

Addressing labour shortages and skills demands

- 3.1 The tourism industry is affected by the economy-wide labour and skills shortages. Many of these shortages are in skilled areas (chefs being the most widely cited) however many are also in areas considered 'unskilled' or 'low' skill as they do not require formal qualifications.
- 3.2 While labour and skills shortages can go hand in hand, they are in essence separate issues. Labour shortages occur when employers have difficulty filling positions at all levels due to an overall low unemployment level. Skills demands occur where employers have difficulty filling vacancies that require specialist skills and these shortages can occur even in periods of high unemployment.
- 3.3 Although the tourism industry is facing skills demands in some occupations, such as chefs and other trades, it is primarily facing labour shortages, with many employers simply unable to fill low-skill positions – there are simply too many jobs and not enough people.
- 3.4 Shortages are compounded by the high cost of living and lack of affordable housing in some remote and regional areas, particularly those areas that are competing with neighbouring resources industries for staff.

- 3.5 This chapter considers the factors contributing to labour shortages and the causes and areas of skills demand in the tourism industry. The chapter concludes with a discussion of the issues raised during the inquiry relating to migrant labour as a means of addressing both labour shortages and skills demands in some instances.

Labour shortages

- 3.6 As outlined in Chapter 2, the tourism sector is projected to experience significant growth over the next ten years. This growth will expose further skills and labour needs, in addition to the immediately apparent skills and labour shortages:

Accommodation

- ⇒ Housekeepers/cleaners
- ⇒ Restaurant supervisors
- ⇒ Food and beverage attendants
- ⇒ Porters

Restaurants

- ⇒ Cooks
- ⇒ Chefs
- ⇒ Food and beverage attendants

Tours

- ⇒ Guides with risk management and language and cross cultural skills

Attractions

- ⇒ Tour and fishing guides
- ⇒ Workers in attractions and national parks

Other Tourism Areas

- ⇒ Agents with e-business skills
- ⇒ Visitor information and regional tourism centres
- ⇒ Practical skills in event management¹

1 Service Skills Australia, *Submission No. 32*, p. 5.

- 3.7 The shortage of skilled and qualified tradespeople as well as the general labour shortage can jeopardise the capacity of tourism employers to meet operational demands. It was submitted that ‘if action is not taken urgently, the tourism industry faces the consequences of a decline in demand for our product and an inability to deliver a “platinum” experience for visitors,’ particularly due to increasing consumer demand and expectations of higher levels of service.²
- 3.8 Irreparable damage to our brand will result if labour shortages mean that Australia is unable to deliver on the expectations created by promotional activities.
- 3.9 The low national unemployment rate of 4.4 per cent³, the well documented ageing of the population and an economic environment in which the competition for labour is high means that generally there will be a shortage of people to fill positions. Even in areas that have had high unemployment for some time are experiencing dramatic falls in the unemployment rate. For example in Broome, a tourist destination in north western Western Australia, the unemployment rate in the September 2004 quarter was 5.7 per cent – down from 11 per cent in the September 2002 quarter.⁴
- 3.10 The resources sector is a significant drain on the available labour pool, and Western Australia is particularly affected. In the three years to June 2006, employment in the tourism industry increased by 6.7 per cent, while in the same period mining increased by 18.7 per cent and building by 25.6 per cent. The Committee was told that
- although there is a lack of empirical data on the present migration of the workforce from tourism to mining, resources and building, it would appear the recruitment and retention of staff in the tourism industry may well prove to be a highly challenging issue for some years to come.⁵

2 Tourism and Transport Forum (TTF) Australia, *Submission No. 37*, p. 6. Also Queensland Tourism Industry Council (QTIC), *Submission No. 20*, p. 13; Indigenous Business Australia (IBA), *Submission No. 38*, p. 7.

3 Australian Bureau of Statistics (ABS), *Labour Force Australia*, April 2007, Cat No. 6202.0.

4 ABS, *National Regional Profile: Broome (S) Statistical Local Area*, accessed 13 April 2007, <abs.gov.au>.

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

- 3.11 This was anecdotally supported by many witnesses to this inquiry from all regions of Australia. More than finding skilled employees, the key issue reported is simply getting the labour:

The contractor costs me even more than [hiring staff] but the hassle of getting the labour has driven me to that point. You have someone, they are here for a month and then they are gone – and that is frustrating, particularly in the busy time. But if you get a contractor and pay them more money it is the contractor’s problem to get the labour.⁶

- 3.12 Labour shortages are not confined to Australia – submitters report that labour shortages are an issue of concern worldwide, particularly with the increasing global mobility of the workforce:

Labour shortages are the result of a number of social, structural and economic factors confronting the industrialised world. There will be no simple solution to this problem and it will require businesses to ensure their workplace culture, job design and employment benefits are consistent with the long standing rhetoric of being an “employer of choice”.⁷

- 3.13 Long-term planning is necessary to adequately address skills shortages, focussing on a range of strategies at a micro- and macro-level, to create a:

knowledge-based nation through improved public and private sector investment in training, coupled with a realistic strategy to address tourism’s seasonality issues and a co-ordinated approach to addressing changing labour market demographics is the preferred approach.⁸

6 Mr K. Dobbs, Port Douglas Daintree Tourism Ltd, *Transcript of Evidence*, 22 November 2006, p. 44.

7 Australian Hotel Association (AHA), *Submission No. 43*, p. 8.

8 Australian Tourism Export Council (ATEC), *Submission No. 51*, p. 11.

3.14 To meet this aim, providing we have enough people to train, it was submitted that the following needs to be undertaken by business and local, state/territory and federal governments:

- increasing investment in vocational training;
- increasing the number of traditional trade apprenticeships by engaging in fast track and other accelerated pathways for existing employees, recruit school leavers and mature age workers;
- developing retention strategies to retain current employees;
- planning and forecasting for future skill and labour requirements and increasing the skill base of the existing workforce with re-skilling and up-skilling programs to meet future needs, remain competitive and increase business activity; and
- information and advice on various available initiatives, financial incentives and assistance from State and Federal governments.⁹

3.15 New Zealand is facing similar skills and labour shortage issues. A recent New Zealand tourism workforce strategy identified that:

When we started this process, we believed we were dealing with a workforce issue. After looking closely at the issues and listening to industry, it became apparent that we are in fact dealing with a *workplace* issue.¹⁰

3.16 Australian workplaces equally need to take responsibility for addressing labour shortages, in partnership with a Government focus on measures to increase labour force participation. This means that industry needs to identify labour shortages and measures needed to redress them. Equally, employers need to ensure they are offering attractive conditions, including wages and flexible working arrangements such as the provision of childcare. It is only through such strategies that the tourism industry may compete with the higher wages offered in other sectors and address labour shortages.

