



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, 9 FEBRUARY 2007

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HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON EMPLOYMENT, WORKPLACE RELATIONS AND WORKFORCE

PARTICIPATION

Friday, 9 February 2007

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

Members in attendance: Mrs Hall, Mr Hardgrave, Mr Hayes and 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 9.05 am**HEPNER, Ms Karon Joy, Group HR Development Manager, Compass Group (Australia)****HOOPER, Miss Lucy, Project Officer Tourism and Hospitality, Service Skills Victoria****NICOLSON, Mr Ian Stewart, Chief Executive Officer, Service Skills Victoria****SWEETMAN, Mr John Colin, Director, Service Skills Victoria****HUNT, Mr Nicholas, Chief Executive Officer, Tourism Alliance Victoria**

CHAIR (Mr Hardgrave)—I now declare officially open this public meeting of the House of Representatives Standing Committee on Employment, Workplace Relations and Workforce Participation inquiry into workforce challenges facing the Australian tourism sector. This inquiry arose from a request to the committee by the Minister for Employment and Workplace Relations and so far some 56 submissions have been received. We have submissions from the Tourism Alliance of Victoria and I am glad representatives are here today to talk to us. I apologise for a few minutes delay in starting the proceedings today. Although this committee does not require you to give evidence under oath, I should advise you that these hearings are actually formal proceedings of the Australian Parliament, so consequently they warrant the same respect as proceedings of the House itself. It is also customary to remind witnesses that giving false or misleading evidence is a serious offence and a serious matter and may be required as contempt of parliament. Would you like to make any introductory remarks?

Mr Hunt—Thank you, Mr Chairman. Tourism Alliance has provided a submission to the inquiry and we followed up that with a conversation with members of the committee in Canberra as part of the National Tourism Alliance Working Group on this matter. We want to take the opportunity whilst you are visiting Melbourne to draw on the network. As Tourism Alliance is an industry association, one of the key things that we have on our agenda is training and skill development, the professionalism of our operators. We work with Service Skills Victoria through its tourism and hospitality industry advisory group. This morning it is not so much to hear from Tourism Alliance again, Mr Chair, but really it is an opportunity for Service Skills Victoria to provide a bit of an overview in relation to the work that we have been doing collaboratively in Victoria on their workforce, and also for Karon Hepner from Compass Group (Australia) to provide from a larger company perspective some of the challenges. I also understand that the committee will be visiting regional Victoria later on in its process. Tourism Alliance, which has a member network of approximately 3,000, would be keen to coordinate and encourage a few of the smaller businesses to present themselves to the committee and talk through some of the things from their point of view. In terms of this morning's session, by way of overview, I would like to hand across to Ian Nicolson to work through the workforce changes report.

Mr Nicolson—Thanks, Nick. Service Skills Victoria is a state industry training board and our core business is to advise the Victorian government about the training needs of various service industries, and those industries include tourism and hospitality, amongst others. The major way in which we provide that advice is through what is called a changed drivers report. That report looks at the drivers in the industry, the business responses to those drivers, the skill needs that arise out of those businesses and, consequently, the training requirements for the industry. The

government can then be informed as to where its purchasing decisions should be made when it purchases publicly funded training. This report is about to be finalised and delivered to the Victorian government, so I am not in a position to table that now. It covers a broader range of industries than just tourism and hospitality; we also work across the wholesale, retail and personal services area. For the purpose of today's hearing, I have pulled out our learnings, particularly related to tourism and hospitality, and put them into a document which might be useful for the committee. I can table that document today if it is appropriate.

CHAIR—I do not have a problem with that.

Mr Nicolson—Would five copies be appropriate?

CHAIR—That would be fantastic.

Mr Nicolson—The drivers part of the report looks initially at an industry profile and the economic drivers behind the industry. As a brief overview of the report, the industry in Victoria comprises about 5.5 per cent of gross state product, GSP, and the important learning is that it is a growing industry. It is not just growing in absolute size, but it is growing in its contribution to gross state product. In terms of its significance for this state, it is an industry that is growing in importance. In terms of other industry sectors, there is work to be done by Access Economics and I think it almost goes without saying that the growth in our economy over the next 30 years is going to be more strongly in the service than the manufactured goods area—for example, the made products area. Looking at the economy as a whole, we expect that the tourism industry is going to be of increasing economic importance. We see that the major growth is coming from Asia, particularly China and India, and also from new sectors that are growing quite quickly. Of particular note in Victoria is the spa and wellness sector. For example, in 1997 I think we had about four medispas in Australia and in 2003 there were 300.

CHAIR—I would have passed one this morning getting here. I was momentarily tempted, but I was not distracted.

Ms HALL—Likewise.

Mr Nicolson—You would have trouble avoiding one probably.

CHAIR—I might need one afterwards.

Mr Nicolson—I think one of the key discussions that we have been having in Victoria recently is about changing demography and particularly the age profile of our workforce. The service industries broadly employ around half of the 17- to 25-year-olds in the economy. It is the major employer of youth in the economy. We have a workforce that we know is ageing and we know that that youth cohort in the workforce is actually going to be diminishing as a proportion of the whole workforce. One of the major challenges facing the industry is how it is going to deal with that as potentially perhaps the biggest loser, if you like, with the tougher game of attracting young people into an industry that has culturally seen itself as a youth industry in the past. One of the challenges that really does flow through to training issues is how we will actually provide the skills and labour we need for this industry in the future with an ageing workforce. With the ageing population, we need to see that, from a demand side of the economy,

it is changing the marketplace for tourism and hospitality. The sorts of services and markets that are growing up are changing. If we look at things like the grey nomads, as they are euphemistically called, they are a rapidly growing part of the tourism market. The industry needs to be able to deal with that from a demand point of view as well as from a supply point of view. From a social, technological and environmental point of view, we are also seeing some challenges. The service industry in general has often been seen as staging posts for people in casual employment and youth employment. Often that casual employment is something to do while you are studying to do something else. The challenge for the industry is to be able to identify longer-term careers and identify career paths.

This industry is dominated by small and medium enterprises, but some of the larger employers are looking at the sorts of things that they can do to actually define career paths for people and define those career paths at entry point to the company. They are showing young people that there are careers in the industry and they are demonstrating that by their actions as well as their words. Hopefully that will help to reduce staff turnover, which is one of the big problems in this industry. It also has one of the highest staff turnovers and the cost of that turnover to the industry is huge. Another thing to note about the workforce's participation rate is that the figures do not add up. This is not a problem peculiar to this industry, with the ageing workforce and the skill requirements that we have in the economy. Unless we can do something about the participation rates in the workforce we are going to be suffering greater skill shortages than we are now.

CHAIR—What do you mean by that? Can we flesh that out a bit?

Mr Nicolson—We need to look at where we can recruit labour from in the future, like the Skilled Migration Program. We are not going to be recruiting through young people entering the workforce because the demographic pyramid shows that those entering the workforce at that age are going to be reducing in proportion to the population of the workforce. That leaves us with the option of trying to attract people who otherwise might not be in the workforce. It could be women returning from childbirth or people who might otherwise have retired, but have changed their decision about retirement. The retirement one is particularly interesting. If you have a look at superannuation and the proportion of the population that is actually fully superannuated at the moment, it is a lot lower than what we might expect or hope. We have a cohort that is starting to get to retirement age now that actually is not fully superannuated. There are opportunities there to increase the workforce participation rate, but if we do not access those sorts of people to meet our skill requirements, then skilled migration will be possibly the only option left. I see increasing participation rate as being a particularly important challenge.

Ms HALL—Do you have a strategy to attract those older workers back into the workforce? I agree with what you are saying, that that is definitely an untapped resource.

Mr Nicolson—The position that we put fairly strongly to an inquiry into vocational education and training held in Victoria recently was that we have to do something about the way we deliver training. From our point of view, it is about skill development and giving people the appropriate skills for jobs. I understand that the recruitment phase of that is something slightly different. You have to address recruitment issues as well and perhaps that is something that Karon can talk about from the Compass point of view. Also we have to give people the appropriate skills and we have to be able to train them in a way that is appropriate for their needs. Our training system until now has assumed that the people being trained are young, entry level people coming into

the industry who do not have workplace or life experience and therefore need the whole gamut of skills to be provided for them. When we look at where our future recruits are likely to come from, we are going to need a different approach. We need to be able to say, okay, we recognise that you may have 30 years' experience in the workforce and we recognise that you have skills that could be transferable from something else into this industry, but we will need to provide you with some specialised skills that relate to this industry. How are we going to do that? It is unlikely to be in a classroom-based institution approach to training.

CHAIR—I am really sorry, Mr Nicolson, I find this fantastic commentary. We normally would ask witnesses to give introductory remarks and then home in, but I cannot hold myself back.

Ms HALL—Okay, that means it is open slather.

CHAIR—We will make sure that Karon is given the opportunity to make some opening remarks. My previous experience in the last couple of years from the executive of government's point of view has been exactly about this sort of thing. My concern when you were talking before is about those older entrants. Where do they start? You are not going to get a 45-year-old person, let alone a 55- or 60-year-old person, saying, 'Well, I am now going to be a bus boy or bus person, or whatever they are supposed to be called.'

Mr Nicolson—Or call it pre-apprenticeship.

CHAIR—Whatever. With respect to this whole recognition of experience and prior learning, as an ITAB in Victoria, what sorts of conditions do you see from the industry base about taking on those older entrants and recognising that they have actually been there, done that, but may not have a fully recognised qualification?

Mr Nicolson—The first thing that we have said about that is that the system has not catered for recognition of prior learning very well at all. I am not wanting to have a shot at—

CHAIR—Fire away; I always did.

Mr Nicolson—They are working in a system as it has been constructed. The system does not encourage them to go holus-bolus into recognition of prior learning.

CHAIR—Are not the employers also at fault here? If employers are not going to hire someone and give them a chance and train them—indeed, hire someone who has skills and recognise them when they do hire them if they have good experience, but do not have a piece of paper. The employers have to drive the training system, I would have thought.

Mr Nicolson—I agree with that, absolutely. We talk about an industry-led training system and we want that to be a reality as well as the theory. One of the biggest challenges we have with the small business nature of the industry is that the smaller the size of the business, the less likely that business is to actually engage in formal training. That is a challenge for us and I do not think anyone has yet found the magic bullet for that.

Mr HAYES—Is not the Chair right in terms of the industry on this? In your opening comments you did indicate in terms of where the industry is likely to go over the next 30 years, which is a clear expansion in the areas of growth. Industry participants would presumably be seized of that information as well. Is there an investment issue in this about investing in the industry's future and that is investing in people building career paths?

Mr Nicolson—Absolutely.

Mr HAYES—Because that has been consistent throughout our inquiry so far. We are all talking about career paths, but we do not see much evidence that they are actually going out actively pursuing career paths.

Mr Nicolson—That is certainly one of the major challenges, for business to actually plan longer term, in how it recruits and skills staff, to take a view that is more than next week or even 12 months. The unfortunate, all too common experience that we have when people start talking to us about training is: can you find me a third-year apprentice? It is not: can you find me a first-year apprentice and we will train that person. Can you find someone who is already almost fully trained so that as an individual business we do not have to make that investment? I do not want to generalise and tar the whole of industry with that brush, but it is a common experience.

Mr HAYES—If we are talking about a bed and breakfast operator, a caravan operator or a park operator, I suppose they are going to be fixated on the here and now?

Mr Nicolson—Absolutely. The more successful operators are focused on the here and now, but also plan for the future and look at what their skill requirements might be for the next 12 months to two or three years. We run a developing tourism leaders program that is like a competition where people develop business plans for hypothetical businesses. Some of the prizes that are involved in that are paid work experience. The City of Melbourne, for example, provides places for people to undertake paid work experience as a prize in that competition. They have been doing this now for two years and on two occasions now they have offered people ongoing employment. They recognise that, as well as making a contribution to the industry, if they get someone on paid work experience, then that could be their next recruit. That is part of their recruiting program and it is actually looking to the future to say, here is something we can get involved in. We can be good corporate citizens by doing it, but we can also be a bit cleverer about how we recruit our own staff. It would be good to hear from Karon, from the point of view of an individual company, about some of these issues.

CHAIR—I think that is good, but before we do, can I just ask about the question of portability? I do not want Mr Hunt to feel like we are attacking the tourism industry, because we love the tourism industry—

Mr Hunt—So do we.

CHAIR—Yes, I am from Queensland and I see your ads all the time. I love every piece of Victoria. I am concerned that if someone is operating a restaurant, a motel or a caravan park or something and has someone there for a year or two and they have a whole bunch of people skills or simple maintenance skills or whatever—front of house, back of house skills—but they do not have a qualification to back up those skills, and then they move onto the next job, they rely on a

good reference or something. Surely there has to be a mechanism so that as that person moves from place to place to place, they literally end up with a PhD in hospitality or something along the way.

Mr Nicolson—We have talked about two things in relation to that. One is a pretty old concept—I think it is a skills passport, where people can actually document things. Some of these things now are starting to appear online. Again this is more at the moment with formal training—I understand what you are saying about informal training—with people being able to document and keep something documented where they actually get a pigeon hole somewhere on the internet that may or may not be associated with a training organisation and they can keep that for life and build up a skills profile. The other thing we have talked about in a competency-based training system is the need to separate who is delivering training and who is delivering assessment. Part of this recognition of prior learning, RPL, issue is because we have the same organisations delivering training and recognition of prior learning, and the system is not encouraging those organisations to actually go through RPL processes. It is encouraging them to train, even if people already have the skills, so that they get retrained when they do not need to be.

CHAIR—Nothing cheeses people off more.

Mr Nicolson—Exactly, and part of our submission to the review of vocational education training in Victoria recently was that we should consider separating those two functions. The assessment function could be completely separate from the training function. Then you might be able to encourage industry to work with that part of the training regime that is able to actually recognise those skills, document them in an economically efficient way so that people can build up that profile over time and make things easier for industry as well from a recognition point of view. What you say about references is quite true and it is very true in a localised industry where everyone knows everyone. The first question is: whom did you work for? I do not need a reference. If I know for whom you worked, I can tell you what skills you have. But when you move out of that localised area—

CHAIR—Perhaps we should take your advice and move to Ms Hepner.

Ms HALL—I do agree with what you just said about the separation of the assessment and the training. I think that is vital if we are really going to move ahead in the area of RPL.

Mr HAYES—I know under the former Australian National Training Authority arrangement that there was clear separation there. I did not realise that that was the case at state ITAB level.

Mr Nicolson—We do not deliver training. There is provision in the system for assessment only registered training organisations, RTOs. I would not think that there are that many of them, but they tend to be industry driven organisations where industry is actually wanting to do exactly what we have been talking about. They are finding frustration with the training system and delivering that, so they are setting up something for itself in the guise of a registered training organisation that only assesses. It is not interested in delivering training. We know that training can be delivered. Where that formal training needs to be delivered in the traditional way, there is capacity for that, but this is something different.

CHAIR—I read some of the evidence from the inquiries in North Queensland and there was this conversation about RPL amongst the tourist operators up there which is a lot more advanced than in, say, New South Wales, which is now just trying to alert employers to the fact that you can actually get a recognition of prior learning program operating. That is part of the frustration. I have been ANTA for the last two years until recently, so I know what you mean. Perhaps we should move on to Ms Hepner.

Ms Hepner—First of all I will give you a bit of an overview about the organisation that I work for. Compass Group (Australia) operates in a variety of sectors, including education, aged care, remote, business and industry and leisure. It is predominantly a catering and facility management organisation and we have 800 sites throughout Australia. We employ in excess of 12,000 people. In our remote business in particular, which is mainly mines and construction, we have huge issues in regard to retention and also recruiting, in particular, youth; to use the cliché, the X and Y generation. I will reiterate what Ian was saying in regards to the ageing workforce. As you can appreciate, a number of our employees have been in our industry for many, many years and have come in unskilled and of course they are dropping off, and I do not mean dying. They are actually retiring and looking forward to going to that part of their life. It is not attractive to the X and Ys. We are not a hotel; we are not a luxury restaurant to encourage the celebrity chefs and the like. To attract the X and Ys to go and work in a mine site, for example, or in a retirement home is very difficult. Attracting people to our industry I think is one of the large challenges that we have in the first instance. One of the difficulties that we have in skilling our staff is the flexibility in the delivery of the training, although this is changing. To reiterate what I think Ian was saying as well, we encourage and want to employ apprentices, but we cannot get them. We advertise constantly but no one wants to take up a four-year apprenticeship and be on the training wage that is paid to that particular profession. When we talked about RPLs, we refer to skills recognition audits in our organisation. We are currently trialling a pilot with one of the well-known RTOs in Melbourne who, on a national scale, is looking at recognising prior learning on the job for our current chefs. Once again, with the ageing population, a number of those people have been working in our industry gaining their skills on the job, but they have no paper qualification. We are using the skills recognition process as an opportunity to put them through the system. I use the term ‘the system’ which varies in each state, as we have found. Once again this is a challenge to us because there does not seem to be consistency over the borders in certain requirements with respect to recognising people’s qualifications. Getting back to the point of recognising skills on the job, because of the remote location of a number of our particular sites that are out in the bush, in never-never land, the problem is getting someone there to actually assess them in the workplace or to assist them in compiling an evidence portfolio, et cetera, to enable them to obtain that qualification.

CHAIR—When you say you are going to work them into the system, when they have some experience and you have made an assessment—where do they fit in? Is it based on the amount of time that they have been there or whether they are a first, second, third or fourth? Or do you actually use a competency-based assessment and say, to finish the overall trade you are missing this, this and this ingredient; let us school you up on that and then you are finally out, certified?

Ms Hepner—In the first instance they would prepare an evidence portfolio. A lot of it would be historical data because they would have worked in the industry for X, Y and Z years. We map the actual qualification. For example, with respect to a certificate IV in commercial cookery, one would look at the particular subjects that are in that qualification, the particular position that this

person is currently working in, or what they have worked in previously, and then map the skills that they have acquired in their employment history. They would then identify the gaps and do some assessment in the workplace. It may require them to do some formal written assessment to enable them to demonstrate that they are competent.

CHAIR—Do you have any great spectacular stories? I spoke to Thiess, the construction company in Queensland, six months ago and they told me about a chap who had been there and done that, but did not have the piece of paper. They did the RPL and found the missing elements, and within seven weeks he was a fully qualified boilermaker. Do you have a similar story in your industry?

Ms Hepner—We each have many stories I could tell you.

CHAIR—We like stories.

Ms Hepner—There is one that I will give you to recognise a person who obtained a certificate III. This lady is a kitchen hand. She is 72 years old and has worked in our particular business for in excess of 20 years. Our company has been in Australia for 20 years, but it is through the acquisition of other companies that she has worked for prior to that. She left school at form two, or year 8, which is what it is equivalent to now, terrified of the fact of going back to do any formalised learning. We had an RTO come in and do some assessment on her in the workplace, walked her through some verbal assessment and she received a recognition of certificate III. At 72 years of age, I think that in itself—

CHAIR—That is quite touching, yes, just hearing that. That is really good.

Ms Hepner—Her grandchildren attended a special ceremony when she was awarded the certificate to give her that recognition, and you would swear she had won Tattsлото three times over.

CHAIR—You are an employer that values your staff.

Ms Hepner—Yes.

CHAIR—Looking around your industry, though, the smaller employers are going to have a harder time doing that. What is this sector doing to actually encourage employers to recognise people on their books and encourage them to take on that kind of process of RPL, get them qualified and give them the gusto they might need for portability and other job prospects?

Ms Hepner—What are the smaller people or industries—

CHAIR—What does the industry do?

Ms HALL—Do you have an industry-based program that is actually encouraging those people in your industry to do exactly what you have done?

