



Standing Committee on Employment, Workplace  
Relations and Workplace Participation

**Workforce Challenges in the Australian Tourism  
Sector**

**Submission by the  
Australian Hotels Association**

**August, 2006**

## **1. Background**

The Minister for Employment and Workplace Relations has requested the Committee to inquire into and report on workforce challenges in the Australian tourism sector, with particular reference to:

- Current and future employment trends in the industry
- Current and emerging skill shortages and appropriate recruitment, co-ordinated training and retention strategies
- Labour shortages and strategies to meet seasonal fluctuations in workforce demand
- 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.

## **2. The Australian Hotels Association (AHA)**

The Australian Hotels Association (AHA) is recognised as the leading hospitality and tourism industry body in Australia. It represents over 8500 pub-style and 3, 4 and 5 Star accommodation hotels throughout the nation.

Our members provide a range of accommodation and hospitality services that are a key component of the tourism product mix. These are dependent on, and contribute to, the broader range of products and services that combine to provide the tourism experience.

The AHA membership employs more than 300,000 employees.

The overwhelming majority of AHA members (more than 95%) are constitutional corporations, and within the jurisdiction of the Workplace Relations Act 1996 ("the Act").

Approximately 50% of AHA members have less than 20 employees, and are classified as small businesses.

Our members operate under three federal awards and numerous State awards. Currently less than 10% of AHA members operate under workplace agreements.

The Tourism and Hospitality Industry in Australia employs more than 500,000 employees and contributes approximately 8% of Australia's Gross Domestic Product.

Employees in the accommodation, café and restaurant industry are three times more likely (60.2%) to be award only employees than other industries (19.9%).

The AHA welcomes the Inquiry and believes it is an opportunity to draw attention to the challenges confronting the industry in finding quality staff. This

will be essential if the goal to establish Australia as a “Platinum Destination” is to be achieved.

The AHA is a member of the National Tourism Alliance and works closely with a range of other industry bodies such as Restaurant and Catering Australia, ATEC and TTF. We are aware that each of these organisations has provided submissions to the Inquiry. We would ask that our submission be read in conjunction with this work.

The AHA has also recently provided submission to the Fair Pay Commission, The Award Review Taskforce and the House of Representatives Inquiry into the Service Sector. These cover some of the areas addressed in this submission. Copies are available upon request.

The AHA believes that the Government has introduced a range of initiatives to address labour and skill shortages. It is important that these are considered by the Committee in order to ensure any recommendations from the Inquiry do not “reinvent the wheel.”

The AHA is currently involved in a range of initiatives aimed at addressing labour shortages. These include:

- the National Industry Careers Specialist (NICS) initiative and National Skills Shortage Strategy (NSSS) initiative administered by DEST,
- Chef and Australian Hotel School Graduates Labour Agreements and Job Expos administered by DIMA,
- WorkChoices Employer Advisory Programs and Employer Demonstration Projects administered by DEWR.

In addition we are a member of a working group established by DITR to consider the issue of labour shortages in the tourism industry from a “Whole of Government” perspective.

### **3. Current State of Play**

The Australian economy has been performing well of late as it has benefited from the minerals boom. The strength in the Australian economy is expected to continue to gain momentum over the next few years.

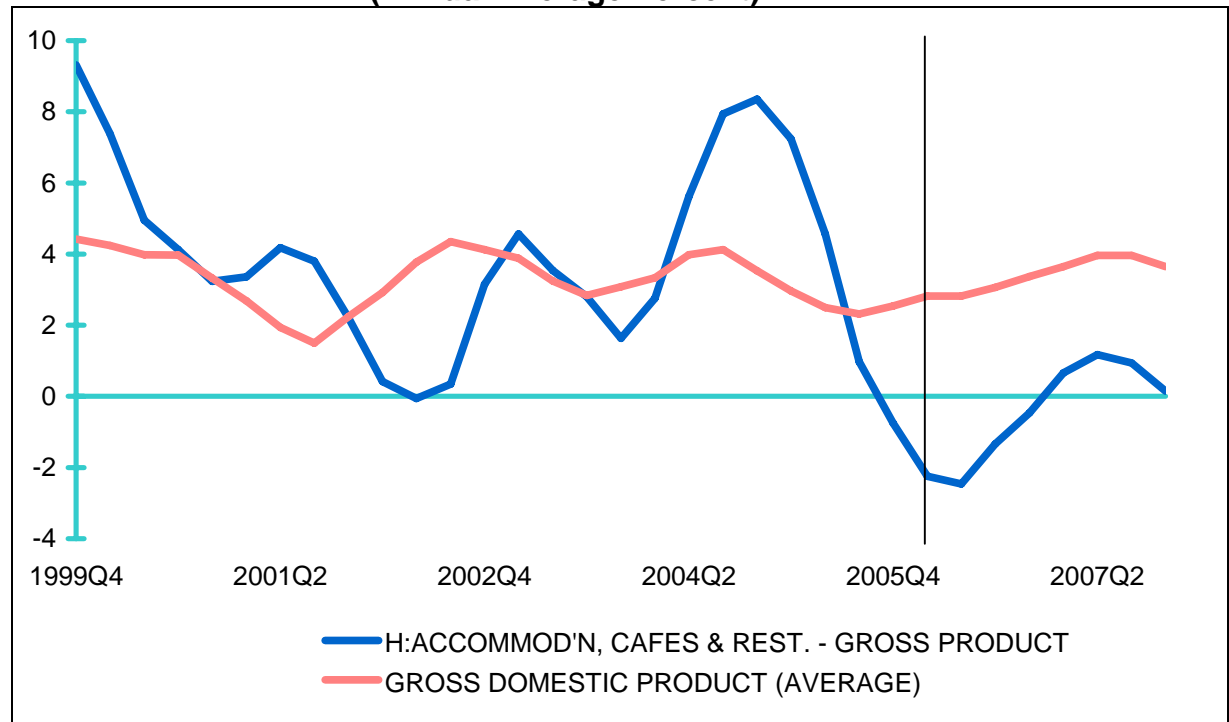
In stark contrast, the Tourism and Hospitality Industry has been struggling as domestic and international consumers pull back on discretionary spending due to uncertainty about interest rates, historically high fuel prices and increasing competitiveness of international tourism. The high dollar makes overseas travel more attractive and diminishes the appeal of Australia as a tourist destination.