9 Chamber of Commerce and Industry Western Australia (CCI-WA), *Submission No. 45*, p. 7.

10 New Zealand Tourism Industry Leadership Group, *Tourism and Hospitality Workforce Strategy*, June 2006, p. 2.

Seasonal employment

- 3.17 Most tourism destinations have significant seasonal variations which necessitate a larger workforce for short periods of the year. The economy-wide labour shortages as noted above mean that there is little incentive for people seeking full-time work to take up seasonal employment as a measure to stay in the workforce.
- 3.18 The availability of employment in three to six month periods makes it difficult to attract individuals to permanently settle in remote regions where they are faced with no employment opportunities in the non-peak seasons.
- 3.19 Therefore, a large proportion of the seasonal workforce comprises working holiday makers (both international and local travellers) and students seeking holiday jobs. However, this temporary workforce does not necessarily have a commitment to stay within the industry for the duration of one season let alone longer-term. Therefore any training investment, where provided, is often lost to the industry.
- 3.20 There are a range of strategies to address seasonal employment shortages. Those presented to the Committee include:
- academic institutions to include in tourism studies a form of internship or work experience placement to take place in peak seasons;
 - industry better targeting students in their recruitment strategies for seasonal employment, and providing incentives for these students to return in consecutive seasons over the course of their studies;
 - the formation of a 'sector pooling' strategy to provide full-time employment in complementary sectors (i.e. snowfield resorts to pool staff with island resorts);
 - the higher take-up of the occupational training visa which allows workplace-based training for foreign nationals;
 - recruitment targeted at attracting older workers seeking short-term work and the Indigenous population in remote areas seeking to work in local, often remote, areas;
 - centralised destination recruitment strategies to lessen the risk carried by smaller operators and promote cross-employer flexibility and training opportunities;
 - better promotion of the federal government's \$5 000 relocation bonus;

- cross-training employees so they have employment opportunities in the down season; and
- market diversification to assist in lessening seasonal peaks and troughs.¹¹

3.21 The first step to addressing seasonal workforce fluctuations is better collaboration within the industry. It was submitted that:

There is a need for more cooperation or collaboration between individual industry organisations in regional destination areas to deal with seasonal workforce demands. Currently there is too much reliance on initiatives by individual enterprises which often fails to address collective issues such as accommodating the seasonal workforce.¹²

3.22 While a large number of submissions put forward strategies to meet seasonal workforce demands, it is clear that there is very little collaboration between or within industry sectors to address these issues. The Committee notes that this may be largely due to the large number of small owner-operator businesses making up the industry. There is an obvious need for the development of a seasonal workforce management plan that addresses the issues listed above and includes appropriate incentives to increase the attractiveness of this type of work. Such a strategy should focus on how to build industry cooperation.

3.23 It was submitted that this call for a seasonal workforce management plan is not new, but the industry to date has not been responsive to it:

[It] has been noted by a number of commentators that tourism and hospitality industry organisations have been slow to adopt strategies such as job rotation across and between departments, organisations, brands and geographical regions in spite of calls for more vision in this regard going back at least some 13 years or more ... The industry needs to be more innovative in this regard, and devise strategies that allow them to have a committed,

11 TTF Australia, *Submission No. 37*, p. 6; Victorian Tourism Industry Council (VTIC), *Submission No. 12*, p. 3; Hostec, *Submission No. 7*, p. [2]; Mr R. Wesley, *Submission No. 11*, p. 4; ATEC, *Submission No. 51*, p. 9; Seashells Hospitality Group (SHG), *Submission No. 6*, p. 4; Tourism NT, *Submission No. 39*, p. 5; City of Mandurah, *Submission No. 29*, p. 3; Sustainable Tourism CRC, *Submission No. 16*, p. 8; Tourism WA, *Submission No. 62*; QTIC, *Submission No. 20*, p. 4.

12 School of Leisure, Sport and Tourism, University of Technology, Sydney (UTS), *Submission No. 4*, p. 3.

permanent workforce while also offering the flexibility of hours which are sometimes needed.¹³

- 3.24 The industry must get organised as it cannot afford to continue to delay action in this regard and needs to display greater courage and innovation with respect to its seasonal workforce. Seasonal fluctuations are a continuing feature of the industry and so, for its own sustainability, longer term strategies must be developed.

Recommendation 3

The Committee recommends that the Australian Government, in partnership owners and operators, develop a seasonal workforce management plan for the tourism industry that focuses on building community and industry-wide cooperation.

Destination Management Planning

- 3.25 While the labour force needs are generally similar Australia-wide, each destination has particular attractions: North Queensland has a specific focus on the 'reef and rainforest', the Northern Territory on Indigenous experiences and Tasmania on cultural and eco-tourism. The concept of destination management planning was raised as a 'guiding tool for the development of tourism strategies and business plans and as a springboard for further planning and discussion between partners and stakeholders'.¹⁴
- 3.26 Each region of Australia also has particular demands for skilled staff, therefore destination management planning is an essential tool for workforce and workplace management. Many regions already utilise destination management planning and these plans impact on tourism employment by 'guiding the development of new tourism products or experiences and/or identifying broad skills development needs for each destination.'¹⁵
- 3.27 The Committee commends those regions that are already engaged in destination management planning. However, there is a greater role

13 Australian Regional Tourism Research Centre (ARTRC), *Submission No. 19*, pp. 5–8.

14 QTIC, *Submission No. 20*, p. 19.

15 QTIC, *Submission No. 20*, p. 19.

for destination management plans to be used as workforce management plans that not only address future labour and skills needs but also issues such as availability of community services, staff accommodation and, in remote locations, entertainment and transportation needs.

- 3.28 Seasonal workforces have an impact on local communities. For those regional communities for which tourism is a new venture, there is not necessarily the infrastructure in place to support the needs of a temporary influx of residents.
- 3.29 This was particularly noted in relation to the 'party lifestyle' and substance misuse that often accompanies holiday employment.¹⁶ As noted later in this chapter, the Committee calls on the industry to make greater use of destination management plans. These plans must also address the adequate resourcing of the community sector providing services to seasonal workers.
- 3.30 There is also room for destinations with opposing high seasons to work collaboratively on workforce planning and provide opportunities and incentives for employees to relocate thus providing full-time ongoing employment opportunities and keeping people within the industry.
- 3.31 It was further submitted that all stakeholders have a role to develop destinations into year-round attractions to encourage employment opportunities. Where financial support is provided by government to develop regional tourism, it needs to be provided across the full range of tourism experience, not just key attractions.¹⁷
- 3.32 The Committee welcomes additional funding of \$10 million over the next two years announced in the 2007-08 Budget for drought affected areas to develop tourism initiatives.¹⁸ This additional funding will assist communities with product development and destination planning.
- 3.33 Destination management plans should also address community education. It was submitted that the Australian public as a whole needs to be educated about the value of a complete tourism

16 MyHealth Australia, *Submission No. 3*.

17 Buffalo Brewery, *Submission No. 2*; City of Mandurah, *Submission No. 29*, pp. 2, 3.

18 Hon. Fran Bailey MP, Minister for Small Business and Tourism, *Tourism in Drought Affected Areas to be Encouraged*, Media Release, 8 May 2007.

experience, from general customer service standards to preserving environmental assets.¹⁹

Recommendation 4

The Committee recommends that the Department of Industry, Tourism and Resources develop a destination management planning tool for the tourism industry that assists regions to undertake workforce planning and strategic product development and support community infrastructure.

Cost of living for tourism workers

- 3.34 The tourism industry, by its very nature, is concentrated in highly appealing locations, therefore attracting a high cost of living, particularly in regard to housing.
- 3.35 In addition, regional incomes are generally lower than wider national averages. The most recent Australian Bureau of Statistics (ABS) survey of household income and income distribution, released in August 2005 found that average incomes in the capital cities in Australia were 16 per cent above those outside the capital cities.²⁰
- 3.36 Yet some regional and remote destinations can attract amongst the highest property prices and rental rates.²¹ This, combined with low wages, makes it unattractive to live and work in some regional tourist locations.

