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House of Representatives
Standing Committee on Employment, Workplace Relations and Workforce
Participation

INQUIRY INTO WORKFORCE CHALLENGES IN THE AUSTRALIAN TOURISM SECTOR

**SUBMISSION BY THE
AUSTRALIAN SKI AREAS ASSOCIATION LIMITED**



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1 Executive summary

1.1 Introduction

The Australian Ski Areas Association (ASAA) is a company limited by guarantee to represent the interests of the nine alpine resort operators in NSW, Victoria and Tasmania. Alpine resorts and snow recreation is capital and labour intensive. The annual core trading period is approximately seventeen weeks from June to October; however there is a trend towards year round visitation. Variable winter weather conditions significantly impact on the industry. Macro-economic influences impact on the discretionary spending choices of visitors to the resorts. Long term industry growth is about 1.4% per annum, which limits the extent of wage increases. This poses an issue for the industry because the resorts must compete with the resources sector and less price sensitive tourism and leisure sectors for skilled and experienced employees.

Alpine tourism attracts Australia wide visitors. The quality of the resorts reduces the numbers of Australian who might otherwise travel overseas for snowsport in the Northern winter or tropical holidays in the Southern winter. Whilst alpine tourism in Australia has not attained the growth in international visitor that has been seen in other tourism areas it has been very successful in capturing domestic visitors and has been responsible for strong growth in regional tourism. Alpine tourism represents 2% of the total Australian tourism activity.

Underestimation of the economic contribution of alpine tourism may impact upon the investment in public infrastructure and services, reducing opportunities for growth. In 2005 alpine resorts generated a net \$1.3 billion to the national gross product and over 12,739 annual equivalent jobs during winter. The flow on to regional economies in NSW and Victoria is prodigious, for example in Snowy River Shire 57% of gross regional product of \$290 million was generated by winter alpine tourism. Governments derived a total of \$160 million in direct and indirect taxes from resort activity. Annual visitation is 3.1 million, overwhelmingly in the winter months.

The three states offering alpine tourism have different land management and regulatory structures which impact on the manner in which the private sector investors in alpine tourism plan for development and conduct their businesses. In particular leasehold tenure and lack of freehold gives rise to much commercial uncertainty in relation to investment.

1.2 Current and Future Employment Trends

Alpine tourism employees largely come from the “generation y” demographic. Their employment expectations, with or without qualification or experience are high. The need, sometimes mandated, to provide training, accommodation and other benefits to meet corporate standards and guest satisfaction is not always matched by employee performance. The variety of jobs in the Alps is extensive, and it is often necessary to multi-skill appropriate staff. The seasonal nature of the industry leads to the need to significant numbers of new staff each year which significantly adds to costs. The variability of winter weather conditions creates difficulties in matching operational needs. Fluctuating work hours, the cost of living and transport have a significant impact on attracting and retaining staff whose performance will meet or exceed guest expectations.

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

There are insufficient skilled persons for employment in all categories from trades to professional. The problem is acute in fields such as mechanics, electricians, fitters and plumbers. It is difficult to compete in the labour market for these workers who are attracted to working in the booming resources industry in Queensland and Western Australia. With an income earning weather dependant period of 17 weeks it is impossible to match the incentives provided by the extractive industries in remote areas. There is insufficient trained hospitality staff particularly chefs. Specialised snowsport positions in ski patrolling and ski and snowboard instruction outnumber suitable applicants. Professional positions such as information technology, accounting and business management are difficult to fill particularly because of the remote locations of the snowfields and the lack of community facilities such as affordable accommodation, health services and educational facilities for (young) families. Ongoing professional training is difficult to access.

Attracting appropriate permanent staff in all areas is more difficult because the local towns are small and quiet outside winter. The towns are remote from family and friends. The lack of recreational facilities, leisure activities and night life in summer contrasts with winter such that the seasonal difference will not appeal to many for year round employment. Major capital works and maintenance during summer require additional specialised workers.

Incentives to recruit or retain staff are essential and expensive. In resort training in all fields is provided, essential and increasing in frequency and cost. Notwithstanding these strategies turnover of key personnel is increasing.

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

The most important strategy has been to extend categories of sponsorship visas. This has been achieved by cooperation between DIMIA, DEWR and the ASAA. The number of countries with working holiday rights should be further extended. The current period of the visa is too short. By extending it from one year to either 1.5 or 2 years would enable a visitor to work two seasons saving on training and recruitment costs for resorts. The current 457 Visa is administratively difficult for the visitor to combine work and holiday objectives. The remoteness of resorts from cities where visas or permits must be renewed is awkward and impacts on booking flights and other travel plans. The requirement that an applicant has only one week either side of a work period without applying for another visa is too short.

