

4 September 2006

Siobhan Leyne
Inquiry Secretary
Standing Committee on Employment, Workplace Relations and Workforce Participation
House of Representatives
PO Box 6021
Parliament House
CANBERRA ACT 2600

To Whom It May Concern:

Re: Inquiry into Workforce Challenges in the Australian Tourism Sector

I would like to thank the Standing Committee for the opportunity to provide this submission on behalf of the region's tourism industry in response to the Inquiry into Workforce Challenges in the Australian Tourism Sector.

TTNQ is Queensland's largest regional tourism organisation, and the peak body for the development and promotion of tourism in Tropical North Queensland. In 2005, the region hosted more than 2.1 million visitors¹, with tourism expenditure contributing over \$2.45 billion to the regional economy². Over the last 20 years, communities in Tropical North Queensland have become more and more dependent on the tourism industry for the economic, social and environmental benefits that are a direct result of tourist expenditure. Tourism is now the mainstay of Tropical North Queensland – it is bigger than the agricultural, pastoral, fishing, mining and manufacturing industries combined, and contributes over 47% of the region's export earnings³. Over 30,000 people are employed both directly and indirectly in tourism in Tropical North Queensland⁴, and a report recently produced by the Tourism and Transport Forum indicates that in the Cairns district alone, 1 in 5 jobs can be attributed *directly* to tourism⁵.

The Draft Queensland Tourism Strategy (QTS) highlights workforce development as a key issue that is central to the future sustainable growth of tourism in Queensland, and recognises that without a more strategic approach to ensuring tourism remains a competitive sector of the labour market, business growth and economic development will be stifled. Developed by the Queensland Government under the stewardship of the Queensland Tourism Strategy Steering Committee, the QTS gives government and industry a vision, clear goals and actions to address the challenges and opportunities facing the industry over the next ten years. While implementation has not yet commenced, it is anticipated that the strategies and actions addressing Workforce Development will provide the impetus to attract and retain employees in the tourism industry, facilitate a coordinated approach between Government, industry and training providers, and develop and promote a culture of service and business excellence within the tourism industry.

This submission should be read in conjunction with the submission made by The Queensland Tourism Industry Council, as a representative body for the tourism industry in Queensland. TTNQ is fully supportive of the recommendations made within the QTIC submission.

¹ Tourism Research Australia (TRA) – International and National Visitors Surveys Year Ended December 2005

² TRA – Travel Expenditure by Domestic and International Visitors in Australia's Regions, Year Ended December 2005

³ Cummings Economic Research – Estimated Value of Base Industries 2002/2003 Far North Qld Statistical Division

⁴ Tourism Tropical North Queensland – Employment Estimates

⁵ Tourism and Transport Forum – Queensland Tourism Employment 2006

Terms of Reference

Current and future employment trends in the industry

Issues:

While it is now recognised that career paths are being developed in the tourism industry, employers have to work harder to attract quality candidates through all sectors of the business, with skills shortages and an ageing population representing major constraints to business, both currently and for the short to medium term future.

The challenge of finding quality employees is something that the tourism industry in TNQ has been struggling with for the last couple of years. The national unemployment rate is so low that we are facing full employment. While there are a few exceptions, the vast majority of candidates turning up for job interviews are bordering on unemployable. There are however, a number of factors (other than low unemployment) which are significantly contributing to this outcome:

Firstly, the historical focus of the education system has been to have students remain at school until the end of their senior years. (With senior participation rates only going to get higher with new legislation, effective from 2006). But, when mixed with the skills shortage, it is now vital that Queensland's education system build skills relevant to all students, not just those intending to go to university.

Secondly, our workforce is aging rapidly and by the year 2008 more Australians will leave the workforce than enter it for the first time in recorded history. As a result in the next 5 to 10 years, the majority of Australia's workforce will be composed of those known as Generation X and Y. The shift in composition of the workforce will also bring with it new challenges for employers.

As a result of the above factors, some operators have been forced to utilise labour hire contractors to fill positions that have been unable to be filled through traditional methods. This has resulted in a far greater dollar cost to employers due to paying a 'premium price' for labour, a trend which is set to continue for some time to come but one that is unlikely to be sustainable in the long term.

Recommendations:

- An issue to be addressed is a skills audit for the tourism industry to identify gaps and real workforce needs. We must be in a position to address the issue of skills shortages, particularly at the base level, in different regions.

Current and emerging skill shortages and appropriate recruitment, coordinated training and retention strategies

Issues:

Hotels report a chronic shortage of chefs due to a number of factors, including a burgeoning café and restaurant industry and more people leaving the trade than joining the trade. Additionally, many chefs and other hospitality workers are employed by agencies and placed with a host for short periods of time, perpetuating the transient nature of hospitality workers and creating a workforce without loyalties to any one employer.

With more than 11,500 rooms in hotels, motels and serviced apartments in the region there is already a shortage of room attendants and other similar unskilled workers, however as property development continues to flourish, adding another 3000 rooms over the next couple of years, this will further serve to exacerbate the imbalance between supply and demand.

