

THE PARLIAMENT OF THE COMMONWEALTH OF

AUSTRALIA

HOSPITALITY IN THE ACT

REPORT OF THE JOINT COMMITTEE ON THE
AUSTRALIAN CAPITAL TERRITORY

November 1986

THE PARLIAMENT OF THE COMMONWEALTH OF
AUSTRALIA

HOSPITALITY IN THE ACT

REPORT OF THE JOINT COMMITTEE ON THE
AUSTRALIAN CAPITAL TERRITORY

November 1986

TABLE OF CONTENTS

Joint Committee on the Australian Capital Territory	v
Terms of Reference for the Inquiry	vi
Membership of the Committee	vii
Abbreviations	viii
Recommendations	ix
Conduct of Inquiry	1
1) <u>BACKGROUND TO THE HOSPITALITY INDUSTRY IN THE ACT</u>	2
2) <u>PROSPECTS FOR THE FUTURE</u>	6
i) <u>Tourism Promotion</u>	6
(a) Overview	
(b) Funding	
(c) Marketing	
(d) Collection of Visitor Statistics	
(e) Administration	
(f) Proposed New Tourism Authority	
(g) Tourist Development Plan	
ii) <u>Transport</u>	21
(a) Air Services	
(b) Passenger Coach Services	
(c) Rail Services	
(d) Private Motor Vehicles	
(e) Taxi Service	
3) <u>PRESENT CONDITIONS</u>	27
i) <u>Accommodation</u>	27
(a) Current Condition	
(b) Anticipated "Shake-Out"	
(c) Imbalance in Supply	
ii) <u>Visitor Attractions</u>	31
iii) <u>Conventions</u>	31
iv) <u>Clubs</u>	33
(a) Current Condition	
(b) Land Allocation Policies	
(c) Objections to Issue of Liquor Licences	
v) <u>Restaurants</u>	35
(a) Current Condition	
(b) Proposed Remedial Action	
(c) Industry Reaction to Unitisation Proposal	
(d) Industry Reaction to Proposed Moratorium on Issue of Liquor Licences	
(e) Hospitality Industry Management Committee	
(f) Enforcement of Licensing and Health Regulations	

4) <u>TRAINING</u>	46
i) <u>Staff Shortages</u>	46
ii) <u>Current Training Arrangements</u>	47
iii) <u>Training Facilities</u>	49
iv) <u>Recruitment Difficulties</u>	54
v) <u>Training Initiatives</u>	58
(a) Initiatives to Avoid a 1987-88 Staff Shortage	
(b) Group Apprenticeship Scheme	
(c) Flexible Course Structures	
(d) Sources of Additional Training Revenue	
(e) Long-Term Strategic Planning	
5) <u>EMPLOYMENT AWARDS AND PRACTICES</u>	70
i) <u>Apprentice/Tradesperson Ratios</u>	71
ii) <u>Junior Rates of Pay</u>	75
iii) <u>Penalty Rates</u>	78
iv) <u>Part-Time Employment</u>	80
v) <u>Workers' Compensation</u>	82
<u>MINORITY REPORT</u>	85

APPENDICES

Appendix I	List of Witnesses.
Appendix II	Persons and Organisations who made submissions but did not appear at public hearing.
Appendix III	Hospitality courses offered by Canberra College of TAFE.
Appendix IV	Material provided by the Department of Territories at the public hearing on 25 August 1986.
Appendix V	A letter from the Department of Territories dated 12 September 1986.
Appendix VI	A letter from the Department of Finance dated 30 September 1986.
Appendix VII	A letter from Canberra College of TAFE dated 15 October 1986.

JOINT COMMITTEE ON THE AUSTRALIAN CAPITAL TERRITORY

The Joint Committee on the Australian Capital Territory was first appointed by resolution of both Houses of Parliament in 1957 and has been re-appointed in succeeding Parliaments. Both Houses resolved to appoint a Joint Committee on the last sitting day in 1956 but time did not permit the appointment of members. The present Committee was appointed for the life of the 34th Parliament by resolutions of the Senate and the House of Representatives in March 1985.

The duties of the Committee as specified in its Resolution of Appointment are to inquire into and report on:

- (a) all proposals for modification or variations of the plan of lay-out of the City of Canberra and its environs published in the Commonwealth of Australia Gazette on 19 November 1925, as previously modified or varied, which are referred to the committee by the Minister for the Capital Territory, and
- (b) such matters relating to the Australian Capital Territory as may be referred to it by:
 - (i) the Minister for the Capital Territory, or
 - (ii) resolution of either House of the Parliament.

TERMS OF REFERENCE FOR THE INQUIRY INTO THE
HOSPITALITY INDUSTRY IN THE ACT

The Committee is asked to:

inquire into and report on the state of the Hospitality Industry, its capacity to meet demand, prospects for its future and the desirability and extent of Government regulation of and involvement in the industry with particular reference to:

- i) the nature of and effect upon the industry of employment awards and practices in the ACI noting that these are materially different from those operating in the States
- ii) current arrangements for the training of employees in the industry (particularly young people) noting that there are significant impediments to the engagement of apprentices and that some trade skills are not attainable through apprenticeship
- iii) the health of the industry as measured by questions of supply, turnover of ownership, return on capital, quality of service and products offered to the public
- iv) measures which might be taken to ensure a healthy hospitality industry catering to Canberra's future excellent prospects for tourism and which ensure that tourism is a major growth industry for Canberra
- v) such other matters as are thought expedient, or which might be referred by the Minister

MEMBERSHIP OF THE ACT COMMITTEE

Chairman	:	Mrs R J Kelly, MP
Deputy Chairman	:	Senator M E Reid
Members	:	Senator P J Giles
		Senator A W R Lewis
		Senator J P McKiernan
		Mr J V Langmore, MP
		Mr F S McArthur, MP
		Mr J R Sharp, MP
		Mr J H Snow, MP
		Mr K W Wright, MP
Secretary to the Committee	:	Mr Bjarne Nordin
Inquiry Staff	:	Ms Catherine Byrne

ABBREVIATIONS

ABS	Australian Bureau of Statistics
AMEX	American Express International Inc.
AOSL	Average Operative Staffing Levels
ATP	Adult Training Program
ATS	Australian Traineeship System
CAIA	Canberra Accommodation Industry Association
CDB	Canberra Development Board
CONFACT	Confederation of ACT Industry
CTB	Canberra Tourist Bureau
CVAA	Canberra Visitor Attractions Association
CVCB	Canberra Visitor and Convention Bureau
DEIR	Department of Employment and Industrial Relations
DOLGAS	Department of Local Government and Administrative Services
FLAIEU	Federated Liquor and Allied Industries Employees Union
GALA	Australian Capital Territory Gaming and Liquor Authority
ITC	ACT Regional Tourism Industry Training Committee Incorporated
LCA	Licensed Clubs' Association of the Australian Capital Territory Inc.
NCDC	National Capital Development Commission
RCA	Restaurant and Catering Association of the ACT
TAFE	Technical and Further Education
TLC	ACT Trades and Labour Council, Inc.

(Note: Unless otherwise indicated page references in the text are taken from the Committee's transcript of evidence.)

RECOMMENDATIONS

1. The Committee recommends that the Federal Government recognise the importance of Canberra as the national capital and that with the opening of the new Parliament House as part of the Bicentennial celebrations take responsibility for developing early marketing strategies to promote Canberra's role in 1988. (para 49).
2. The Committee recommends that an ACT Development Board incorporating the present Canberra Tourist Bureau and the Canberra Development Board be established to promote, develop and provide economic assistance to tourism and hospitality in the ACT. This body should be established independently of the Department of territories and have sufficient authority to react to changing needs and provide immediate assistance when required and have direct access to the Minister. (para 74).
3. The Committee recommends that the NCDC, in consultation with representatives of the tourist and hospitality industry, should prepare a tourist development plan for the ACT aimed at achieving positive development of the plan from 1988 onwards. (para 79).
4. The Committee recommends the development of more low-cost visitor accommodation in the ACT by the immediate release of land for low-cost accommodation and the promotion of low-cost accommodation options by the ACT Development Board. The Committee further recommends that the National Capital Development Commission give greater encouragement to developers to provide more camping sites in the ACT. (para 122).

5. The Committee recommends that a short course be made available to provide assistance to prospective restaurateurs. The Committee regards the Industry Training Committee as the most likely authority to conduct such a course but acknowledges that once the nature and resources of the Hospitality Industry Management Committee become clear, that body may emerge as the most appropriate provider of such training. (para 167).
6. The Committee recommends that public health ordinances in the ACT be amended to bring penalties for breaches of the ordinances into line with those in the comparable New South Wales legislation. (para 183).
7. Further, it recommends that the Gaming and Liquor Authority be provided with the necessary resources to conduct adequate inspections of licensed premises. (para 184).
8. The Committee recommends that extensions to the School of Catering Studies at Canberra College of TAFE be built as a matter of urgency. To this end it will be necessary for TAFE to accord the highest priority to the project within its building program and also for the NCDC to allocate this the highest priority. (para 220).
9. The Committee supports any College initiative to extend the utilisation of available facilities and recommends that staff levels be increased and specifically allocated to the Food School to allow full utilisation of these facilities outside hours of present operation to include evening classes. (para 223).

10. The Committee recommends that the Canberra College of TAFE and the Industry Training Committee investigate the possibility of seconding institutional kitchens on a part-time, short-term basis to assist in staff training and that a comprehensive search for kitchen facilities suitable and available for short-term training be made. (para 227).
11. The Committee recommends that the Department of Territories and the ACT Schools Authority within existing resources promote awareness of the hospitality industry through the provision of information in secondary schools in the ACT, reporting back to the Committee about the means by which this will be achieved, and the inclusion in the Australian Traineeship Scheme of both occupation-specific courses to address immediate skill needs and courses offering broader-based training. (para 244).
12. The Committee recommends the provision of one-off funding by the Department of Employment and Industrial Relations for Industry Training Committee courses offered under the Adult Training Program in the ACT over the next 18 months. (para 257).
13. The Committee recommends the introduction of a group apprenticeship in cooking. (para 266).
14. The Committee recommends the introduction of pre-employment courses by Canberra College of TAFE in 1987 as part of a revised course structure. (para 278).
15. It further recommends that pre-employment courses not be restricted to the trade of cooking but offered for all hospitality industry trades. (para 279).

16. The Committee recommends that existing arrangements for the use of revenue generated by commercial operations at Canberra College of TAFE be reviewed to determine whether greater flexibility could be achieved.
(para 285).
17. The Committee recommends that the Industry Training Committee continue to monitor the industry's longer term employment and training needs. (para 297).
18. The Committee recommends variation of awards covering apprentice cooks in the ACT to provide an apprentice/tradesperson ratio of 1:3 or part thereof (ie 1:1 or 1:2) and to give the ACT Apprenticeship Board the discretion to vary that ratio in cases where it sees fit, so that the awards reflect current industry needs and practices. (para 317).
19. The Committee recommends that junior rates of pay be applied only to permanent employees and that the nature of job training be specified in any arrangement for the introduction of a junior rate. (para 331).
20. The Committee also recommends the waiving of payroll tax on juniors, as a further incentive to employers to employ and train juniors. (para 333).
21. The Committee recommends the introduction of provisions for permanent part-time employment into ACT hospitality awards. It is anxious to ensure that such provisions facilitate the employment of permanent part-time employees and advocates that the relevant provisions of Public Service awards be examined as a possible model.
(para 356).

22. The Committee recommends that the Department of Territories give urgent attention to the need to restructure the workers' compensation system in the ACT. (para 364).

CONDUCT OF THE INQUIRY

1. On 22 January 1986 the Minister for Territories, the Hon Gordon Scholes, MP, forwarded to the Committee suggested terms of reference for an inquiry into the hospitality industry in the ACT. The Committee formally adopted the terms of reference at its meeting on 11 February 1986 and these are set out on page (vi).

2. The inquiry was advertised in major metropolitan and local regional newspapers and the Committee invited a range of organisations and individuals with an interest in the hospitality industry in the ACT to make submissions. Strong industry interest in the inquiry was reflected in the 13 submissions received from hospitality industry organisations, government departments and interested operators.

3. The Committee held three public hearings at which 41 witnesses appeared representing eight industry organisations, nine government bodies, three training institutions and two unions. One hearing was held in Sydney to enable the Committee to question representatives of NSW training institutions and to inspect training facilities. These activities supplemented informal discussions and inspections undertaken by the Chairman at training institutions in Sydney and Melbourne. Appendix I contains a list of the witnesses who gave evidence. Appendix II lists those organisations and individuals who made submissions but were not called to give evidence. The transcript of the evidence taken at the hearings is available from the House of Representatives Committee Office and the National Library.

4. The co-operation and assistance given to the Committee during the course of the inquiry is appreciated. The Committee expresses its thanks to all who made submissions or appeared as witnesses.