The shortage of qualified and specialist trades people jeopardises the capacity of the resort to meet operational demands. The short operations period and limited opportunity to train staff locally could be ameliorated by being able to employ more skilled and experienced people from outside Australia. This could be achieved by extending the sponsorship visa arrangement from the current 5-7 months to 2 years, particularly for trades workers. Further simple changes to the current procedures would greatly assist.

Guaranteed wage rates can be met in average to good winters. Below average snow falls result in significant reduction in the capacity to meet these wage rates. Consideration should be given to differentiation between what is required to be paid by seasonal dependant businesses, as opposed to the guaranteed wage rates paid by resources or manufacturing industries where there is a year round capacity to earn. The current tax rates are very disadvantageous to international visiting staff. They incur a higher burden but have little access to the benefits of a resident such as Medicare.

1.5 Strategies to ensure employment in regional and remote areas

There are insufficient Government incentives to encourage the completion of apprenticeships in rural and remote areas. Training institutions are distant from work locations and scheduling often requires the apprentice to travel great distances in limited time. The cost of fuel, the need to use private vehicles for transport, accommodation cost with inadequate allowances can lead to the trainee losing interest in completion of a qualification. The ASAA would like to see more TAFE College places for trades qualifications, and incentives payments to both employer and apprentices working in remote and regional tourism businesses.

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

Nationwide recognition of qualifications would greatly assist in finding available staff. For example the training requirements of bar staff differ in nearly all states. This makes it more difficult to find staff outside the home state of the resort, notwithstanding the interest of interstate workers.

Greater focus of education and training for careers in the tourism sector at secondary and tertiary level would improve the output numbers of potential resort employees.

1.7 National Tourism Investment Strategy: Investing for our future

The recommendations in the report to the Minister for Small Business & Tourism in March 2006 are pertinent to the current inquiry. Whilst some of the recommendations are outside the present terms of reference, they are inextricably linked to addressing the tourism sector's workforce challenges. At the end of the day better management of macro issues will result in the tourism providers investing in and growing their businesses and as a consequence they will employ more Australians. Recommendations 37-44 are particularly relevant to the current enquiry.

2 Introduction

- 2.1** The Australian Ski Areas Association (ASAA) is a company limited by guarantee that has been in operation since the mid 1970's. Its members comprise all significant Australian alpine resorts in NSW, Victoria and Tasmania. Specifically, the ASAA is the representative national body for Australian's nine alpine ski lift operators being Thredbo, Perisher Blue, Charlotte Pass Village, and Selwyn Snowfields in New South Wales; Mount Hotham, Mount Buller, Falls Creek, Mount Baw Baw and Mount Buffalo in Victoria; and Ben Lomond in Tasmania.
- 2.2** The Australian alpine and ski resort sector is capital and labour intensive, and which has a core trading period of about 17 weeks from June to early October each year. Some resorts only operate, or substantially so, during that winter period, while several operate year round. The sector is reliant upon natural weather systems and experiences variations, which can be relatively large, from year to year. It is also influenced, as are many in the tourism and leisure sector, by macro-economic influences while also competing domestically and internationally for the discretionary spending choices of visitors. Industry long term growth is at the lower range being about 1.4% per annum. Wage growth is considered to be limited in these circumstances, with the industry finding it difficult to compete for skilled and experienced employees against the resources industry sector, as well as against less price sensitive tourism and leisure sectors.
- 2.3** The alpine resorts are important tourism assets as they attract a level of interstate visitation. The presence of high quality alpine resorts in Australia has a significant impact in reducing the number of snow sports enthusiasts who would otherwise have travelled overseas and instead choose to engage in their snow sport activities in Australia. They also retain domestic tourists who might otherwise visit a tropical overseas destination in the southern winter.
- 2.4** The Australian tourism industry is estimated to generate some \$30 billion per annum, and about half a million jobs across the nation. Of this, nearly 70 per cent is generated by domestic tourism (tourism by Australian residents in Australia) with the balance generated by international visitors. The industry generates approximately 6 per cent of Australia's GDP and 6 per cent of Australia's employment.
- 2.5** A feature of the wider Australian tourism industry over the last 25 years has been the rapid growth in the number of international tourists visiting Australia; hence the industry is a major exporter. For the Australian alpine industry the proportion of international tourism is very low, the survey results show a figure of less than 2 per cent. It is estimated that the alpine snow sports and associated tourist activity generates some 2 per cent of total Australian tourist activity.¹ The opportunity for snow recreation in Australia is extremely important in capturing domestic snow sports and recreational tourism by retaining in Australia people who would otherwise have travelled overseas for snow sport or to avoid the Southern Hemisphere winter by travel to the tropics or Northern hemisphere summer. if the