Mr Nicolson—Not exactly right at the moment. Tourism Victoria is developing its Tourism Excellence Strategy, a Victorian government program, and one of the arms of that is called

People Excellence. We are involved in leading that as a small project to put together some advice for industry, but also to nut out with some key industry players some strategies we think we might be able to pursue to address some of these issues. From the operator on the ground level, we will be trying to communicate with people and I think communicating with small businesses is one of the challenges in all of this. Then we will be trying to provide a range of tools for small businesses to use to talk about how you can more strategically and effectively recruit people and how you can retain them. Retention is a huge issue for the industry; staff turnover is enormously costly. We are working with relevant agencies at the moment to try to do that, but it is a pretty hard nut to crack.

CHAIR—The second you knock on the door though, as the ITAB, they are going to run away. Surely it is going to be Tourism Alliance Victoria and others who are going to make this all happen? No disrespect to Service Skills Victoria, but they are just going to run for cover are they not—some of them?

Mr Hunt—The tack we have taken is to—they do not necessarily run away with you. We are not the green hairy monster.

CHAIR—The second a small business operator sees a government or quasi-government or seemingly government-based organisation, they will just run for cover, right? They do not want to be told what to do. Surely it would take peer pressure from an alliance like yours to make that happen.

Mr Hunt—It is probably less about peer pressure. One of the things we have found that works within our networks is that we have different groups of operators, attractions, adventure nature-based and so on through the group accommodation providers, and we sit them down and talk through issues and let them understand what each other is doing because it is a competitive landscape out there. What is happening is that there is also an understanding of commonality of purpose. There is a lot of skill sharing across the smaller businesses. I am sure on your regional visit you would find we are experiencing businesses now that are coming together and they are saying, ‘Well, you have some specialist expertise in risk management, can you do all our risk management for our six businesses and we will put that there? You have some specialist skills over here.’ There is sort of a sharing and more commonality of purpose and integration across a lot of the businesses in tourism than it is often given credit for. A lot of that is led by some of the marketing because you have to come to this place first before you can actually get the business.

CHAIR—You cannot have competition if you do not have an industry.

Mr Hunt—That is right.

CHAIR—Or the people in it.

Ms HALL—Sunday was a good example.

Mr Hunt—That is one of the points that we made in our submission, about examples and being able to really celebrate some of those areas where it is not too hard, there is not a huge cost and the paperwork is not over burdensome. For many operating in more regional locations the business makes a decision about being in the place where they are. A number of our businesses

have company policies to employ locally. That means that there is a whole different raft of training required in terms of the available labour pool and what might be required, so they adopt a very flexible approach. In the tour operator and tour guides, for those that are driving, there is this informal network, as it was put to me—Nick, you can only drive the Great Ocean Road and go to Phillip Island so many times before it starts to wear thin.

CHAIR—I must do that one day.

Mr Hunt—Even the best guides struggle in terms of the level of interest in the role. There is an informal network and sharing in relation to the experience and there is a network of these driver guides as they move around the countryside. There is recognition from employers that we must have vibrant, fresh people to keep that interface going here with the customer. You do not want to sound like you have been doing this for 10 years and why would you bother, sort of thing. They keep that motivation up and then they come back. There is a process. The other part of it where we talk about careers is the need to think a little bit more broadly about what careers and what career aspirations different people have. You talk to some of the driver guides and they are quite happy. They do three or four days week and it is a reasonable lifestyle for them. They move around, and it suits them at their point in time.

CHAIR—There is a difference between a job and a career—

Mr Hunt—But there can be a career in terms of a pecking order of the tours that you have driven. It may not be a different role, it might be more location specific.

CHAIR—Careers are what you look back on I think, rather than necessarily plan for sometimes.

Mr Hunt—As part of this thinking, if we can think a little bit more broadly about career or even service roles, being in the service industry is not necessarily being servile to people. That is one of the real things there, particularly with the ageing population issues: there are more people actually interested in this part-time flexibility that the services industry has to offer. We are seeing more of that in some of the regional areas.

Mr HAYES—Yes, particularly significant in an ageing workforce where people are able to have more flexibility at the latter end of their working lives too.

Mr Hunt—They do not want to do five days a week, but they may have the flexibility to do the days that other people do not want to work. A lot of the smaller companies with between five and 10 employees, you need a broader labour pool than that in order to compensate for sick leave and issues and other bits and pieces. You also need to have an understanding labour pool when you have issues such as drought or fire that can turn the taps off and turn the players away. There are other things that at the smaller end of the spectrum are quite different to the experience at the bigger end of the spectrum. The last point I will make is that with groups like Compass, who are providing services in the hospitality environment in a range of things, I think from this inquiry's point of view, given that it is looking at workforce challenges in the tourism sector, there is an interchangeability of those skills into other areas. It works both ways—leakage one way, leakage back the other way. That is one of the challenges that the industry faces.

CHAIR—Thank you for rounding that off well.

Ms HALL—Just a quick comment on employing older workers. I think Westpac has had an excellent program where they have employed older workers and that might be worthwhile looking at. The second thing that I thought of when Ms Hepner was speaking was about looking at employers within the industry and putting together some sort of guide/manual for employers. I know in some areas of your industry there has been the signing up to a voluntary code of conduct. Have you looked at that?

Mr Nicolson—One of the other things we do for our sins is manage the Tourism Accreditation Program in Victoria. We certainly have a code of conduct through that. That is really about who is interested in becoming an accredited business and who is prepared to take that extra step to work on their business and to recognise those longer term objectives they might want to achieve and the management issues that go with them. We are doing something in that way, but it is with a relatively small percentage of the whole because they are the ones who want to go through the accreditation process.

Ms HALL—They are the committed businesses?

Mr Nicolson—Yes. Another issue in relation to those sorts of things is that this industry has low barriers to entry. We are finding the people we are talking about in this type of cohort are coming in as employers to buy and manage businesses. They often think that the skills issues are for employees, but there is a whole set of skills that people need when they come into the industry. There is a real challenge in communicating to those people to have them recognise that they might need to develop some additional skills to those they already have in coming into an owner/operator role in this industry.

CHAIR—Yes. I think a lot of people who are heavily superannuated and decide to buy their job for the next 20 years are suddenly unemployed within five.

Ms HALL—Yes, sometimes the worst decision they ever made.

CHAIR—I must confess my mother's brother has been in this industry for probably 30 years and has learnt it all on the job and is very successful at it. But they are people people, if you get what I mean. One wonders if they could get their recognition of their experience, so they would literally be all doctors, PhDs, on this.

Mr Sweetman—That is where the gap is, though. An enormous amount of the skills within this industry are acquired on the job, exactly as you said. We do not have a simple, effective means of recognising those skills and encouraging further education and training.

CHAIR—That then becomes a problem as people move, perhaps as a result of seasonal, or perhaps extreme seasonal matters, as Mr Hunt has outlined—floods, droughts, fires and so forth; the job is off and you have to move somewhere else. Then who are you once you have moved out of your local comfort zone? I think this has been an excellent conversation this morning, thank you very much. I appreciate very much your attendance. Compass, thank you. You have fed me a few times at a couple of mining sites, so it is nice to see you today.

Ms Hepner—I hope the food was alright.

Ms HALL—Thank you.

CHAIR—I do not want to be an ad for you, though. Thank you very much indeed for your time today.

[9.48 am]

GOVE, Ms Bindi Throsby, Manager, Tourism Industry Development, Victorian Employer's Chamber of Commerce and Industry

SALIH, Ms Katherine, Policy Officer, Industry Economist, Victorian Employer's Chamber of Commerce and Industry; Policy Support, Victorian Tourism Industry Council

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; 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. After hearing all of that, would you care to make some introductory remarks?

Ms Gove—I guess this is an opportunity to demonstrate the portability of skills. I have been in this role for five days, having come from working with Nicholas Hunt who was just sitting in this seat here. That is why I have asked Katherine to come along, because she was central to the preparation of the VTIC position. VTIC represents a number of tourism businesses across Victoria. I have here a list of the members of the organisation to give you some background into who is VTIC and who is represented. It is the likes of the Melbourne Convention and Business Bureau, Southern Cross Station, Sovereign Hill. In fact Tourism Alliance and Service Skills Victoria are members. It is an association of associations, plus a few other businesses in between.

Ms HALL—So larger businesses?

Ms Gove—Predominantly larger businesses, yes.

CHAIR—Do some of those associations represent smaller businesses?

Ms Gove—Absolutely, particularly Tourism Alliance which has a predominance of smaller businesses. We have some additional information to add in support of the document we have provided. We have done a further analysis of some skills survey work that we did looking at all industries, in particular the accommodation, café and restaurant sector. There is recognition that there is a problem with employing not only skilled people, but experienced people as well, which I am sure is a theme that you have already picked up on. That is particularly true for the accommodation, café and restaurant sector which has a real issue with chefs; with accommodation it is about room attendants.

Mr HAYES—Making rooms, that sort of stuff?

Ms Gove—Yes, the whole housekeeping area. One of our other organisations within Victorian Employers Chamber of Commerce and Industry that we manage is the Hotels and Motels Association, Victorian Branch. I know that they have provided their own response to the inquiry on a national level, so there is a lot of that information already in there. We have found across

the Victorian landscape that the impact of the skills shortage issue is big now, but likely to become bigger as the industry grows and the size of the labour force shrinks. The availability of staffing to that sector is seen as a problem going forward.

CHAIR—Do you mean a people shortage or a skills shortage?

Ms Gove—Both. They are saying a labour shortage and a skills shortage, particularly in experienced staff. Anecdotally we are also finding that business owners are now increasingly working back in their businesses because of the skill shortage issues. They may have started as the chef and then became the executive chef, employing chefs. They are now working themselves in the business on Saturday nights because they cannot get a chef to work Saturday nights because it is not a cool time to work. I do not know how widespread that is, but is an interesting conundrum because it then means that they are not free to think about anything other than waitressing and getting the food across the pass on a Saturday night. While that is not a major issue now, it means that those people are not available to consider business expansion or any of the other programs that we want businesses to think about. We do not have any documentation to support that, but anecdotally that is what I am finding in my experience in dealing with business.

CHAIR—It is called primary research.

Ms Gove—Absolutely, it is primary research. It is true, as was previously stated, that the industry is like the boating industry in the sense that people go—ooh, I have a lot of money now, I have my superannuation, I think I will buy a yacht. Then they say, you are the government, could you provide me with a river or a lake for my yacht? Oh good, you have that now, despite the water issues—

CHAIR—Just do not put water in it.

Ms Gove—Yes. Now I have got a yacht and it is actually costing me quite a lot of money, so I think I will set up a tourism business. I will start chartering my yacht, but it is your job to get me customers to my yacht. I am actually a passionate sailor, but I know nothing about tourism or marketing or any of those other things. As you said before, you make a million dollars out of that business because you start with \$30 million.

CHAIR—You are a small business operator because you started with a big business?

Ms Gove—Yes, that is right. The industry is increasingly becoming characterised by those sorts of businesses, which are a real challenge to the business up the road that started with the one boat and really is in the tourism industry and in chartering yachts and has been doing it for 30 years.

They are now being faced with competition from the bloke up the road who has the capability to buy a much better yacht and has much better facilities and services, but no concept of how to provide the service associated with the business. It is interesting times and I guess you would have found that that particularly happens in the wine industry as well. There is a desire to have your wine displayed on the boardroom table of your law firm, more than there is about being a passionate wine producer. There are some interesting challenges, I think.

CHAIR—I just knew five people the second you said that.

Ms Gove—You know their names?

CHAIR—I know those five people, yes.

Ms Gove—This is my lovely little wine from my provincial 10,000 case winery that we set up—

CHAIR—It goes with cheese, too.

Ms Gove—Yes, this is our first and this is the lovely cheese—

CHAIR—What you are saying is there is a whole bunch of systemic problems in the sector in a sense that there is a low entry threshold for people to get involved, but what do you do? You cannot stop people from getting involved. We do not live in a Marxist planned economy.

Ms Gove—Absolutely. The problem is the skills and labour issues are not generally with the strong brands. If you are in Perth, for example, and you want to work in restaurants, wineries and cafés, you will likely want to work for Lamont's Restaurant or one of the top restaurants in Perth because that is your thing. Similarly, in Melbourne, you might want to work for Vue de monde, because if you are a passionate food and wine person that is what you want on your resumé. The challenges are not necessarily with the brand or profile businesses as much as they are with the random little takeaway shops and cafés. We have only been doing tourism in this country for a maximum of 200 years and it is only coming to maturity now. You are only finding really passionate food and wine people now. Whereas in Italy, of course, it is a career to be a waiter all your life and it is a well-regarded professional.

CHAIR—Maître Ds are not seen as part of the skills of the industry, yet you have only one night to get it right in a restaurant.

Ms Gove—That is it, yes.

CHAIR—A good maître d will make a huge difference I would have thought?

Ms Gove—Absolutely. It is interesting how the industry views it, because quite often they go, you will be right, you have got to work out the till and serve a few wines—

CHAIR—The fork goes on that side.

Ms Gove—That is right. The white ones are white and the red ones are red. Good luck, you will be right, it is not that technical. There is a bit of a double-edged sword because sometimes the business does not consider it a valuable enough job either.

CHAIR—We have heard evidence today that Victoria's growth, for instance, is from the influx from Asia, India and China. Do you think as they become increasingly more sophisticated that they may get the same view that other people have? Are we measuring up to international standards on the services we provide? I know you are going to be quoted in *Hansard*, but you

have raised this Italian/French thing, and the experience of tourism in those countries is about the experience of service and so forth. Are we measuring up to that, and are we gearing ourselves up to measure up to that as well as we might? Are we simply just relying on those who do not know much better, say, out of India or China to just carry us through?

Ms Gove—It is an interesting question. While we know that there is a lot of emphasis on the future of the industry coming out of China and India, the Chinese stay for an average of seven days, so in the scheme of things they are not actually a high yield market, whereas the Canadians stay for 21 days. They are the flavour of the month because of the physical size of those countries and our potential opportunities in servicing those markets—

CHAIR—Their expectations are different, too.

Ms Gove—Completely different. For example, what we said with the wine industry, oh great, we are going to be able to sell lots of wine to the Chinese, but they have their own wineries. Certainly there will be a requirement for us to be better at servicing that market, but in a sense they are still going to be a niche market. We saw with the Japanese market originally that they came in groups, they travelled to their own hotels, they had translators and they travelled in a rather insular way until we became better at servicing them as a free and independent traveller and they became accustomed to travelling in Australia as a free and independent traveller. That just happens over time.

CHAIR—The FIT travellers are the big dollars, are they not? The real money lies in ecotourism and with the ones who stay for an age, months rather than days?

Ms Gove—They do, and backpackers fit fairly squarely into that. Also business events are particularly big for Melbourne. I think that is one of the big opportunities for the industry.

CHAIR—To further replenish that argument, if we are serious about the tourism industry, perhaps we really have to gear ourselves up to have a series of recognised standards to have our labour within the workforce fully developed and appreciated?

Ms Gove—With this skills issue, we started out with anecdotal evidence and we are now starting to build some hard data that is supporting what we already know. We are now starting to talk about solutions and it is my observation that it is a little bit back to the future. Education and training was all on the job. We institutionalised a lot of it and now it is coming back to be more on the job. I think the solutions, particularly for the tourism industry which is a service industry, will lie in businesses providing the skills and education required with a recognition of that skill and education to allow portability of those across the industry.

Mr HAYES—The problem is that, since they are only small, it is really going to be coming together as having an industry focus and investing in industry development, is it not?

Ms Gove—Absolutely. It is going to be a cultural shift because a lot of what we understand now is that education and training is provided by someone else, somewhere else, and for you to get recognised you have to go to a TAFE or a registered training provider. That is still going to be a requirement, granted, but this industry is made up of people who learn on the job.

Mr HAYES—In Queensland we had a lot of comment relating to issues about house staff and how they should be forming partnerships with people in the southern states. Because Queensland is more seasonally affected, they could have contra arrangements with providers in the southern states where they could use each other's staff. All I took from that is that this does require an industry style focus to it.

Ms Gove—Absolutely, and industry solutions, particularly to issues of seasonality. There are some good examples of that. There was a program in Tasmania where they worked in Tasmania for a period and then went up to Queensland, is that right?

Mr HAYES—Yes, that is right.

CHAIR—What you are saying is we have to actually get the demand drivers working stronger because currently the supply side of the whole trading thing is where the control has been—this is when we will train you, you have got to be available—

Ms Gove—Absolutely.

CHAIR—You have to block release and all those sorts of things for TAFE. The responsibility to trigger training has to rest with the employers. We have already heard today that a lot of the employers themselves are not necessarily fully trained either.

Ms Gove—No, that is true.

CHAIR—It is amateur hour.

Ms Gove—Yes, and it is all a bit too hard.

CHAIR—I mean that in a lovingly way, but there is a lot of amateur hour at work, is there not?

Ms Gove—And it is all a bit too hard. If you ever spend time in small business and you see the absolute breadth of paperwork that is required to run the business, let alone considering—gee, how would I go down the path of getting an apprentice or a trainee and what do I have to do? Oh, it is all too hard. I just want someone to walk in the door and I will work out whether I want to give them a job.

CHAIR—When there is high unemployment, that is what happens, but when there is low unemployment, it is a lot harder, is it not?

Ms Gove—That is right. I am a big believer that the market will soon start dictating what happens.

Mr HAYES—It is *Fawlty Towers*, where that has become a training prescription.

Ms Gove—I hope we do not see growth of the *Fawlty Towers* scenario, just quietly.

Ms HALL—Could I put to you that part of the problem with attracting and retaining good staff is that the level that the industry is directing their employment drive towards is looking towards the lower level and really portraying the work as a low level job? That fits in with your analogy of the Italian waiter that you put to the committee a little earlier. Has there been any thought, discussion, planning, strategies put in place within the industry to turn that around and put up jobs within the industry as valued career jobs, rather than something that a person does for a little while? I worked in the tourist industry for a little while, and when I did it no one asked me for a piece of paper; they wanted to know what I could do and what I had done. Listening to you I hear it is going back more towards that now. For it to become an industry that people look towards for employment and that offers long-term opportunities for workers, I think that those things I mentioned earlier need to be addressed and I would be interested to see how you as an industry were actually focusing on that?

Ms Gove—That is a good point and I know that Ian Nicolson referred to a program that we have going in Victoria, called Tourism Excellence. One of the modules of that program is precisely about providing case studies and examples of success where the tourism industry has provided a career path, a valuable job and respected employment. I come back to the point that, as much as anything, it is a maturity about having people that are passionate about what they do working in the industry more than just, oh well, this is a summer holiday job. Where there are fewer problems and people in jobs that stay in them within the tourism industry, it is because they are passionate about what they do. They are passionate rock climbers. It is attractive for them as a career opportunity because they are employed in their passion. That is the thing that gives me great hope going forward. Generation Y, who are said to be the generation that will skip from job to job to job, are working in the tourism industry not because it is well paid or because it is great hours, but because they are passionate about it. They have the opportunity to earn \$100,000 driving a bus on a mine site, but they do not want to work in dusty remote locations on mine sites.

Ms HALL—They would rather work with people?

Ms Gove—They would rather work with people. The fact is that it is an attractive industry to work in. I agree with you that we do not sell that particularly well. That is part of this business excellence program, to present case studies to say that it is a well-regarded, respectable, good fun industry to work in. That is something that the industry is recognising as an opportunity.

Mr HAYES—What is the biggest problem for you, a labour shortage or a skills shortage?

Ms Gove—I think it would be more a skills shortage in Victoria. I know the issues are different in other states.

CHAIR—You are saying that you have enough people in Victoria to do it?

Ms Gove—Enough people; the challenges are with experienced people, are they not?

Ms Salih—Yes, with experienced people probably more so than skilled people.

Mr HAYES—Which is different to the Queensland experience, for instance?

Ms Salih—That is right. But it is that focus on experience and skills, and experience is probably more so in this industry than in others.

Ms HALL—How are you addressing it?

Ms Salih—We have recently done a major survey to get that hard data on skills issues in Victoria. The results have only partially been released; the rest will be released within the next few months. We have a quite a strong training program within VECCI that we offer our members. It is the encouragement to participate in things like the Tourism Excellence program.

