



## *National Long-Term Tourism Strategy Working Group*

### *Labour and Skills Development*

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Date: 18 May 2010

#### **SUBMISSION TO THE HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON EMPLOYMENT AND WORKPLACE RELATIONS INQUIRY INTO REGIONAL SKILLS RELOCATION**

**Terms of reference:** *That the Committee inquire into the applicability of government employment policies to address the skills shortages in regional Australia focusing on opportunities to support the relocation of unemployed workers from areas of high unemployment to areas experiencing skills shortages*

#### **Summary:**

The purpose of this submission is to indicate that: (a) government labour relocation programs have been tried in the past with only limited success in relation to the permanent relocation of skills/labour; (b) where workers are being made redundant due to project completions or plant closures, these workers should be immediately assisted into retraining programs for emerging projects/job opportunities in order to maintain their workforce participation; (c) any whole-of-government policies for labour supply for major projects, particularly as the nation returns to growth, as a complement to domestic labour market and employment training programs where necessary should include access to the global supply of labour and skills to address any shortages that are likely to undermine Australia's growth and economic competitiveness; and (d) a regional development and labour capacity building strategy for improving workforce participation, particularly in regional areas, may better address the needs of locations that are deemed as having the potential for high levels of long-term unemployment.

The National Long-Term Tourism Strategy Working Group on Labour and Skills Development (the Working Group) would value the opportunity to work with the HORSC in developing appropriate recommendations and key priorities for this inquiry. The National Long-Term Tourism Strategy has nine working groups that have been appointed by the Tourism Ministers' Council to develop strategies and outputs for implementing economic development through tourism. Further information on the National Long-Term Tourism Strategy and Australia's tourism industry is available at [www.ret.gov.au](http://www.ret.gov.au).

Disclaimer: It should be noted that the views expressed in this submission represent a collection of ideas put forward by Working Group members at their meetings and in no way represent the views of the government or any of its agencies.

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## **List of recommendations:**

### **Recommendation 1**

The Working Group recommends the HORSC explore supplementary workforce capacity building measures instead of high-cost relocation measures, and notes that such measures are being considered under the National Long Term Tourism Strategy.

### **Recommendation 2**

Develop a national framework for meeting any potential labour market crises and note that such measures are consistent with the National Long Term Tourism Strategy, specifically the Work Program developed by the Tourism Ministers' Council.

### **Recommendation 3**

The House of Representatives Standing Committee (HORCS), in consultation with relevant bodies (including the National Resources Sector Employment Taskforce and the National Long Term Tourism Strategy's Labour and Skills Working Group), evaluate the capacity of the Australian workforce to meet emerging demand over time from current and planned major projects (such as resource and infrastructure projects) without undermining the labour supply for other industry sectors (such as tourism) and make appropriate recommendations for workforce adjustment if needed.

### **Recommendation 4**

The HORSC consider industry-based capacity building strategies (including a tourism capacity building strategy) to deliver a positive focus on community development and improve workforce participation in areas of actual or potential high unemployment.

## **(a) : Past programs**

Over time the Australian Government has responded on an ad hoc basis to regional skills shortages with immigration and labour mobility programs; and to large industry closures that created unemployment with financial incentives to encourage labour mobility to areas having employment opportunities.

The most recent of these experiments is the pilot program articulated in the Hansard transcript of the 11 March 2010 meeting between the House of Representatives Standing Committee on Employment and Workplace Relations and invited witnesses from the Department of Education, Employment and Workplace Relations.<sup>1</sup>

In a paper addressing labour market policies in response to the global financial crises, the International Labour Office (ILO) suggests that governments over the medium- and long-term, should aim to develop a comprehensive and integrated policy and institutional framework that will enable them to better respond to crises, emanating from not only global shocks but also those arising from local and regional phenomena.<sup>2</sup> This aim is compatible with the current focus of the Working Group.

As the ILO suggests, *it is important to have permanent, yet adaptable labour market policies whose levels and structure vary with the business cycle in order to enable workforce adjustment in a socially acceptable way.*<sup>3</sup>

### **Recommendation 1**

The Working Group recommends the HORSC explore supplementary workforce capacity building measures instead of high-cost relocation measures, and notes that such measures are being considered under the National Long Term Tourism Strategy.