CHAPTER 1

BACKGROUND TO THE HOSPITALITY INDUSTRY IN THE ACT

5. The hospitality industry is particularly significant to the ACT economy. Hospitality represents one of the main private sector industries in the ACT. Moreover, tourism is one of the main growth areas in the ACT employing four percent of the ACT workforce - 5,100 people - in ACT restaurants, hotels and clubs at May 1986. (ABS, Labour Force Australia, 6203.0 unpublished data).

6. An estimated 7,000 people, or five percent of the ACT workforce are employed in the accommodation, club, restaurant and catering, airline, bus and coach, taxi service and visitor attraction sectors and some retail outlets. (CAIA, pl93).

7. The industry's capacity to generate employment is greater than these figures would indicate. The Committee found significant staff shortages throughout the hospitality industry, with shortages being particularly acute for qualified chefs and in skilled non-trade occupations such as waiting (DEIR, pl4). Existing shortages will be aggravated by the completion of a number of major tourism/hospitality projects by 1988. These new facilities could require as many as 1500 staff (ITC, pl94), but estimates taking natural wastage into account suggest 3 000 extra trained staff will be required. (CAIA, pl35).

8. The Committee examined the adequacy of existing training practices and facilities in the context of current staff shortages and the anticipated increase in demand for staff. Details of its investigation appear in Chapter 4.

9. The Committee found that the state of the hospitality industry varies significantly between sectors. Accommodation is undergoing a period of significant expansion. Other sectors

however, argued that their viability was threatened. The Restaurant and Catering Association of the ACT (RCA) submitted that it was experiencing "extreme stress" resulting partially from excess capacity. (RCA, p321). The Association proposed the introduction of a scheme of unitisation of all licensed food service outlets. (RCA, p316). These points are discussed in detail in Chapter 3.

10. The Committee encountered widespread concern within the hospitality industry that the present accommodation expansion may produce an oversupply. Fear was expressed that the development of longer term opportunities offered by the Bicentennial celebrations and opening of the new Parliament House in 1988 may not be capitalised upon. Therefore, Canberra must be promoted as a national focus for the Bicentennial celebrations to maximise the tourist potential of 1988.

11. Despite the obvious potential of the hospitality industry to play a role in the future private sector development and diversification of the ACT economy, no one has attempted to provide an overview of the importance of the hospitality industry in the ACT. Hospitality and tourism activities have developed without a coordinated tourism development plan or an appropriate administrative structure.

12. This Committee has already conducted a review of tourism in the ACT and tabled a report of its findings in March 1980. This inquiry reported on the significance of tourism and the development and promotion of tourist facilities in the ACT and also made reference to previous inquiries which have looked at the growth of the tourist industry in Canberra. However, major recommendations in the Committee's previous report have not been acted on.

13. The hospitality industry is made up of restaurants, national and private visitor attractions, clubs, hotels, motels, boarding houses and transportation services. This report comments and makes recommendations in each of these areas.

14. However, it is clear that a new administrative structure is required to coordinate tourism and economic developments in an effective manner as these two areas are closely linked. In Chapter 2 a detailed structure is provided for a proposed new tourism authority incorporating the present Canberra Tourist Bureau (CTB) and Canberra Development Board (CDB), whose function will be to promote, develop and provide economic assistance to tourism and hospitality in the ACT.

15. This body should be established independently of the Department of Territories and should have sufficient autonomy to react to changing needs and to provide immediate assistance to business when required. The authority, to be known as the ACT Development Board, should be seen by private operators as a friendly and responsive organisation which has sufficient flexibility to respond quickly to new trends and developments and not be hampered by unnecessary bureaucratic procedures.

16. Such an organisation could also focus on the development of local opportunities and industries rather than being primarily concerned with activities outside the Territorial border as is the case at present. In order to take advantage of the South East Region it would also be highly desirable to include a representative from the South East Region Development Association to participate on this board.

17. In tandem with this proposal for a development board there is also a need to prepare a tourist development plan to indicate how planning and development policies affecting the hospitality industry may be coordinated in the interests of further development. This development plan is detailed in the following chapter.

18. A tourism development plan would concentrate on overcoming the deficiencies of present small scale and dispersed investments in tourism and identifying areas where coordinated investment might yield the best returns. The tourist development plan could also be a vehicle for reviewing the operation of

public facilities in Canberra where there are opportunities for some operations to be undertaken by private enterprise provided effective control is ensured.

19. The Committee would like to ensure that opportunities and the challenge posed by developments culminating in 1988 and the potential associated with the predicted growth in the tourism sector in that year should not be missed. In order that Canberra itself may derive maximum benefit from these developments it is essential that the key areas examined in this report, namely training and promotion, be addressed so that Canberra's economy may benefit from both the domestic, national and international market potential.

CHAPTER 2

PROSPECTS FOR THE FUTURE

20. Many factors contribute to the present state of the hospitality industry. During the course of its Inquiry, the Committee also identified a number of major factors which together will determine the future of the ACT hospitality industry. The factors identified were tourism promotion, training programs and transport services. Issues related to training programs are examined separately in Chapter 4.

21. The Committee recommends significant changes to ensure the development of a prosperous hospitality industry catering to the ACT's future excellent prospects for tourism.

i) Tourism Promotion

a) Overview

22. The Committee is concerned at the range of major problems associated with tourism in the ACT. The Committee heard numerous reports that the ACT had never fully capitalised on its tourism potential. Complaints ranged from inadequate promotion, insufficient funding, unsatisfactory marketing, poor and uncoordinated collection of visitor statistics and inappropriate administrative arrangements.

23. The Committee is particularly disturbed by suggestions that after the Bicentennial celebrations in 1988 the number of tourists may drop unless significant improvement occurs in the marketing of Canberra and the momentum generated by 1988 is not followed up by other promotional activities. (CVCB, p92). American Express (AMEX) argued that the potential tourism boost provided by the opening of the New Parliament House could fail to materialize unless visiting Parliament House was marketed as part

of an attractive package encouraging visitors to spend a night or a weekend in Canberra (AMEX, p383). The Company suggested that without such marketing techniques the local hospitality industry would not benefit from the events of 1988. (AMEX, p383).

24. The Committee is also concerned by reports that poor marketing techniques were costing the ACT its share of the international tourist market and that a major promotional effort will be required to maintain this market. It is difficult for the Committee to make an assessment about the impact of general promotion of the ACT. However, the Committee is aware of examples of effective promotion of events attracting large numbers of visitors, such as the Great Impressionists Exhibition which was seen by over 200,000 visitors. Not all major events sponsored in Canberra have had similar success in attracting visitors as testified to by the World Cup Athletics event.

25. There was widespread agreement that an autonomous body was required to oversee the whole hospitality industry and to coordinate promotion and development activities.

26. The Canberra Visitor Attractions Association (CVAA) pointed out the differing objectives of the various groups within the industry in the ACT. The carriers wanted to move as many people as possible by plane, bus or train to and from the ACT. Their concern was the number of travellers rather than their length of stay. Accommodation houses regarded the number of visitors and the duration of their visit as equally important. Private visitor attractions regarded duration of visit as being of prime importance. (CVAA, p213).

27. The CVAA argued that these differences meant that the bigger operators, such as airlines, which had large promotion and advertising budgets, tended to dominate the industry. (CVAA, p213).

28. The fragmented nature of the hospitality industry was also referred to by the Licensed Clubs' Association of the ACT (LCA) which argued that only a Tourist Commission or a Government agency could achieve the coordination needed. (LCA, p247).

29. The Committee found general agreement that the functions of the existing Canberra Tourist Bureau should be transferred to the proposed new body. The CTB, as presently structured, was regarded as an unsatisfactory and inappropriate coordinating body for the ACT hospitality industry and for the effective tourism promotion on which the industry depended.

b) Funding

30. Government budgetary allocations for the promotion of the ACT as a tourist destination made through the CTB have been maintained at \$500 000 per annum for the last three years.

31. The promotional budgets of other States are dramatically larger, even in the case of Tasmania, which receives fewer visitors than the ACT. Tasmania's tourism promotion budget comprises the following allocations:

Promotion and Advertising	\$4.4 million
Grant to promote Abel Tasman Ferry	\$950 000
Convention subsidy (winter months)	\$20/head
Marketing in Los Angeles and Singapore	\$125 000
Marketing in New Zealand	\$100 000
Grant for Consumer and Visitor Survey	\$ 50 000

32. Other States and the Northern Territory also provide major funding for tourism promotion:

QUEENSLAND

Domestic Marketing	\$3.5 million
Overseas Marketing	\$880 000
Grants to 14 tourist regions	\$ 35 000 each

NEW SOUTH WALES

Advertising and Promotion	\$3.7 million
Print Campaign	\$2.5 million

SOUTH AUSTRALIA

Total promotional budget	\$2.6 million
--------------------------	---------------

VICTORIA

Total promotional budget	\$3.2 million
--------------------------	---------------

WESTERN AUSTRALIA

Total promotional budget	\$4 - \$5 million
--------------------------	-------------------

NORTHERN TERRITORY

Total promotional budget	\$10.8 million (CAIA, pp119-120)
--------------------------	-------------------------------------

33. These are promotional budgets and do not reflect total expenditure on tourism as administrative expenses are not included in these figures.

34. American Express suggested that the ACT was particularly disadvantaged in the allocation of funds to support tourism. The Company argued that provision of such funds to the ACT depended more on the overall budgetary situation than on the needs of the local industry so that Government support for tourism in the ACT tended to be an uncertain factor. (AMEX, p371).

35. The Committee encountered widespread concern that fiscal restrictions had limited the capacity of the CTB to market

the ACT as a tourist destination as aggressively as was necessary in an intensely competitive market. The Department of Territories acknowledged that this was the case. (DT, p414).

36. The Committee welcomed a \$500 000 increase in the CTB's 1986-87 budget which brought its total allocation to \$1.25 million (DT, p659) and supported the CTB's decision to concentrate expenditure on increased promotion. The CTB announced its intention to seek additional joint funding from industry, national institutions located in the ACT, other State tourism bodies and the Australian Tourist Commission. The Bureau argued that in this way the ACT's increased promotional budget potentially could be increased by as much as another half a million dollars. (CTB, p663).

37. Tourism promotion is also undertaken by various groups within the ACT hospitality industry. The accommodation sector spends between \$1.25 and \$1.5 million annually on advertising and promotion. These funds are used to promote individual accommodation houses, to assist CVCB promotions and to promote the ACT generally. (CAIA, p120).

38. The Canberra Visitor and Convention Bureau (CVCB), which encompasses smaller groups including the Bus and Coach Association, the Canberra Accommodation Industry Association (CAIA), CVAA, RCA and LCA has a direct input into coordination of the promotional activities of those groups. (CVCB, p82). It reported that promotional activities in the convention and meetings market were severely restricted by a lack of resources and that it urgently required an injection of finance and manpower. (CVCB, p 82). The Committee welcomed the doubling of the CTB's allocation to the CVCB in 1986/87 (CTB, p659).

39. Promotional activities are also undertaken by the Canberra Visitor Attractions Association usually as a cooperative effort with the CTB. CVAA promotional activities have included production of a television commercial for use by ACT and regional television stations, distribution of brochures and information

about Canberra to regional shopping centres and accommodation houses, and participation in regional promotional activities sponsored by the CTB. (CVAA, p214).

40. The CVAA reported these activities depend mainly on funds provided by CVAA members and the resources of the CTB. According to the Association, the differing objectives of various hospitality groups described earlier meant the promotional activities lacked the involvement of those groups with greater financial resources. CVAA members could not maintain support for such activities indefinitely and the CTB should assume greater responsibility for funding promotions. (CVAA, p214).

41. The Committee heard many allegations that inadequate promotional funding was preventing full realisation of the ACT's tourism potential and that the ACT's share of the tourist market had actually fallen in the last 12 months. However, it is important to note that the figures are distorted by the influx of visitors to the Great Impressionists exhibition and the fact that another major event such as the opening of the New Parliament House in 1988 is required to draw similar numbers of people to the ACT.

42. Available figures show that between 10 and 12 percent of international visitors to Australia visit the ACT. This compares unfavourably with 35-40 percent for Melbourne and 60 percent for Sydney. (NCDC, p729). A similar pattern exists for visits by domestic tourists. The ACT receives approximately two percent, Melbourne almost six percent and Sydney approximately seven percent of these visitors. (NCDC, p729).

43. The CVCB argued that expenditure of significantly more funds on tourism promotion by the States had produced changes in the patterns of travel by both overseas and domestic tourists within Australia (CVCB, pp81 and 89). Visitor statistics for the States showed a growth pattern far in excess of that experienced

by the ACT. Although the number of visitors to the ACT had been increasing by an annual rate of six percent over the last five to six years, in 1985-86, visitor numbers had dropped by two percent over the last year. (CVCB, p89).

c) Marketing

44. The CAIA emphasised in its submission that the most important aspect of ensuring success in today's highly competitive consumer society was the ability to market that product (CAIA, p119). The Association described the ACT as a high quality tourist attraction but one which needed aggressive selling in the marketplace. (CAIA, p119). The Committee found general consensus in the industry that the CTB had not undertaken such aggressive marketing and that it was incapable of doing so because of the lack of resources. However, the Department of Territories described the functions of the CTB as being the dissemination of information through its publication program, visitor services, promotional activities and financial assistance to the CVCB (DT, p414).

