together and we need to work with governments to improve that image.

We also strongly feel that we are operating in an environment of global competition for scarce sources of skills and labour. That is especially so with regional sources. We believe that we need to be an early entrant into that market and that we need to make it clear that we are a player in a global labour market. The members of our association certainly understand that there is a level of political sensitivity when talking about things such as guest worker programs, and we understand the reason for that sensitivity. We also understand that, in the context of a political debate about Work Choices, addressing these issues can be difficult. Our concern is that a failure to address these in a clinical, apolitical way could mean that we lose 'first mover' advantage on these regional sources of labour to other players in our regional market. An obvious example of a nonplayer to date is Japan. But, clearly, at some stage Japan will have to make a move into that market. When it does it will have huge advantages in terms of being able to compete on price. The United States is another example and some of the stronger South American economies are also examples. Within a short space of time places like South Korea will also be entering the same ageing spiral as we are and will be competing in the space. Our concern is that while we have some natural advantages—we are an attractive destination—if we do not get in there early we will be a late entrant and we will be fighting against the tide.

Last but not least as this is very important to us: there needs to be a continuing focus on the issues to do with training in our industry. As an industry, we support the industry skills council approach and we support the continuation of the skills council. We know that Service Skills Australia are addressing the committee later. We note that we work closely with them. We are represented on Service Skills Australia. However, there are clear issues in terms of still having a gap between the needs of industry, the needs of employers and the provision of skilled labour to meet those needs. For instance, there is a new set of competencies that have been worked on by the industry and Service Skills Australia for the last two years. Even the unions have been included in that process, so it has been a holistic process representing the needs of the industry, the workers and the specifiers.

That entire raft of unanimously supported recommendations for skills qualifications is being held up because two state based TAFE bodies do not like them, and the process requires unanimity from all of the state bodies. I would submit that that sort of process is just ridiculous and needs to be changed. Requiring unanimity where, effectively, two public servants can hold up a two-year national process involving the whole of industry is silly and needs to be changed.

We strongly support the increased focus from all sides of politics in recent times on technical and skills training. We think that a greater focus, which has also been brought about, on on-the-job training as a component of that is important, and our industry stands very ready to support that in whatever way we can. That is all I have to say. I am more than happy to answer any questions.

**CHAIR**—Thank you for that presentation. You have probably expanded a few of the questions that everyone was going to ask on that. Just for the record, according to the ABS there are 5,600 accommodation operators. You represent about 2,000 of them; is that right?

**Mr Olah**—About 2,000.

**CHAIR**—That is a pretty wide range of numbers. Is there any other organisation representing the other 3,600?

**Mr Olah**—To use industry parlance, most of those employers in the industry would be free riders.

**CHAIR**—They haven't got time to join.

**Mr Olah**—There are a number of organisations with accommodation members. The Australian Hotels Association has a national accommodation division which is focused towards, again, the top end of town, if I can put it that way—five-star global chains. We work closely with the AHA on a number of issues and in fact have a number of members in common. TTF, again, is a CEO forum that has a number of the CEOs of major global chains within its membership. There are specific accommodation sectoral divisions like the Caravan and Camping Industry Association, the bed and breakfast association and the Australian Timeshare and Holiday Ownership Council. We have a servicing relationship for a number of those organisations and their membership, where they hold the membership and we provide services to that membership.

**CHAIR**—Rather than getting caught in any sort of turf war over peak body representations, it would be fair to say that your organisation represents a good snapshot of the Australian tourism industry?

**Mr Olah**—We would have part of all of it, yes.

**CHAIR**—As a student of statistics, in regard to your survey data—which, for colleagues who have not had a good look at it, is very interesting reading—that you and DEWR worked on together in a joint project on North Queensland, was it a fairly big sample or not?

**Mr Olah**—No, in fact it was a very small sample for that one. I would not even argue that it was a statistically valid sample. We put it in because it is the only data we have and it does support the word on the street, if I can put it that way.

**CHAIR**—Okay.

**Ms HALL**—How big was the sample?

**Mr Olah**—I cannot give you the precise number, but it was in the region of 15 to 20.

**CHAIR**—I see. That is a pity, because they were extraordinarily good figures. But you say it does back the anecdotes, and I suspect it does. It says 57 per cent reported job vacancies for room attendants; 42 per cent, food and beverage staff; and food and beverage staff and room attendants tended to be the positions for which they had the greatest difficulty in recruiting staff. It kind of suited our purpose.

**Mr Olah**—The food and beverage, chef and cook staff data is clearly in evidence not just in our industry but across the whole hospitality and tourism sector. I am sure you have spoken to restaurants and others who would give you the same data.

**CHAIR**—Sure. Is part of the problem that those particular skills are not recognised as skills for migration purposes?

**Mr Olah**—The chef and cook stuff is, and it has been for some time, and rightly so. We have major problems with the MODL. We think it is inflexible. We believe it is far too much based on traditional trade concepts. It does not recognise the level of real-world flexibility in how people work. One of the pluses our industry offers is that people can come in and, in their first week, do everything from front desk to cleaning to kitchen and everything in between.

**CHAIR**—Just as a regular part of their work.

**Mr Olah**—Absolutely. How do you capture that in a strict, trade based occupations and demand list? The reality is that it does not capture that and is unlikely to in the current structure. Beyond that, though, there are obviously problems for us with a 457 in that, no matter how much you simplify it, small businesses that have to manage that level of administrative paperwork are unlikely to access it. So even were some of these broader occupations to come into the MODL, it is unlikely that the majority of our membership and the majority of our industry could access 457.

**CHAIR**—You painted the picture that unless Australia updated its approach to look beyond its borders for staff to fill these positions there were plenty of other countries that would do that, and that we would have a failure to perform, to meet people's needs and expectations when it comes to tourism and hospitality, if we were not careful. That seems to me to be what you were saying—or maybe I am just trying to satisfy myself that that was what you were saying.

**Mr Olah**—That is exactly what I was saying. It comes down to this: we are labour intensive and the quality and commitment of our staff are absolutely what delivers success to our businesses. Without that, we are going to fall flat on our faces. Allied with that is the fact that we are less able than most other industry sectors in the economy to compete for existing staff, simply because of the nature of the industry—lots of small and medium players and low margins. You put that together and you clearly have a crunch coming unless something changes. Some of the things that have to change are within. We need to change our industry's approaches—we need to take a more holistic approach—and we need to educate our entrepreneurs and managers about the environment in which they operate.

**CHAIR**—To be collaborative rather than always competitive maybe?

**Mr Olah**—The problem is that they are not truly competitive. What happens is that, especially in the motel and B&B sector where they are employers, they each do their own thing. There is no standard way of doing things; they invent it as they go along. I call it an industry dominated by retired cops and schoolteachers—people who, to use a colloquialism, have their skin in the game, are really committed and work their guts out but do not have a lot of management experience and may not be all that well linked to what is going on in the broader industry. So we certainly need to up the level of expertise and knowledge there.

But, no matter how much we do that, when you are doing 16 hours a day, starting with breakfast at 5.30 and finishing with your BAS at 11.30, the capacity to take a big, strategic viewpoint is limited. The capacity to engage in things like 457, especially when, if you look at the last year, the 457 failure rate has been very high, is problematic. Unless there are staff ready to work and committed to work right on the ground, a lot of our members are going to face problems.

**Mr HAYES**—I do not disagree that the industry, as you have put it, is labour intensive, but one thing that has come through pretty well throughout the course of this inquiry is the reluctance of this industry to invest in training. As a consequence, that has been cited time and time again as one of the issues contributing to the difficulty of retaining qualified people in this industry.

**Mr Olah**—I do not think there is any denying that. There are a number of reasons for that but I would argue that the key one is again the fragmented nature of an industry dominated by small and medium businesses. The response of many businesses in our sector to the inability to recruit is, 'Either my advertising is wrong or I am not offering enough.' The scope to understand that there is a bigger industry issue or a bigger issue across the economy is sometimes too—

**Mr HAYES**—The industry does not see itself as a conglomeration of small players. It does not see itself as an industry. We saw in North Queensland that people advocate simply an extension to backpackers because they can use them now for six months. They want to broaden that. There was no indication that they wanted to invest and train and provide career opportunities by retaining people in the industry, which leads me to think that perhaps at that end of the market they do not really see themselves as an industry.

**Mr Olah**—I think there is some truth in that. The key reason is that tourism by definition is not an industry defined by production; it is defined by consumption. Therefore you have an industry that, at the point at which the services are delivered, defines itself as a hotel or a restaurant or a tour operator based on the production. It does not see itself as part of what the consumer is buying in all cases.

**Mr HAYES**—There is only one section of the industry that probably operates slightly differently to that, and that is the Australian ski industry, which is looking to retain people on a seasonal basis who are returning, but in the industry as opposed to remaining with XYZ accommodation.

**Mr Olah**—Yes. The issue is that you are not going to get fragmented small operators to suddenly join hands and create a holistic career path. It is up to organisations like mine and others in the sector, working together with governments, to create that environment and make it easy to have that point of entry. I have to say the industry as a whole, certainly at the association level, historically has not done enough on that front. Part of the reason was that the industry itself did not recognise that as an issue; part of it was, and clearly still is, resourcing. We are far from being a wealthy organisation, and every new thing we do means that something we are currently doing has to stop. So our capacity to respond in a big way is limited by the access to resources.

**Mr HAYES**—Part of my difficulty is that the panacea is simply to extend the application of 457 visas when, clearly, the industry is not actually working globally as an industry to ensure that it is able not only to recruit but to retain people who have developed skills within the industry generally.

**Mr Olah**—Let me say this clearly: we do not believe there is a panacea. We believe that there are a number of approaches that have to be taken together. Whilst we do not think historically the industry has done enough to provide a clear career path or to sell the attractiveness of

working in the industry, we are committed to doing more and, in fact, we are doing more as we speak. However, the industry's capacity to respond only on that front is limited; and in an environment where we are facing potentially a generational labour and skill shortage we will be one of the first industries to hurt. In the end, the capacity to compete on things like career pathing and on price—that is, on wages and salaries—is limited compared to other industries, and even if we get it right we are still going to have problems. Our argument is that, yes, we need to do more, and we are focused on doing more, in terms of making it more attractive, upping retention and upskilling the people we have already got. But that by itself is unlikely to be successful.

**Mr HAYES**—In the submissions that have been made to this committee you will see there is a range of views about what has been the difficulty in attracting and retaining suitable employees or staff in the industry. But I have to say that something that does not seem to feature in any of these submissions so far is that there is a lack of flexibility in the industry. So I was taken aback a little by what you have said in your submission about Work Choices and trying to include further flexibilities, because that has been a reasonably obvious omission in submissions to date. People have not been saying that they want to have further flexibility or that there is a restriction in the way they are doing things at the moment. As a matter of fact, Work Choices per se has not featured significantly in any of the discussions so far, except in this last one today.

**Mr Olah**—I will put it very clearly. There are few industries more requiring flexibility, in terms of working hours and the nature of the tasks carried out, than tourism. It is an industry that is defined by multiskilling in many ways. It is defined by after-hours and weekend work in many ways. So that flexibility is vital. It is an industry that has always worked flexibly. Part of the cost, though, is that at times there has been an unacceptable level of nonadherence to award conditions in parts of the industry. What we believe is that Work Choices, because it allows flexibility to be built into agreements, will lead to a higher level of adherence than we have had historically.

**Mr BRENDAN O'CONNOR**—You are saying that people were breaking the law before, but now Work Choices will allow them to do what they were doing before without breaking the law?

**Mr Olah**—Yes.

**CHAIR**—It brings them into a system, is what he is trying to say, Brendan.

**Mr BAKER**—And the reality that the working week is not Monday to Friday; it could be Wednesday to Sunday.

**Mr Olah**—Correct.

**Mr BAKER**—That is a difficulty that a lot seem to have trouble coming to terms with—that we live in a different world and a different age. Would you like to comment on that?

**Mr Olah**—The reality is that our industry cannot operate in an environment where people have an employment contract and award structured around Monday to Friday, nine to five. It just cannot work that way. It never has worked that way. In some states there have been great levels

of flexibility in the award system. There has been a fair degree of flexibility in the federal award. However, that has not been nationally consistent.

**Mr HAYES**—It has not been nationally consistent, as you are suggesting, but, where they wanted flexibility, the larger operators—and bear in mind that I used to act for some of them in my former capacity—had their own individual, tailored agreements that gave those flexibilities. I am sure that the bulk of the employees in your industry, particularly in the five-star sector, do not exist on over-award payments. They exist on award or new minimum rates payments. Where is the cost cutting going to be in that respect?

**Mr Olah**—What needs to be recognised is that a focus on the big players in tourism will miss the overwhelming majority of this industry. Depending on which figures you accept, the tourism industry has somewhere north of 100,000 employees in it. Of those, only several hundred will be major employers in terms of multinationals or people with hundreds of employees. Well over 90 per cent are small to medium, mum-and-dad enterprises, and those are people who cannot access and cannot set up their own systems in that way. That is not just in terms of their own award; it is in terms of their own training mechanism, their own integral recruitment mechanism and their own HR functions.

**Mr HAYES**—But are they suggesting that some are disadvantaged now? Those people who have been represented at this inquiry so far have not made that submission to date. A lack of flexibility in employment has not been a key feature of the issues leading to the inability to attract and retain staff.

**Mr Olah**—As I said, and as I think we say in our submission, very few employees in our sector are going to make too many comments about Work Choices in the current environment. It is as simple as that. Why would you buy into what is clearly a very, very strong political debate and will be for the rest of this year? Our members, large and small, are focused on trying to stay afloat and make money.

**Mr HAYES**—Just before leaving that, this is not about the political debate.

**Mr Olah**—It is for our members.

**Mr HAYES**—Clearly I would have a personal view on that, but, really, if it were an issue, I would have thought that it would have featured more strongly in the inhibitions and all of the concerns of the various organisations—presumably many would be your members—in the way they go about recruiting and retaining staff in this industry. One of the things that come through time and time again, and from the employer perspective, is their inability or their reluctance to provide terms and conditions which are compatible to other industries, and that is leaving aside the resource sector.

**Mr Olah**—I have been through the submissions so let me say very clearly that I doubt that you will see any individual submissions from three-star motels, for instance, amongst your submissions. The submissions you refer to, I would assume in most cases, if they had come from an individual business, have come from a large business with the capacity to have its own integrated processes.

**Mr HAYES**—And peak bodies.

**Mr Olah**—And peak bodies. The reason I believe that Work Choices has not been mentioned is that there is a fear in the current environment that if you want to put your head up you are going to get it knocked off. Let me say very clearly that there are a number of people in my organisation who are concerned that we mentioned Work Choices in our submission.

**Mr HAYES**—Leave Work Choices alone, I was more concerned to see whether there was a perceived lack of flexibility or otherwise within the industry. At this stage, nobody is actually citing the lack of flexibility. Certainly they are drawing issues about labour shortage and skills shortage, depending on occupations, but they are not saying that they are restricted about how they can deploy existing employees to officially manage their businesses.