CHAIR—Can I cut down a little bit further on this? You say it is skills. You have enough people in the industry, but they are not qualified. I may try and dispute that, which is a bit naughty as Chair disputing that with a witness, but I want to explore that a little bit further. What sort of skills in the tourism sector are you missing? The chefs are an obvious one, we all understand that. We cannot even get a handle on this industry being treated as a standalone industry; it is seen as parts of lots of other industries and bundled together and suddenly called an industry. In tourism you would be short on everyone from plumbers and sparkies through to mechanics and everything. I accept your contention that skills are a problem, but they are pretty common problems. Does your industry really have the career path thing nailed down? Whose responsibility is it to actually explore the idea of its being not simply a job you sit in while you wait for a real job? Do we really have the full snapshot of the skills that are deficient in this—front of house staff in restaurants are not recognised by the DEWR list as I understand it and yet funeral directors are. I find the whole area of this hard to nail down; you are an economist so part of your job is to try and nail it down. How do we nail this tourism industry down?

Ms Salih—That is partly what we are attempting to do in the skills survey. Before then a lot of the evidence has been anecdotal and it has come to us directly from employers. The skills survey did look at particular professions and skills trying to identify where the shortages are.

CHAIR—Can you give us a taste of some of those?

Ms Salih—Yes.

CHAIR—We want you to simply pre-release the whole report to us right now.

Ms Salih—I might need to get back to you on that.

Ms Gove—We have a copy of the latest survey of tourism performance and outlook to leave with you.

CHAIR—Thanks.

Ms Gove—Plus some other regular quarterly survey business trends and prospects that VECCI provides as well, which we hope will add some value.

CHAIR—Do not get me wrong. When we have an inquiry into the labour shortages of the tourism sector, you have to find out what the tourism sector is. It can be just about everything, because it is construction, transport, export—all sorts of things. Then you have to say if you

analyse the labour shortages down to specific skills, some parts of the government do not recognise them as skills. For skilled migration purposes for instance, you cannot migrate a maitre d into Australia and yet we are screaming out for front of house staff.

Ms Gove—Yes.

CHAIR—Do you see that as a problem?

Ms Gove—Yes, absolutely. At VECCI we have a guy who works on the Skilled Migration Program and that is one of the things he finds when he is discussing with business: it is the jobs we would consider as unskilled that he says is where the opportunities are. They are crying out for cleaners for caravan parks in regional areas.

CHAIR—Is that what they call those building maintenance engineers now?

Ms Gove—Yes.

CHAIR—I am not diminishing the role of a cleaner because none of us wants to walk into a dirty office or a dirty environment. A cleaner is an absolutely vital partner, right across industries of all types. You are quite right, I suspect, to think that we have diminished the role of the cleaner as even forgotten in the scheme of things.

Ms Gove—The challenges are in those independent non-chain, non-multinational accommodation businesses. To answer your question about how are we going with providing career paths, if you work through Accor hotels, you could start there on the shop floor and then end up travelling around the world as a general manager of hotels. Opportunities abound. The challenges are for the independent businesses that are not part of a multinational or a big chain or something else. What is happening is that the industry is learning that no-one wants to be a cleaner and no-one wants to just attend rooms. They are finding that multi-skilling and creating more attractive jobs by saying, apart from being the cleaner, what else interests you about our business that we can get you to work in?

Mr HAYES—Some of the evidence in Queensland in relation to cleaners and housekeeping generally was that one of the solutions possibly is that you extend student visa periods.

Ms Gove—Yes.

Mr HAYES—There was no issue that we are going to train up these people or anything. We just want these people and we can turn around and put the same people in their place once they leave. It always seems to be just filling a gap. Does the industry have to bite the bullet and work out what it has to do to attract people into these jobs?

Ms Gove—I think so. There is a real opportunity for that. I wonder if it has reached a significant enough crisis point for that to happen.

Mr HAYES—When it was raised in Queensland, did you think of terms and conditions of employment for people? Well, no, because we want to keep the prices down. They were all small operators who did not see themselves as an industry when it came down to that. They saw

themselves as small business people who had to keep the prices down, so just give us some more backpackers coming through. It does not elevate the position of the industry as a consequence.

Ms Gove—No, that is true. I would be interested to see what their repeat custom is, really.

CHAIR—They do not have ownership, do they? Somebody who is not going to be there next week and may not necessarily come from as clean a culture perhaps as we would like—and let us face it, different cultures have different levels of standard on these things. They might not necessarily clean your room as well and, guess what, one night to get it right, that customer is never coming back to your hotel ever again.

Ms Gove—Yes, that is right. It is a great point you make because it comes back to quality, quality, quality.

Ms Salih—It is a short-term fix verses a long-term plan for that business as well.

CHAIR—Workforce development strategy is missing from this sector, and we run the risk as a sector of having that becoming so blatantly obviously that it is going to start to damage the sector.

Ms Gove—How many more programs, incentives, apprenticeship schemes, traineeships and registered training organisations can we have? There still seems to be a disconnect between the provision of those services and communication around what are the opportunities. Skilled Migration Programs, you name it, there is a lot out there that is occurring, but we still have an issue. There is a disconnect between the practical reality of employing people and the provision of programs.

Ms HALL—Could that go to the fact that each of those organisations and groups that you identified only see what they do and they focus on their particular aspect instead of how it is all interlinked?

Ms Gove—Yes, I think so. Either there is a lack of awareness about what the opportunities are or there is a perception that it is too hard.

Ms HALL—The other thing that I wanted to ask you when you were talking about the Accors and how there is the prospect that people can develop a real career and how difficult it is for the smaller business—do the Accors tend to poach from the smaller businesses? Do the smaller businesses get their staff up and running and then those larger organisations take them? Are they sometimes a training pool for those larger groups?

Ms Gove—I think the reverse is actually more the case, to be honest.

Ms HALL—Okay, good.

Ms Gove—For example in Victoria, the Lake House, which is a boutique hotel in Daylesford that employs about 70 people, is responsible for training a large number of locals. What is of value in a regional area is when you do get a larger business because they recognise the need to train in-house and it actually does benefit the businesses around them because they have the

capability to provide a higher level of training. I think the reverse actually occurs, particularly in regional Australia.

CHAIR—A lot of employers use the excuse of, I will not train someone because somebody else will steal them.

Ms HALL—Exactly.

CHAIR—My response always is, well, what if you do not train them and they stay? You have a real problem then.

Ms Gove—Yes, that is right.

CHAIR—You certainly have to be true to your industry. If you do not actually bother to train people into your industry, the fact that you can attract them with a better wage or whatever you might happen to offer them, if there is not this industry-wide collaboration, you will not have an industry.

Ms Gove—No, that is right.

CHAIR—You cannot have competition.

Ms Gove—No. To refer back to your previous point about how do you define the tourism industry, if we who work in it and you who are working on it have difficulty with it, how can we expect other people to understand that they are part of a bigger thing?

CHAIR—Whatever it is I like it, but we are trying to nail it down. If we are not careful as an inquiry, we will be doing the building and transport industry—which I am happy to do, we can take this on the road for the next two years—

Ms Gove—How long is a piece of string?

CHAIR—We have to be careful that we try to put this piece of string into some perspective.

Ms Gove—That is the thing. Because it is demand driven, it is quite different to other industries. You are here in Melbourne today; you go and buy a coffee and your \$3 are tourism dollars. I live here, I go and buy the same coffee from the same place and my \$3 are not tourism dollars. We do not have a mechanism to define that. Because it is demand driven, the challenge is: how do we determine that your \$3 are tourism dollars and mine are not?

CHAIR—Do we accept that anybody who buys a coffee, whether they live five minutes away or 500 miles away, is in fact part of the tourism picture and we therefore should be interested in them.

Ms Gove—Yes.

Ms HALL—Tourism has locality.

CHAIR—It goes right down the whole restaurant sector as well as the accommodation.

Ms HALL—We had hospitality included in that, actually. I should have said tourism is.

CHAIR—That is a very good submission, thank you. Are there any further questions or comments? I am happy if you have any last observations that you want to make. How do we fix labour shortages in the tourism sector? This may become my standard question.

Ms Gove—How do we fix it? Well, it is pretty easy, really.

Ms HALL—Yes?

Ms Gove—I am surprised you have not fixed it by now.

CHAIR—We have the rest of the day.

Ms Gove—Yes, you have the rest of today, that is pretty much all you will need. As I said, I think it is absolutely a partnership between government and industry, and it is going to be about the things that we have discussed: industry starting to elevate their role as a training provider and educator, and government recognising the skills and competencies of those people working in the industry.

CHAIR—All right; a good way to finish. Thank you very much.

Ms Gove—Thank you very much.

Ms Salih—Thank you.

Ms Gove—I will leave you with some little take homes. I have also brought a publication called *Small Business: Big Opportunity* because I thought you might be interested. Everyone likes take homes or freebies.

CHAIR—*Small Business: Big Overdraft* is its follow up, I think.

Ms Gove—Yes, especially as you are travelling around, a bit of light reading for you.

Proceedings suspended from 10.23 am to 10.44 am

BURRIDGE, Ms Elaine, Human Resources Manager, Mount Hotham Skiing Company Pty Ltd

GIBBS, Miss Lyn, General Manager, Falls Creek Ski Lifts Pty Ltd

EISNER, Mrs Jennifer Katrina, Administration Supervisor Ski and Snowboard School, Buller Ski Lifts Ltd

MANCUSO, Mr Carmine, Administration Manager, Buller Ski Lifts Ltd

RAMSEY, Mr Andrew, Executive Director, Australian Ski Areas Association

CHAIR—I would like to call the witnesses from the Australian Ski Areas Association. 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 of Representatives 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. Now it is time to make some introductory remarks. Andrew, are you doing that?

Mr Ramsey—I am doing that.

CHAIR—On behalf of the consortia present?

Mr Ramsey—Indeed.

CHAIR—Please?

Mr Ramsey—I take it that either the executive summary or the full report of our submissions would have been taken on board by the members and I will not repeat the material that is contained in that. I will highlight the unique nature of snow tourism in Australia, compared to other forms of tourism. It is often something that is overlooked because it is only performed in three states, but draws very heavily on the non-snow visitor states in terms of its total contribution to the economic benefits to the nation at large as described in the annexure to our submission. The economic study carried out last year indicated a \$1.3 billion net contribution to the economy. That study also indicated the massive regional employment opportunities created by snow tourism in the alpine resorts.

In terms of looking to the more specific areas of this inquiry, we would like to focus on a couple of features of the way we conduct our business in terms of undertaking our particular problems. The first is the short nature of our season that is unlikely ever to be changed. It is 13 weeks maximum, with a huge capital investment required to provide the kind of tourism facilities that people want for that period of time. Ninety per cent of our income is derived from snow tourism. Although we are endeavouring to focus on year round visitation, in a Victorian scenario, it is like trying get people to sit on the beach at Rosebud or Lorne during June—they just do not do it. Our ability to change it through event strategies and the like means that we

must recognise that the foreseeable sustainability of alpine tourism depends on providing services and infrastructure that will attract people to attend while there is snow on the ground. Apart from the short duration, the other feature that is vital to consider is that many of the skills required to provide tourism services in an alpine setting are skills that can only be achieved while you are working in snow. In particular, I am referring to ski or snowboard instruction and the newer features of alpine tourism being snow grooming and snow making. We are fortunate in the sense that we live in the southern hemisphere because there is a huge workforce that we can draw on in the northern hemisphere during their summer—European and North American in particular, but increasingly Japanese. That means that we have need for a sympathetic and careful relationship with those that administer the visas that enable us to get that specialised workforce that cannot be totally home generated. In that area, the 457 visa has been critical to meeting our needs and, seriatim, our customers needs. One of the great mitigation factors to the potential of climate change has been snowmaking and snow grooming. To give you an example, last year was one of our worst seasons. For most places it was the worst season since 1973.

Mr HAYES—We have noted that.

Mr Ramsey—In an ordinary season 20 years ago, a place like Thredbo may have had a dozen top to bottom skiing days—so skiing right from the top of the Alpine Range down to Friday Flat or the village. That was before snowmaking and snow grooming. Last year in this worst season in 30 years, they had over 100 days of skiing top to bottom, which is truly a remarkable achievement in relation to the face of the drought and El Niño conditions that we have faced. You can only provide that sort of facility if you have expert snow makers and expert snow groomers. If you have the product there, even though conditions are not ideal for the fanatic expert powder skier, you will still need to provide the other resort infrastructure that is vital for a good winter experience, including chefs, sparkies, mechanics and other skilled services that a resort depends on. Then we move to the larger picture of continuing to provide the training infrastructure in terms of staff accommodation and those sorts of things that are imposed upon a money-making 13-week snow season to really generate the income that will pay for all these nice to haves: the housing infrastructure for staff, the ongoing training, the potential for career path and the like.

We have set out in our submission, and I hope it is not intimidating, a series of recommendations that we think ought be considered in terms of looking at the future. We understand that some of those go to and will affect a much broader picture than just alpine winter tourism. However, we wanted to cover as wide a field as possible and look at both the big and long-term picture issues as well as the short-term solutions and the needs that we have from season to season. As a group we believe that the success of meeting some of the needs that I have already spoken about depends upon a good relationship with those that have to administer the visas for the skilled workers that we need and whole of government approaches to the tourism sector. Any significant change that adversely impacted on our relationship with those of the business section of immigration that administer those visas would be highly detrimental. One small example in that regard is when someone is out on a 457 visa, which has the week on either side of the employment period to engage in tourism, wants to change that visa, they have to move from the business sector to the general sector in order to change the visa requirements. That creates a lot of difficulties. We believe we could get foreign staff to more easily come over if they had the opportunity to join the relatively short period of work availability entitlement to some general touring that would benefit the rest of the ski industry. We will pay them for 13

weeks if they can spend another 13 weeks touring on the Great Barrier Reef. We could recoup the money that we paid them in wages before we sent them home. There are also tax issues and things like that that are being dealt with. I will conclude my introductory remarks with that as an example of the micro matters in which we are interested. As to the macro matters, I imagine you have spoken with a number of other witnesses; hence my focus on the issues that are more pointedly directed to alpine tourism.

CHAIR—All right, but you would expect that a lot of the styles of issues you have just raised would be common in other parts of Australia, too?

Mr Ramsey—Yes. One would imagine that areas of northern Australia that have a high visitation of Japanese would need people to act as guides and interpreters to visiting Japanese, and that might involve visas for short-term stays of workers in that regard.

CHAIR—I will see if my colleagues want to question you in a moment. I would like to unbundle one aspect of it. Does your industry, given that there are nine ski lifts I think is how you put it—

Mr Ramsey—Ski areas.

CHAIR—Nine ski areas, yes there is more than nine ski lifts. Given there are nine operators in Australia, is there an industry-wide workforce development strategy? In other words, based on your projections for your business, do you have a rough ballpark estimate of the staff you need, the skills you want and how many of those over the next five years as an industry?

Mr Ramsey—Collectively we have not done a specific piece of work in that regard. The individual resorts have a very close eye on the numbers they want.

CHAIR—There is no trick in this. I am just trying to say that for the 457 visa regime or any part of the migration program to work, in order for the training system to work, the hard part is to know what it is that the employers are actually expecting to hire. You have to create the demand. Government cannot possibly say we are going to make sure you have 20 employees and this is the skill they will have, take it or leave it—that is not how it works. I just want to get an idea whether or not you, either as individual employers or indeed as an industry, are actually able to say to us, look House of Representatives committee, we will need 1000 people with the ability to do this. We will be able to offer them 13 weeks of specific work and maybe 20 weeks all up of work or whatever. I am not trying to make a planned economy approach to this, but it does make it hard for us to know what the labour shortages will be if, with respect, you do not know yourself. I want to try to get a feel for what it is you are actually looking for in the types of skills and numbers, if you get my drift.

Mr Ramsey—Each of the resorts would be able to specify—

CHAIR—We might do that. I am with you on this; I am not trying to be hostile. I am just trying to encourage some real data.

Miss Gibbs—Are you asking how many people—

CHAIR—Just a feel, what sort of—

Miss Gibbs—At Falls Creek we employ 300 to 350 people each winter.

CHAIR—Is that for the 13 weeks period or a bit longer?

Miss Gibbs—Yes.

Ms HALL—What about over the year?

Miss Gibbs—Our permanent employees would only be somewhere around 40 to 50.

Ms HALL—Okay, good. I thought that would be the case

Miss Gibbs—Yes, but anything up to 350 in the winter.

CHAIR—What sorts of skills are we talking about? Are they chefs, front of house staff—

Miss Gibbs—You name it—mechanics, electricians, chefs, retail staff, ski instructors, grooming, snow making—a wide range.

Mr BRENDAN O’CONNOR—Translation?

Miss Gibbs—Yes, and that is why we really need the 457 visas because we need Japanese, particularly these days.

CHAIR—What sort of deal can you offer them? Do you give them accommodation, some great financial incentive?

Miss Gibbs—Not a lot.

CHAIR—I do not know, I have never been to a ski resort in my life so I have no idea.

Miss Gibbs—One of the other issues that is facing the resorts is staff accommodation because to get the best staff we have to actually subsidise the cost of the accommodation. The staff accommodation is very scarce in the resorts. We cannot accommodate all of our staff in the resorts so some of them have to live away and we have to provide transport and those sorts of things.

CHAIR—There are operations as big as some of the international operations where resorts go around and pick up bus drivers in buses and so forth?

Miss Gibbs—They do that at Buller, I think.

Mr Mancuso—Yes, we do that at Buller.

CHAIR—You really sell to your staff and indeed your potential staff that it is an advantage working for us because we give you all of these additional things?

Mr Mancuso—Buller Ski Lift provides free transport for those people who live off the mountain, up and down.

Miss Gibbs—We do too.

Mr Mancuso—As far as the public is concerned, the Resort Management Board provides transportation around the mountain.

Mr Ramsey—To use a Queensland analogy, each of the resorts is really an island where often you have to commute to and from a mainland town. As to the difference between living on Mount Buller, there is very limited space on each of these resorts. They are little islands in the sky.

Ms HALL—Can I say it sounds just like we heard in the Whitsundays, with the issue of housing, the issue of transport and all those issues that surround the short season. They have a longer season than you have.

Mr Ramsey—A much longer season.

Ms HALL—Have you looked at putting in place any formalised relationship with somewhere like the Whitsundays or wherever?

Mr Ramsey—There are two ways to go. One is to try to induce partnerships with domestic, summer-based tourism. Historically, to give a Victorian example, the Arab Restaurant and Espresso Bar at Lorne used to become the Abominable Restaurant at Mount Buller in winter, but that is going back to the 60s. We are trying to develop year round sustainability and that is not quite the same option.

CHAIR—Plus everyone that is going to the Whitsundays in winter do not want to ski anyway.

Mr Ramsey—Precisely. In many ways the Whitsundays are a winter competitor—

Ms HALL—Yes, they really are.

Mr Ramsey—As is Bali and Fiji.

CHAIR—The reason why we are talking about labour shortages is we want to try to nail that down. You are saying that there is very little room to move domestically on meeting your seasonal shortfalls. The only sensible thing is to go to the north side of the equator?

Mr Ramsey—Particularly in relation to the alpine skill sense. If you can develop partnerships that relate to grooming, snow making and instruction, and if you can expand it to other skills like chefs or trades, your problem is solved because you are working in partnership with an entity that will supply the full set of skills.

Mr HAYES—Particularly if you are talking about electrical and plumbing trades that require domestic licensing?

Mr Ramsey—Yes, agreed, that is a further problem. However, if we left that side alone and leave it with the snow skill set and the hospitality skill set that does translate relatively easily—

Mr HAYES—You have a muddle there already, looking at the ski schools. Most of those have either partnerships or informal arrangements. I know of the informal arrangements between Charlotte Pass and the Silver Star in Canada. The exchange of staff seemed to occur there pretty regularly. I imagine that is the same in the other areas?