In destinations such as Port Douglas in Far North Queensland for example high local house and flat rents make it extremely difficult for tourism and hospitality employees to live within close range of ... employers. The changes driven by 'Seachangers' may have a number of interesting impact on the industry, many potentially positive, but an unforeseen effect ... is that higher house prices and rents in desirable regional areas. The rise in housing costs is likely to make it

19 School of Sport, Tourism and Hospitality Management, La Trobe University, *Submission No. 5*, p. 3.

20 ABS, *Household Income and Income Distribution, Australia, 2003-04*, released 4 August 2005, Cat. No. 6523.0, accessed 27 February 2007, <abs.gov.au>.

21 Tourism Whitsundays, *Submission No. 27*, p. [4]; Daydream Island, *Submission No. 54*, p. 4.

increasingly difficult for tourism and hospitality employees to afford working and living in such places.²²

- 3.37 The high cost of living means that in some regions it is imperative for employers to provide accommodation as part of an employment package. All employers that the Committee spoke to were actively addressing this issue.

Industry members provided feedback that accommodation for employees is a major issue in regional and remote locations, with many staff living in appalling conditions such as dongas and sea containers. In order to attract quality staff, Cable Beach Resort purchased Palm Beach Resort in Broome to house staff, a process that took over 2 years to achieve. At the very least, rental assistance is required for key roles in tourism and hospitality, such as executive chefs.²³

- 3.38 Other measures being undertaken by employers include:

- The organisation of temporary backpacker style accommodation for new employees relocating to the region.
- The organisation of caravan park style accommodation for new employees relocating to the region.
- Recent efforts have also been put towards the rental of share accommodation by the resort for employees to utilize.²⁴

- 3.39 Employers also noted that, as with labour and skills shortages, the lack of reasonably priced accommodation and the cost of living was affecting provision of service:

However, it can be seen that with aforementioned efforts to increase the longevity and career development of our team, this issue, and inability to provide a timely long term solution place impact on the resort's ability to develop and maintain a high quality team, which in turn impacts on the delivery of our products.²⁵

22 ARTRC, *Submission No. 19*, p. 4.

23 Tourism WA, *Submission No. 62*, p. 37.

24 Daydream Island, *Submission No. 54*, p. 4.

25 Daydream Island, *Submission No. 54*, p. 4.

- 3.40 The cost of housing is not confined to regional areas. Tourism WA noted that the cost of housing in Perth has increased by 84 per cent in the past three years.²⁶
- 3.41 However, the provision of accommodation is a particular burden on regional employers. Employers expressed a desire to provide more support in the provision of housing but there was a disincentive in regards to taxation arrangements. Taxation issues are discussed in Chapter 5.
- 3.42 Accommodation shortages are exacerbated by some moves to limit short-term rental properties. The Furnished Property Industry Association (FPIA) reported that a number of local councils are moving to ban short-term property rentals on the basis that these rentals are disturbing to residents. Analysis of short-term property rental complaints made to the Office of Fair Trading shows that in reality there are very few complaints made regarding these types of properties.²⁷
- 3.43 The Committee is also aware that some larger tourism employers rely on these short-term rental properties to house relocating employees until more suitable long-term housing becomes available. The Committee is concerned that if this type of property was banned or severely limited, it would impact on the provision of regional housing, and the diversity of holiday accommodation offered.
- 3.44 In order to meet the concerns of local councils and the needs of local tourism employers, the Committee agrees with the furnished property industry's call for a national code of conduct governing the management and use of short-term property rentals.

Recommendation 5

The Committee recommends that the Australian Government provide facilitative support to the furnished property industry and the Australian Local Government Association to assist the development of a national short-term rental accommodation code of conduct.

26 Tourism WA, *Submission No. 62*, p. 37.

27 Furnished Property Industry Association (FPIA), *Submission No. 18*, p. 2.

Skills demands

Causes of skills demands

3.45 The Bureau of Transport and Regional Economics (BTRE) identifies the four main causal factors of skills demands from an industry perspective as:

- Training – the number of people entering the occupation;
- Wastage – the number of people who are trained in a skill or occupation, but do not work in that field;
- Migration – Australia’s place in a global labour market. Australia is a net importer of skills, so migration has a positive impact on skill shortages. However, most migrants are concentrated in the metropolitan areas;
- Work force exits – people permanently leave the workforce for a number of reasons, mostly through retirement.²⁸

3.46 In addition there are six factors that influence skills demands at a regional level:

- health;
- education;
- housing;
- jobs and career opportunities (including for family members);
- infrastructure; and
- perceptions of lifestyle and community.²⁹

3.47 The above are all issues that can be addressed in part at a local level. However, skills demands do not exist in isolation of the following macro-economic factors:

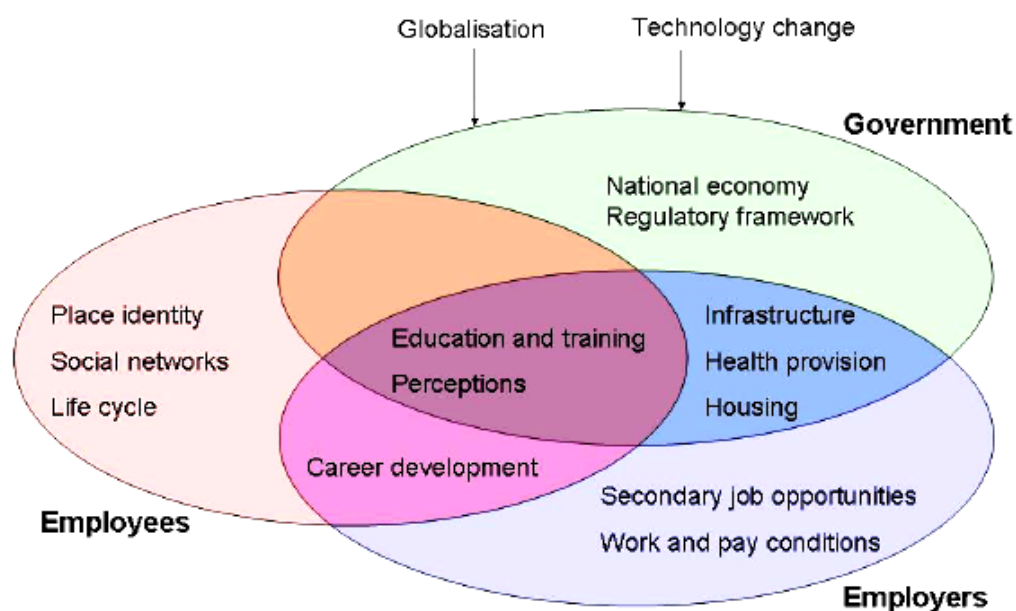
- technology change;
- globalisation;
- national economy;
- regulatory framework; and
- flexibility and mobility of the labour force.³⁰

28 Bureau of Transport and Regional Economics (BTRE), *Skill Shortages in Australia’s Regions*, Working Paper No. 68, July 2006, pp. 8-9.