45. The CVCB argued that the CTB's limited resources should be spent outside the ACT; that the servicing of visitors, production and provision of material to them after arrival in the ACT was an appropriate function of the hospitality industry itself. The Committee was disturbed by a CVCB report that the CTB currently was duplicating the industry's own initiatives in this area. (CVCB, p93). The Committee recognises the need for coordination.

46. The CAIA reported similar duplication of the promotion, provision of information about, and ticketing of destinations outside the ACT. (CAIA, p121). Currently, these activities are undertaken by both the CTB and licensed travel agents (CAIA, p121).

47. The Committee welcomes the CTB's announcement during the Inquiry that it had formed a sub-committee including several industry representatives to assist its new marketing director formulate detailed new marketing strategies. (CTB, p659). However, the Committee believes that formal avenues for permanent industry participation in the development of marketing strategies are essential and recognises the benefit of this new coordinated approach.

48. American Express gave evidence suggesting that even the marketing of major events in the ACT was unsuccessful. It attributed the relative failure of the World Cup Athletics event in 1985 as a major tourism event to marketing problems. (AMEX, p383). American Express predicted repeated failures of this kind until such major events could be utilised with other marketing techniques to persuade visitors to stay overnight or over a weekend. (AMEX, p383).

49. This also illustrates the need for early promotion of Canberra in 1988 as the national focus for the Bicentennial celebrations. The Committee recommends that the Federal Government recognise the importance of Canberra as the national capital and that with the opening of the New Parliament House as part of the Bicentennial celebrations take responsibility for developing early marketing strategies to promote Canberra's role in 1988.

50. The CTB acknowledged the need to encourage visitors to stay longer in the ACT and argued that its marketing strategies addressed this need within its current budget. (CTB, p667). The Bureau reported that it marketed the ACT internationally as part of three regions: the Canberra-Snowy Mountains region, formally recognised by the NSW Tourist Commission as a tourism region; the area from Goulburn to Yass, which was promoted as the home of fine merino wool and the heritage area of Australia's inland development; and the South Coast region. (CTB, p667).

51. CTB told the Committee that its marketing emphasised Canberra as a logical place from which to continue the traditional so-called golden triangle between Sydney-Canberra, Canberra-Snowy Mountains region and Snowy Mountains-Melbourne. (CTB, p667). The Committee supports such marketing objectives but is concerned about a lack of formal links between the CTB and tourism authorities in two of the three regions identified.

52. The CTB reported it was a member of the Snowy-Canberra Promotion Committee, chaired by the NSW Tourist Commission's Regional Manager (Tourism). (CTB, p667). Although it had worked much more closely with all regional tourism authorities over the last 15 months, the CTB acknowledged that cooperation with these regions had remained significantly less than that with the Snowy Mountains region. (CTB, p669).

53. Chiefly, the increased effort in these regions had involved CTB representatives making regular visits to the South Coast region, Dubbo, Orange, Albury-Wodonga and inland NSW. (CTB, p669).

54. The Committee regards the CTB's lack of formal, well-developed relationships with regional tourism authorities other than those in the Snowy Mountains region as unsatisfactory and an impediment to the successful promotional marketing of the ACT.

d) Collection Of Visitor Statistics

55. Another factor reported to the Committee as inhibiting the effective tourist promotion of the ACT was the inadequacy of available visitor statistics. Demographic details of visitors such as their place of residence, the duration of their visit and the amount spent during that visit are crucial for the development of appropriate marketing strategies. Similar information is required by prospective developers.

56. Visitor statistics for the ACT are collected by several different sources. International visitor statistics are collected by the International Visitor Survey (IVS) which is funded by the Australian Tourist Commission and is based primarily on airport arrivals. (DT, p665).

57. There are three sources of statistics on domestic visitors to the ACT, each of which uses a different definition and a different collection method:

58. a) Since 1974, the CTB has produced visitor estimates based on daily interstate car counts. The CTB defines a tourist as anyone who neither lives nor works in the ACT but visits the ACT or Queanbeyan for any reason for a maximum period of 30 days. (NCDC, Tourism in the ACT, (March, 1986) p24).

59. Disadvantages of the CTB's counting procedure include its assumptions that all visitors travelling by car enter Canberra via Northbourne Avenue, that the arrival pattern of visitors is constant throughout the day and that all interstate vehicles are used by visitors. (NCDC, Tourism in the ACT, p101).

60. b) Another measure used to count visitors to the ACT is the Domestic Tourism Monitor (DTM). The DTM is a sample-based Australia-wide survey which estimates travel activity and provides a characterisation of the tourist profile (NCDC, Tourism in the ACT, p24). Established in 1978/79, (NCDC, Tourism in the ACT, p24), the DTM is funded by all States and Territories. (DT, p665).

61. The DTM defines a visitor as an Australian aged 14 years or more who has travelled more than 40 kilometres and stayed away from home for one or more nights in the past 12 months. (NCDC, Tourism in the ACT, p24).

62. Disadvantages of the DTM include its exclusion of day trippers, children under 14 years, overseas visitors (NCDC, Tourism In the ACT, p19), visitors staying overnight (DT, p665) and its method of counting visits not visitors, thereby failing to distinguish regular visitors such as politicians. (DT, p665).

63. c) The third source of data is a quarterly survey of tourist accommodation conducted by the Australian Bureau of Statistics. This has limited application, however, as it deals only with the accommodation sector of the industry.

64. Problems were identified also with the collection of statistical data about the behaviour of visitors in the ACT. The CVAA reported that many of its members were unwilling to disclose figures showing the number of visitors to their attractions. Most released either a percentage variation or comparison between a month in the current year and a month in the preceding year. Telecom Tower was the only CVAA member which released details of the number of visitors it received. (CVAA, p225).

65. The CVAA noted that the War Memorial, not a CVAA member, also released its visitor figures. However, the CVAA regarded these statistics as unreliable, arguing that they were based not on turnstile operation or entry fees. (CVAA, p228). The Association suggested the most reliable visitor statistics in the ACT were those produced by the Telecom Tower turnstiles and the accommodation sector. (CVAA, p228).

66. The Committee was concerned at the lack of a reliable statistical base for ACT visitor statistics. It acknowledged the CTB's observation that this problem was not confined to the ACT but was experienced nationally and welcomed a CTB report that the matter was being addressed by the current inquiry into tourism in Australia being conducted by the Minister for Sport, Recreation and Tourism. (CTB, p691).

67. The Committee appreciates the significance of accurate and comprehensive visitor statistics to the hospitality industry and awaits with interest the recommendations of the tourism committee regarding the establishment of a central statistical base. Management of such a base in the ACT may be an appropriate function of the new tourism promotion authority proposed later in this chapter and this authority may discuss with ABS the nature of this data base to ensure its comprehensiveness and reliability.

e) Administration

68. Having heard the available evidence, the Committee believes that a major problem involves the administration of tourism promotion, currently controlled by the Department of Territories through the Canberra Tourist Bureau and its Commissioner. The Committee thinks that the CTB could operate more effectively as a marketing, sales and customer servicing organisation if it had greater independence which would allow it greater freedom for quick decision-making regarding marketing techniques and sales.

69. The Committee is concerned about the absence of avenues for industry participation in the policy formulation and management of the CTB and in the appointment of key staff. The CTB's administrative structure and the Commissioner's lack of direct access to a Minister is not satisfactory and the Committee has proposed that the present structure be replaced by a comprehensive development board with entrepreneurial style to provide a stimulus to industry activity in the ACT. While recognising present financial restraints, the Committee considers that this new body should be provided with sufficient resources in the way of a separate vote with a one line appropriation in order to carry out the task of integrating the future economic development of the ACT. The new body should also study the work of similar development corporations in the States.

f) Proposed New Tourism Authority

70. The Committee, in its investigations, was informed about organizational problems concerning the operation of the Canberra Tourist Bureau and a lack of flexibility and responsiveness to needs in the tourism sector by the Bureau. Criticism was also levelled at the Canberra Development Board which has not been very active in promoting the tourist industry and does not have well established links with the Canberra Tourist Bureau.

71. It is the Committee's view that the lack of a coordinated approach to promoting, developing and assisting the tourism and hospitality sectors within the ACT must be rectified. Furthermore, it is timely to put forward a proposal for a new body as there is at present an examination by the Department of Territories of positions and resources allocated to the Canberra Tourist Bureau and the Canberra Development Board.

72. The Committee, in arriving at a model of a proposed body which would be responsible for promotion, development and economic assistance to tourism and hospitality in the ACT, has discussed this proposal with Government and the private sector. The resultant model would enable this body to have sufficient flexibility to respond quickly and effectively to new trends and developments and not be hampered by unnecessary bureaucratic procedures while at the same time being accountable through its Chairman for its funding and budget. Another aim would be to encourage this body to be seen by private operators as a more friendly and responsive organization which could react to changing needs and provide immediate assistance when this was appropriate.

73. Hence this proposed ACT Development Board would include within its charter the present functions of the Canberra Tourist Bureau with added responsibility for assisting small business

with minor development proposals and incorporating a tourism office and an office for promotion and publicity. The proposed structure is set out diagrammatically as follows:

ACT DEVELOPMENT BOARD

Minister

Chairman

Chairman

Chairman

Business	Tourism
. Assist with	. Tourism Office
development proposals	. Promotion and
	Publicity
. Promotion and Publicity	

staff

staff

74. The Committee recommends that an ACT Development Board incorporating the present Canberra Tourist Bureau and the Canberra Development Board be established to promote, develop and provide economic assistance to tourism and hospitality in the ACT. This body should be established independently of the Department of Territories, have sufficient authority to react to changing needs and provide immediate assistance when required and have direct access to the Minister.

g) Tourist Development Plan

75. This inquiry has shown that tourism and the associated hospitality industry have the capacity to become major private sector income earners in the ACT. Beyond 1988 it is likely that construction activity will decline but tourism has the capacity to offer the potential for a rapid increase in employment most of which would be in the private sector. The essential requirements for this to happen are:

- . high quality well funded and effective promotion both centrally, on behalf of Canberra and well supported by operators' own promotion of their facilities;
- . a tourist development plan for the ACT showing how physical development opportunities and programs would be combined to produce a stable climate for investment;
- . adequate support services including training, supply of staff, industrial award systems etc; and
- . an expanding range of accommodation particularly at the lower end of the cost range (hostels, youth hostels, camp grounds, low cost tourist park accommodation etc).

76. A tourist development plan needs to be prepared to show how the planning and development policies which would affect the hospitality industry can be coordinated in the interests of further development. This plan should describe measures to consolidate tourism investment into areas where such investments would have the best chance of succeeding. These areas might include rural locations such as Lanyon, Tidbinbilla and the Canberra Deep Space Communications Complex as well as the city.

77. The plan should also propose how public and private development programs might be coordinated to give effect to tourist and hospitality investment. The plan needs to be selective because one of the problems revealed during this

inquiry is that investment in tourism in Canberra to date has been (outside the government sponsored major institutions) small scale and dispersed. In part this is due to NCDC planning policies which have been too fragmented with the result that attempts to make tourist attractions work have been too isolated from the supporting functions (accommodation, shopping, tourist services, etc).

78. A tourist development plan would concentrate on overcoming these deficiencies and projecting results where coordinated investment might yield the best returns.

79. The Committee recommends that the NCDC, in consultation with representatives of the tourist and hospitality industry, should prepare a tourist development plan for the ACT aimed at achieving positive development of the plan from 1988 onwards.

ii) Transport

80. Transport access to the ACT exerts a significant influence on the local hospitality industry. The Committee is concerned by an apparent consensus within the industry that access problems are retarding the growth and development of the hospitality industry in the ACT. Particular emphasis was given to these problems by the Department of Territories, the Canberra Visitor and Convention Bureau and the Canberra Accommodation Industry Association.

81. Visitors to the ACT arrive by air, passenger coach, rail or private motor vehicles. The Committee heard evidence that aspects of each of these transport modes was reported to be unsatisfactory.

a) Air Services

82. Air access to the ACT is provided by Australian Airlines (formerly Trans Australian Airlines), Ansett Airlines of Australia, East-West Airlines Ltd, Airlines of New South Wales and commuter airlines.

83. A variety of problems with the services provided by these operators were identified. The Department of Territories noted that parallel scheduling arrangements made by the major airlines were oriented primarily towards government requirements and did not offer the flexibility generally sought by tourists. (DT, p415). The CAIA observed that the practice also contributed to congestion at Canberra Airport and created considerable difficulties for visitors seeking taxi transport to and from the airport. (CAIA, pl24).

84. Another problem identified by the Department of Territories was the relatively high level of fares to Canberra. The Department reported that fares for the short and medium hauls characteristic of Canberra airservices had risen dramatically in real terms in the last decade. The Committee notes that despite these problems there have been some improvements in the reduction of parallel scheduling and the use of smaller aircraft on daily services. These developments are supported.

b) Passenger Coach Services

85. Long distance coach services linking Canberra to other major centres have a significant role to play in providing access to the ACT for interstate visitors.