**Mr Olah**—I cannot comment on what is in each of the submissions. All I can comment on is what has been reported to me through surveys by some of my membership.

**CHAIR**—Do your members have a perception that they could be prevented from employing the staff and they would like to do it under the old arrangements because under the new arrangements they feel that they have the flexibility to have an agreement with the staff member that suits the employee and the employer?

**Mr Olah**—There is a belief amongst some of our members that the existing systems, prior to Work Choices, limited the flexibility in terms of coming up with a package that worked financially and operationally for the employer.

**CHAIR**—Now they have flexibility?

**Mr Olah**—Yes.

**CHAIR**—That is a perception, anyway. We do not want to detain the committee too long on this but we will have a couple of quick questions.

**Ms HALL**—At the onset of your evidence, you said that there was a labour and skills shortage. I am wondering how much influence wages and conditions have upon people being prepared to work in this industry?

**Mr Olah**—There is no question they have an influence. People make choices in a competitive environment where they have options based on a number of factors, and, clearly, wages and working hours are amongst those factors; no question.

**Ms HALL**—In your evidence and submission, you touched on the Welfare to Work reforms. You mentioned some pilot programs that are running—maybe you could share that with us. Could you include, if you are talking about single parents, the sort of back-up and childcare support that is provided—those aspects of the Welfare to Work programs—and how single parents will be able to work in an industry where there is a problem with hours.

**Mr Olah**—Right now we are engaged in two regional trial programs under the employer demand demonstration projects: one is in tropical North Queensland based around Cairns, and

the other is Hunter and Central Coast. They are two similar but quite different projects because what we tried to do was come up with solutions for these trials.

**Ms HALL**—Who is providing the Hunter and Central Coast program?

**Mr Olah**—It is being provided by us. We have contract trainers and so on and we work closely with the Job Network providers.

**Ms HALL**—Which Job Network providers and whereabouts?

**Mr Olah**—I cannot give you—

**Ms HALL**—Could you provide me with that information?

**Mr Olah**—I am more than happy to give you the details; I will email you that this afternoon.

**Ms HALL**—That would be wonderful.

**Mr Olah**—We are working with five or six different Job Network providers and, similarly, a number of Job Network providers and one job placement organisation in North Queensland. At this stage, because they are trials, they do not include the full range of features that we would anticipate building into a state or national program—and that is where we hope to take it. I cannot give you an answer on things like child care and so on because that is not part of this initial trial phase. It is about taking people from a number of target groups such as long-term unemployed, unemployed single mothers, Indigenous and people with disabilities, and identifying skills gaps in the sector and training people to fill those gaps. We are at the stage of having passed through the first training group in Hunter and Central Coast, and early this week we started making our first placements into the industry from that group.

**Ms HALL**—And how successful have they been?

**Mr Olah**—It is too early to tell.

**Ms HALL**—Finally, you mentioned in your submission that a whole-of-government leadership through COAG would be a good national approach to take. Have you got any further thoughts on that?

**Mr Olah**—In which particular aspect? I mentioned COAG in a number of areas.

**Ms HALL**—In relation to the tourism sector as a whole.

**Mr Olah**—One of the difficulties we face is that the people in our industry work in a national and a global industry, yet they face a regulatory regime that is quite different in each state. That adds both cost and inefficiency into the process. It is very difficult as a motel manager, for instance, to move from state to state because, despite efforts historically, the innkeepers and licensing legislation and regulation in each state remains quite different.

**Ms HALL**—So are you calling for uniform legislation?

**Mr Olah**—Absolutely.

**Ms HALL**—Good.

**CHAIR**—Thank you very much for your time. We are looking forward to the COAG process because, if you are trained to pull a beer on the Gold Coast, you should be able to pull it at the Twin Towns Services Club without undergoing further training. We very much appreciate your attendance here.

[11.24 am]

**BRIGGS, Ms Susan, Tourism and Hospitality Industry Specialist, Service Skills Australia**

**SWEETMAN, Mr John, Chair, Service Skills Australia**

**CHAIR**—Good morning. Although the committee does not require you to give evidence under oath, I should advise you that these hearings are formal proceedings of the parliament. Consequently, they warrant the same respect as proceedings of the House itself. It is customary to remind witnesses that giving false or misleading evidence is a serious matter and may be regarded as contempt of parliament. Would you care to make some introductory remarks?

**Mr Sweetman**—Thank you for the opportunity to be here today. Service Skills Australia has made a presentation. Just to comment a little bit about that, I chair Service Skills Australia and I also chair the tourism and hospitality industry advisory committee, which is the gatherer of advice, making recommendations to the board of Service Skills Australia. Service Skills Australia is the industry council looking after the service industries, and tourism and hospitality is one part of the industries. We also represent the retail industries and sport and recreation. We consider that we represent something like 30 per cent of the workforce by way of the coverage that we have through Service Skills Australia.

In respect of tourism and hospitality, as I mentioned, we have a tourism and hospitality industry advisory committee, and that meets at least four times per annum. That is made up of representatives of the key industry associations: the Hotels Association, the restaurant and caterers association, HMAA, and AFTA, the Australian Federation of Travel Agents. We also have some key enterprises sitting around that table—be they Qantas, the Accor Group or the Compass catering group—and also representatives of employee organisations. We work through Service Skills Australia then with a network of representatives in other states and territories, basically through the old industry training board system which existed nationally. We have a reference group which works with the registered training authorities, and then we liaise with other key stakeholders within the industry, those being ACPET, government departments and regulatory bodies at state and federal levels. So we have a network where we work very closely, trying to gather information on industry trends.

As part of our charter, every three years we have to develop the industry training package. We have just completed the review of the national industry training package for tourism, hospitality and events. At the moment, that is out there awaiting endorsement. It was interesting as part of that process—and Susan may say a few words about that—just getting the industry views around the table about what we need for training into the future and then how we can put that into a training package and have the RTOs and the system progressed to develop that. I guess it is unfortunate that, although the initiatives that have come out of that training package are very much out there to improve the quality of delivery and the assessment of the overall outcomes, we still have not had it endorsed, so that new package is not quite out in the system at this point of time.

Through our contacts and our industry stakeholders and network, we have gathered over the last three years of this training package review some considerable initiatives about future training requirements. We hope that, with your findings out of this committee, we may be able to share some of the findings we have with you further down the track and use that information we have gathered to see if it is consistent with your findings.

**CHAIR**—With this submission, were you talking to industries, employers, about their ambitions, attitudes and future needs for skills?

**Mr Sweetman**—It would be in our submission.

**CHAIR**—Did you talk directly with them?

**Ms Briggs**—Yes, we did.

**CHAIR**—Who were they? Who did you talk to?

**Ms Briggs**—It coincided with the review of the national training package for tourism and hospitality. That process involved one year of consultation, both directly and indirectly, with industry. We had an online mechanism for providing feedback. We sent out emails, faxes and so forth, but we also conducted focus groups around the country dealing with industry, both small business and some of the larger companies—Qantas and so forth. Our industry associations, who are represented on our advisory committee, went out through their members as well. We had over 600 comments this time, but many of those comments actually represented whole rooms full of people—they were not individual comments—so we had quite a lot of input.

**CHAIR**—That was leading up to the preparation of this?

**Ms Briggs**—That was leading up to it. And of course we produced a document, a report, which then went back out for validation. So we have been in and out through consultation over about 18 months. In essence, it is to develop the training package or redevelop it. It is the second review. But in doing so you also get feedback about general skills issues, shortages, future directions, trends and so forth; not specifically training issues. In addition, we also conducted a number of industry think tanks last year to look at all the issues and try and get some blue-sky—

**CHAIR**—So who were the employers involved in those discussions?

**Ms Briggs**—Again, we invited somebody from Blue Line Cruises, somebody from Qantas, somebody from Accor, other hotel chains, small associations and small enterprises as well—large and small. There was the Australian Federation of Travel Agents—we had a couple of representatives from Harvey World Travel, for example. They are probably too numerous to list here, but I do have a list of all the people consulted which I could provide.

**CHAIR**—I would be interested. I would like to see whom you have consulted and been working with because, as you no doubt know, I have a view that industry skills councils have not been working as closely as they should with employers in the way that they have constructed their training packages. So I would like to know, and I think the committee would get some value out of knowing, whether or not you are engaging as directly and as fully as you should

with the employer base to make sure that the skills packages you are putting together are going to be things that they will want to send their staff to. There is no point in producing something that looks terrific on paper—no disrespect intended—if the employers themselves are not going to see that their best investment is in fact investing in their people. I really think it is important that we can be sure that that process is being met; that is all.

**Ms Briggs**—Sure.

**Mr Sweetman**—We will be pleased to make available to the committee details of who has been consulted, the length of the consultations and the participation.

**CHAIR**—Another thing I would be interested in—and, John, this will be no surprise to you, knowing of my former hat—is to know, about developing that training package that is waiting for approval and so forth, what the basis is of the construct of that training package. Are we going to see the recognition of prior learning aspects of it; the units of competency being the basis of remuneration, advancement, progress through the overall training package; or are we still dealing with time based training?

**Ms Briggs**—We are certainly not dealing with time based. The training package was developed initially in 1997—that was the first endorsement—and reviewed in 2002. This is the second review. Having said that, it was initially based on a framework of skills put together in about 1993, where occupational research, analysis and so forth were done. Industry has had ongoing input into refining it, developing it and improving it. In this last review, we really found that there was satisfaction with the actual training package in itself—that is, it is simply a framework of qualifications based on competency standards. It is not time based. It is about outcomes. It is about the skills and knowledge that are required to do a range of jobs in the industry. The qualifications are extremely flexible, particularly in hospitality. That is the training package per se. The next stage, and this is something that came out of the review, is that there was lack of confidence in the outcomes of the training—concerns about the quality of the outcomes across the board.

**CHAIR**—Who is saying that?

**Ms Briggs**—A lot of the employer groups are saying that, associations are saying it and individual employers are saying it.

**CHAIR**—I guess the reason I started on this track is that we have heard evidence in this inquiry to date that a lot of people see tourism and hospitality as something you do until you get a real job, which is really a very poor attitude, but I suspect it is as true amongst employers as it is amongst individual employees, who might see it as something they do till they get a real job. There has been a reluctance by employers to do other than just rudimentary training. Then, if I have worked as a front of house person at Mount Hotham or Mount Buller and I go off and work at Hamilton Island, what does that experience actually count towards? The answer is nothing. But maybe you can tell me if it is possible that we can get a recognition of that experience, counting towards an overall qualification. You are in charge of developing the training package.

**Mr Sweetman**—I will comment on that. You are certainly right, and one of my notes here says that I believe industry and government should be working together to raise the profile and

the employability profile of the industry. We talk about 80 or 90 per cent being small businesses. A lot of those small businesses maybe 10 years ago were really cottage industries. Now we are getting into a real industry. There are good career paths available. It is a growth industry. We are getting more international operators into Australia, so there are international opportunities coming out of solid career paths. But it is the perception of the industry. There is the fact that it is a 24/7 industry. We need to be able to demonstrate that it is a 24/7 industry but that there is a good social life underpinning it, that it can work in your favour and that weekend work is not a burden. The lifestyle is coming out of that.

I think it is a sustainable industry into the future, and that needs to be a part of the development of the industry—the recognition that if you come into the industry it is not just to go into another job; it is a sustainable, growing industry. Industry and government ought be working together to raise that profile. There is really not a great deal of commitment to training by small industry employers. But there is an enormous amount of skill which is learnt on the job. Chair, you mentioned RPL. I personally believe that RPL has not worked.

**CHAIR**—Not in all places—some states are good but some are pretty ordinary.

**Mr Sweetman**—I agree with that, but also it is not encouraged as much as it should be, and I guess there are some financial reasons underpinning that.

**Ms HALL**—Could you expand a bit more on why you think RPL has not worked?

**Mr Sweetman**—I am happy to do so. Obviously, when we get into the training system the funding is on student contact hours, so if a student gets exemptions from certain units within a course then that is money that the RTO does not get. That is my view.

**Ms HALL**—I think that is a very good point that has just been made.

**Mr Sweetman**—Chair, we are in a money driven system, unfortunately.

**CHAIR**—Mr Sweetman has just given us a very important insight. It underscores this failure of a lot of businesses to bother investing in training, because the experience someone has got looks good on the CV and gets them the job, but there are people who know how to serve, know how to provide hospitality. The Liquor, Hospitality and Miscellaneous Union will be appearing after you. There would be members of that union and people who are not members of that union who have so much experience but who are not being recognised and rewarded through the system.

**Mr Sweetman**—That is my point. We also need to be mindful of those small operators. There is no prerequisite to enter the industry, so a lot of the operators do not have any formal training. But there are an enormous amount of skills learnt on the job, and we need to find a way to capture those skills and give some recognition or some qualification.

**CHAIR**—I come back to that question. Does the training package that you have now developed, that is awaiting approval, actually allow for that to happen?

**Mr Sweetman**—The suggestion is in it. Susan, you can explain that.

**Ms Briggs**—The answer is: absolutely. It is a framework of skills that enables assessment against those particular skills and knowledge. There is nothing about the package which would stop RPL. In fact, it is there for assessment rather than training. It does not prescribe any method of training at all. It puts in recommendations for assessment only. It is actually about assessing outcomes and it is not about inputs, which is to do with training.

I would like to add a comment. In my previous job role when I worked with Tourism Training Australia, I managed a national workplace assessment scheme for the hospitality and tourism industry called Access. That system was set up some 10 years ago. In fact, we received funding from the then Australian National Training Authority and, prior to that, DEST to set the system up. I expanded it into the caravan industry and the tourism industry and also into management. The one thing that prevented the success of that was a lack of funding. There was funding for the development of it but not for the running and administration of it. There was no funding available at any level. It was strictly a user-pays system. Whilst there were networks of qualified assessors at the state levels who were able to assess against the training package—and these were well-qualified industry people—there was nobody to administer the system because there was no funding for it, so it really failed on that basis.

**Mr HAYES**—Isn't that all part of the difficulty? I agree with what John said: this is something for the industry to actually work on and develop with government. I would have thought it would be within the industry's ability to make sure that a system like that worked and so not rely on government funding to make that work.

**Ms Briggs**—There were some concerns within industry that if they gave them recognition of their skills they might have to pay them more.

**CHAIR**—What a pity that would be! So their experience would actually count!

**Ms HALL**—Then the retention rate within the industry might be a little bit better.

**Ms Briggs**—Yes, exactly.

**CHAIR**—Isn't it half the problem that there is this belief that in the past it worked—but that was because of high unemployment and they could say, 'If you don't like it you can go somewhere else'—whereas these days the payment of good wages and providing training is part of the incentive package to keep people in place?

**Mr HAYES**—There is a huge cost to the industry in terms of labour turnover. I would think that if you had some portability and some recognition of skills while being able to retain people in the industry—not necessarily with the particular hospitality provider but within the industry—then the industry as a body would still be a net winner.