¹ "The Economic Significance of the Australian Alpine Resorts – Summary Report", National Institute of Economic and Industry Research (June 2006)

- 2.6 A lack of understanding of the total contribution of the alpine resorts as an economic activity driver could result in under-resourcing of the resorts' public infrastructure and services which, in turn, will lead to lost opportunities for economic growth.
- 2.7 Tourism development in Australian alpine regions significantly contributes to the Australian economy.
- 2.8 In 2005, the total **net** combined summer and winter benefits for the Australia alpine resorts was \$1.3 billion for additional state gross product (NSW- \$812 million, Victoria- \$505 million, Tasmania- \$2 million)², and the annual equivalent jobs created during the winter season is about 8,045 jobs in NSW and 4,694 in Victoria³. The alpine resorts are transparently of economic benefit to the regions located near the resorts. The flow-on effects from the Australian alpine resorts industry are significant for rural New South Wales and Victoria. The net national product was \$638 million, with \$347 million of gross product being redistributed from state and territories other than NSW and Victoria⁴.
- 2.9 Specifically, the regional flow on impacts of the Australian alpine resorts are summarised as follows⁵:
- Snowy River Shire: It was found that 57% of gross regional product (\$290 million) were generated by the winter alpine resorts and 3,264 annual equivalent employment opportunities or 51 per cent of the Shires total annual equivalent employment
 - Tumut Shire: the alpine resorts directly or indirectly generated \$28 million of the gross regional product and 557 annual equivalent employment opportunities
 - Alpine Shire: The winter resorts of Falls Creek and Mount Hotham generated an additional \$106 million in the gross regional product of the Alpine Shire and 1,375 annual equivalent employment, or 21% of the Shire's total employment opportunities
 - Combined Shires of Mansfield and Benalla: The gross regional product of the combined Shires is increased by \$49 million over and above what would have otherwise been the case and 555 annual equivalent employment opportunities
 - Murrindindi Shire: Lake Mountain contributes \$7.3 million to the Shire's gross regional product and 127 total equivalent employment opportunities
 - Baw Baw Shire: Mount Baw Baw contributes \$7 million to the Shire's gross regional product and 94 annual equivalent employment opportunities

² Ibid

³ Ibid

⁴ Ibid

⁵ Ibid

- 2.10** Total net additional taxation revenue was estimated as approximately \$106 million from direct taxes and \$54 million from indirect taxes, giving a total of \$160 million. The NSW Government was estimated to receive an additional \$37 million from its own taxes and its share of GST revenue. The Victorian Government was estimated to receive an additional \$22 million. Nearly all the remaining revenue accrues to the Federal Government⁶.
- 2.11** The Australian alpine resort areas are of national tourism significance. The NSW and Victorian resorts currently attract over 3.1 million visitors annually.
- 2.12** An important difference exists concerning the legislative structure of the resorts in Victoria and New South Wales, and Tasmania:
- in Victoria the resorts are not part of a National Park, though most of them are surrounded by National Parks, but are on lands owned and managed by the Victoria Government through Alpine Resort Management Boards under the Alpine Resorts Management Act (1997); and
 - in New South Wales the resorts are part of the Kosciuszko National Park and, therefore, must comply with the requirements of the National Parks and Wildlife Act (1974) and the Kosciuszko National Park Plan of Management.
 - In Tasmania, the position is similar to that in NSW, with Ben Lomond Ski Resort land manager being the Ben Lomond Skifield Authority. The resort is within the Ben Lomond National Park.
- 2.13** These land management and regulatory differences have an impact on the way in which resort companies plan for development and conduct activities given the variable degree of length of tenure by way of leases, and the attendant commercial uncertainty for investment that is brought about.
- 2.14** Workforce challenges for ASAA members are significant. The ASAA is pleased that the House of Representatives Standing Committee has been formed to investigate this important issue. The ASAA welcomes the opportunity to make this submission and would be pleased to provide further information where required.