29 BTRE, *Skill Shortages in Australia’s Regions*, Working Paper No. 68, July 2006, p. 8.

- 3.48 These factors are apparent in the skills and labour shortages faced by the tourism industry and as such are discussed throughout the report.
- 3.49 Government, employers and employees all have responsibilities in addressing skills demands. It is essential that all key players understand the issues that influence skills demands and take action to address those within their sphere of influence. This includes a role for employers to understand what type of employee will best suit their location and be best able to meet the challenges it affords. These respective responsibilities are illustrated in Figure 3.1.

Figure 3.1 Key players influencing skills shortages



Source BTRE, *Skill Shortages in Australia's regions*, Working Paper No. 68, July 2006. p. 15.

- 3.50 Tourism NT submitted that skills demands within the tourism industry are worsened by the fact that:

the tourism industry does not have the credence that other industries have, that it is the job you have before you get a 'real' job, or that it offers opportunities for a second job. There is a lack of understanding and knowledge about the opportunities a career in tourism can present. Consequently,

employers are frustrated with training staff that have no long term commitment to the industry.³¹

- 3.51 Because of this perception, there is risk of regions being ‘professional nurseries’ – able to attract graduates who gain experience and then move to higher paying jobs in city areas or other industries.
- 3.52 Skills demands are also regionally specific. For example, Western Australia in particular is experiencing demands in occupations also sought by the resources sector. Island resorts, such as those in the Whitsundays, face specific demands in the marine industry. Therefore measures to address specific skills demands also need to be put in place at the regional level.³²
- 3.53 Immediate skills demands can also cause longer term workforce issues. The Committee heard evidence about staff promoted too rapidly which results in perception from those seeking work that their skills are higher than they actually are, and therefore they do not accept lower positions that are more appropriately suited to their skills.
- 3.54 It was submitted that ‘it is great that young people are ambitious but we need to ensure that we do not set them up for failure by placing them in roles that they are just not qualified for.’³³ This situation also reduces the capacity for and quality of on-the-job training if people in supervisory positions themselves lack experience.

Identifying skills needs

- 3.55 The Department of Employment and Workplace Relations (DEWR) defines skills in demand as:

Skills in demand exist when employers are unable to fill or have considerable difficulty filling vacancies for an occupation, or specialist skills needs within that occupation, at current levels of remuneration and conditions of employment and reasonably accessible locations. ... Demand is typically for specialised and experienced workers, and can

31 Tourism NT, *Submission No. 39*, p. 4.

32 Tourism WA and WA Hospitality and Tourism ITC, *Submission No. 62*, p. 12; Tourism Whitsundays, *Submission No. 27*, p. 9.

33 Voyages Hotels and Resorts, *Submission No. 33*, p. 5.

coexist with relatively high unemployment overall or in the occupation.³⁴

- 3.56 The skills in demand list compiled by DEWR focuses on occupations rather than industries, primarily focussing on 'trade and professional occupations.'³⁵ As noted above, there is no industry-wide picture of skills demands and the industry considers the DEWR assessment to be therefore limited in its scope.
- 3.57 There has been extensive research undertaken into the shortages of chefs and cooks and this is widely recognised as an area of severe shortage, with the majority of submissions to this inquiry citing chef shortages. Restaurant and Catering Australia (RCA) reports that over 2 000 individuals are required to fill these shortages.³⁶ Various studies have found that not only are there are shortage of chefs currently in the industry, but the current inflow of apprentices will not make up this shortfall.³⁷
- 3.58 Factors contributing to this shortfall include the length of apprenticeships, lack of formal training for chefs to move into management positions, and pay and conditions.
- 3.59 While these shortages are well documented and reported to this inquiry, 'no similar research as been undertaken in the non-cookery professions of the industry' even though the skills needs are reported to be widespread. RCA noted that shortages are equally as severe in service staff, kitchen hand and supervisory positions (6 000 required).³⁸
- 3.60 Assessment of skills demands needs to take in a wider scope than the cookery areas. However, for these skilled areas to be given more weight in the assessment of skills demands, there also needs to be greater recognition of what constitutes skilled staff. This issue is discussed in Chapter 5.
- 3.61 The skills demands facing the industry in rural and regional areas are particularly severe. The industry by its nature tends to be spread throughout remote locations, which, combined with its seasonality, compounds skills demands:

34 DEWR, *Submission No. 17*, p. 20.

35 DEWR, *Submission No. 17*, p. 20.

36 RCA, *Submission No. 31*, p. 15.

37 Tourism and Hospitality Skills ACT and Region, *Submission No. 58*, p. 4.

38 RCA, *Submission No. 31*, pp. 15-16.

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.³⁹

3.62 Other employers in regional areas also reported skills demands. For example, the Australian Airports Association submitted that airports are integral to ensuring rural and regional Australia is accessible to tourists. The skilled tradespeople required to maintain an airport and fill other council positions are also highly sought after by the resources industry. Therefore, the incentives offered by local councils are often not sufficient to retain staff. Measures are required which recognise the:

economic and social benefit of maintaining a certified airport ... to assist Councils in rural, regional and remote Australia to retain skilled staff.⁴⁰

3.63 As well as the causes of skills demands outlined above, social, economic and technology changes have resulted in a range of additional more generic skills needs such as:

- an awareness of risk management and compliance and how to apply this to business planning;
- business management skills, some fifty per cent of owner operated businesses have no direct experience within the industry;
- language, literacy and numeracy skills;
- middle management including e-business skills;⁴¹ and
- generic employability skills such as 'team work, problem-solving, initiative and enterprise, planning and organising, self-management, learning and technology.'⁴²

39 Australian Ski Areas Association (ASAA), *Submission No. 9*, p. 10.

40 Australian Airports Association (AAA), *Submission No. 8*, p. 3.

41 Service Skills Australia, *Submission No. 32*, p. 4; Tourism Industry Council Tasmania (TICT), *Submission No. 36*, p. 3; QTIC, *Submission No. 20*, p. 11.

- 3.64 There are a number of short-term measures to address skills demands, such as migration, as discussed below. However, skills demands also need to be addressed in the longer term by governments, industry and communities in partnership.
- 3.65 The Committee's recommendation in Chapter 2 regarding data collection on skills needs will go some way to identifying areas of skills needs and thus assist industry in developing strategies to address skills demands.

Migrant labour

- 3.66 Employers are increasingly looking overseas for personnel to fill skills and labour shortages. The use of Temporary (Long Stay) Visa (sub class 457) (known as the '457 visa') and the Working Holiday Maker visas have been widely cited throughout the inquiry as a solution to workforce shortages, both seasonal and long-term.
- 3.67 Both of these visa categories provide a labour pool for the tourism industry, however they are not necessarily the most appropriate avenue for providing the short-term 'low skill' labour pool that the industry is critically seeking.