**Ms Briggs**—Absolutely.

**CHAIR**—In your training package are you dealing with front of house staff?

**Ms Briggs**—Yes.

**CHAIR**—So you would recognise them as having a set of skills?

**Ms Briggs**—Yes.

**Mr Sweetman**—Absolutely.

**CHAIR**—That is important to note. So your training package recognises front of house staff as having a set of skills but DEWR do not and the migration occupation demand list, or MODL, does not either?

**Ms Briggs**—That is right.

**CHAIR**—Mr Hayes, do you have any further questions?

**Mr HAYES**—Yes, Chair. How do you go about motivating the players in the industry to subscribe to these views? While we have been talking about industry as being something out there that is pretty well defined, the more we see of it we note that it is made up of so many different parts. Nobody is really venturing to go too far down the training track, yet it seems to many of us that lack of training is one of the elements as to why this industry is not retaining people.

**Mr Sweetman**—I think it is the lack of training. Also, as an industry—as I mentioned before—there is a lack of career opportunities within it. Something that came out of some of our consultation is that there needs to be a closer collaboration between industry and the RTOs. The RTOs are controlled within their respective state areas and all the rest of it, and we do not have a close working relationship with them. There is an opportunity here. If students were in a training system that was also aligned outside of the traineeships and apprenticeships—and traineeships and apprenticeships are a very small part in terms of employment of people within the industry—and also in terms of the trainees, the people being trained within the industry, then if we could get a closer working relationship we might get employers understanding what the industry is all about and what benefits they could get out of training. As you have said, there is retention, for example.

**Mr HAYES**—Yes, I mean short courses specifically designed to assist.

**Mr Sweetman**—Yes, to identify an employee's base skills at this stage. If they were to go and do this unit and this unit, they would go from being a front of house worker to being a front of house supervisor. I think those sorts of issues are lacking attention and the commitment is not there on either side.

**Ms Briggs**—Some of the successful models are where they are developing these so-called skills ecosystems and workforce development projects where all the players get together and develop a training plan for a region or a skills development plan for a region. If all are then working in a collaborative way—that is, the Job Network, the training providers, the employer groups in the region and the tourism bodies as well as the local industry—I think they can get some real results out of it.

I have seen this happen in the caravan industry, which we look after, in the parks area. They all got together and developed their own local regional training plan. They swapped names and addresses and worked together with industry, particularly with training providers, to try to come up with some skills development for the area. I think these sorts of models are the better sorts of models that work. A similar thing is happening in Queensland at the moment with their workforce development projects and so forth.

**Mr BRENDAN O'CONNOR**—I apologise that I was not here for the beginning of your submission. In terms of the impediment you said that you might have with on-the-job training and some areas not providing the flexibility to allow that, can you be more specific as to which particular areas you think might be impeding that capacity—in terms of the TAFE sector—to have that occur more readily?

**Ms Briggs**—Some of the impediments would be with the training provider. I think there is a gap between industry and training providers. They do not know that each other exists sometimes, and they have not made that initial contact. I think that in some cases the training providers, even if they have contact, are not offering programs in a flexible mode that suits industry. They are not offering the time frame, the hours and so forth. They also have a tendency to enrol students in a whole qualification that does not suit the industry; they might want some short, sharp training for a specific need. So overall they are not being flexible or offering what the industry wants, unless they do it under a user-pays model, in which case the industry has to pay. Then that raises the issue of funding, and they often cannot afford the sorts of fees the provider might need in order to offer those specific courses.

There is a gap between the demand and the supply, in terms of the amount, if you like, and the method of delivery—which may be off the job. In terms of on the job, most likely they are too busy working. They are small businesses and they have not got time to go into training. The employees themselves often do not have the skills and so forth. So there are quite a few impediments.

**ACTING CHAIR (Mr Hayes)**—John and Susan, I would like to thank you for taking the time to put a submission together and to address us today. It has been very informative. This will be the last of the public hearings we will have on this committee, so rest assured that your submissions will feature in our report.

[11.49 am]

**SWANCOTT, Mr Neal, National Legal Coordinator, Liquor, Hospitality and Miscellaneous Union**

**ACTING CHAIR**—Although the committee does not require you to give evidence under oath, I should advise you that these hearings are formal proceedings of the parliament and consequently warrant the same respect as proceedings before the House of Representatives itself. It is customary to remind witnesses that giving false or misleading evidence is a serious matter and may be regarded as a contempt of the parliament. Having filled you with fear and trepidation, could I ask you whether you want to make some introductory remarks before we ask some questions based on your submission?

**Mr Swancott**—The first thing I should say is that the LHMU put in a written submission in August 2006 and that is some seven or eight months ago, so we have updated some of the statistical material and the observations that are in our submission. With your permission, I will hand up the supplementary submission. Before taking you to the submission, obviously the LHMU, as a representative of many employees in the tourism sector, has an interest in the material benefits that flow from employers, so to speak, to employees. We have also historically had an interest in the professional development of employees—training, recognition of skills and the ability through awards and industrial agreements for employees to have their experience and skills recognised and to move through a career path.

What we have said in our submission is that one of the great disappointments for our union is the lack of a culture of training that permeates many of the segments of the tourism and related industries sector and the low wage culture. In August last year we were able to observe that there had been very little enterprise bargaining in this sector and that in fact it was one of the most heavily award reliant employment areas in the country. In the intervening six or seven months, there has been a noticeable change in that. I am not able to precisely identify the statistical shift but there has been a significant increase in enterprise bargaining. But it has been bargaining that has been driven by Work Choices and the advantages available to employers under Work Choices to undercut minimum award conditions.

**Ms HALL**—The Bundaberg Hotel example that you use in here is a very graphic demonstration.

**Mr Swancott**—There are two examples there. There are two attachments to the supplementary submission and they are a detailed analysis of two agreements, which I swear were chosen entirely at random from the Office of the Employment Advocate's website.

**Mr BRENDAN O'CONNOR**—Which pages are you referring to?

**Mr Swancott**—There are five pages of the supplementary submission and then there are two attachments, which are landscape, marked attachment A and attachment B, with the page numbering restarting.

**Mr BRENDAN O'CONNOR**—Thank you.

**Mr Swancott**—I do make the point that the two analyses in these attachments are not put forward to target the particular employers or to suggest that there is anything necessarily underhand or whatever about those particular agreements. They are randomly selected from the first page—they are alphabetical, one is Able People Pty Ltd and the other is A.T. Hotels—of enterprise agreements that are registered and posted by the Employment Advocate on his website.

What they demonstrate is a pattern which is supported by dozens of other agreements from that website that we have looked at. We have had the advantage of the text of those only in the past six or seven weeks. The pattern is in essence the abolition of weekend penalties and the payment to employees of the Monday to Friday, nine to five rate of pay for all hours that they work, whether they be Sunday night, Saturday night, early Sunday morning or whatever. In some agreements there is additional payment for work on public holidays, but not in all. In these two particular agreements, the public holiday rates have been trashed as well—they have been abandoned—because they are not protected under Work Choices. The rate for overtime has also been eliminated and ordinary time rates are paid for additional hours that are worked. A range of award allowances and other conditions have also disappeared. One of the arguments that has been advanced by supporters of the flexibility that Work Choices introduced was that it allowed people to gross up, if you like, their salary and allowances and penalty rates and what have you—

**ACTING CHAIR**—Into an all-inclusive rate.

**Mr Swancott**—Yes, a package rate. You could use Work Choices to pay somebody a higher salary instead of bundy clocking and time sheeting and what have you. The truth is that these agreements provide the award rate and simply eliminate the penalty rates. There is no additional amount that is identifiable at all for the lost benefits. Our point in the original submission, before this pattern was discernible to the extent that it now is, was that the industry was already a very low-pay industry. It is now getting worse. Our point was that it is not an industry of choice for the vast majority of workers in it; it is almost like purgatory. As the chairman said earlier, it is the job you have while you are waiting for a real job. That was a comment that we made in our original submission as well.

**Mr BRENDAN O'CONNOR**—That wait could be years and years for most people. People do not get to move on. Many of the workers on low pay in the industry are there for a long period of their working life.

**Mr Swancott**—That is true in certain segments.

**Mr BRENDAN O'CONNOR**—Cleaners and others.

**Mr Swancott**—There are also regional factors that come into play. Language issues come into it, too.

**Ms HALL**—But it also leads to a turnover within the industry—low retention rates—and the problem that the industry is experiencing with getting staff. Is that true?

**Mr Swancott**—Absolutely. One of the most interesting written submission that appears on the committee website is, from our point of view, the brief submission made by Professor Hayllar from the University of Technology in Sydney. They have a well-developed and well-attended hotel managerial staff degree course, and people come out of the university and last a matter of months before they move on to something that pays them for the trouble they have been to to get their qualification.

**ACTING CHAIR**—This morning, the professor from La Trobe University was saying the same thing.

**Mr Swancott**—I have not put this in our submission but two years ago, towards the end of the award simplification process and pre Work Choices, I was engaged in the negotiations to get properly fixed minimum rates of pay for hotel managerial personnel around the country. There was a long and protracted battle from Western Australian employers in particular, because to lift hotel managers to minimum rates of pay involved increases of between \$6,000 and \$7,000 a year. That is how far below the pace they were.

When we talk about the minimum rates of pay for hotel managers, the award rate is a metal trades fitter's supervisor rate for 115 per cent of the trade rate. That is what hotel managerial staff eventually move to after this prolonged exercise, and they needed to phase in those increases because of the low base they were starting from.

**ACTING CHAIR**—This industry has never had a history of over-award payments in those award categories. It has always been award rates, so I imagine it is worse for people now in terms of the minimum rates.

**Mr Swancott**—The minimum rates are the actual rates.

**ACTING CHAIR**—We have had a no-disadvantage test.

**Mr Swancott**—Yes. The minimum rates of Monday to Friday are now becoming the actual rate for all hours worked, and that is the biggest difficulty. One of the difficulties, also—if I can be frank—from the union's perspective, is that if people do not see the industry as a career then they do not see the industry union as the logical organisation to join.

**ACTING CHAIR**—As their professional body.

**Mr Swancott**—Yes—and they do not agitate within the union to advance their position. To be frank, our density is lower in industries such as this, where career paths do not really exist and where people see it as a temporary job until they can get out and start earning real money.

**ACTING CHAIR**—I do not think there is any argument that Work Choices has had a huge deleterious effect on various groupings of people. The people that you represent, I suppose, fall into that category. Except for this morning, we have not seen employers telling us that there is a lack of flexibility in your industry. Normally people have been talking to us about a lack of labour and that they would like us to extend the 457 visa applications to allow more backpackers in. We have an absence of a training regime or a concept of training, and I think that there is a genuine absence throughout the whole industry of what is good for the industry per se as

opposed to what is good for a particular little enterprise. That is really what we have struggled with today. It is interesting to see your perspective from representing employees, members or otherwise, throughout the whole gamut of this industry.

**Mr Swancott**—Let us be frank, too, about those segments of this broadly defined industry where there are genuine career prospects and good wages, like the casinos which are all under enterprise agreements—certainly most of them at this moment, I think. They have enterprise agreements that encourage and recognise training and allow for promotion upon the acquisition of additional competencies in employment.

**ACTING CHAIR**—All the casinos—apart from Western Australia, where they went to common law agreements; they did not go to AWAs.

**Mr Swancott**—Yes.

**ACTING CHAIR**—Do you agree that your union has a common law deed arrangement with James Packer so that provisions that would have been prohibited in Work Choices could exist, as I understand it? I spoke to the Western Australia branch of the LHMU and—

**Mr Swancott**—I have not seen it.

**ACTING CHAIR**—I am just letting you know that that was something that was put to me, which shows you that, if Packer is willing to enter into industrial arrangements because Work Choices is too prohibitive, it probably says something about the legislation.

**Mr Swancott**—It might not be relevant, but in my former life I was a journalist and the national secretary of the journalists' union. An employer of choice in that industry was Kerry Packer and, before him, Sir Frank, because they actually invested in their staff; they paid well above the odds and they got the loyalty that came with that. I do not necessarily think there is a contradiction there.

**Mr BRENDAN O'CONNOR**—At least now, with the current members, you are probably not going to get any arguments about what—

**Mr Swancott**—I was waiting for a battle at one time.

**Mr BRENDAN O'CONNOR**—They ran away! We understand that, with the removal of the no disadvantage test and with the five statutory minima being the basis upon which you have to create wages and reach agreement, low-paid workers are certainly very vulnerable. Leaving that aside for a moment, and assuming Work Choices is not here forever, let us talk about the industry itself. Regardless of the pernicious nature of Work Choices, or aside from that, isn't it important that the industry look to broadening out? Firstly, it should be providing opportunities for people who are in very low skilled work to enter some form of career path that gets them off the lowest forms of work. It should be broadening work roles so that people can have a more interesting job but also get out of what would be seen to be a position which is really stuck at the bottom.

I know you cannot do that in lots of workplaces which consist of small employers with very little economies of scale to invest in training or to restructure work. But there are large hotel chains, for example, where there are a large number of employees and where they are trying to cultivate a sense of loyalty for the benefit of the company. Is the union aware of employers who are seeking to do that and not just bring in cheap labour at the bottom end and leave them there for as long as they can keep them there?

**Mr Swancott**—I can answer your question in this way. The facility for people to work across the different streams that are recognised in the award and reflected often in enterprise agreements has been in the award for about 11 years. In other words, a person who is engaged initially as a kitchen hand has in the past decade been able to be assigned to other work at that level or at a higher level for a couple of hours a day without significant cost to the employer. An employer who wanted to multiskill an employee, including providing on-the-job training to enable that employee to be reclassified upwards, has in the past decade had that flexibility without any impediment in the award. There has also been support at the workplace through training committees from the early days. Of course, training committees are no longer allowable award matters, so they could not be driven through the award system from 1996-97 onwards. But in, say, the big five-star hotels where there were training committees and there was that award flexibility to back it up, it worked.

**Mr BRENDAN O'CONNOR**—Yes.

**ACTING CHAIR**—Are you aware of any real complaint about the lack of flexibility in this industry? Certainly there are issues, which are very high on the agenda, about attracting suitably qualified people and retaining them. One of the things we have put to a lot of the witnesses who have appeared before us is: what is the overall cost to the industry through the huge labour turnover we have now?

**Mr Swancott**—It is huge. I regret that I did not anticipate this question, because in 1997-98 there was a lengthy hearing involving about 50 witnesses in the Industrial Relations Commission. It went to the issue of productivity. It was an application to reduce penalty rates by the Australian Hotels Association, who argued that that would make the industry more efficient. In fact, the argument became one of what is relevant to efficiency and of how, in essence, the cost of labour was not a particularly relevant factor in efficiency or productivity. There was a range of other factors, including inadequate supervision or untrained supervisors, poor management skills, rostering issues—simple skills like that—and the cost of hiring new people to replace those who had left in disgust. So the turnover costs are extraordinary and they were detailed in that full bench decision on hospitality penalty rates. I can send through the reference to that.

**ACTING CHAIR**—It was overseen by Deputy President Polites, was it?

**Mr Swancott**—No, Vice-President Ross was head of the bench. I think it was a seven-member full bench. I can send the reference. It was post the Workplace Relations Act.