Miss Gibbs—Yes, we all do it.

Mr HAYES—Similarly with some of the grooming personnel, do you do that as well?

Miss Gibbs—Yes, we do.

CHAIR—Does Australia have a staff exchange visa to get those people in?

Miss Gibbs—No.

Mr Ramsey—Only through 457, that really is the only avenue.

CHAIR—I mean, 457 has such an expanded list of occupations. If anybody ever bugged down and looked at them, we can bring funeral directors and all sorts of things into Australia on a 457 visa. It is meant to be a flexible visa, but is it really what you want in this sort of circumstance? It has restrictions on that and it is not perfect for a staff exchange program, is it?

Mr HAYES—Are we really talking about a labour shortage or a skills shortage?

Miss Gibbs—Both.

CHAIR—It is bodies, then you can train them up, that is what you are saying?

Mr Mancuso—Yes, and that is the problem. It is a 13-week season and if someone is unskilled or has no previous experience on a ski resort, you do not have too much time to train them all up.

CHAIR—Just to answer that question, is that 457 really as ideal a visa, if you like, for staff exchange programs as you would like, or does it have some restrictions associated with it?

Mrs Eisner—Can I make a point on this? The 457 visa is a skill visa, so we could only use it to bring in a skilled workforce. Say for a ski instructor, they would have to have reached a certain level of qualification, be it an overseas qualification, before they would be eligible for that type of visa. It would not ever be able to cover necessarily a bodies shortage, just a skills shortage.

Mr BRENDAN O'CONNOR—You said you have 13 weeks, is that the optimum or the average?

Mr Ramsey—The optimum.

Mr BRENDAN O'CONNOR—Last season it was an awful season?

Mr Ramsey—Yes.

Mr BRENDAN O'CONNOR—How do you take that into account, not being able to foresee what could be a very mild winter with no snow?

Mr Ramsey—It is a bit like farming in the sense that your harvest period might only be three or four weeks, but the infrastructure and work that goes into creating the opportunity to harvest over that period is a twelve months—

Mr BRENDAN O'CONNOR—Say, for example, the government considered expanding the visa for this particular problem and then there was no snow for 13 weeks, or for say 10 of the weeks there was a very low snowfall. How much can you now manufacture? You talked about the snow production that it has created; how does that in any way replicate natural snowfall to the point where you can keep something going feasibly through each of these weeks?

Mr Ramsey—Taking your first question first, we usually budget for what is an anticipated average season, so eight weeks core and a shoulder of another two to three on each side. If there is already snow on the ground in May and it looks like you are going to start on Queens Birthday running, then you will be hiring people and being ready to go. If there is no snow, as is commonly the case on Queens Birthday, then you will not hire or you will advise those coming from overseas not to come until the signs are that they will be needed. That has been something we have been dealing with ever since commercial lifting started in the late 50s.

Taking your second question which goes to the amelioration of the effects of poor seasons, with the example I said earlier, it is a classic case of how improved product provision is. It is not just making snow, which we are becoming much more clever at, and I will give you an example of that. All the major resorts are putting in automated snowmaking systems. Generally they are using fan guns, and the ambient temperature that would be used for making snow is somewhere around minus 2 degrees or colder, and you need a certain degree of humidity or lack of humidity in order to make snow. I might add that it is much better snow than it used to be. We used to have snowmakers who would travel on skidoos around the resorts, because the temperatures are usually right at night, not during the day. It might take them 45 minutes to get a gun in a particular area going because the conditions are right; then they travel to the next gun, and by the time they get to the next gun the first gun is now spewing out water because the temperature and humidity have changed so that the snow that was made is being affected. In the last two or three years most of the snowmaking systems have been converted to automated systems and that process is done in five minutes. That means that every window capture for snowmaking is getting better and better. Of course there is an expense entailed—

Mr BRENDAN O'CONNOR—So, the machine reads the temperature and then—

Mr Ramsey—A man in the control room flicks a switch. The capital investment is very high in order to maximise these opportunities, but the return has been there and it has improved greatly what we can offer the customer. In addition to that, those of you who have skied would be used to seeing what we call death cookies or crunched up porridge snow that was left from the freeze that occurred overnight from the soft snow of the above-freezing temperatures the day before. It meant that very little of the ski field might be available until the temperature was high enough during the day to get rid of the mulch that was left over from the day before. Now we groom the runs like golf courses and we have what gives skiing the corduroy first thing in the morning, a ripple effect on the top of the snow that is left by the fleet of groomers at \$500,000 a pop that smooths out the terrain that we have. Compared to 20 years ago when you might have had the same basic lifting infrastructure within a resort, the usable terrain for a customer first thing in the morning is probably 10 times greater than it was 20 years ago. It exemplifies the importance of these skilled operators. I might stress that the groomers are like your best performing crane or tractor or grader operators in building or other areas. They use winch cats that have a winch point on the top of very steep runs and they either let the groomers down with the winch off the back or they pull the groomers up with the winch off the top. It is highly skilled and very sought after in terms of the workers that are involved in providing this sort of assistance.

CHAIR—Are those skills actually recognised as skills as such and are they agreed to? The Department of Employment and Workplace Relations for instance sets out the list of occupations that are part of the national skills shortages strategy, for instance—

Mr Ramsey—My colleagues are nodding.

Mrs Eisner—There is a code for this.

CHAIR—They do have an ESCO Code or whatever it is.

Mrs Eisner—They do have an ESCO Code as does an instructor.

CHAIR—Are they on that list?

Mr Mancuso—Yes, they are.

CHAIR—That is an achievement.

Mr Ramsey—In many ways we are happy with the fact that there is the opportunity to provide visas to the people that we seek. We want to protect that and we would like to enhance it. A number of our recommendations go to making that a more attractive package to the people that we are trying to get from overseas to meet those needs.

CHAIR—You are talking about an internationalisation of the workforce here in the sense of skills gained in Australia. We have enough problems recognising skills in one state in another which is hopefully going to be amended by the Council of Australian Governments (COAG) in the next couple of months. You have that issue alone and in some sense, depending on which state you are actually taking that person to, you may have a difficulty getting them as quickly geared up compared to others. There are three states, so in the case of Victoria and New South

Wales there could be a difference, or have you sorted out those issues between the two states? There can be a difference in the way each of those two states operates in their recognition of those overseas—

Mr Ramsey—It is probably only in relation to traditional trades that that is a problem.

CHAIR—In the skiing thing you have sorted out all of that?

Mr Ramsey—Yes.

CHAIR—What do you then offer it?

Mr Ramsey—Our groomers and our snowmakers will end up working in North America.

CHAIR—Great, you have anticipated my next question. What do you offer Australian trained staff as far as contacts overseas? If you have your people working here in say June, July and August and then heading over to Vail or something like that in September, October and November?

Mr Ramsey—That is right.

CHAIR—What a horrible life they must have.

Mr Ramsey—Historically if you look at ski instructing, you would have all heard the pejorative references to Fritz and Hans and the rest. When you go skiing, you will have an instructor that you cannot understand who will simply say ‘ben ze knees’. In the early days of ski instruction, a lot of people did not want to have an Australia ski instructor because they thought he did not speak with an accent and he cannot be as good as someone—

CHAIR—Like having an Austrian surfer?

Mr Ramsey—Yes, precisely.

Mr Mancuso—Or the Austrian cricket team?

Mr Ramsey—Yes.

CHAIR—We can do the accent though.

Mr Ramsey—Nowadays, of course, Australian instructors are widely sought after in the rest of the world, which is a great credit to the national training and the like. They are seen as hard-working, fanatical skiers, dedicated to their task. They are highly sought after in Europe and North America.

Mr HAYES—Do we track them personally in the industry? I assume we would for ski instructors and groomer operators. What about the young people who go and work on lifts and

things like that, which is obviously very much seasonal, do we track where they go, whether they go overseas and come back for the repeat seasons, as an industry?

Ms Burridge—As a resort. We have a number of overseas resorts that actually now come into Australia to recruit for overseas, and I think we discovered this before, such as Okemo over in the USA and Ski Japan come over as well. Are they having problems in their own resorts overseas in recruiting because it is so seasonal, or is it that they are actually—

Mr Ramsey—Seeking the Australians?

Ms Burridge—Seeking the Australians out?

Mr Mancuso—But I have heard back from some of those people that it is because the standard of the skill sets of Australians have actually increased so much that they are highly regarded. They come and take our people in our summer season and hopefully we can borrow some of their people during their summer.

CHAIR—That is a great story. How do you now attract people to your industry? What are you doing as an industry to engage with schools and like industries to say, come and work in the ski sector because the rest of the world is looking for your skills. You will travel the world, you will ski 10 months of the year—are you doing that sort of thing?

Ms Burridge—We are. We actually have a stand at ski-specific travel shows where we advertise, in tertiary weeks, et cetera, and they are the type of people that we are attracting these days. The age level has come down, but the amount of time that we can keep them has dropped.

CHAIR—So, this is this whole generation Y thing?

Ms Burridge—There is no continuity—

CHAIR—Why is it that they leave? Have you actually worked out why your staff may decide, well, I have done the ski thing, met a lot of very interesting and exotic people and you can drink just so much schnapps over a fireplace at night. What do I do next? My knowledge of skiing is from James Bond movies.

Ms Burridge—Sure. The cost of living is very high on a mountain, whether it is buying a beer at the bar at night time or the cost of staff accommodation. Pay rates are not bad. I think we will all admit that one. We have people who defer from university for a year and they do want to go back and finish off those degrees or whatever studies they are doing. I have been at Mount Hotham for 11 years. Gone are the days when we had 1,500 applications for 400-odd jobs. We now get 600 for 300-odd jobs.

CHAIR—Why is that?

Ms Burridge—The younger generation deferees.

CHAIR—Lots of other things to choose from?

Ms Burrige—Yes, lots of other things to choose from. A lot of them only want to do one season, just to test it out and see what it is all about.

Mr Ramsey—Carmin was talking earlier before the inquiry today about the project that Buller is running with the Mansfield Secondary College where they give work experience to students in a variety of areas, but if I understand correctly, the program has been running for a couple of years.

Mr Mancuso—A few years, yes. I think we have taken one person on full time over that period which is not a lot. We have probably had about 30 students go through the program in that time.

CHAIR—Is it only one because that is all that was interested in full time or is that all that you were interested in?

Mr Mancuso—It is probably a little bit of both. What tends to happen, once they finish high school, they leave the area and there is not that career path where they can come and join a company and advance up.

Mrs Eisner—Can I add to that? For instance, a number of those students came in during years 11 and 12 and did a day a week during the season in the ski school. That would set them up to go through the qualifications to be an instructor when they left school. That offers them 13 weeks employment in a small town that has very little avenue for employment for the other 29 or 39 weeks of the year. It is not a viable option for those students.

Mr Ramsey—It also underscores the fact that, whilst the names of the resorts and in some cases the owners of the resorts are well known, they are in fact places that have a significant degree of remoteness in terms of engaging in any way outside the ski season or even during the ski season with other than the snow tourism culture. It is something that is much easier to do in a lot of summer, sea-based or even golf-based resort tourism places. It is often hard to convey the fact that our remoteness is a handicap. It is not something that immediately springs to mind that alpine resorts are remote.

Ms HALL—Referring to your submission and recommendation 40, with what you have been saying, how would the welfare to work policies would fit in with the type of workers that you in your industry use?

Mr Ramsey—There are many tasks within the resort that are not skilled.

Ms HALL—A moment ago you were talking to us about those young people that defer for a year, and that has been my experience. I have had a staff member that was working part time doing a degree that deferred for a year and went and worked on the ski fields and wrecked her knee.

Mr Ramsey—You could have done that on a boat falling over.

Ms HALL—I know. No problems with the industry. My sister did it playing hockey.

Mr Ramsey—There are a lot of tasks that could be carried out by unskilled people if they had support to be able to work in a remote area with a higher cost of living. That is really the problem. You have to get there and when you get there—

Ms HALL—I am a sole parent and I could see a bit of a problem for that sole parent working in your industry.

Mr Ramsey—Absolutely.

Ms HALL—That is why I was a bit surprised by it.

Mr Ramsey—For example, in North America—I have just come back from Vail, an unfortunate duty that you have to perform in this job from time to time, and in terms of waiter and waitress serving within big and small businesses in a resort that is well renowned, it was rare or surprising how frequently the accent of the person serving you was not a United States accent. It would be Spanish or some other international accent. From speaking to the Chief Executive of Vail, they cannot sustain a workforce from local Americans. They need to attract people who will put up with reduced living or other conditions under which local Americans are not prepared to work.

CHAIR—This is not good news for wait staff.

Ms HALL—A poorer standard.

CHAIR—Earlier today, we were talking with people and the appreciation of the importance of one night to get it right in accommodation and restaurants and so forth is a factor. You have to have good professional wait staff, maitre d's and quality people. If you are just relying on the backpacker that is going to pass through for a couple of weeks and you say, the fork is on the left and the knife is on the right, red is red and white is white, you may well not get that customer back in the end.

Mr Ramsey—Yes.

CHAIR—That sort of entry level kind of view of the importance of that pointy end of your operation—

Mr Ramsey—It is better to have someone serving you than no-one serving you.

CHAIR—I accept that someone has to serve you, but do you not need to make sure that the quality of the training and the investment in that person is right? Otherwise you may not have a business to serve someone, if you are not careful.

Mr Ramsey—I agree entirely, but where we have run into problems is that you train people over the short period that you have available and then you find that they leave because you have nothing to support them for a further period.

Mr HAYES—It is not an industry that you go into to make a lot of money. People actually choose to work in the industry, whether it is business staff on their off duty time so they can go

out. It is not an industry where people say I am going to make a career of it; I will be back season after season ordinarily. There would be exceptions to that.

Ms Burridge—There are two seasons that you may get out of them.

Mr Mancuso—They have to live as well. They have to make enough money to cover their rent and to buy their petrol and do whatever else.

CHAIR—Let me just nail that down from your submission. I am grateful to Jill Hall for pointing to Recommendation 40. The recognition of prior learning (RPL) aspects of it can be mandated, but the maturity of that RPL process is different state by state around Australia. The RPL would mean that if you have someone who has come one season to your restaurant and they have been a wine waiter and they have done that well, that there is actually recognition of that experience. There has to be some mechanism to certify that, so if they go off to another restaurant in another part of Australia or another part of the ski industry, they can look at it and say they have done 13 weeks at Mount Buller and that is terrific, we at Hotham will definitely take them because we understand that they have done that. What processes do you want to see in place in your industry to actually get various types of experience counting, so your wait staff are seen as if they are progressing and that there is actually a career that they are a part of?

Mr Ramsey—I can give an example in relation to a more mundane aspect of specific snow tourism, and that is the lift operators—the people who actually swing the seats so that you can sit down and the chair lift goes off smoothly. It is semi-skilled work and people are relatively easily trained to the job, but until recently there have been nine different sets of training in respect of that. After spending a season at Perisher, if you decide that you might want to cross the Murray and spend a season at Hotham, when you arrive at Hotham they will not know whether you were any good as a chairlift operator at Perisher. What we are working on is setting up industry standards where there is some certification of the ability of the seasonal workforce to show that they have been competent over the period of time that they previously worked. We might have been a little slow to come to it, but it is something where we are recognising that we can help one another in terms of sharing rather than being covertly fearsome of the poaching of staff, particularly good staff, where there are only nine players in the arena.

CHAIR—Do not be too hard on yourself because, by raising this in the submission and raising it in this hearing, what you are doing is actually getting the word across the governments in Australia to actually work as a whole country. You have this dumb example of the responsible service of alcohol act where you cannot pull a beer in New South Wales unless you have the certificate there.

Mr Ramsey—Absolutely.

CHAIR—But if you are trained to pull a beer at the Gold Coast Institute of TAFE you cannot pull a beer at the Twin Towns Services Club across the border in Coolangatta. It is only 106 years since Federation, give us time.

Ms HALL—I noticed that you also picked up on the RPL. In Recommendation 43, if we can possibly narrow that down and, to a lesser degree, some of those other recommendations there, looking at the Australian government in conjunction with the private sector developing a

targeted promotional campaign that could link into working on that RPL and extending that a little bit further? Also in Recommendation 42 you refer to training and the need for that to be a partnership between industry and government, to get around the problems that exist in that area of RPL.

Mr Mancuso—Back in 2003, along with the skill-based apprenticeship programs that the ski lift introduced or brought into the local area, the ski lift also expanded its training with RMIT at that time, with a view of providing nationally accredited certificate II and certificate III courses in various areas of operations, particularly retail, outside operations and sport and recreation. Also we have embarked recently on ski instructing and an alpine technician course for people that do boot fitting, ski servicing and the like. Up until that time, there was nothing available through a university or a technical college. We have since swapped over from RMIT to Swinburne University and we are now expanding that. Our idea from that was that we would create a pool of trained people in the ski industry. We knew that people were not going to stay with Buller Ski Lifts all the time, because we would only employ them for 13 or 14 weeks of the year, but they might go to Hotham or Buller in different seasons, but maybe they might come back to us as well.

Mr HAYES—Speaking of which, you guys are starting to look at retaining someone in the industry, as opposed to the necessary retaining them at Buller, Hotham, Falls Creek or anywhere.

CHAIR—That is the only way your industry is going to grow I would have thought.

Mr Mancuso—Yes. The exchange programs are very important to us as well. We train these people and it is very costly. In the last four years, our training costs have gone up 400 per cent.

Ms HALL—Your company is?

Mr Mancuso—Buller Ski Lifts. They have gone up 400 per cent, which is a significant increase.

Miss Gibbs—I would say that we have all had the same—

Mr Mancuso—Probably yes.

Ms HALL—Are Buller Ski Lifts the only ski lifts in Australia or the only ski lifts in Victoria?

Mr Mancuso—No, there is Hotham and Falls Creek that are the major ones.

Miss Gibbs—There is actually more than that. There is Mount Buffalo and Mount Baw Baw, Lake Mountain—there are quite a few.

Ms HALL—Each has its own ski lifts?

Mr Mancuso—Yes.

Ms HALL—It is not owned by the one company?

Mr Mancuso—No.

Ms HALL—Okay, good.

Mr Mancuso—We are in competition with each other, but we work together in a lot of areas as well.

CHAIR—You cannot have competition without an industry, that is the point. Unless there are any other final observations, from colleagues or from you, the inquiry is about dealing with the labour shortages in the tourism industry, so you have given us a good raft of recommendations. I do not know whether there is any other magic bullet that you want to fire right now? I have found it a pretty interesting discussion. I agree with your point about remoteness because it is true, up in the Whitsundays or anywhere, apart from the CBDs of Australia, there is reason to wonder what mechanisms you can have to attract people there. There are reasons why you cannot have a softer approach on the migration mechanisms as well because of your regional very remote designation as well. It is an interesting set of circumstances that you have. I congratulate you on taking some leadership as an industry to try to deal with it. We appreciate your being here today. Are there any further comments or questions, colleagues?

Mr Ramsey—Can I thank you for the opportunity and the fact that an inquiry of this is convened. It is most helpful that government looks at the tertiary sector. From our point of view—and it is in the submission, but we have not really touched on it today—we end up in competition for labour services against the extractive industries in a very significant manner, and they have the opportunity to take skilled workers away from us to give them 52 weeks a year employment. To have a specific tourism inquiry in relation to looking at issues of both skill sets in terms of imported labour and the skill sets that we have to compete with in the primary sector is something that we value. It is great to have the opportunity to speak to government about matters that concern us.

Ms HALL—Can I ask one question that I just thought of? It is background information for me. How many people would be employed across Victoria in peak season and how many out of peak season?

Mr Ramsey—In the annexure to our submission you have a little over 7,000 fulltime equivalent jobs in Victoria.

Ms HALL—We do not have that.

Mr Ramsey—You do not have the annexure?

Ms HALL—No.

Mr Ramsey—I wish I had brought copies with me.

Ms HALL—We can get a copy of it.

