



## Additional comments

### **Mr Chris Hayes MP, Ms Jill Hall MP, Mr Brendan O'Connor MP, Hon Roger Price MP**

- 1.1 The consistent message from both tourism industry operators, employer representative bodies and employee representatives is that two challenges lay at the heart of the workforce challenges in the Australian tourism sector, the first being the employment conditions of the industry and the second being access to training.
- 1.2 This industry wide view was supported by research of the Sustainable Tourism CRC's which noted in its submission to the Committee that turnover rates within the hotel industry were between 39 per cent and 84 per cent depending on the level of the role. The CRC also found that:

the main reasons for employee turnover being the low pay, poor working hours and the need to search for better career opportunities.<sup>1</sup>
- 1.3 While the Committee report has considered these issues in depth, the focus of much of the consideration of the workforce issues in the industry has considered the industry in light of *employers*. Labor

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1 Sustainable Tourism CRC (STCRC), *Submission No. 16*, p. 7.

members of the Committee feel that the needs of *employees* deserve further consideration.

## WorkChoices – Helping a Low Pay industry lower pay

1.4 Tourism is not a high paying industry. The reputation of the tourism industry as an industry of hard work, bad conditions and relatively low pay was not disputed by operators, employer representatives or employee representatives. This is evidenced below.

1.5 The South Australian Tourism Commission commented:

You talk about lousy wages and bad conditions and I do not think we did say that, but I know what you are saying. You are saying that the industry is not renowned for being big payers. They are renowned for paying people to do a job and expecting a pound of flesh for it, to use that phrase.<sup>2</sup>

1.6 The City of Mandurah (Western Australia) noted:

The tourism industry is beset with demanding working conditions (including comparatively low pay and 'antisocial' hours) which makes it much less attractive to people looking for work in a competitive employment market and to which the high levels of turnover in the industry may be partially attributed.<sup>3</sup>

1.7 The Chamber of Commerce and Industry (WA) described how:

The tourism sector is characterised by high service and relatively low pay. As a consequence, many tourism staff (skilled, semi-skilled and unskilled) are being enticed by the lucrative salaries offered by the resources sector for seemingly similar work.<sup>4</sup>

1.8 Reflecting the attitude of some employers were the comments of Mr Peter Olah of the Hotels and Motels Association who indicated to the Committee that there are regular breaches of employment law and 'nonadherence to award conditions in parts of the industry'.<sup>5</sup> Accordingly the Association had rationalised that WorkChoices assisted the industry as it made legal the actions of those previously

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2 Mr P. Styles, SA Tourism Commission, *Transcript of Evidence*, 30 March 2007, p. 52.

3 City of Mandurah, *Submission No. 29*, p. 2.

4 Chamber of Commerce and Industry WA, *Submission No. 45*, p. 6

5 Mr P. Olah, Hotel, Motel and Accommodation Association, *Transcript of Evidence*, 30 March 2007, p. 26.

breaching the law. It is disappointing that one of the peak organisations has taken such an approach to the application of WorkChoices.

- 1.9 The evidence on the negative use and negative impact of WorkChoices was supported by evidence from the unions regarding coverage of employees in the tourism industry.
- 1.10 In evidence to the Committee, Ms Jo Justo of the Australian Services Union noted:
- People are drifting out of the industry because their jobs are not or do not appear to be sustainable and employers are constantly attacking their wages and conditions.<sup>6</sup>
- 1.11 The union representatives who appeared before the Committee noted that the problems of low wages and conditions have been exacerbated under WorkChoices.
- 1.12 Mr Neal Swancott of the Liquor, Hospitality and Miscellaneous Works Union noted:
- The pattern is in essence the abolition of weekend penalties and the payment of employees of the Monday to Friday, nine to five rate of pay for all hours that they work, whether they be Sunday night, Saturday night, early Sunday morning or whatever. In some agreements there is additional payment for work on public holidays, but not in all.<sup>7</sup>
- 1.13 Mr Swancott went on to note:
- You could use Work Choices to pay somebody a higher salary instead of bundy clocking and time sheeting and what have you. The trust is that these agreements provide the award rate and simply eliminate the penalty rates. There is no additional amount that is identifiable at all for the lost benefits.<sup>8</sup>
- 1.14 Further, Mr Swancott noted that 'the minimum rates are the actual rates.'<sup>9</sup> Problems with the bargaining process were also noted.
- 1.15 The Australian Workers' Union of Employees, Queensland, noted:

