

**SUBMISSION TO THE HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON
EMPLOYMENT, WORKFORCE RELATIONS &
WORKFORCE PARTICIPATION**

***Workforce Challenges in the Australian Tourism
Sector – NT Perspective***

SEPTEMBER 2006

1 CURRENT AND FUTURE EMPLOYMENT TRENDS IN THE INDUSTRY

Tourism plays a significant role in the Northern Territory economy, contributing more to Gross State Product than in any other State or Territory in Australia. Growth in the tourism sector was strong during the 1990s but suffered setbacks in the early 2000s associated with global economic conditions and events such as terrorist attacks and the SARS outbreak. The Northern Territory has significant exposure to the volatility of national and international markets/events. Tourism is once again showing signs of recovery with significant growth in the sector in 2004/05.

The Northern Territory tourism industry directly employed 8,134 people as at December 2005, and indirectly employed 9,779 people.

The Northern Territory's population of around 200,000 represents just 1% of the national population, yet the Territory covers some 17% of Australia's land mass. With major international attractions, such as Uluru and Kakadu (approximately 2,000km apart), which are located significant distances from population centres, there are a number of challenges for employers, investors and government in dealing with and increasing the interstate and international visitation.

The Northern Territory does not have a large population base and, therefore, relies on visitors from distant markets and is susceptible to higher access costs and international economic cycles.

Tourism NT research shows that the Territory is recognised as the place to experience indigenous culture. Many visitors to the Territory express a desire for more interaction with indigenous tour guides or rangers and are surprised not to see more indigenous people working in tourism. Despite significant potential to develop indigenous tourism, the NT is faced with considerable challenges in achieving sustainable growth and delivering indigenous cultural tourism products. Most indigenous Territorians live in remote areas away from tourism training and employment infrastructure. As well, not all indigenous communities are interested in engaging with visitors and the demand is currently exceeding supply.

Labour costs are considerably more expensive in regional Australia as a consequence of its geographical area and population dispersion, adding to the existing challenges of providing price competitive tourism products and in marketing to potential consumers. In addition to this, the industry is required to provide staff seven days a week, 52 weeks a year, and in some jobs, 24 hours a day. The tourism industry is therefore challenged in its ability to compete with other industries for staff.

Workforce issues in the tourism industry are not unique – the Northern Territory is experiencing workforce issues across a wide range of industries. These issues include skill shortages, recruitment difficulties and skill gaps.

In 2005, Workforce NT conducted an NT-wide industry survey on skills shortages and recruitment difficulties. The outcome of this survey was the ***NT Occupation Shortage***

List – Appendix A. Given the composite nature of the NT tourism industry which supports a wide range of industries, both directly and indirectly, the 78 occupations featured on the updated NT Occupation Shortage List 2006 is of major concern to the Northern Territory.

It is evident that employers are increasingly looking overseas for solutions to overcome skills shortages, gaps and recruitment difficulties. Whilst the recent changes to the Working Holiday Marker (WHM) program effective July 2006 will improve employers' ability to attract and retain staff, the Northern Territory regards further reform crucial to improve its competitiveness. The current arrangement discriminates against smaller regional areas, such as the NT, where seasonal work in these primary industries is limited, short-term in nature or not available. Issues such as the expansion of industries and taxation concessions need to be addressed.

Tourism NT is active in developing and promoting opportunities for industry operators to participate in trade shows which highlight employment opportunities in the Northern Territory. These include the World Youth and Student Travel Conference (October 2006, Melbourne), Working Holiday Expo (Sydney, 2006) and the Skills Expo (Perth, Sydney, Melbourne).

People are the lifeblood of the NT tourism industry and a struggling labour force threatens the NT's ability to deliver world class quality tourism experiences. Addressing workforce issues to transform businesses into employers of choice will ensure the delivery of highly profitable, world class visitor experiences,

To achieve sustainable growth and ensure that tourism is a competitive sector of the labour market, attracting, training and retaining employees, it is essential that industry and government are committed to nurturing a strong workforce that can adapt to the ongoing challenges of the changing global environment.