⁶ Ibid

3 Terms of Reference

3.1 Current and future employment trends

- 3.1.1 Broadly, tourism operators are in the Generation Y phase of employment. Generation Y has an expectation of being able to achieve the highest education standards possible, and to reasonably expect to be able to graduate from a university. Their employment expectations are very high, even without any formal training or experience, and front line tourism jobs are too often seen as a means to an end, i.e. a job that will provide part time or casual employment while they are at university, or while they have a year off before commencing their chosen substantive career.
- 3.1.2 There is a varying range of commitment from Australians to their employment. Whether this is a generational trend or a cultural trend hasn't emerged, however, from recent observations from alpine resort operators, it appears to be a generational trend. The trend is of concern as resort operators choose, and are increasingly mandated, to provide significant and expensive training, accommodation, uniforms, incentives and other workplace conditions even though reciprocation of the effort and genuineness to meet corporate standards and guest satisfaction is often less by employees. The very low unemployment statistics currently being experienced doesn't assist in attracting a larger pool of talented and committed tourism resort employees, both permanent and, especially, seasonal.
- 3.1.3 It is important to address these emerging attitudes at home and in schools. Tourism industry jobs are very rewarding, offer fantastic opportunities and can be very rewarding financially. There are many career paths in tourism from bus drivers, mechanics, fitters, hospitality staff, grounds staff and the like through to professional career paths in law, finance and accounting, environmental sciences, information technology, and management. Most resort employers multi-skill their staff and train them in many areas of their operation when the opportunity arises.
- 3.1.4 Most employers in the ski industry are unfortunately in a position where they are only open for a relatively short period each year which necessitates employing many new staff each year to service the industry. The cost and the logistics of doing this each year are significant. In the many areas of the hospitality sector of the industry, there aren't enough trained staff to cover the number of available positions. Too often applicants with limited or no experience are employed with a view that on-the-job training will suffice. This is very difficult on both the employer and the employee and often does not work. It is also a very costly exercise for employers.
- 3.1.5 The ski industry is an employer with relatively constant employment needs year on year, i.e. each resort generally knows how many staff it will require in each area of its operation to cover the core ski season. While this can be useful in planning terms, the problem of availability of well trained staff is compounded by the fact that the winter season is variable and in good seasons necessitates the majority of staff to be present for a period of 14-17 weeks. In below average snow seasons, the difficulty of matching operational needs and demands with guest expectations is significant, and can adversely impact on the availability and quality of staff, their levels of remuneration consistent with fluctuating hours of work and the need to balance the cost of living and transport in regional tourism centres.

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

- 3.2.1 Australia's alpine resort operators face skills shortages across almost every category from trade to professional. However, the critical skills shortage is in trades including mechanics, fitters, electricians and plumbers, and the flow-on skills that people in trades acquire along the way, such as heavy vehicle driving and specialised plant operation.
- 3.2.2 Hospitality is also very high on the list of skill shortage. The shift to café style eating and away from large hotel kitchens also poses its own problems, particularly with chefs. Resort operators' observations over the last 3-5 years are that chefs are generally poorly trained in a la carte preparation and presentation. The shortage in skilled hospitality staff also extends to wait persons, bar staff and housekeeping.
- 3.2.3 In addition to these mainstream vocational positions, there is also a shortage of specially trained and experienced skifield employees such as ski patrollers, grooming machine operators, snow makers and, in some instances, ski and snowboard instructors. Several of the smaller Australian alpine resort operators are particularly exposed to these category shortages.
- 3.2.4 The skills shortage is not limited to trade and vocational employees but also extends to professional categories, especially those in financial, business analysis, accounting and information technology fields. Australian alpine resort operators face considerable difficulties in recruiting and retaining these professional categories because of the distance from cities for compulsory professional training and interaction, education facilities for families and the often significant imbalance between the levels of remuneration offered in cities, and lack of affordable accommodation in resort towns.
- 3.2.5 In both the trades and the professional categories, especially the trades, the increasing attractiveness of working in the resource boom States of Western Australia and Queensland has had a very significant adverse effect on the alpine resorts. The fundamental driver is the discrepancy in remuneration levels that cannot be met by alpine resort companies that operate in a variable natural environment with high and low seasons over a period of about 17 weeks.
- 3.2.6 At present, the skills shortage is regarded as acute by ASAA members with little prospect of improvement in the near future. Alpine resorts are in small towns or villages with some being at the end of the road in certain locations. The major maintenance work is carried out over the summer months. If any major improvements are required, then extra skilled staff are needed to get the job finished prior to the onset of winter. There is little or no night life and few available recreational facilities during summer, requiring employees to have interests that can sustain them in a very quiet environment. They are generally a long way from relatives and friends and need to be adaptable to that circumstance.
- 3.2.7 Recruitment strategies outline the positives of living and working in a regional environment and resorts offer incentives for their permanent staff in order to retain them, as well as to prospective employees for both recruitment and retention.