Output in the Accommodation, Restaurants and Cafes industry sector fell 2.2 per cent in the year to March 2006. The outlook for the industry is for growth to continue to struggle as the high exchange rate and high fuel costs impact

on both international tourism and discretionary spending. Chart A shows the recent trend and outlook for output growth in the industry compared with the national outlook.

**Chart A:**

**Output Growth: National and Hospitality Industry  
(Annual Average Percent)**



**4. Tourism – What is it?**

The AHA’s interest in this Inquiry extends beyond the accommodation market for international visitors and our 4 and 5 star members. 70% of tourism expenditure comes from domestic travellers and while tourism forecasts project a steady growth in international visitors (5% pa) growth in domestic tourism is anticipated to remain flat.

The AHA believes our general hotels, particularly in regional communities, are, or have the capacity to become, an integral component of the visitor experience in a range of destinations.

The AHA believes the Inquiry needs to address the misconception that tourism businesses cater solely for overseas holiday makers. Traditional demarcations are no longer relevant and the AHA therefore encourages the Committee to look broadly in investigating the economic impact and needs of the “Tourism” industry.

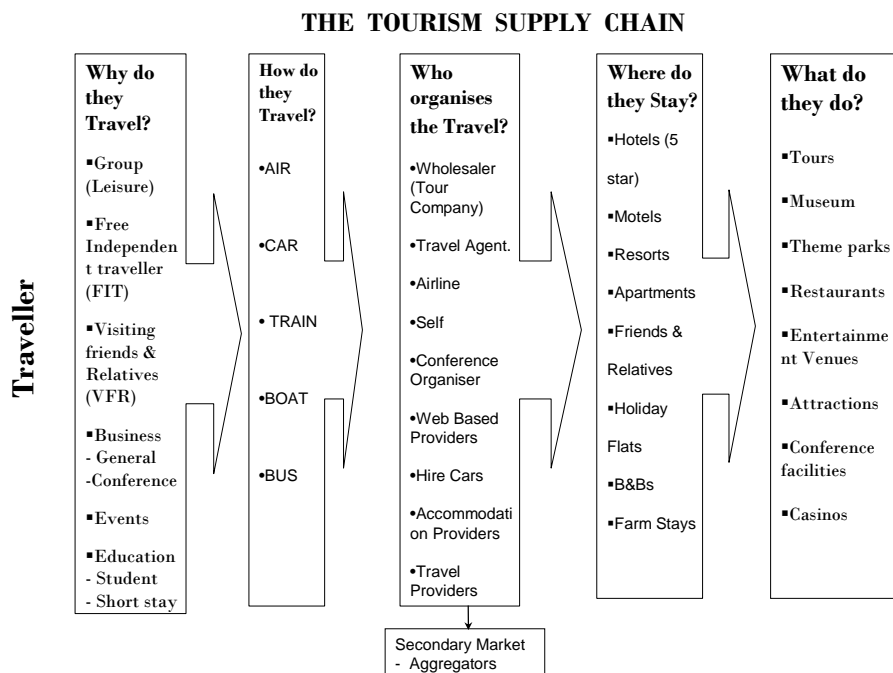
Greater effort is required to ensure that the full economic value of visitors on tourism, hospitality and related services is understood in the community. The review conducted by the Productivity Commission in 2005 is evidence that we

still have a long way to go to dispel the traditional view that tourism is primarily about leisure visitors. This is inconsistent with the agreed international definition of tourism and greatly understates the true economic impact and investment potential of attracting visitors to a country, region or town.