'457 visa'

- 3.68 The Temporary (Long Stay) Business Visa (sub class 457) is the primary visa that enables employers to nominate skilled overseas workers for up to four years to fill vacancies. The visa is specifically for skilled positions and requires a minimum salary level of \$41 850 (\$57 300 for ICT professions).⁴³
- 3.69 Sponsors must also demonstrate 'a commitment to training Australians', comply with workplace relations laws, arrange for mandatory licensing where required, cooperate with visa monitoring and directly employ the worker in the sponsored position.⁴⁴

42 Service Skills Australia, *Submission No. 32*, p. 4. Also TTF Australia, *Submission No. 37*, p. 5.

43 Department of Immigration and Multicultural Affairs (DIMA), *Submission No. 47*, p. 4.

44 DIMA, *Submission No. 47*, p. 5.

- 3.70 Employers located in regional areas may apply for Regional Employer Concessions, providing the ability to reduce minimum skill and salary level restrictions of the visa.⁴⁵
- 3.71 Regional concessions apply to most areas in Australia, with the exception of Brisbane, the Gold Coast, Newcastle, Sydney, Wollongong, Melbourne and Perth. To receive these concessions the employee nomination must be vetted by a Regional Certifying Body (RCB).
- 3.72 RCBs include state and territory regional development departments, shire councils, regional industry development boards and chambers of commerce. In Victoria, for example, assessments are largely conducted by regional offices of the Department of Innovation, Industry and Regional Development, while in Queensland regionally based industry development bodies, such as the Cairns Chambers of Commerce hold this responsibility. In Western Australia, assessments are conducted by state operated regional development commissions. In the ACT and Tasmania the process is overseen by the Chief Ministers Department and the Department of Premier and Cabinet respectively. In the Northern Territory and South Australia the applications are dealt with by the departments of trade/business and economic development.⁴⁶
- 3.73 RCBs are responsible for determining:
- the tasks of the nominated position correspond to the tasks of an occupation in the Australian Standard Classification of Occupations (ASCO) major groups 1 to 7;
 - the position is genuine, full-time and necessary to the operation of the business;
 - the position cannot reasonably be filled locally;
 - the wage or salary will meet, at least, the Minimum Salary Level that applies at the time that the nomination application is made;
 - working conditions will be at least equal to those provided for under relevant Australian laws and awards.⁴⁷

45 Department of Immigration and Citizenship (DIAC, formerly DIMA), Visas and Immigration Temporary Business (Long Stay) – Standard Business Sponsorship (Subclass 457), Regional Employer Concessions, accessed 29 January 2007, <immi.gov.au/skilled>.

46 DIAC, Regional Initiatives, Regional Certifying Bodies, accessed 22 May 2007, <immi.gov.au/skills/regional-certifying-bodies>.

47 DIAC, Temporary Business (Long Stay) – Standard Business Sponsorship (Subclass 457), Regional Employer Concessions, accessed 29 January 2007, <immi.gov.au/skilled>.

- 3.74 There were calls for regional concessions to be extended to all areas, but specifically to Perth as it is currently experiencing an exceptionally low unemployment rate.⁴⁸
- 3.75 The Committee does not support the call for regional concessions to be extended to all areas as this will only increase the difficulty faced by regional employers in attracting people away from the large cities.
- 3.76 The 457 visa provides a springboard to qualify for permanent residency under the Employer Nomination Scheme (ENS).⁴⁹ The visa does not allow for the visa holder to change employers. In order to do so a new visa must be applied for.⁵⁰
- 3.77 The 457 visa was discussed at length during the inquiry. Major issues raised were:
- The visa does not allow for ‘unskilled’ workers and the mandatory minimum salary levels are too high for some hospitality positions.⁵¹
 - there is a need for industry and region-specific minimum salary levels;⁵²
 - release of visas a week before start dates does not provide flexibility for visa holders to enter Australia for a holiday prior to commencing work or to take advantage of discounted airfares;⁵³ and
 - lengthy processing times were widely reported.
- 3.78 Of serious concern to the Committee are the lengthy processing times. DIAC reported that service standards for processing times are between 30 days and six weeks for applicants from low-risk countries, and six weeks to three months for medium risk countries.⁵⁴

48 Industry Advisory Board, *Submission No. 30*, p. 7.

49 The ENS enables employers to nominate highly skilled professionals in occupations on the Employer Nomination Scheme Occupations List (ENSOL) for three years employment minimum. DIAC, *Fact Sheet No. 24: Overview of Skilled Migration to Australia*, p. 2.

50 DIMA, *Submission No. 47*, p. 4.

51 ATEC, *Submission No. 51*, p. 10.

52 Australian Hotels Association (AHA), *Submission No. 43*, p. 15; Hotel Motel and Accommodation Association (HMAA), *Submission No. 64*, 18; Ms V. Smith, Tourism NT, *Transcript of Evidence*, 7 March 2007, pp. 1-2.

53 ASAA, *Submission No. 9*, p. 12.

54 Mr P. Job, DIAC, *Transcript of Evidence*, 15 February 2007, p. 19. The originating country risk level is deemed on the historical performance of visitor visas.

- 3.79 This is contrary to evidence received by this inquiry. Submitters reported that in some cases processing times exceeded the length of the season for which the employee was required. This type of delay can obviously be deleterious to the effectiveness of a business.⁵⁵
- 3.80 These delays are unacceptable, particularly in an industry with an extremely high staff turnover and a short peak season. With global competition for quality staff, impediments such as onerous processing times will only discourage skilled staff from seeking employment in Australia and further burden employers.
- 3.81 The Committee welcomes the Minister for Immigration and Citizenship's recent announcement of changes to the visa administration program that will allow fast-tracking of applications for employers with a proven track record of employing visa holders.⁵⁶
- 3.82 The Committee also notes that the Joint Standing Committee on Migration is undertaking a detailed inquiry into the 457 visa and is considering issues such as eligibility, monitoring and enforcement, and areas for improvement.⁵⁷ Consequently, this Committee limits its recommendation to the issue of 457 visa processing times, which was cited as the primary issue for tourism operators given the high seasonal needs.
- 3.83 However, the Committee notes that the '457 visa' is of little use to fill many of the shortages faced by the tourism industry, as these shortages are for positions that are fall below the 'skilled' group defined for the eligibility for the visa. Other avenues for the tourism industry to appropriately fill shortages with overseas workers are considered in subsequent sections.

55 Mr R. Sedon, Cable Beach Club Resort, *Transcript of Evidence*, 7 March 2007, p. 5; Tourism WA, *Submission No. 62*, p. 30; Ms S. Power, Daydream Island Resort and Spa, *Transcript of Evidence*, 24 November 2006, p. 33; Hamilton Island Resort, *Submission No. 15*, p. 3.

56 Hon. K. Andrews, Minister for Immigration and Citizenship, *Doorstop*, 26 April 2007, DIAC website, accessed 26 April 2007, <minister.immi.gov.au>.

57 Further details of the inquiry can be found on the Migration Committee's website: <aph.gov.au/house/committee/mig/index>, accessed 8 May 2007.

Recommendation 6

The Committee recommends that the Australian Government place an obligation on the Department of Immigration and Citizenship to report to the Minister for Immigration and Citizenship when processing times for the Temporary (Long Stay) Business Visa (sub class 457) exceed the service standards of between 30 days and six weeks for applicants from low risk countries, and six weeks to three months for medium risk countries.