3.2.8 Training is an on-going exercise in all resorts, whether it be cash handling skills, selling skills, telephone techniques, computer program training, instructor training, to more long term training such as rigging courses for engineering staff, apprenticeship training, grounds maintenance, hospitality skills training and the like.

3.2.9 To illustrate some of these comments, one of the larger ASAA members has seen its seasonal return rates remain relatively stable over the past 10 years to season 2006 (in 1997 it was 53% and in 2006 it was 52%), but while the number of applicants was much the same over the period, the level of skill and experience has fallen. Falling also has been the length of previous seasonal experience within the overall return rates. In season 2006, 18.5% of staff recruited had one seasons previous experience at the resort, 17% had 2-3 seasons previous experience, and only 12.5% had been working for the resort for more than 3 prior seasons.

3.2.10 Further, in 2005, for the first time ever, the resort's permanent staff turnover rate exceeded the national average. The trend has been:

	2001	2002	2003	2004	2005
National Average Turnover rates	17.80%	17.00%	15.70%	16.60%	16.60% ⁷
Resort permanent staff turnover rate	11.36%	11.41%	14.10%	15.53%	17.75%

3.2.11 Expenditure on recruitment by the resort company increased 29% and on training by 129% over the same 5 year period. Training costs have increased as a result of initiatives and mandated regulatory requirements. Initiatives include the introduction of a Further Education Program open to all permanent staff to encourage further and higher education and skills development from basic attainment certificates to University study. Amongst other things, several employees now hold Advanced Diplomas, Bachelor Degrees and Master Degrees. Other retention initiatives and programs include:

- Increased apprenticeships, especially for mature aged persons, including bonuses paid on completion of an apprenticeship
- Above award rates
- Salary packaging including remote area housing rental benefits for all staff levels to reduce the impact of high rents and to maximise remuneration
- Increased staff exchange programs with overseas resorts
- Company provided accommodation rental subsidisation in below average seasons to offset the reduced hours worked and reduced wages received.

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

3.3.1 The ski industry, in cooperation with the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) and the Department of Employment and Workplace Relations (DEWR), has been able to extend the

⁷ Reporting period is April in the designated year to March the following year. National average figure released in July 2006

categories of sponsorship visas. DIMIA has increased the number of countries that have working holiday rights with Australia but the ASAA suggests the number should be further increased.

- 3.3.2 Extension of the working holiday visa to 1.5 - 2 years would be more attractive to prospective employees on visa for the alpine resort industry. One year is too short to spend 3 months of it in a cold environment, when many of the overseas employees come from a similar environment. Employers could verify length of employment and if the employee works the full contract period then the visa employee could extend his/her stay to 18 months or 2 years. In this way, if the employee worked at the alpine resort not long after his/her arrival in Australia, there might be an opportunity to re-employ that staff member for a second season at the end of their visa stay.
- 3.3.3 To further compound the difficulties, if a specialist employee (eg snowsports instructor) is offered support to gain a Working visa, then the employing organisation must pay any additional hours worked in a non snowsports instructor position (eg kitchen hand to increase the number of hours worked to a reasonable level, especially in a low snow season) must be paid at the higher rate. Those employees who are deemed to be critical to the operational needs of the resort, and who are offered Working Visa's could be allowed to work in additional positions, at an alternative pay rate, to ensure that they work sufficient hours to gain a reasonable wage.
- 3.3.4 ASAA members submit that some problems currently experienced with the 457 Visa make it difficult to attract and retain skilled international employees such as ski and snowboard instructors and grooming machine drivers. Having only one week either side of the work period is allowed without applying for another visa making it difficult for international staff (visitors) to take a holiday in Australia either before or after their period of employment. This category of employee cannot apply for the holiday visa over the internet and have to travel from a resort to the nearest capital city. For most this cannot be done before the end of the season which makes their travel plans and flights uncertain.
- 3.3.5 International staff often cannot book flights until they have a 457 Visa, which are not released by DIMIA until just before the designated work date because of the one week restriction already referred to. This again leads to uncertainty and difficulty in these staff being able to take advantage of cheaper discounted airfares.
- 3.3.6 Until the level of available employees with trades improves, the ski industry is going to struggle to meet the demands it operates under. This is totally unsatisfactory and could jeopardise the smooth and efficient running of its operations. The short winter season provides very little opportunity to train local staff. The declining retention rates compound this emerging problem. Consequently, more skilled and experienced employees are required from outside Australia.
- 3.3.7 Extension of the sponsorship visa arrangements needs to be looked into further and increased from the current 5-7 months to 2 years, especially for trades such as electrical, mechanical and fitters. Other suggested actions may include:
- permitting the same nomination number being used by the same returning employee in subsequent, consecutive years to streamline the process,