The AHA therefore recommends that the Inquiry focus its attention on the broader concept of **Visitor** and the implications that staff shortage have on the provision of quality visitor experiences to a larger number and more diverse range of people.

The Inquiry also needs to also take account of the complexity, volatility and competitiveness of the tourism market. Tourism is increasingly seen as “total experiences” rather than a set of independent services. It has the following features:

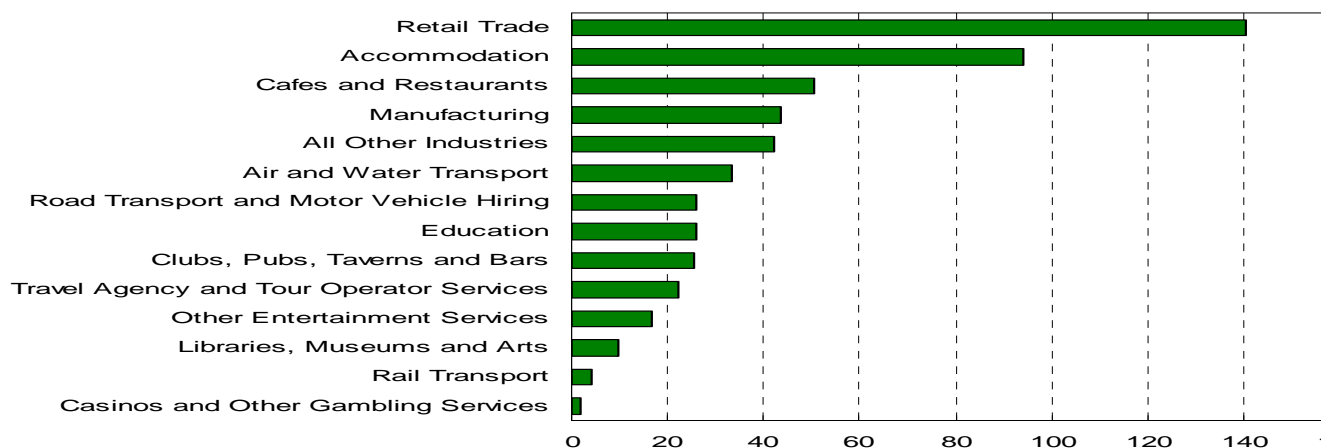
- Unlike most products and services tourism depends on the consumer going to the product.
- It includes a number of discrete yet highly interdependent operators that need to effectively combine to deliver the consumer experience (eg: travel agent –wholesaler-airline-airport-hotel-restaurant-attractions).
- The tourism experience is subjected to a complex range of taxation requirements and government charges, needs to meet challenging regulatory obligations and is dependent of the availability of publicly funded services and infrastructure.
- A “tourism destination or product” is competing for the discretionary spending of consumers with a range of other international or domestic “destinations” and alternative purchasing options.



## 5. Employment and Tourism

Overseas visitors generated over \$18 Billion in export earnings last year and this is predicted to grow to \$35 Billion in 10 years. The industry accounts for over 500,000 direct jobs and 397,000 indirect jobs. Nearly 200,000 of these are in regional communities. The relevance of the industry is reflected in the distribution of jobs generated by tourists

**Employment in tourism by industry 2003-04 ('000) – Source ABS 5249.0**



The following Table shows the current employment numbers in key occupations and the change from 2000.

Occupation	Employment Nov. 2005 '000	5 year '000s	5 year %
<b>Chefs</b>	57.4	14.7	34.5
<b>Waiters</b>	112.4	13.6	13.8
<b>Gaming Workers</b>	8.0	2.9	57.5
<b>Caravan Park and Camping Ground Managers</b>	5.5	0.6	11.9
<b>Restaurant and Catering Managers</b>	52.4	0.0	0.0
<b>Hotel Service Supervisors</b>	3.7	-0.5	-11.7
<b>Kitchen hands</b>	96.9	-0.8	-0.9
<b>Bar Attendants</b>	58.8	-1.2	-2.1
<b>Ushers and Porters</b>	6.5	-1.9	-22.5
<b>Club Managers (Licensed Premises)</b>	6.3	-2.3	-27.0
<b>Travel Agents and Tour Guides</b>	23.9	-2.9	-10.7
<b>Hotel and Motel Managers</b>	23.5	-4.5	-16.1
<b>Cooks</b>	36.1	-6.9	-16.0

The National Tourism Investment Strategy Consultative Group found that “since 1997 the growth of productivity in tourism has been low – only 2% compared with an average of 4.4% for the whole economy. Continued low

productivity growth will make tourism a less attractive industry to invest in” (Report Page 63).