**ACTING CHAIR**—If you could send that to the secretariat, we would appreciate it.

**Mr Swancott**—The evidence in that case—and it was produced by academics and former managerial and HR people in the industry—about the cost of replacing people who leave was overwhelming. I know that in my organisation, which is defined as a small to medium enterprise, it costs us a fortune to advertise for and replace people.

**ACTING CHAIR**—Putting on your hat as representing the professional interests of people working in this industry, what would the union say about improvements that could be made to assist in attracting and retaining suitable people in this industry with a view to developing careers?

**Mr Swancott**—I heard part of Mr Sweetman’s presentation and I agree with large sections of that. One thing that amazes me in this industry is the comment I hear often from employers that if they invest in training then somebody will poach the people they train. Nobody starts the training process in the industry for fear of—

**ACTING CHAIR**—It is a bit like Kyoto.

**Mr Swancott**—Well, I will not get into that. They fear they will not get the return from the investment. There is a cultural problem or a mindset in this industry—and I do not want to unnecessarily slag them off—where they try to drive wages down, even in terms of cents per hour for employees. We have battles over 15c an hour in enterprise bargaining negotiations.

A couple of years ago, when New South Wales introduced compulsory recognition of problem gambling training courses for employees, those courses—the acceptable course for problem gambling and responsible service of alcohol—cost \$60 to deliver. We put a proposal to the Australian Hotels Association that we agree on an award variation in which the employer would refund the cost of that training course if the employee stayed three months, and they knocked it back. In other words, employees have to bear the cost of their responsible gambling and responsible alcohol training. The employer contributes nothing, and in some cases employers are the registered training organisation, so they derive a benefit from that process anyway.

It is that mean-spirited approach to investment in training that has always astonished me, particularly with my background. I come from an industry, journalism, where there was significant training investment by employers, and it was considered an essential cost of running the business.

**Ms HALL**—In the example you just gave us, if they had been prepared to refund the cost of training three months down the track then it was some sort of insurance that that person would stay working in that job.

**Mr Swancott**—That is right, yes.

**Ms HALL**—Crazy.

**Mr Swancott**—They would still have the vast number of employees that they funded, yes.

**Ms HALL**—Very short-sighted.

**ACTING CHAIR**—I would like to thank you for the submission that the union has made and your presentation today, as well as your supplementary submissions, which we will incorporate into it. We do appreciate what you have said on behalf of the employees within this industry. It is good to get another perspective on that. I think it is also good to get a perspective that is not simply moving to protect the union's position in this industry but making a contribution about what is beneficial for everybody who is attracted into it and about how to try to retain them in it. That is really what we want to get our heads around for this inquiry. I thank you for that, and I acknowledge the role the union plays in this industry. Thank you very much, Neal.

**Mr Swancott**—Thank you, Mr Acting Chair.

**ACTING CHAIR**—I need a motion to be moved to form a subcommittee. We also need to authorise supplementary submission 10.1.

**Ms HALL**—I move that way.

**ACTING CHAIR**—There being no objection, that is so ordered.

**Proceedings suspended from 12.16 pm to 1.38 pm**

**STYLES, Mr Phillip Wasley, Representative, South Australian Tourism Commission; Chairman, Tourism Industry Workforce Strategy Steering Committee; and Chairman, Tourism Industry Workforce Strategy Working Party**

**ACTING CHAIR**—I call the subcommittee to order. Welcome, Mr Styles. In what capacity do you appear to make a submission to this inquiry?

**Mr Styles**—I make the submission on behalf of the South Australian Tourism Commission and in my role as Chairman of the Tourism Industry Workforce Strategy Steering and Working Party Committee.

**ACTING CHAIR**—Although the committee does not require you to give evidence under oath, I should remind you that the hearings are formal proceedings of the parliament and consequently warrant the same respect as proceedings of the House itself. It is customary to remind witnesses that giving false or misleading evidence is a serious matter and may be regarded as contempt of parliament. Mr Styles, you have lodged a submission on which we would like to ask you a series of questions. Before we do that, would you like to make some introductory remarks?

**Mr Styles**—Yes, thank you, Chair. The South Australian Minister for Tourism, the Hon. Jane Lomax-Smith, established a minister's roundtable to connect government and tourism industry members with government and the various stakeholders. This was created in 2004. The group identified workforce issues as a key industry concern. The South Australian Strategic Plan's tourism target is to increase visitor expenditure in South Australia to \$6.3 billion by the year 2014. It aims to achieve this target by increasing visitor numbers, length of stay and yield per visitor.

The three most significant labour force trends that will impact on this industry are the baby boomer generation reaching retirement, competition from increasingly scarce labour resources from emerging industries, and the changing labour market attitudes relating to work. The tourism industry is not in a strong position to address the gap between the industry's workforce requirements and the workforce that will be readily available to it. It is estimated that the potential South Australian tourism workforce needed by 2015 is likely to be an additional 8,000 people. More importantly, however, the major issue is not just how to attract people into the workforce to meet expected demand but how to retain the existing workforce in light of an increasingly competitive labour market.

Our tourism workforce strategy has been prepared through an industry led partnership with government to provide recommendations for a course of action to meet the considerable workforce challenges facing the tourism industry in the foreseeable future. The plan has been guided by a steering committee comprising representatives from government and industry. Invaluable contributions have been made by the working party of 21 people comprising industry, education and training sector stakeholders. The Minister for Tourism has not seen our report as yet, as it was only completed by the steering committee last week; it will be presented to the minister in the next few weeks.

In developing these recommendations, the working party first undertook an industry survey to ascertain the nature of future employment requirements for the industry and the attributes and skills that employers will be looking for in future staff. The responses indicate that there is an expectation that the demand for tourism, labour and skills will increase in the next five years, and this increase will be higher in regional South Australian areas. The increase will mainly occur in non-managerial type roles and in newer tourism experiences, for example, in adventure areas of tourism. There was a strong preference by tourism operators for on-the-job training regimes.

The second area of research conducted concerned the supply of labour. Students from schools, TAFE, private training organisations and universities responded to the survey. This research identified that to maximise resource usage at secondary and university levels, strategies to encourage employment outcomes needed to be implemented. The findings recommended the development of a tourism industry employment and career development website to provide improved links between training organisations and the industry. It also identified a need for emphasis to be placed on skill and knowledge development rather than just acquiring qualifications or recognising community recognition of qualifications and for the development and application of flexible and mixed-mode delivery, particularly to meet regional training needs and to deliver entry level and industry update training.

Further to this research, the South Australian Tourism Commission contracted Vincent Burke Consulting Services to conduct qualitative research through a series of industry participant interviews. The research identified that regional tourism and hospitality enterprises are experiencing great difficulty in attracting suitable staff. They are not that concerned if applicants have not been trained or have not obtained qualifications as long as they are job ready, have generic skills and the ability and willingness to become multiskilled. There is a strong interest in the suggestion that mature people capable of returning to the workforce would be suitable employees. It would appear that on-the-job training often takes a very ad hoc approach and that there is no structure to it on many occasions. Some see the need for 'train the trainer' sessions for themselves as employers. They would also be willing to work with their local schools to help provide local jobs for kids. The two universities were playing more of a niche role in terms of training in the tourism and hospitality industry.

More importantly, for this hearing today, there are key issues for us that we wish to focus on with the committee and the first is the working holiday visa, known as subclass 417. The South Australian Tourism Commission has taken steps to promote South Australia as an attractive tourism destination to young visitors. The promotion has a dual purpose of promoting South Australia as a destination as well as providing sources of labour for those industries identified as 'seasonal' by the working holiday visa. The research conducted by the South Australian Tourism Commission has identified crucial skills shortages in South Australia, predominantly in the Flinders and outback, Eyre Peninsula and Kangaroo Island tourism regions of the state. It is our strong belief that if tourism employment in these regions were classified as seasonal under the working holiday visa it would assist greatly in addressing the labour shortage. Consideration should therefore be given to expanding the working holiday visa to allow a second classification of seasonal work to include tourism employment. We consider that such an amendment would assist in addressing the issues raised by the third and fourth points of this standing committee's terms of reference.

Knowing that what is following me will be the CMCA's and their discussion with you, I should also mention—without, hopefully, spoiling their chance with the committee—that we agree that there is the opportunity for 'grey nomads'—

**ACTING CHAIR**—Be careful with that terminology!

**Mr Styles**—Yes, I qualify with the grey hair part, but I am not quite a nomad yet! We believe that there is an opportunity for a nomad population that may be retired as well as for the young people coming into the country. There are jobs that are better suited to one or to the other. There may be a physical strength requirement and so a younger person can offer something that is not offered by an older person—and I say the word 'older' lovingly—but I think there is something in maturity that offers a level of training, a standard, that will be most useful to the hospitality industry and to the tourism industry generally.

The other area is funding. It should not be limited solely to qualifications. Government funding for training in the past has been traditionally limited to registered training providers to conduct training that is usually only provided as part of an approved training course in which the participants receive a formal qualifications under the Australian Qualifications Framework. Research conducted by the South Australian Tourism Commission clearly indicates a preference for shorter bursts of training and an on-the-job environment for that training. This is not to suggest that competencies being sought by operators do not form part of an accredited training package but that a qualification is not necessarily being sought; nor does it indicate that the individual will not complete other competencies in the future to obtain a qualification.

During the extensive process of producing my working party's recommendation for the minister of tourism the need was highlighted for upskilling employers and not simply focusing on employees, on the basis that a high level of small businesses exist within the tourism industry itself. There was also limited research and monitoring processes available to help any group anywhere in Australia in relation to the needs and requirements, hence the work we undertook to try and establish a starting point to make our recommendations. Further, the importance of strengthening the engagement at secondary school level of industry and educators to prepare a potential tourism workforce was most evident. Finally, the need to establish an industry body capable of driving an action plan for the development of the tourism industry's workforce needs and the delivery of trained and skilled staff through effective cooperation of all stakeholders will be vital to the future of the tourism industry in South Australia.

**ACTING CHAIR**—Thank you very much. One of the things that continually comes up in this inquiry is the view that people do not generally regard this industry as one that offers careers—it is the job you have before you take a job. That makes it very hard to try and encourage kids going through school that hospitality is a possible career move.

**Mr Styles**—We certainly believe that the industry itself has a role to play in illustrating to people coming into the workforce that there can be a planned career path in the industry. It is a fact of life today that you can have young people in the industry who may study in various parts of Australia, or the world, and find themselves in a tourism area, but it is also part of an experience and a growth of knowledge where they move on. So it is extremely difficult to attract those people to regional areas and retain them.

**ACTING CHAIR**—I would imagine that simply retaining people in the industry would be a challenge. We have got to get past the notion that the career is going to be in one particular enterprise. If we can secure a young person's ongoing role in the industry itself, whether the industry is in the Barossa Valley or elsewhere in South Australia, that is good.

**Mr Styles**—We find that there are many family businesses involved in the tourism industry, where the children of the owners are employees of the business. You then have someone come in from outside as an employee, and you try to give them a career opportunity, but they see the son or the daughter of the owner as being the person who will receive the responsibility as the business grows or as the owners move on. To answer your question about giving those opportunities to people, it is a real problem that the industry faces. I am not telling you something you have not heard many times over from other people who have presented to you. We believe that the industry itself has to look more seriously at how it currently performs in retaining staff, training staff and giving them more opportunities in order to keep those valuable people.

**ACTING CHAIR**—From the commission's point of view, have you done any work on tracking why people leave the industry?

**Mr Styles**—The work we did in our research indicated different levels of reasons—and different reasons, obviously—why people have left. Some of them were attracted by 'sexier' industries. You can have a person driving a tourist coach who has driving skills, and the mining industry says, 'We'll pay you three times that salary to drive a truck around the bottom of Roxby Downs.' I do not know the answer, but we believe it is the responsibility of the industry generally and employers. Employers have to be told, taught and encouraged about the benefits of retaining staff. Considering the cost of retaining a staff member as opposed to the cost of continually training someone, there are lots of benefits in keeping people.

There are also different circumstances in regional areas and city areas. In city areas you can have larger employers—hotel groups—that provide the opportunities for young people to come through the ranks from waiters to floor supervisors to food and beverage managers to hotel managers. But that does not exist in small enterprises in country areas.

**ACTING CHAIR**—Until we flesh a little of that out and formalise it, it is very hard to expect the educators—particularly at high school level—to construct the notion for kids that this industry is really all about providing careers for the future.

**Mr Styles**—I acknowledge that it is extremely difficult, and that is why we believe industry needs to talk more to the educators as well. There are criticisms that occur at different times, where employers will say educators are not training people who are suitable for the jobs. But then there are criticisms that the industry is not telling the educators exactly what they are looking for. We believe that in South Australia it is vital that we establish a strong industry body that drives the recommendations and actions that we put forward in order to make some inroads.

I understand exactly what you are saying. I am not questioning it in any way. We know this is a significant problem for the industry itself. We are not sure about it, other than knowing it is about trying to bring industry and educators closer together and trying to give better tools and

better knowledge to operators so they do want to keep kids on and they can create opportunities for them. It is very difficult though for small businesses.

**ACTING CHAIR**—Certain sections of this industry see the way ahead—and what should emerge from this inquiry—as freeing up the use of backpackers for no other reason than having access to a greater number of untrained people which you can rotate every six months.

**Mr Styles**—That is why we are supportive of that working visa issue. We do not think we are taking jobs away from people. There are many areas of tourism that are seasonally influenced and at those times we have available to us young people who are here in Australia spending money and can become part of that workforce. At the same time we are saying that is just one of the things we need to do to ensure that we have a work group available to the industry because of the pressures on it. There are criticisms of how much the industry pays employees. There is a whole range of things that keep adding to that.

**ACTING CHAIR**—Given the seasonality of it, is any consideration given to working in loose partnerships collaboratively with other employers within the industries so that they can actually work hand in glove?

**Mr Styles**—Yes.

**Ms HALL**—Could I take that a step further? Has the South Australian government looked at putting in place, with another state government, some sort of formal structure to try to do that?

**Mr Styles**—To extend the opportunities?

**Ms HALL**—Looking at trying to form some sort of partnership that would be mutually beneficial and would complement your tourism industry, therefore you would be building on your skilled workforce.

**Mr Styles**—Nothing exists now, and nothing I have seen has indicated that it is likely to happen. We have been very specific in examining what the case is for South Australia. If I look at Queensland as another area and look at the size of the tourism industry in that state, I see there are more opportunities there. There are bigger operations in that state. A better example is that a lot of the tertiary based—at either TAFE or university—courses provide for young people to do work placements. We are very keen to see those work placements held not just in the city area. We are looking to create advantages for people to go to regional areas to do their work placement. We believe you retain someone who has had the opportunity to go into a region and experience it because of the circumstances of their work placement as part of their study program. That is because they get to know the community and they get to understand what is being offered. I think, though, that the picture gets bigger. Where they stay when they are working in that area is another issue.

**ACTING CHAIR**—This morning La Trobe University suggested to us that 60 per cent of their graduates, having gone through and completed a degree in hospitality, exit the country and work overseas.

