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25th August, 2006

Secretary,
House Standing Committee on Employment,
Workplace Relations and Workforce Participation,
House of Representatives,
Parliament House,
Canberra ACT 2600

Dear Sir/Madam,

Inquiry into workforce challenges in the Australian tourism sector

Terms of Reference

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 workforces 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.

Voyages Hotels and Resorts is an Australian travel company, providing experienced based holidays in spectacular locations including the Red Centre, Queensland Islands, Rainforest and Outback, Tasmania and Outback WA.

Voyages operate award-winning properties such as Ayers Rock Resort, Longitude 131°, Lizard Island, Silky Oaks Lodge and Cradle Mountain Lodge.

In all we employ approximately 1700 employees across 23 hotels. Positions range from traditional hospitality roles such as food and beverage attendant, housekeeper and front office assistant to retail positions, traditional trades, marine trades, airport operations, touring, dive instructors, naturalists and inflight catering.

All our properties are in remote locations with all properties except three with "live on" arrangements. This means that employees both live and play together 24 hours a day 7 days a week.

Current Situation

High staff turnover in remote properties is unfortunately a cost of doing business. Our turnover figure for the 2005 year was 120% across the business, the result in 2006 will be very similar. Lack of activities, shops, leisure activities and an inability to get away from "the office" all result in employees "burning out" or deciding to go back to the "real world". For example, many people think it would be great to live and work on an island for 12 months but when confronted with the day to day often don't make it past a couple of months.

We are constantly searching for the right people to work for us. Those that will embrace the experience of working remotely at the same time being able to cope with the pressures that it presents and provide exceptional service to guests who have often travelled around the world to stay with us.

With a shrinking labour market our ability to fill roles is even more diminished. Skills shortages in traditional trades and Chefs has led to us looking to overseas recruits to fill the roles we have available – this has its own issues and is covered in more detail later.

We are also competing with other employers such as Mining companies where they often provide fly in, fly out arrangements and salaries in excess of what is paid in the hospitality industry.

Future

The near future seems to be more of the same, a skills shortage in the trades will not be reversed quickly and will take some years to change. With an emphasis on young people completing their HSC before taking up a trade this will continue to impact into the future.

Hospitality is also not a high profile career industry. People tend to join the industry whilst studying or as a second job. A lot could be done to promote the industry as a long term career opportunity with the ability to manage Hotels and Resorts not only in Australia but around the world.

Seasonal Fluctuations

Our business is very seasonal. Sometimes a spike will only last a short period of time (school holidays) or will continue on for months because of good weather conditions. The following are a number of the ways we deal with seasonal fluctuations:

- Our Enterprise Agreements allow for flexible rostering. In the NT we are able to roster employees 480 hours (average of 38 ordinary hours plus two hours of overtime per week) over a 12 week cycle. In the QLD properties we can roster employees 304 hours over 8 weeks (average of 38 ordinary hours per week). This allows us to work employees more hours in some weeks than others and allows us to meet the needs of our guests during seasonal fluctuations.
- The Agreements also allow us to work employees on a multi-hire arrangement. This essentially allows them to have a “second job” but with the same employer on a casual basis.
- We utilise people on working Visas for periods of three to six months. The Island properties are usually able to attract backpackers on short term contracts and our Central Australian properties often utilise Korean students who come out to work and gain experience in the Australian environment.
- At properties like EIQuestro where we are only open for part of the year, most employees sign up for the “season”. Most employees that commence do finish the season but there are some who the isolation effects and they leave mid season.

As can be imagined we cannot just call in casuals to cover the peaks so close management of manning and occupancy forecasts is essential.

Recruitment

Our primary source of candidates is the internet. We continually recruit through seek.com.au and direct prospective employees to our own website where they can apply for positions on line.

One difficulty we face is the inability to interview prospective employees face to face. Most interviews are conducted over the phone. Some positions require two or more interviews. We attend careers expos around the country and also conduct recruitment drives where we attend a capital city and interview people across the weekend. This has proved very successful.

Some positions are very hard to fill as the number of applicants is in some cases small or non existent and the level of skills is not up to the required standard.

Retention

We have introduced a number of initiatives to retain our employees, listed below are a number of them:

- Encouraging transfers between properties with some relocation expenses paid
- Relationship with Charles Darwin University in the NT who provide some Certificate training free to employees because of the remote location
- Introduction of flexible rostering, allowing longer periods of time off the property
- Reintroduction of public holidays in the QLD properties (previously they had been provided with 5 extra leave days but may have been required to work all public holidays)
- Free transfers off our island properties on company owned launches
- Discounted accommodation rates at our properties for employees and their families
- Introduction of an Employee Share Plan for salaried employees with 12 months service.
- Reimbursement of relocation expenses up to \$600 after 9 months service for frontline employees
- Insertion in the new QLD Enterprise Agreement the ability to salary sacrifice accommodation expenses in line with ATO remote area rulings
- Social activities such as sporting events, movie nights, fancy dress parties etc

We have established that there are generally two types of employees who want to work in remote locations:

- Those looking for a lifestyle change
- Those looking to earn as much money as they can in a short space of time

The lifestyle people tend to choose the islands and the “money makers” tend to choose Central Australia. Generally there is not a lot to spend money on in these locations and with the ability to work on a multi-hire basis they usually achieve their goal.

