

Submission

to

House of Representatives Standing Committee on
Employment, Workplace Relations and Workforce Participation

Inquiry into Employment challenges in the Australian and tourism and sector

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The Faculty and Students of the Cairns Business College (CBC) welcomes the opportunity to make a submission to the Standing Committee on Employment, Workplace Relations and Workforce Participation's current inquiry into workforce challenges in the tourism industry in Australia.

We note that the Committee is to give particular attention to current and future employment trends, and possible measures to deal with perceived difficulties in the sector.

This submission will address the issues identified by the Committee's terms of reference as requiring "special attention".

Cairns Business College

The Region of Cairns has a long history of valuing quality education and the entire community of Cairns is dedicated to the provision of excellence in education. The Region of Cairns is proud to say that it is the home of the first High school in the far north, the first registered Business College in Queensland – Cairns Business College and the first registered English Language School in Queensland – the Cairns Language Centre a division of the Cairns Business College.

Cairns Business College and Cairns Language Centre welcomes the world to share our paradise – Learn our Culture, Learn our Language, establish long term business relationships, and of course, enjoy our lifestyle.

For 40 years, Cairns Business College's number one goal has been to educate students and have them become productively employed. The college has developed an enviable reputation as a school dedicated to graduating students from job-oriented programs into successful careers.

At CBC, students acquire those skills that are critical for success in today's highly competitive, and often times turbulent, job market. Students are trained by highly skilled and experienced faculty committed to one thing...the success for the individual

Today employers in business, tourism and hospitality industries not only expect training in a specific expertise; they also look for people who have been trained in a variety of disciplines and who are able to wear many different hats. That is why all CBC programs are structured to maximize graduate employability.

CBC program designs are based on the input of key business and corporate professionals who have identified what it takes to be successful within a chosen career. And the training students receive is specifically designed to provide them with just that...short term, concentrated skill development without the fluff.

At the oldest business college in Queensland, academic excellence and personal attention are combined to create an atmosphere where students benefit from a smart, business-savvy faculty who know their students by name. That personal attention is also reflected in the services provided to students – from admissions to graduation – resulting in a very team-oriented, collaborative, highly personalised educational experience.

CBC's unique on-site student based company provides business and tourism students from throughout the world the chance to blend practical, real-world experience with a focus on academic excellence.

Careers in the business, administration, accounting, travel and tourism are full of excitement, challenge and fun! These are the same qualities that are integral to courses at CBC.

CBC promises a positive and dynamic learning experience: a course specifically tailored to current industry needs, support along the way, and practical help on course completion to help a student into that important first job or into further education.

Cairns Business College teaching reflects today's needs – student needs, employer needs and community needs

Today's students are diverse and demanding. With a tradition of embracing "life long learning" The Cairns Business College caters to students ranging from 16 to 60+.

What type of student attends CBC?

- High school graduates
- Senior school students seeking an alternative to the secondary school system,
- Young adults in universities and colleges
- The unemployed
- The never employed
- Single parents seeking better employment
- Workers who must upgrade their skills to enrich their working life
- Professionals seeking to obtain validation of "life learning"

Business, Tourism and Hospitality teachers at the Cairns Business College are internationally recognized qualifications and are skilled and experienced teachers. As our students include people from over 40 different countries, all teachers also have ESL teaching qualifications, many are registered teachers with Education Queensland and all hold Certificate IV in Workplace Training and Assessment.

Cairns Business College Tourism and Hospitality courses are aimed at creating the type of employee required within the local tourism industry. Courses are available from Certificate II to Diploma in:

Tourism Operations:

Tourism Management:
Accommodation services,
Food and beverage service
Customer service
Travel agency skills including domestic and international ticketing
and Tourism Marketing and Promotion.

The emphasis at CBC is on teaching the specific job-related skills that employers look for when they make hiring decisions.