**Mr Styles**—That is a factor we have found as well. We have had young people live in South Australia, do the course and immediately head overseas. We say that kids, young people, are going to do it anyway so let them do it and try to give them enough reasons to want to come back to Adelaide to use the skills that have been created through their education program and developed through their work experience in another part of Australia or in the world. We will try to get them back to South Australia to use those skills and experience to the benefit of our industry.

**ACTING CHAIR**—At what point does the industry have to give some recognition to the fact that attraction and retention is an aspect of a normal economic model? I understand all the things about passing on costs and everything else, but there must be huge costs to enterprises within this industry due to the constant turnover of labour.

**Mr Styles**—One of the best things I have seen for young chefs is a mentoring program that has been established in South Australia. It is common knowledge that the hospitality industry does not have regular hours. When your friends are off enjoying themselves, you are at work. The mentoring program helps young chefs understand how, as they get older, get married, have families or whatever it might be, they can manage that job and be retained by the industry itself. Again, to go back to the point that you were alluding to, the industry itself has to do more in order to understand why these kids or young people or people from the industry are being lost and what it has to do to retain them. We believe that we have an industry job to do to try to prove to people there is a career path to be enjoyed, but we have to make sure the employers can deliver on that at the same time. It is the eternal circle that I keep talking about and the need for an industry based body to be driving and communicating: driving in their own organisation to make sure staff have the skills; driving within the education area to make sure they are providing the best skills to the people they want at what level.

I talked about the ability to have courses available to people that may not lead to any qualification. A course that teaches a person how to operate a coffee machine properly can get a person a job; they do not need skills in a whole range of other areas. There is a challenge for us also in the regional areas to make sure that we have people capable of providing the experience that people are expecting when they go to that regional area. Without simple training courses to improve those skills, we are not going to be providing a good quality tourism experience.

**Ms HALL**—As I said earlier, I thought your submission was particularly good. When we were talking about training, you were talking about training and the need for employers and training institutes to get together and talk. We spoke to Service Skills Australia this morning, and I think it was quite apparent then that there needs to be that crossover. With the on-the-job training units that you are considering, do you see those as stand-alone modules that would be funded? How do you see the government funding being provided? I think you said that funding assistance should be provided.

**Mr Styles**—I believe that we should identify the most practical and simple areas of training required, find suitable training organisations capable of delivering that service, particularly in regional areas, and then have the funding available to it, through government, that is not tied to a year-long course or to a specific certificate, piece of paper or qualification. I am trying not to underplay it, but the simplest of things can be taught to people—for example, food hygiene, which is very simple but very important to any business, or, as I mentioned earlier, how to

operate a coffee machine properly. We have all had a dreadful coffee in the middle of nowhere; you think you have drunk the sink water when in fact quite often it is the skill of the person making the coffee that has influenced the product you are consuming.

In the training areas, it is identifying what the employers are saying what they want in simple training terms. As concerned as I am to say it, sometimes when young people are involved their level of numeracy and skills can be a problem in handling a job, and that may be part of the area of training. It is making them multiskilled, if you can, when you talk about country areas or regional areas, because the young person at the reception desk may also be the waiter or the waitress serving you dinner and, if you are lucky enough, the person turning down the bed or making the bed in the morning. Multiskilling is part of that process. To get to your point, we need to identify the right short courses to make people more employable and job-ready so that an individual business that employs them can train them in the specific needs unique to that business and do that on the job.

**Ms HALL**—How do you get employers to make a commitment to ongoing training? How do you convince them that it will benefit them?

**Mr Styles**—This is where we believe that bringing together an industry body is essential in having an impact on employers to give them the reasons why providing that training will give them a better employee, a person who is going to provide a better experience for the visitor to the region or that property or that particular product in the tourism industry. It is not just expecting employers to suddenly become perfect in the way they look after, train and utilise staff. It is a matter of multiple jobs, as I said initially—industry talking to educators, industry talking to employers and, in a broader sense, industry saying to the community that working in tourism provides people with a great opportunity for a career. Each one of them is part of that wheel, a cog that has to be completed. Having one part not working—industry not talking to the educators—means a breakdown.

**Ms HALL**—In your submission I am sure that I read that the industry is notorious for paying low wages and having poor conditions. In an industry where you have got employers paying as low wages as they can and providing as poor conditions as they possibly can, how are you going to change the mindset of an employer that is already cutting everything that they can to actually invest in something as intangible an asset as an employee?

**Mr Styles**—I do not think that we said in our report that—

**Ms HALL**—Maybe not as—

**Mr Styles**—You talk about lousy wages and bad conditions and I do not think we did say that, but I know what you are saying. You are saying that the industry is not renowned for being big payers. They are renowned for paying people to do a job and expecting a pound of flesh for it, to use that phrase.

**Ms HALL**—A couple at least.

**Mr Styles**—As I also mentioned earlier, the difficulty is that younger people coming into the industry consider other industries far sexier and far more interesting.

**Ms HALL**—Ones that pay.

**Mr Styles**—But young people in the Y generation in particular are not worried about having a job for a year or two years or six months. Their thinking is very different. So you have got two competing interests: someone who is running a business and wants consistency of staff, and a generation of younger people who do not care if they have had 15 jobs by the time they are 30. I know I still have to come back to answer your question. In the real sense, if the industry is going to survive, it has to also accept that it has a responsibility to pay reasonable salaries and expect a reasonable amount of work in return.

Part of that is the multiskilling issue, as I mentioned earlier. In the regional areas you might have a chef who can prepare meals and serve them, but then he might be making beds in the afternoon—and I use this example as an extreme. It is not just because you are squeezing the person to death with how much work you get out of him. The multiskilling issue is going to make an employee more valuable and, hopefully, make them more financially rewarded because of those skills.

**Ms HALL**—Do you have a better chance with the kitchen hand than the chef?

**Mr Styles**—Yes, I think so. As I said, I use those examples as extremes, more than anything else. But I acknowledge that the industry itself has to reward people for the level of work that they commit to making their industry and their particular business successful and profitable.

**ACTING CHAIR**—It is really an issue of how the industry actually views itself too. Retaining people within the industry has got to be seen more holistically and not necessarily just with one particular employer. There has got to be some portability of skills or recognition of those skills. I understand what you do say about on-the-job training, and most people do have a preference for it. Is that preference for on-the-job training simply because you do not have to pay, or are not being seen to pay, for skills in terms of a formal qualification or TAFE?

**Mr Styles**—I caught the tail end of the presentation before the lunch break on the issue of people paying for their own training. A certain amount of that happens within this industry. You have people undertaking cordon bleu courses that they spend literally thousands of dollars on, and you have people doing simple bar and waitering courses that usually have a relatively short time frame to them and are not overly expensive.

**Ms HALL**—It seems to me sometimes that the people providing the training for people working in this industry are more interested in what they can get out of it, rather than what they can put into the industry, and therefore the industry as a whole suffers.

**Mr Styles**—I think you are absolutely right. I suggest there may be training operators who are very good at extracting the fee for the course but the product they produce is less than the industry expects. I think that is another difficulty in itself. In time those providers are found out because employers do not employ or stop employing people from those organisations and the message gets through.

**Ms HALL**—A lot of people spend a lot of money investing in courses that they think will give them a job.

**Mr Styles**—I do not disagree with you; I think it is true. I just live in hope that those operators do not last too long. But I go back to my point earlier about finding the right course needs, and I am not talking about major or key roles in organisations. I am talking about very simple roles, about those basic skills that are needed.

**Ms HALL**—I think that is the way to go.

**ACTING CHAIR**—Despite the difficulties that have been identified in the attraction and retention of staff in this industry, this is nevertheless an industry that all research shows has a very rosy future, particularly with the advent of the Chinese market which is opening up on our shores. So it is not like buying a pig in a poke; this is something the industry could back itself in on.

**Mr Styles**—I think so. We have seen in some research released last week that there is some concern about young people not being good tourists in their own country, but I think we will see a combination of developing that marketplace and of people enjoying it as they get older, as they move on from their teens into their 20s and 30s. But I think the international market, as you are highlighting, is extremely important to the tourism industry in this country. In the case of Australia, fairly obviously Sydney and Queensland, with reefs and rocks and what have you, are the first choice of visitors to this country. From South Australia's point of view, we are very conscious that we are a second or third visit opportunity. We look at specifics to try to attract those people the first time around, and our wine industry and our natural products are the ones that we push, but we are not necessarily the first on a visitor's list. However, we acknowledge that that international tourist has been extremely valuable to the growing of South Australia's tourism industry and is a vital part of its future.

**ACTING CHAIR**—One of the things that came up this morning, and it took us by surprise because it is the first time it has been raised with us, was a perceived lack of flexibility in the workplace within this industry. This is the last public hearing we are holding today and this was the first occasion it has been raised with me. Has that suggestion featured in any of your considerations, that there is a lack of flexibility in the hospitality and tourist industry?

**Mr Styles**—No, not that is glaring. I think there are obvious components of certain types of jobs that are either seasonal or are in a business that is open for breakfast, lunch and dinner and so there are spaces that occur between lunch and dinner and someone goes off for several hours as a break. I think that the industry itself has to be flexible, and that in the majority of cases those are the circumstances that we live in today. If not, it will not have any staff.

**ACTING CHAIR**—Thank you, Mr Styles, for your evidence. We appreciate your submission and your development of it in your verbal presentation to us today. It will certainly form a major part of our consideration.

**Mr Styles**—Thank you very much.

[2.15 pm]

**PICKETTE, Mr Rod, Communications and Research Officer, Maritime Union of Australia**

**ACTING CHAIR**—I welcome Mr Pickette from the Maritime Union of Australia. We have formed an informal subcommittee to hear evidence this afternoon. Although the committee does not require you to give evidence under oath, I should advise you that these proceedings are formal proceedings of the parliament and consequently warrant the same respect as proceedings of the House itself. It is customary to remind witnesses that giving false or misleading evidence is a serious matter and may be treated as a contempt of parliament. Having filled you with fear, I invite you to make some introductory remarks before our discussion on your submission!

**Mr Pickette**—Thank you. Just a few introductory remarks: the MUA has broad coverage of both marine and some non-marine classifications or occupations within the passenger cruise and dive sections of the tourism industry, and that is the essence of our interest in this inquiry. We see marine transport as a vital and important component of the tourism sector, particularly in Queensland and the Northern Territory and across the northern part of Western Australia.

By way of background, marine transport is regulated by a range of international, national and state-territory arrangements, and we need to keep that in mind in terms of how we recognise that within the broader tourism context—and I will come back to that later. That is primarily for the marine crews, but of course that regulatory framework has a flow-on effect for the non-marine occupations like tour guides and deckhands that do multi-skilled jobs on some of the tourism vessels. My remarks are particularly focused on the North Queensland area, where the main marine component of the tourism industry exists, I suppose.

We have been involved in the top end of the passenger cruise tourism market—through, for example, the Tasmanian ferries—for many years. It is not the central part of the coverage of our union but it is nevertheless an essential part, and we have actually had resources devoted to that North Queensland area. So what I am talking about today really comes from that fairly recent experience, where we have committed resources.

It is that experience that has led us to a couple of the comments I want to make. The first of those is that it does appear to us that there is a fairly heavily entrenched culture, what we have described as a casualised, short-termist, informal culture, and that is reflected in the workplace relations practices, in the training and skilling practices and in the general approach to human resources management of the entire industry.

What we have found is that, despite the fact that there were employers and organisations who were very willing to work with us as partners in trying to move the industry forward to a higher level of standards and a more structured set of arrangements, one of their great concerns was that there were a vast number of operators who did not want to be part of that culture for their own particular commercial reasons. We found it very difficult. There was a great deal of competitive nervousness, if you like, from those operators who wanted to be more professional and more structured and had a long-term vision for the industry. They felt that if they negotiated better arrangements—

**ACTING CHAIR**—They would be at a competitive disadvantage.

**Mr Pickette**—That is right, they would be at a competitive disadvantage and would be undercut. The suggestion we made to the committee was that something like an industry code of practice might be introduced where parties could be put together. It might have to be regionally based so it is focused on the particular aspects of a tourism region. We say that the trade unions ought to be part of that process because we do bring a great deal of experience to structured training and structured workplace relations arrangements and we can add a lot of value, we believe. We should not be excluded from the process.

A code of practice, we thought, might be a way of establishing some basic principles that would give the industry some confidence that if the industry stuck to those principles that would provide the foundation for those operators not to be so risk averse and to take some of those challenges up about some more structured and long-term planning, knowing that they were not going to be undercut. Even if we could bring everyone along to the same standard at first, if we have some sort of a code or industry agreement which would give us the foundation for developing some more structured arrangements in terms of—

**ACTING CHAIR**—Health and safety issues.

**Mr Pickette**—Yes, those sorts of issues and career paths and commitment to training and perhaps some industry-wide industrial agreements in various forms—whatever is available under the appropriate legislation. That is why we put that view and, as you say, there is definitely a disincentive for operators who really want to be looking for a more professional and structured approach because they feel that they are going to be undercut and it is a highly competitive industry.

The race to the bottom really is contrary to the long-term interests of any industry. It is not in our interests and it is not in the interests of the employer for commercial reasons. There is the Chinese market, for example, and there are other developing opportunities for Australia and the tourism industry. We do not need to be at the bottom end of the market. We have got enough attractions to be able to be at the top end of the market and still be very competitive internationally in our tourism offerings. So it is really a false economy, we believe, to take that approach.

There were common themes in a number of the submissions that I looked at, including our own. There is a high amount of casualisation and high labour turnover. In fact I noted that the Transport and Tourism Forum said that the annual cost of replacing employees was estimated at \$49 million, I think. That is a huge drain on the industry just in replacing employees alone. There is that high labour turnover and lack of ability to retain staff. There were low standards and alleged labour shortages. We also noted that the submission from the Queensland Tourism Council said that some 58 per cent of employees had no leave entitlements. If we are talking about trying to create an attractive work environment, some 60-odd per cent of the workforce has no leave entitlements—and this is an ABS figure quoted in that submission. So it is not an industry figure; it is an ABS figure.

**ACTING CHAIR**—It also shows that there is no ongoing attachment to the industry so I would have thought that the industry is worse off as a consequence as well.

**Mr Pickette**—That is right. Another submission made the point that the workforce in the industry are users of the tourism industry themselves and they need some leave. There was also an overrepresentation of workers in this industry with no post school qualifications. In 2007 that is really an indictment of our whole education and training approach when we have got a large proportion of workers with no post school qualifications focusing on this industry. It is little wonder then that we have high turnover, a lack of ability to retain, and a lack of commitment to the industry.

These are the sorts of deficiencies we noted. Just about every submission I read also said that they needed better structured training arrangements and some better approaches. I suppose the disturbing aspect of a number of the submissions was what we would call the ‘easy way out’: looking for recruitment of foreign labour through a range of visa arrangements including the 457s that are available. We do not believe that creates any sort of long-term future.