CHAIR—A \$1.3 billion industry.

Mr Ramsey—Yes, and that is net.

CHAIR—That is net?

Mr Ramsey—That is net and it is a very important figure to Treasury that it is net rather than a gross figure. Without the ski industry, that \$1.3 billion would not be generated by alternatives that the people who are now involved would do. It is a concept that you will be really aware of in terms of lobbying Treasury to support the causes that your electorates would be urging on you. The document that was prepared by the National Institute of Economic Research (NIER) was very careful to err on the side of caution in relation to getting hard figures about what we contribute to regional economies and the economy at large. It means that in litmus electorates like Monaro, we do have the ability to punch above our weight because of the fact that it can very much influence what regional voters think and feel.

CHAIR—I will pass that onto the member. Thank you very much for your submission. Congratulations on what you do and I also acknowledge that a number of you have no doubt travelled a fair distance to be here today.

Miss Gibbs—From the resorts.

CHAIR—Be very mindful of the speed limits and drive carefully going back. Thank you indeed.

[11.37 am]

KEECH, Mr Ken, Chief Executive Officer, Australian Airports Association Ltd

CHAIR—I welcome you, Mr Keech. Although the committee does not require you to give evidence under oath, I would advise you that these hearings are formal proceedings of the parliament and 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 that may be regarded in fact as contempt of parliament. Would you care to make some introductory remarks?

Mr Keech—Thank you, Mr Chair. On behalf of the Australian Airports Association, I thank the committee for the invitation and the opportunity to provide further complementary comment in support of our submission to the committee's current inquiry into workforce challenges facing the Australian tourism industry. The Australian Airports Association is a non-profit organisation founded in 1982 and represents the interests of over 260 airports Australia wide, from the local country community landing strips through to the major international gateway airports. The charter of the Association is to facilitate cooperation among the member airports and their many and varied partners in Australian aviation whilst maintaining an air transport system that is safe, secure, environmentally responsible and efficient for the benefit of all Australians. Airports of all shapes and sizes around Australia represent significant infrastructure and play an important role for the economic wellbeing and maintenance of community services. The committee would be aware on reading our submission that, for the purposes of this inquiry, we have specifically addressed some of the terms of reference as they relate to the supportive roles played by airports in rural and regional tourism. Although the major airports have a much larger drawing area from which to attract suitable staff, in most instances in rural, regional and remote Australia that is simply not the case. The Association's submission clearly highlighted some of the ongoing staffing issues confronted by the owners and operators of airports located in rural, regional and remote Australia. Should it serve the committee's purpose, I now welcome any questions as a consequence of our submission, Mr Chair.

CHAIR—Thank you very much for that. Are there any opening questions for Mr Keech?

Mr HAYES—You noted that a lot of trades are being siphoned off to resource areas of mining companies, et cetera. In terms of servicing local airports, a lot of your members would be local councils?

Mr Keech—Correct.

Mr HAYES—I know a lot of the activity that they provide is often outsourced as well. When a local council decides that it takes the responsibility for the running of an airport, it goes the full breadth and gamut of running that airport, including maintenance of runways, lighting, et cetera. The other thing I would like you to comment on is the fact that I do know of some councils that do not charge landing fees. How is all that maintained?

Mr Keech—There are a couple of issues there. Most of the council-owned and operated airfields around Australia became locally owned as part of the old ALOP Scheme, which was the Airport Local Ownership Program. When the councils took over the control and the running of those particular airfields, they took on the accountability and responsibility for maintaining certain standards, certain service levels that fulfilled all of the statutory obligations with regard to the Civil Aviation Safety Authority, et cetera, et cetera. That is the situation as it is today. Those responsibilities cannot be outsourced. They must be the owner and the operator as part of the airport certification and they must maintain the airport in their own right. That function cannot be outsourced to another entity as such.

Mr HAYES—Do we have a number of local government organisations running airports that are really not running it like business entities, given their statutory responsibilities associated in running an aerodrome?

Mr Keech—Many councils around Australia simply do not have access to regular revenue generating streams to cover the costs of the airfield operations. I will not say it becomes necessarily a drain, but it comes out of the local council's operating budget to maintain the airfield because they see that as a broader part of their community service obligations. It is a lifeline in many instances. The things that we take for granted—the newspaper, fresh milk, the visiting dentist or a medical specialist or a magistrate. There are all sorts of things that come under the banner of the community service obligation.

Ms HALL—How many council-owned airports would there be, as a percentage out of those 260?

Mr Keech—Most of our members are the council-owned and operated airports. There are only 27 or 28 privatised airports in Australia, all the rest are council-owned and operated or owned and operated by some of the indigenous communities as well.

Ms HALL—Yes, I thought of the indigenous communities.

CHAIR—There are skill sets involved in operating an airport. A lot of those airports do not have fulltime staff. I have been in and out of a lot of smaller airports where the person who bade you goodbye at the hotel said, I will be out at the airport because I also do the check-in counter or I do something else. There are those sorts of agents things that occur.

Mr Keech—There are those relationships and that does happen frequently where the airline would appoint what we call a route agent who could be the local service station owner, the local newsagent, it could be anybody who does the check-in and looks after the aircraft turnaround. Those people do not have and are not trained to have the responsibility for the maintenance of the airport.

CHAIR—For the airfield itself?

Mr Keech—The airfield itself.

CHAIR—Does that then becomes the responsibility of the owner to hire contractors?

Mr Keech—No, the owner cannot hire a contractor to come in on a daily basis and undertake that work. The owner has to do that work themselves because they are the licensed or the certified operator of the airfield by the Civil Aviation Safety Authority.

CHAIR—The local council may have an electrician on duty and one of their tasks is to maintain the landing lights as an employee of the council?

Mr Keech—You have raised another interesting issue. There are certain electrical jobs on airfields that the local electrician is not licensed to undertake.

CHAIR—It is getting very interesting.

Mr Keech—A licensed electrician must have an additional licence that is recognised by the Civil Aviation Safety Authority to be able to work on the lighting system, which is fairly sophisticated even at the most remote airports.

CHAIR—We are happy about that as airline users.

Mr Keech—Oh, absolutely.

CHAIR—We are happy about its sophistication.

Mr Keech—Safety and security, there is no compromise.

CHAIR—Are you saying to me that it is not just good enough having the local plumber or the local electrician or indeed the council plumber or council electrician working for the council operator or whatever; they actually have to have another level of qualification?

Mr Keech—Correct.

CHAIR—Is that an internationally recognised standard?

Mr Keech—Yes, it is. It is the International Civil Aviation Organisation—

CHAIR—Do they have little protocols governing—

Mr Keech—Yes, with CASA. Mind you, we do not disagree with any of that. As you have just said as a customer, neither do you, I suspect.

CHAIR—But does it add additional burden of cost to the operator?

Mr Keech—It does. I will give you an example. I was in Cooktown in Queensland just recently and some work had to be undertaken on the lighting system at the airfield. They had to pay for and fly in from Cairns an electrician who was qualified to do that work.

CHAIR—They hired a contractor to do that specifically?

Mr Keech—No, an electrician that was licensed to do that work.

CHAIR—I cannot imagine that the local council road gangs, if they still exist, are able to relay the bitumen on the runway, could they?

Mr Keech—No, they cannot.

CHAIR—One would hope there is a qualification involved in runway maintenance, although I have landed on a few where I am suspicious that there cannot have been one involved. It must have been part of their reserves.

Mr Keech—You sound like a very well travelled gentlemen.

CHAIR—I have been to some interesting places over the last 30 years in my various careers, some large and small places, but it has been interesting to know the variations in the way the airports operate. To try to get a feel for the skills involved in a consistent skill set that is needed, regardless of where that airport is, is what you are saying?

Mr Keech—I have alluded to this in the submission, but a couple of years ago we realised that there was a gap in terms of training that fulfilled all of the regulatory requirements of the Civil Aviation Safety Authority. You cannot just walk in and assume responsibility for an airfield. You have to be trained to a certain standard and that standard has to satisfy the Civil Aviation Safety Authority and also its annual audits and inspections. It is not a very simple process. We decided that we needed to do something about it, particularly for rural, regional and remote Australia. We spent thousands of dollars and, in concert with CASA, we developed a training program essentially for the smaller council-owned airports around Australia, because the larger airports all have their own in-house training. Over 600 people from all around Australia in the last four years have undertaken that training program. That training program takes a week in a classroom. Then you have to actually go on an airfield and be assessed. It is a training program that was picked up by the Australian National Training Authority and is now part of—

Mr BRENDAN O'CONNOR—Is it through DOTARS?

Mr Keech—No, it is through the Civil Aviation Safety Authority. As an industry we recognised that there was an issue and we tried to help our members out in the sticks to keep their staff. What is happening now, and I listened with a great deal of interest to what the ski people were saying, people that are used to working in regional and remote Australia are now being poached and are working on mines and getting all sorts of salaries that are absolutely mind-boggling. An electrician in Broken Hill, for example, who was working for the council and qualified, is no longer working for the council because he has tripled his money by working on a mine site in Western Australia. No-one can deny him that opportunity, but you plug a gap here and you create another gap somewhere else.

Mr HAYES—Do not market forces come into that?

Mr Keech—That does.

Mr HAYES—That is the issue about attracting and retaining staff, so perhaps the value of the electrician at Broken Hill Airport has suddenly increased exponentially over a period of time.

Mr Keech—It probably has, but then again you have local government pay rates and all sorts of local terms and conditions that need to be considered. I am using that as an example and that is not an isolated case. A lot of councils' aerodrome reporting officers, as they are called, might do the airfield inspection prior to and after the RPT operation which in some places might only be three or four days a week, and he could be 40 kilometres away the next day driving a grader and doing some work on the road. We need to be mindful of the ageing issue. In a lot of these communities you have a workforce that has been working for the council for some time; they have the qualifications and they are not getting any younger. They are embedded in the workforce. They are mindful of their superannuation entitlements so they are staying there. It is very difficult at that level to have the younger people coming through who are prepared to become embedded in a local remote community.

CHAIR—I landed in Roma in Western Queensland last year. It was a good airport and the local mayors from the area met with me and they said to me, we need a visa for council workers so we can bring them in from other countries because we are losing all of our council workers to the mines. It is not a proposition the government is necessarily following, colleagues, but I make the point that that was an on-the-ground example that they gave me. This then raises a very serious issue. If councils are not able to compete, and I do not see how they could, with the mining industry's draw on skills, what checks and balances are we getting in the aviation sector to make sure that all the i's are dotted and the t's are crossed? There is a lot of paperwork in aviation and again as a traveller I am happy about that, but is there a genuine concern that a skills evaporation from councils, owners of airports, is in itself an issue?

Mr Keech—I cannot speak on behalf of individual mayors or councils on what they may or may not want to do. As an association, we are of the mind that there is absolutely no necessity whatsoever to bring in people from elsewhere to run airports. We would be totally opposed to it.

CHAIR—From other countries?

Mr Keech—From other countries. That is absolutely, definitely not on. Also the Civil Aviation Safety Authority may well have something to say about that.

CHAIR—Having said all of that, if you are a local mining operation and you rely on that airport as much as the non-mining operation business base or community base of a local area, surely instead of stealing the council electrician and taking that person to three times the wage or whatever to run your mine, knowing that that then has an impact on the council's ability to lawfully, legally and safely run the airport, would you not want to have the mining company say that, as part of the deal, this guy has the qualifications also to check the landing lights at the airport, so whenever that has to be done we will release him for that purpose?

Mr Keech—Yes, but by and large you will find that the airfields are fairly distant, unless it is some place in Western Australia where it is a fly in, fly out. For most of them that would not be practical.

CHAIR—Surely the mining industry is not going to be so stupid as to prevent the safe operation of an airport?

Mr Keech—No, they will not. The mining industry knows historically that other suitable arrangements will be put in place and somebody else is paying, not necessarily them.

CHAIR—That is the point I wanted you to make.

Mr HAYES—To what extent in some of the regional airports is there external financial assistance? I know they are regarded as regular public transport routes, that is why they are maintained. Other than the public which is represented by the council, to what extent do mining companies and entertainment venues feature in the financial base for these rural and regional airports?

Mr Keech—Most of these rural and regional airports are operating at the margin, at the very best, because not only do they have staffing costs to attract staff, a lot of them have to actually subsidise housing, provide accommodation; all sorts of things have to go together to make a package to attract the right sort of people. A lot of council-owned and operated airports do not charge because they see it as part of their community service obligation for the broader community.

Mr HAYES—If we go to a broader community and a company has to fly in staff—Moomba is a good example—that whole strip is actually run by Santos, is it not?

Mr Keech—It is.

Mr HAYES—If you have others, nothing springs to mind at the moment—

Mr Keech—Olympic Dam is an example.

CHAIR—Newman is another one.

Mr Keech—Newman, yes, there are a number around.

Mr HAYES—Are those companies then participating in the financing of those organisations or is the council still running the airport?

Mr Keech—No, a great many of them are run by the mining companies themselves and they do not necessarily experience the difficulties that some of the other airports do.

CHAIR—Okay.

Mr Keech—They are members of our association that are very supportive I might add, but nonetheless they manage their airfields very, very well.

Mr HAYES—As mining sites?

CHAIR—If the local airport is, as you have submitted and I would agree, a key piece of local infrastructure, it would surely have to be community task to make sure that airport does not simply just look good and so forth, welcoming tourist dollars, but it actually operates well and safely? Are the mechanisms restricting the work being done by employees of the owners in themselves a bit counterproductive? That is what I understood you have said and I am happy to be told I am wrong. Or is it important to maintain the absolute obligation of the operator to be the first port of call for hiring suitable staff?

Mr Keech—It has to, because it is part of their certificate of operation that they get from CASA.

CHAIR—It is a key discipline that you do not see a problem?

Mr Keech—No. You may well be aware that the Joint Committee of Public Accounts and Audit inquiry into aviation security has just put through some recommendations. It is interesting that they recognise the issues that I am talking about in terms of the regional and remote airports with this turnover of staff. One of their recommendations was that the Department of Transport and Regional Services takes responsibility for ongoing security training in regional airports that have a high turnover of part-time staff. You are probably aware now that there is another dimension to the operation of the RPT airports with regard to the transport security programs. You must have people who are trained to maintain the regulatory responsibility with regard to the Office of Transport Security. It is not just a question now of operating the airfield in a safe and secure manner; it is all of the other things that go into the mix regarding security.

CHAIR—Buying an airport at the time seemed like a good idea, but all of these things have been added to the cost structure?

Mr Keech—Absolutely.

Mr BRENDAN O'CONNOR—With respect to the 260 airports, I know that your association represents their interests, but do you represent all of them formally?

Mr Keech—Yes.

Mr BRENDAN O'CONNOR—How is that done? Do you receive funding from the actual owners of the airports?

Mr Keech—Yes, we have various subscription levels. I might say, with some of the Aboriginal communities, for argument's sake, that have airfields, we extend membership to the Association without charging them. We give them all of the assistance that we possibly can because it is a very important role and most of them are in isolated places. We saw that as part of our community service obligation.

Mr BRENDAN O'CONNOR—That is good. I notice that you refer to training positions; but in reference to the aerodrome, I have always been fascinated as to whether there is precise delineation between what is an airport and what is an aerodrome. Are they exchangeable terms or do you actually have a definition?

Mr Keech—I have been in this business for 44 years and I ask myself that question every time. The simple fact of the matter is, unfortunately, if you go through all of the CASA documentation and all of their rules and regulations, there is never any mention of an airport, it is always aerodrome.

Mr BRENDAN O'CONNOR—Yes, it just seemed to me that that description was used more often in regional areas.

Mr Keech—That is the reason, because—

Ms HALL—It is CASA.

CHAIR—That explains it all actually. Do you have a list of the airports? I would be interested to see a copy of the locations. You may not have it here, but you would have a copy of the locations of however many airports there are?

Mr Keech—Yes.

CHAIR—Are you able to provide that to us?

Mr Keech—Would you like a list of the members?

CHAIR—Yes, I would be interested to see it. It is a lot of airports, is it not—260?

Mr Keech—There are 260 airport members, but some of them like Mildura in Victoria also has Ouyen and the Bourke council has four airfields. We have 260 members, but they represent about 320 locations around the country.

CHAIR—That would be useful.

Ms HALL—Are all airports members of your organisation?

Mr Keech—There is only one airport of significance that is not and that is at Winton in Queensland.

CHAIR—That is a traditional airport; Qantas flew from there.

Mr Keech—Yes.

Ms HALL—So Sydney, Melbourne—

Mr Keech—Yes, all of them. But the trades issue is something that we are concerned about. In remote regional Australia—and you can bundle the airport into that as well—trades are important for the maintenance of the roads, the water services and all sorts of things as well as the airport.

CHAIR—Mr Keech, you said you had 40 years' experience in this sector, so it is a relevant question to ask about the specific trades in aviation. With respect to the licensed aircraft maintenance engineer shortage, worldwide as I understand it, does your association have a view on the fact that that is not actually regarded as a recognised national skill shortage? I am told that DEWR cannot assist in the shortage because there is not enough advertising in papers and so forth to actually verify that people are looking for those people.

Mr Keech—Those people ought to get the *Australian* on a Friday and have a look at those ads that are there—even this morning. I am a member of CASA's Aviation Safety Forum, which is an advisory body. Let me tell you that the thing that horrifies and concerns me, if I was running an airline now, the average age in Australia of the licensed aircraft maintenance engineers is 57. If that does not give us a message or tell us something, I am damned if I know what does.

Mr HAYES—Did that come about because a lot of organisations started taking the view that you do not necessarily need a LAMI to do the task, we will use a fitter to do this with a LAMI supervisor. We stopped actually producing as many LAMIs as we did—

Mr Keech—We did, and the airlines for whatever reason decided that—

Mr HAYES—It was cheaper.

Mr Keech—The old apprenticeship programs would be greatly diminished. It is a horrifying figure, with the average age of 57.

CHAIR—It is a folly to have created a circumstance where the average age is that. I mean, 40 per cent of people in the trade is aged 45 and above, and to have 57 as the average age for LAMIs is horrific. One of the problems that we had with Ansett was the decline in the focussing on training people in the trades. I know that from an earlier House of Representatives committee inquiry, before the Ansett collapse. We received in camera evidence from mechanics about some of the things that were being done. It frightened me that there were shortcuts. I am protected by privilege, so I can say that.

Mr Keech—I am an ex-Ansett senior manager, and I would argue.

CHAIR—You would argue otherwise?

Mr Keech—I would argue otherwise.

CHAIR—I had a few mechanics tell us otherwise, but we will not retry it now. I hear your point.

Mr Keech—We will not do that, but those sorts of issues are emerging now with all of the hoo ha that is going on about the Qantas situation.

CHAIR—On the area of licensed aircraft maintenance engineers, do you think there is sufficient recognition of the circumstance of not having enough people going into training? You have given us some statistics and something for us to bounce off with others, but do you see that as a critical issue?

Mr Keech—It is a critical issue for the industry. There is no point having an airfield if you do not have any aircraft operating there because you do not have a licensed aircraft maintenance engineer to sign the aircraft off.

CHAIR—That is a little trip off to one side that I thought was worth discussing because it is relevant to tourism aviation I would have thought.

Mr Keech—Very much so.

CHAIR—We have enjoyed this; thank you very much. Are there any further comments you want to make?

Mr Keech—No.

CHAIR—How do you solve the labour shortages in the tourism sector? You can throw in aviation.

Mr Keech—A lot of people do not share our view that these airports in regional and remote Australia actually play a role in tourism.

CHAIR—By a lot of people, what do you mean?

Mr Keech—Some are of the view that the airports at Birdsville, Cobar and some other places are there just for the benefit of the local community. These days we are taking four or five days for holidays, not a month, to go somewhere and do something. A lot more people are going to various places and a lot of the Aboriginal communities are now getting a lot of tourism that they never had before because people are able to fly in and go to some of these isolated areas where there are very interesting rock paintings, et cetera, that hitherto people have been unable to access. Let us not think just about Australians, let us look at the international visitor who comes here with very little time and wants to see as much as they possibly can. They are used to flying around. Our view is that, in the general community, perhaps there is insufficient recognition of the roles that these airfields do play in support of tourism.