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6 Ms J. Justo, Australian Services Union (ASU), *Transcript of Evidence*, 30 March 2007, p. 72.

7 Mr N. Swancott, Liquor, Hospitality and Miscellaneous Works Union (LHMU), *Transcript of Evidence*, 30 March 2007, p. 29.

8 Mr N. Swancott, LHMU, *Transcript of Evidence*, 30 March 2007, p. 29.

9 Mr N. Swancott, LHMU, *Transcript of Evidence*, 30 March 2007, p. 40.

The new Work Choices legislation has exacerbated the problem as employers have use the new and dramatically strengthened bargaining position over the workers to the point that in many instances genuine bargaining over wages and conditions does not actually occur at all.<sup>10</sup>

- 1.16 There is no doubt that WorkChoices is making it easier for the wages of already low paid employees to be driven down further. This is a trend that is unlikely to change in the short term. The Cairns Business College noted:

The preponderance of low-paid, insecure, part-time and casual jobs in the tourism-related industry is likely to continue. This likelihood can be traced to the 27 March, 2006 *WorkChoices* amendments to the *Workplace Relations Act* – particularly in relation to Award rights, but also in relation to unfair dismissal rights.<sup>11</sup>

- 1.17 Although WorkChoices has been used as a means to cut costs, in particular through the removal of penalty rates, in the tourism sector the application of Work Choices has not simply been limited to efforts to drive down wage costs.

- 1.18 In its evidence to the Committee, Mr Bill Healey of the Australian Hotels Association noted:

**Mr Healey** – We cannot go below that and we have to live with it. But, for example, you talked about flexibility and raised the issue about seasonal work. The answer might be that someone in Jindabyne has a 12-month job where they work 45 hours a week during the ski season and 15 hours a week during the summer for a guaranteed income, and that person may want that. That has been tried.

**CHAIR** – So there are examples of that now taking place?

**Mr Healey** – Yes, in some places.<sup>12</sup>

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10 Ms S. Winn, Australian Workers' Union of Employees, Queensland (AWU(Q)), *Transcript of Evidence*, 23 November 2006, p.49.

11 Cairns Business College, *Submission No. 63*, p. 8.

12 Mr B. Healey, Australian Hotels Association (AHA), *Transcript of Evidence*, 2 November 2006, p. 15.

1.19 In its submission, Restaurant and Catering Australia noted:

To the extent that these businesses can access the new more flexible workplace relations changes, there are great benefits in moving to agreements under WorkChoices. In particular, possibilities such as averaging weekly hours to 38 across a 12 month period, eliminating penalty rates and cashing out leave (given the relevant mutual concurrence) create ways in which the required flexibility can be obtained. This is particularly important for businesses with longer opening times and seasonal fluctuations and will assist to make restaurant and catering businesses sustainable.<sup>13</sup>

1.20 It is noted that the Government has recently introduced changes to WorkChoices that are aimed at stopping employees having penalty rates removed without adequate compensation. However, given that Mr Olah from the Hotels and Motels Association indicated in his evidence that there has been a history of “nonadherence” to awards, Labor members wonder whether these changes will provide employees with the necessary protections.

## Employee Training

1.21 Low staff retention rates are not solely caused by low wages, but are contributed to by a lack of staff training which adds to the perception that employment in the tourism sector is not starting out on a career path but rather it is the job you have before you get a real job.<sup>14</sup>

1.22 As was the case with issues surrounding wages and conditions, employers, employer organisations and employee representatives noted the direct contribution that a lack of training in the industry had contributed to high staff turnover.