## 6, Who Comes – Who Goes?

Reference to the ABS Overseas Arrival and Departures Survey released in July, 2006 provided the following breakdown of the 5 million plus international visitors that came to Australia in 2004 and 2005. It also showed the numbers of Australians that left for overseas.

	<b>Outbound</b>	<b>Outbound</b>	<b>Inbound</b>	<b>Inbound</b>
	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>
	<b>000s</b>	<b>000s</b>	<b>000s</b>	<b>000s</b>
Conventions	171.4	193.7	150.8	170.6
Business	649.4	697.1	494.8	564.8
VFR	1107.1	1206.3	1036.2	1116.3
Holiday	2032.4	2283	2685.1	2951.2
Employment	101.4	108.4	100.1	107.3
Education	54.3	53.8	253.5	261.4
Other	252.7	266.4	494.6	325.4
	4368.7	4754	5215	5497

ABS Cat 3401

These figures show that only around 50% of the international visitors came here for a holiday. More importantly business, convention and education visitors generally stay longer and/or spend more than holiday makers.

## 7. First Things First – The need for a Strong Domestic Base

70% of tourism related expenditure comes from the domestic market. There is a general principle that export growth comes off the back of a vibrant domestic industry.

The recent rise in the value of the Australian Dollar resulting from the commodities boom has (i) reduced the appeal of Australia to overseas travellers and (ii) made overseas travel more attractive for Australians.

More needs to be done to ensure Australian destinations and tourism products are attractive to overseas visitors and encourage Australians to take a break at home.

Greater collaboration is required between the Commonwealth and the States to promote Australia internationally. Some State Governments need to show greater commitment to supporting tourism related development and promotion.

The AHA is impressed with the implementation of the recommendations of the Tourism White Paper and the work of Tourism Australia in international marketing and promotion and DITR on domestic destination development through the ADTP program.

However, domestic tourism still remains primarily the responsibility of state governments and more needs to be done to create a 'destination Australia' that delivers on the promise offered in marketing campaigns. This could be achieved by:

- Promoting private investment in tourism
- Enhancing the capabilities of operators
- Better market information
- Reducing commercial uncertainty
- A competitive business environment
- Improved tourism planning

The AHA strongly supports the need for the development of Destination Management Plans as recommended in the Report of the Tourism Investment Consultative Committee. Strategies to identify and address current and future labour force needs should be a key feature of these plans.

## **8. Finding Good People – Overview**

The AHA recognises that finding and keeping good staff will be a major challenge for the industry over the next decade. Unlike most industries it is difficult for the service sector to reduce operating costs through the introduction of new technology. Service industry labour costs in Australia compared to comparable countries remain high and the service expectations of customers will continue to rise. Research undertaken for DEWR by Monash University predicts a shortfall of over 40000 workers in the Tourism, Hospitality and Retail sectors within the next decade.

The AHA welcomes the recent initiatives that the Commonwealth Government has introduced to address labour shortages. We are disappointed that sections of the community have chosen to be critical of individual elements rather than see them as a suite of policy initiatives aimed at addressing significant structural changes that will impact on the social and economic fabric of the nation.

The AHA believes that the Australian community needs to work collaboratively to deal with the demographic changes confronting our society. This should:

- Establish fair and affordable workplace arrangements that enable tourism and hospitality businesses to provide quality service and remain viable. They will be assisted by the flexibility provided by the new industrial relations laws.



- Provide opportunities to enable the 1 million Australians currently living on welfare to build the skills required to re-enter the labour force and move to a more independent life
- Ensure the significant public investment in education and training maximises the learning opportunities for students through greater use of relevant work based learning and enables existing workers to remain productive by providing an opportunity to recognise and develop new skills
- Utilise immigration options to complement and enhance other strategies.

## 9. The Big Picture

Tourism and hospitality businesses are not unique in having difficulties in finding and retaining quality staff.

Labour shortages are a common problem across Australian Industry and an issue of concern for the hotel sector world wide. The International Hotels and Restaurant Association, of which the AHA is a member, has flagged this as one of the major issues confronting the industry world wide.