Migration Occupations on Demand List

- 3.84 The Migration Occupations on Demand List (MODL) is compiled by DEWR bi-annually and defines national skills in demand. Occupations on the MODL are awarded additional points towards points-tests migration applications.
- 3.85 The MODL focuses on occupations that are:
- highly skilled, that is, occupations which generally require at least three years mandatory post-school education or training and for which there is a DIAC approved organisation to certify a person's qualifications meet Australian Standards.⁵⁸
- 3.86 There was general consensus that the MODL, which defines skills demands, does not encompass positions that the industry considers as highly skilled (such as front of house positions) and is therefore unresponsive to industry need.⁵⁹
- 3.87 This is due to the criteria used by DEWR to determine what constitutes skilled positions. It was submitted that these criteria do not address the particular skills and competencies required in the modern workplace, particularly in the tourism industry:
- We believe it is far too much based on traditional trade concepts. It does not recognise the level of real-world flexibility in how people work. One of the pluses our industry offers is that people can come in and, in their first week, do

58 DEWR, *Supplementary Submission No. 17.1*, p. 1.

59 Industry Advisory Board, *Submission No. 30*, p. 23; TIF Australia, *Submission No. 37*, p. 9; AHA, *Submission No. 43*, p. 15; CCI-WA, *Submission No. 45*, p. 9; HMAA, *Submission No. 64*, p. 18.

everything from front desk to cleaning to kitchen and everything in between.⁶⁰

- 3.88 The Australian Standard Classification of Occupations (ASCO)⁶¹ informs the MODL, so for more occupations to be considered on the MODL there needs to be greater recognition of the skills apparent in certain positions. Therefore, it is necessary for industry to define the skills and qualifications of its positions and develop an appropriate examining body for qualifications. This issue is further discussed in Chapter 5.
- 3.89 Because the MODL is dependent on occupations that require at least three years mandatory post-school training, it fails to recognise the skills demands of the tourism sector.
- 3.90 As discussed later in the report, there are many positions that require extensive in-house training and are considered by industry to be highly skilled. Therefore, there is scope for the MODL to be amended to recognise skills demands across the tourism workforce.

Recommendation 7

The Committee recommends that the Australian Government amend the Migration Occupations on Demand List to include tourism occupations in areas of skills demand where these occupations meet recognised national training standards but do not meet the formal three-year post-school qualification criteria.

60 Mr P. Olah, HMAA, *Transcript of Evidence*, 30 March 2007, p. 23

61 The major ASCO groups are: 1. Managers and Administrators; 2. Professionals; 3. Associate Professionals; 4. Tradespersons and Related Workers; 5. Advanced Clerical and Service Workers; 6. Intermediate Clerical, Sales and Service Workers; 7. Intermediate Production and Transport Workers; 8. Elementary Clerical, Sales and Service Workers; 9. Labourers and Related Workers. ABS, *Australian Standard Classification of Occupations*, Second Edn, July 1997, Cat. No. 1220.0.

Working holiday makers

- 3.91 A valuable source of labour for any seasonal industry is those in Australia on working holidays. In 2005–06, 113 936 working holiday visas were granted, a 9.2 per cent increase over 2004–2005 figures. Working holiday makers spend \$1.3 billion annually and
- as a result of their propensity to travel widely and visit remote destinations, this spending provides considerable economic benefits to the tourism industry and regional areas.⁶²
- 3.92 There are two working holiday visas for individuals aged 18 to 30 years. The two visa categories are:
- the Working Holiday Maker visa (subclass 417), for citizens of Belgium, Canada, the Republic of Cyprus, Denmark, Estonia, Finland, France, Germany, Hong Kong, the Republic of Ireland, Italy, Japan, the Republic of Korea, Malta, Netherlands, Norway, Sweden, Taiwan and the United Kingdom; and
 - the Work and Holiday visa (subclass 462) for those with a tertiary qualification from Chile, Iran and Thailand. Arrangements have also been negotiated with Bangladesh and Turkey and DIAC is in the process of negotiating a similar visa with the United States of America.⁶³
- 3.93 Both working holiday visas are reciprocal arrangements that allow visa holders to work and travel in Australia for 12 months. Recent changes to the visa extended the maximum employment period with any one employer from three to six months.⁶⁴ This change was widely welcomed by the tourism industry.
- 3.94 Since November 2005, working holiday makers who work a minimum of three months seasonal harvest work in regional Australia may apply for another working holiday visa, allowing for a further stay of one year and the ability to work in any industry. Nearly 2 700 people were granted a second visa in 2005–2006.⁶⁵

62 DIMA, *Submission No. 47*, p. 7.

63 DIAC, Working Holiday Makers, accessed 1 April 2007, <immi.gov.au/visitors/working-holiday/visa-options>.

64 DIMA, *Annual Report 2005 – 06*, p. 71.

65 DIMA, *Submission No. 47*, p. 7.

- 3.95 The intention of the WHM visa is to allow 'young people from arrangement countries to have an extended holiday in Australia by supplementing their travel funds through incidental employment.'⁶⁶ While these visa holders provide an indispensable labour pool, the primary purpose of the visa is aimed at holiday makers. It is 'deliberately and consciously designed for youth, as part of [Australia's] international, cultural and social exchange and relationship development.'⁶⁷
- 3.96 There was a call from many submissions and witnesses for the maximum employment periods for working holiday makers to be extended to twelve months or two years to 'enable a visitor to work two seasons saving on training and recruitment costs.'⁶⁸ Submitters claimed that this will maximise employers' training investment and the benefit gained by regional communities by these working holiday makers spending their money in the region.⁶⁹
- 3.97 In contrast it was also submitted that as working holiday makers are only permitted to stay in the country for twelve months, it is unlikely that they will choose to stay with the same employer for six months. Therefore, an extension of the visa is necessary similar to that available to working holiday makers who undertake employment in the harvest industry.⁷⁰
- 3.98 While it is tempting to simply call for an extension to the working holiday visas to solve some of the regional labour shortages, it is not a long-term nor sustainable option.

The working holiday maker program is a good source of workers during seasonal peaks. It is important to note that the primary purpose of visit for working holiday makers is for a holiday, not work and therefore they cannot be relied on as the panacea for regional Australia's labour challenges. Moreover, working holiday makers' reliability and service

66 DIMA, *Submission No. 47*, p. 6.

67 Mr P. Job, DIAC, *Transcript of Evidence*, 15 February 2007, p. 13.

68 ASAA, *Submission No. 9*, p. 4.

69 ATEC, *Submission No. 51*, p. [9]; TTF Australia, *Submission No. 37*, p. 7; Tourism WA and WA Hospitality and Tourism ITC, *Submission No. 62*, p. 29; AHA-WA, *Submission No. 69*, p. 3.

70 Daydream Island Spa and Resort, *Submission No. 54*, p. 2. The harvest visa allows working holiday makers to apply for a second year extension to their working holiday visa after the completion of three months employment in the harvest industry.

delivery standards vary widely making it difficult for employers to view them as a viable sole option.⁷¹

- 3.99 This view was supported by those businesses seeking long-term quality employees:

Although the increase from three to six months from working holiday visas has allowed us to utilise this market to fill positions that require little (if any) guest interaction. We see this as a short term solution only and not one that will improve the current quality shortfalls in the region.⁷²

- 3.100 It was also claimed that working holiday makers are not providing the same pool of labour as was the case several years ago:

When those people come to Australia they do not need to work as much as they probably did 10 years ago. There is not the pool within that working holiday maker group that there has been in the past. I think that has created some of the shortage. We rely on that working holiday visa group to fill some of those semiskilled areas ... That group does not necessarily want to work in those lower-paid jobs, and they do not have to work to fund their visit here in Australia ... That group is far more flush with funds and also the exchange rate is probably more in their favour now than it has been. I am not sure whether we have actually taken that change into account in terms of where the pool of workers is going to come from in the future.⁷³

- 3.101 Clearly there is a need for the industry to move its focus from short-term employment options and engage in more long term planning. Indeed, it was claimed that the extension to the working holiday maker scheme (and increasing access to the 457 visa) is an example of 'rewarding an industry that has demonstrably failed to invest in the skills needed to meet anticipated demand.'⁷⁴

71 ATEC, *Submission No. 51*, p. 9.

72 Hayman, *Submission No. 56*, p. 2. Also Mr M. Williams, *Tourism Whitsundays, Transcript of Evidence*, 24 November 2006, p. 20.