Compounding this is a growing reluctance for young people to enter into hospitality and tourism due to the unsociable hours, the low level wage rates offered, and the competition by overseas employers which can offer more attractive employment propositions and career path progression.

For large tour and transport operators, current skill shortages exist in a number of areas; Trade, in particular those positions in the Engineering fields including Motor Mechanics, Auto Electrician's and Diesel Fitters; and Administration, in particular those positions which require high end skills and abilities including, Accountancy, Reservations, Operations and Administration Management.

Trends have been observed for emerging skill shortages in the area of drivers, in particular those positions which require employees to hold Heavy Vehicle Licenses and Drivers' Authorisations with Queensland Transport.

Recommendations:

- Visa programs need urgent review to allow employers to look overseas for long term employees to overcome both skills and labour shortages.
- We suggest the active promotion of vocational education and training programs to primary and secondary schools, and supporting school based apprenticeships and traineeships for those students who have a desire to move into areas requiring traditional trade qualifications. This should be a key strategy; ensuring tourism studies are available in schools from mid primary years. State Tourism Organisations, Education Departments, and TAFE Colleges need to play an active role in encouraging greater understanding of the opportunities in tourism from an early age.

Labour shortages and strategies to meet seasonal fluctuation in workforce demands;

Issues:

Regional towns within Tropical North Queensland typically experience more difficulties in attracting trained hospitality professionals during peak seasons than Cairns, mostly due to the shortage of affordable short term accommodation available in the township.

Interstate boundaries contribute to the difficulty in attracting workers during peak seasons. For example, in Queensland, to be licensed to carry commercial passengers on a transport vehicle a driver is required not only to possess the relevant classed license but an additional license known as a Driver's Authorisation. If holding a similar license in the Northern Territory, known as a 'H' Endorsement, it is not recognised in Queensland and new applications are taking up to six (6) weeks to be approved.

Recommendations:

- Investigation should be conducted into the development of a national tourism employment database/portal that would assist tourism industry employers to manage their varying requirements for staff throughout the year and to recruit accordingly.
- The Australian Government needs to facilitate a consistent approach to regulations impacting on the hire of employees in the tourism and hospitality industries, to provide a more streamlined and efficient approach. This will make it easier for employees to move around Australia and transfer their skills and expertise. Consider implementing/removing some of the interstate boundaries which exist when moving between jobs of similar skill sets under such arrangements as 'seasonal contracts'.

Strategies to ensure employment in regional and remote areas

Issues:

While funding programs such as the Australian Tourism Development Program have been successful in developing tourism in regional and remote areas and therefore providing economic benefit to the broader community, lifestyle compromises are a major factor affecting the ability to attract employees to remote and regional areas, and in particular, island hotels and resorts. The cost of living is significantly higher than in metropolitan areas, work hours are often long, wages are low, and in many cases there are limited options for leisure activities outside of working hours. Lack of available accommodation and very limited public transport infrastructure also detract people from considering employment in regional and remote areas.

Recommendations:

- Improved tax benefits, rebates and allowances for working in remote and regional areas would assist in attracting employees to the area.
- Government needs to support regional and remote communities through investment in public infrastructure such as schools and health facilities, and in turn encourage investment by other industry sectors, property developers, etc to make regional areas more attractive places to work and live.
- For the purposes of this inquiry, ensuring employment in regional and rural areas could be strategically through collaboration of the following sectors:
 - Companies that are regionally based, whose decisions and operations have major impact or influence in regional and rural Australia, or whose major markets include regional and rural communities
 - Rural research and development corporations and companies, both those falling within government portfolio arrangements and the private research and development companies
 - Peak national industry representative bodies, such as the National Farmers Federation and the Australian Chamber of Commerce and Industry.

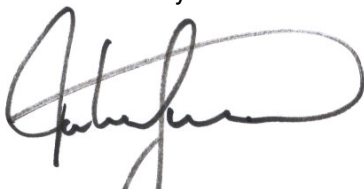
Innovative workplace measures to support future employment opportunities and business growth in the tourism sector

To implement innovative measures such as developing skills, generating new ideas through research, and turning them into commercial successes Governments in Australia need to significantly improve the business environment for the tourism industry. The current regulatory constraints experienced by the tourism industry are a significant obstruction to achieving innovation in business. These constraints include:

- The depth and complexity of the tax regime and the ever growing list of Government charges and levies. (Bureaucratic red tape and the Government's failure to understand the tourism industry). *I.e. payroll tax, FBT, Workers' Compensation, Superannuation, Port fees, Reef taxes, Landing fees, Take off fees, Fuel levies, Licensing fees, other compliance costs, reporting requirements and other regulations.*
- Lack of security and tenure for land based Tourism - *No long term permits to access areas governed by Land Managers (National Parks)*

Again, we thank the Standing Committee for the opportunity to provide comment on behalf of the Tropical North Queensland Tourism industry and we look forward to continued involvement in this Inquiry where appropriate.

Yours faithfully



ROB GIASON
Chief Executive Officer