

Employment in Australia's tourism industry

- 2.1 Tourism is the world's fastest growing economic sector, in terms of foreign exchange earnings and job creation.¹
- 2.2 This chapter sets out current and future employment trends in the Australian tourism sector. It discusses how factors such as the strength of the economy, the ageing population and workplace arrangements can affect Australia's potential to build employment in a more vibrant, internationally competitive tourism industry.

Employment snapshot

- 2.3 The tourism industry comprises a diverse range of sectors, including:
- travel agencies, tour operators and guides;
 - café, restaurant and food outlets;
 - clubs, pubs and taverns;
 - accommodation and property;
 - the retail sector;
 - casinos and gaming;
 - libraries, museums and art galleries;
 - road, rail, air and water transport;

1 United Nation's World Tourism Organisation (UNWTO), cited in *Australia, U.S. and Italy Rank Highest as Country Brands*, Future BrandWorldwide, accessed December 2006, <futurebrand.com>.

- education; and
 - manufacturing.²
- 2.4 In 2004-05, these tourism 'characteristic' and 'connected' sectors employed a total of 506 400 persons. Inclusion of other related sectors brings the total to 550 000.³ 'Tourism characteristic' industries are those that account for at least 10 per cent of total tourism consumption and 'tourism connected' industries include sectors such as clubs, pubs, road and rail transport and entertainment services.⁴
- 2.5 A majority of tourism and hospitality operators are small or micro-businesses, many family or owner-operated. More than 88 per cent of tourism businesses in the café, restaurant and accommodation sector, and 95 per cent in the cultural and recreational service sector have fewer than twenty employees.⁵ In the accommodation sector, large hotels and resorts are among the 2.5 per cent who employ more than a hundred staff.⁶
- 2.6 Collectively, employees in the tourism and hospitality sectors are more likely than those in other industries to work non-standard hours and to be in part-time or casual employment. This is largely determined by work arrangements in the accommodation, café and restaurants sectors, the top employing sectors. The Department of Employment and Workplace Relations (DEWR) advises, however, that across the industry 56 per cent of tourism employees work full-time with 41.1 per cent employed part-time. This compares with the all industries position of 64.4 per cent in full-time employment and 32.4 per cent in part-time positions.⁷
- 2.7 The profile of the typical tourism employee is young and female, although there is variation within industry sub-sectors. In August 2001, the overall employment share of teenagers 15 to 19 years was 12.1 per cent, twice as high as the average for all industries. Persons 20-24 years were also over represented at 13.4 per cent, compared with 10.1 per cent for all industries. Only 29.3 per cent of workers are over 45.⁸

2 Department of Employment and Workplace Relations (DEWR), *Submission No. 17*, p. 8.

3 DEWR, *Submission No. 17*, pp. 3-4.

4 Department of Industry Tourism and Resources (DITR), cited in Sustainable Tourism Cooperative Research Centre (STCRC), *Submission No. 16*, p. 2.

5 DITR, *Submission No. 55*, p. 17.

6 Liquor, Hospitality and Miscellaneous Union (LHMU) *Submission No. 10*, p. 12.

7 Statistics based on the 2001 census. DEWR, *Submission No. 17*, pp. 11-12.

8 DEWR, *Submission No. 17*, pp. 9-10.

2.8 Reflecting the diversity of activities in tourism and connected sectors, workplace employment structures range through individual contracts to collective union agreements, underpinned by various Federal and State-based awards. Most operators rely on the various award-based systems, although there has been an increase enterprise bargaining through the first quarter of 2007. Pay levels in the sector are low, compared to other sectors, and there is a high level of mobility both within and out of the sector.⁹

Recent employment trends

2.9 Employment in tourism is reliant on the potential to attract and retain visitors, both international (inbound) and domestic.

2.10 In 2004, Australia received 0.68 per cent of world tourism arrivals, achieving a modest ranking of 34th on the United Nation's World Tourism Organisation's (UNWTO) list of top tourist destinations. However, in 2005, the growing importance of tourism to the economy was indicated when, for the first time, Australia ranked among the world's top ten nations in terms of total earnings from international visitors.¹⁰

2.11 The main source of data on employment trends in the tourism sector is the Australian Bureau of Statistics (ABS) *Australian National Accounts: Tourism Satellite Account (TSA)*.¹¹

2.12 Table 2.1 shows the most recent TSA employment estimates for the various tourism categories.

2.13 Tourism employment is tied to earnings from international and domestic tourism flows, which are conditioned by a number of factors, such as the strength of the local economy, shifts in market composition, the effectiveness of domestic and international marketing activities, as well as demographic, health and security developments.¹²

9 LHMU, *Submission No. 10.1*, p. 3; DITR, *Submission No. 55*, p. 18.

10 DITR, *Submission No. 55*, p. 8.

11 To determine which employment categories are relevant, the ABS refers to the UNWTO definition of tourism. DEWR, *Submission No. 17*, p. 3.

12 DEWR, *Submission No. 17*, pp. 17-18.

Table 2.1 Industry categories and relative contribution to the tourism sector 2004-05

Tourism characteristic industry category	Proportion the industry makes up of total tourism employment (%)	ABS Tourism Satellite Account employment estimates 2004-05 ('000)
Retail trade	25.9	142.6
Accommodation	17.5	96.2
Cafes and restaurants	9.3	51.0
Manufacturing	8.0	44.2
All other industries	7.9	43.7
Air and water transport	6.0	33.1
Clubs, pubs, taverns and bars	5.3	29.0
Travel agency and tour operator services	5.0	27.4
Education	4.5	24.8
Road transport and motor vehicle hiring	4.5	24.5
Other entertainment services	3.1	17.1
Libraries, museums and arts	2.0	10.9
Rail transport	0.7	3.8
Casinos and other gambling services	0.3	1.6
Total tourism employment	100.0	550.1

Source Drawn from ABS, *Australian National Accounts: Tourism Satellite Account 2004-2005*, DEWR, Submission No. 17, p. 8.

2.14 The effect of these factors can be read in the fluctuations in tourism employment over the period 1998 to 2005, as represented in Figure 2.1.¹³

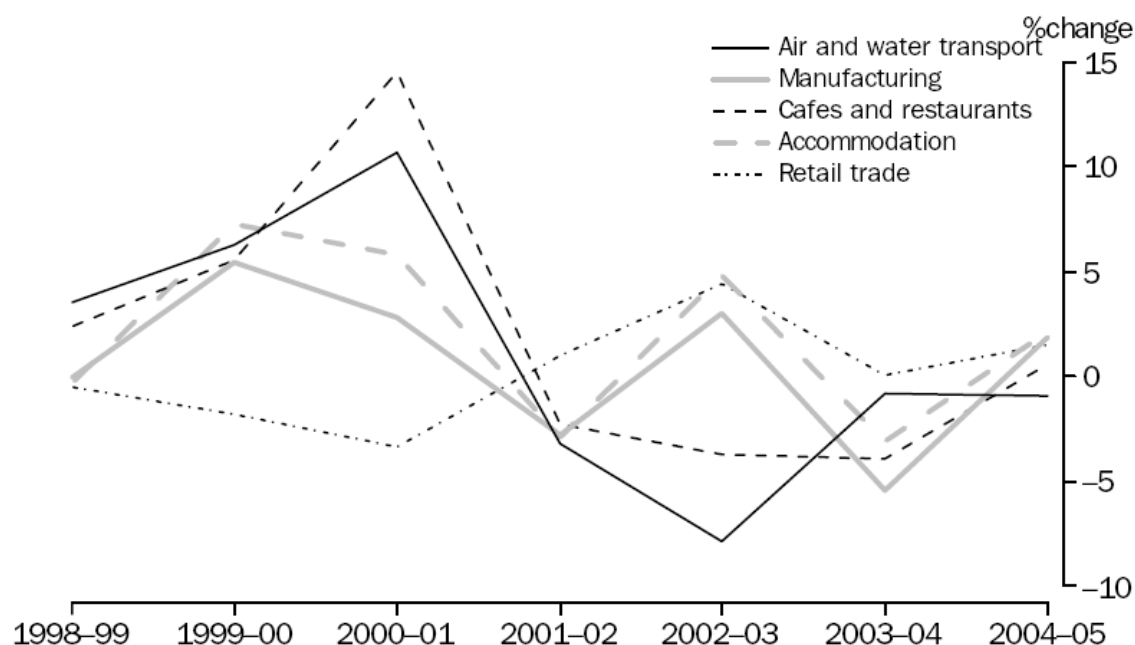
2.15 Tourism employment in all sectors dropped dramatically after the peak of inbound tourism during the Olympic Games in 2000-01. In 2001-03, the fear of terrorism and Severe Acute Respiratory Syndrome (SARS) reduced inbound and ex-bound international tourism, producing the sharp drop in employment in the air and water transport sector.¹⁴ Recovery was retarded through to 2004-05, as the strength of the dollar reduced Australia's price competitiveness for inbound tourists and domestic tourism lost share as overseas travel became more affordable to Australians.¹⁵

13 ABS, *Australian National Accounts: Tourism Satellite Account 2004-2005*, Cat. No. 5249.0, p. 8.

14 ABS, *Australian National Accounts: Tourism Satellite Account 2004-2005*, Cat. No. 5249.0, p. 3.

15 DEWR, *Submission No. 17*, pp. 7, 5.

Figure 2.1 Growth in tourism employed persons, by selected industries 1998–2005



Source ABS, *Australian National Accounts: Tourism Satellite Account 2004-2005*, p. 8.