- effecting changes to the 457 visa system to enable the employee to know in advance that the visa has been approved, even if it is not released at that time, and the date it will be released together with adequate proof from DIMIA so that the employee can purchase airline tickets and make travel arrangements in advance with confidence. (It appears there may currently be regional office variation in how the system is administered,)
- reduced visa processing fees charged to employers in remote and regional areas,
- incentives or other assistance to offset the cost to both employers and employees of getting both domestic and overseas seasonal workers to remote and regional tourism destinations, especially destinations such as alpine resorts which are regionally based and which have very considerable recruitment costs for a short operating period.

3.3.8 ASAA members have raised the difficulty of adhering to guaranteed wage rates due to the seasonality of the industry. There is no difficulty in average to above average seasons, but commercial difficulty arises in below average seasons when there can be insufficient work available for employees even though labour agreements require payment of guaranteed minimum rates for normal hours worked and, in some cases such as for particular instructor categories, guaranteed minimum weekly hours. The ASAA does not have a specific recommendation or suggestion regarding this difficulty, which is a concern for both the employer and the employee. It may be that some form of allowance needs to be made to distinguish between, for example, trades people entering the resources or manufacturing sector, and people entering the tourism and leisure sector because of the casual nature of the workforce and the sectors seasonal highs and lows.

3.3.9 Importantly, there is a tax rate disincentive for visa holders and tourism employers engaging overseas working holiday staff. Weekly tax rates for income up to \$480 are 29% and 30% from \$481 to \$1440. A foreign visa employee earning \$600 per week is taxed \$175 (29.16%) while an Australian resident is taxed \$102 (17%). A visa holding employee receiving \$1440 per week is taxed \$427 while a resident is taxed \$367 (25.48%). This even though the visa holder doesn't access Medicare or any other Government benefits while a resident receives all benefits.

3.4 Strategies to ensure employment in regional and remote areas

3.4.1 Further and additional incentives to employ apprentices, both mature age and school leavers, targeted at regional tourism employers are recommended. There could be "living away from home" allowances, to enable young people who elect to gain employment in alpine resorts.

3.4.2 The industry is seeking to employ increased numbers of apprentices due to the shortage of experienced applicants. However, Governments are not doing enough in remote and regional areas to assist in the completion of apprenticeship training. In many remote and regional areas the availability of block release to attend TAFE Colleges is non-existent requiring the apprentices to travel very considerable distances every week; often more than 500 kilometres return in one or two days together with their attendance at college. In NSW for example, apprentices in the resorts there are required to travel from Jindabyne to Shellharbour for Diesel Mechanic training, Fitters

travel to Canberra and Electricians to Wollongong. Local TAFE colleges only offer restricted apprenticeship training courses.

- 3.4.3 Apprentices are also provided with very little assistance to cover the cost of travel and accommodation to attend TAFE colleges. The fuel allowance is very small and completely inadequate given current and likely future fuel costs, and the overnight accommodation allowance of around \$40 is also inadequate.
- 3.4.4 A combination of more TAFE College places being funded to support trades growth together with added incentives for both employers and apprentice employees is required for remote and regional tourism operators.

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

- 3.5.1 There are two simple measures that would make a difference:
- Alignment of policies across each of the nation's jurisdictions to ensure genuine reciprocity and mutual recognition of qualifications. An illustration concerns the Responsible Service of Alcohol certificate which is mandatory for bar staff in NSW but non-existent in Western Australia, while the Queensland equivalent is not recognised as acceptable in NSW. For a Queenslanders to work in NSW there is an added cost to be compliant in NSW alpine resorts that acts as a disincentive to apply for a job.
 - better and more focused education and career counselling across all State and Territory education systems to reinforce that a career in tourism is personally and financially rewarding, has the ability to take people around the world to work, and does not require a tertiary education, although tertiary qualified tourism employees are also to be encouraged. The principal area of concern focuses on trades people and the wider tourism workforce who are the backbone of the industry.