Students at CBC learn not just by reading textbooks and other study materials, and not just by listening to instructors lecture, but also by "doing." This combination of traditional teaching methods and practical classroom experience provides an opportunity for students to gain a much more personal understanding of their area of study because its not just theory — it is also a real-world application.

This fundamental philosophy toward learning can be summarised by Cairns Business College's motto: "Discovery." Because that's what our students have the opportunity to learn.

As a practical matter, Cairns Business College seeks to accomplish this goal by striving to:

- Graduate a high percentage of students who enter our career training programs, and
- Help graduating students achieve relevant entry-level employment in their chosen field at the highest available starting salary.

CBC's programs are designed to be academically sound and relevant to the needs of both students and employers. Programs of study are developed only in areas that are expected to have high demand for skilled workers in five (5) year cycles. These fields of study focus on industries that offer solid, long-term career opportunities for CBC graduates

Cairns Business College is proud of its 100% job placement rate for graduates.

The changes within the Tourism and Hospitality industry combined with changes in the Queensland Education system have led to challenges for the Cairns Business College as we strive to mould our students into successful employees of the future

Our training must take into account the "Local conditions" of the Cairns Regions. The tourism and hospitality industry is highly dependent on a seasonal workforce providing. The "untrained" working holiday employee are the backbone of a high percentage of the tourism industry in our region. The tourism and hospitality industry has become highly casualised since 1997.

Local employers are excited by the changes in the Working holiday visa, as at 1 July 2006. Industry is looking forward to the improved the quality of service provided by the “backpacker employees” who are able to be employed for 6 months, well beyond the expensive “probationary/training” period for new employees. In our experience, employment in the industry continues to be precarious and employees are constantly concerned that they will not be able to work sufficient hours each week to make ends meet.

The Award system

The vast majority of hospitality workers in the Cairns region continue to rely on the Award system for their wages and working conditions. There is however a culture within the region of employing outside the award structure or industrial relations act guidelines.

In the Cairns region, the highest concentration of minimum wage employees is found in the accommodation, tour guide, cafes and restaurants industry.

These industries also have the highest density of minimum wage earners throughout Australia.

Table 3: Minimum Wage Workers by Industry⁴

| Industry | Density % | Concentration % |
|---------------------------------------|-------------|-----------------|
| Mining | *1.8 | 0.1 |
| Manufacturing | 15.5 | 8.5 |
| Electricity, Gas and Water Supply | *1.7 | 0.1 |
| Construction | 15.8 | 4.2 |
| Retail Trade | 31.5 | 22.6 |
| Accommodation, Cafes and Restaurants | 60.2 | 17.0 |
| Transport and Storage | 14.4 | 2.7 |
| Communication Services | *2.1 | 0.1 |
| Finance and Insurance | 4.7 | 1.0 |
| Property and Business Services | 18.9 | 13.7 |
| Government Administration and Defence | *0.7 | 0.2 |
| Education | 8.5 | 4.1 |
| Health and Community Services | 27.2 | 15.5 |
| Cultural and Recreational Services | 16.4 | 2.0 |
| Personal and other services | 23.6 | 4.5 |
| Total | 19.9 | 100.0 |

In relation to these figures, the ACTU submitted⁵:

By way of explanation; the above Table shows that: 60% of all workers in the accommodation, cafes and restaurants industry are paid the minimum award rate ie: not paid under an agreement or other contract, this 60% make up 17% of all workers who are paid solely under an award.

⁴ Source: ABS Cat No. 6305.0 *Employee Earnings and Hours* Unpublished
³ at p. 31, at Table 4.9; Source: ABS Cat No. 6305.0 Unpublished

The *WorkChoices* amendments have tilted the workplace balance of power further in favour of hospitality employers:

With the abolition of the “no disadvantage test”, the limited protection it afforded hospitality employees has gone.

Further restrictions have been placed on the rights of hospitality and other workers to organize and to take industrial action in favour of better wages and conditions.

The removal of the right of a majority of hospitality industry employees to access unfair dismissal processes will further threaten their job security.