- 2.16 In 2004–05 inbound arrivals grew to a record 5.5 million in 2005, an increase of 5.4 per cent over the previous year. Key markets contributing to this growth included New Zealand, the United Kingdom, China and Singapore. ABS data for the period shows corresponding employment growth in the tourism sector of 13 500 or 2.5 per cent.¹⁶
- 2.17 Employment losses from 2005 to early 2007 were in part attributable to falls in the number of arrivals and the value of inbound tourism from Japan, a key tourism market. Recession in Japan, coinciding with increased value of the Australian dollar and doubling in air fuel surcharges in 2006 meant other destinations became more competitive. This reduction was partially offset by increased visitation from China (up 13.5 per cent), Hong Kong (16.3 per cent) and Korea (18.3 per cent).¹⁷
- 2.18 Estimates produced by DEWR to May 2006 recorded a fall in tourism employment of 12 000 jobs, or 2.1 per cent. Cafés and restaurants accounted for 56.6 per cent of the decline, and the accommodation sector for 17.9 per cent. DEWR's recalculation of the data at March

16 Department of Foreign Affairs (DFAT) *Submission No. 42*, p. 1; DEWR, *Submission No. 17*, p. 8.

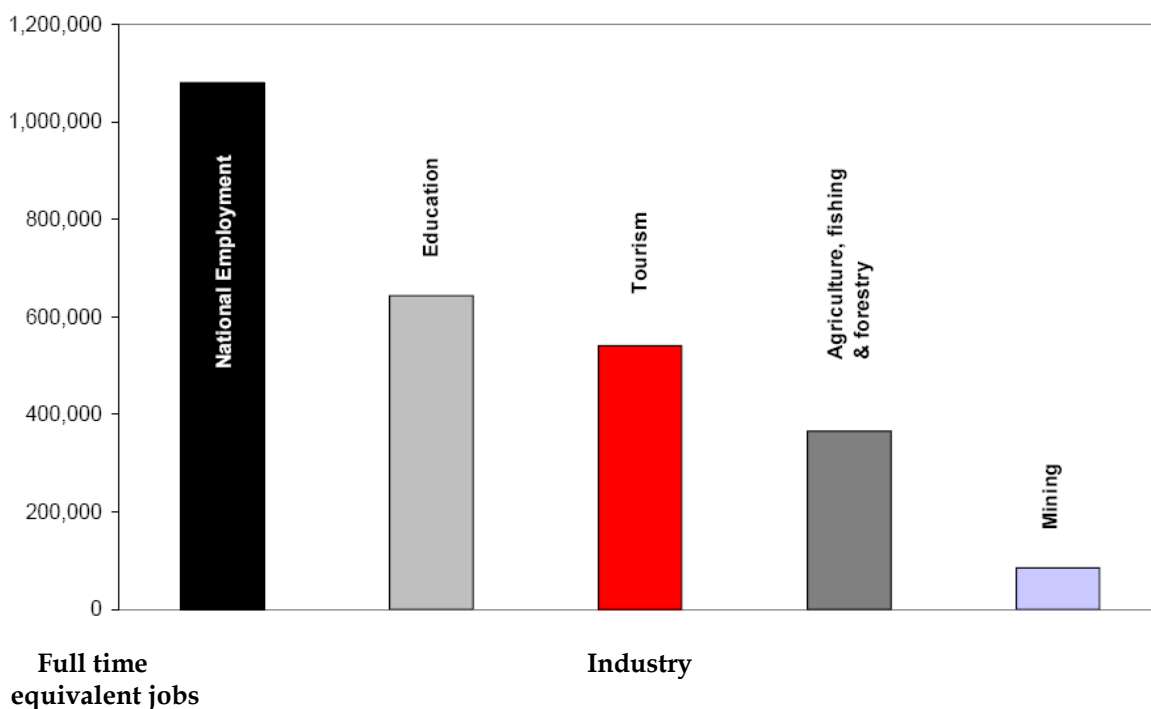
17 DFAT, *Submission No. 42.1*, Attachment, p. 1; DITR, *Submission No. 55*, p. 7.

2007, however, suggested employment in the industry has fallen by only 5 900 jobs to November 2006.¹⁸

2.19 DEWR also notes that since May 1996, employment in the accommodation, café and restaurants sector has grown by 23.4 per cent, or 87 900 jobs. Based on this, the Department forecasts continuing employment growth in tourism over the next five years, with an additional 45 000 jobs to be generated.¹⁹

2.20 As shown in Figure 2.2, the tourism sector provides greater employment value than other major GDP earners; with 550 000 jobs, it generates more direct employment nationally than agriculture, forestry and fisheries at 365 069 and the mining sector, at 85 337.²⁰

Figure 2.2 Intensity of tourism employment relative to other major industries 2004



Source TTF Australia, *Australian National Employment Atlas 2004*, December 2004.

2.21 Tourism's share of total employment, at 5.6 per cent, exceeds its share of industry gross value added (GVA) at 3.7 per cent. Add another

18 DEWR, *Submission No. 17*, pp. 7-8; Mr M. Manthorpe, DEWR, *Transcript of Evidence*, 1 March 2007, p. 2.

19 Australian Bureau of Statistics (ABS), *Australian National Accounts: Tourism Satellite Account 2004-2005*, Cat. No. 5249.0, p. 2; Mr M. Manthorpe, DEWR, *Transcript of Evidence*, 1 March 2007, p. 2.

20 DITR, *Submission No. 55*, p. 16.

400 000 people employed indirectly and the industry's significance as an employer is increased to 10.4 per cent.²¹

- 2.22 Dispersed nationally, these tourism jobs make a significant contribution to the wealth and quality of life of Australians across the States and Territories and the regions within them.

State and territory employment profiles

- 2.23 ABS Tourism Satellite Accounts of state and territory employment developments are not regularly updated. As a consequence, recent estimates for tourism employment in the states and territories are based on 2001 census data and on percentage employment trends in the relevant industry sectors.
- 2.24 As a base measure, employment in tourism in each state and territory is roughly commensurate with the level of populations in each case. Accordingly, 80 per cent of tourism jobs are in the most populous states: New South Wales, Queensland and Victoria.²²
- 2.25 However, the tourism employment share varies as a percentage of total employment in each state. As seen in Figure 2.3, in May 2006 New South Wales had the highest number of tourism jobs (198 000), while the Northern Territory recorded the highest share of total employment at 9.0 per cent, followed by Tasmania at 6.6 per cent, and Queensland at 6.5 per cent.²³
- 2.26 DEWR estimates that in the May 2006 quarter, employment grew in tourism in all states and territories except Queensland, Victoria and the Australian Capital Territory. In percentage terms, the Northern Territory recorded the largest increase, followed by South Australia, up 6.8 per cent, and Western Australia, up 4.6 per cent. Victoria experienced the largest fall, down by 4.3 per cent, the Australian Capital Territory was down by 4.0 per cent and Queensland, down by 1.9 per cent.²⁴