86. However, the Committee heard evidence of significant problems within the passenger coach service industry involving limitations on services and scheduling arrangements.

87. The Department of Territories reported that the present regulation of passenger coach services had encouraged the development of a monopoly. In addition, the regulations limited the provision of services to specific times. This had resulted in such practices as Ansett operating seven or eight coaches in convoy at one time of day, during peak times. The Department reported widespread dissatisfaction with the regulations, noting that those dissatisfied included operators. (DT, p698).

88. A number of these problems were addressed by the Interstate Road Transport Act 1985 which effectively deregulated the passenger coach industry. The Department of Territories told the Committee that recent interstate experience had indicated such deregulation could enable additional operators to offer services, and that operators and passengers alike could benefit from the increased services and more flexible scheduling arrangements likely to result from deregulation. (DT, p416).

89. The first step in this direction is a trial six month deregulated bus service between Sydney and Canberra operating 10 or more services a day with a maximum capacity of 800 passengers a day. The Committee will await the outcome of this trial with great interest.

c) Rail Services

90. Rail services offer an alternative to road and air access to the ACT. Various hospitality industry bodies appearing before the Committee expressed support for recent initiatives designed to enhance rail services to the ACT but reported that additional changes were necessary if rail access was to become a viable alternative.

91. Recent initiatives undertaken by the New South Wales State Rail Authority (SRA) to improve services to the ACT and increase patronage included the use of rapid transit technology (the express passenger train) and augmentation of service schedules.

92. The CTB reported that the number of train passengers has increased by more than 97 percent in the last 12 months. Since the introduction of XPT services, the figure has consistently shown the highest percentage increase of the network. (CTB, p693).

93. If the SRA added another XPT to the ACT service, as part of its new purchasing program, a three times daily service would be ensured, providing 1.2 million seats annually in both directions between Canberra and Sydney. Viewed in the context of Canberra Airport being used by slightly more than 1 million passengers annually it can be seen that such an increase in rail services would constitute a major increase in access to the ACT. (CTB, p693).

94. The Committee welcomes the upgrading of the rail service between Sydney and Canberra to include XPT services. It is noted that continued upgrading of track and crossings is necessary to permit the XPT to operate at its potential speed so that rail transportation may become a viable alternative to road and air services.

95. Another recent SRA initiative reported to the Committee was the introduction of a midday service between Sydney and Canberra in March. The CTB said demand for this service had exceeded projections and that the SRA planned to market 50 000 seats on this service in the first year, with an emphasis on attracting overseas visitors. Negotiations were underway with local coach operators interested in transporting passengers on from Canberra through the Snowy Mountains region to Melbourne.

96. The CTB emphasised that the midday service would deliver visitors to the ACT at 6 pm, so that they would stay one night if wishing to spend a day in Canberra and two nights if wishing to travel further. The CTB informed the Committee of its hope that the midday rail service would become an XPT service within 12 months. This would increase its attractiveness to Japanese and European visitors who were accustomed to fast, modern trains and would facilitate the development of a coach or air extension of the service beyond Canberra. For the benefits of this service to be maximised it will be necessary to publicise it extensively.

d) Private Motor Vehicles

97. The Committee heard evidence from a number of organisations suggesting that improvement of motor vehicle access to the ACT would increase tourist traffic and noted that:

- i) improvement of the Hume Highway Campbelltown by-pass several years ago had produced an immediate and significant increase in the number of tourists visiting the ACT and expressed confidence that completion of road improvements between Goulburn and the ACT would provide another boost to tourism in the ACT.
- ii) continued upgrading of the Sydney to Canberra highway would produce sustained growth from the Sydney domestic market. Completion of upgrading of the Sydney to Canberra link originally planned for 1988 will now occur in 1989.

98. The experience with the Hume Highway demonstrated the need for the upgrading of other road links in the region, including sections of the Kings Highway to the South Coast and alternative links to the Snowy Mountains.

99. The Department of Territories reported that it considered current levels of improvements to road links to the ACT should be sustained. However, the Department reminded the Committee that road links to the ACT were generally situated beyond the ACT's borders. Although the Commonwealth Government had made substantial contributions to upgrading roads in NSW, it was that State's prerogative to determine expenditure priorities. Link roads to the ACT compete with other projects throughout the State for available funds. (DT, p416).

100. The Department informed the Committee that within the ACT, the NCDC and the Department had endeavoured to upgrade major road links and coordinate such development with State initiatives.

e) Taxi Service

101. In addition to problems associated with providing access to Canberra, the Committee heard evidence of transport problems within Canberra, notably concerning the taxi service. The Committee acknowledges that problems of shortages exist because of parallel scheduling of aircraft and the sittings of Parliament which produce peak demand periods.

102. The CAIA argued that the problem was compounded by the demands made by Government and the Public Service through the Department of Administrative Services (DOLGAS) and pointed out that DOLGAS requests for taxis were given priority over requests from tourists and business people. (CAIA, p124).

103. The Committee is pleased to learn that the Department of Territories has addressed this problem of a shortage of taxis. Following the publication of a House of Assembly Interim Report on its Inquiry into the Taxi and Hire Car Industries in May 1985, the Department released 20 new taxi licences in August 1985. (DT, p416).

104. More recently, the issue of a further 25 new licences was announced. This addition will bring the total fleet to 174 taxis. The Department reported the Minister's intention to monitor the effect of these extra 25 licences and to consider issuing more if necessary. (DT, p695).

CHAPTER 3

PRESENT CONDITIONS

105. A general investigation of the state of the ACT hospitality industry by the Committee has revealed major differences in the prospects for various sectors. Recognising this fact and the unique nature of some of the problems being experienced, the Committee examined the state of each major sector separately.

i) Accommodation

a) Current Condition

106. The accommodation sector was represented before the Committee by the Canberra Accommodation Industry Association (CAIA), an organisation representing 26 of an estimated 38 ACT accommodation houses (NCDC, p712) but excluding hostels and caravan parks.

107. The CAIA reported that accommodation was currently in a reasonable state due mainly to the high demand between Monday and Thursday from commercial travellers. This demand was supplemented by general domestic and international tourist traffic which had been rising steadily until two years ago. (CAIA, p117).

108. Canberra hotels and motels have the highest occupancy rate of any boarding establishments in Australia. The 72 percent rate for the ACT compares very favourably with a 54 percent national rate. This prosperity is relatively new to the ACT where occupancy figures historically have lagged behind the national average. (CAIA, p117).

109. The CAIA explained that occupancy rates had changed in 1982 when many years of slowly increasing demand finally caught up with the supply of accommodation. This trend of gradual increase was supplemented in the early 1980s by increased promotion of Canberra which produced increased tourist numbers and occupancies. The promotion involved the appointment of the ACT's first Tourist Commissioner, the formation of the Canberra Visitor and Convention Bureau and the provision of small scale funding to publicise the ACT as a visitor destination. (CAIA, p117).

b) Anticipated 'Shake-out'

110. The CAIA expressed concern about the sector's future prospects. In response to the growth in demand experienced earlier in the decade, the construction of a number of new accommodation houses is being undertaken. (CAIA, p117).

111. Various new properties have been developed over the last 12 months. Known projects scheduled for completion by 1988 are:

Hyatt Hotel (formerly Hotel Canberra)
Pavilion Hotel (on site of former Wellington Hotel)
White Industries Hotel Convention Centre
Garden City Motel

Ainslie Hotel (additions)
Dickson Hotel (additions)

112. The CAIA estimated that these new facilities would add approximately 1000 rooms to the ACT's current supply of 2200. (CAIA, p117).

113. CAIA has expressed concern that the sudden increase in supply could exceed demand, producing a "shake-out" and adversely affecting the whole industry.

114. CAIA fears of an oversupply of accommodation were supported by demand projections made by the National Capital Development Commission. Basing its calculations on the past relationship between visitor arrivals and the annual demand for rooms, the NCDC estimated that an increase of only 300 rooms by 1990 would be required to meet projected demand. Acceptance of a lower occupancy rate of approximately 60 percent would permit an increase of 800 rooms to be viable. (NCDC, p712).

115. The Committee is sceptical of these estimates as they do not adequately take account of the opening of the new Parliament House and a general increase in tourist numbers into Canberra during the Bicentennial celebrations. It is also of the view that effective marketing of the ACT would increase occupancy rates.

116. The NCDC noted that approximately 800 of the planned new rooms fell into the "four star" category, not typically used by the average visitor to the ACT. It suggested that this high proportion of upper market accommodation was not well catered for or was one in which a high future demand was anticipated. The Commission noted that the Hyatt Hotel Canberra, which would provide "Grand Luxe" standard accommodation was expected to attract a new class of visitor to the ACT (NCDC, p713).

117. The CAIA identified several problems experienced by the accommodation sector and argued that Government action to overcome them would encourage the sector to provide the sustainable growth necessary to ensure both healthy competition and an adequate return to investors.

c) Imbalance in Supply

118. The Committee noted that despite high overall occupancy rates experienced by the ACT accommodation sector, there is a significant shortage of low cost accommodation available for visitors to the ACT. The CVCB acknowledged that there was

probably room in the market-place for more budget-style accommodation and noted that some cheap accommodation facilities had been lost through the closure of various hostels and other establishments. (CVCB, p91).

119. NCDC categorisation of the purpose of visits to the ACT placed holidays first, visiting friends or relatives second and business third. Most visitors were found to stay with friends and relatives, with 30 - 40 percent staying in commercial accommodation. Business visitors were the predominant users of commercial accommodation. (NCDC, p731).

120. The Canberra Tourist Bureau noted a shortage of accommodation catering to groups, particularly coach loads on educational visits, and reported that this shortage became acute at certain times of year. (CTB/DT, p699). Furthermore, and notwithstanding the tendency of non-business visitors to stay with friends and relatives, the CTB identified a major domestic market, generally intending to stay for a short period and seeking family-type budget accommodation. (CTB, p699).

121. The Committee recognises that the current shortage of low-cost visitor accommodation is likely to be compounded by the concentration of new developments in the upper market category. It welcomes the Department of Territories' support for the release of further sites for low to medium cost accommodation.

122. The Committee recommends the development of more low-cost visitor accommodation in the ACT by the immediate release of land for low-cost accommodation and the promotion of low cost accommodation options by the ACT Development Board. The Committee further recommends that the National Capital Development Commission give greater encouragement to developers to provide more camping sites in the ACT.

ii) Visitor Attractions

123. The Visitor Attraction sector of the ACT hospitality industry was represented before the Committee by the Canberra Visitor Attraction Association (CVAA) which comprises owners and operators of privately and Government owned visitor attractions within the ACT region.

124. The Committee welcomes the fact that this organisation represents the collective interests of owners and operators in this sector and has a common promotional focus. It must also be acknowledged that the presence of these operators is made possible because of Canberra's role as the national capital.

125. The Committee also supports a CAIA proposal for greater liaison between Government visitor attractions themselves and with private visitor attractions to coordinate promotions, opening-hours, tourist guide training and other related matters, and the achievement of coordinated advertising through the pooling of financial resources. (CAIA, p124).

iii) Conventions

126. The Convention sector of the ACT hospitality industry was represented before the Committee by the Canberra Visitor and Convention Bureau (CVCB). Originally established to promote Canberra as a convention destination, the CVCB has grown to encompass other smaller tourist groups in the city. (CVCB, p82). According to the CVCB, the following are the main promotional problems from their point of view:

- Promotional efforts were severely restricted by a lack of resources and an injection of finance and manpower was needed urgently to meet the challenges of the

coming years. The requirement for effective promotion would intensify as venues currently under construction in Adelaide, Melbourne, Sydney and Brisbane were opened and competition for the convention dollar became fiercer. (CVCB, p82).

- . The CVCB is funded primarily by private enterprise. Its \$220 000 budget last year comprised a \$30 000 Government grant, \$40 000 in small contributions from the Community Development Fund for specific projects and \$150 000 from private enterprise. (CVCB, pl03).
- . Government support for the CVCB compares unfavourably with the input that other States make into their convention promotion organisations.

127. The CVCB was not gravely concerned about Canberra's attractiveness as a venue for domestic conventions. Although acknowledging that Canberra could never compete with the "Surfers Paradise razzamatazz type of sunshine holiday conference", it noted that Canberra, as the federal capital, tended to attract conferences held for business purposes, lobbying, scientific, educational, cultural and religious reasons. The Bureau predicted an expansion of this market as the Government and the Canberra Development Board encouraged more organisations to establish their headquarters in Canberra. (CVCB, pl04).

128. The CVCB expressed greater concern about Canberra's competitiveness in the international market. The Bureau said Canberra was particularly disadvantaged by not having an international airport. The provision of international access at a host of Australian cities had reduced the share of international visitors received by Sydney International Airport, with obvious implications for Canberra. (CVCB, pl04).

