

Introduction

- 1.1 The tourism industry is an important contributor not only to the economy, but to Australia's identity on the world stage. It is our iconic imagery and unique land that Australia is best known and the experiences that tourists have here enhances our reputation overseas.
- 1.2 The country also has much to offer to domestic visitors who play a vital role in supporting the tourism industry. Strong growth is predicted for the tourism industry, with anticipated growth in both international and domestic tourists.
- 1.3 Being people focussed, the industry has high service standards and consequently has demanding labour needs. The growth of the sector comes at a time of economy-wide growth and demand for labour and skills.
- 1.4 The industry therefore faces a number of workforce challenges, foremost of which is to retain employees in a highly competitive market against sectors that have the capacity to offer very high wages.
- 1.5 The inquiry looked at the challenges posed by labour and skills shortages and the need for innovation in recruitment and retention strategies. Training became a particular focus for the Committee. Evidence indicated that employers needed to have a greater understanding of the connections between training and retention.
- 1.6 The Committee was tasked to specifically look at strategies to ensure employment in remote and regional areas. Many peak tourism attractions are located outside of the major metropolitan areas, and

the Committee has taken into account the particular challenges facing remote and regional areas throughout the report.

- 1.7 The Committee travelled widely, to far north Queensland, the Northern Territory, and the far north west of Western Australia. The Committee was impressed by the many tourism ventures it saw and was told about. The Committee was also grateful for the involvement of individual employers in the inquiry who spoke directly to the Committee or contributed to submissions.
- 1.8 Although many more issues were raised in the course of the inquiry than are discussed in this report, the Committee was anxious to report in a timely manner. The labour shortages facing many parts of the industry are critical and the Committee considered it pertinent to ensure possible industry strategies and Government initiatives are progressed without delay. The Committee refers interested parties to the extensive transcripts of evidence and the many excellent submissions listed on its website for fuller discussion of issues facing the industry.

Background to the inquiry

- 1.9 On 15 June 2006, the Committee agreed to conduct an inquiry into the workforce challenges in the Australian tourism sector as referred by the Minister for Employment and Workplace Relations.
- 1.10 The terms of reference called on the Committee to inquire into and report on the following:
- current and future employment trends in the industry;
 - current and emerging skill shortages and appropriate recruitment, coordinated training and retention strategies;
 - labour shortages and strategies to meet seasonal fluctuations in workforce demands;
 - strategies to ensure employment in regional and remote areas; and
 - innovative workplace measures to support further employment opportunities and business growth in the tourism sector.
- 1.11 The inquiry was advertised in the *Weekend Australian* on 8 July 2006, the *Australian Financial Review* on 12 July 2006 and the *Travel Week Guide* on 4 August 2006.

- 1.12 The Committee sought submissions from relevant Australian Government ministers and from state and territory governments. In addition, submissions were sought from the tourism sector, including employers, business organisations, major industry groups, academics and unions.
- 1.13 The Committee received 69 submissions, as well as eight supplementary submissions. A list of submissions is at Appendix A.
- 1.14 The Committee received six exhibits which were provided in addition to written submissions during public hearings. These are listed at Appendix B.
- 1.15 The Committee held 17 public hearings across Australia in Canberra, Cairns, Hamilton Island, Melbourne, Darwin, Perth, Sydney, and a roundtable in Broome. The Committee heard from 94 witnesses at public hearings. These witnesses are listed at Appendix C.
- 1.16 The Committee also made a number of site visits. In Cairns, the Committee visited Tjapukai Aboriginal Cultural Park and Deep Sea Divers Den. The Committee toured Hamilton Island and had an opportunity to see the many types of the staff accommodation.
- 1.17 In Darwin the Committee visited Crocodylus Park: Wildlife Research and Education Centre, where it heard about the role of tourism in supporting scientific ventures and Members met several crocodiles. In Broome, planned inspections were thwarted by the start of Tropical Cyclone George, but the Committee extends its thanks to Mr Don Bacon of Willie Creek Pearls who provided an informative tour of Broome and the shopfront facilities of Willie Creek Pearls.
- 1.18 The Committee offers its sincere thanks to those businesses that hosted it. Several individuals went out of their way to assist the Committee and these visits were not only invaluable to the inquiry but gave the Committee a view of the talent operating our tourism industry.

Structure of the report

- 1.19 The inquiry covered a range of issues, including the size of the tourism industry, the challenges of labour and skills shortages, particularly with regard to seasonal employment, recruitment and retention practices, including turnover rates, training, and innovation and taxation.

- 1.20 The current and projected employment trends are set out in Chapter 2. This chapter presents available data, including the constraints on adequate planning due to conflicting data methodology.
- 1.21 Chapter 3 discusses labour and skills shortages. It examines the causes of labour and skills shortage and measures industry's standing in this regard.
- 1.22 This chapter also discusses the use of migrant labour, primarily the use of the '457 visa' and working holiday maker visas to fill skills shortages. It also discusses the industry's call for a seasonal visa to fill labour shortages in low-skill positions.
- 1.23 Chapter 4 examines recruitment and retention strategies. In addition, there is discussion of the cost burden that high turnover places on the industry as well as the apparent acceptance of a 'turnover culture'.
- 1.24 Training is discussed at length in Chapter 5. This chapter examines measures to improve the provision and take-up of training, both by the Australian, state and territory governments and by industry.
- 1.25 This chapter also discusses some of the taxation treatment adversely affecting the industry, with particular consideration to the seasonal nature of income streams