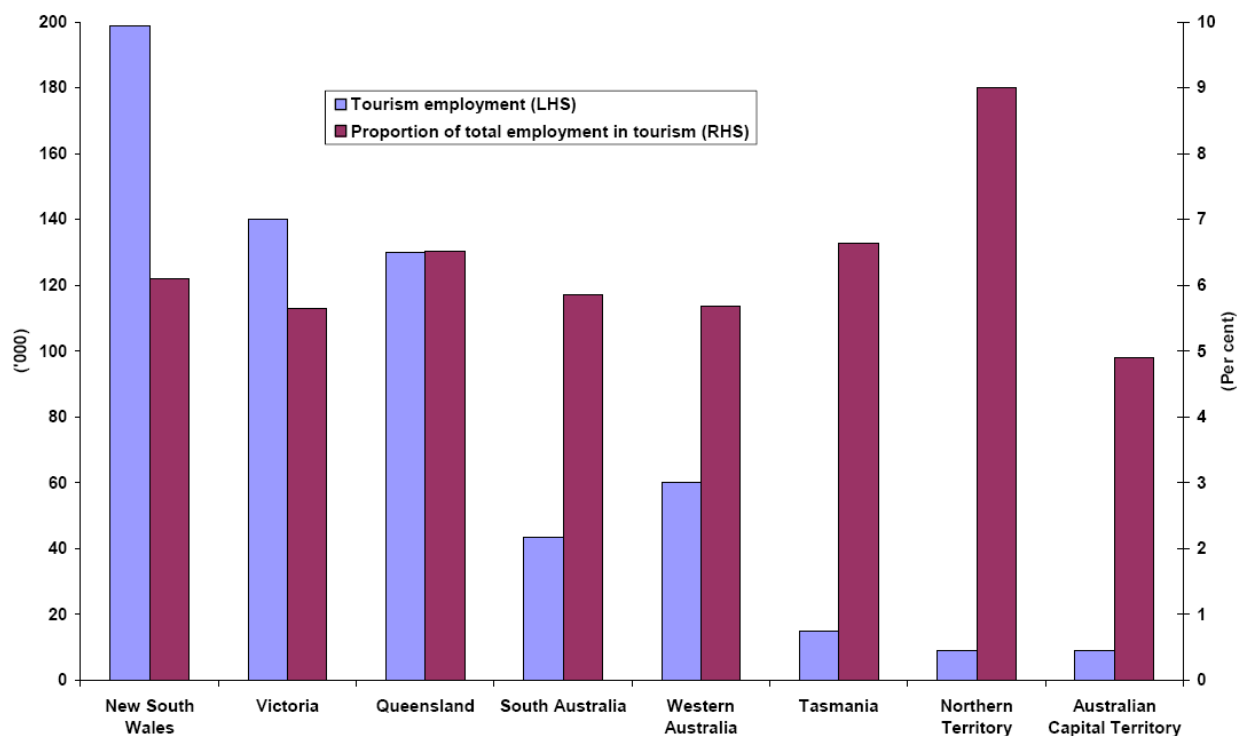
21 ABS, *Australian National Accounts: Tourism Satellite Account 2004–2005*, Cat. No. 5249.0, p. 7; Australian Tourism Export Council (ATEC), *Submission No. 51*, p. 3.

22 DEWR, *Submission No. 17*, p. 14; Tourism WA and WA Tourism and Hospitality Skills ITC, *Submission No. 62*, p. 12.

23 DEWR, *Submission No. 17*, p. 14.

24 DEWR, *Submission No. 17*, p. 14.

Figure 2.3 Tourism employment as a proportion of total state/territory employment



Source DEWR, Submission No.17, p. 14. May Quarter 2006.

2.27 Profiles of the economic value of tourism and the employment it generates in each State and Territory follow.

- **New South Wales** – NSW has the highest number of tourism jobs. In the year to June 2006, NSW attracted 54 per cent of all international visitors, and to March 2006, 33.8 per cent of domestic tourists. In 2006, the tourism sector employed a total of 245 000 people, which is approximately 8.1 per cent of the NSW workforce.²⁵
- **Victoria** – In 2003–04 tourism contributed 5.3 per cent, or \$10.9 billion, to Gross State Product (GSP), and employed 159 000 people or 6.6 per cent of the state workforce. Despite recent employment falls noted above, the industry has increased its share in total industry employment by between one and two per cent over the last decade.²⁶
- **Queensland** – Tourism in Queensland has lost ground, relative to other states, but remains a dominant contributor to GSP, accounting for \$8.4 billion or 5.8 per cent of the State's economic

25 NSW Government, Submission No. 48, p. 1.

26 Victorian Government, Submission No. 57, p. 1

activity in 2003–04. The tourism sector employs 136 000 people, 56.7 per cent full-time and 43.3 per cent part-time. This represents 7.3 per cent of Queensland's total employment.²⁷

- **Western Australia** – In 2001–02, tourism accounted for 7.7 per cent of state employment, generating 54 000 direct jobs and an additional 18 000 indirect jobs. In 2006 there were 635 200 international visitors and 6 million domestic visitors, with a combined expenditure of \$4 billion. Direct tourism employment in the state dropped one per cent between 2000–01 and 2005–06, due to slight declines in visits, growth in the mining sector and demographic changes.²⁸
- **South Australia** – In 2006, travel and tourism generated \$4.0 billion of expenditure in South Australia. State-based visitors accounted for around 37 per cent of tourism nights, interstate visitors 36 per cent and international visitors 27 per cent. South Australia attracted 364 700 international visitors and 7.1 million international visitor nights.²⁹ In 2001, tourism generated 42 000 jobs, 36 000 full-time equivalent, and delivered 10 per cent of the State's economic growth.³⁰
- **Tasmania** – Tourism in Tasmania experienced robust growth over the last six years, and is now one of Tasmania's biggest industries, contributing \$1.1 billion to GDP. The industry employs 38 000 people directly and indirectly. In 2005, 820 000 visitors arrived in Tasmania.³¹
- **Australian Capital Territory** – The ACT tourism sector recently lost tourism share to other states but contributes approximately \$690 million to the local economy and supports around 11 000 jobs. Key industry sectors include regional specialities such as wine and specialist food producers, events, restaurants and entertainment.³²

27 Queensland Tourism Industry Council (QTIC), *Submission No. 20*, pp. 6; 8.

28 Tourism WA and WA Hospitality and Tourism ITC, *Submission No. 62*, pp. 12; 18–19.

29 South Australian Tourism Commission Tourism (SATC), *At a Glance*, Issue 67, March 2007, accessed 27 April 2007, <tourism.sa.gov.au>.

30 SATC, *Tourism Fact Sheet*, February 2001, accessed 27 April 2007, <tourism.sa.gov.au>.

31 Tourism Industry Council Tasmania (TICT), *Submission No. 36*, p. 1.

32 Tourism and Hospitality Skills ACT and Region, *Submission No. 58*, pp. 2–3.

- **Northern Territory** – Tourism contributes more to Territory GSP than in any other state or territory. At December 2005, the tourism industry directly employed 8 134, and 9 779 indirectly. The Territory has a low population base, thinly spread and relies heavily on inbound tourism, both domestic and international.³³

Regional employment

- 2.28 Tourism is an important employer in regional Australia. Based on 2001 census data, 36 per cent of all tourism jobs were located in regional and rural areas, providing jobs for about 195 000 people. Tourism employs a greater share of the workforce in regional areas (6.5 per cent) than it does in capital cities (5.3 per cent).³⁴
- 2.29 Estimated dispersion of tourism employment between cities and regions in each state and territory is indicated in Table 2.2.

Table 2.2 Estimated tourism employment by state/territory 2003–04

State/territory	Capital city		Regional/rural		Total	
	'000s	%	'000s	%	'000s	%
NSW	114.4	21.3	64.8	12.1	179.1	33.4
VIC	94.9	17.7	35.5	6.6	130.4	24.3
QLD	47.1	8.8	61.6	11.5	108.7	20.3
SA	29.2	5.4	10.9	2.0	40.1	7.5
WA	37.5	7.0	13.7	2.5	51.2	9.5
TAS	5.2	1.0	7.1	1.3	12.3	2.3
NT	3.4	0.6	2.5	0.5	5.9	1.1
ACT	8.9	1.7	0.0	0.0	8.9	1.7
Total	340.7	63.5%	195.9	36.5%	536.6	100.0%

Source AEC Group Research Report, July 2006, p. 141.

- 2.30 Tourism jobs are concentrated in Australia's 'tourism regions' which are designated by states and territories for marketing and promotional purposes. Victoria, for example, is made up of 21 tourism regions or sub-regions which celebrate a range of natural, cultural or leisure attractions to be found in the state, such as 'Gippsland', 'the Goldfields', 'Macedon Ranges and Spa Country' the 'Dandenongs' and 'the Great Ocean Road'.³⁵

33 Tourism NT, *Submission No. 39*, p. 2.

34 DITR, *Submission No. 55*, p. 19.

35 TTF Australia, *TTF Australia Victorian Tourism Employment Atlas 2005*, pp. 5–6.

- 2.31 Regional data is not prepared by the ABS in its sectoral survey, but Tourism and Transport Forum (TTF) Australia has devised a methodology which uses the ABS data to estimate direct employment by tourism region and local statistical area. The method assesses employment intensity, allowing comparisons to be made on a geographical basis.
- 2.32 TTF Australia's top 18 tourism regions, rated by their tourism employment intensity in each state and territory, are in Table 2.3.³⁶

Table 2.3 Estimated tourism employment by region 2003–04

Rank	Tourism region	State	Tourism employment (no. of jobs)	Tourism's share of employment (%)
1	Petermann	NT	613	46.3
2	Kakadu	NT	274	27.0
3	Whitsundays	QLD	3 138	22.2
4	Snowy Mountains	NSW	2 030	20.6
5	Kangaroo Island	SA	300	14.5
6	West Coast	TAS	336	14.3
7	East Coast	TAS	481	13.7
8	Tropical North QLD	QLD	14 365	13.2
9	Gascoyne	WA	567	11.3
10	High Country	VIC	2 840	9.9
11	Gold Coast	QLD	21 899	9.7
12	Alice Springs	NT	1 290	8.9
13	Spa Country	VIC	539	8.9
14	Kimberley	WA	1 256	8.6
15	Sunshine Coast	QLD	8 777	8.3
16	Phillip Island	VIC	792	8.2
17	Upper Yarra	VIC	531	8.0
18	South Coast	NSW	4 526	7.9

Source TTF Australia, *Australian National Employment Atlas 2004*.