Labour shortages are the result of a number of social, structural and economic factors confronting the industrialised world. There will be no simple solution to this problem and it will require businesses to ensure their workplace culture, job design and employment benefits are consistent with the long standing rhetoric of being an “employer of choice”

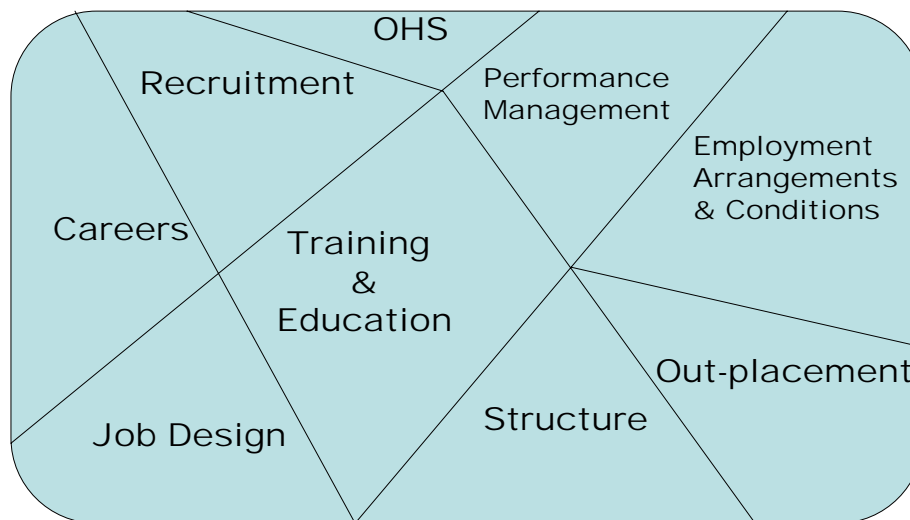
The recently released Commonwealth Government report **Workforce Tomorrow** has estimated that there will be a deficit of nearly 200,000 people in the Australian Labour force by the end of the decade. This will have a significant impact on industries that are perceived as offering unskilled, less secure and lower paid jobs.

Businesses will need to assess the cost of recruitment and attrition, the value added by long serving staff and the benefits of investing in training. These costs should be offset by employees who generate higher sales and produce more satisfied customers.

Labour shortages are therefore not just a numbers game. They will require greater integration of strategies at the macro level and increased planning and management expertise within tourism and hospitality businesses.

Successful business understand that finding and retaining good staff requires the effective integration of the range of “people” related activities as outlined in the diagram below:

# People Strategies



## 10. Learning from Others

The Tourism and Hospitality industry in Australia can learn from other industries and overseas bodies. The industry in New Zealand has recently released a Workforce Strategy in response to labour shortages. The document outlines the workforce issues and offers some solutions for the industry. The Working Group found:

*“when we started this process, we believed we were dealing with a workforce issue. After looking closely at the issues and listening to industry, it became apparent that we are in fact dealing with a workplace issue; the challenge for tourism and hospitality businesses lies in up-skilling our people at all levels, and lifting our productivity and profit so that the industry can attract investors and pay its workers more”.* (*Tourism and Hospitality Workforce Strategy page 3*)

The Strategy has identified 6 Goals. These are:

1. Labour supply is not a constraint to growth in the Tourism Sector. There are enough people to do the work required, to the standard required, to consistently deliver a world-class visitor experience.
2. The People who work in the Tourism and Hospitality Industry have appropriate skills and the personal attributes to deliver a quality experience. There are education and training systems in place to deliver the skills and knowledge required to resource the Tourism and Hospitality Industry.
3. People with experience and expertise are retained within the tourism and hospitality sector because they have opportunities to grow and build satisfying careers.

4. Businesses in the tourism and hospitality sector have the right information, management systems and processes in place to maximise the contribution of their people.
5. A supportive legislative and regulatory environment promotes the tourism and hospitality sector's growth.
6. The tourism and hospitality industry has the structures and mechanisms in place to address its future workforce and skill needs on an ongoing basis.

The Strategy suggested that the workplace challenge for employers is to find ways to get people to choose tourism and hospitality over other industries and have their choice confirmed by:

- Coherent career paths.
- Feeling valued in rewarding jobs.
- Great learning and development opportunities.
- Equitable salaries.

### The Retail Experience

Ways of finding and keeping good staff in the retail sector was researched in 2002 and the findings reported in Balancing the Till. This study found that leading retailers:

- Are responsive to the changing nature of the workforce.
- Know that keeping good staff reduces costs and increases profit.
- Know their real people costs.
- Listen to their employees and then take action.
- Integrate their people management practices.
- Provide for work/life balance.
- Provide flexible work practices.
- Know that part-timers are central to their business.
- Want more women in management.
- Grow their own managers.
- Brand to get good customers and good employees.
- Become part of their community.
- Create a great place to work.
- Reward skill and effort.
- Measure their outcomes.

These two reports provide valuable insights into what individual business operators will need to consider when meeting the staffing challenges of the future.

## 11. What staff do we need?

Like all industries the Tourism and Hospitality sector is experiencing difficulties in recruiting skilled and motivated staff. We recognise this will worsen with the demographic changes resulting from an ageing population.

The AHA believes that many of the elements required to effectively address labour shortages are in place. We are working with DITR and other industry bodies to ensure improved communication across Government agencies.

One area that requires attention is the provision of more robust information on the immediate and long term labour requirements of the industry, particularly at a regional level.