#### *Explanatory notes:*

- Alternative workforce capacity building measures may include skills development for local councils, enabling them to plan and implement measures for local economic development.
- In the case of the tourism industry, planning may include (but not be limited to) identifying social, historical and geographic assets leading to the development of a tourism cluster; and destination management planning (i.e. the community working together to develop a business plan for developing, maintaining, and capitalising a quality tourism experience based around the identified assets). Such measures would be beneficial in regions that are deemed to be vulnerable to unemployment.
- Economic development and, in the case of the tourism industry, tourism destination management plans may include workforce development strategies that link to and complement other government programs that support demand-pull labour market policies and regional development job-creation policies.

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<sup>1</sup> See: <http://www.aph.gov.au/House/committee/ewr/regionalskills/hearings.htm>

<sup>2</sup> Sandrine Cazes, Sher Verick, Caroline Heuer; Labour market policies in times of crisis; ILO Employment Working Paper No 35; Geneva 2009.

<sup>3</sup> ILO op cit

### **(b): Timely retraining programs**

Flinders University and the National Bank of Australia have been involved in an international research project focussed on policy responses to the closures of major automotive plants.<sup>4</sup> They concluded that the UK model which provided timely retraining programs for the workers being displaced was more successful in retaining workforce participation for workers displaced by plant closures.

As previously noted, the ILO suggests that governments over the medium- and long-term should aim to develop a comprehensive and integrated policy and institutional framework that will enable them to better respond to crises emanating from not only global shocks but also those arising from local and regional phenomena.

#### **Recommendation 2**

Develop a national framework for meeting any potential labour market crises and note that such measures are consistent with the National Long Term Tourism Strategy, specifically the Work Program developed by the Tourism Ministers' Council.

#### *Explanatory notes*

- There are two types of crises, large scale unemployment and large scale or endemic labour shortages.
- Labour market unemployment crises are likely to be triggered by major projects coming to an end; or when economic or market conditions herald the closure of major plants; or the end of the relevancy of an industry sector or service. Conversely, labour shortage crises may be triggered by the demand-pull of emerging major projects.
- To maintain levels of workforce participation and limit increases in social security payments, the framework should include provision for counselling/career adjustment planning and assisted retraining opportunities for workers likely to be made redundant. This would facilitate worker adjustment and timely transfer to new job opportunities. (For example, under the National Long Term Tourism Strategy, the Working Group is collaborating with Service Skills Australia to implement a workforce development strategy for the tourism and hospitality industries which is aimed at increasing workforce participation and labour retention in those industries.)
- Such a framework might include the establishment of a working group of qualified people in new industries retraining and career change to develop a strategy aimed at addressing the emerging crisis. Such a working group should include representation from relevant industry skills councils.

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<sup>4</sup> Kathy Armstrong; David Bailey; Alex de Ruyter; Michelle Mahdon; Holli Thomas; Auto plant closures, policy responses and labour market outcomes: a comparison of MG Rover in the UK and Mitsubishi in Australia; **Published in:** [Policy Studies](#), Volume [29](#), Issue [3](#), September 2008, pages 343 - 355

### **(c): Access to the global supply of labour and skills**

The government's management of the global financial crisis (GFC) meant that Australia was probably the least affected nation and forecasters including the OECD are now reporting expected growth of around 3 per cent for 2011, mainly driven by the demand for resources sector products. History demonstrates that skill shortages accompany such growth<sup>5</sup>. The OECD cautions that if Australia does not have the organisational framework in place to capitalise international market demand, the growth projections will not be realised. This appears to justify a need to assess the applicability of employment policies designed to address skill shortages, particularly in regional areas.

In response to the GFC the government developed and implemented a number of programs for improving workforce capacity; participation; and up-skilling of the labour force. Even so, it is unlikely that there will be workforce capacity in Australia for the labour and skill needs of emerging major resource and infrastructure projects to be met from the existing labour supply<sup>6</sup>. This would suggest that other industry sectors will again be affected by the high demand for labour and skills emerging from these major projects<sup>7</sup>. In the case of the tourism and hospitality industries, key industry organisations are signalling that they anticipate workforce shortage across a number of un-skilled and skilled jobs that are a critical input to the economic well-being of their industry; and that these will be directly attributable to the increased demand from and leakage to major resources and infrastructure projects. TMC is considering a range of measures to ameliorate this, such as including chefs on the Skilled Occupations List.

In place of developing government measures to support the relocation of unemployed workers and for a more co-ordinated approach to meeting labour market demand generated by economic growth; there is an opportunity for government at all levels to partner with industry to develop workforce capacity building and labour market access strategies. These strategies would include (but not be limited to): job marketing; measures for attracting appropriate labour; job matching; building appropriate infrastructure including affordable workforce accommodation, communication and recreation facilities; providing appropriate training and skill development opportunities for the target segment.