Recommendations

- Position the industry as a significant contributor to the economy and as a worthwhile career eg; national campaigns promoting the benefits of working in the industry
- Conduct a national skills audit of tourism employees, develop a nationwide training needs analysis and implement programs to address the gaps
- Improve minimum pay and wage rates for tourism employees thus increasing its competitiveness as a career choice
- Develop systems to regularly report on workforce issues in the tourism sector
- Recognition of Prior Learning (RPL) to ensure portability of skills across states and territories

- Recognition of current competences of overseas workers seeking employment in tourism and other related industries, particularly those facing skill shortages and recruitment difficulties. This will enable job seekers to move into and around the workforce effectively and avoid unnecessary duplication or repetition of training.

2 CURRENT AND EMERGING SKILL SHORTAGES AND APPROPRIATE RECRUITMENT, COORDINATED TRAINING AND RETENTION STRATEGIES

Tourism is competing with many other industries for employment in the NT and Australia, but working conditions for this industry are not competitive in relation to other industries. Additionally, employers are continually challenged to recruit and retain skilled staff, particularly in regional and remote areas such as the Northern Territory where seasonality is a major issue. The current level of skills shortages requires development programs at both a Territory and national level.

Australia is experiencing the lowest level of unemployment in almost 30 years with the national unemployment rate at 4.8%.¹ One consequence has been skills shortages in various sectors of the industry.

The most commonly mentioned occupations experiencing recruitment and retention difficulties in the NT are chefs, travel and tourism agents, waiters, project and program administrators, cleaners, receptionists, bar attendants². In addition, occupations in the industry support services such as tradespersons – mechanics, carpenters, plumbers, electricians etc – are also experiencing difficulties.

The most common measures for arresting low turnover are salary increases bonuses, entitlements and incentives, professional development and training.

For the Northern Territory and Australia to be a competitive tourism destination, industry standards need to be raised and continuously improved. This requires training initiatives and skills development. In addition to attracting new employees, the industry must look to retain its current workforce, providing multi-skilling and up skilling opportunities for staff.

However, skills shortages in the tourism market are not solely linked to training. There is evidence to suggest 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.

Recommendations

- Businesses need to examine a combination of pay and work conditions and learning and career development opportunities in order to attract and keep the staff they

¹ Australian Bureau of Statistics, July 2006

² Workforce NT, 2005 Survey

value. Therefore Australian Government should promote the link between recruitment, training and workplace productivity and retention in order to encourage employers to invest in recruiting and training of potential and existing employees

- Support the development of human resource management programs which foster opportunities within a career in tourism
- Continue financial assistance and tax breaks to industry employers for training purposes
- Continue to support a national accreditation program with strong links to personal and professional development
- Support the development of a national approach to career development in the tourism industry
- Further reforms to the WHM visa for regional and remote areas including the expansion of industries for eligibility for second WHM and re-addressing the classification of WHM as non-residents owing to high taxation requirements and obligations
- Assist businesses who support mature age workers' re-entry into the workforce
- Provide tax incentives for tourism investors eg superannuation related incentives, better fringe benefit tax packages similar to those available for primary producers experiences peaks and troughs in their respective industries
- Implement recommendations in the National Tourism Investment Strategy, March 2006

3 LABOUR SHORTAGES AND STRATEGIES TO MEET SEASONAL FLUCTUATIONS IN WORKFORCE DEMANDS

The Northern Territory market is significantly more seasonal than other jurisdictions. While other States can alter their tourism products between winter and summer, the consistently hot and/or wet months from October to March in the NT, see occupancy rates for accommodation fall to around 40% over this period compared to around 70% in the peak months. The seasonal nature of tourism visitation to the NT, particularly the low season trough, impacts on business profitability, the long term viability of the industry and the ability to attract employees.

Recommendations

- Provide incentives for businesses to network and pool resources ie employees. The employee could work for each employer for a set period and be guaranteed long term employment as they move within the network, performing in a variety of similar jobs or industries.
- Implement national legislation requirements for tourism related industries, thus encouraging individuals to move freely within Australia knowing their skills/trade are recognised equally in each state or territory.