While data exists in a range of agencies further work is required to ensure this is consolidated in a way that enables business operators to make the strategic staffing decisions that be required in a “full employment” environment.

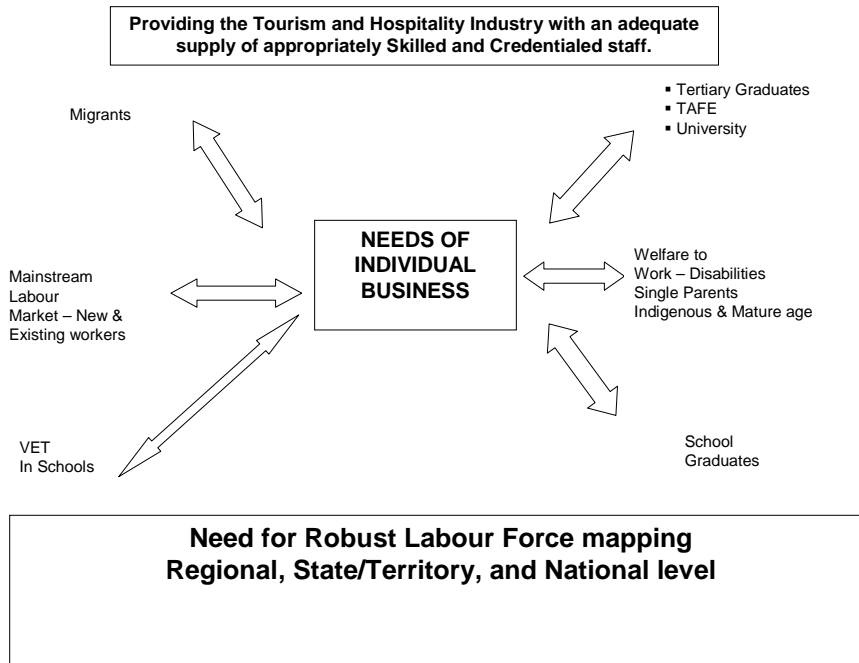
The AHA does not advocate a return to the days of rigid manpower planning processes. However, we believe more can be done to map current and future workforce needs. This require closer co-operation between government agencies and a sincere desire to produce timely, relevant labour force information.

The following diagram shows some of the areas of information that could be consolidated to help improve the planning of business operators and improve resource allocation and service provision.



## 12. Where will the staff come from?

The AHA believes there needs to be an integrated approach to address current and future labour shortages. Our future staff will come from a range of areas as outlined in the following diagram.



We welcome the recent reforms to workplace relations laws introduced by the Australian Government. These will enhance the ability of operators to develop employment arrangements that suit the needs of their particular business while still providing an effective safety net for workers.

The AHA is exploring ways of utilizing each of these channels to meet the labour force needs of the Industry. These will build links between existing areas and to address identified areas of concern.

### 12.1 Vocational Training Programs

The Report of the Tourism Investment Strategy Consultative Group found that despite significant investment in education and training only “30% of tourism employers believed graduates had gained skills appropriate to employer needs. More the 75% wanted more input into course content and believed the vocational education and training sector needed to provide more practical job skills” ( page 63).

This is disappointing given the significant progress made in promoting a learning culture in the industry during the 1990's. Under the direction of Tourism Training Australia the industry was seen as the benchmark for

training and career promotion. The judicious use of Award Restructuring provided the industry with a greater influence over the quality of training providers in the sector. Unfortunately this influence was lost with the changes to the training system that occurred in the late 90's when the responsibility for quality assurance for registered training providers reverted solely to State Training Authorities.

The recent establishment of the Institute of Trade Skills Excellence will go some way to address industry concerns with the quality of Registered Training Organisations but this will only be in a limited range of occupational categories.

Further reform is required to give Industry a greater say in training delivery and industry qualifications in this sector. This will be the only way that we will achieve "a demand driven" system that has the confidence of business operators and graduates.

## 12.2 School Programs

Areas requiring attention include:

- Improved co-ordination of school based vocational courses and the labour market needs of the local community. Too many students are doing VET programs in Tourism and Hospitality in the senior years of schooling because of the availability of short term work placements rather than legitimate long term career interests.
- Harnessing school based apprenticeships to improve the attractiveness of career in the industry. This will increase the relevance of the final years of schooling and reduce the time taken to complete training programs after leaving school.
- Better utilization of industry career information by Schools. The AHA is actively involved in the newly created Careers Advice Australia and has been funded to provide industry information to the 57 regional industry careers advisors located across the country. This role will allow us to channel the existing career information through this network and identify future information needs.
- Greater effort is required to understand the thinking of "generation Y" and target information to their concept of career. For example the focus on jobs in the industry may not be on life long employment opportunities and more on how service skills can be a core employment competency for a range of jobs and provide income earning opportunities beyond Australia.