CHAIR—Is the importance of an airfield determined by the numbers of passengers that pass through it, rather than the types of passengers?

Mr Keech—No. You are right on the one hand, but on the other hand if you asked the local community what is the important role for the community, they would say to make sure that the air ambulance can arrive 24 hours a day, and if the tourists come on another service, that is great.

Ms HALL—Can I ask if you are members of local tourism bodies linking into—

Mr Keech—Absolutely. A lot of the local tourism organisations are funded and supported by the local council. We have their airport as well that they need to bundle into.

CHAIR—We might have to go to Winton and sort them out for you if you like.

Mr Keech—I have tried; good luck.

CHAIR—Okay, thank you, Mr Keech. We might stop for lunch.

Proceedings suspended from 12.08 pm to 1.13 pm

DEERIE, Professor Margaret, Principal Research Fellow, Sustainable Tourism Cooperative Research Centre

CHAIR—Good afternoon. Although the committee does not require you to give evidence under oath, I would 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. Having said all that, it is nice to see you here today. If you would like to make some introductory remarks, we would welcome those.

Prof. Deerie—Thank you. I guess as a tourism researcher, the need to have timely, accurate information statistics on, in this case, the tourism labour force is really important. Often we look for trends and it is very difficult at times to be able to do a national overview of trends in tourism because the data may be there in a sort of macro level but it is very difficult to draw down into things such as age. We have general information about the type of workforce that we have, but whether that is still accurate is, I think, a little bit difficult to discern. My comments really go towards the direction of needing something at a national level that is divided into states, demographic information, other information like turnover rates and so forth. So, I think there is a lack of detailed statistics at the moment.

CHAIR—Thanks. We have heard some evidence today talking about the fact that tourism is not immune to the market forces' drag effect of pulling staff with some skills, certainly not directly necessarily right at the service end of the tourism side of the industry but the ancillary and background skills, drawing those people out of the industry and sending them off to mining and so forth. To try to get a handle on tourism, we understand the international definition which has not changed for decades, but how do you really see this tourism sector? It is not really fully recognised as an industry, is it?

Prof. Deerie—No. Part of the difficulty, as it may be with other industries, is that there are so many sectors within it, many of which compete with each other. That makes it quite difficult. Because there are so many different parts of it, it is quite difficult to get a handle on the whole thing. One of the areas that I mentioned in my submission is that of business events or business tourism. This is a really great contributor to the economy, yet regular statistics are not picked up on that. It is a difficult industry to get a handle on because of the various parts to it which are often competing.

CHAIR—The CRC has been looking at things such as seasonality and so forth. Obviously it has all been a part of the mix, and nothing will change on that, even with the interruption to forward plans for this industry by unthought of events, such as cyclones, floods, droughts and bushfires. Given all of that, do you think there is a proper amount of workforce strategic development planning; in other words, people actually looking forward and saying how many people they will need; what kinds of skills they will require; are we actually training enough people; if we're not training enough, are we bringing enough from other places, other sectors?

Prof. Deerie—The difficulty with the tourism industry—and again, this sounds like I am whingeing, but I am not—is that it is mainly made up of small businesses. Forward planning for

small businesses is 2.30 today, if you are lucky, because it is really a survival thing. For small businesses to be able to plan for the seasonality issues and all of those things, it is quite difficult. However, at the big end of town, say, looking at the Accor hotel chain, there are workplace agreements that can be put in place that can assist in having staff there at times all through the year, but it requires a fair amount of flexibility, both from the employees' point of view and the employer's point of view. You need to think about tourism in those two parts—the small business end and the large end.

CHAIR—So, with the small business end, if the season starts on whatever date, then they will hire the staff to start on that date rather than perhaps putting a bit of time in prior to that start date to train them up.

Prof. Deerie—Yes, and it is difficult for them to have the sort of financial buffering of assets that you need to be able to do the sorts of things that the big end of town might be able to do, such as saying, 'I will pay staff a certain salary for the whole year, even though at times you will not be doing anything, and other times you will be working 23 hours a day.' Bigger places can afford to do that; smaller places really cannot.

Mr HAYES—To some extent there are two issues there—the issue about seasonality and how you react to those trends and measure production that goes ahead. But what we keep hearing is that all the predictions are over the next 20 years and we will see a significant growth in tourism, particularly from the Asian market and all the rest of it. We did not get that sort of forecast in terms of the resources boom, for instance; hence why mining companies and hydrocarbon companies are clambering for the trades that they need in those industries. In terms of hospitality, sure they are all or at least many of them are small businesses banding together producing this sort of material, saying that the future is looking rosy down the track, yet we do not see people wanting to rush to actually invest in developing those skills for the future. So, it is not the investment of what is good for the here and now in one enterprise, but do these enterprises intend to band together and form the basis upon which this industry can develop to meet that trend?

Prof. Deerie—They tend not to. Some parts of the industry do that. For example, wine growers which we arrogantly consider to be part of the tourism industry—I mean, there is an element of wine in tourism. Some of those can combine together quite well to form cooperatives, but you tend to find that a lot of the businesses do not do that, and maybe that is a strategy that needs to—

Mr HAYES—A couple of things have been put to us, and certainly from our visit to Queensland, particularly North Queensland, witnesses had a view that what we need to do is be able to make it easy for backpackers to stay longer through to that we need some more relief in terms of 457 visas, but all very much here and now to enterprise specific outcomes as opposed to saying where we sit with an industry that is likely to develop over the next 15 to 20 years. I would have thought there is an issue of value adding the business potential, although very small, operating as part of that industry development?

Prof. Deerie—Yes. I think there are some good examples of where the industry has come together, and it has had the backing of state government, for example, Yarra Valley made up of small businesses. They have champions, so some of the research CRC has done shows that you

need to have these champions, and more often than not they tend to be females, which is quite interesting.

CHAIR—But not unexpected, though.

Prof. Deerie—No.

CHAIR—Seriously, they have been the ones that have made the difference in a lot of small communities in particular.

Prof. Deerie—And certainly some of the work that we have been doing is looking at the food and wine industry and the areas that combine together and work together in food and wine tend to have the champions. They may have some state government backing, so I think it is a far more strategic approach than is taken in some areas. In the case of the Yarra Valley, the state government or Tourism Victoria has said that that is a winner; we will back that one. There are various other areas that have been given some funding, so I think it is a combination of having the champions, having the product, and having some financial and moral support from the government.

CHAIR—The industry is saying there is not so much a labour shortage but a skills shortage, which is then directly related to the amount of training that occurs in this industry.

Prof. Deerie—Yes. I have always thought that that was actually not correct, until I went along to a Skills Australia forum and heard that the sorts of courses and sorts of skills that we are actually teaching, perhaps at the TAFE area may not be the sorts of things that are really useful. I think there is something to be done there. One of the areas that I think is really interesting is the need for the people who are doing the teaching to have the industry experience. I know that there is a push to get people who are teaching in the area to have something like a minimum of five years experience in the industry.

CHAIR—Was there not also a need to have people in the industry to want to actually participate in that process of training up those teachers—

Prof. Deerie—Yes.

CHAIR—Because the problem seems to be that we have relied on the supply side of the education equation being the provider of educated and trained people, and then when they come out of the system, the employers say, that is not what we want, so the challenge has surely to be to the employers to actually take some active participation in the development of curricula and, indeed, the development of teaching skills?

Prof. Deerie—Yes, I agree. The industry is quite helpful in terms of placing students for work experience. It has done that quite well. I think there is still an attitude from employers that, even if you have a degree, you still have to start at the bottom. You might work your way up more quickly because you have a degree, but I do not think that perhaps employers have the respect or regard for the education.

CHAIR—They want practical experience perhaps more than book learning, is what you are saying?

Prof. Deerie—Yes, they do.

CHAIR—How do you then reconcile that with an industry that relies on one to 15 hours of work being the average exposure of an employee that has seasonal variations and lots of casual workforces and has a high proportion of females that might come and go from their operations, but has a high proportion of people generally that do? It is very hard to reconcile all of that, when there is not a qualification attached to the experienced people gathered in all those small bits of experience, is there?

Prof. Deerie—Yes, that is right.

CHAIR—Somehow or other you have to quantify the qualifications of the experience they have had?

Prof. Deerie—Yes. One of the areas that I do not think has been looked at very well as a strategy is the use of an internal labour market within the industry. People leave one hotel and go to work in another hotel, and they might only stay in each place a very short period of time. But by and large, they tend to stay within the industry.

There needs to be some education that, okay, sort of thinking outside the square and thinking outside just the one organisation that you may lose this member of staff but you are gaining someone who has gained skills from another organisation. I think there is an understanding of that. The problem with that is that it does not lead to careers, necessarily. That is where it is difficult for the tourism industry to have the career development that other industries might have. That is to do with the image that it has, and how we fix that up is a difficulty because it is the servile part of it that—

CHAIR—My late grandfather always told me if you could feed them or entertain them, you will always have a job.

Prof. Deerie—That is probably true.

CHAIR—I am in politics for that reason, I suspect. I don't expect I will always have a job in this, but I am just saying that was his analogy as a bloke whose last job was pick and shovel work on the Gold Coast City Council. He just saw it from the outside looking in, that the idea of actually taking care of people was a great way to be employed. That was his view of the world. Maybe we do not have that view known amongst people.

Prof. Deerie—In Europe waiters are seen as having a profession. It is not seen that way here. I do not know how you shift the attitudes, but that would really assist in providing some career development. On the other hand, there are people in the industry who just love being in it, and it is the passion that will keep them in there. The horrible hours and the low pay and all the other things will not necessarily deter them, but it would be good to be able to reward them.

Mr HAYES—What do you see as the strategy for attraction or retention in this industry?

Prof. Deerie—I do not know how you do it, but I think we need to change the image of hospitality and tourism, because you either have the image that it is servile, and I don't want my kids to be in that, or it is glamorous and I want to be in it. Somehow there needs to be a campaign or better instruction, starting in high schools, of what the industry can offer. The industry can offer a range of skills that are transferable. It is assisting in the image of the job; it is ideally having jobs that are more permanent. Casualisation is useful in some parts, but it also detracts from that ability to attract.

Mr HAYES—They are competing for labour on the general market out there, and we need to be at least mindful of that.

Prof. Deerie—Yes. Good wages are not something that have ever been part of the industry, and again that is an educating process perhaps for employers.

Mr HAYES—Your experience is the opposite in that regard?

Prof. Deerie—Sorry?

Mr HAYES—Your experience in terms of how the industry is seen, how it sees itself and rewards itself is different?

Prof. Deerie—Yes. It is seen as being a skilled job. I do think that is an educating process that needs to start in high schools. One of the areas that needs to be addressed in high schools is career teachers who have probably been brought up with the servile or it is really glamorous attitude, and do not know the parts in between.

Ms HALL—With respect to the statistics, I notice that you have quoted the research that has been done in various avenues. You might have even mentioned in here somewhere how it is really hard, with all the different pieces of research that is done, to still get a real feel for the industry. Since you are working in it all the time, do you have a suggestion as to how this should be addressed? I know that you have a recommendation that data be collected through tourism satellite accounts and that used for detailed regular analysis, but everywhere you go people are citing this report or this study; how do we go about getting some uniformity in place? When we get that uniformity, how do we do it, and how do we then use that to direct all the issues you have identified?

Prof. Deerie—Ideally it is something that ABS can deal with. At the moment, the categories are not sufficient to be able to drill down. So, you need data that is collected at lower levels to be able to get that picture.

Ms HALL—And it is really useful?

Prof. Deerie—Yes, for it to be really useful, and it needs to be a regular piece of information. The ABS might do something on motels and then it might do something on bed and breakfast, which again is useful, but they are only one-off, so it needs to be constant and regular so that you can compare over time, look at trends, and make some proper trend analysis. It is really difficult to do that now. I think it is an Australian government job to be able to collect all of the data at much lower levels and over a much wider range of areas. It is really only the ABS that will

compel people in the industry to complete a survey. I guess that is the case in any industry, I do not know, but some parts of the industry are just really dreadful at completing surveys, mainly because for small businesses trying to survive day-by-day, the surveys are the last thing they want to go in. A certain level of compulsion is really important.

Ms HALL—We received submissions in both Queensland and again this morning that look to the welfare to work reforms as being the answer to the problems of addressing skill shortages. From what I have heard during these hearings and read, this is an industry that is fairly vigorous and quite demanding, both physically and time-wise. Can you give me an idea how you think people who are involved in that welfare to work regime could be utilised—people with disabilities, sole parents and such?

Prof. Deerie—You are correct. There are areas in the industry, such as waiting and so forth, that would be very difficult for people with disabilities. But there are other positions, such as hotel, motel or travel agency receptionists, that can be done if you were disabled in a chair or whatever the disability is. There are some areas that would be difficult.

Ms HALL—Do you see that as solving the skills shortage?

Prof. Deerie—I think it is certainly one way of addressing the issue. It is also using the ageing—and I include myself—or the grey nomads in the equation, because you do not necessarily want these people doing waiting jobs, but there are many jobs that would be fantastic where the experience of these people could be used. It would be fantastic to use people who may have language skills, who are working in potentially a more sedentary job in a hotel, when you have international visitors. I think there are strategies.

Ms HALL—I must say I agree with you in the area of mature age employment. We could definitely utilise those workers a lot better. I do have some serious concerns about people with disability, considering I worked in that area for 13 years, and also sole parents, with the irregular hours involved.

Prof. Deerie—Yes, that is difficult. Again, just getting back to the image thing, we need to address the image of the people who are working in the industry. All of them do not have to be blonde and 20 and gorgeous looking; you don't just have to have that person at reception, which some employers still on having. It is educating people.

CHAIR—Although it is terrific to see someone who is blonde and attractive and 20 and all those things you have just described, but I have to say, nothing gives you a greater sense of confidence than having someone at the front counter or the maitre d or whatever of a restaurant that you know has some experience, will not fluster when there is a difficult customer. I always work hard at never being a difficult customer, but if you want to seek advice, if you want to get someone who will say, I do not know, it is a red wine. I went to a restaurant once when I was sitting with somebody who said, this avocado is green. They said, yes, there are two types of avocados, green ones and black ones. Sorry, I am on a tangent, but I am saying that experience surely must count. In a sector, you either have one night to get it right or you have lost somebody forever.

Prof. Deerie—That is right.

Mr BRENDAN O'CONNOR—With respect to the retention rates, which are of concern no doubt to the industry, you refer in your report that you have taken data from the hotel area. The retention rates were a little alarming in so far as the high proportion of people. Would that area actually have more or less vicarious work, more permanent work, than, say, restaurants, cafés, and so on? I thought some of the larger chains at least would be putting effort into their staff acquiring skills and they do not want to lose them, so they would do anything to retain staff. Also, they have the economies of scale, where a small business would not?

Prof. Deerie—Yes, you are correct in that the larger organisations tend to have turnover rates of between, say, 20 and 40 per cent. Mind you, if you go into some of the resort areas, it is 300 per cent—they hardly get in the door. One of the advantages of being big is that they are aware of the amount of money they lose when someone walks out the door, because they put training, time and so forth into them. So, they do work hard at trying to keep people there. With respect to the restaurants, quite seriously, if you look at most of the jobs in restaurants, they will be casual. A lot of that will not necessarily be picked up in the turnover figures. The figures are still high in the hotel industry.

Mr BRENDAN O'CONNOR—When you say they are not picked up, because they are defined as casual, you do not see them as turning over?

Prof. Deerie—Yes, that might be the case.

Mr BRENDAN O'CONNOR—That is sort of bizarre thinking.

Prof. Deerie—Yes, I know.

Mr BRENDAN O'CONNOR—Some 90 per cent of the work force is casual; therefore the retention rate is 90 per cent because, if the remaining 10 per cent of the 90 per cent stayed, that just seems to be ludicrous.

Prof. Deerie—Yes.

Mr BRENDAN O'CONNOR—You would actually have to define retention based on the workforce of whatever description. I understand why cafés have to have vicariously employed people; they cannot have permanence in seasonal work, it would be very difficult. I imagine if you were trying to measure the level of turnover, would you not have to look at each employee, whether they are described as permanent or casual?

Prof. Deerie—Yes.

Mr BRENDAN O'CONNOR—Otherwise you will get a totally distorted set of figures.

Prof. Deerie—Yes, I agree. It is interesting; I do not know why, but in the research, the turnover research is usually only in hotels—that is probably a generalisation—mainly because they have such large workforces. So, when you look at the data on things like retention, and the tourism industry has a high level of turnover, it is often only from the hospitality component of it. There is an academic debate about hospitality and tourism which is—

Mr BRENDAN O'CONNOR—Yes, where is the line drawn?

Prof. Deerie—Yes. You tend to find that the retention debates are focused around there, yet you very rarely find data on, say, turnover in Qantas, which is part of the tourism industry. There are big gaps of information on retention.

Mr BRENDAN O'CONNOR—With respect to Qantas, people start from a sort of travel agent, and they are all aspiring to get to a place like Qantas because the wages are relatively good, the conditions are good, and so on, and the opportunities are much greater in a large organisation. In relation to why are the turnover rates so high, partly I imagine it is structural because of the seasonal nature of some parts of the work, and the other I assume is attitudinal, where employees just do not know any other way, or they have not worked out that maybe for some of these sorts of operations, to spend a bit more on staff might actually bring a better return for them, but they seem to always go for that lower rate. Or is it because the margins are so fine?

Prof. Deerie—Yes, they are. From a very personal point of view, my PhD was looking at turnover in five-star hotels in Melbourne, and I looked at the culture of turnover within hotels. It was accepted that you come into the hotel, work for a short period of time and then leave, and that was quite acceptable. So, there was not a great attempt to try to keep people in there. When I saw that, I actually did a costing at a few of the hotels here on how much it was actually costing, from the time the PA picks up, talks to someone about a job and so forth. When you present that evidence, it is quite powerful, but there is still a culture that it is okay to come into the industry and only stay a short period of time. There needs to be some education in terms of saving money when you keep people there.

CHAIR—So it is a folly to suggest that it is saving money, because in the attraction of new staff versus the retaining of staff, the retaining of staff measures would tend to be a cheaper proposition, I would have thought. That is only built on the anecdotes of people I know who are employers, who say to me, I have 11 staff, and I have 12 mortgages. I do not want to lose any of my good staff because it costs me money to replace them.

Prof. Deerie—Yes, that is right.

CHAIR—But there must be then, amongst some of those big organisations, as virtuous as it is that they should have a training mantra, this view that, if that person does not like it, they can leave and I will get someone else in and that will do for a while until they realise they do not like it, and then I will get someone else in. So, there is actually a cycle of people deliberately there because of the bottom line factor.

Prof. Deerie—Yes, there is.

CHAIR—What about on the other side of that coin—and I am mindful of the fact that we probably should move on to other matters in a moment—but the working holiday maker visa, which has been hugely successful in lots of places and not quite as successful in others in plugging a few holes, there seems to be a frustration amongst some people in the restaurant trade that people have to move on after a mandated period of time. They train them up, get them used to what they want them to do, and then of course they either have to or they do move on. So, the working holiday maker visa may not in fact be the sort of God send that some people want, because

there is a cost to gear someone up to train them in the systems that that restaurant uses versus something else. Is that a factor or do most people not really seem to care—a beer is a beer, and a glass of wine is a glass of wine?

Prof. Deerie—I think there is a level of resentment that employers have to train, and that then they lose people. That particular scheme is interesting. It certainly does solve some problems. There was some work by Harding and Webster that I have quoted in there—but I am not convinced that their work is correct—where they suggest that that particular scheme is actually keeping out the locals from the industry. My thinking is, well, if the locals really want to do it, they would be in there doing it. Employers need to understand that training is part of the deal.