4 National Tourism Investment Strategy: Investing for our future

- 4.1 The ASAA also incorporates into this submission the recommendations contained in the Commonwealth of Australia, March 2006, *National Tourism Investment Strategy: Investing for our Future* report to the Minister for Small Business and Tourism by the National Tourism Investment Consultative Group (the "Report").
- 4.2 It is assumed that the House Standing Committee on Employment, Workplace Relations and Workforce Participation is aware of the Report and its recommendations.
- 4.3 In supporting and incorporating the Report's recommendations, the ASAA is aware that many, if not most, of the recommendations are outside the House Standing Committee's Terms of Reference for this Inquiry. Nonetheless there are several that are regarded as necessarily related the House Standing Committee's Inquiry. For example, unless the Niche Market Development recommendations 28, 29, 30 and 31 are acted upon, the widely accepted concerns regarding the tourism sector's workforce challenges will be unable to be addressed in any meaningful way. The big picture macro issues must be dealt with so that the appropriate commercial framework is put in place that will, in turn, allow tourism providers to invest and to grow and to employ increasing numbers of Australians.

4.4 In seeking to narrow down those recommendations of the Report that the ASAA believes are relevant to the House Standing Committee's Terms of Reference, the following recommendations of the Report are sought to be included in this submission. Of particular relevance are Recommendations 37 - 44:

Recommendation 1

The Australian and State Governments to adopt a whole of government approach, particularly incorporating a focussed marketing effort in conjunction with utilising consistently developed destination management plans in regional areas, to better reflect and respond to the increased demand for all services, including civil, social and specific tourism infrastructure.

Recommendation 2

The Consultative Group supports the announcement by The Hon Mal Brough MP to amend the Income Tax Assessment Acts by removing sections 51AD and Division 16D and replacing them with proposed Division 250 in order to streamline the tax treatment of private sector investment in infrastructure projects.

Recommendation 3

The Australian Government to investigate the use of widely held managed investment trusts, operating under the Managed Investments Act 1998, in long-term tourism infrastructure investment. Projects should be identified through the destination management plans.

Recommendation 6

The Australian Government to introduce tax averaging arrangements for rural and remote tourism operators, similar to arrangements available to primary producers, to ensure the tax paid by these operators is comparable to tax paid by those on similar but regular incomes.

Recommendation 7

The Australian Government to revise the tax schedules covering assets such as hotel furniture and furnishings to reflect the economic life of those assets.

Recommendation 8

The Australian Government to include landscaping, clearing and site improvements in the depreciation schedules to provide the opportunity to depreciate, replace or write off, as required, this class of asset.

Recommendation 9

The Australian Government to consider measures to facilitate improvements to Australian regional aviation fleet and therefore promote access to the benefit of tourism in regional Australia by:

- *allowing 'depreciation smoothing' where regional airlines can carry over any excessive depreciation to replacement aircraft effectively deferring capital gains tax to the termination of the business;*
- *allowing capital gains tax exemption to regional airline operators for the replacement of aircraft; and*
- *revising the definition of economic life of small aircraft used for regional purposes to five years as oppose to the current ten years.*

Recommendation 11

The Australian Government to encourage the consistent development of destination management plans. These plans should be assessed collectively to determine

economies of scale for private sector investment. This may require the establishment of a body to analyse overall regional tourism development projects, or industry associations generally to assist in identifying collaborative opportunities.

Recommendation 13

The Australian Government to specifically include tourism, tourism development and the identification of tourism routes, as criteria within the funding principles for Austlink road and transport infrastructure projects.

Recommendation 14

The (Australian) Government to increase funds to the Australian Tourism Development program. Any additional funds to be tied to the outcomes of the destination management plans, which may include broad based infrastructure investment to develop specific rural and remote areas.

Recommendation 15

The Australian Government to exempt the tourism industry from any requirement to provide single staff accommodation in rural and regional areas.

Recommendation 28

The Australian and State Governments via the Tourism Ministers' Council meetings and State national parks and wildlife agencies, to continue focussing on streamlining the approval processes of niche market development within national parks.

Recommendation 29

The Australian Government to implement longer land tenure terms with a minimum tenure length of 50 years and an optimal length of 99 years to address concerns regarding short tenure terms and the impact they may have on investment decisions.