There can be no doubt that low wages mean that the tourism-related industries are employers of last resort (or second last resort, if the even lower wages in the retail industry are taken into account) for many local workers. This will further increase the use of “backpacker” labour within the industry.

Specific issues for the Inquiry

The most significant issue affecting current and future employment trends in the tourism industry is the high incidence of precarious nature of casual jobs.

For most workers, tourism-related work is seen as low-paid, transient and temporary work. The industry is not seen as a long-term career option.

This is further accentuated by the change in focus on tourism and hospitality training from an “adult focus” to a “child focus”. All schools in the Cairns Region offer Certificate II in Hospitality and many offer Certificate III and parts of Certificate IV in Hospitality in reaction to the EQTRF Act. Students remaining in school perceive Hospitality as the easy course and vocational placement is aimed at “menial labour”.

Adults offered courses at Certificate II level are now significantly refusing the course at this level due to the perception by the community of its minimal nature. Employers within the region agree with this perception and are beginning to ask for Certificate III as the entry level qualification.

As more high school students participate in Certificate III in Tourism and Hospitality, the qualifications will be further degraded by local industry.

According to the AQTF alignment with the AQF the following should be reliable expectations of the employer.

Certificate II

A competent employee at this level will normally be engaged in a workplace in which they:

- demonstrate basic operational knowledge in a moderate range of areas
- apply a defined range of skills
- apply known solutions to a limited range of predictable problems
- perform a range of tasks where choice between a limited range of options is required
- assess and record information from varied sources
- take limited responsibility for own outputs in work and learning

Certificate III

A competent employee at this level will normally be engaged in a workplace in which they:

- demonstrate some relevant theoretical knowledge
- apply a range of well developed skills
- perform processes that require a range of well developed skills where some discretion and judgement is required
- interpret available information, using discretion and judgement
- take responsibility for own outputs in work and learning
- take limited responsibility for the output of others

Employers within the hospitality and tourism industry do not hold the same expectations for competency from local high school students. This is not a reflection of the quality of training received by the students, it is a reflection of the level of maturity required by the industry by the employees at this level.

High School graduates are not perceived as holding the level of maturity required to work without supervision. Students lack life skills required for conflict resolution and negotiations applicable to the industry. More importantly, customers and clients do not perceive the young employee as the appropriate person with whom to negotiate and inevitably ask “to speak to the manager”.

Many employers within the region are reluctant to hire high school qualified Certificate II and III level graduates. All are reluctant to hire Certificate IV level high school graduates.

The alignment of wages to the AQF may be appropriate in other industries. In the tourism and hospitality region, with the watering down of the qualification it may not be the most applicable benchmark.

The preponderance of low-paid, insecure, part-time and casual jobs in the tourism-related industry is likely to continue. This likelihood can be traced to the 27 March, 2006 *WorkChoices* amendments to the *Workplace Relations Act* – particularly in relation to Award rights, but also in relation to unfair dismissal rights.

Wages: The latest ABS *Labour Price Index8* series, issued on 16 August 2006 and applicable to the June quarter, 2006, showed the “accommodation, cafes and restaurant” sector recording the lowest quarterly and the lowest annual increase in total hourly rates of pay both in original terms, and in seasonally adjusted terms.

Cairns Business College believes the industry’s minimum wage/ maximum profit strategy is the source of its current chronically high turnover of labour, as is its culture against investment in skills training. The availability of unskilled backpacker workers accentuates the use of “cheap” labour. Increased training of employees will not be encouraged as long as qualification alignment remains degraded.

2. Casualisation: An important right for casual employees in the hospitality industry – the right to seek permanent employment after working for the same employer on a regular and systematic basis for 12 months or more – has been declared by the Parliament to be no longer an “allowable award matter” and the right is no longer enforceable by a qualifying employee.