73 Mr S. Whyte, Cairns Chamber of Commerce, *Transcript of Evidence*, 22 November 2006, p. 26.

74 Cairns Business College, *Submission No. 63*, p. 10. Also LHMU, *Submission No. 10*, p. 15; AWU(Q), *Submission No. 59*, p. 15.

- 3.102 Regardless, there are some amendments that can be made to the visa to provide more support for the tourism industry. There were calls throughout the inquiry for tourism/hospitality to be included as an industry that qualifies for a second year extension to the visa similar to the harvest work extensions introduced in November 2005.⁷⁵
- 3.103 The Committee understands that this option is not supported by DEWR or DIAC due to concerns that it will negatively impact on the agriculture industry. The Committee does not share these concerns. The harvest work visa extension was not widely utilised in its first year of operation and, as such, the Committee is not of the opinion that extending it to the tourism industry will negatively impact on the harvest industry.
- 3.104 The Committee is of the opinion that the harvest and tourism industries will attract different types of employees, so similar visa conditions should not provide a drain on either sector. However, an extension to the working holiday maker visas should only apply to visa holders who undertake work in remote or regional Australia.

Recommendation 8

The Committee recommends that the Australian Government apply a second-year visa extension to the Working Holiday Maker visa (subclass 417) and the Work and Holiday visa (subclass 462) for individuals who undertake at least three months work in a regional or remote location in the tourism and hospitality industry.

- 3.105 There were also calls throughout the inquiry for a 'jobs portal' to direct working holiday makers to jobs in the tourism industry.⁷⁶ The Committee considers this would be a valuable recruitment tool for the industry and may enhance the working holiday experiences of young people. However, any such portal is primarily the responsibility of the industry to undertake in collaboration with a commercial enterprise and the Committee does not consider it to be the responsibility of Government to undertake this work.

75 ATEC, *Submission No. 51*, p. 9; SATC, *Submission No. 34*, p. 6; Tourism WA and WA Tourism and Hospitality ITC, *Submission No. 62*, p. 33; AHA, *Submission No. 16*, p. 15.

76 TTF Australia, *Submission No. 37*, p. 9; Tourism WA and WA Tourism and Hospitality ITC, *Submission No. 62*, p. 29.

- 3.106 However, given the economic importance of tourism, particularly in regional Australia, there is a role for Government to facilitate the establishment of such a portal, either through assisting the negotiations between industry and a commercial provider or, if the second-year visa extension is supported, through hosting it on the Government job search site, jobsearch.gov.au.

Other migrant labour options

- 3.107 The industry has widely called for a visa subclass that allows for the temporary entry of semi and unskilled workers. Submitters were clear that measures to ensure the integrity of the immigration system should not be compromised in the creation of this visa.⁷⁷
- 3.108 Although there are legitimate concerns about the introduction of a visa to allow the entrance of low-skill workers, the Committee is of the opinion that this option must be investigated. The labour shortages facing rural and regional areas of Australia are severe and with record low unemployment levels, the current difficulties faced by employers are likely to be ongoing.
- 3.109 In addition, the Committee heard throughout the inquiry that Australians do not consider housekeeping and other low skill jobs to be a suitable career path and so it is increasingly difficult to attract people to these positions on a long-term basis. In addition, the generational profile of young Australians indicates that they are not interested in long-term low-pay positions therefore compounding industry retention challenges, (this is discussed in Chapter 4).⁷⁸
- 3.110 To solve some of these labour shortages in the short term, employers have sought to use the 457 visa for positions such as housekeeping that are not regarded as skilled on the Migration Occupations on Demand List (MODL). This has led to claims that employers wanted to use the 457 visa to drive down wages and conditions.⁷⁹

77 ATEC, *Submission No. 51*, p. 10; Industry Advisory Board, *Submission No. 30*, p. 23.

78 Hayman, *Submission No. 56*, p. 4; QITC, *Submission No. 20*, p. 14; ATEC, *Submission No. 51*, p. 7; TTF Australia, *Submission No. 37*, p. 3; Hamilton Island Resort, *Submission No. 15*, p. 2.

79 AWU(Q), *Submission No. 59*, p. 3.

- 3.111 Although this may potentially be the case in some sectors (where wages are higher than those in the tourism industry), these claims were vigorously denied by Tourism employers. Regional employer Hayman summarised as follows:

Hayman uses the 457 visa program, and has for a number of years to bring in skilled and qualified people to fill positions we have been unable to fill locally. The wages and conditions of employment are identical to the conditions offered to our locally employed staff. For example there are a number of chefs we have sponsored from around the world. A Sous Chef on a 457 visa receives exactly the same remuneration and benefits as any other Sous Chef employed by Hayman.

The reason for using the 457 visa and asking for further support in relation to international recruitment is in response to the decline in qualified and experienced hospitality professionals seeking jobs in regional areas. It is well known that Australia is experiencing the lowest unemployment in 30 years, which means that Hayman, along with most other regional organisations is experiencing difficulties in filling vacancies. The continued deterioration of standards of quality and service and the potential for a downturn in visitor arrivals into the region will not only adversely impact the Resort sector, but a number of small / medium businesses providing daily support services from the mainland towns like Airlie Beach, Proserpine and Mackay. In the event there were sufficient locally qualified and interested candidates available they will always be given priority.⁸⁰

- 3.112 Claims regarding the 457 visa being used to push down wages appear to be more related to attempts by some employers seeking to bring in workers for positions for which the 457 visa was not designed. Indeed, employers are willing to pay award wages, and in many cases have found that the minimum 457 visa wage is above industry and regional standard or award.⁸¹

80 Hayman, *Supplementary Submission No. 56.1*, p. 3.

81 Voyages Hotels and Resorts, *Submission No. 33*, p. 5.

- 3.113 The Committee is concerned that with the range of regional concessions available for the 457 visa it is in some instances being utilised as a 'low-skill' visa as many vital occupations integral to hospitality and tourism operations are not covered by a visa category. The Committee is of the view that the 457 visa must be appropriately regulated to ensure it is applied only for the skilled positions for which it was intended.
- 3.114 It is also apparent that there is a need for some form of temporary short-stay visa to help alleviate seasonal shortages in rural and regional tourism businesses. This visa option should be temporary and short-term and only open to the ASCO codes (8-9)⁸² not covered by the 457 skilled visa.
- 3.115 Such a visa may take the form of a Labour Agreement (LA). An LA is a formal arrangement negotiated between DIAC, DEWR and an employer or an industry association.
- LA's enable Australian employers to recruit a specified number of workers from overseas in response to identified or emerging labour market or skill shortages. Employees may come to Australia on either a temporary or a permanent basis.⁸³
- 3.116 Given that the tourism industry comprises a number of small businesses with no common industry representative, this negotiation may need to be initiated by DEWR.
- 3.117 While it can be argued that such a visa will only provide a short-term solution that will further exacerbate the future skills demands and further devalue low-skill jobs, rural and regional Australia is facing such a severe labour shortage that it must be investigated.
- 3.118 TTF Australia noted that the World Bank has found that instigating a 'guest worker' visa would contribute \$400 million to Australia's gross domestic product (GDP). It would also add to regional stability and economic development.⁸⁴ The Committee also notes the submission from the Campervan and Motorhome Club of Australia (CMCA) outlining the growth in the mobile ageing population who would also

82 ASCO codes 8-9 are: 8. Elementary Clerical, Sales and Service Workers; 9. Labourers and Related Workers. This would cover positions such as housekeepers. ABS, *Australian Standard Classification of Occupations*, Second Edn, July 1997. Cat. No. 1220.0.