Recommendation 30

- The Australian Government to address the deficiencies in park management structures by undertaking a valuation of major national parks to identify their ecological value and tourism potential to inform funding decisions. Areas with higher value will require greater management. An understanding of the value of parks will provide an indication of the revenue potential of the park and its ability to self-fund management.*
- The Australian Government to develop park management structures which reflect the dual roles of parks as conservation areas and tourist attractions. A management structure with dedicated resourcing to tourism industry development and liaison will provide a system to evaluate and facilitate private sector investment in facilities, such as parking and amenities.*

Recommendation 31

The Australian Government to develop pro forma lease or operating agreements which can be used by native title holders for private sector development on, and access to, native title land recognising both the cultural and environmental heritage of the site and generally to improve the approvals process. This would streamline the process and provide native titleholders and operators with a basis for negotiation.

The Australian Government to encourage land councils to accelerate the process to action the backlog of native title claims.

Ministerial consents to be fast tracked for projects which comply with relevant regulations and consideration given to expediting native title claims with time completion (sunset) clauses in order to remove impediments to investment.

Recommendation 32

Industry associations and the Australian and State Governments to educate tourism companies on government programs that will benefit research and development, and innovation in their businesses. In addition, the Australian Government to research the specific requirements of innovation in the tourism industry while examining the issues facing innovation in services industries.

Recommendation 33

Tourism Australia, the State and Territory tourism organisations, and industry, to commission a benchmarking framework to collect market intelligence on major international tourism competitors and disseminate this information to key stakeholders.

Recommendation 37

The Australian Government to join State and Territory Governments in a sustained program to encourage detailed training demand and needs assessments on a local level. This program would encourage Vocational education and Training providers, both public and private, to engage more closely with industry; to improve their understanding of industry's training requirements and to develop innovative solutions together.

Recommendation 38

The Australian Government to promote aptitude and attitude screening for in-school students and job seekers, including tests and remedial programs for literacy, numeracy and employability skills. In addition, focus given to TAFE career guidance related to the tourism industry to improve information supplied to counsellors and students.

Recommendation 39

The tourism industry to establish an industry-led mentoring program focussed on small to medium sized businesses to help them develop sound business, training and human resource management strategies.

Recommendation 40

- *The tourism industry to actively support the Australian Government's welfare-to-work policies. In addition, the industry to recognise the potential for women, mature age workers, sole parents, long-term unemployed, people with a disability, indigenous Australians, and people with a multicultural background within the tourism workforce. The industry to promote these strategies through its key industry bodies.*
- *The Australian Government to extend the maximum stay for working holiday makers with one employer from three to at least twelve months.*
- *The Australian Government to review its processes for negotiating labour agreements and the timeliness of this negotiation process.*
- *The Australian Government to introduce mandatory recognition of prior learning (RPL) at the commencement of all training, designed to meet the needs of existing workers and mature age employees. If not mandatory, RPL to be actively promoted by the tourism industry in conjunction with the Government to registered training organisations as a means of encouraging people into the workforce.*
- *The Australian Government to amend the Migration Act 1958 and associated recommendations (sic) to permit an extension to student visas for international students to extend their stay after completion of their studies to allow them to work in the tourism industry for a short period of time.*

Recommendation 41

State Governments to work with tourism regions to pilot programs aimed at developing a pool of workers with skills across a range of seasonal industries, including tourism. Seasonal workforce programs to aim to facilitate reciprocal partnership arrangements between tourism operators with similar skill requirements for the sharing of staff between seasons and between regional and capital city locations.

Recommendation 42

The Australian Government, in conjunction with private sector providers and community groups, to provide targeted, locally-based tourism and hospitality training to regional and remote areas. This would involve a collaborative approach to workforce development similar to that proposed by the department of education, Science and Training (DEST). The tourism industry should form a central part of the roll out of DEST policy for regional areas, and the project to cover major regional tourism destinations.

Recommendation 43

- *The Australian Government, in conjunction with the private sector, to develop a targeted promotional campaign outlining the career opportunities available to people with multicultural backgrounds and foreign language skills in the tourism industry.*
- *The Australian Government to disseminate resources to tourism businesses explaining the forecast visitor growth, particularly from the emerging market sectors of China and India, and the likely implications for customers service and language skills.*

Recommendation 44

- *The Australian Government to actively promote the New Apprenticeship Program to the tourism industry.*
- *The Australian Government to jointly fund preparation of case studies demonstrating clearly the benefits of training to individual businesses, large and small, these case studies to be effectively communicated to tourism employers through a variety of media.*



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Annexure: Summary Report "Economic
Significance of the Australian Alpine Resorts
2006

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