I do not know whether you have had any evidence on breaking down the labour market in a little bit more detail. Take the North Queensland example which we are focusing on. I would have thought that—and I do not have the evidence in the material but I am sure it is readily available to the committee—if we looked at our own Indigenous communities in Queensland there would be some huge pockets of underemployment and unemployment. It would seem to me that we have a responsibility to our own workforce and, if we have got pockets of underemployment or unemployment, or if we have not fully exploited opportunities for increasing workforce participation of particular segments of the labour market—and I just quote the Indigenous community though I do not have the figures—there would be great opportunities and we should not be looking, therefore, at the easy solution of 457 visa holders to fill gaps in our labour market.

**ACTING CHAIR**—We had a very good submission in North Queensland about that and we had an inspection of Tjapukai. There was some really good work out there.

**Ms HALL**—An interesting thing about that Indigenous employment was that Tjapukai was an Indigenous business. They looked at employment there, but the practice of Indigenous people in mainstream employment is not embraced so readily, and you will find that throughout Australia.

**Mr Pickette**—There must be some reasons for that—

**Ms HALL**—I agree with you—

**Mr Pickette**—and we have to tackle opportunities to break through that barrier, whatever that barrier is. I just put that on the table anyway, because it was of concern to us as a trade union that a number of the submissions, particularly some from particular employers in some industry organisations, were looking for government to create greater flexibilities and opportunities to recruit foreign labour. I do not think that it is necessarily a long-term solution that we should be easing the avenues for that approach when we do have underemployment and low workforce participation in some segments of the labour market.

It brings us to a couple of solutions that I just want to quickly put on the table. One is the industry code of practice idea, which we think has some merit. We have set out some principles and it might cover off a principle around the engagement of foreign labour. What conditions

would need to be satisfied before we looked to access foreign labour through the visa opportunities? There might be some principles around commitment to education and training. We think that the skill formation strategies promoted by the Queensland government have been very useful and we would now like to see some of the initiatives that have been developed arising from the work of those skill formation strategies and the research and material that they have put on the table. I think that one of the submissions from Scubaversity to the committee went through some of the possibilities that have emerged out of that skill formation strategy work. In our view the real focus needs to be on creation of structured training—traineeships, if I could put that in its broadest sense. We ought to be looking for flexible arrangements in the traineeship models.

**Ms HALL**—You heard the last witness: what do you think about the small module training?

**Mr Pickette**—As a general rule we do not favour that. Particular industry sectors have a responsibility to train in a broad range of skills to give people the maximum opportunity to exercise their skills and attributes as part of the workforce and to be able to be mobile. People need to have the opportunity to move between employers to gain experience for career path opportunities. Many of the businesses in the tourism sector are very small and there may not necessarily be a career path for everyone within the one business, but there may well be within the industry as a whole. So we are not very keen on this small module training. I do not know whether I am correctly articulating the last speaker, but just one point I picked up on was being able to use a coffee machine to make a cappuccino. I think that is extremely limited and not a productive way to move forward.

You need foundation skills and you need some specific skills, particularly if we have career paths. Take the marine sector: there are not huge opportunities for people starting as a dive instructor or as a deckhand or as someone with more hospitality related skills on board, serving drinks and food, to move through to being a master or a skipper. On the other hand, that broad range of flexible skills that might be developed through the dive, hospitality or deckhand skills might set them up for an onshore career in a tour guide role or in a management role—an operational management role or a human resource management role. There are a range of onshore jobs so we should not be thinking narrowly.

We say that the best opportunity is to give people structured skills based around the competencies developed through training packages. We have not spent the last 15 years developing these training packages with a range of competencies and modules to simply give people training in a very narrow specialisation that takes them nowhere. Surely that is not the fundamental nature of our training system, considering the resources that go into it and the need for us to lift our standards generally in the competency levels of our workforce as a whole to ensure that we stay at the leading edge of business, whether it is tourism or whatever. I think we have to have a broader approach than that. We certainly do not favour those narrow skills. Career pathing is really important. Some of the submissions talked about some of the examples that are underway and that are being worked on certainly in the North Queensland tourism industry examples.

**ACTING CHAIR**—Generally, people working in this industry do not see it as having an established career path.

**Mr Pickette**—They probably do not. It is a chicken and egg situation—where do you start with that. But within the government and industry framework—and I would include trade unions as part of that—I think we have to focus on the broader approach to make sure that the structures are in place so that people can have career paths. The extent to which individual businesses with the industry can commit to that and provide career paths is another issue. But, as major partners in the industry, I think we have to be starting from a broader perspective.

**ACTING CHAIR**—Your membership would include those on dive boats, cruise vessels and the like and I think you would experience a pretty high turnover of staff in those categories of employment.

**Mr Pickette**—Not so much in the marine crewing categories; it is fairly stable there. But, yes, I would agree with you that in those multiskilled areas like the deckhand come dive instructor type occupations there is quite a high turnover. Part of that is because of the pay levels. In fact, we found that many dive instructors were not actually being paid at all; they were being given an opportunity to get some experience, if you like, and a few bucks on the side. That is no way to structure a labour relations framework or a training framework. Sure, the individual might think it is great: ‘I happen to be in Queensland for a few months; I’m getting a bit of experience; I’m doing something I love.’

**Ms HALL**—It is short term.

**Mr Pickette**—It is a very short-term approach. Whilst the individual business might think, ‘Wow, this is all right; I’m doing pretty well here, making a quick buck,’ again those of us who are looking for long-term solutions and want to see a higher quality industry as a whole have to move beyond that and find mechanisms to not encourage that sort of activity or that sort of mentality. It is an attitudinal thing and I think we have to break through that. There were a couple of examples. I think they were in the TTF submission. What does that stand for? Is it the Tourism and Transport Forum?

**Ms HALL**—Yes.

**Mr Pickette**—There was a proposal at page nine of their submission, at point five of their industry proposals, about sector pooling. We were attracted to that concept. That is not an unusual thing in some industries. Take the offshore oil and gas industry—I know it is quite a different industry to the tourism industry, but, to ease the peaks and troughs in terms of the labour market, we have been trying to encourage some of the major projects to give consideration to a range of projects so that they can phase the labour.

So, if you have a project that is at the exploration stage, you do not want them all coming on to the production stage at the same time. Industry can work this; it is not difficult. The industry does this itself. For example, with the oil rigs, they get together and say, ‘Okay, we are going to need that oil rig or that drilling rig for a three-month window of opportunity here to drill some wells.’ The next operator can say: ‘Okay, we can arrange our project so that we can have that drilling rig on the Timor Sea,’—or wherever it is—‘for the three months. We will pass it on to the next operator.’ So it remains in Australian waters, has a consistent crew and there are better employment opportunities for the crew.

It is not unusual, and I think the example quoted was North Queensland tourism operators maybe coordinating with the ski industry. We would even say that we could do that internationally. This might be a bit novel, coming from a trade union, but we do not think that we should be ruling out our regional partners: PNG, Timor, New Zealand and the Pacific Islands. In fact, one of the TTF proposals for government was that we should be looking to the Pacific island nations as one way of supporting it.

As a general proposition, we have some concerns about those sorts of proposals. But we think that if it is done under structured government to government arrangements, where the parties in the industry have also come to an understanding about how that labour supply-demand would work so that we were not floating our market or undercutting Australian terms and conditions or Australian arrangements, then there are real opportunities to work with our regional neighbours.

**ACTING CHAIR**—Would you have that not simply as a 457 visa but also going further, as a training regime in terms of a selected number of Pacific Rim countries?

**Mr Pickette**—Exactly. We would be contributing to the development of our regional neighbours, particularly Timor, PNG and some of the Pacific island nations, and when the supply was not required anymore in Australia, that labour supply could return to those countries with high-quality skills and be the next generation to develop their own industries—be it tourism, oil and gas, agriculture or whatever the particular workforce segment is. We are quite sympathetic to that concept, and it can be done both within the nation and within the region, as long as it is done under structured agreements that have the support of the entire industry and all the parties in the industry.

**ACTING CHAIR**—That would be for occupations that we are having difficulty in filling. It could be back-of-house or any of those occupations within tourism where there is a general difficulty in recruiting labour.

**Mr Pickette**—I do not know which particular occupations are the difficult ones in recruiting. I suppose when I am talking about it, I am thinking more of the traditional marine-type crew, with which we have greater familiarisation. As I am not so certain about some of the lesser-skilled occupations—I do not want to call them unskilled, because they are not—

**Ms HALL**—Low-skilled, low-paid, poor conditions.

**Mr Pickette**—Yes. I am not sure that is the category of employee that we need to be looking to other labour markets to fill. I go back to my earlier proposition about our own labour market. I think that we have not fully exploited our own labour market for those types of jobs.

**ACTING CHAIR**—I think that is probably right. What sorts of strategies could be looked at, for instance, when we have to bring people into North Queensland—it is a good analogy—and we have to attract some ex-patriate Sydneyites or Melburnians up there occasionally? What are the sorts of things we should be looking at, other than spearheading and relying on the normal curiosity of kids to go and try their hand in the diving industry in North Queensland? What sorts of things should we be looking at from a government perspective to provide civil encouragement or assistance to people's mobility in that regard?

**Mr Pickette**—We would put the proposition that the best encouragement would be high-quality terms and conditions of employment. I do not think that there is any greater attraction for an employee than to know that they have income security and job security. That is what the ILO's decent work concept is all about and that is what we promote. What particular incentives are there? First, people have to know that there are high-quality jobs that do offer them career paths. They have to know that there are opportunities for training and that they will be supported in training. They have to know that the things that are peripheral to employment like opportunities for housing and schooling—the usual things that attract people to an area to take up employment—

**ACTING CHAIR**—When we were in Broome one of the things that was a huge impediment to attracting people into Broome to work, casual or otherwise, was the lack of affordable housing. You simply could not locate people other than in the camping parks or something like that.

**Ms HALL**—And in North Queensland too it was an issue for—

**Mr Pickette**—These are not short-term solutions, are they? We can pretty much identify the key geographical locations that attract our tourists. The data is available and we know what attracts our own population and people from overseas so we know the destinations. We know the areas where we are going to require a labour force to fill the occupations in those industries. So I think it is a question of working with state, territory and local governments to start some long-term planning for those. If it is housing, that has to be factored into the industry strategies.

**ACTING CHAIR**—I suppose it is a bit different to be talking about Hayman Island, but they did appear before this inquiry. For them to have staff there they must obviously accommodate them because they are on an island, whereas the same procedures are not necessarily adopted for onshore tourist operators.

**Mr Pickette**—I do not know the detailed nature of particular businesses well enough to know whether there are onshore businesses that we might suggest ought to be looking at building their own staff accommodation. That would not be a typical aspect of Australian business. But if we worked with local and territory governments, I would have thought that could be part of regional planning.

**ACTING CHAIR**—It would have to be taken into account. If you are opening another mine site somewhere out in the backblocks, you are certainly going to make sure that you have at least got provision available to accommodate people, otherwise they are not going to work for you.

**Mr Pickette**—That is right. Again, you need to factor in the type of accommodation subject to the type of employees that you want to attract. If you want to attract people that are going to give a longer term commitment you are not going to build single people's quarters necessarily or backpackers' quarters. Families will not come and live there and settle down and therefore be a long-term resource to your business. Those criteria need to be factored in, but I do not think that it is outside the realms of coordinated planning.

**Ms HALL**—What were you looking at having in your industry code of practice?

**Mr Pickette**—We have not thought through all the specific criteria but I did mention, for example, that there might be some criteria that would identify the circumstances under which foreign labour might—

**Ms HALL**—I think that it sounds like a great idea.

**Mr Pickette**—We might establish some things that would be excluded from the arrangements, for example, semi-voluntary labour, if we could get the industry to say that that is a practice they want to outlaw. We could have minimum arrangements for occupational health and safety, we might have commitments to work collectively with industry organisations, and we might have recognition of who those industry organisations are. There might be some recognition of particular training establishments so that small businesses do not have to scurry around looking for a particular training institution for front-of-house training, deckhand training or tour guide training.

We might have a commitment to three or four and focus on those. The code of practice would get the parties to commit to working with those particular high-quality training establishments so that we would get viable numbers for classes. We could factor in timing and arrangements for flexible delivery that would meet the needs of business. It seems to our union that if we could get some of those criteria built into an industry code of practice then that would be the platform from which those operators who want to put themselves at the high end of the market, to be seen as high-quality employers and attract and retain long-term staff committed to the organisation, could look for their own competitive advantage. At the moment we have no floor and it is a race to the bottom.

**Ms HALL**—You talked about the skill formation strategies. Earlier today, Service Skills Australia mentioned to us that they had been involved with employers and unions—all the players—and had developed a package. They said how good it was and that the fact that everyone in the industry was involved meant that they had put together something worthwhile, though they are still waiting for it to be ticked off by a couple of state governments.

**Mr Pickette**—The work that has been done, from our point of view, has been quite productive. Certainly we found it a productive process. But the next phase is the resourcing of that structured training—the traineeship models that came out of that. I cannot speak for all of the skill formation strategies but, for the one focused on marine crewing and so on, we certainly needed additional funding—I presume it was a combination of Commonwealth and state—to be committed to ensure that those training packages were in place and that they were quality based on the existing or, where necessary, reworked modules out of the training packages.

In this industry we need to draw the competency from a range of training packages; for example, to have a multiskilled deckhand-cum-dive-instructor and someone who will serve drinks while the vessel is on the way out to the reef we need to draw in competencies from the hospitality training package. We need people who are skilled at bringing those training packages together to meet the needs of the industry—of the employers—but we then need the funding resources to make sure that that training is delivered at times and in a way which meets the needs of the employment arrangements for the industry. I think that is where the next phase of a resource allocation should be.

**ACTING CHAIR**—With regard to that, who do you see has the responsibility for funding that aspect of it?

**Mr Pickette**—We would like to see a greater degree of Commonwealth coordination.

**ACTING CHAIR**—Coordination?

**Mr Pickette**—Coordination and funding. The states could be part of the delivery mechanisms, but we think the funding and coordination should be arranged at a Commonwealth level.

**ACTING CHAIR**—I expect there is a huge role for the industry itself in all that, isn't there?

**Mr Pickette**—Absolutely. There is no question that there is a responsibility on employers to contribute. It is part of business investment. But I suppose I am thinking more of the broad framework for the training system. It has to be managed through Commonwealth funding and coordination.

**ACTING CHAIR**—It sounds like breathing life back into ANTA.

**Mr Pickette**—I am not sure that ANTA is the model. From our own experiences in our industry, the mainstream maritime industry, we think there is greater opportunity for a much higher level of Commonwealth coordination and funding.

**ACTING CHAIR**—Rod, thank you very much for your submission and your evidence today. I am sorry that the rest of the committee is not here to hear it.

**Mr Pickette**—I was not expecting you to be in the chair, Mr Hayes.

**ACTING CHAIR**—Neither was I.

**Mr Pickette**—It is great; I am glad you are.

**ACTING CHAIR**—The committee will certainly have access to the *Hansard*. This is the last of the public hearings that we will be conducting in relation to this inquiry, and we will make sure you get a copy of the report. Thanks for coming in.