129. These developments had heightened the need for effective international promotion of Canberra as a convention destination. (CVCB, p99).

iv) Clubs

a) Current Condition

130. The club sector of the ACT hospitality industry was represented before the Committee by the Licensed Clubs Association of the ACT. (LCA)

131. The LCA reported that the current condition of clubs was generally stable, with growth occurring in some areas. The Association said growth tended to involve successive extensions to existing premises rather than the construction of new ones and identified current or planned extensions of the Tuggeranong Ruby Union Club, the Belconnen Soccer Club, the Tuggeranong Australian Football Club, the Ainslie Football Club and the Hellenic Club. Some of this growth is associated with development in Tuggeranong and Gungahlin, reflecting the clubs' dual role of servicing visitors and local residents. (LCA, pp256-257).

132. Despite these favourable developments, four local clubs had been forced to close in the last 12 months. (LCA, p262). The LCA outlined a variety of factors affecting the sector which it argued should be changed.

b) Land Allocation Policies

133. The LCA argued that many problems were attributable to the land allocation policies of the NCDC. Reference was made to the situation at Mawson, where one hotel and three clubs operated next door to each other, and at Jamison, where one hotel and four clubs were located within 100 metres of each other. (LCA, p262).

134. It also argued that local support was vital to the viability of clubs and that such support was diminished by the operation of clubs in close proximity. The Association acknowledged that a number of the clubs at Mawson catered to particular ethnic groups but argued that the cohesion of ethnic

communities necessary for the survival of such clubs was likely to diminish significantly within one generation. Ethnic clubs effectively would then be competing for business from the same population as other clubs in the vicinity. (LCA, p262). The Committee agrees with the LCA proposal that club sites in future should not be required to be adjacent or close to existing club premises.

c) Objections To Issue Of Liquor Licences

135. The LCA has proposed that GALA could consider objections to the issue of liquor licences, such as in NSW where objectors who have legitimate standing have an opportunity to have their objections on licence applications heard. (LCA, p246). The Committee questioned GALA about the proposal and agrees that the introduction of a provision permitting objections to the issue of a licence on the grounds of reasonable requirement of the neighbourhood or overservicing would be a regressive step. GALA noted that such provisions had existed in the past and had led to an unwieldy situation where objections to the issue of new licences were lodged by a large number of licensees who were concerned about increased competition. (GALA, p849).

136. GALA suggested that it may be appropriate to expand the grounds on which objections to licence renewals may be made. It noted that the Registrar is empowered to object or move for the suspension or cancellation of a licence at any time on certain grounds specified in the Ordinance but that the general public has no grounds of appeal. Currently, the Registrar acts on complaints received by GALA, usually concerning noise levels in clubs. (GALA, p851).

v) Restaurants

a) Current Condition

137. The restaurant sector of the hospitality industry in the ACT was represented before the Committee by the Restaurant and Catering Association of the ACT (RCA), with suggestions put also by the CAIA and LCA to the extent that their sectors included restaurant and catering operations.

138. The RCA reported that the licensed food service sector was in a condition of severe stress with a pronounced oversupply of licensed food outlets. (RCA, p321). The Association said that since 1975, the ACT's resident population had increased by approximately 32 percent. This had been accompanied by a 520 percent increase in the number of on-licences, the category of liquor licence applying to restaurants, and many hotels, motels and clubs. (RCA, p478).

139. The Association argued that this dramatically disproportionate increase in on-licences had produced a more serious problem for restaurants than for other operations which could run their food and beverage operations at a minimum or negative margin, subsidising them through their accommodation or gambling operations. (RCA, p747).

140. According to the RCA the oversupply problem experienced by the restaurant sector had been compounded by changes in consumption patterns. The Association said discretionary spending at licenced food and liquor service establishments was falling and that this was reflected in reductions in the total litreage of liquor sales of such establishments. A trend toward increased consumption of food and liquor at home had emerged.

141. The RCA said the economic impact of these developments on the restaurant sector had been disastrous. The Association quoted Australian Bureau of Statistics figures estimating average

weekly household expenditure on meals at restaurants as \$14.46 and extrapolated from this estimate a total weekly expenditure of \$3,617 at each licensed outlet. The RCA argued that the real figure would be even less than \$3,617, if the capacity of unlicensed restaurants and the total number of establishments in the ACT catchment area were taken into consideration. (RCA, pp748-749).

142. The RCA believed the over-supply of licensed food outlets in the ACT had reduced the viability of operations in the restaurant and catering sector. Over-supply had produced economic and social stress within the industry, resulting in a reduction in service levels, training, diversity and general community input. (RCA, p321).

b) Proposed Remedial Action

143. The RCA proposed to the Committee the implementation of a detailed program of action to address the problems facing the restaurant and catering sector, including the declaration of a moratorium of the issue of liquor licences, the formation of a Hospitality Industry Management Committee and the introduction of a system of unitisation of licensed food outlets in the ACT.

144. According to the RCA, this three part program was designed to achieve short-term stability within the restaurant sector and establish the conditions necessary for longer-term improvement in operating and investment prospects. There would be direct benefits for employment, tourism and the local economy.

145. The RCA argued that the declaration of a moratorium on the issue of liquor licences was a crucial first step in the overall program it recommended. (RCA, p326). In the first of two submissions, it suggested that the proposed declaration be made retrospective to 20 June 1986, the date on which the ideas in that submission had been developed. (RCA, p316). In its second

submission, the RCA amended the proposed date to 25 August 1986, the date on which its second submission was examined by the Committee at its public hearing. (RCA, p758).

146. The RCA argued that a moratorium would provide an opportunity for the sector to be brought under control and that it would be lifted as soon as the proposed Management Committee was formed.

147. The second step of the proposed program, the formation of a Hospitality Management Committee, reflected the RCA's belief that improvements in the restaurant sector would depend upon close co-operation between legislative bodies, employee unions and the RCA, to achieve the objectives of improving business viability, employment levels, training facilities, skill standards and support for tourism in the region. (RCA, p317).

148. The RCA envisaged the Management Committee as a tripartite, broad-based structure with representation from selected bodies in each sector. It suggested these could include the Department of Sport, Recreation and Tourism, GALA, the Department of Education or the Department of Employment and Industrial Relations, the Tourism Advisory Council, and the RCA.

149. The third and central element of the RCA's proposed program was the unitisation of the licensed food service sector. Based on a scheme recently introduced to the fishing industry, the unitisation proposal involved:

- . determination of the total capacity of the sector in the ACT;
- . division of total existing capacity into units of equal capacity, based on the floor area of establishments and the capitalisation of enterprises;
- . allocation to each existing enterprise the number of units determined in respect of its capacity;

- . assignment to each existing establishment the number of units that its capacity represented and that had been allocated to the enterprise operating the establishment;
- . registration of units allocated to enterprises and assigned to establishments;
- . provision for the transfer from one enterprise to another some or all the units allocated to that enterprise;
- . provision for the transfer between establishments operated by an enterprise some or all the units allocated to that establishment;
- . a requirement that the applicable number of units for an establishment be held before the issue of an on licence, a General Licence or a Club licence under the ACT Liquor Ordinance;
- . periodic review of the total capacity of the industry with provision for the future issue of newly-created units when the demand for the sector's services equals or exceeds capacity; and
- . amendment of the ACT Liquor Ordinance to provide the authority for the plan of management (RCA, p755).

150. The RCA was adamant that the proposed unitisation formula be applied to all restaurants, whether operating simply as restaurants or operating within taverns, licensed clubs, motels and other facilities. The Association argued that although the problems facing the industry had different effects on different types of restaurants, all were interdependent and should be treated as one entity. Different weighting would be applied to different types of operation. (RCA, p748).

151. BYO restaurants would be included in the scheme and would be required to operate under a licence from GALA. The RCA saw the incorporation of all existing restaurant capacity into the scheme of unitisation as critical to the success of the scheme. (RCA, p758).

152. Under the Scheme unitisation would be administered by the Hospitality Industry Management Committee which would be chaired by either GALA, the Department of Territories or the Minister's personal delegate. GALA would retain responsibility for licensing.

153. Applicants for liquor licences would be required to undertake a GALA/ITC/Management Committee course of instruction about the hospitality industry.

154. The RCA argued that its proposed scheme of unitisation would create a climate within which the sector could flourish and would facilitate the exit of non-viable outlets and a reduction in the present oversupply to acceptable and economic levels.

c) Industry Reaction To Unitisation Proposal

155. The Committee encountered widespread opposition within the hospitality industry to the RCA's unitisation proposal. The ITC reported that the Canberra Visitor and Convention Bureau, the Licensed Clubs' Association of the ACT, the Australian Hotels Association and the Canberra Accommodation Industry Association all opposed unitisation. (ITC, p394). The RCA countered that this was not the case. (RCA, p787). However, the Committee was assured by the ITC that it had been authorised by each identified group to express opposition on its behalf.

156. American Express (p382) and GALA (p845) also expressed their opposition and the Federated Liquor and Allied Industries Employees Union of Australia informed the Committee that its chief concern was the protection of employees through ensuring their possession of transportable skills. (FLAIEU p823).

157. Although the Committee found general agreement that the restaurants were experiencing some difficulties, great emphasis was given to the fact that the restaurant business is traditionally volatile. The FLAIEU observed that overall the hospitality industry operated on the margin of disposable income and on a large amount of credit and that failed business ventures would always be a feature.

158. Some organisations acknowledged that many restaurant operators encounter particular problems in the ACT. American Express noted that the entire hospitality industry in the ACT was particularly susceptible to factors external to the local economy because of Canberra's position as national capital. Downward fluctuations of business were greater and more rapid in the restaurant sector in the ACT than elsewhere due primarily to the 'hiccup' of parliamentary recesses and the ACT's very limited capacity to attract international visitors and thereby benefit from periodic increases in the number of international visitors to Australia. (AMEX, p385).

159. The ITC observed that diners throughout Australia were becoming more discerning and that the restaurant sector may have suffered more from this in the ACT than in areas with a lower per capita number of restaurants. (ITC, p397).

160. The Committee acknowledges that such factors may particularly disadvantage the restaurant sector in the ACT but agrees with those hospitality industry representatives who argued that the operation of market forces remains the simplest and least costly method of determining the fate of individual enterprises within the industry. The Committee does not consider arbitrary restriction of the number of outlets in the restaurant sector appropriate and rejects the RCA's proposal for unitisation of the food service industry in the ACT.

d) Industry Reaction To Proposed Moratorium On Issue Of
Liquor Licences

161. GALA argued that the lack of restrictions on the number of liquor licences issued had not produced the current oversupply of restaurants in the ACT and strongly opposed proposals to restrict the number of liquor licences issued arguing that the ACT had been a pacesetter for the rest of Australia in establishing sensible drinking conditions. (GALA, pp845 and 848).

162. GALA suggested that many of the problems facing restaurants were produced by the nature of applicants for licences, rather than the number of licences granted. Many applicants lacked knowledge and experience, and did not possess the necessary skills and expertise.

163. Currently, no requirements exist for liquor licence applicants to demonstrate knowledge of the sector they seek to enter. After an applicant's two references have been checked the application is heard by GALA. GALA stresses the provisions of the Ordinance applying to the particular category of application and outlines methods to assist with the identification of under-age drinkers. This is followed by an inspection of the premises involved, after which a fee is paid and a licence granted. (GALA, p839).

164. GALA informed the Committee that attempts are sometimes made to dissuade inexperienced individuals from entering the hospitality industry, most commonly the club sector.

165. The Committee recognises the valuable contribution made by GALA in the area of public education but regards the ad hoc nature of the present situation as inadequate and unsatisfactory. The Committee believes that a requirement for licence applicants to possess necessary knowledge and experience should be formalised in the licence application process.

166. The Committee rejects the RCA's proposal for a moratorium on the issue of liquor licences but supports RCA and ITC proposals for a detailed briefing about the hospitality industry for prospective licencees.

167. The Committee recommends that a short course be made available to provide assistance to prospective restaurateurs. The Committee regards the ITC as the most likely authority to conduct such a course but acknowledges that once the nature and resources of the Hospitality Industry Management Committee become clear, that body may emerge as the most appropriate provider of such training.

e) Hospitality Industry Management Committee

168. The Committee supports RCA efforts to form a Hospitality Industry Management Committee and welcomes the progress towards its establishment reported by the RCA during the course of the Inquiry. The Committee agrees with the RCA that by providing new avenues for dialogue and mutual understanding between Government and the hospitality industry the new body could provide significant long-term benefits to the industry and consequently to the community.

f) Enforcement Of Licensing And Health Regulations

169. Eating houses in the ACT are required to comply with the following health regulations:

- . Public Health (Eating Houses) Regulations;
- . Public Health (Sale of Food and Drugs) Regulations;
- . Public Health (Infectious and Notifiable Diseases) Regulations; and
- . Public Health (General Sanitation) Regulations.

In addition, the design and planning of eating houses must conform with standards specified in the Building Manual and the Liquor Licensing Manual.