- 2.33 Employment share is greatest in the Northern Territory in the Petermann and Kakadu regions where international attraction to nature-based and Indigenous tourism is strong.³⁷ In Queensland, where tourism is predominantly regional, the greatest numbers of

³⁶ DITR, *Submission No. 55*, p. 19.

³⁷ Petermann is the southernmost of all the NT subregions. It incorporates Uluru (Ayers Rock) and Indigenous outstations, including Mutitjula and Kaltukatjara. Bushtel NT, accessed April 2007, <bushtel.nt.gov.au/portal>

- tourism jobs are located on the Gold Coast and in tropical north Queensland.³⁸
- 2.34 In Victoria and New South Wales ski field activity provides an important stimulus to regional employment, also contributing in Tasmania. The South Coast of New South Wales benefits from a 'sea change' trend, as well as holiday and weekend tourism out of Sydney and regional centres.³⁹
- 2.35 Domestic visitors spend more in regional Australia, but regional tourism also benefits significantly from inbound tourism, with 30 per cent of expenditure by international tourists spent in regional Australia.⁴⁰
- 2.36 State marketing appears to be successful in attracting international tourists to regional attractions rather than just to 'Australia'. In Western Australia, for example, overseas visitors pass through Perth quickly heading straight to the Kimberley and the Pilbara regions. In the period ending June 2006, expenditure from international tourists reached an all time high in WA, even though visitor numbers were down.⁴¹
- 2.37 Island resorts in Queensland's Whitsundays region have experienced solid growth in both domestic and international visits over the last two to three years. Tourism Whitsunday reports 8.2 per cent in domestic growth since 2002, and three per cent growth in international visitors in 2005, with record domestic visitor numbers of 533 000, and 218 000 international visitors in that year.⁴²

Sector growth

- 2.38 Growth projections in tourism employment are underpinned by anticipated increases in both inbound and domestic tourism.
- 2.39 Despite the fluctuations already discussed, in the period 1998–99 to 2004–05, domestic tourism increased by 17 per cent, and international tourism by 36 per cent.⁴³
- 2.40 In 2005, the economic value to Australia of the inbound tourist market was estimated at \$18.5 billion, compared with \$55.7 billion for

38 Tourism Tropical North Queensland (TTNQ), *Submission No. 41*, p. 1.

39 Australian Ski Areas Association (ASAA), *Submission No. 9*, Attachment A, p. 5; 'Time for a Change', *Ulladulla Info*, accessed April 2007, <ulladulla.info/seachange/welcome.html>

40 DEWR, *Submission No. 17*, pp. 32–34; ATEC, *Submission No. 51*, p. 3.

41 Mrs C. Toovey, Tour Guides WA Inc., *Transcript of Evidence*, 2007, 9 March p. 80; Mr V. Davis, Tourism WA, *Transcript of Evidence*, 8 March 2007, pp. 1–2.

42 Mr M. Williams, Tourism Whitsundays, *Transcript of Evidence*, 4 November 2006, p. 18.

43 DEWR, *Submission No. 17*, p. 17

domestic tourism. While domestic tourism has the greater economic value, inbound tourism is expected to be the major driver of tourism employment growth, as it provides more employment value than does domestic tourism. Queensland's *Tourism Satellite Account 2003-04* indicates, for example, that on average 190 domestic visitors or 71 international visitors supports one additional job in Queensland.⁴⁴

- 2.41 Accordingly, inbound tourism provides the foundation for forecasts for tourism growth made by the Tourism Forecasting Committee (TFC). These are based on expected increases in inbound tourism consumption calculated on anticipated GDP growth in our source markets.⁴⁵
- 2.42 The TFC estimates that by 2015 the total inbound economic value will be \$35.6 billion, almost double present earnings. Increased visitation from new markets, China and India in particular, is expected to provide the foundation for this growth. The TFC expects that China will emerge as Australia's second largest market with arrivals rising from 285 000 in 2005 to 1.2 million in 2015. India is expected to show particularly strong growth from a lower base, with visitors increasing from 68 000 to 292 000 over the same period.⁴⁶
- 2.43 The states and territories are in competition with each other to maximise their share of this growth. The Victorian Government forecasts, for example, that by 2014-15 overseas tourism is likely to account for 70 per cent of overall tourism growth in the state and almost 40 per cent expenditure. Most of this is to come from the new markets in China and India.⁴⁷
- 2.44 Despite a recent slowing in domestic tourism, tourism is expected to be carried to the regions, as urban based retirees move to the coast and rural areas. The NSW Government considers this trend will be a strong driver of tourism employment in the state, with the real economic value of domestic tourism increasing by an average annual rate of 1.3 per cent, to reach \$63.8 billion in by 2015.⁴⁸
- 2.45 To stimulate domestic tourism and maximise its economic and employment benefits, state and territory governments have marketing strategies to attract tourists from other parts of Australia. The South Australian Tourism Commission (SATC) has a campaign to increase

44 DEWR, *Submission No. 17*, pp. 17; 18; QTIC, *Submission No. 20*, p. 8.

45 DEWR, *Submission No. 17*, p. 17; DFAT *Submission No. 41.1*, Attachment p. 1.

46 DITR, *Submission No. 55*, p. 8; DFAT, *Submission No. 42*, p. 5.

47 Victorian Government, *Submission No. 57*, pp. 1-2.

48 Australian Regional Tourism Research Centre (ARTRC), *Submission No. 19*, p. 4; NSW Government, *Submission No. 48*, p. 2.

- visitation from Victoria.⁴⁹ South Australia's overall tourism target is to increase visitor expenditure in the state to \$6.3 billion by the year 2014, with an estimated additional 8 000 people to be employed by 2015.⁵⁰
- 2.46 Meanwhile, Victoria reports that over the past decade it has consistently performed above the national average, having increased its share of domestic tourism by between one and two per cent in key indicators such as total industry in employment. If these growth trends continue, tourism in the state could employ 225 000 Victorians within the next decade, with most of this growth in regional tourism.⁵¹
- 2.47 ABS Tourism Satellite Accounts provide the basis for sectoral analysis of growth trends in tourism with the accommodation, café and restaurant sectors being regarded as providing a litmus test for industry robustness.⁵²
- 2.48 Table 2.4 shows these key sectors leading employment growth in both cities and regional areas to 2014. DITR forecasts the accommodation sector will lead growth into 2014. However, DEWR forecasts that to 2011 cafés and restaurants will be the main contributor to tourism employment growth.⁵³
- 2.49 The most positive growth projections for employment are in regional and niche sector development, with all states and territories predicting employment gains in their tourism regions over the next ten years.
- 2.50 Tourism Research Australia has found that the most growth in regional and remote areas is in emerging nature-based tourism attractions and activities. These can range from the simply scenic, as in cruising or driving tours, to cultural and ecotourism.⁵⁴
- 2.51 Given these developments, regional and remote tourism is held to provide the brightest prospects for employment growth.
- 2.52 However, due to successful national and international marketing campaigns and the resultant projections of strong employment

49 SATC, 'Tourism is Taking on the Vic', accessed 27 April 2007, <tourism.sa.gov.au>

50 Mr P. Styles, SATC, *Transcript of Evidence*, 30 March 2007, p. 45.

51 Victorian Government, *Submission No. 57*, pp. 1–2.

52 Tourism WA and WA Hospitality and Tourism ITC, *Submission No. 62*, p. 15.

53 There is some variance in growth data predictions. For example, DITR, *Submission No. 55*, p. 22, DEWR, *Submission 17*, p. 18.