### 12.3 Existing Workforce

The AHA in conjunction with other industry bodies is developing a professional “Institute” for the Tourism and Hospitality Sector. This will:

- Recognise skills learnt outside formal education and in the workplace,
- Raise the profile of careers in the industry
- Promote ongoing learning and
- Monitor the quality of education and training in the industry

The Institute may also seek to become involved in recognising overseas qualifications.

We believe this Institute will assist in promoting careers in the industry by providing formal recognition of the skills of successful operators and creating the opportunity for industry networking. Further information on the Institute can be provided upon request.

### 12.4 Welfare to Work

The AHA recognises that there are a number of people currently outside the workforce living on welfare that could make a productive contribution to our industry. The Association is finalizing arrangements with DEWR to undertake 2 projects to explore ways of removing barriers to the engagement of people on welfare.

The projects will harness the services of Job Network providers, group training companies and use an existing screening tool to identify suitable candidates. These people will be provided with structured return to work opportunities that build the skills required for on going employment.

The projects will also explore the need for job redesign and adjustments to employment arrangements in the workplace in order to engage people in a commercially sustainable way.

### 12.5 Overseas Workers

The AHA supports a continuation and expansion of immigration arrangements to address labour shortages. We believe this will be necessary to deal with looming labour shortages in a range of areas.

We accept that a more strategic approach is required to address possible community concerns that overseas workers are “taking jobs” that could be filled by Australians. Improved coordination of labour force data should provide a more balanced assessment of the need for this option in identified areas.

The Industry currently uses a range of immigration options to deal with labour shortages. These include Labour Agreements covering Chefs and Tertiary Graduates.

AHA members also employ a large number of people on a Working Holiday visa. The industry appreciates the recent changes to this visa which allow people to work for six months with the one employer.

However, given the current shortages in some key tourism areas we believe that concessions made to holiday makers working in the agricultural sector in regional communities should be extended to cover workers in the tourism and hospitality sector in areas of identified need.

Employer sponsored 457 visas are also used by the industry where appropriate. However, the nature of the industry means that many businesses are precluded from utilizing the current options because of the existing salary threshold. The AHA is aware that DIMA is currently reviewing the use of this Visa.

The AHA believes that consideration needs to be given to introducing industry specific salary thresholds for a 457 Visa. This would be complemented by a fair and effective process to assess the capacity of the domestic labour market to fill these jobs.

The Industry continues to raise concerns with the current process used to define “skilled occupations” under the MODL. We believe this unfairly restricts the industry’s capacity to access skilled hotel and food and beverage managers from overseas. We believe that the following groups should be defined as Skilled Occupations under the MODL and provided with the same points determination as a Chef (eg.60 points):

- Front of House and Food and Beverage Managers who have undertaken an appropriate overseas training program.
- Graduates from Australian Tertiary Hotel Programs that include a substantial component of Industry placement similar to an apprenticeship.

In the longer term the AHA believes that the Australian community needs to have a considered debate about the use of overseas workers to fill job vacancies in an increasing number of areas. Recent comments by the World Bank have highlighted the potential benefits of establishing a system of short stay visas for trained hospitality staff from Pacific countries. The AHA recommends that this be considered to meet seasonal demand in high demand areas – eg North Queensland

## 12.6 Overseas Students

It is evident that the visitor of the future will be “value seeking” consumers with high service expectations. The future of the industry will therefore depend on the quality not just the quantity of workers. For example it is already evident that Chinese visitors expect to deal with Mandarin speaking service staff. It is essential we address this expectation if the opportunities afforded and predicted from the Chinese market are to be realised.



Over the last 15 years the Australian Government has supported the development of highly successful international market for educational services. This market generates in excess of \$5 Billion in “export” earnings in catering for in excess 100,000 overseas students in school and higher education.

A number of factors are placing this market at risk. These include:

1. High Australian exchange rate.
2. Growth of reputable institutions in Asian Countries.
3. Establishment of campuses in Asian countries by overseas Universities.
4. Concerns about the quality of Australian qualifications.

The Australian Government is committed to ensuring that our tertiary education sector is strong, confident, diverse and high quality and plays a vital role in our economic, cultural and social development. The *Backing Australia's Future* reforms, including additional funding of \$11 billion over 10 years, have gone a long way towards achieving this goal. International student are now a key component of achieving this goal because they comprise over 18% of students enrolled in tertiary institutions.

The future of higher education in Australia must be considered in the broader international context. Many other countries are increasing their investment in higher education. In addition our Tertiary Institutions will need to take account of the Bologna Process to ensure that our programs meet the requirements of the broader international community.

Australia has a number of highly regarded International Hotel Schools. These Schools operate in a range of states and have a high percentage of overseas students. The programs at the Schools include a substantial level of work placement in major hotels and they are highly regarded source of casual labour for AHA members. Students pay in excess of \$60,000 to enrol in the courses. Many are from China, India and growth markets for Australian tourism.