170. Significant concern about poor enforcement of licensing and health regulations was expressed by the ITC, and the ACT Health Authority. The Committee was particularly concerned by hearsay reports of individuals opening restaurants without toilet facilities and failing to comply with a range of health regulations.

171. GALA reported that prior to the granting of a licence, GALA's licensing inspectors conduct an inspection of the premises involved. The inspection involves a check of building standards, furnishings, sanitary arrangements, access points and general health and safety regulations. The premises are also inspected by the Fire Brigade.

172. The Committee is concerned by GALA's claim that lack of facilities, staff and resources has prevented annual inspections of premises. (GALA, p849). Breaches of regulations are likely to occur in the absence of adequate inspections, with serious implications for the restaurant sector overall.

173. The ACT Health Authority reported that its Health Surveillance Service experiences similar difficulties in enforcing health regulations designed to ensure the provision of proper standards of food preparation and service. (HA, p681).

174. In response to difficulties encountered in maintaining an effective health surveillance service, the Health Authority commissioned a study of the service by an outside consultant. The consultant's report highlighted inadequacies in the ACT food legislation. A major inadequacy identified was the minor and insignificant nature of penalties for breaches of the health regulations applying to food service.

175. The Health Authority reported that the chief inadequacy of the current penalties was their lack of parity with penalties applying interstate. It provided the following example as an illustration:

176. The New South Wales penalty under the Pure Food Act for failing to comply with any provision relating to the keeping of places, vehicles, goods or appliances clean and free from vermin is a fine not exceeding \$2 000 or imprisonment for a term not exceeding six months or both. In the case of a continuing offence, a fine of \$50 is imposed for each day that the offence continues.

177. The current ACT legislation for equivalent offences under the Public Health (Sale of Food and Drugs) Regulations provides for:

- (a) in the case of a continuing offence the aggregate of \$500 and an amount not exceeding \$1 000, calculated at a rate of \$50 for every day the offence continues, and
- (b) in any other case, a fine of \$500.

178. The Authority reported that the NSW penalty was under review, and that its increase to \$5 000 has been proposed.

179. The Health Authority welcomed the provision of funding in the 1986/87 Budget for an increase in its staff of inspectors, reporting that an increase had been required. However, the Authority emphasised that the extent of health surveillance and the need for additional resources in that area could be limited significantly by the introduction of realistic penalties for non-compliance. (HA, p683).

180. The Health Authority reported that it intends to develop model food legislation for the ACT as a matter of priority. The Committee is concerned by the prospect of delays in

the introduction of new penalties for breaches of health regulations if their introduction were to be incorporated in the general drafting of new food legislation and favours immediate changes to the relevant ordinances.

181. The Committee questioned both the Health Authority and GALA about requirements for the provision of toilet facilities on licensed restaurant premises. GALA reported that all licensed premises were required to have access to toilets.

182. The Committee was told that GALA was empowered under the ACT Building Regulations to assess whether a new restaurant should provide toilet facilities or whether the building in which it was located had toilet facilities which could be considered satisfactory for restaurant purposes. GALA acknowledged that ideally, all premises would have their own toilet facilities but considered such a development unlikely.

183. The Committee recommends that public health ordinances in the ACT be amended to bring penalties for breaches of the ordinances into line with those in the comparable NSW legislation.

184. Further, it recommends that GALA be provided with the necessary resources to conduct adequate inspections of licensed premises.

CHAPTER 4

TRAINING

i) Staff Shortages

185. Staff shortages exist throughout the hospitality industry and across the skilled, semi-skilled and unskilled spectrum. The industry has been growing and training programs have not kept pace with developments which has led to a shortage of locally trained staff. This must be addressed by changes in training programs.

186. In response to increasing activity in the hospitality industry over the last two years, the Department of Employment and Industrial Relations (DEIR) established the CES Tourism and Hospitality Service. The Department reported that this service had successfully penetrated the available vacancy market, especially in restaurants and hotels. (DEIR, p14). This contrasted with a suggestion made by the Licensed Clubs' Association that Government agencies concerned with career advice and job placement should give greater emphasis to job opportunities and career structures available within the hospitality and tourism industry. (LCA, p245). The ACT Regional Tourism Industry Training Committee (ITC) reported that the tourism and hospitality job section of the CES generally had vacancies of between 70 and 100 positions which it had difficulty in filling. (ITC, p193). It noted that the CES experienced mixed demand from the workforce for these positions and that many of the unemployed had few or no skills for the positions advertised.

187. Although staff shortages exist throughout the industry, they are acute in the categories of qualified chef and silver service waiter. The CES Tourism and Hospitality Service fills approximately two vacancies for chefs every week, with approximately 30 remaining unfilled. (DEIR, p14).

188. These existing staff shortages will be compounded by increasing demand for labour over the next 2 years when major new tourism/hospitality facilities are completed. These facilities include the new Parliament House with its associated catering service, the renovated Hotel Canberra, the new Pavilion hotel on the site of the demolished Wellington Hotel, the redeveloped Hotel Civic, and the White Industries' Canberra National Convention Centre. These are the developments which could generate up to 3 000 new positions in the industry.

189. An expected expansion of accommodation in the Snowy Mountains resort area, with a doubling of beds to 10 000 by 1989, (TAFE, p170), could create further demands for labour from the ACT.

190. The impact of staff shortages on the hospitality industry threatens the standards of the industry and its future viability.

191. The Canberra Visitor and Convention Bureau identified a problem involving the poaching of trained staff and expressed concern that persisting shortages could result in an increase in this practice as new developments were completed, to the detriment of existing operations. (CVCB, p86). The Confederation of ACT Industry acknowledged that the shortage of trained staff had led to employers paying above-award wages to attract trained staff. (CONFACT, p152).

ii) Current Training Arrangements

192. The Committee found inadequate training opportunities a major factor contributing to staff shortages in the industry. Training for positions within the hospitality industry in the ACT is provided by several different groups but because most operations are too small to mount their own courses, most training is offered by the ACT Further Education system.

193. The capital intensive nature of facilities required for hospitality industry training has led to courses being concentrated at one College, in the School of Catering Studies at Canberra College of TAFE. The College offers several apprenticeship, certificate and award courses in hospitality. Woden TAFE College offers a course award in Travel Agency Operations (TAFE, p161). A list of hospitality courses offered by Canberra TAFE College appears at Appendix III.

194. Industry supplementation of TAFE training activities is limited. Various local members of capital city hotel chains provide staff training (TAFE, p161) and three large clubs have appointed training officers. (LCA, p260). However, the Licensed Clubs' Association of the ACT (LCA) said skills would be developed better in association with off the job training. (LCA, p244).

195. A significant training role is played by the ACT Regional Tourism Industry Training Committee which was established in 1983 under the auspices of the National Training Council. (DEIR, p13). The ITC is a Government funded tripartite body comprising the Liquor and Allied Trade Union members of the hospitality industry in the ACT and region and the Federal Government. Its general objectives are to provide advice to Government on training, to liaise with Government training institutions and to provide training for industry when needed. (ITC, p192). The ITC has developed short courses comprising on and off the job training. (DEIR, p16).

196. The Committee supports the training initiatives undertaken by the ITC which has sponsored three training courses in waiting for unemployed young people under the Skills-In-Demand Program, with trainees subsequently being retained in employment in the industry. It also conducted a course for bar attendants under the Skills-In-Demand Program in 1984/85.

197. Unemployed people have also been sponsored by the industry to undertake short courses in housekeeping skills and have subsequently been employed. The ITC has vigorously pursued its role of upgrading skills of employees within the industry and currently offers courses in 11 different areas ranging from training supervisors to basic training for housemaids/men.

198. Recently, however, the ITC has reported difficulties attracting young people to undertake Skills-In-Demand courses in waiting and bar work. (ITC, p193). The bar attendants course was not repeated, due to lack of demand. (ITC, p207).

199. Representatives of Canberra College of TAFE suggested industry should play a greater role in the training of staff. (TAFE, p171). While the Committee endorses this objective in principle, it is aware that opportunities for training using industry facilities are extremely limited. Indeed, the Committee regards the question of training facilities as crucial to the viability of the hospitality industry in the ACT.

iii) Training Facilities

200. The Catering School at Canberra College of TAFE is the major facility used for hospitality training in the ACT.

201. In addition to TAFE courses, the College facilities are used by the ITC for most of the courses it offers.

202. The ITC utilises industry facilities where available. In particular, it has conducted a significant number of courses on the premises of licensed clubs.

203. The Committee is gravely concerned at the direct impact of the inadequacy of TAFE facilities on the hospitality industry in the ACT which the College itself has been acknowledging for some years. It heard strong arguments that inadequate training facilities at the College was the major factor responsible for

staff shortages within the industry. Industry groups expressed concern that the inadequacy facilities would result in staff-shortages in 1987-88 so acute that they could threaten the industry's viability during that period of expansion.

204. The Committee examined accommodation problems at Canberra College of TAFE.

205. Hospitality industry courses offered at Canberra College of TAFE are accommodated primarily within two buildings. Building 'C' accommodates the Departments of Home Catering and Management and Nutrition and Food Studies, as well as the Departments of Hairdressing and Fashion. Building 'K', known as the 'Food School' houses the Departments of Meat and Allied Trades, Commercial Cookery and Food and Wine Studies.

206. Construction of the Food School was completed in 1975. Budgetary cuts had halved its intended size, on the assumption that only trade based courses would continue to be offered by the College. Subsequent policy changes resulted in the College continuing to offer a range of hospitality industry courses. (TAFE, p172).

207. The College submitted that the Food School facility is now totally inadequate. This has resulted in difficulty in accepting into existing courses the increasing number of students who have applied for admission, prevented the introduction of newly developed courses and limited responses to new Government training initiatives. (TAFE, p172).

208. Enrolments in trade and certificate courses have grown steadily over the last five years at an average annual rate of 17 percent. A distinction should be drawn, however, between actual enrolments and demand for admission. (TAFE, pp165-167).

209. The percentage increase in enrolments in trade and certificate courses disguises unmet demand for places. Similarly, fluctuating enrolments in award and non-award course categories are attributable to competing demands for tuition and accommodation rather than fluctuating demand for admission.

210. Figures compiled by the College during the February 1986 enrolment period showed significant unmet demand for admission to hospitality courses. Of 140 applicants for the certificate level Hospitality Management course, 45 were rejected; approximately 50 were rejected for the Small Business Management course; and in both the Bar Service and Dining Room Service courses, applicants outnumbered places by more than two to one. (TAFE, p172).

211. The College explained that Canberra TAFE gave priority to vocational courses, especially at the trade and certificate level and including new Government initiated programs for youth and the unemployed. The College said this policy was an attempt to meet training needs while ensuring that high capital cost training facilities were used efficiently.

212. The Committee found widespread support within industry for Canberra TAFE's attempts to respond to the training needs of industry but was told that limited physical accommodation at the College greatly restricted its ability to introduce shorter courses specifically responding to industry's needs.

213. The College acknowledged that because of limited accommodation, the trade and certificate level courses to which it gave preference and its participation in Government sponsored training initiatives were often undertaken at the expense of other shorter courses. The Committee heard that the College was committed to enrolling 60 trainees in its Hospitality (Waiting) course in 1986 as part of the Australian Traineeship System. As a direct consequence, other courses required by the industry were either reduced or not offered. (TAFE, p164). The ACT Office of

Further Education has been told that it would be consulted about the resources necessary to achieve traineeship targets (TAFE, p175) but is concerned by the general impact on resources of Government initiated traineeships, particularly in view of the significant number of such traineeships currently being promoted by the Government.

214. Hospitality training makes unusual demands on training accommodation facilities, with its practical component requiring very different facilities from those used in more classroom-oriented courses. In most States, TAFE Colleges offer a simulated approach to learning through the use of situation training facilities. Situation training provides students with experience in house operations, money transactions, a variety of restaurant/food clients, wine and cellar technicalities and general commercial concerns.

215. Situation training facilities at Canberra College of TAFE are limited to a simulated restaurant setting comprising a dining room and a training bar. This contrasts dramatically with the extensive training facilities the Committee saw at Ryde College of TAFE.

216. The Committee recognises that these problems will be at least partially alleviated by the construction of the planned extension to the Catering School at Canberra College of TAFE. The need for this extension is urgent.

217. The Minister has endorsed in principle an extension to the School of Catering Studies incorporating restaurants, bistros and kitchens, and areas for wine and cellar service, meat cutting, preparation and pickling, cake ornamentation, hotel and catering reception, club activities and lectures. (TAFE, p172).

218. The Committee understands that the NCDC had been given funding approval in 1986-87 to take the planning brief to the

final sketch stage which it expected to complete in February 1987. Construction would take an estimated 27 to 30 months after final approval has been received. (TAFE, pl84).

219. This means the Canberra College of TAFE would be unable to help alleviate the acute staff shortages anticipated for 1987-88.

220. The Committee recommends that extensions to the School of Catering Studies at Canberra College of TAFE be built as a matter of urgency. To this end it will be necessary for TAFE to accord the highest priority to the project within its building program and also for the NCDC to allocate this the highest priority.