54 DITR, *Submission No. 55*, p. 34.

growth, current labour shortages will adversely impact on service delivery:

I think that over the past decade or so we have nailed the marketing in tourism. We have really done well. We have had some great campaigns. Federal, state and the private sector have all contributed very much to telling the world about our fabulous product, but, when we get the punters here, if they are let down by the experience it does not bode well for the future legacy of the industry.⁵⁵

Table 2.4 Forecast change in tourism employment by sector

Sector	Total	Total	Change	Capital Cities	Regional /rural
	2003–04	2013–14			
Travel agency and tour operator services	22.2	16.1	-6.1	-3.9	-2.2
Road transport and motor vehicle hiring	26.2	34.2	8.0	5.1	2.9
Air and water transport	33.4	40.7	7.3	4.6	2.7
Accommodation	94.2	134.2	40.0	25.4	14.6
Cafés and restaurants	50.7	72.3	21.6	13.7	7.9
Clubs, pubs, taverns and bars	25.7	23.8	-1.9	-1.2	-0.7
Manufacturing	43.4	53.5	10.1	6.4	3.7
Rail and transport	4.2	4.9	0.7	0.4	0.3
Retail trade	140.5	158.2	17.7	11.2	6.5
Education	25.8	46.0	20.2	12.8	7.4
Libraries, museums and arts	9.6	14.8	5.2	3.3	1.9
Other entertainment services	16.5	24.2	7.7	4.9	2.8
Casinos and other gambling services	1.8	1.2	-0.6	-0.4	-0.2
All other industries	42.4	43.3	0.9	0.5	0.3
TOTAL	536.6	667.4	130.8	83.0	47.7

Source AEC Group Research Report, July 2006, p. 167.

Constraints on employment growth

- 2.53 If the Australian tourism industry is to realise the potential of strong growth prospects set out above, and as a result of recent overseas tourism campaigns, it will need to build the workforce necessary to achieve the goal.
- 2.54 As mentioned, projections for tourism employment growth are partly based on strong performances in the largest employing sectors over

55 Mr S. Mills, City of Mandurah, *Transcript of Evidence*, 9 March 2007, p. 42.

the last decade. However, when assessing the industry's share of total employment over time relative to other sectors in the economy, employment growth predictions are less optimistic.

- 2.55 TSA mapping of the tourism sector over 1997 to 2005, the same period in which the accommodation, restaurants and café sector showed strong growth, reveals that total employment share for tourism fell from 5.9 per cent in 1997–98 to 5.6 per cent. This is commensurate with falls in tourism earnings, down to 3.7 per cent of GDP from a peak of 4.1 percent in 1997–98. The ABS notes this was the fourth annual decline since the industry share peaked in 2000–01.⁵⁶
- 2.56 In explanation of these figures:
- the drop in tourism employment is a consequence of the relatively slow job growth in the tourism sector, at 8.1 per cent, compared with that for total employed persons, at 13.6 per cent over the same period;⁵⁷ and
 - the decreasing value of tourism's contribution as proportion of GDP is largely attributable to strong growth in other sectors of the economy, including the mining and resources industry.⁵⁸
- 2.57 Taken together, the above demonstrates that in a time of national high employment, tourism is experiencing increasing competition for employees from other sectors of the economy, and from overseas.⁵⁹
- 2.58 Mr John Hart, Chief Executive Officer, Restaurant and Catering Australia, reported the impact in the hospitality sector:
- we show in the submission that we are employing about 200,000 people. What we do not draw attention to in the submission is the contrast to some three or four years ago when we were employing 250,000 people. It is quite clear from the data that we have purchased from ABS on employed persons that we are employing fewer people, even though we are growing in turnover terms and in numbers of businesses. I fancy this is a function of businesses not being able to find people to employ or not being able to afford to employ more

56 ABS, *Australian National Accounts: Tourism Satellite Account 2004–2005*, Cat. No. 5249.0, pp. 2, 7.

57 ABS, *Australian National Accounts: Tourism Satellite Account 2004–2005*, Cat. No. 5249.0, p. 7.

58 DITR, *Submission No. 55*, p. 6.

59 Tourism NT, *Submission No. 39*, p. 3; ATEC *Submission No. 51*, p. 5.

people. So employment growth is not at the same level as turnover or business numbers growth.⁶⁰

- 2.59 The two problems of 'not being able to find people to employ' and 'not being able to afford to employ more people' contribute to the sector's low productivity relative to other industries, and consequently to a 'large and growing gap between supply and demand'.⁶¹
- 2.60 Low productivity growth also means that the tourism industry is less attractive to investors. This in turn erodes the industry's capacity to improve the quality, diversity and accessibility of services just as international competition is intensifying, further impeding positive forecasts for growth.

International competition

- 2.61 Tourism is an international industry, and Australia's power to attract as a tourism destination will depend on its ability to recruit and retain skilled people in jobs, both from international and domestic sources.
- 2.62 Over the last five years, international tourism has grown more dynamic and diverse. The top world tourist destinations, the United States, Spain and France, are now experiencing competition from Africa, the Asia Pacific and the Middle East, with China and Turkey showing particularly strong growth rates in 2005.⁶²
- 2.63 Last year, Australia's potential to compete in this market was confirmed when it was ranked top country brand, above the United States and Italy, on FutureBrand's Country Brand Index 2006. The ranking is based on travellers' perceptions of Australia's superiority in meeting a range of practical and experiential needs: safety, value for money, climate, communication and natural beauty, authenticity, art and culture, quality resort options and outdoor activities.⁶³
- 2.64 Developing countries are diversifying their tourism markets and offering new experiences at low prices. This means that Australia must focus on product differentiation, quality and diversification.

60 Mr J. Hart, Restaurant and Catering Australia (RCA), *Transcript of Evidence*, 19 October 2006, p. 2.

61 ATEC, *Submission No. 51* p. 5.

62 UNWTO, *Tourism Highlights 2006 Edition*, p. 4, accessed 27 April 2007, <unwto.org>.

63 FutureBrand's three layered evaluation system is based on surveys of representative travellers and industry experts from the Americas, Europe, Asia and South America and the Middle East. *Australia, U.S. and Italy Rank Highest as Country Brands*, Future BrandWorldwide, accessed 6 December 2006, <futurebrand.com>.

2.65 As discussed above, Australia's tourism industry already demonstrates considerable versatility in building niche industries around our unique cultural and natural attractions. However, the Committee was told that international cost pressures are now being felt as tourism in neighbouring nations gains momentum. For example:

To give you an idea of costs, Quicksilver Connections in Port Douglas recently sold one of their vessels to Indonesia. They operate exactly the same sort of setting out to the reef in Indonesia as they do here in Australia. The cost of a trip on Quicksilver Connections is \$160. The cost of the same vessel operating in Indonesia is \$60. That is basically labour and tax costs.⁶⁴

Meeting expectations

- 2.66 In addition to competitive pricing, the increasing size and depth of the international tourism market creates another hurdle for Australia's tourism industry: a more dynamic and competitive international market for skilled staff.
- 2.67 The Committee heard that the global nature of the tourism industry is a major drawcard to young people entering the industry in Australia and abroad. Australians are valued employees overseas and most young Australians entering the hospitality industry, for instance, do so with the intention of using their qualifications while travelling.⁶⁵
- 2.68 The expansion of tourism into new markets therefore has the effect of drawing our skilled people overseas. ATEC reported that skilled Australians are heading to Macau and the Middle East to work in the gaming sector where prospects and conditions are good. DEWR advised that Intercontinental Hotels have recently built 55 new hotels in China, with a further proposed expansion to 125 by 2008, and is sourcing managers and other senior staff for these hotels from international sources.⁶⁶
- 2.69 The receipt of the top Country Brand Index rating would suggest that Australia has a unique opportunity to build its profile as a vital

64 Mr D. Windsor, Association of Marine Park Tourism Operators Ltd (AMPTO), *Transcript of Evidence*, 24 November 2006, p. 55.

65 Prof. H. Westerbeek, School of Sport, Tourism and Hospitality Management, La Trobe University, *Transcript of Evidence*, 30 March 2007, p. 12; Ms M. Johnson, DEST, *Transcript of Evidence*, 22 March 2007, p. 5.

66 ATEC, *Submission No. 51*, p. 6; DEWR *Submission No. 17*, p. 21.

international industry, and so to attract and keep staff within a mobile workforce.

- 2.70 Professor Hans Westerbeek, Head of the School of Sport, Tourism and Hospitality Management at La Trobe University warned, however, that the FutureBrand rating 'is more an expression of brand value' and not about 'mining the equity that is within the brand'. That is, marketing is one thing, but to profit the Australian industry will 'need to offer the capacity and also the quality experience to back [the rating] up'.⁶⁷
- 2.71 The Committee is concerned that the sector will not have the skilled staff necessary to meet the high expectations that this brand establishes in the minds of international visitors.
- 2.72 Indications are that key sectors in the industry have a long way to go. The Committee was told that immaturity in the hotel and accommodation sector manifests in:
- very low wages for and long hours for hospitality apprentices;
 - a lack of a tipping culture which provides hotel concierges a good wage in Europe and the United States;
 - the glass ceiling to advancement for skilled executives who go offshore to larger markets;
 - poaching of management staff by better paid industry sectors, such as the finance industry; and
 - a lack of human resources and financial management expertise among middle managers in the SMEs that dominate the industry.⁶⁸
- 2.73 Australia's international competitiveness must be founded on establishing the industry as an employer of choice. To achieve this, the industry needs to overcome a number of challenging developments in the domestic economy which are making it more difficult to attract, retain and train employees.