In April 2003, following conciliation assistance from the AIRC, the LHMU and the Australian Hotels Association reached agreement to vary the *Hospitality Industry – Hotels, Accommodation, Resorts and Gaming Award* to give qualifying casual

employees the right to convert their status to “permanent” full-time or part time employment. The award variation provided that hospitality employees who had worked on a regular or systematic basis for several period of employment or for an on-going period of employment for at least 12 months qualified for the right to elect to become permanent employees. The agreement did not make it compulsory for long-term casuals to convert to full-time or part-time status, nor did it permit employers to compel casuals to convert their status.

It provided a process for those who wanted more secure employment. The process was subsequently inserted – mainly by consent – in similar terms in other Federal and State awards covering hospitality workers

The agreed process provided more secure employment for many long term casuals who sought it, but the right for employees to make the request and to have a rejection scrutinised for fairness has been taken away by section 515(1)(b) of the *Workplace Relations Act*, which declares “conversion from casual employment to another type of employment” to be not allowable as an award matter.

The Cairns Business College sees the removal of this incentive on employers in the tourism and hospitality industry to offer job security and career prospects for employees as barrier to creating an “industry of choice” for career focused employees within the region. The clause led to permanency for some employees in the industry, generally by direct negotiation. Until the industry is seen as providing “long term” career paths, the recruitment pool will remain with those using the industry temporarily to “work their way through school”, add to the family income or help pay for their “trip around Australia”.

The Cairns Business College believes the Committee should consider recommending the repeal of section 515(1)(b) of the *Workplace Relations Act*. It serves no purpose to outlaw a mechanism for encouraging better-paid and more secure jobs in tourism and related industries through de-casualisation of the industry.

3 Training

Cairns Business College believes the industry’s reluctance to spend on training was a motivating force behind its successfully lobbying effort in relation to the Working Holiday Maker scheme. Under changes announced by the Government in May 2006, the scheme was adjusted to allow backpackers and other itinerant foreign holiday makers to work in a particular job in Australia for six months, rather than three months. The Tourism and Transport Forum welcomed this change, suggesting it would “help address the major skills and labour shortfall in Australia’s tourism industry”, and encourage employers in the tourism industry to hire working holiday makers.

In the same media release, TTF acknowledged the tourism industry was having difficulty filling vacant positions, and identified shortages of food and beverage staff, kitchen hands and supervisors, as well as chefs, maintenance workers, clerks, front of house staff and general staff with strong customer service skills. TTF suggested the

shortages had come about “due to the strong growth in the tourism industry over the last twenty years and the current labour market conditions”.

The Cairns Business College suggests the shortages have come about because of a lack of investment in training and a low-wage culture among employers that makes the jobs they offer very unattractive.

The ability of the sector’s employers to access backpackers and other imported labour through schemes such as the extended Working Holiday Maker Scheme and the “Section 457 visa” scheme are rewarding an industry that has demonstrably failed to invest in the skills needed to meet anticipated demand.

The Cairns Business College and Cairns Language Centre recognizes the lack of skills available for “working holiday visa students” Combined English Language/Hospitality and Tourism courses are currently being implemented to meet the needs of the industry and the working holiday maker,

Cairns Business College also recognizes that the lower wages offered to the tourism and hospitality workers within the region contribute to the attraction of tourist to our region. Costs in remote regions must be competitive with other similar regions. When analyzing tropical adventure destinations throughout the world, Cairns must compete with regions relying on third world wages and employment conditions. Higher wages will affect the number of guests visiting our region.

Conclusion

The Committee needs to think through the impact low wages have on tourism and related industries, the lack of investment in skills acquisition for employees in the industries, and the lack of secure, long-term employment opportunities that flow from the culture of casualisation of employment in the industries.

The Committee should address the impact of low-paid, insecure jobs as a barrier to the development of a long term, qualified, effective, tourism industry. It should encourage the diversion of some of industry funds into training and into making the industry an employment area of choice, rather than as a source of temporary jobs for workers looking for a real job, backpackers and temporary visa holders.