221. Alternative means must be sought for accommodating the extra training courses necessary to meet the demands for trained staff in 1987-88.

222. The Canberra Accommodation Industry Association (CAIA) suggested that greater utilisation of the Catering School at Canberra College of TAFE was possible. (CAIA, pl39). The College verified this, suggesting that potentially, the School could be used for an additional nine weeks per year. (TAFE, pl83). However, the College told the Committee that such a development would necessitate additional staff and funds for consumables and for minor equipment. The College reported that it lacked the necessary staff under its Average Operative Staffing Levels (AOSL) and the necessary funds within its present budget.

223. The Committee supports any College initiative to extend the utilisation of available facilities and recommends that staff levels be increased and specifically allocated to the Food School to allow full utilisation of these facilities outside hours of present operation to include evening classes.

224. The Committee also investigated the possibility of greater use being made of industry's own commercial facilities for training purposes. In view of the acute shortage of training opportunities for cooks, it was particularly interested in the use of commercial kitchens for training purposes.

225. The CAIA informed the Committee that the use of commercial kitchens for training purposes was not feasible. It argued that suitable kitchens, such as those in large hotels are used from 5.30 am until about 11.00 pm, with no 'down times'. (CAIA, p139).

226. The Committee was interested in the Association's observation that the kitchen facilities at a number of student residential Colleges are not used continuously. (CAIA, p139). Similarly, the ACT Health Authority suggested that there was a possibility that hospital kitchens could be used for training purposes. (HA, p680).

227. The Committee recommends that the Canberra College of TAFE and the Industry Training Committee investigate the possibility of seconding institutional kitchens on a part-time, short-term basis to assist in staff training and that a comprehensive search for kitchen facilities suitable and available for short-term training be made.

(iv) Recruitment Difficulties

228. Most groups which appeared before the Committee or presented it with a submission focussed on inadequate training facilities and the restriction of training opportunities as the reason for staff shortages within the hospitality industry in the ACT.

229. A number of groups, argued that a range of factors was responsible for these shortages. It emerged that significant recruitment difficulties are experienced in some sectors of the

industry. These difficulties apply both in attracting young people into certain training courses and more generally in attracting them into certain occupations within the industry.

230. Various organisations argued that the hospitality industry projected an image which was not conducive to it being received as a legitimate, long-term career option by the community.

231. DEIR argued that difficulties experienced by the industry in attracting people interested in full-time positions had long been recognised as a major impediment to alleviating overall skill shortages. (DEIR, p16). The Department of Territories supported this, noting that young people in the ACT tended to have higher educational qualifications and were likely to view employment in the Public Service as being more attractive than an apprenticeship in the hospitality industry. (DT, p411).

232. Discussions between the Committee and interstate training institutions confirmed that this situation was not unique to the ACT. The ITC argued, however, that the problem was more pronounced in the ACT where the Public Service was seen as the major employer. (ITC, p204).

233. The ITC emphasised that recruitment difficulties were not characteristic of the industry as a whole but rather were experienced in specific occupations. It noted that buoyant demand for skilled positions within the industry was reflected in the excess of applications over admissions at Canberra College of TAFE for training in such areas. Difficulty was experienced, however, in attracting young people into semi-skilled areas such as waiting. (ITC, p203).

234. The management stream was perceived as offering career opportunities while less skilled positions were viewed as a short-term prospect, the ITC argued. (ITC, p203). There was general agreement amongst those organisations which discussed

recruitment difficulties before the Committee that less skilled positions within the industry are generally perceived by young people as offering casual/part-time employment opportunities attractive only while they are studying or anticipating employment in the Public Service.

235. The Committee is concerned by these recruitment difficulties, particularly in view of an expanding hospitality industry's capacity to significantly reduce youth unemployment. Moreover, it recognises that standards of service and the overall quality of the industry depend on a satisfactory supply of staff.

236. Recruitment problems are related to community perceptions of the industry and one demonstration of this is a limited awareness among young people of the advantages of employment in the hospitality industry and a widespread lack of awareness of career paths within the industry.

237. The Committee feels strongly that these crucial problems warrant immediate remedial action. It believes the education system is an appropriate avenue for this purpose and welcomes the news that the Tourist Bureau planned to direct part of the \$500 000 increase in its 1986-87 Budget allocation to the promotion of an awareness of jobs in the tourism sector.

238. The Bureau reported that it had begun discussions with the Education Branch of the Department of Territories on the introduction of curriculum awareness programs into schools, describing the tourism sector and the employment opportunities and career prospects it offers. (CTB, p662). The Committee supports this initiative.

239. The Tourist Bureau also told the Committee it had been approached by the Young Achievers Awards to develop a program for Year 11 students and had commenced preparation of such a program.

240. While welcoming these developments, the Committee is anxious to see them expanded to encompass the entire hospitality industry.

241. Some organisations suggested that educational courses themselves had a role to play in promoting an awareness of career paths available within the hospitality industry, thereby channelling students towards the hospitality industry.

242. The Department of Territories reported that ACT secondary schools offered programs relating to aspects of the hospitality industry but that they were directed towards personal development rather than training for future employment. It suggested that the well developed liaison arrangements between the ACT Schools Authority and the ACT Office of Technical and Further Education could be used to extend hospitality industry training. (DT, p412).

243. The Australian Traineeship System had a major contribution to make by providing the hospitality industry with an opportunity to create broad-based training at the entry level to the industry, improve the career structure within the industry and encourage more permanent full-time employment. While recognising the contribution of occupation - specific training, an investment in training in broad-based skills which increased the overall skill level of industry entrants was more likely to encourage young people to broaden their perceptions of careers within the industry.

244. The Committee recommends that the Department of Territories and the ACT Schools Authority within existing resources promote awareness of the hospitality industry through the provision of information in secondary schools in the ACT, reporting back to the Committee about the means by which this will be achieved, and the inclusion in the Australian Traineeship Scheme of both occupation-specific courses to address immediate skill needs and courses offering broader-based training.

245. The Committee favours the ITC's suggestion that civic leaders, educationalists and other prominent members of the community contribute to publicising employment prospects within the hospitality industry. (ITC, p195). The Committee is also anxious to ensure that the opportunity for developing awareness of the hospitality industry provided by the opening of a number of up-market hospitality establishments in 1987-88 is taken up.

v) Training Initiatives

246. In addition to its previous recommendations for the urgent extension of Canberra TAFE's Catering School, variation of apprentice/tradesperson ratios and the promotion of awareness of the hospitality industry in secondary schools, the Committee has also concluded that other major training initiatives are required if the ACT hospitality industry is to remain viable and achieve its potential.

a) Initiatives to Avoid a 1987-88 Staff Shortage

247. An analysis by the ITC found that demand for staff would peak with the opening of the Hyatt Hotel Canberra in September 1987, the Pavilion in November 1987, the new Parliament House in May 1988 and again with the opening of the White Industries project in late 1988 (ITC, p392). The ITC categorised the staff required as (1) unskilled to semi-skilled; (2) semi-skilled to skilled and (3) skilled staff (ITC, p390).

248. Category (1) constitutes approximately 30 percent of the total anticipated staff requirement and includes porters, housemaids, kitchen hands and cleaners. The ITC reported that a shortage in this category could be prevented at least partially by continuation of its successful program of short-term courses under the Adult Training Program (ATP).

249. DEIR noted that the ATP offered the joint advantages of permitting quick responses to local skill shortages and of assisting the development of standardisation of training practices within the industry (DEIR, p16). The ITC gave an example of how placement of graduates of the three day housepersons' course indicates employer willingness to employ in semi-skilled areas individuals who had completed only brief training courses. (ITC, pp205, 207). This reflects the experience of East Sydney Technical College, which reported that graduates of its two-week introductory Food and Beverage Service course, offered 18 times a year were well received by industry (East Sydney, pp358, 359, 365).

250. However, East Sydney Technical College acknowledged that employers were attracted as much by the demonstrated motivation of such trainees as by the rudimentary training they had received and most were employed, at least initially, in casual jobs (p365). The ITC argued that two-week courses were too short to provide the particular skills currently required in the ACT hospitality industry. It envisaged ATP courses of 18 - 20 weeks duration (ITC, p392).

251. Category (2) - semi-skilled to skilled - represents approximately 35 percent of the total and included waiters, receptionists and cocktail bar attendants. The ITC anticipates that such demands could be met by traineeships developed under the Australian Traineeship System (ATS).

252. The ATS, a major component of the Commonwealth government's "Priority One" strategy is directed toward 16 to 18 year olds. Traineeships last at least 12 months and combine on and off the job training, with the latter being equivalent to a minimum of 13 weeks full-time instruction (TAFE, p164).

253. Category (3) - skilled staff - constitutes about 35 percent of the anticipated total staff requirement. Twenty percent of the category comprises cooks, middle supervisors,

housekeepers, maitres d'hotel and coffee shop hostesses; 10 percent accountants and practitioners of trades to the industry and five percent top management.

254. The ITC did not envisage significant shortages occurring in the latter two sub-categories, reporting that such staff would be available already in the ACT, recruited within Australia, or would be imported directly from overseas by the operators of the new developments (ITC, p393). According to the CAIA the Hyatt group had imported its Manager already (CAIA, p136).

255. Major problems were foreseen by the ITC, however, in meeting demand for cooks, middle supervisors, housekeepers, maitres d'hotel and coffee shop hostesses. Training for these areas of high expertise was typically lengthy and not suited to the short-term course appropriate for staff in the less-skilled categories. The ITC suggested that shortages of skilled staff could be alleviated partially by the introduction of pre-apprenticeship courses (ITC, p392).

256. The Committee is anxious to ensure that sufficient funding is available for the ITC's proposed training program. During the Gold Coast's recent period of rapid expansion, DEIR provided approximately \$260 000 for one off funding for the training of 238 trainees in courses of five to six weeks duration, over a period of nine months (DEIR, p66).

257. The Committee recommends the provision of one-off funding by DEIR for ITC courses offered under the Adult Training Program in the ACT over the next 18 months.

258. The Committee applauds the ITC's Adult Training Program and Australian Traineeship System for training both adults and juniors and also welcomes junior training in a form likely to

encourage juniors to see their initial employment in the hospitality industry as the beginning of a career in that industry. The Committee emphasises that adoption of its recommendations for extra funding to Canberra College of TAFE and greater utilisation of industry facilities for training by the provision of more staff is critical to the success of ITC training strategies designed to satisfy demands for staff in 1987-88.

259. The success of traineeships offered under the ATS will depend on attracting young people to the system and this in turn will depend on heightened awareness of career prospects within the industry. The Committee's recommendation to introduce relevant programs to secondary schools should therefore be introduced immediately.

b) Group Apprenticeship Scheme

260. Various proposals for meeting the anticipated demand for skilled staff were outlined to the Committee. Two major proposals were the introduction of a group apprenticeship scheme for cooks, and the introduction of pre-employment courses. Group apprenticeship schemes involve apprentices being indentured to a central sponsoring body which then leases them to participating employers on a rotational basis for on-the-job training experience. (DEIR, p15).

261. DEIR reported that group apprenticeship schemes were managed by a tripartite management committee and employed an apprentice supervisor to ensure that trainees moved around and received broad-based training. (DEIR, p54). Commonwealth funds were provided through DEIR on a dollar for dollar basis, within certain limits and depending on the number of apprentices, to assist with the administrative costs of new or expanding group apprenticeship schemes. (DEIR, p15).

262. The FLAIEU favoured group apprenticeship schemes on the grounds that they provided individuals with training for a whole industry rather than for a particular employer. (FLAIEU, p818). The ACT Apprenticeship Board suggested that group apprenticeship schemes were particularly appropriate in the current economic climate. A group apprenticeship scheme had operated very successfully in the ACT building industry for a number of years. (AAB, p705). DEIR said group apprenticeship schemes operated in the hospitality industry in at least three States. (DEIR, p54). DEIR predicted that demand in the ACT would be great enough to attract funding. (DEIR, p56).

263. The Committee encountered widespread support for the introduction of a group apprenticeship in cooking to the ACT. DEIR (p15), the Apprenticeship Board (p705), ITC (p393), RCA (p336), FLAIEU (p810) and TLC (818) all expressed support.

264. The Committee supports the introduction of a group apprenticeship if there are sufficient restaurants to support such a scheme. (ITC, p393).

265. The Committee believes that a group apprenticeship in cooking could use the relative stability of larger operations such as clubs and major hotels to alleviate the apprentice training problems produced by fluctuations in the restaurant sector. The Committee understands the ITC is investigating the feasibility and cost implications of introducing a group apprenticeship in cooking. (394).

266. The Committee recommends the introduction of a group apprenticeship in cooking.

c) Flexible Course Structures

267. The Committee found during its Inquiry that the apprenticeship system was not the only area of hospitality industry training which required structural change to increase

its flexibility and capacity. Numerous submissions and representations highlighted a similar need within the course structure of the School of Catering Studies at Canberra College of TAFE. Particular emphasis was given to a perceived need for the introduction of pre-employment courses, also known as 'pre-vocational' or 'pre-apprenticeship' courses.