1.23 The problems that result in high staff turnover was most succinctly summarised in the submission from the Australian Workers’ Union of Employees Queensland which noted:

The AWU(Q) repeats that the principle reasons for an inability of employers in the tourism sector to attract and retain employees is,

(a) the poor wages and conditions paid to employees in the industry; and

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13 Restaurant and Catering Australia, *Submission No. 31*, p. 24.

14 Ms V. Smith, *Tourism NT, Transcript of Evidence*, 7 March 2007 p. 7

(b) the failure of employers to invest in training for their employees to provide them with the incentive to enter and stay in the industry.<sup>15</sup>

1.24 In evidence presented to the Committee the Liquor, Hospitality and Miscellaneous Workers Union noted:

**Mr Swancott** – I heard part of Mr Sweetman’s presentation and I agree with large sections of that. One thing that amazes me in this industry is the comment I hear often from employers that if they invest in training then somebody will poach the people they train. Nobody starts the training process in the industry for fear of ... They fear they will not get the return from the investment. There is a cultural problem or a mindset in this industry – and I do not want to unnecessarily slag them off – where they try to drive wages down, even in terms of cents per hour for employees. We have battles over 15c an hour in enterprise bargaining negotiations.

A couple of years ago, when New South Wales introduced compulsory recognition of problem gambling training courses for employees, those courses – the acceptable course for problem gambling and responsible service of alcohol – cost \$60 to deliver. We put a proposal to the Australian Hotels Association that we agree on an award variation in which the employer would refund the cost of the training course if the employee stayed three months, and they knocked it back. In other words, employees have to bear the cost of their responsible gambling and responsible alcohol training. The employer contributes nothing, and in some cases employers are registered training organisation, so they derive a benefit from the process anyway.

It is that mean-spirited approach to investment in training that has always astonished me, particularly with my background. I come from an industry, journalism, where there was significant training investment by employers, and it was considered an essential cost of running the business.<sup>16</sup>

1.25 Staff turnover imposes additional costs on employers. Ms Jo Justo of the Australian Services Union noted that ‘the evidence is clear that the

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15 Australian Workers Union of Employees, Queensland, *Submission No. 59*, p. 16

16 Mr N. Swancott, LHMU, *Transcript of Evidence*, 30 March 2007, p. 43.

staff turnover costs far exceed those of being able to retain employees.’<sup>17</sup>

- 1.26 The difficulties of retaining staff was also noted by industry bodies with the South Australian Tourism Commission who recognised the problem of attracting people with skills sets that could easily be used in other industries. The Commission did note that employers would benefit from retaining staff and that employers should be made more aware of the potential benefits of staff retention.

The work we did in our research indicated different levels of reasons – and different reasons, obviously – why people have left. Some of them were attracted by ‘sexier’ industries. You can have a person driving a tourist coach who has driving skills, and the mining industry says, ‘We’ll pay you three times that salary to drive a truck around the bottom of Roxby Downs.’ I do not know the answer, but we believe it is the responsibility of the industry generally and employers. Employers have to be told, taught and encouraged about the benefits of retaining staff. Considering the cost of retaining a staff member as opposed to the cost of continually training someone, there are lots of benefits in keeping people.<sup>18</sup>

- 1.27 The Australian Workers’ Union of Employees Queensland in evidence to the Committee also noted the lack of training provided to employees:

I have seen some resorts that promote training but I have seen a lot that do not because they say their turnover is too high and they do not want to invest in training if it is going to go elsewhere.<sup>19</sup>

- 1.28 Both employers and unions who provided evidence to the Committee noted that the low-pay in the industry contributes to the situation experienced by many tourism operators that the tourism industry is not an industry of choice but rather an interim means of employment.

