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15 DEC 2006



12 December 2006

OC06-0355

Dr Anna Dacre
The Committee Secretary
Standing Committee on Employment, Workplace Relations and Workplace Participation
House of Representatives
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Dr Dacre

Workforce Challenges in the tourism sector

On behalf of TTF Australia Limited (Tourism and Transport Forum), I thank you for the opportunity to provide direct comments for the inquiry into "*workforce challenges facing the Australian tourism industry*" public hearing of the Standing Committee on Employment, Workplace Relations and Workforce Participation in Canberra on the 7th December 2006.

The Committee requested further information from TTF Australia during the hearing process. TTF Australia wishes to advise our responses to the requests are as follows.

1. Indications of Tourism Employment Numbers

The Committee inquired as to whether any organisation had specific employment numbers for the tourism industry.

TTF Australia commenced the evaluation of direct tourism employment in 2001.

Tourism is not listed under the Australian and New Zealand Standard Industrial Classification, so TTF produced (with input from an eminent Tourism Professor) a methodology utilising the 14 industry "groupings" which the Australian Bureau of Statistics (ABS) use to derive tourism employment in the Australian Tourism Satellite Account.

Enclosed with this letter are TTF's more recent research publications analysing direct employment in the industry.

- a) TTF Australia National Tourism Employment Atlas 2004 (and accompanying map)
- b) TTF Australia Victorian Tourism Employment Atlas 2005
- c) TTF Australia NSW Tourism Employment Atlas 2006

TTF is the only organisation within the industry which has created methodology which allows ABS data to be analysed achieving direct employment by tourism region and local statistical area. The work has been critical in highlighting the importance of the industry to the economy, particularly in regional and remote Australia.

2. Jetstar Workplace Agreement

TTF Australia advised that Jetstar Airways has utilised the flexibility provided by the Australian Government's industrial relations reform, particularly in relation to Australian Workplace Agreements (AWAs), to build its business model, and ensure its international competitiveness.

TTF also stated that Jetstar Airways has provided salaries linked to performance/productivity improvements.

Jetstar currently directly employs close to 1600 employees within Australia and indirectly thousands of people in support activities including Call Centre, Catering, Airport Customer Service and Ground Handling.

Jetstar's workforce is employed via a range of workplace agreements including common collective unionised and collective non unionised agreements, fixed and permanent common law contracts.

On 14 August 2006 Jetstar Airways announced it would introduce AWAs to support its start-up of low fare international services to South East Asia, Japan and the Asia Pacific.

In total two AWAs were offered for Jetstar's long haul Cabin Crew and Customer Service Managers.

The AWAs are 5 years in duration and include annual wage rises and a salary package that features a suite of entitlements and airline industry related benefits.

Those entitlements include productivity/performance bonuses, as well as annual leave, guaranteed rostered days off, sick leave, special language payments for bilingual employees and overseas living expense benefits.

To date, Jetstar Airways has received approximately a 75 per cent acceptance rate for total AWAs it has offered.

By the end of the calendar year Jetstar will employ up to 100 cabin crew under either AWA for its long haul international operations. This figure will grow incrementally in line with the growth of Jetstar's long haul international operations and number of operating aircraft.

Jetstar Chief Executive Officer Alan Joyce has stated publicly that Jetstar Airways,

"...had prospered through a range of workplace agreements including common collective unionised and collective non-unionised agreements, fixed term and permanent common law contracts – and would compete strongly on international routes from the mutual benefits derived to both the airline and its workforce by the introduction of these Agreements."

TTF Australia supports this view.

In relation to statements made by Mr Brendan O'Connor MP Federal Member for Gorton I understand he has sought empirical evidence to demonstrate a causal link between AWAs and productivity in order to substantiate TTF's comments.

Clearly this request is beyond the remit of our statement.

TTF strongly supports Jetstar Airways, its use of AWAs and recognises the significant contribution it makes to Australian Tourism and our national economy.

By way of background, since flying operations began in May 2004, Jetstar has carried over 12 million passengers and now operates services to 20 domestic and 5 international destinations, with more to come as international long-haul operations expand.

After a year of flying the trans-Tasman route, Jetstar is now the largest operator between Australia and Christchurch in terms of capacity.

Jetstar has made air travel more affordable to Australians with over 50 per cent of all its fares sold to date amounting to \$100 or less.

Importantly, in its first year of flying, more than 10 per cent of Jetstar's passengers were first time flyers.

Jetstar has opened up two new destinations that were previously unserved by a major domestic airline, Newcastle and Avalon. Avalon for example has received well over 1 million passengers, with surrounding precincts including Geelong and the Great Ocean Road also benefiting from this strong growth.

3. Information concerning "Pooling of Labour" recommendation

Further to the Chairman's question on this recommendation in TTF's submission, it is an exploratory option that will be examined with our Members further in 2007. TTF is currently in discussions with the Department of Immigration and Multicultural Affairs regarding Labour Agreements. These may be beneficial; however, they currently apply only to Australian employers wishing to fill **skilled** vacancies.

4. Income tax amendments

TTF Australia's submission does not specifically request direct changes to Commonwealth taxation legislation. However, in TTF's submission for the *House of Representatives Standing Committee on Economics, Finance and Public Administration*, Inquiry into the "Current and Future Directions of Australia's Service Industries" references were made to "*the need for concentrated efforts administratively and financially to improve the international competitiveness...*".

Rather than income tax concessions to individuals, the above submission focussed on opportunities for corporate taxation benefits. These included:

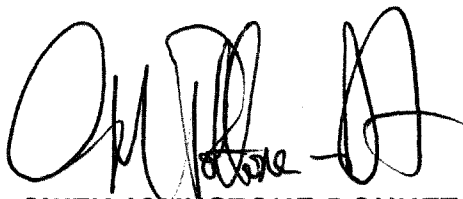
- Mechanisms by which modified tax arrangements could offset shocks or down

- Restoration of the Guarantee Training Levy (or similar scheme) whereby corporates are encouraged to commit to the development of skills/knowledge in their industry. One of the key features was the tax deductibility which made it attractive to employers. The establishment of such a scheme would encourage establishment of new and expanded partnerships between corporate sector and tertiary institutions which are increasingly competing of public sector funds. Unfortunately GTL was abolished completely instead of modified in response to commercial abuse;
- Escalate subsidies to employers for staff training that results in recognised qualifications rather than one off courses. Promote mentoring within companies by subsidising wages for mature workers.

A general theme that TTF Australia Members have stated over the past two years is, given the poorer quality of general education levels in school leavers, employers are now required to undertake more basic training in their workforce. In committing to provide this skill training, employers would appreciate a rebate for TAFE/apprentice course fees.

Please do not hesitate to contact either Dr Mark Dimech or Ms Kate Davidson on 02 9240 2000 for any further clarification on the items provided in this correspondence.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Owen Johnstone-Donnet', written over a faint, illegible stamp or watermark.

OWEN JOHNSTONE-DONNET
Deputy Managing Director