83 DIMA, *Submission No. 47*, p. 5.

84 Dr M. Dimech, TTF Australia, *Transcript of Evidence*, 7 December 2006, p. 4.

benefit from this visa category as well as contribute to regional economies (see Chapter 4).⁸⁵

- 3.119 The use of migrant labour for low skill positions is an emotive issue, and caution must be exercised to ensure all workers (migrant and domestic) are protected by appropriate conditions and safeguards. The use of migrant labour must always be tightly regulated and applied only where there is a demonstrable inability to attract domestic workers.
- 3.120 There is the need for a considered debate on the issue of migrant labour for low-skilled positions to alleviate the pressures of labour shortages in regional Australia. This debate needs to take place on a national level, engaging employers, industry representatives, education providers and governments at all levels.

Fast track visa processing

- 3.121 As discussed above, the length of visa processing is of critical concern to employers. While the Committee welcomes recent changes to the visa administration program that will allow fast-tracking of applications for employers with a proven track record of employing visa holders, there is a need more innovation in the area of immigration and visa processing.
- 3.122 One method may be to target nations that train to certain recognised qualification levels (such as in specialised front of house positions) so employers have the ability to specifically target these countries for employees and fast track the nomination process. Australia does not specialise in training for front of house skills although it is a competency that is highly regarded in other countries.
- 3.123 There are examples of fast track visa processing systems in other countries that are successfully supporting the tourism sector. The Committee is aware of a fast track visa service operating in New Zealand. The service accepts applications from any overseas national legally in New Zealand, with a job offer, and turns around work permits and visas in forty-eight hours. The service works in conjunction with local agencies to ensure that local job seekers are not overlooked and has proven to be highly popular with industry.⁸⁶

85 CMCA, *Submission No. 44*, pp. 4-5

86 Tourism Industry Association NZ, *Tourism and hospitality workforce strategy*, June 2006, p. 14.

- 3.124 While safeguards must be in place, there is clearly scope for short-term fast-track visa processing in areas of need. One criticism of the 457 visa processing process is the uncertainty created for applicants regarding visa release dates and the pressure this places on travel for seasonal positions.⁸⁷
- 3.125 It is entirely feasible that certain professionals, such as ski instructors, will only want to work in Australia on a seasonal basis. The Committee heard evidence that the ski industry has informal partnerships with resorts in North America to exchange staff on a seasonal basis, which is an excellent mechanism to provide staff with full time work and training and fill labour shortages. However, unlike Canada, which has a 'temporary foreign worker' visa, the only mechanism to bring these workers into Australia for a season is through the '457' visa.⁸⁸
- 3.126 The creation of a visa category recognising the need for temporary employees, with a fast-track approval process, will greatly assist the industry.

Recommendation 9

The Committee recommends that the Australian Government establish a taskforce to investigate the full range of options for better tailoring the immigration program to address labour shortages in regional and rural tourism businesses.

Recommendation 10

The Committee recommends that the Australian Government identify countries where there is training to a high level in areas such as front of house skills and provide an option for Australian recognition of these qualifications in order to enable an avenue for entry into a fast-track visa scheme.

87 ASAA, *Submission No. 9*, p. 12.

88 Mr A. Ramsey, ASAA, *Transcript of Evidence*, 9 February 2007, p. 29; Citizen and Immigration Canada, accessed 21 May 2007, < cic.gc.ca >.

Transitions from student to working visa

- 3.127 It was submitted that international students studying towards qualifications relevant to the tourism industry are a forgotten pool of potential employees. Many universities have been successful at attracting international students but report that students:
- [face] significant hurdles when seeking to gain internship placements and relevant work experience for these students. Recurrent feedback from industry is that they do not want to invest several months of training into international students when there is little chance that they will be permitted to stay with them longer term.⁸⁹
- 3.128 Southern Cross University commended several training programs run by the hotel industry aimed at tertiary graduates as ‘an appropriate means of attracting, training and retaining staff.’ However, the industry cannot access this important pool of potential employees because of visa restrictions.⁹⁰
- 3.129 The Australian Hotels Association (AHA) reported that current labour agreement arrangements allow graduates from hotel schools to remain in the country for two years after graduation. However, under this arrangement, employment can only be guaranteed on hotel school course completion only which the AHA reports is proving to be a disincentive to enrolment.⁹¹
- 3.130 The AHA reports that 90 per cent of graduates from hotel schools leave Australia on graduation. If these students were able to stay, the AHA estimates that it will add 1 500 to 2 000 people to the workforce, a large number of whom speak Mandarin which will be an essential skill to meet in the anticipated growth in the Chinese market.⁹² More partnerships with training providers in this market will also be essential to meet these needs.
- 3.131 A number of submitters called for international tourism students to be able to convert their student visas to a working visa for up to two

89 School of Tourism and Hospitality Management, Southern Cross University (SCU), *Submission No. 21*, p. 5.

90 School of Tourism and Hospitality Management, SCU, *Submission No. 21*, p. 5.

91 Mr B. Healey, AHA, *Transcript of Evidence*, 2 November 2006, p. 3.

92 Mr B. Healey, AHA, *Transcript of Evidence*, 2 November 2006, pp. 2-3.

years, after which there should be the option of moving into the permanent migration scheme.⁹³

3.132 The AHA suggested that this visa extension should be contingent on:

- successful completion of a tertiary course in an area of demonstrated labour shortage; and
- an appropriate level of work placement as part of course completion as determined by industry.⁹⁴

3.133 The Committee supports these proposals and recommends visa extensions for tertiary or equivalent graduates in tourism-related qualifications. These changes must be widely communicated to employers to encourage the greater use of work placements for international students.

Recommendation 11

The Committee recommends that the Australian Government introduce visa extensions of up to two years for overseas tourism and hospitality students who:

- **successfully complete a tertiary course in an area of skills demand; and**
- **undertake an appropriate level of work placement as a part of course completion.**

The Committee further recommends that after the completion of two years continuous employment in the tourism industry, there should be the option of moving into the permanent migration scheme.

93 Industry Advisory Board, *Submission No. 30*, p. 4; TTF Australia, *Submission No. 37*, p. 7; AHA, *Submission No. 43*, p. 17.

94 AHA, *Submission No. 43*, p. 17.