CHAIR—It is the investment that you make.

Prof. Deerie—Yes, and it is very difficult. But then, I guess that is the frustration with the education system, that they do not feel that the people they are getting, who are local students, are not being trained that they want them trained, so there is a level of frustration between the employers and the education system.

CHAIR—This brings us the other interesting thing, and we could be here for the rest of the afternoon talking about it, and that is that the working holiday maker visas may be less likely to argue with the employers' requirements than perhaps the locally engaged people too. I have heard that put as well. I am in favour of the working holiday maker visa because of the experience and the great camaraderie that it brings, but I fear that we are actually driving down the value of involvement in this sector by saying we will leave it to somebody who does not know better, who is just passing through. There is nothing wrong with having a permanent casual. I have a niece who had three jobs going, and she was having a great time. She was 10 hours here, 15 hours there and 20 hours somewhere else, sort of thing. She filled in a week. I do not know how she sorted out her tax return, but she filled in a week, so there is nothing wrong with that. But it is not for everybody, is it?

Prof. Deerie—No.

Ms HALL—There is nothing wrong with it if that is what you want to do, but if you have the three jobs because you cannot get that one permanent job, then there is something really wrong with it.

Prof. Deerie—Yes, that is right. On the other side of this scheme is that we are potentially losing some of our really good people to overseas places. That is an issue that needs to be addressed.

Mr HAYES—There is the point that, okay, we will access either backpackers or 457 visas as a way of not having to compete in the normal domestic labour market on price.

Prof. Deerie—Yes. I guess it is price. I do not know enough about the sort of profile of the people who are in the scheme—

Mr HAYES—It varies obviously with different sectors.

Prof. Deerie—Yes, but I would think that many of them are doing these sorts of jobs quite a bit, and they are bringing a fair bit of experience to the position. They may in fact be quite attractive to an employer because they have worked in Europe or in other places around Australia, so they may come with experience that perhaps the locals do not have—I do not know.

CHAIR—There is a bit of a backpacker track, is there not?

Prof. Deerie—Yes, there is.

CHAIR—They move from picking place to picking place; they probably move from restaurant block to restaurant block as well. I think that is their line of experience. I know there are minimum wages and so forth set for these 457s and working holiday maker visas, but I still think it is quite reasonable to say that there would be employers who could decide, I will slip them \$10 cash instead of paying them \$14 through the tax system. I suspect that could happen. Maybe that is the way the wheels go around, no matter how good an effort governments have on tax laws.

Prof. Deerie—One of the benefits of that scheme is that it does sort out the seasonality issues, because these people are here to go to the hot places when it is hot and the cold places when it is cold, so you are able to attract them to the ski fields if we ever get more snow, and to the beaches and so forth. There has been no research in Australia to my knowledge, but certainly in the UK there are groups of people who move from one place to another as a group doing this, and it is possible that there are people in the working visa scheme that do the same. I am not sure; I do not think there is enough information at the moment on their profile.

Mr HAYES—In the research that you did working on your thesis, you looked at the attitudes of people employed primarily in the five-star hotel side of the industry?

Prof. Deerie—Yes.

Mr HAYES—Did you follow their attitudes as to why they stayed for limited periods with a particular employer, albeit they may have stayed within an industry?

Prof. Deerie—Yes. The reasons that came up were a sense of loyalty from the employer to the staff, being able to have some autonomy, being able to have some flexibility in the way that they worked, being able to make sure that, if people came in and asked for a green avocado, then that was there. So, it was all of those things—that it was a good working environment. They wanted to work for a place that they could feel proud of, so the reputation thing again comes up.

Mr HAYES—Can we have access to that?

Prof. Deerie—If you really want to save on Valium and sleeping tablets, by all means.

Mr HAYES—Just an issue about the attitudes, because one of the things that the industry has not undertaken as far as I know is tracking people, from being recruited—just picking at random a group of people—to look at what their attitude is. A few people in Queensland do exit interviews, but by and large, the industry does not even ask people why they leave this industry.

Prof. Deerie—No.

Mr BRENDAN O'CONNOR—Or when they leave, they end up in another part of—

Mr HAYES—that is the point.

Prof. Deerie—That is right.

Mr HAYES—This is your research, that they may return within the industry?

Prof. Deerie—Yes. I have written some articles from my thesis, so it will save you from reading the whole thesis.

CHAIR—I think at the beginning of our conversation we were discussing the fact that the definition of tourism as an industry is a difficult one to nail down, because we have everything from fixing buses through to building skyscrapers, servicing aircraft and heaven knows what else. That makes it interesting for us, but we are not going to go on this enormous empire building tour on this. We do want to try to see if we can nail down how you can deal with labour shortages in this sector, when the sector itself does not really have any conceivable consistency or plans about it. I do not quite know ultimately what you can say. There is no magic bullet in any of this. We have talked about welfare to work; we have talked about all sorts of things. It is all part of a variety of mixes. I think recognition of people's experience in the various steppingstones they make through this sector has to be part of it, surely?

Prof. Deerie—I think recognition of what they do, so there is some sort of career path which then relies on building up the image of the industry. I was part of the restaurant and catering industry action agenda. One of the areas that we looked at in that was the image of the industry. It was dealing with restaurants solely.

It is a huge part of people seeing it as just a short-term job, not as a career. The image needs to be addressed. I think again that goes back to educating people in schools—careers teachers, kids who are looking at jobs within the industry. I think some steps could be taken. Also listening to what industry is saying about how well we are educating people for positions, how relevant that is.

CHAIR—How relevant the particular programs of education are?

Prof. Deerie—Yes. Again in Queensland, they are working on some skill development in a couple of schemes with the Queensland Tourism Industry Council and the department of education, I think it is. It looks like they could be quite interesting results to follow through. I do not think they are finished; I think some things are happening that would be useful to see, and to see how successful they are.

CHAIR—Do you think the industry has a view on how many people it really needs in this industry, across the sector, across the variety of core skills and specialised skills? Do you think it has a workforce development strategy as an industry?

Prof. Deerie—I do not think they would ever use the word strategy, but I think there is a sense of what is required. From working on that restaurant and catering industry action agenda, there is certainly an understanding that if you are going to make the tourism industry, whatever that is made up of, a reputable industry, the people skills, the customer service skills, all of those sorts of skills are really high priority, as well as product knowledge. Those areas are areas for attention.

CHAIR—There is a lot of in-house training, because the products vary?

Prof. Deerie—Yes, that is right.

CHAIR—The in-house training is not verified by any part of the national training system, is it?

Prof. Deerie—No, that is right. Nor is it rewarded. It is not rewarded by any funding or anything like that.

CHAIR—As in wages, perhaps, so is there any recognition in the wage—

Prof. Deerie—Well, I am even thinking from the employer's point of view. I know, for example, the Windsor Hotel sometime ago used to run workshops on learning English for some of their staff who would mainly be in laundry and housekeeping. It was not as though they were advantaging—it was something that I thought was an excellent scheme. They were being given some funding to be able to do that. Once the funding went, so did the scheme. Those sorts of schemes would be really useful if there was the opportunity for organisations to have access to them. Again, I know it is money.

CHAIR—We should probably leave it there, otherwise I will get on to my high horse about the fact that businesses themselves should realise that that should be their cost, not waiting for government to do it. I certainly do not want to starch where I do not want starch, if I am having my laundry done at the Windsor. So, one would hope they all know how to speak English in one form or another. Unless there are any further comments or questions, we have probably gone as far as we can go. Thank you very much, and we appreciate the good underpinning through the work of the CRC in your submission.

Prof. Deerie—Thank you. I will send through the couple of articles so you can address any sleeping problems.

CHAIR—Thanks very much, Professor Deerie.

[2.00 pm]

YOUNG, Mrs Rosemary Margaret, Private capacity

FURNESS, Mrs Lynne, Private capacity

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; 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. Having said all of that, I welcome you both here. Would you care to make some introductory remarks?

Mrs Young—Yes, indeed. I should point out that Lynne and I are appearing as individual guides. We are both members of the Professional Tour Guides Association of Australia, which does have Australia in its title but it is mainly located in Melbourne, Victoria. It is a Victorian organisation. I am currently the Secretary of that organisation, and Lynne is the President. I will take a minute to introduce myself, and then Lynne will introduce herself as well. I work as a freelance guide, based in Melbourne. I am a fluent French speaker, so most of the work I do is French speaking, as a guide only or driver guide. I will give a little indication as to the sort of work I do, so that in the comments I make, you can see the perspective I am coming from, and you might see where the feedback I might give is coming from. The visitors I would usually guide are from regional France, Paris, Switzerland, Belgium, Canada (Quebec, in particular), Guadalupe, French Guyana, Reunion and Mauritius. The tours that I have conducted out of Melbourne are many of the usual tourist attractions, including Yarra Valley, the Dandenongs, Healesville, Phillip Island penguins, Ballarat Sovereign Hill, the Great Ocean Road—the Great Ocean Road is my favourite tour, so I have done that in conjunction with the Grampians, and a three-day Melbourne/Adelaide tour. I have also done city sights tours around Melbourne, either in coach or on foot in the city.

Mrs Furness—I am a different kind of guide, because I only guide in English. I predominantly work out of Melbourne, doing either similar tours to Rosemary, but mainly with English-speaking tour groups. However, I have just finished three days with a group of Finnish electrical engineers who had their own translator/interpreter. As Rosemary said, I am currently the President of the Professional tour Guides Association of Australia.

CHAIR—How many people are professional tour guides, or perhaps members of your association and others?

Mrs Furness—Currently we have 120 members. The majority of members live in Victoria, but we do have a number of distance members in New South Wales, Queensland, South Australia and the Northern Territory. There is an Australia-wide organisation which the federal government funded, called Guiding Organisations Australia, and they put in a submission. Rosemary has put in a submission, and I have come along to see if there is anything extra that we could add to the submission.

Mrs Young—She can answer the questions to which I do not know the answers.

Mrs Furness—We hope.

CHAIR—A lot of the work that has been done on this inquiry in its other days of discussion before today has been dealing with the range of qualifications, experiences, the credentials and the image, if you like, of those who actually participate in the industry. From your perspective, I just presumed there are tour guides. I do not know, I have never really been on a tour around Australia.

Mrs Young—Which brings me to point 1.

CHAIR—Well, that is good. I am glad. I am just trying to provoke or revoke or whatever. What is the perception you have about how people see your part of the industry or the industry in total, and are there enough, if you like, professional pathways for people to follow to enter and continue to stay in this sector?

Mrs Young—I am not particularly speaking to my submission. I will just respond to that. My perception would be that many people are unaware that there are such things as tour guides. They are probably quite unaware of the role that tour guides play. I often have the feeling in the industry that we are fairly disposable, that we are seen sometimes as a financial burden as opposed to an asset in a tour that can perhaps enrich the tour and can make it a really high quality experience. I can see from the operators' point of view that there are obviously cost considerations, and they are running a business. In a short-sighted way, often the omission of a guide perhaps in a tour is an easy option, and that is of course something that we would argue against.

CHAIR—It is not true in half the world, though, is it? We rely on guides in other parts of the world.

Mrs Young—I think the situation in Australia is in fact quite different. Guides are regarded here more as not having the status that guides have overseas. Almost all overseas guides would be university graduates and full-time professionals who are extremely knowledgeable, whereas here there is certainly a perception that just anybody can do it. You can just put somebody in there and they can do it. If I can tell a small anecdote, in another part of my life, I had lamps wired up to meet Australian requirements. So, I go down to see Alain, who is also a Frenchman, and I was telling him, look, I speak French and I do these tours, and he said, oh, that sounds really interesting. If ever you cannot do it one day, just give me a call and I will step in for you. So, here is this guy whose main job in life is to wire up lamps and who thinks he can step in and do what the tour guide does.

CHAIR—You do not make things up as you go along. I think the point you are making is that there is a specified reason for you to be a guide, is there not?

Mrs Young—I think in general guides inform, guides entertain, and guides manage. I think those three elements or components, added to a tour, will increase and enrich the experience of the visitors. We get a lot of feedback, with people saying, 'I was so interested in what you said,' or 'I really, really enjoyed that commentary', and if it has been put together properly and tailored

to the particular group concerned, which a trained tour guide can do, then that is a highly valuable contribution. Looking at the first term of reference, the future trends, I think it would be our argument or our vision that part of the tourism industry in Australia as it goes forward ought to include tour guides as a vital and important part of tourist's experience when they come to Australia.

CHAIR—The reason we wanted to talk with you is there is a series of submissions that sort of point out that there is a little bit of amateur hour afoot in a lot of what we do in Australia, which is all very nice and fine, and the kangaroos and koalas will sustain us, so the international tourists will understand. But do you find that international tourists are really looking for a guide and are appreciate of having the guide, perhaps more so than domestic-based tourists?

Mrs Young—Absolutely, totally. As an example, I had a group from the Zonta International Convention in Melbourne earlier this year, and I took the Great Ocean Road tours. I had two days in a row down the Great Ocean Road with the people who had elected to go on that tour, and I had prepared quite an extensive commentary. I think as a guide, you are always worried, am I talking too much, or am I not talking enough. So, I said to a couple of them, am I talking too much?

I do not want to bore you to tears. What do you think? How is the balance going? They said, oh no, all we know about Australia is what you are telling us, so just keep talking. So, they were wanting this information. I think certainly the tourists that I guide are often professional people, managerial people, well educated and sophisticated. Often they have travelled extensively before, and they have a very high expectation of the quality of the information and research that will be given to them.

CHAIR—Is there a rating of quality tours in Australia? Do we actually sort of say, look, you can go on a bus tour along the Great Ocean Road, and does that equal a bus tour on the Great Ocean Road with a tour guide? In other words, is there some way that a consumer from overseas can actually tell those tours apart?

Mrs Young—I think not. There is a big difference.

CHAIR—So, invariably, a tourist from overseas could come to Australia and they will say, they packed us on a bus, the coastline looked nice, I learnt nothing, I spent no money because none of it really got me excited. I think it was important but I do not really know. I read the book and then I came home. Am I being too facetious here?

Mrs Young—Mediocrity is—one of the points I would like to make is that people should not be giving commentary who are not qualified and trained to give commentary. This sounds like an attack on coach drivers, and I really do not mean it to be—

CHAIR—It sounds like an attack on members of parliament, too, and journalists, so do not be afraid.

Mrs Young—I am one of the few guides who actually sits in a coach. I do listen to parliament sometimes, and I do appreciate what you say.

CHAIR—No, I am not saying of all; my colleagues here are the great exceptions. Please keep going.

Mrs Young—I am just saying that I am not attacking coach drivers per se; they are extremely hard working and competent people. I am one of the few people where on one of my assignments is to go on one of those Great Ocean Road tours, the ones that go out of Swanston Street. I go with either a French-speaking couple or a group—they have the ability to book a guide. So I will be sitting in a coach; there will be a coach full of people. The driver will give the commentary in English to presumably English-speaking people or people who would understand English, and then I would be here with my French people speaking with the little earphones and so on to the French people. I listen to many of those commentaries in English. There is one Great Ocean Road driver called Russell whose commentary was impeccable and flawless. It is not by virtue of the fact that it is a coach driver, but what I am getting around to saying is that most of those commentaries are appalling, and I can tell you any number of instances of inappropriate, ill-researched commentaries. When I come back from those, I am very sad and disappointed for the bulk of the people, because they have paid good money, they have expected a service, and they probably had quite a nice day out. They have taken photos, seen the Great Ocean Road, and it has been okay, but I feel very disappointed that it is such an inferior product.

CHAIR—It seems to me that you are really striking a blow here for the status of people in the tourist industry. If we have a labour shortage in it, and if we have people saying to us, it is because it is not valued and it seems a sort of transition—you go there before you do something real and so forth. You are really saying that there is a big dollar task associated with this sector. Not only that, but people can bring a variety of skills, including linguistic and history skills, and all sorts of other great skills. In Europe they use university graduates as tour guides; it is an appreciated commodity. You really want to say that this is a sector that you are proud of and you want people to see it as a career path?

Mrs Young—I do not think it is that at the moment, but that would be the way for tourism to go. I am working on three assumptions that I think most people would agree with. One is that tourism is a vital and expanding sector, and with the potential to generate export dollars. That is in both the Victorian and Australian economy. Secondly, a commitment to excellence and to a high quality product. Thirdly, to real and meaningful long-term jobs for people. Most of the comments in my submission refer to the first and second terms of reference, looking at the employment trends in the future, the skills shortages, the training and so on that is acquired, and that qualified guides be a part of that. At the moment, they are not. I am fairly sure that it comes back to the cost of providing the service, the cost of operators perhaps not valuing—and there is a little catchphrase, that we are seen as burdens, not assets. We are seen as a financial cost rather than an asset.

Mr HAYES—How are you engaged in relation to a tour?

Mrs Young—Personally I am often engaged from Sydney. Most of my pay cheques actually come from Sydney, Inbound Operators, because that is where most of the international tours come in. Then I also work for some local tour operators here. I also work as a driver/guide, so if they are short of a driver, I would do that in English as well, a driver/guide.

Mr HAYES—Do you contract to a range of drivers?

Mrs Young—I freelance. I am a little bit unusual in that I work through a company, so they actually hire my company, and my company provides the service. Most freelance guides do not; they just operate as individuals.

Mr HAYES—How about your business, Lynne?

Mrs Furness—In the same way. I also operate a company, but it is individual tour operators who would contact me and say, would you be available to meet this couple at the airport, or meet this group at the airport, and a lot of the groups of individuals coming in, if Melbourne is their first stop, then the Inbound Operator, be they in Sydney or Brisbane, which is mostly where my employment comes from, would send me all of the documents, all of the vouchers that the people need, their itinerary and the brochures about what to see and what to do. It is my responsibility to go through all of that with them when they get to the hotel, help them with their check-in, and welcome them to Melbourne. If I can go back to a point that Gary made before about been there, seen that and read the book and we enjoyed it a bit, one of the Canadians on a tour that I did last week said to me, when we got to Healesville, we will know more about Australia than the Australians do by the time we have finished. I like to tell people about the three levels of government because we have a different system to anywhere else in the world as far as the three tiers of government. We have had no bloody riot or insurrection or war to come together as a country, and people do not necessarily understand that. The questions that people ask are, where does the money come from? Who pays for this? They have all heard about the Medicare scheme, so how does it work? With respect to all of these things, a good guide will have all of that information at their fingertips, or at least have it in written form if not up here, so when you are asked a question, you can answer it intelligently. There are the good coach drivers, and there are coach drivers who leave much to be desired. They can be very racist. They can look at a group of tourists on their coach who are predominantly Asian, and a lot of Asian groups who go for tours do not necessarily have their own guide. If you cannot speak English, then the coach driver's attitude is, I don't speak any other language. If you cannot understand me, bad luck. They talk in colloquialisms, which are hard enough for some Australians to understand, let alone foreigners visiting the country.

Mr HAYES—Does your association set standards? Obviously you admit people as members. How do you actually set standards for guides?

Mrs Furness—The people who apply to become a member all have to have qualified as a tour guide with a certificate in Tour Guiding from one of the TAFE colleges. They also come and do a presentation to a panel so we can see what they are like. People become a provisional member and then, once they have worked in the industry for 60 days they have the ability to apply to become a full member. Again, that is another presentation that they have to make.

Ms HALL—Obviously not all guides are with your organisation. Do you support accreditation of guides?

Mrs Furness—Absolutely.

Ms HALL—Minimum standards? And maybe signing up to some sort of code of conduct?

Mrs Furness—There is a code abiding practice which was developed by Guiding Organisations Australia. If you belong to our organisation, you must abide by that code. Accreditation has just been introduced, but unfortunately it is not mandatory, so while we fully support accreditation, we would dearly like it to be mandatory because then it would give us the ticks like you see from the—

CHAIR—Heart Foundation?

Mrs Furness—Not the Heart Foundation; it is the quality assurance ticks. It would at least give us some kudos and acknowledgement that it is an important part of the tourism industry.