Providing these types of employees with further tax incentives for living and working remotely would make these types of locations even more attractive.

For employees engaged on the island properties the main issue for them is being able to get away from the property regularly to regional cities so they can visit banks, medical practitioners, buy clothes and all the normal things city dwellers take for granted. This is can be a costly exercise depending on

their circumstances and where they need to go. Accommodation will always be a cost as will transport.

Issues

Skills Shortage = Promotions

We often find that because of skills shortages in certain areas, employees are being promoted to roles ahead of their skill set. Prospective employees also see their skills as being at a higher level than where we may assess they are, they often apply for more senior roles and will not accept anything less.

This is particularly noticeable in the Chef ranks. There are many young people who have only just completed their trade who apply for senior chef roles such as Chef de Partie, Sous or even Executive Chef. An Executive Chef not only needs to know how to cook but they also need to manage a brigade of chefs, control food costs, manage the logistical issues of ensuring they have all the provisions they need as well as reviewing menus etc etc. These types of skills are developed over years.

It is great that young people are ambitious but we need to ensure that we do not set them up for failure by placing them in roles that they are just not qualified for.

Immigration

Over the last 12 months we have had to rely more heavily on immigration particularly in relation to Chefs. We have had a number of successes in this area. Unfortunately the Department of Immigration sets a salary that must be paid as a minimum before you can sponsor an employee. The minimum salary level has recently been increased from \$39,000 to \$41,000.

In our case we receive a dispensation on the rate because of our remote location. For example, this means we need to pay a Commi Chef at least \$37,665 per annum on a 38 hour week not including penalties, allowances or Superannuation. Our Enterprise Agreement which covers our Commi Chefs, provides for a 40 hour week (2 hours of overtime included) and the current annual salary is \$34,788 plus 9% Superannuation. This effectively precludes us from employing Commi, Demi (\$38,525) and Chef de Parties (Enterprise Agreement rates are \$38,526 for a 40 hour week) from overseas.

What this means is that if we go ahead with sponsoring Chefs at these levels they may end up being paid more than our current employees just to comply with the Immigration laws.

Our recommendation is that where an Enterprise Agreement covers a workplace then that should be the rate that is applicable in those

circumstances. This is particularly relevant for skills shortage positions in remote locations.

We have also been investigating sponsoring employees in traditional trades, but to date have not been able to employ anyone. The process of accreditation for overseas qualifications would seem to be lengthy and difficult. We have at times been short of tradesmen for months on end, this means that maintenance work does not get done, the employees end up overworked and our guest service often suffers.

Given that this particular shortage will continue for some years to come an urgent review of the accreditation process should be undertaken to streamline and expedite the applications.

In Summary

- With a tight labour market recruiting employees to remote locations is even more of a challenge than normal
- High employee turnover in remote locations means that cost of recruitment had to be managed closely and retention of employees becomes a high priority
- Traditional trades and Chefs are in high demand and will continue to be so for some time
- Immigration laws need to be flexible to meet the needs of remote locations – sponsoring an employee and knowing you will have them for a definite period of time allows planning for their replacement when the time comes.
- When sponsoring employees from overseas, allow the Enterprise Agreement to be the minimum salary payable.
- Review the accreditation process for traditional trades as a matter of urgency.
- Conduct a review of tax laws and in particular FBT legislation which is prohibitive in some circumstances. Eg. At our Lizard Island property the only way off the island to Cairns is by Air. That can often be cost prohibitive to do a regular basis. If we want to offer employees a number of “free” flights per year we need to be aware of the FBT implications this may have. We have been told by employees that if they can regularly leave the island they are likely to stay longer. If these flights did not attract FBT then we could provide more of them and we believe that the average length of stay would increase.
- Promotion of Hospitality careers in schools outlining the various career paths
- Provision of Government funded training courses, such as development of e-learning solutions which would be available to employers and employees in remote locations. Development of a “one stop” shop for these resources.

We thank you for the opportunity to make this submission and would be willing to discuss these issues in more detail if required contact details are as follows:

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Yours faithfully,

A handwritten signature in black ink, appearing to read 'Simone Haynes', with a stylized flourish at the end.

Simone Haynes
Executive General Manager Human Resources