**Mr Pickette**—Thanks for the opportunity.

[3.03 pm]

**CHARTERS, Mr Tony, Consultant, Campervan and Motorhome Club of Australia**

**OSBORNE, Mr William John, General Manager, Campervan and Motorhome Club of Australia**

**TRELOAR, Mr Bruce Glennan, Director, Campervan and Motorhome Club of Australia**

**WORNER, Mrs Diana Theresa, Director, Campervan and Motorhome Club of Australia**

**ACTING CHAIR**—Welcome. We have formed an informal subcommittee to hear evidence this afternoon. Although the committee does not require you to give evidence under oath, I should remind you that these are proceedings of the parliament and consequently warrant the same respect as proceedings of the House itself. It is customary to remind witnesses that giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. I will ask you to make some introductory remarks, and Jill and I will have some questions for you based on your submission.

**Mr Charters**—I will make introductory remarks on behalf of CMCA. The Campervan and Motorhome Club of Australia has over 48,000 members nationwide and is the largest representative body for the motorhome and self-contained vehicle, or MSV, market—and it is a tourism market within Australia. Most recent research indicates that the MSV market consists mainly of pensioners who mostly have their primary place of residence in Queensland or New South Wales, although there is membership from right around the country. They tend to be over 50 years of age, with the biggest group being 61 to 65, and have a combined income of less than \$30,000 a year. They tend to travel in twos and travel at least twice a year for an average of three to four weeks at a time. In the year ending December 2004, domestic MSV visitors numbered 122,000 and spent 1.643 million visitor nights in Australia.

The CMCA is interested in an alignment between member interests in securing paid and voluntary work opportunities while travelling around Australia and the current labour and skill needs of the tourism industry. If we look at the potential of this mobile workforce, as we call it, I guess there are four key reasons why the opportunities provided by the MSV segment should be considered in the development of strategies to meet labour and skill shortages within the tourism sector. The first reason concerns the complementary trends in the labour and tourism markets. This pool of people may potentially provide a partial achievement of the government's aim to increase the level of participation in the workforce by mature age Australians. The labour market in general is also experiencing a significant growth in non-standard forms of employment such as part-time, casual, contract and seasonal work. Tourism is suited to offering these types of employment as alternative employment opportunities. In addition, through their own travel, this group are an important contributor to the regional development of Australia and tourism revenue for the tourism industry.

The second reason that the MSV market should be considered is the fact that there is an alignment between the potential labour market and industry needs. For example, being mostly

retired, the MSV market is specifically interested in opportunities for casual, seasonal or part-time work. This suits the tourism industry. They have a demonstrated interest in spending time in rural and remote areas. They are open to employment opportunities offering lifestyle benefits more than high pay and career opportunities. They are interested in contributing to community development and are open to engaging in voluntary work.

The third reason concerns the potential benefits through skills development and employment and income generation. CMCA considers that there are potential benefits for the MSV market in being able to access temporary, voluntary and/or paid work, including the ability to supplement incomes, take longer trips away from home and contribute to community development in regional Australia.

The fourth and final reason is that the initial work undertaken by the CMCA indicates that its members are open to mobile workforce opportunities. The CMCA is interested in identifying employment opportunities for its members, thus supporting their lifestyle preferences; investigating the extent to which members can assist in addressing industry skill and labour shortages, particularly in regional areas; and identifying opportunities, constraints and strategies for linking this workforce with appropriate employers for the benefit of both.

To this end, the CMCA sought the assistance of both Commonwealth and Queensland governments to undertake a study into the potential of a mobile workforce. At this stage the Queensland government has provided funds to investigate both the level of interest and the current skills base of CMCA's national membership through a national member survey, and 2,204 individual surveys were completed. The key results flowing from that survey are that over a third of the sample are currently employed, most of these are employed full time and the employment tends to be primarily in the fields of health, building, rural and retail. Those unemployed are, in general, not seeking any regular paid work, but many of them are interested in paid or voluntary work while travelling. The skill base of respondents is diverse but lies predominantly in areas of heavy vehicle driving, building, trades and labour, engineering, child care and aged care. Many of these skills are current. There is a significant group with lapsed skills and about half of these feel they need or would like skills updating.

Almost 60 per cent of the respondents are interested in undertaking some form of paid work while travelling. Where concerns about working are evident they include, primarily, pension losses, insurance, tax and superannuation effects. This group indicated rural fruit picking, building trades and labour as key skill areas of use in rural and remote communities but they also mentioned domestic cleaning, retail, teaching and health. Nearly 80 per cent of the total 60 per cent of respondents who were interested in participating in work of some kind did not have a preference for the kind of work they would do while they were travelling. Nearly half of the respondents were interested in undertaking voluntary work in some form while travelling and only 11 per cent of those expressed a preference for the type of voluntary work they were interested in, with the majority stating that environmental landcare related work would be their preference.

To date the CMCA has not been successful in engaging the Commonwealth agency DEWR for assistance with this research project. CMCA Ltd is still seeking the support of the Commonwealth Department of Employment and Workplace Relations to complete phase 2 of this project. Phase 2 includes analysing the collected national data related to CMCA member

skill sets—to date only Queensland respondents have been analysed—by assessing the national demand for labour that fits into the parameters of a mobile workforce, identifying any impediments to the adoption of a mobile workforce scheme and examining potential methods of operationalising such a scheme at a national level. The MSV market potentially comprises a valuable pool of professional and trade skills. They are an experienced workforce segment that may be willing to engage in a range of flexible employment arrangements, both paid and voluntary, and suited to the types of employment arrangements typically offered in the tourism sector. In addition, they are a key contributor to regional tourism income themselves. CMCA consequently urges the committee to recognise the potential opportunities for grey nomads to fill emerging skills shortages, assist in skills development and training and support tourism businesses in growth through the use of this workforce. Finally, the system should be developed at a national level to ensure mobility of both the MSV traveller and the portability of their skills throughout regional Australia. Thank you.

**ACTING CHAIR**—The scoping study undertaken in Queensland certainly did reveal a sniffing at opportunity. What would you say were the main highlights?

**Mr Charters**—There was an interest in doing work while people were on the move. That showed up as being both in a voluntary capacity and in a paid capacity, and it did show a significant pool of expertise that has relevance to the tourism industry. The study also showed that there were impediments. Their ability to translate those skills and their desire into action raised some concerns related to pension, superannuation and the lack of portability of skills.

**ACTING CHAIR**—That is probably something that has not been specifically addressed. Will the government's decision to have tax-free superannuation, for instance, at age 60 for superannuants be a significant boost in terms of this form of work?

**Mr Charters**—I am certainly not an expert on superannuation so I probably would not make a judgement on that.

**ACTING CHAIR**—It seems to me that if you can salary-sacrifice you could be paying tax at the rate of 15 cents in the dollar.

**Mr Charters**—There is definitely a potential to look at the ramifications of those changes. The other factor is that it is important for members of a group like CMCA to be aware of changes and to be aware of the implications of taking on work. People are not often on top of all regulations and all the requirements and certainly there would be a potential for an education program, for example, to align all of that and be aware where the opportunities are, what the constraints are and what the implications are of taking on work.

**ACTING CHAIR**—I know this is not the best way of looking at it, but it is the other end of the backpacking argument: grey nomads are coming in their retirement years, as opposed to backpackers coming in from overseas who are going through university, but a backpacker is making a similar contribution to a sector of the market where we are certainly having a significant labour and skills shortage

**Mr Osborne**—I think the potential is there but it would depend on how the government makes it attractive to that age group. Our surveys are showing that there is a significant group

within our membership who, although they do not intend to work, have not ruled it out. Our feeling is that the reason for that, as the survey is showing, is that they are concerned that their superannuation entitlements and their tax position would be adversely affected, therefore it is not worth while.

**Ms HALL**—How many were surveyed? What were the numbers involved in the survey? What sort of sample was it?

**Mr Charters**—Two thousand, two hundred; a very significant—

**Ms HALL**—Different from the 1,500 one we had this morning—significant.

**Mr Charters**—This was done to a high standard of statistical validity. In fact we did not survey all of the 2,000; we surveyed 500 because 500 gives you a completely—

**Ms HALL**—You took a sample of 2,000 and from that you took a sample 500.

**Mr Charters**—What was interesting was that the level of response from the membership group indicated to me an interest in the subject in itself. I thought the strong response was a very positive sign.

**Ms HALL**—Let me just clarify: 2,000 people responded and then from that 2,000 you took your 500 sample?

**Mr Charters**—Correct. In respect of the international market, I think there is quite a potential for international grey nomads who are doing campervan trips around Australia. In Europe and the United States and Canada that is already a very strong form of recreation, so they are familiar with this style of travel, and I think there are opportunities for Australia to link into that more strongly. In fact that group may, like the backpackers, become a skill source as well, but from overseas.

**ACTING CHAIR**—Can we trouble you to have a copy of that made available to our committee?

**Mr Charters**—Definitely.

**ACTING CHAIR**—In view of the way it has been conducted and its reliability that might be something that we should give high regard to.

**Mr Treloar**—The two previous submitters put quite an emphasis on the career side of it for long-term employment. This mobile market side gives an opportunity to fill in those non-career, short-term markets. The two previous submitters were probably putting a bigger emphasis on the long-term benefits, whereas there are many jobs and many positions within the tourism industry that are just simply not suitable, long term or specific enough to provide a career opportunity as such.

**ACTING CHAIR**—I suppose with the mobility of a workforce of that character, people are not looking for career opportunities at that stage. It is a matter of holding down a position for a

period of time on either a voluntary or a paid basis. Obviously in this industry it might be a matter of concentrating on what they might be prepared to do in terms of paid employment.

**Mr Treloar**—The reality is that within the tourism industry there is a significant employment area that would be pretty difficult to define as a career position.

**ACTING CHAIR**—I think that is fair. Other than issues such as superannuation and complications to existing pensions are there other impediments that we should focus on? Are there things that we have got to address in order to accommodate this?

**Mr Charters**—I will answer that in a couple of ways. We can assume certain impediments but we are recommending that more study be done. Essentially, what we have looked at is the labour supply side of the equation: where the shortages are and what skills are required to meet those shortages. What is their seasonality and what is the profile of those jobs? We need to get an understanding of that for both paid and voluntary work.

We then need to look at the impediments of matching those two up. If there is an opportunity to match them, why is that not happening and how can we make it happen? And the last component is: how can we operationalise something? Is there a mechanism that can be used to establish, for example, a brokerage where a member seeks out a position through a website and the two are aligned? There are all sorts of opportunities there. We have done one-third of the job, I guess, and we are very keen to get DEWR support to move into these other areas and to make sure it has got national coverage, because of the national nature of the organisation.

I guess we can assume there are impediments through lack of portability of skills. For example, if you are a licensed plumber in Victoria you cannot operate in Queensland and so on. There would also be lapsing of skills, where someone has been a licensed plumber but it has lapsed so they need a retraining program; issues related to the financial side of things; and also an awareness of or not knowing if there is a need. That is the communication aspect and matching aspect, and there needs to be an efficient administration behind it. Those are the sorts of things we would assume are there, but we would like to put as much rigour into that side of the equation as we have into this side.

**ACTING CHAIR**—I think that the exercise undertaken in Queensland should have whet the appetite of others to look into this in closer detail. You are saying that DEWR have been a little reluctant to go into stage 2 and look at this on a national basis?

**Mr Charters**—A grant application was put in through the mature-age industry strategy process, and it certainly has not been successful to this point. This issue is picking up a lot of interest, and there has been a lot of media interest in this. It has been picked up by the *Herald Sun* and the ABC; and 18 months ago it was on *60 Minutes*. There has been very strong interest in this area. We feel it is an issue that should be explored further. It is easy for people to assume that there is an opportunity here. We would like to really put some rigour into that assessment.

**ACTING CHAIR**—In terms of the skills within your membership, I am assuming that they will be broadly representative of the community skill base generally. It is just going to be issues of currency that may have to be addressed. Would that be correct?

**Mr Osborne**—Yes, I believe you are right. We are a microcosm of the Australian population. We have got doctors, lawyers, dentists, plumbers, bricklayers—everyone. We have got members who travel Australia in their motorhomes, and they work from their motorhomes. They might pull a trailer behind, and that is their workshop. Regional Australia is benefiting from this group that is out there.

**Ms HALL**—I have to say that I find your submission really exciting. One of the issues that I have been very focused on over a long period of time is our ageing population. The Treasurer has brought down the *Intergenerational report* that has warned us of the dangers of our ageing population. There is another intergenerational report that is going to be released very shortly. Once again, I am sure it will deal with the dangers of our ageing population. My criticism has always been that we do not look at the benefits, and I think that what you have highlighted are the benefits of an ageing population. Instead of saying that it is going to be the end of civilisation, we need to embrace it and look at people like the grey nomads. You are creating a market for tourism in areas throughout regional Australia; you are rejuvenating flagging economies, plus you are a source of labour at all skill levels.

When we were in Darwin, I asked one of the tourism operators whether or not they utilised the grey nomad workforce, and they said yes, they do. What I would like to suggest is that maybe you write a submission to the Treasurer and point out the benefits—what older Australians can contribute—and put it in a really positive light. I see it as a way to really highlight some of the benefits of an ageing population. When we are talking about welfare to work and forcing people into the workforce, we should be looking at ways to encourage people.

One of my pet hates on committees is when somebody talks and talks, like I am doing now, but I have to share this with you. I had a constituent come to see me very recently. Her husband is on a pension and she is just under the age to get a pension. They were not able to take off and go around Australia after they considered the advice she had been given by Centrelink in relation to moving to some regional area and the balance of employment in that area—they had to delay what they had planned until she was of pension age. You might like to share your experience with us, Mrs Worner, because it is better for you to tell us than for me to talk about something that someone has told me. It is really important to the committee.

**Mr Treloar**—There are a lot of practical issues with a mobile workforce that, if it is going to be utilised, need to be addressed. The mobile nature of the workforce and the lifestyle put a lot of impediments in the way of practicalities like residency for drivers licences and registrations.

**Mr Charters**—One of the features of this market which, to my mind, is appealing to the tourism industry is that they come with their own accommodation, so they are not contributing to the squeeze on accommodation in peak holiday periods. If they visit a coastal region in North Queensland in winter, when all the caravan parks and reserves are full, they are not adding to the squeeze. Where there is a problem that is also part of the needs of this industry is that there is a need to look at the fact that this is a new, emerging form of recreation. It is a little bit different to camping, it is a little bit different to caravanning and it has tended to be seen as just camping or just caravanning. It is a new, emerging form of recreation that Australia needs to plan for. If it plans for it, it can take advantage of it very significantly. In tandem with this opportunity to bring a workforce in, there is also a need to ask: ‘Where do these motorhomes reside when they are on the job?’

**ACTING CHAIR**—Mrs Worner, would you like to carry on with the dialogue that Jill started?

**Mrs Worner**—It is funny, Jill, that you should bring up that situation, because I am of pension age and Peter—my partner, who is at the back of the room—is not. We are finding it difficult from time to time because of what you have just brought up. It did not stop us from actually going on the road, but we are finding that because he is a self-funded retiree he cannot get any of the benefits that I can. To me, that it is just a reverse situation. He is not receiving anything from the government, whereas I can receive things and I get all these discounts left, right and centre.