- Remove barriers for potential tourism employees including overseas workers and in particular Working Holiday Makers. Options for reform would be the extension of seasonal work for second WHM visa eligibility, to include a broader range of industries, particularly those facing critical skill shortages and recruitment difficulties in regional Australia. Examples of such industries include teachers, nurses, child care workers and trades persons.
- Provide financial assistance for the development of a dedicated tourism employment portal enabling tourism employers to target appropriately skilled staff.

4 STRATEGIES TO ENSURE EMPLOYMENT IN REGIONAL AND REMOTE AREAS

The Australian tourism industry is experiencing difficulty attracting and retaining staff, especially in regional areas. There is a current skill shortage of approximately 7,000 positions and a forecast of an additional deficit up to 15,000 positions per year. The consequences of continued skills and labour shortages could be long lasting and serious for the industry. In the short term, enterprises will experience increased recruitment and operating costs, reduced productivity, and constraints on growth. In the long term there could be a significant shakeout, with many firms leaving the industry. Since 1997 the growth in productivity in tourism has been low — only 2% compared with an average of 4.4% over the whole economy. Continued low productivity growth will make tourism a less attractive industry to invest in.³

It is critical that the importance of education in regional and remote areas is reinforced at an early age. This would ensure those people currently living in regional and remote areas would have the basic literacy and numeracy skills to enable them to undertake tertiary studies and/or apprenticeships when they leave school. It would also help to alleviate the necessity to continually develop incentive schemes to bring people into these regional and remote areas.

The industry needs to adopt a Destination Management approach to tourism. Destination management plans ensure a whole of government approach to tourism, marketing and development. They combine community infrastructure requirements with the tourism requirements of access, accommodation, attractions and labour. Tourism would then be recognised as an industry that is a major contributor to regional development and social, economic and environmental sustainability.

The NT Government is committed to understanding the employment needs and profile of the Northern Territory labour market, and developing and implementing strategies to maximise job opportunities for Territorians.

Jobs Plan II is a NT Government initiative to maximise employment opportunities for all Territorians and create a highly skilled and flexible workforce. Under Jobs Plan II the Northern Territory Government has committed to continue encouraging Territory

³ National Tourism Investment Strategy March 2006

businesses to employ additional apprentices and trainees to counter the affects of skill shortages on the Territory's economy. This is achieved through financial incentives that are made available to encourage and assist eligible employers to take up additional apprentices and trainees.

Build Skills NT is a Government initiative to assist Northern Territory employers to up-skill or re-skill existing workers. Employees in the hospitality industries, or other areas of identified skill shortage or of economic importance to the NT, are eligible for assistance under this program.

There needs to be a great focus on flexible training delivery, including e-learning, video conferencing and other forms of skills development initiatives available in regional and remote areas.

Recommendations

- Develop national online training programs
- Encourage and support the states and territories to adopt Destination Management Plans
- Ensure regional and remote areas are fully equipped with the latest hardware/software to participate in such programs
- Continue to enhance lifestyle characteristics of regional and remote areas to encourage people to live and work in the regions
- Continue to provide tax incentives for working in remote areas
- Encourage development of and provide financial assistance to tourism investment projects in regional and remote areas

5 INNOVATIVE WORKPLACE MEASURES TO SUPPORT FURTHER EMPLOYMENT OPPORTUNITIES AND BUSINESS GROWTH IN THE TOURISM SECTOR

Recommendations

- Encourage and promote flexible working hours / work from home opportunities
- Develop business clusters for training, recruitment etc
- Explore opportunities through national accreditation program for training and professional development of employees
- Ensure closer alignment between training organisations and the industry
- Workforce diversity eg Volunteer programs
- Provision of more child care facilities and establishments to encourage women back into the workforce

- Provide financial assistance for the development of a national tourism employment portal
- Encourage and facilitate the development of a national reciprocal agreement between the states and territories for the portability of long service leave within the tourism industry similar to the Building and Construction Industry. For further information visit www.ntbuild.com.au



NORTHERN TERRITORY OCCUPATION SHORTAGE LIST 2006

The Department of Employment, Education and Training (DEET) – Workforce NT unit has developed an *NT Occupation Shortage List* in response to stakeholder requests for more information about occupations experiencing shortages, recruitment difficulties and skill gaps (see definitions on page 3).