- 1.29 The Committee has recommended (Recommendation 23) that the Australian Government task an industry leaders’ forum with the role of establishing a professional tourism body to be responsible for

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17 Ms J. Justo, ASU, *Transcript of Evidence*, 30 March 2007, p. 74.

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

19 Ms S. Winn, Australian Workers’ Union of Employees, Queensland (AWU(Q)), *Transcript of Evidence*, 23 November 2006, p.49.

formally recognising and accrediting individuals against prescribed qualifications and training.

1.30 It is noted that not all employers in the industry resist the provision of training opportunities. Large organisations and some peak industry bodies have put in place training regimes.

1.31 Restaurant and Catering Australia outlined its approach to the provision of training services for its members, noting:

**Ms HALL** – I am talking about a commitment to a career path.

**Mr Hart** – It also does not necessarily mean that there is not a career path. If you look at the work that we did through the National Skills Shortages Strategy, you will find that a lot of the comments that came through from the workshops we ran suggested that the industry is putting increasing focus on giving career paths for casuals and looking after people who are within their businesses only for a short period of time. They need to hold them for those two to 2½ years to make sure that they can utilise the skills of those people better.

With regard to the question about what are we doing to make sure that businesses are accessing this training and employees are accessing this training within those businesses, there are a whole lot of examples of how we are doing that. One would be our Certified Professional Restaurateurs program that we launched last August. Each of the certified restaurateurs – of which we had 600 applicants in the first two months of launching that program – is embarking on training and recognition of their skills that are within the qualifications framework within the training package. We are ensuring that through that certification program we are embarking on a journey with our members to get them linked into the formal training system and to get them to upskill. We run a whole series of programs around the country through programs like the employer demand demonstration program that links formal qualifications for industry entrants or those moving from welfare to work. So there is a whole series of examples where we are tying in training effort within the industry to the formal training system to ensure that we are putting people onto a career pathway and launching them through



the structure of qualifications and opportunities that our industry presents.<sup>20</sup>

- 1.32 Given the composition of the sector, being primarily small and medium sized enterprises in a highly competitive market, the question remains as to how the attitude to training taken by large organisations or by industry bodies can be replicated by smaller industry operators. The development of the means to encourage widespread participation in training and up-skilling of employees should be a high priority for the industry.
- 1.33 The provision of, and access to, training and advancement opportunities are an important part of career development. Opportunities for advancement separate careers from jobs.
- 1.34 The Committee heard evidence to suggest that opportunities for training and advancement in other industries have also generated loyalty. Accordingly, the attitude of some in the industry that the provision of training will only result in staff being poached and a return on that investment not being delivered could be viewed as a misplaced concern.
- 1.35 The difficulties being experienced by the tourism industry have been encountered by other industries in Australia and it is important that the industry leaders forum consider the experiences of other sectors and consider the approaches that have been adopted to combat the difficulties of loose attachment to workplaces, high staff turnover, limited or no training opportunities, scope for advancement and relative low wages.
- 1.36 The Maritime Union of Australia in its evidence to the Committee noted:
- We say the best opportunity is to give people structured skills based around the competencies developed through training packages.<sup>21</sup>
- 1.37 Training lifts the competency level of the entire workforce and the entire industry. It also creates career paths which are likely to be a significant factor in addressing the relatively loose connection between employees and the sector.

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20 Ms J. Hall MP and Mr J. Hart, RCA, *Transcript of Evidence*, 19 October 2006 p. 5-6.

21 Mr R. Pickett, Maritime Workers Union (MUA), *Transcript of Evidence*, 30 March 2007, p. 57.

- 1.38 This aspect of training is something that members of the industry leaders forum, should the Government adopt the recommendation of the Committee to form this forum, should be mindful of.