I know that it is not exactly pertaining to the tourism side of it, but I think that it is a funny state of affairs that we live in when the self-funded retiree cannot access any benefits. Public transport is one example. We live in a motorhome full time, and have done that now for seven years. We do not tow a car behind us, so from time to time we have to get public transport. I can get on to the bus and flash my little card and I am fine, I can get it for practically nothing, whereas he has to pay an extortionate amount. I am finding that there are a lot of people out there for whom it is pretty difficult. But I understand where you are coming from with your example.

**ACTING CHAIR**—Getting back to the issue, in your travels have you had the opportunity to undertake voluntary work?

**Mrs Worner**—Yes, we have.

**ACTING CHAIR**—What sort of work?

**Mrs Worner**—We were picking grapes in Griffith. Basically, the year we did it, they were crying out for pickers, because there had been a very, very hot season. The weather had been very hot and the grapes were becoming ripe too fast. We were in Sydney at the time when we heard it on the *Today* show. We decided that we would go down and help them out, and we did that. This is what we were discussing earlier. It is a situation where a lot of pensioners are drawing back a bit from wanting to go into the workplace and be paid for it because of the situation with their pensions. They have to be very careful how much they earn—other than what they are allowed. There are now so many requirements out there. There are occupational health and safety issues; there is this, there is that, there is something else. The person you go to work for is demanding—they have been told to do it; it is not their fault. I am finding that, if you are a pensioner and out in the workplace, you have to think twice about whether you want to be paid because you may lose your pension.

**Ms HALL**—Whilst on the other hand you would really enjoy working.

**Mrs Worner**—Yes. We do not have to, but the opportunity has arisen quite a few times where we could have, but we think, ‘Oh, well, it is just too hard.’

**Mr Treloar**—Some of my background was five years full time in the United States. I had a fair bit of experience and knowledge there of some of the US based schemes. For example, one of their schemes is with their national parks, which offer a free campsite in return for X amount

of hours per week for a couple. That gave the United States national parks system an opportunity to enhance the experience for all their visitors by improving facilities at little or no cost to the national parks scheme. If we went down that scheme in Australia—again, it is one of those perceptions—we would need to be careful as to whether the cost of the campsite is deemed to be an income. It gives the national parks in Australia a terrific opportunity, in return for a free campsite, to have an experienced couple there to do menial jobs, whether it is garbage, reception or anything like that. It gives the mobile workforce an opportunity to participate in enhancing the national parks scheme, the state parks schemes and probably many other schemes throughout Australia.

**ACTING CHAIR**—Usually it is deemed as income and, at this stage, would be liable for FBT.

**Mr Treloar**—That is one of the problems. It would give the industry in Australia an opportunity to take advantage of these non-career positions, but there is the perceived impediment that, whichever way they turn, these people are going to be put off the idea of doing it because of the perception that a penalty will be involved.

**ACTING CHAIR**—Thank you for coming in and for your submission. We will make an inquiry of DEWR to see what the position is in relation to that. At least without commenting on the overall situation, I think it is something that should be investigated to see what sort of assistance is available to a system in the compilation of that assessment. Based on what I have seen in Queensland and on what I saw some time back on either the ABC or *60 Minutes*, I think it would be silly not to ignore this area. It is certainly a reality. We are in an ageing population, but it is a population that is still willing and able to work as they take their recreational years and go on vacation around Australia. It is probably something worth looking at.

**Ms HALL**—Embrace it.

**ACTING CHAIR**—As I get closer I might think of these options. Once again, thank you for coming in and thank you very much for your submission. We will certainly make sure that you receive a copy of our final report.

[3.35 pm]

**JUSTO, Ms Jo, National Industrial Officer, Australian Services Union**

**ACTING CHAIR**—I welcome the representative of the Australian Services Union. We have formed an informal subcommittee to hear evidence this afternoon. Although this committee does not require you to give evidence under oath, I should advise you that these proceedings are formal proceedings of the parliament and consequently warrant the same respect as proceedings of the House itself. It is customary to remind witnesses that giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. We have your submission, and Jill and I have a number of questions we would like to you ask on it. Before we do that, I invite you to make an introductory statement.

**Ms Justo**—Thank you. I do not have much to add to our submission, which we submitted to the inquiry in September last year. The basis for our submission is the Australian Services Union's broad experience and engagement in the tourism industry through a range of different industries. For us, the tourism industry is a very broad canvas, and to be able to summarise those things in a submission is extraordinarily difficult. What we attempted to focus on in this instance—and our submission alluded to it—is the fact that we believe that in respect of training-specific issues there are various bodies which are much greater experts in those areas than us. We like to engage in training, but it is more of the delegate and collective strength variety. So we supported the submissions of some of the parties who I believe have been here and presented to you today.

Effectively, the members of the Australian Services Union are very strong in their view that a collective workplace agreement provides a strong workplace. It provides an opportunity for people to be engaged in and to have ownership in their workplace. The industry is currently not directed to or does not believe that that sort of environment is the one that is required, and I am sure that you have heard many instances today of that: the casualisation, the backpacker environment and the grey nomads, whom we have heard from. I think it is a terrific idea, but all of these concepts lead to a fluidity of employment. There is not a strong, solid industry that can support real, sustainable jobs. That is what our submission is leaning towards.

From my point of view, addressing you directly today gives an opportunity to put to you that perhaps the vision of the labour shortage itself is not as accurate as the description suggests or as what the potential hysteria of the media and of those who would gain much from such an intensive labour shortage have said. If an index of real and sustainable jobs in the industry could be measured—that is, of permanent full-time jobs; that is the basis of the industry—then perhaps it would be shown to be more about the environment that people have to go and work in that we are short of, that is, one that maintains people, keeps them in the workplace and gives them opportunities to stay. Without going into any greater detail, I am sure your questions will take me to some of the other information I could otherwise provide.

**ACTING CHAIR**—There has been very little quarrel with the fact that most people consider that this industry does not offer much in the way of careers. Certainly it has a reputation of having low pay and poor conditions. As a matter of fact, a number of employers have suggested

that the very nature of low pay and poor conditions is one of the reasons there is high labour turnover. From the position of the ASU, what is the effect of that? I understand that the bulk of this industry is covered traditionally on minimum rates awards and is now being catered for by the determinations of the fair pay tribunal. So we are talking about people on the absolute minimum classification ratings for their respective occupations. We have a significant problem with retaining people. I am sure that is not rocket science but it seems to me that it is certainly a huge impediment to building up the competitive nature of the Australian tourist industry.

**Ms Justo**—I can only agree with you that it is a significant problem. If somebody turns up to work and they are not paid appropriately or attractively or they are not provided with opportunities or they are not supported, trained and respected for the skills that they bring to the job then they are not going to stay. Some of our major airline employers have seen a drift of people out of traditional employment because they have not been providing those things and have been engaging in practices that would not fit our old understanding of the world when we had awards that protected people's minimum standards et cetera. For the ASU, our membership area in the industry probably lifts us a little bit above the minimum standard workers. We would have some coverage in some of the hotel-type industries, but in the broader industries of airlines and so on, our awards tend to sit in the centre of the wage related areas. People are drifting out of the industry because their jobs are not or do not appear to be sustainable and employers are constantly attacking their wages and conditions.

**ACTING CHAIR**—It was suggested today—this is the first time that I think I have heard it—that seemingly there has been a lack of flexibility in work practices in this industry. Other than what I heard today from the representative from the Hotel and Motel Accommodation Association, various employers who have appeared before us have not made that suggestion. Is that lack of flexibility something that you have heard of or experienced in the industry generally or in the airline industry?

**Ms HALL**—The lack of flexibility was affecting the industry in such a way that it was making it non-viable.

**Ms Justo**—I have to say for the record that we hear it a lot. But we hear employers delivering those lines to us. They say that by giving employees realistic and decent wage increases and improving their working conditions they will lose all flexibility.

**Ms HALL**—What about evidence to support it?

**Ms Justo**—During the Senate inquiry a couple of weeks ago into the Qantas Sale (Keep Jetstar Australian) Amendment Bill we are on the record as saying very clearly that if the practices of the past, pre Work Choices—that is, having awards, having agreements based on awards, having collective arrangements with employees—delivered such inflexibility, how did Qantas survive post September 11 with the inflexibility of all our arrangements? For example, we were in the middle of enterprise bargaining. At the peak moment when these things came to a head, we were in fact commencing industrial action across our 12,000-odd members on the day of September 11. We were able to bring all those things to a halt and ensure that the company, the industry and the planes continued to fly and have done so ever since.

Our members, who are the ones who deliver the service directly to the customers on the ground, have been able to do everything that was required during the SARS issues and every other terrorist threat of recent times, and recently the very unfortunate Garuda plane incident. Most often they occur overseas and there is a flow-on effect here which then troubles the industry so that it cannot have that so-called flexibility. The challenges of every single one of those disasters—the difficulties, the business impediments and the loss of Ansett—have all been met and business has continued. So far we have never seen a single example when having good, strong, solid wages and conditions is an impediment to the flexibility of businesses and the potential to grow. We think it is really a furphy.

**ACTING CHAIR**—In terms of the enterprise agreements that you would have with most of your employers, would that also encompass the provision of suitable training and career development of staff?

**Ms Justo**—Once upon a time we had the joy of being able to include suitable training for our union members, and that was a wonderful thing; unfortunately we cannot anymore. Certainly training is something that we have bargained for significantly, and on a number of occasions we have had to fight to have it included in agreements. Particularly in the tourism industry, people have to travel to do the training, because people are located regionally, in various offices, and have to attend. It is not unusual even—believe it or not—in the airline industry that employees have to fund themselves to come from one place into a city to attend training that is work related. So we bargain very hard over training for employees, and sometimes the employers bargain very hard back.

**ACTING CHAIR**—I would imagine that a significant proportion of your membership would be female.

**Ms Justo**—Yes.

**Ms HALL**—What percentage?

**Ms Justo**—I would not be able to give you a percentage, but it would be very high.

**Ms HALL**—Greater than 50 per cent?

**Ms Justo**—Yes.

**ACTING CHAIR**—In terms of your industrial arrangements in this industry, do you have special consideration given to female employees so they can facilitate return to work, et cetera?

**Ms Justo**—Absolutely. We have worked very hard on developing good policies and practices with the employers that we work with. Some of them are very responsible employers and understand that, by having very decent work-life balance arrangements for their employees, their retention of employees and their attraction for employees is very good. But they would be few and far between, unfortunately. Return to work is a very significant issue, and it is soon to come to the courts and the commissions, I believe, for some of our major airlines. Return to work is simply one part of a major component for women; and for parts of those processes it is not just women but men and entire families—about how they manage having a family and working and

being able to maintain their livelihood in a reasonable and decent manner. It is something that we have to bargain very hard for. The evidence is clear about companies that are very happy to say, 'We are best practising and we have reduced our retention costs, et cetera, dramatically on the basis of having very good work-life balance programs and policies.'

**ACTING CHAIR**—I would imagine that it is a huge cost for most employers with significant levels of staff turnover.

**Ms Justo**—Absolutely. The evidence is clear that the staff turnover costs far exceed those of being able to retain employees.

**ACTING CHAIR**—In terms of the industries that you cover, have you had much experience with 457 visas being used?

**Ms Justo**—At this point in time, we have had some experience in the visa issues. We would support the submissions that have been put to this inquiry by other unions in terms of the visa use, but I would say that, from the ASU's particular perspective, our experience has been reasonably limited. We have had some impact in the information technology sectors of the industry and have had to raise issues with several companies on that basis, but we have not had the same level of issues as some of the other unions that I know have presented to the inquiry.

**Ms HALL**—I have a quick question. How much do you think wages and conditions contribute to the fact that there is a skills shortage within the industry?

**Ms Justo**—I believe that wages and conditions are a very significant reason for people leaving one employer and going to another. More often I would say that it is conditions that are a greater priority for an individual employee. It is not unusual from our union's perspective, in terms of the process for bargaining, that we ask a range of questions of our members in order to develop a log of claims. Those questions usually cover a range of issues, from a wage increase to protections, redundancy, increasing maternity leave pay, and those sorts of things. I would say that, four times out of five, conditions such as redundancy protection, maternity leave and flexibility in family leave would rate higher than a wage increase. A wage increase would be there in the top three or five items, but there are other significant conditions that employees are always seeking first. So I think it forms a very fundamental reason why, if an employer does not deliver good conditions, their staff are not going to stay.

**Ms HALL**—The Welfare to Work legislative changes have been touted as an answer to the skills shortages. How suitable do you think this industry is to cater for the needs of single parents or people with disabilities seeking to re-enter or enter the workforce?

**Ms Justo**—Not being an expert in the Welfare to Work legislation, I would have to say I would hope that any person who wanted to engage in the industry would be able to, whether they had a disability or whether they were a single parent.

**Ms HALL**—What are the hours like?

**Ms Justo**—I would imagine it would be extremely difficult for those people to engage in the industry as it currently stands. I would imagine that the pressures of having to work a wide range

of hours and the pressures of having to be multiskilled and potentially having to go off and learn things for yourself in your own time would make it extraordinarily difficult. I could not even possibly begin to imagine how the two would actually go together.

**ACTING CHAIR**—I refer to the industry generally. In Australia various sectors of it are very much seasonally based and we have a high element of casualisation. Does your organisation have a view about how we could best work through partnerships between various sectors of industry, whether they be in north Queensland or Tasmania, for instance? Are there areas that we can explore to encourage people to enter into a better utilisation of labour other than in one particular organisation?

**Ms Justo**—At this point in time the ASU does not have a formal position, particularly on that question, but certainly we are always happy to engage in anything that is going to help, pursue and protect permanent, real and sustainable jobs. If that were going to assist in the engagement of the community at a broader level then that would be a really terrific thing. At this point in time I cannot see that, unless the industry was in fact addressing those fundamental issues of how to develop real and sustainable jobs and a solid and strong basis and of how the constant development of little ideas that are going to fill gaps everywhere is going to work. The filling of gaps is actually taking up the space that should be the solid base of the industry that is being built.

The fundamental problem of Australian tourism stems from the fact that, unlike many of the other ports around the world, we are not a hub. Travel is a whole series of wheels, and Australia is at the very far end of the spoke, so we get the leftovers of whatever else happens. We have the pathway taken by people who really want to come here specifically. They do not come to fly through Australia and go, so our industry is not going to be constantly flourishing on the basis of people flooding through to go somewhere else. Our industry is built on the basis of people really wanting to come here. If we are going to build and sustain the industry, we have to look locally, we have to build a solid base first and then we can look at methods and ways by which we can implement filling the gaps.

**ACTING CHAIR**—Ms Justo, thank you for the submission from the ASU and for your contribution today. We appreciate your taking the time to put your submission to us. You are the last witness in this inquiry. You will receive a copy of our report after it has been produced. Let me again thank you, on behalf of the committee, for coming along today.

Resolved (on motion by **Ms Hall**):

That this committee authorises publication of the transcript of the evidence given before it at public hearing this day.

**Subcommittee adjourned at 3.54 pm**