The resources boom and labour market pressures

- 2.74 Tourism is a labour intensive industry, and beneficial to employment levels. However in times of high employment and rising tourism demand the industry faces substantial risks.

67 Prof. H. Westerbeek, School of Sport, Tourism and Hospitality Management, *Transcript of Evidence*, 30 March 2007, p. 17.

68 Mr R. Nambiar, and Mr A. Ugarte, Hostec, *Transcript of Evidence*, 30 March 2007, pp. 2-5.

- 2.75 The Australian tourism industry is a comparatively immature market compared with many of its competitors. In a country that has built its wealth on primary production and mining there is a traditional lack of respect for 'service' industries. This means that when opportunities are strong in other sectors of the economy, tourism operators find it increasingly difficult to fill positions.
- 2.76 The Australian mining and resources sector is undergoing a boom period which has increased the value of the Australian dollar, increased the fulltime job rate and pushed unemployment down to 4.5 per cent, the lowest rate recorded in thirty years.⁶⁹
- 2.77 This puts pressure on the tourism sector, reducing price competitiveness for inbound tourism, driving up wages and exacerbating existing labour and skill shortages. As a consequence labour and skill shortages are being felt Australia-wide, both a top and low levels, and in the sub-sectors and regions most hopeful of growth.
- 2.78 While the impact is national, Western Australia has been particularly affected. As a result of the boom in its resources sector and associated development in construction, Western Australia now has an unemployment rate of 2.7 per cent, the lowest unemployment rate of all states.⁷⁰ It has experienced significant increases in the cost of living having the second highest average wage in Australia, the second highest house prices and, in 2005-06, the highest CPI rise to 4.3 per cent.⁷¹
- 2.79 Regional and remote tourism operations experience a number of labour challenges under ordinary circumstances, including those associated with seasonal labour requirements and the high costs of infrastructure, transport and services. Strengthening demand is expected to significantly increase these pressures.
- 2.80 Ms Kate Lamont, Chairperson of Tourism WA, told the Committee how the disparity between wages offered in the tourism sector compared with the mining sector is currently making the resources industry a magnet for staff at high and low skill levels:

You would know – you would have heard already – that the reason it is so tight here is because of the resources boom. It has sucked people away in a way that it never has before and it has taken talent from our industry. Chefs who were earning

69 ABS, *Labour Force Australia*, March 2007, Cat.No.6202.0.

70 ABS, *Labour Force Australia*, March 2007, Cat.No.6202.0.

71 Industry Advisory Board, *Submission No. 30*, p. 6.

between \$50,000 and \$60,000 in Perth are now earning \$110,000 or \$120,000-plus in the mines. It has taken some of the top talent, as well as taking the unskilled level from the bottom.⁷²

- 2.81 Professor Michael Christie, Chair in Entrepreneurship Murdoch University, further commented that the increasing numbers of chefs being imported from the Philippines are required not because of lack of chefs but because wages are attracting them into mining.⁷³
- 2.82 Growth in the mining sector also leads to subsequent strengthening of the economy overall, which makes it harder for sectors like tourism to compete with other industry sectors that offer more attractive conditions, better pay and career development opportunities.

Workforce participation and population ageing

- 2.83 The tourism industry is likely to experience increasing difficulty in filling all labour categories, including skilled labour, in an economy characterised by an ageing population.
- 2.84 The *Intergenerational Report 2007* has recently forecast that by 2047 the population of traditional working age people (15–64 years) will fall as a proportion of the total population by around eight percentage points (down from current high levels of around 67.05 per cent). While the number of young Australians 0–14 years rise only slightly and the 14–64 year old group will rise by about one-fifth, the 65–84 year old group will more than double, and the very old (85 and over) will more than quadruple.⁷⁴
- 2.85 The ABS predicts that by 2051 the proportion of the population aged under 15 years will fall from 20 per cent today, to around 14 per cent. Over the same period, the proportion of the population aged 65 years and over will double, increasing from 14 per cent now to more than 25 per cent.⁷⁵
- 2.86 DEWR estimates that over the next five years the impact of the ageing trend will be felt as a shortfall of 195 000 workers, with employment expected to grow at a slower pace than if the population ageing mix had not changed.⁷⁶

72 Ms K. Lamont, Tourism WA, *Transcript of Evidence*, 9 March 2007, p. 18.

73 Prof. M. Christie, Murdoch University, *Transcript of Evidence*, 9 March 2007, p. 15.

74 The Treasury, *Intergenerational Report 2007*, accessed 2 April 2007, <treasury.gov.au>.

75 Queensland Tourism Industry Council (QTIC), *Submission No. 20*, p. 14.

76 DEWR, *Submission No. 17*, p. 7.

- 2.87 Given the sectors previously noted reliance on young staff, the impact of ageing on the accommodation, café and restaurant sector is expected to be particularly severe, with a reduction in employment growth of 12 000 employees during 2004–05 to 2009–10. In the retail industry the corresponding number is expected to be 22 100.⁷⁷
- 2.88 Shortfalls in staff are being exacerbated by the attributes of ‘Generation Y’, the new starters in the industry born between 1978 and 1994. Baby Boomers and Generation X are leaving the tourism industry, which is now the largest employer of the ‘Y’ generation.⁷⁸ The tourism industry already experiences very high staff turnover – the ABS found that only 68 per cent of tourism employees had worked in the same job for more than one year, compared with the all-industry average of 80 per cent – and this is expected to worsen with the changing demographic and mobility of the Generation Y workforce.⁷⁹
- 2.89 Queensland island resorts reported that the situation in their sector is already critical, given the dual difficulties of keeping young staff in positions they find unattractive and of competing with the resources sector for tradespeople:
- Our problem is in putting young Australians into positions vital to the organisation that do not appeal to them. Hence, their length of stay is short... Our problem is in trying to attract personnel from a very thin talent pool when there are unmatched offers in booming industries. Our problem is sourcing and retaining talented tradespeople when the world outside HI, or Hamilton Island, provides the ‘grass is greener’ scenario. Our problem is trying to maintain the standards of a world-class resort when the workforce is forever changing. Our problem is our turnover.⁸⁰
- 2.90 Employment needs in the tourism industry are highly seasonal and so Whitsundays resorts, among other regional and remote operators, rely heavily on Working Holiday Maker and Temporary (Longstay) 457 visa holders to fill labour and skills shortages.
- 2.91 At the same time, increased migration under temporary visa arrangements will not build the necessary permanent skills profile for future tourism employment needs. In addition to consolidate the attraction of young people, another option is to increase workforce

77 DEWR, *Submission No. 17*, p. 8.

78 QTIC, *Submission No. 20*, p. 14; Mirambeena Resort Darwin, *Submission No. 25*, p. 1.

79 Service Skills Victoria, *Submission No. 67*, p. 5.

80 Mr B. McCarron, Hamilton Island Resort, *Transcript of Evidence*, 24 November 2006, p. 3.

participation, thus expanding the pool of labour beyond traditional sources.

Expanding the labour market

2.92 The Australian Government has recently implemented incentives to increase the workforce participation rate among older people, women and the long-term unemployed in recognition that workforce participation must be maximised for future economic growth. The Committee notes:

- more than two thirds of retired men aged 50 to 64 would like to work, but Australian workforce participation rates for this age cohort remain significantly below those of Canada, New Zealand, the United States and the United Kingdom;
- Australia has the third highest rate of jobless families and among the lowest workforce participation rate for people receiving disability benefits in the OECD; and
- Indigenous unemployment rates of around 15 per cent exist in areas of high tourism labour shortage, with over 60 per cent of Indigenous people being between 15 and 24 years in key tourism regions such as the Kimberley in Western Australia.⁸¹

2.93 Australian government policy responses to these factors include:

- a suite of initiatives to help mature age Australians to accumulate savings and superannuation, to defer retirement including a more generous income test for age pensioners, changing taper rates for unemployment benefits, and implementing a Pension Bonus scheme;
- promoting the benefits of employing mature age people and ensuring that employers understand that aged discrimination is illegal;
- Welfare to Work initiatives, effective from July 2006, have increased requirements for people with disabilities, parents, mature aged people over 50 years, and very long term unemployed;

81 Hon. Dr S. Stone, Minister for Workforce Participation, Speech: 'Addressing the Challenges of the Greying WorkForce. An Opportunity Not a Threat', 25 October 2006, accessed 19 February 2007, <mediacentre.dewr.gov.au>; ATEC, *Submission No. 51*, p. 6; Indigenous Business Australia (IBA), *Submission No. 38*, p. 9; Tourism WA and WA Hospitality and Tourism ITC, *Submission No. 62*, p. 39.