State and territory governments may also consider developing appropriate state-based workforce plans that bridge any gaps in the available labour supply through attraction of domestic and international skills; particularly if the identified gaps are likely to undermine Australia's international competitiveness.

While skills shortages may apparently ease during a downturn they can quickly re-emerge in periods of sustained economic growth when no action is taken to address them. Governments have recently implemented a number of workforce capacity building initiatives, however, the HORSC will need to determine if there is likely to be a shortfall in labour force capacity to meet emerging demand; and in the event of a shortfall, how that shortfall may be addressed with minimum impact on the

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<sup>5</sup> Chamber of Commerce and Industry Western Australia; *Building Human Capital- a discussion paper*; Business Leader Series; November 2007.

<sup>6</sup> Clarius Group; Clarius Skills Index; KPMG Econotech; January 2010

<sup>7</sup> Australian Government; *Resourcing the Future – NRSET discussion paper*; March 2010.

effectiveness, efficiency, and timeliness of all industry outputs, including where the attraction of domestic and international skill may be able to complement or supplement workforce development strategies or initiatives.

### **Recommendation 3**

The House of Representatives Standing Committee (HORCS), in consultation with relevant bodies (including the National Resources Sector Employment Taskforce and the National Long Term Tourism Strategy's Labour and Skills Working Group), evaluate the capacity of the Australian workforce to meet emerging demand over time from current and planned major projects (such as resource and infrastructure projects) without undermining the labour supply for other industry sectors (such as tourism) and make appropriate recommendations for workforce adjustment if needed.

### **(d): A regional development and labour capacity building strategy for improving workforce participation, particularly in regional areas**

Building the workforce capacity for occupational mobility is essential if an economy is to be efficient and competitive in the global market and if skills imbalances across sectors and regions are to be alleviated. The critical factor in building this capacity is development of the human capital potential of the nation's citizens together with the processes for its recognition and transferability across borders.<sup>8</sup>

Economic crises, such as the recent GFC, can also lead to changes in the sectoral composition of regional employment as jobs and workers reallocate within sectors and from contracting sectors (construction, financial services, manufacturing, and other export intensive industries) to others where employment can be found. These are often in service sectors<sup>9</sup>; such as tourism. Where appropriate, a regional transition to a focus on tourism (including hospitality) may be developed in ways that create new employment and business opportunities for local people and which complement their main livelihood strategies.<sup>10</sup>

In regions affected by high unemployment, appropriately trained local government representatives could lead their communities in a change process to create employment through the development of service industries such as tourism and hospitality. Such development needs to be planned with the full cooperative participation of both the industry; local government and the local communities.<sup>11</sup> This bottom-up approach encourages community ownership of the product and leads to economic development through mechanisms such as clustering and effective destination management planning.

A major benefit that is offered by the tourism and hospitality industries is the flexibility of working arrangements, which have the flow-on benefit of being able to

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<sup>8</sup> Chandra Shah and Michael Long; labour mobility and recognition of skills and qualifications: European Union and Australia/New Zealand; Working Paper No 65; May 2007; Monash University Centre for the Economics of Education and Training.

<sup>9</sup> Sandrine Cazes, Sher Verick, Caroline Heuer; op cit; 2.1

<sup>10</sup> Harold Goodwin; *Sustainable Tourism and Poverty Elimination – A Discussion Paper*; 12 Achieving Local Economic Development; DFID/DETR Workshop on Sustainable Tourism and Poverty; UK October 1998.

<sup>11</sup> Sandrine Cazes, Sher Verick, Caroline Heuer; op cit; Chapter 1 *New Paradigm for International Tourism Policy*.

provide flexible work for a broad range of people. These industries offer both permanent part-time and full-time employment as well as casual (seasonal) employment. Permanent part-time arrangements are highly suitable for single parents, mothers and carers who wish to be available when their dependents are at home. These arrangements are also suitable for people who are undertaking longer-term professional training for entry into another industry sector. Seasonal or casual employment may be of interest to older workers, including grey nomads seeking to supplement their travel budgets, and to Australian and international students seeking working holiday travel experiences.

**Recommendation 4**

The HORSC consider industry-based capacity building strategies (including a tourism capacity building strategy) to deliver a positive focus on community development and improve workforce participation in areas of actual or potential high unemployment.

*Explanatory note*

- Such a strategy might be delivered through constructive local government interventions if appropriate. Such interventions might include: development of tourism clusters and networks in affected regions; and engagement of local communities in sustainable destination management planning.

Note: The Tourism Ministers' Council through its National Long term Tourism Strategy working groups has commenced work on building workforce capacity in the tourism and hospitality industries.