The purpose of the *NT Occupation Shortage List* is to inform decision-making that relates to occupational shortages. The list may also be of use to other agencies that need to make decisions about funding of incentives or other strategies that relate to shortages.

The list is based on skill shortage lists that the Commonwealth Department of Employment and Workplace Relations (DEWR) publishes annually. Occupations of a semi-skilled or unskilled nature are also included on the *NT Occupation Shortage List*.

The 2005 *NT Occupation Shortage List* has been reviewed to account for emerging shortages and new information and research evidence. The list has been revised in line with updated lists from DEWR, and findings from consultations, where sufficient evidence has been received to justify their inclusion. Thank you to those who contributed.

An indication has been given as to whether an occupation is experiencing shortages or recruitment difficulties. Such information assists in understanding the underlying issues and in determining the correct response. It is important, however, to note that the distinction between shortages and recruitment difficulties can be quite blurred and can vary depending on whose perspective is being put forward.

The list represents the latest available information and is as comprehensive as possible. Workforce NT welcomes information on occupations experiencing recruitment difficulty or skill shortage, with some evidence, throughout the year.

April 2006

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NT OCCUPATION SHORTAGE LIST 2006
For skilled, semi-skilled and unskilled occupations

<i>OCCUPATION</i>	<i>ASCO</i>	<i>OCCUPATION</i>	<i>ASCO</i>
PROFESSIONS and RELATED OCCUPATIONS		TRADES	
Childcare Coordinator/ Director (D-DT)	1295-11	Metal Fitter (S)	4112-11
Geologist (S)	2112-11	Metal Machinist (S)	4112-13
Civil Engineer (S)	2124-11	Aircraft Maintenance Engineer (S-DT)	4114
Electrical Engineer (D)	2125-11	Aircraft Avionics (S-DT)	4114-15
Mining Engineer (S)	2127-11	Metal Fabricator (S-DT)	4122-11
Accountant (S)	2211	Welder (S)	4122-15
IT (various specialisations) (S) (D)	2231	Sheetmetal Worker (S)	4124-11
Human Resources Professional (S-DT)	2291	Motor Mechanic	4211
General Medical Practitioner (S-DT)	2311-11	Light Vehicle (S)	
Registered Nurse (S)	2323-11	Diesel Fitter (S-DT)	
General		Heavy Vehicle Road Transport (S-DT)	
Accident/ Emergency		Marine (S-DT)	
Aged Care		Motorcycle (S-DT)	
Community		Heavy Vehicle Mobile Equipment (S-DT)	
Critical/ Intensive Care		Auto Electrician (S)	4212-11
Indigenous Health		Panel Beater (S)	4213-11
Neonatal Intensive Care		Vehicle Painter (S)	4214-11
Operating Theatre		Electrician (S)	4311-11,13
Paediatric		Refrig.& Airconditioning Mechanic (S)	4312-11
Perioperative		Electrical Powerline Tradesperson (S)	4313-11,13
Rehabilitation		Electronic Instrument Trades (D)	4314-11,13
Renal		Electronic Equipment Trades (S)	4315-11
Registered Midwife (S)	2324-11	Business Machine Mechanic (D)	4315-13
Registered Mental Health Nurse (S)	2325-11	General Communications Trades (S)	4316-11
Dentist (S)	2381-11	Communications Linesperson (S)	4316-13
Vocational Education Teachers (D-DT)	2422-11	Carpenter and Joiner (various) (S-DT)	4411
Dental Therapist (S-DT)	3492-11	Fibrous Plasterer (S)	4412-11
Pharmacist (Hospital/ Retail) (S)	2382-11,15	Bricklayer (S)	4414-11
Occupational Therapist (S)	2383-11	Solid Plasterer (S)	4415-11
Physiotherapist (MD,R)	2385-11	Wall and Floor Tiler (S)	4416-11
Speech Pathologist (R)	2386-11	Painter and Decorator (D)	4421-11
Podiatrist (S)	2388	Plumber (various specialisations) (S)	4431
Diagnostic Radiographer (D)	2391-11	Chef (S)	3322
Sonographer (D)	2391-17	Butcher (S-DT)	4511-11
Veterinarian (RD-DT)	2392-11	Baker (S)	4512-11
Audiologist (S)	2399-11	Pastrycook (S)	4512-13
Aboriginal Health Worker (D-DT)	3493-11	Cook (S)	4513-11
Secondary School Teacher (D)	2413-11	Irrigation Installer (S-DT)	462
Manual Arts/ Tech Studies (S)		Printer (S-DT)	4912
Maths/ Science (S-DT)		Binder and Finisher (S-DT)	4913
General Science (S-DT)		Cabinetmaker (S)	4922
Maths (D)		Hairdresser (S)	4931
Home Economics (S-DT)		Glazier (S-DT)	4982
Special Education (S-DT)		Driller (D-DT)	4986
Physical Education (D)			
Physics/ Chemistry (S-DT)		OTHER	
Social Worker (RD)	2511-11	Childcare Worker (S)	6312-11
Legal Professional (some specialisations) (D-DT)	2521	Hospitality Staff (S-DT)	632
Urban and Regional Planner (D)	2523	Dental Assistant (S)	6391-11
Skipper (fishing industry) (D-DT)	2542-11	Tour Guide (S-DT)	6397-11
Marine Engine Driver (fishing industry) (D-DT)	2542-15	Construction Plant Operator (S-DT)	
Hospitality middle & upper Management (S-DT)	332	Mobile	7111; 7112
		Stationary	7122
		Steel Fixer (S-DT)	7913-13
		Concretor (S-DT)	9917
		Harvest Worker (D-DT) (seasonal)	9921