- to support entry of Indigenous people into employment the Government removed exemptions from activity tested income support recipients living in remote areas; and
 - from 2005–06, \$50 million has been allocated for spending over four years to promote the employment of people in these groups.⁸²
- 2.94 There was agreement among stakeholders that improving workforce participation in tourism by under-represented groups would ease labour pressures, with broader benefits to the tourism industry, society and the economy.
- 2.95 Overall, improving workforce participation of these groups will require willingness, and skills development, on the part of employers in the tourism industry to engage with employee needs in a way which has not been done to any large degree in the past.
- 2.96 Opportunities to increase workplace participation and attraction and retention issues are discussed in detail in Chapter 4.

Workplace relations and employment conditions

- 2.97 Tourism is a labour intensive industry dominated by SMEs, so the potential to improve pay and conditions is very much curtailed by the high overheads and low profit margins these businesses operate under.
- 2.98 The introduction of the *Workplace Relations Act 2006* (WorkChoices) was considered by many tourism businesses and representative organisations to provide new opportunities to work more constructively within these constraints.⁸³
- 2.99 The Australia Hotels Association (AHA), which represents over 8 500 hotels, submitted that the new workplace relations legislation would create a better balance between industry and employee needs by developing ‘employment arrangements that suit the needs of their particular business while still providing an effective safety net for workers.’⁸⁴

82 Hon. Dr S. Stone, Minister for Workforce Participation, Speech: ‘Addressing the Challenges of the Greying WorkForce. An Opportunity Not a Threat’, 25 October 2006, accessed 19 February 2007, <mediacentre.dewr.gov.au>; DEWR, *Submission No. 17*, pp. 35–36.

83 Victorian Tourism Industry Council (VTIC), *Submission 12*, p. 4; Tourism WA and WA Hospitality and Tourism ITC, *Submission No. 62, Attachment 1*, p. 47.

84 AHA, *Submission No. 43*, p. 12.

- 2.100 DITR advised that WorkChoices assisted industries address skill shortages by increasing flexibility and multi-skilling. The new legislation could therefore facilitate more flexible employment including opportunities for older people and return to work parents.⁸⁵
- 2.101 Some industry stakeholders saw benefits flowing to smaller businesses in the sector. It was suggested that rural and regional operators with seasonal staff could access options such as the averaging of weekly hours across a full year, the elimination of penalty rates and the cashing out of leave. The limitation of unfair dismissal laws was also regarded as reducing risk-averse attitudes to employment of permanent part-time and fulltime staff.⁸⁶
- 2.102 WorkChoices is a federal system and covers the following employers and employees:
- trading, financial and foreign corporations (constitutional corporations) and their employees;
 - employees and employers in the Australian Capital Territory, the Northern Territory and Christmas and Cocos (Keeling) Islands;
 - the Commonwealth, including its authorities, and its employees;
 - employers in respect of waterside, maritime and flight crew employees employed in connection with interstate, overseas, inter-territory or state-territory trade and commerce; and
 - most employees and employers in Victoria.⁸⁷
- 2.103 The workers who are not covered by WorkChoices include: employees of unincorporated businesses, some state government employers, sole traders and partnerships (apart from those in Victoria and the territories), [who] will be covered by relevant state laws.⁸⁸
- 2.104 Many SMEs in the accommodation and hospitality sector operate as trusts, sole traders or partnerships and so cannot access WorkChoices. This may be the reason for limited take-up of AWAs in the sector.

85 DITR, *Submission No. 55*, p. 15; VTIC, *Submission 12*, p. 6.

86 Hotel Motel and Accommodation Association (HMAA), *Submission No. 64*, p. 16, Chamber of Commerce and Industry Western Australia (CCI-WA), *Submission No. 45*, p. 11; RCA, *Submission No. 31*, p. 24.

87 Australian Government, *WorkChoices and Who is Covered'*, accessed 31 May 2007, <workchoices.gov.au/ourplan/publications/html/WorkChoicesandwhoiscovered>.

88 Australian Government, *WorkChoices and Who is Covered'*, accessed 31 May 2007, <workchoices.gov.au/ourplan/publications/html/WorkChoicesandwhoiscovered>.

The conversion process to workplace agreements, which is considered to be lengthy and expensive, is another deterrent.⁸⁹

- 2.105 The Committee heard evidence that without flexibility in workplace arrangements, there can be breaches of the law:

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

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

Mr Olah – Yes.⁹⁰

- 2.106 It was submitted by Restaurant and Catering Australia (RCA) and the Victorian Tourism Industry Council (VTIC) that there is a need to provide education and financial support to encourage industry to undergo the transition to the AWAs.⁹¹
- 2.107 RCA reported that work with member associations and the Office of the Employment Advocate (OEA) had resulted in 20 800 AWAs being signed in a 10 month period. This success, it argued, demonstrates that intensive, predominantly one on one, promotion of agreement-making does work for small businesses.⁹²
- 2.108 WorkChoices introduced a new Australian Fair Pay and Conditions Standard which includes minimum award classification wages and guaranteed minimum conditions of employment.⁹³ However, critics of the legislation cite concerns they have gathered from some employees

89 HMAA, *Submission No. 64*, p. 16; RCA, *Submission No. 31*, p. 24.

90 Mr P. Olah, HMAA and Mr B. O'Connor MP, *Transcript of Evidence*, 30 March 2007, p. 26.

91 RCA, *Submission No. 31*, p. 24; VTIC, *Submission No. 12*, p. 4.

92 RCA, *Submission No. 31*, p. 24.

93 See *WorkChoices: a New Industrial Relations System*, accessed 16 February 2007, <workchoices.gov.au>.

conditions have been downgraded in agreements negotiated in the tourism sector since late last year.⁹⁴

- 2.109 The Committee notes that the Australian Government has recently announced changes to the workplace relations system to strengthen the safety net and provide additional worker protection.⁹⁵
- 2.110 While workplace legislation can provide minimum standards and a framework of flexibility, the onus remains with industry to develop innovative approaches to employment models that meet industry needs and attract quality staff.⁹⁶
- 2.111 Evidence received on this was encouraging. While it is clear that the tourism industry needs to be more proactive on workplace and industry innovation, the industry also appears more ready to acknowledge its responsibilities. Tourism WA commented on a growing maturity, a new 'mindset', where tourism employers are beginning to see the value in improving staff retention, and are showing signs of a new preparedness to work collectively to address shared problems.⁹⁷
- 2.112 Some submitters commented that the potential to better utilise overseas skills, expand labour pools, promote staff mobility between states and territories, and across regions on different seasonal cycles, holds out new hope to address critical skill and labour shortages.⁹⁸
- 2.113 Service Skills Australia, an Australian Government funded industry skills council charged with coordinating training packages for the tourism and hospitality industry, identified a number of mechanisms which could assist businesses to better respond to labour market pressures and develop flexible and enhanced employment models that include:
- mapping potential career pathways;
 - exploring school-industry partnerships to provide work experience;
 - changing traditional rostering systems;
 - designating personnel to mentor apprentices and trainees;

94 LHMU, *Submission No. 10.1*, p. 4.

95 Prime Minister of Australia, Speech, *A Stronger Safety Net for Working Australians*, 4 May 2007, accessed 7 May 2007, <workplace.gov.au>.

96 DITR advises, for instance, that while factors such as seasonality and lack of accommodation impede employers' attempts to attract and retain staff in regional areas, there must be willingness to recognise training and provide wages and conditions that will make tourism jobs more desirable. DITR, *Submission No. 55*, p. 33.

97 Ms K. Lamont, Chairperson, Tourism WA, *Transcript of Evidence*, 9 March 2007, pp. 19-21.

98 Tourism WA and WA Hospitality and Tourism ITC, *Submission No. 62*, pp. 36-37.

- introducing activities to change community perceptions of the tourism and hospitality industries and career possibilities;
 - changing industry culture to value and support workers;
 - exploring job redesign; and
 - recognising skills acquisition in the workplace and providing appropriate recognition and credits to encourage the employee to pursue further studies.⁹⁹
- 2.114 In the body of this report recommendations are made to support the essential and fundamental shift of the tourism industry towards workforce sustainability. However, if the report's recommendations are to be effective the Committee believes that the industry needs better tools to conduct the strategic planning necessary to underpin the employment growth predictions for the tourism sector.
- 2.115 Although the economic sustainability and profitability of the industry are of direct relevance to employment, this Committee did not have the capacity to look at them in great detail. These issues are being addressed by the House of Representatives Standing Committee on Economics, Finance and Public Administration's inquiry into the current and future directions of Australia's service industries. As such, these issues are not addressed in this report.