A Labour Agreement is in place to allow students to remain in Australia to work after they have completed their programs. However, the industry has found it difficult to provide employment opportunities that meet the criteria for this scheme. Also the ability to stay in Australia is only determined at the end of the course and this is a disincentive to enrol in our courses.

The AHA believes that this group of students could provide an increasing pool of high quality staff if they knew they would be able to stay in Australia when considering which country to undertake their tertiary studies.

Educational visitors have a significant direct and indirect impact on the Australian economy. Innovative thinking is required to ensure that the current market is maintained and grows.

The AHA recommends that consideration be given to guaranteeing overseas students with permanent residence status if they (i) successfully complete a tertiary course in an area of demonstrated labour shortages (ii) the course includes an appropriate level of work placement eg 50%.

### **13. Findings and Conclusions**

This paper has covered a broad range of issue related to labour shortages. However, the industry does not operate in a vacuum.

Labour shortages need to be assessed in the context of a healthy industry and it is therefore essential that the Commonwealth Government maintains the funding commitment to international tourism promotion and marketing that resulted from the White Paper beyond the initial four year funding period.

State Governments also have to pull their weight and apply some of the significant GST revenue generated by international visitors to fund the development of attractive tourism products and destinations, particularly in regional communities.

There needs to be greater collaboration and co-operation between the public and private sector in co-ordinating the significant funding devoted to the myriad of business, tourism and regional programs in a more constructive way.

In relation to the specific issues that the Committee has been asked to address our submission confirms that the industry is experiencing significant shortages in a range of occupational and regional areas. Demographic changes will mean that it is unlikely that these shortages will disappear.

The AHA believes that a number of programs and strategies are in place to address labour shortages. However, more relevant labour force information and greater co-ordination across Government agencies is required to maximise this investment.

Businesses in the sector will need to assistance to use these strategies to ensure that have appropriately skilled staff to meet an increasingly demanding consumer.

The industry will need to take advantage of the flexibility in the new industrial relations legislation to establish employment arrangements that harness all available people in a ways that maximises the value of wages and salary costs. The competitive nature of the industry and demand for quality service will mean that wage and salary expenses will continue to be significant factor in operating costs. Innovation in job design and service delivery will be required and the balance between casual and permanent employment will need to be reconsidered. The benefits of a stable and committed workforce will need to accurately calculated and understood.

Improved planning and communication will be required to meet seasonal fluctuations in workforce demand. This should see the development of better linkages to underutilised labour pools such as students and mature age workers.

Extension of overseas workers programs will need to be considered subject to appropriate evidence that jobs cannot be filled from the domestic labour market.

The industry should also initiate discussions with affiliated bodies in overseas countries to identify possible options to meet what will be a worldwide shortage for labour.

The AHA believes that there needs to be ongoing support to business to understand the required changes in workplace culture and operations. This will provide challenges in an industry dominated by small operators.

There is also a need for a more co-ordinated approach to planning and service delivery across Government agencies in order to maximise the significant investment of public funds.

#### **14. General Recommendations**

A number of recommendations are contained in this submission. In summary the AHA recommends that:

- (i) The DITR Committee established to explore labour shortages be reconstituted as an Industry Taskforce with a charter to:
  - Review existing employment, education and training programs in the tourism and hospitality industry in order to assess their ongoing relevance and quality and to identify new areas of need
  - promote cooperation across Commonwealth agencies to ensure that services are integrated in a way that reduces duplication and improves outcomes
  - assess existing industry consultative arrangements within Government agencies in order to determine ongoing relevance and the potential overlap.
- (ii) The Inquiry support the development of Destination Management Plans as recommended in the Report of the Tourism Investment Consultative Committee. Strategies to identify and address current and future labour force needs should be a key feature of these plans.
- (iii) The Inquiry acknowledges that labour shortages are not just a numbers game and result from a number of social, structural and economic factors confronting the industrialised world. The Australian community

needs to work collaboratively to deal with the demographic changes confronting our society.

- (iv) more robust information is required on the immediate and long term labour requirements of a particular region. While data exists in a range of agencies further work is required to ensure this is presented in a way that enables operators to make the strategic staffing decisions that be required in a “full employment” environment.
- (v) further reform is required to give Industry a greater say in training delivery and industry qualifications. The aim should be to establish “a demand driven” training system that has the confidence of business operators and graduates
- (vi) Given the current labour shortages in some key tourism areas consideration should be given to extending the concessions made to holiday makers working in the agricultural sector in regional communities to work undertaken in the tourism and hospitality sector.
- (vii) overseas students undertaking certain courses in the tourism and hospitality be given to guaranteeing overseas students with permanent residence status if they (i) successfully complete a tertiary course in an area of demonstrated labour shortages (ii) the course includes an appropriate level of work placement eg 50%.