CHAIR—It is bit of a ‘doctor, heal thine own wounds’ situation for the tourism industry here, is it not? If you are to rely on the fact that someone is going to come from another country, not speak the language, therefore not know what you are telling them is true or false, and then they go home and they come back with all sorts of strange impressions or bad impressions, tell their friends and no one ever comes to Australia again, there is a bit of a problem there, is there not?

Ms HALL—It is very bad for the whole industry and for our economy, isn’t it?

CHAIR—It is not particularly clever.

Ms HALL—No, not at all.

Mrs Furness—One of the difficulties, too, is that a number of Asian countries, predominantly, bring in their groups with their own tour guides. One of the reasons for accreditation was to try to reduce the bad effect that those guides have had on the industry in that they take people to Surfers Paradise and charge them \$200 to go to the beach, or they only take them to certain stores because the guide gets a kickback. We do not hold with those sorts of practices. One of the other difficulties is that when groups from whatever country come in with their own tour guide, there is no tax advantage to Australia for those people leading the tours, because they are being paid in their home country, they are coming in and taking away a job from a local, and their money is just going back to their home country. All that comes here is only what they spend here in accommodation and food.

CHAIR—Let us just do a comparative public policy analysis here, okay? What happens in other countries? What happens in Europe with the great tour coaches over there? I just have a vague view that they have a locally engaged person, even if you have a group guide, you have the two of them on the one bus.

Mrs Furness—In Italy and in Austria, they actually have a law that says that, if you come in with your tour group, you must have on board your coach a local guide, if you are doing a tour. In Italy in particular, they actually get on board the coach and check that there is a local guide on board. If there is not a local guide on board, that company is heavily fined.

CHAIR—I am not sure that this was a good example, that Italy and France is necessarily the way we want to run the country, but I take your point.

Mrs Furness—No, no.

CHAIR—My perception, for instance, in going to China was that you have somebody travelling with you, and then you have the local person—whether they are there to keep an eye on you or not, I do not know. That is always open for debate, but they are there. The point is that having a local liaison person has got to be of a greater advantage to a group than someone who has just come in from 10,000 kilometres away.

Mrs Furness—And who has only read about it in a book, and that book may well be outdated. The information is not necessarily accurate.

CHAIR—This whole discussion about labour shortages in the tourism industry raises this whole question about career paths and so forth. What you have done is raised this level that we have heard earlier today about the professional aspect of our tourism industry and how its professional conduct is perhaps actually part of the problem. We do not value our maitre d's in our restaurants. We do not value our tour guides in our buses. There is a bit of a theme developing here on the evidence we are hearing today. How are we going to fix the labour shortages in the tourism industry? You are obviously desperately interested in that.

Mrs Young—Well, we would like more work, I guess.

Ms HALL—Then your issue is not so much the fact that you have too much, it means that you actually want to be able to compete with other tour guides on a level playing field?

Mrs Young—If there were not, there would be more work for qualified guides, and that would in turn encourage more people into the industry, but I think there is a conflict there with the coach drivers giving commentary. Another one is the international guides coming in, that you were just talking about.

CHAIR—You said you go to a local TAFE or trade organisation; what is that level of qualification, a certificate II or III?

Mrs Furness—Certificate IV.

CHAIR—So it is a Certificate IV?

Mrs Furness—In Tourism, but usually you start off doing general tourism and then divide. You can go into either events and hospitality or you go into tour guiding.

CHAIR—Okay. Can you just belt through the concepts of the course? I think it would be quite interesting to find out how you get a Certificate IV in Tourism majoring in tour guide work. How do you do that? What are the sorts of elements of instruction there?

Mrs Furness—You learn about planning a tour, so therefore a commentary, how to research the information that you need, how to write a commentary, how to use a microphone.

CHAIR—Do you talk about where to go and how long to travel for before you stop and where you stay?

Mrs Furness—Where to go, and how to run your commentary so there is time for people to absorb the information and have a chat amongst themselves, and give your voice a rest, rather than talking the whole time, and learning the skills of presentation. How to present a commentary, how to meet people at the airport, how to put them on a coach—really simple things. How to help them check in to a hotel, particularly if you have come in from Europe and you have been in the air for 24 hours and you arrive here at 4 o'clock in the morning, the last thing you want to do is to have to listen to the Australian accent which sometimes can be quite heavy and difficult to understand. It is nice to have somebody to help you do that. First aid is part of the course. It is compulsory for you to have that in order to complete the course. It is a requirement for membership, although it is not one that we can at the moment stick by because it is not an industry requirement. It is not just general first aid, but also how you manage if you have a group of 36 people and one person falls over and breaks their ankle, how do you manage that situation by keeping 35 people calm and occupied while you deal with that person and get an ambulance.

Ms HALL—Is it a requirement that somebody on a tour has a first aid certificate? Say, if there was a driver, would that be a legal requirement?

Mrs Furness—Yes.

Mr HAYES—So there are requirements about the way these tours operate?

CHAIR—Yes, I would have thought so.

Mrs Young—Most of the drivers would have first aid qualifications as well.

CHAIR—So do you as an industry ever go to talk to schools and excite people about this as a sector to be a part of?

Mrs Young—Sometimes.

CHAIR—Do you perhaps go to French-speaking classes and say, do you know what is the use of learning French? Well, there are all these groups you can communicate with. You can stand in the United Nations and talk to them in French if you wish; it is recognised. You could also be a tour guide speaking French. You can work for me, perhaps. Do you do that sort of thing?

Mrs Young—I have not done that, no. If I can just follow on from what Lynne was saying, the qualification of Certificate IV going through the TAFE system is perhaps where some school leavers would go, and that is how they would enter the tourism industry. Many of us, and quite a number of the guides and a number of our members, actually qualified as something different, and added the tourism certificate on, so their guiding background did not come through that system. Perhaps they worked in business or as a teacher, a nurse or another background, and they have added on their tourism certificate and then have worked in tourism. I would like to see more university graduates in geography, history graduating with their basic degree and then adding on their tourism certificate, their guiding qualification. I came to guiding through my French, because I had French, not because at the time I was a guide. I have an honours Arts degree, so I have added this on, and that is another string to my bow, as you say.

CHAIR—How many hours a week, how many weeks a year, do you do this?

Mrs Young—Over about 12 months, I work about 40 days in a year, which works out roughly to about once a week, four days in a month. I do have a day job as well.

CHAIR—So it is a good thing for a casual workforce, perhaps, to organise themselves in that way?

Mrs Young—Yes. It is quite a nice add-on thing, but if you want to have a career or a full-time career structure, you really have to choose. I am just particularly flexible in my other work that I can take a Tuesday, a Thursday or a Saturday, or a four-day block, then I can do that. I am lucky that I can do that. About four days a month, probably.

Mrs Furness—that would apply to the majority of us. The younger people coming into tour guiding, who want to make it their profession, there is really a small number of fulltime jobs, and that would be working for one specific inbound tour operator and doing mostly the long-haul jobs around Australia, being away for three weeks at a time and coming back. That is the only way they can survive as full-timers. Like the previous witness, it is very much a seasonality job. Summer is our peak season, particularly here in Melbourne when the cruise ships are all coming in. The same applies in Sydney, when the cruise ships are all in town. Then Autumn, Winter, Spring, it is a bit light on.

CHAIR—Okay. That is very good. Thank you very much. It is very interesting. Thanks for the guided tour through your submission.

[2.33 pm]

KARMEI, Dr Tom, Managing Director, National Centre for Vocational Education Research

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; 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. You understand that. I know that you have appeared before lots of committees over the years. Would you care to make some introductory remarks?

Dr Karmel—Only a couple of comments. As you know, Mr Hardgrave, the National Centre for Vocational Education Research is the national body with responsibilities for statistics about vocational education and training, and managing and doing research in that area. We have provided a submission to the committee, including in that quite a range of statistics. We have also pointed to a number of reports. NCVER will assist the committee in any way it can. For example, if there are any particular special tabulations that we have not already provided you with, we would be delighted to do so.

CHAIR—We really appreciate that, because we are trying to get a handle on this industry, and I know sort of the textbook explanation of what the industry is, but I just wonder if in your own findings you can really sort of give us a clear snapshot, if you like, of the sorts of skills across the sector, and maybe some of the shortages that you can see, and maybe even looking at some of the pressures that have brought these on? We have heard evidence today that, like everybody else, they are saying that in regional areas they have gone off to the mines because people with a certain kind of core nation building skills are drafted elsewhere. But there are specific skills to this sector as well?

Dr Karmel—I think this sector is a particularly difficult one to characterise, because it is very big, as you well know, and is actually quite difficult to define because you have all the hospitality, cafés and accommodation, which is certainly part of tourism, but of course cafés do other things than provide tourist services. It is a workforce that is very large. It would have to be the most mobile workforce of any industry. The ABS statistics show that. I guess that is a real challenge for the industry. You ask yourself, why is the mobility so high? Typically, the reason is that a lot of the work is I suppose relatively low skilled—not all of it. Much of it is high-skilled. It is seen in our community for many as a pathway; that is, it is jobs for students and casuals and seasonal workers and so on, rather than as a career. One would have to say that the other thing that makes it difficult is the working conditions in the industry which in some cases are pretty poor, and so people do not stick around.

Ms HALL—We are concerned on most of the issues around working conditions and how they impact on people staying in the industry?

Dr Karmel—I think it is pretty straightforward. If you are working in an establishment where you are not treated very well and you are not paid very well, then you will look for other opportunities.

Ms HALL—Examples, please?

Dr Karmel—Examples? I will give you two examples—one in the industry and one not in the industry. One of the things we are always hearing about is shortages of cooks or chefs. Now, the number of chefs that have been trained, and the number of migrants who have come in with those skills, is just huge. But most of the jobs are not that terrific. The hours are not conducive to family life; their working conditions often are hot; it is stressful work. The industry in some ways has a culture of bullying. What the head chef says goes, and you have to get up the pecking order until you get that sort of power. These things do not make it conducive to staying in the industry. I said I would give you another example. The other example is hairdressers. There are always shortages of hairdressers. We train heaps of people as hairdressers, but it is the same sort of problem. Unless you are actually running a salon yourself, the money is no good, it is reasonably high pressured, there are occupational health and safety issues such as chemicals—they are the types of reasons that you get high turnover.

Ms HALL—I just think that that is really important for us to get on to the record. Would you actually say it?

Dr Karmel—I was really taken by the evidence of the previous witnesses. I started flicking through some of the statistics that I have provided you. The thing that is interesting, even if you are not a glutton for numbers as I am, if you just go through the list of actual training packages and certificates that are in this industry, it is absolutely huge. There is a huge amount of training provided. That said, there are not a lot of students doing some of the courses. I was just looking at the Certificate IV in guides. You are talking between 100 and 200 students a year.

CHAIR—State-wide?

Dr Karmel—That is Australia wide. So the courses are there, but there are very small numbers of students actually doing it.

CHAIR—You would not be surprised to hear me say this, I guess, but the fact is that there is a lot of people in this industry who are saying that the training that is provided is just too rigid. This is from employers. They are saying, ‘I just want to know someone who can do something, and I will just hire them, train them and show them how to do it and that is that.’ That poor person, I think, never gets the piece of paper to prove they actually have that experience under their belt. There might be lots of training packages, but if it is not suiting the industry’s needs, it is a sort of a bit of a waste of ink, is it not, to have all these training packages. What evidence is there that suggests that the training sector is properly responding to this suggestion? It was even in that *Demands of training* report that talked about the flexible training required by industry that just did not produce what they needed.

Dr Karmel—It is very difficult. I was just flicking through a report that we did some years ago, so it is a bit dated, by Brett Freeland. In his conclusion, a couple of comments: one is that the connection between high school levels and increased level of profitability has not been

demonstrated. I think some of the previous evidence suggested that that might be the case. If you are running tours or whatever, obviously a lot of the companies are not convinced that high level skills is what you need to make money out of it. The other comment that he makes is rather interesting. He said, the findings of this study indicate that enterprises do not have the demand for, or value, more highly trained staff who completed formal qualifications. So, it just seemed to be the case that the industry itself does not really value qualifications as such. I think there is a view that you can learn a lot of these skills on the job. No doubt you can, but clearly—

Mr HAYES—I think that finding is based on the various pieces of evidence that have been given to this committee so far. People talk about on-the-job training, but one of the things that strikes me is that when we start talking about an industry that has a lot of potential, where it is likely to go in the next 20 years, all the research says that tourism, particularly out of Asia, is likely to increase dramatically. We did not have that sort of forewarning in terms of the mining boom or resources boom that has occurred; hence why these companies are struggling to get the skills that they want. We have this sort of knowledge from research being done, predictions being made now, but an industry that does seem to be fixated on, she'll be right, we'll just train our own and we know we have high turnover but we will not invest in it. I think it is probably more the poorer for that.

Dr Karmel—I am not sure how to comment on that. When you are looking at issues such as skill shortages, you have to look probably more at the actual industry itself, and you have to look at the training system. There is no point in training people if there are not the jobs there, and if trained people are not rewarded. Again I was struck by the evidence of the previous witnesses who were guides. You would not be talking about skill shortages there if you were a guide, because clearly the number of days of work you can get at a skilled level is pretty limited. This is an issue too. We may say that this industry has huge potential, and we will need more people working in it, but you cannot train people now and keep them in a cupboard and bring them out in five years' time when the numbers are there. That is one of the things about training.

Mr HAYES—We do tend to retain people generically within the industry, not necessarily with the particular employer, and it is how the industry actually relates to recognising training as being of value, not just the job you are in here and now.

Dr Karmel—Yes, but I guess when people start talking about the industry recognising the value of training, the way that the individual employee sees that is through their wages and working conditions. There is no other way that you really see it.

CHAIR—That is the absolute reality of it, is it not? There are those in the Treasury and the Department of Finance in the Australian government who say, how can you point to there being a skills shortage if we are not seeing a spike in wages, because of the whole sort of demand and supply?

Dr Karmel—Certainly in the mining industry, you have seen a spike in wages.

CHAIR—You have, but what they are doing—and I will be far more blunt than Mr Hayes has been—what the mining industry has done is said, we have failed to invest in staff because we failed to understand where things were going to be, so what we will do is we will just use dollars to go and suck as many people into our system as is humanly possible. To the credit of the

mining industry, they are now engaging in a huge amount of investment in training which will materialise over the next couple of years. But five or six years ago, certainly not.

Ms HALL—that is probably a weakness with our whole system of predicting shortages in the future, is it not? Everything is in balance, and there is a little change somewhere, and you find that you have shortages across the board, nearly, in trades at the moment?

Dr Karmel—The difficulty is that, at the end of the day, it is really difficult for bureaucrats sitting in Canberra or any other capital city to say, this is what has to happen. They cannot.

CHAIR—It has to be industry, surely.

Dr Karmel—So typically what you look at is having systems that can respond quickly. One of the things that is very attractive about our Vocational Education Training system is that many of the courses are not particularly long; the majority of students are part time, so this is training you can get while you are already employed. Probably for the tourist industry, that is the way to go. You train up the people that you have who are working for you rather than wait for a graduate of a TAFE or a university to come looking for a job, necessarily.

CHAIR—The job horse comes before the training cart, so to speak?

Dr Karmel—I think that would be particularly appropriate for a lot of jobs in the tourist industry.

Ms HALL—I notice as part of your submission the way that you raise the topics you have discussed in your consultations, and you talk about issues relating to user choice, developments, planning information, purpose priority for training—you know the ones I am talking about here? Strategies, procedures for training, perceptions of the training market barriers, and impediments to training provisions. How can you get the industry as a whole to focus on this sort of approach, looking at the issues relating to choice of development and then putting in place planning and strategies and moving forward, I suppose given that we have already identified some problems in that area at other levels?

Dr Karmel—In one sense I think you have to leave it to the industry itself. I was musing before about the nature of the industry to monitor itself, again when listening to the evidence of the previous witnesses. The difficulty you will always have is that if you have industry that is structured so that if you do something and make a quick buck and then get out, there is no real incentive to do the right thing. So somehow you have to come up with industry structures where companies have a long life, because if you have a long life, you cannot afford to cut corners and provide a low-quality or service which is not value for money. Essentially, you are really looking at trying to encourage structures that encourage those who are willing to invest for a long period of time.

Mr HAYES—How do we structure, say, vocational education to meet the changing nature of the industry in this area, until the industry works out precisely where it is going to go, and generally represents the length and breadth of its constituency?

Dr Karmel—I guess what I am saying is it is very difficult for the training system to solve the problems of the industry. It has to be the other way around. But the training system has to be responsive, but it is not going to solve the problems by itself.

Ms HALL—A partnership between both, involving government as well?

Dr Karmel—I am not even sure whether you need partnerships. If you have industry where there is a demand for skills, then the trainers will come very quickly. There is always money, either from government or from a fee for service. The one thing about this particular industry, apart from the big TAFES who have a lot of infrastructure and a lot of resources, there are a lot of very small providers who will go for niches. If the opportunity is there, I think somebody will go into it, but there has to be the opportunity. There has to be the payoff for the employers and the employees to improve their skills.

Mr HAYES—If the Ski Areas Association suddenly said all of their nine-member companies are now going to embark upon training ski instructors or something, a training provider would jump out of the bushes, would they not?

Dr Karmel—I am sure they would, if they have not already.

Ms HALL—Would it not be a better process if all parties sat down beforehand in the processing of a plan rather than, oops, we have a shortage; let us deal with it? Would it not be better if there was some discussion and planning and working out directions so that you just do not react to it when you have a problem, and that seems to be very much like what is happening here.

Dr Karmel—I guess that is one point of view. The other point of view is that the way the industry goes ahead is because individuals have imagination and see new things that they can do, so it does not happen in such a planned way.

Ms HALL—Given there will always be new businesses and opportunities, there are some pretty standard ones that I do not think have been responded to. I would put it back to the industry as well.

Dr Karmel—As I said in some of my earlier comments, if you look at the list of courses available, the training is there.

Ms HALL—But are they really relevant to the industry? I think that gets back to what the chair was saying before, and I think you will not really solve it until you are all sitting down together.

CHAIR—It is part of the thing, I suspect. From your point, Dr Karmel, you are saying, will you all sit down and talk about it and do the great sort of central plan, or whether or not the industry says, hang on, we are hiring people to do this, and the training sector responds; either way, you will still get a result, will you not?

Dr Karmel—Yes, that is what I am saying. I guess with these training packages that are produced, and the industry can certainly do this, you want to make sure that they are flexible

enough so that they can meet the needs of the varied things that you cannot predict. I think where you get into trouble is when you say, this is exactly the set of skills that you need, and that is what we are going to teach, because it is pretty difficult to get that right.

Ms HALL—I sure you would have examples of where you have been told by industry that they are wanting particular skills taught, and then there are courses out there to teach those skills, but in actual fact they are not meeting the needs of industry?

Dr Karmel—I am not sure if I know of any in the tourist industry like that, but then again, I am not an expert on the industry. You certainly hear that in some of the construction manufacturing where the technology keeps changing, so the skills that are taught do not always match up to what a particular enterprise wants to do. I think you always have to realise that, with skills, there is always a mix between formal training and what you learn through experience at your particular enterprise in your part of the world.

CHAIR—I imagine that would be true in every sector—a core set of competencies that are common across the board? In tourism there would have to be a core set of competencies at the heart of all those courses, surely?

Dr Karmel—Some of the management, some of the communication things, they would have to be core.

CHAIR—All right. That is very helpful, as always. Thank you very much for being here. We appreciate your coming in. If there are no further comments, we thank you very much for your time. Before the hearing adjourns, I need one of my colleagues to move that the committee authorises the publication of the evidence given before it today.

Mr HAYES—Moved.

Ms HALL—Seconded.

CHAIR—So moved; thank you very much. I declare the meeting of this committee closed. at 2.56 pm. Thanks for being here; thanks, everybody.

Committee adjourned at 2.56 pm