Planning for change

- 2.116 There were many caveats placed on the uses and reliability of tourism employment data presented to this inquiry. DEWR was forthright in its submission about data deficiencies, noting variability caused by the unpredictability of international visit trends, the sectoral makeup of analysis, and the assumptions used by the ABS to calculate outcomes for the Tourism Satellite Accounts.¹⁰⁰
- 2.117 Evidence from industry stakeholders and experts maintained that the lack of comprehensive analysis of national tourism trends is a serious obstacle to the development of sustainable business plans by tourism operators.
- 2.118 Without comprehensive and nationally comparable information on workforce and tourism growth, sound investment decisions on infrastructure development and planning for staff recruitment and training cannot take place. Moreover, failure to invest supports low

⁹⁹ Service Skills Australia, *Submission No. 31*, p. 10.

¹⁰⁰ DEWR, *Submission No. 17*, pp. 4, 9.

productivity and the industry loses critical mass and the capacity to innovate. The end result is a negative industry image, feeding skills attrition and labour shortages.

- 2.119 One of the main difficulties for domestic data compilation and analysis on tourism is that the industry is not a discrete sector, like mining or manufacturing, but involves a very diverse range of service sectors. The lack of homogeneity in the industry means that the Australian and New Zealand Standard Industry Classification (ANZSIC), provides no discrete category for labour force employment results in tourism. The failure to produce these statistics makes it difficult to make accurate assessments of labour shortages.
- 2.120 To assess employment in tourism, the ABS uses a formula to make total employment estimations in each service sector proportional to the gross value added generated by the tourism industry as a whole:
- For example, if 90.1 percent of gross value added of the accommodation industry is estimated from tourism activity, then 90.1 per cent of total employment in the accommodation industry is apportioned to employment in the tourism industry.¹⁰¹
- 2.121 A distinction is then made between the value of services provided to the local community as against those provided to visitors.¹⁰²
- 2.122 At hearings, Mr Ivan Neville, Assistant Secretary of the Labour Supply and Skills Branch, DEWR, commented on the limited usefulness of TSA data to track recent tourism employment trends. This is due to the lack of currency of the data and the 'fairly convoluted methodology' used for estimates of employment in the industry.¹⁰³
- 2.123 Dr Peter Tucker, General Manager of the Sustainability Group of the Tourism Division in DITR explained that the TSA is an aggregation of national level statistics and does not allow for analysis of ABS labour force data at local or regional level, or even at the specific tourism related industry level.¹⁰⁴
- 2.124 In addition to the inadequacies in TSA data for prediction of tourism labour trends, currently DEWR does not attempt to quantify the

101 DEWR, *Submission No. 17*, p. 4.

102 Where tourism GDP represents the total market value of Australian produced goods and services consumed by visitors after deducting the costs of goods and services used up in the process of production. ABS, *Australian National Accounts: Tourism Satellite Account 2004-2005*, p. 2.

103 Mr I. Neville, DEWR, *Transcript of Evidence*, 17 August 2006, p. 2.

104 Dr P. Tucker, DITR, *Transcript of Evidence*, 29 March 2007, p. 1.

demand for positions in the tourism industry.¹⁰⁵ This also limits the capacity to forecast future needs. DEWR advised that, although the *Australian Jobs Outlook* publication does attempt to make broad projections, 'there is only so much science you can bring to bear on this. No-one knows how many waiters are going to be needed in five years time'.¹⁰⁶

- 2.125 Industry stakeholders, nevertheless, expressed frustration with these deficiencies. Lack of TSA data currency was a particular problem for state and territories with data not consistently collected or regularly updated.¹⁰⁷ The Sustainable Tourism CRC noted that employment trends for tourism are also distorted by the TSA's failure to include the business events sector which, according to the 2005 *National Business Events Study*, currently contributes \$17.4 billion to the Australian economy and grew by 214 000 jobs in 2005.¹⁰⁸
- 2.126 The Hotel Motel and Accommodation Association noted the need for, and lack of:
- publicly funded and broadly available operational data in the accommodation sector;
 - clear trend data for both staffing and operational purposes covering different sectors within the tourism industry;
 - staffing data structured by industry, rather than occupation, and the lack of data covering many tourism industry occupations;
 - regional and state-level workforce data for the entire industry, and the various sectors within it;
 - adequate and appropriate regional, state and national projections of whole of industry, sector-specific and occupation-specific workforce needs; and
 - consistency of collection and availability of data from existing public sector sources.¹⁰⁹
- 2.127 The Committee considers that there is a vital need to conduct a complete review of employment data compilation and analysis for tourism and related sectors, including for labour and skills shortage trends.

105 DEWR, *Submission No. 17*, p. 23.

106 Mr M. Manthorpe, DEWR, *Transcript of Evidence*, 1 March 2007, p. 17.

107 CCI-WA, *Submission No. 45*, p. 5; Tourism WA and WA Tourism and Hospitality Skills ITC, *Submission No. 62*, p. 14.

108 Sustainable Tourism CRC, *Submission No. 16*, p. 4.

109 HMAA, *Submission No. 64*, p. 14.

Recommendation 1

The Committee recommends that the Australian Government expand data collection and analysis of the labour needs of the tourism industry to enable comprehensive workforce planning. This data should encompass all tourism-related employment.

2.128 The paucity of regional labour force supply and demand data is of grave concern given the exceptional needs in regional and remote areas. In its submission DITR advised:

The provision of meaningful labour force data at the regional level is a complex issue. Data analysis, collection and forecasting issues that must be considered include the:

- Possibility of invalid results arising from analysis based on collections of data that are too small to be meaningful;
- Extent to which data estimates can be disaggregated to enable regional forecasting; and
- Resources and time required to establish infrastructure for on-line gathering of data and to ensure a statistically valid level and quality of data from participating businesses.¹¹⁰

2.129 In view of these problems, the Committee was pleased to note that, as an outcome of the Tourism Future's Conference in December 2006, DITR is now conducting, in partnership with industry, pilot programs in far north Queensland, the Victorian Goldfields, and East Perth to assess labour and skill shortages in these regions.¹¹¹

2.130 Tourism businesses have lower investment in market demand data compared with other service sectors. The Committee notes that Tourism Research Australia (TRA), the new body charged with meeting industry research and data needs, is planning to conduct research into tourism demand as part of the process of assessing regional labour requirements. The research will take its focus from three key themes – consumer behaviour; consumer motivators; and structural issues – identified in the 2006 TRA report, *An Assessment of the Australian Domestic Tourism Market*.¹¹²

2.131 Professor Westerbeek of La Trobe University reported the emergence of a strong recognition of the value of such research in regional Victoria, where small towns are desperate to capture business passing

110 DITR, *Submission No. 55*, p. 16.

111 Dr P. Tucker, DITR, *Transcript of Evidence*, 29 March 2007, p. 2.

112 DITR, *Submission No. 55*, pp. 9, 33.

through to larger centres and iconic tourism attractions. He advised on some necessities to improve data outcomes:

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

The CRC can play a role in that as well. Rather than make it snapshot projects with industry, at least identify one stream along the duration of the CRC that says hardcore, long-term, longitudinal, regionally based evidence that gives us information about the segmentation we so desperately need in order to supply those regional areas as well.¹¹³

- 2.132 The Committee considers that it will be beneficial to tap into regional research networks and industries to produce live data and forecast for regional tourism needs. The Committee is therefore recommending that DITR and TRA should work with regional institutes and industry bodies to develop a standardised methodology for longitudinal analysis of tourism industry trends and needs in regional areas.
- 2.133 The Committee supports the TRA's research plans for work on tourism consumer trends and also considers that pilot projects, similar to those conducted by DITR with regional industry bodies, should be undertaken to develop and promote the utility of such data to regional businesses.

113 Prof. H. Westerbeek, School of Sport, Tourism and Hospitality Management, La Trobe University, *Transcript of Evidence*, 30 March 2007, p. 16.

Recommendation 2

The Committee recommends that the Australian Government, in partnership with regional research institutions and industry bodies, undertake a review of the compilation and analysis of employment data for tourism and related sectors. The review should address the development of a standardised methodology for longitudinal analysis of tourism industry trends with particular focus on rural and regional areas.

Committee comment

2.134 Tourism is a 'people' industry and the vibrancy of our tourism sector is based on the capacity to deliver a service in metropolitan, regional and remote areas. As Professor Westerbeek told the Committee, our tourism industry has much to be proud of:

There is a general perception that, in stark contrast to many European countries, the service attitude and friendliness and the proverbial good-natured Australian attitude is still kicking big goals in terms of tourists coming this way.¹¹⁴

2.135 Whether this service delivery can be preserved in the face of the pressures outlined in this chapter relies on the preparedness of the industry to address the fundamentals that attract people into employment, given increasing competition for a sustainable workforce. Issues facing the industry and strategies to attract and retain a capable workforce are addressed in the following chapters.

114 Prof. H. Westerbeek, School, School of Sport, Tourism and Hospitality Management, *Transcript of Evidence*, 30 March 2007, p. 18.