## Use of 457 Visas

- 1.39 Labor Committee members also note the recommendations relating to visas and the use of overseas labour in the industry.
- 1.40 On balance these recommendations were considered to be necessary to overcome short term problems associated with labour and skill shortages. The use of overseas labour should not be considered to be the ultimate long term solution for the industry as this will only place further downward pressure on wages and reduce the opportunities to provide training.
- 1.41 The use of 457 visas may assist in overcoming the immediate short term workforce difficulties faced by the industry but it is not a substitute for investment in training and skills development, nor should agreement to these recommendations be considered to be an endorsement of the long term use of 457 visas.
- 1.42 Labor members are concerned at the lack of any departmental follow up of employers utilising 457 visas as outlined to the Committee by the Cairns Chamber of Commerce:

**Mr PRICE** – Exploitation of section 457 visas often comes, as I understand it, in a number of ways – for example, in inflated accommodation and living expenses. You being the certified authority, you are part of the community and probably have a better chance of getting a handle on that rather than the department. Have you had any evidence of that?

**Mr Whyte** – No, we have not, and I keep asking the department for problem cases in our area and they tell me, ‘No, you don’t have any.’ I think one issue with this is that Immigration has a set of parameters that it needs to work on. If someone breaks those rules then they should be punished. What is not occurring is the monitoring by the department, and some of these situations probably get out of hand. We make it very clear to employers that they will get inspected during that time, but to be honest with you it is a very low

proportion. We just try to put the fear of God into some of them so that they do the right thing.<sup>22</sup>

- 1.43 In order to minimise the potential for exploitation that is possible under the 457 visa system, it is important that the Department of Immigration and Citizenship actively monitor the use of this visa class.

## Concluding Comments

- 1.44 The tourism industry by its very nature is a collection of small to medium sized enterprises in a highly competitive market. The Australian tourism industry does not have some of the geographic advantages of some other countries as those who visit Australia must make the deliberate decision to do so.
- 1.45 The Committee report and the adoption of its recommendations will assist in the development of the industry and will address the challenges facing it. Labor members agree that these recommendations will provide an important building block for the industry.
- 1.46 It is essential that in such a labour intensive industry that the needs of employees are not ignored.
- 1.47 The industry is currently grappling with skills and labour shortages and low staff retention and some of these issues will only be dealt with by an industry wide approach. Simply adopting the attitude that flexibility can only be introduced by cutting wages will not make the industry more attractive to current or future employees, such an approach will only act to entrench the idea that the tourism industry is an industry in which to find a job not an industry to embark on a career.
- 1.48 The Committee has heard evidence from both sides of the employment relationship that the flexible approach that has been enabled by WorkChoices has generally resulted in further reductions in take home pay. This may assist individual enterprises in the short term but does not assist the industry, it is noted that, given the composition of industry operators it is difficult and often cost prohibitive for individual small businesses to fund training. This

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22 Hon R. Price MP and Mr S. Whyte, Cairns Chamber of Commerce, *Transcript of Evidence*, 22 November 2006, pp. 30-31.

should not be used as an excuse by the industry to limit or discourage the provision of staff training.

- 1.49 While Labor members believe that employers do bear some of the responsibility for the provision of adequate training, the tourism sector is in a relatively unique position to be able to enhance its own potential through a collaborative approach to training. This opportunity should be actively pursued not only for the sustainability of the industry but also for the employees involved and for the industry's place in the national economy.
- 1.50 The tourism industry needs to come together and deal with the issues revolving around skill and labour shortages, industry training and wages. While the competitive nature of the industry and the predominance of small and medium sized operators cannot be ignored, it is more likely that the whole industry will benefit by adopting an approach in which there is portability of the recognition of both training/accreditation and portability of entitlements.
- 1.51 It would be short-sighted to consider the national or international portability of skills to be adequate compensation for the relatively uncompetitive wages and a lack of opportunities for ongoing training and advancement. The seasonal nature of the industry, the demands placed on employees and the fact that highly skilled employees in the industry are in demand around the world needs to be taken into account when considering the workforce issues faced by the tourism industry in Australia.