Definitions

1. ASCO

Australian Standard Classification of Occupations – a skill-based classification of all occupations in the Australian workforce.

2. Skill levels

The NT Occupation Shortage List includes semi-skilled and unskilled occupations as well as skilled occupations. Skill levels are based on the Australian Standard Classification of Occupations (ASCO) as follows:

Skilled	Higher education, advanced diploma, diploma, or high certificate level eg, Certificate III or IV or equivalent experience.
Semi-skilled	Certificate II or equivalent experience
Unskilled	Certificate I or compulsory secondary education completed.

3. Skill shortages, recruitment difficulties and skill gaps

Skill shortages exist when employers are **unable to fill or have considerable difficulty in filling vacancies for an occupation**, or specialised skills needs within that occupation, at current levels of remuneration and conditions of employment, and reasonably accessible location.

Shortages are typically for specialised and experienced workers, and can coexist with relatively high unemployment overall or in the occupation. An occupation may be in shortage even though not all specialisations are in shortage. Occupations may be in shortage in particular geographical areas and not in others. Skill shortages generally involve skills that require a significant period of training and/or experience.

Skills gaps occur **where existing employees do not have the required qualifications, experience and/or specialised skills** to meet the firm's skills needs for an occupation. Workers may not be adequately trained or qualified to perform tasks, or may not have upskilled to emerging skills requirements.

Skills gaps do not simply relate to formal qualifications. Employees in an occupation may have the necessary vocational qualifications for the occupation, but not the specialised knowledge, skills and experience needed to adapt to new technology and new methods of working.

Recruitment difficulties may be due to **characteristics of the industry, occupation or employer** such as relatively low remuneration, poor working conditions, poor image of the industry, unsatisfactory working hours, location hard to commute to, inadequate recruitment or firm-specific and highly-specialised skills needs.

Key to abbreviations		Note
NT-wide shortage	S	Indicates occupation is on DEWR Skill Shortage List and category of skill shortage
Metropolitan shortage	M	
Regional shortage	R	
Recruitment difficulty	D	
Regional recruitment difficulty	RD	
Shortage	S-DT	Indicates shortage or recruitment difficulty categorised by DEET
Recruitment Difficulty	D-DT	
Regional recruitment difficulty	RD-DT	