268. Following an examination of course structures within the NSW TAFE system, the Committee also identified a need for an alternative to apprenticeships to supplement available trade training opportunities. The NSW TAFE system operates under a highly flexible integrated course structure for trade training. Training is divided into components so that the trainee can leave with a qualification or continue towards a higher qualification after completing each component. (Ryde, pp345-348).

269. The first phase of the training is an 18-week pre-employment course. Students seeking further training after completing a pre-employment course may seek an apprenticeship or undertake further sequential units. A combination of full and part-time study is available for non-apprenticeship courses, enabling trainees to supplement formal training with on-the-job experience. (Ryde, p347). The Committee regarded these training arrangements as an appropriate alternative to apprenticeship training.

270. Approximately 9 500 pre-employment courses are offered nationally. In the ACT, such courses are available only in motor mechanics, and carpentry and joinery. (DEIR, p16). Both DEIR (p16) and the ITC (p393) advocated the wider introduction of pre-employment courses in the ACT, especially in cooking. DEIR said pre-employment courses are a valuable tool for increasing the training rate for skilled trades. (DEIR, p71). The Committee was extremely impressed by the range of pre-employment courses available within the NSW TAFE system. These include five food-trade courses: bread manufacture, pastry cooking, waiting, commercial cookery and butchery. Apprenticeships also are available in all of these food trades. (Ryde, 345).

271. East Sydney Technical College reported that graduates of all food trade pre-employment courses were well received by industry, with those in waiting and commercial cookery particularly well regarded. (East Sydney, p364).

272. Canberra College of TAFE gave evidence of a demonstrated demand for pre-employment training in cooking by both employers and young people in the ACT. The College reported that a number of young people who had not gained one of the limited number of cooking apprenticeships in the ACT had approached the College for enrolment in a pre-employment course in cooking. After discovering such training was unavailable in the ACT they had commenced apprenticeships in NSW. Returning to the ACT after one year, these trainees had been 'snapped up' by the industry because they had received some basic training. Subsequently, the Apprenticeship Board had granted them an exemption, permitting them to enter second year apprenticeship training in the ACT. (TAFE, pl79).

273. The Committee favours the introduction to the ACT TAFE system of a flexible integrated structure for training in the hospitality trades as a means of increasing the College training capacity and ability to meet the particular needs of individual employers and trainees. Pre-employment courses would be part of this revised structure and the availability of further sequential courses would ensure that pre-employment courses were effective pre-vocational courses.

274. The Committee welcomes an announcement by Canberra College of TAFE in the closing stages of the Committee's Inquiry that a totally revised course structure was to be introduced to the School of Catering Studies in 1987 as part of a national accreditation system designed to achieve uniformity amongst TAFE systems.

275. The College reported that a new "Associate Diploma in Business Hospitality" would be structured on a modular basis. Trainees could gain a "Certificate of Catering" after one semester, an "Advanced Certificate of Hospitality Supervision" after two semesters or an "Associate Diploma of Business Hospitality" after the successful completion of four semesters. (Appendix VII).

276. Details of the new training structure appear in Appendix VII.

277. The Committee remains concerned, however, that the pre-employment component may not be introduced in 1987 and believes that failure to introduce pre-employment courses immediately would limit severely the contribution the revised course structure could make to alleviation of predicted shortages of skilled staff in 1987-88.

278. The Committee recommends the introduction of pre-employment courses by Canberra College of TAFE in 1987 as part of a revised course structure.

279. It further recommends that pre-employment courses not be restricted to the trade of cooking but offered for all hospitality industry trades.

d) Sources of Additional Training Revenue

280. The Committee is anxious to explore new avenues of revenue generation or supplementation open to the School of Catering Studies at the Canberra College of TAFE. The Committee noted restrictions on the commercial operation of the School. During an inspection of College facilities, the Committee was told that the College could not channel monies derived from raw materials provided at the School into its general revenue. It was alleged that more flexible accounting arrangements applied in other States.

281. The Committee was anxious to ensure that the School's potential for generating part of its own budget was maximised and approached the Department of Finance for an assessment of the viability of extending the School's commercial operations, a report on any impediments to maximising the School's potential to generate part of its own budget and a determination of whether Canberra TAFE was disadvantaged relative to other States in this matter.

282. The Department of Finance reported that no restrictions were imposed on the commercial operations of the School, as long as those operations were incidental to its education/training function. However, there was a requirement that any revenue earned by the College in the course of such operations must be deposited in the Commonwealth's Consolidated Revenue Fund (CRF), as the revenue has been generated from budget funds. (Appendix VI).

283. The Department said similar arrangements applied in NSW. Financial proceeds from both the sale in the student cafeteria of produce from food preparation classes and those from the operation of its restaurant used to train students were deposited in the NSW CRF.

284. A notable exception to this practice was the use of a special additional fee at the restaurant levied in acknowledgement of the student labour involved in its operation. Funds from this two dollar per person per booking fee were used towards the provision of student amenities at the School. At East Sydney TAFE, a nominal charge levied at the College restaurant was deposited in the CRF.

285. The Committee recommends that existing arrangements for the use of revenue generated by commercial operations at Canberra College of TAFE be reviewed, to determine whether greater flexibility could be achieved.

286. The Committee believes industry should make a financial contribution to training. American Express gave strong support to these proposals and said that major corporations should play a more significant role in hospitality industry training. (AMEX, p376). AMEX envisaged the establishment of a national Academy of Tourism and Hospitality, pitched at upper high school level and perhaps incorporated within an existing high school. (AMEX, p377).

287. AMEX proposed that participating corporations would donate the cost of preparing the syllabus and the cost of the necessary teaching faculty. Educational authorities would supply the facilities and actual building infrastructure which would be required. AMEX regarded Canberra as the most appropriate location for the Academy. (AMEX, p377).

288. The Committee considers that this proposed Academy should be sponsored solely by private industry as an independent educational institution. Preliminary discussions about the proposed Academy have been held with the National Tourism Industry Training Council. (AMEX, p377). Similar academies overseas included an Academy of Tourism in Britain and an Academy of Finance in the United States. (AMEX, p379).

289. AMEX and other corporations have established the Academy of Tourism in Britain in a conscious attempt to retain high school students in school for an additional one or two years. The course offered at the Academy is devoted entirely to tourism. AMEX believes that the Australian tourism and hospitality industry would benefit from the establishment of a similar institution for hospitality training.

290. The Committee would welcome the establishment of a national Academy of Tourism and Hospitality in the ACT as a worthwhile addition to the tourism and hospitality training opportunities available in Australia. The Committee regards this corporate initiative as an appropriate avenue for corporate

involvement in training but anticipates some union opposition to the proposal, following comments made about such training establishments by the FLAIEU at its appearance before the Committee. (FLAIEU, p831).

291. The Committee believes that financial assistance from a combination of corporations, local industry groups and individual operators would be an appropriate source of additional revenue for the School of Catering Studies. It recognises that the scale of contribution would vary between these groups but feels it is important that all industry participants contribute financially to training and welcomes avenues for greater industry involvement in the provision of hospitality training through the provision of financial assistance by industry.

e) Long Term Strategic Planning

292. The provision of adequate and appropriate training opportunities depends heavily upon accurate forecasting and monitoring of emerging skill shortages and training requirements. The Committee was concerned to hear reports from both DEIR and the Office of ACT Further Education that current forecasting arrangements were unsatisfactory.

293. The Office of ACT Further Education reported that despite the high level of co-operation and liaison which existed between TAFE providers and industry representatives at the local College/industry level, it was often difficult for TAFE systems to plan for the future with any certainty. The Office suggested that each industry should provide forecasts of its training needs at both national and regional levels and challenged the hospitality industry to enunciate clearly its training needs and manpower requirements to TAFE at the earliest possible time, recognising that the process of course development may be lengthy. (TAFE, p177).

294. DEIR envisaged that this problem could be addressed by expansion of the role of the ITC. It argued that improved labour force planning should be supplemented with coordination of research, labour force programs and wages and incomes policies. In this way, the formulation of effective strategies to meet the longer term needs of the hospitality industry was more likely to be achieved.

295. The Department said that the ITC could provide an effective forum for the development of planning strategies to meet the industry's longer term employment and training needs, while retaining its role of responding to immediate needs. It noted that the ITC already effectively brought together employers, unions and government agencies to identify trends in local industry, employment and skill shortages, to develop training responses and to use the range of departmental labour force programs to meet industry demands.

296. DEIR reported that it hoped to enhance its expertise in this area over the next twelve months by participating through the local ITC in a labour force planning initiative being undertaken by the National Industry Training Committee.

297. The Committee welcomes this development and considers that it could assist in alleviating the problems encountered by TAFE in the development of long-term training strategies. It recommends that the ITC continue to monitor the industry's longer term employment and training needs.

CHAPTER 5

EMPLOYMENT AWARDS AND PRACTICES

298. In the ACT, four awards cover the hospitality industry. These are the:

Liquor and Allied Industries Catering, Cafe,
Restaurant, etc (ACT) Consolidated Award 1979;

Liquor and Allied Industries Hotel, Hostels, Clubs and
Boarding Establishments etc (ACT) Consolidated Award
1977;

Liquor Trades Hotels (Australian Capital Territory)
Consolidated Award 1977; and

Liquor and Allied Trades Australian National University
(Specific Conditions and Salaries) Award 1980.

299. In the ACT and the Northern Territory the terms of an award may be declared a "common rule" by the Conciliation and Arbitration Commission. These provisions are then binding on all employees and employers in the industry except those who have been specifically exempted. With the exception of the ANU award, all the above awards are subject to the application of common rule, thereby binding the majority of employers in the industry in the ACT to the relevant award, notwithstanding that an employer may not be a "party" to the relevant award. For the purposes of the "common rule" effect, all work carried on, or in connection with, the following industries are deemed to be covered: "Catering business, restaurant; tea shop; cafe; liquor booth; hotels; hostels; motels; clubs; boarding establishments". (DEIR, p6).

300. The principal parties to these awards are the:
- Federated Liquor and Allied Industries Employees Union.
(FLAIEU).
- Confederation of ACT Industry (CONFACT)
- Australian Hotels Association (AHA)
- Australian National University (ANU)

301. The Committee heard evidence concerning five aspects of award provisions argued to be having a detrimental effect on employment practices within the ACT hospitality industry. These were:

- . provisions for the employment of apprentices, particularly the award sub-clause specifying apprentice to tradesperson ratios;
- . junior rates of pay;
- . penalty rate provisions;
- . the lack of provisions for part-time work; and
- . workers' compensation premiums

(i) Apprentice/Tradesperson Ratios

302. The Committee found that a specific feature of the apprenticeship system under which cooks are trained has been a major constraint contributing to the shortage of trained cooks in the ACT.

303. A large number of witnesses argued before the Committee that even an adequate training facility would not overcome the shortage of trained cooks until changes were made to the apprentice/tradesperson ratio required under the four hospitality awards in the ACT.

304. It was argued that demand by young people to undertake cooking apprenticeships was high and that the demand from industry for cooks was also high but that the apprentice/tradesperson ratio was partially responsible for creating a "bottleneck" in the system which led to neither demand being met. (CALA, p115).

305. A major difference exists between the apprentice/tradesperson ratios required by ACT and interstate awards. Three ACT hospitality awards require a ratio of one apprentice to three cooks, the fourth provides that the ACT Apprenticeship Board shall determine the ratio. (DEIR, pp7-8).

306. Comparable NSW awards specify the ratio shall not exceed 1:3 or fraction thereof. This latter provision enables businesses with three or more tradespeople to engage one apprentice, and further apprentices to be engaged in proportion to the number of tradespeople. For example, a restaurant employing four tradespeople could engage two apprentices, as could one employing six tradespeople, while a restaurant employing seven tradespeople could engage three apprentices. (AAS, p572).

307. The NSW awards also provide the Apprenticeship Board with the flexibility to determine apprentice numbers, with emphasis being given to the adequacy of available training facilities. (DEIR, p8).

308. The Committee found breaches of apprentice/tradesperson ratio requirements to be common. Employer organisations, the ACT

Apprenticeship Board and the Federated Liquor and Allied Trades Union all freely acknowledged that the ratio has not been adhered to strictly. (CAIA, p116; AAB, p674; FLAIEU, p810).

309. The ACT Apprenticeship Board acknowledged that if the ratio were to be enforced, it may be that no Canberra restaurant would qualify to engage an apprentice. It told the Committee that its response to this situation has been to permit restaurants employing two tradespeople to engage an apprentice. (AAB, p674).

310. Pressure to vary the awards in order to expand the intake of apprentice cooks has been increasing for some time. The Committee was told this pressure heightened in 1984 when the ACT Apprenticeship Board advised it would keep to award provisions when approving apprentice chefs. (DEIR, p8).

311. Different groups have sought different changes to the award. DEIR proposed the insertion of a clause granting the Apprenticeship Board discretionary power (DEIR, p52), the Licensed Clubs' Association argued that a ratio of one apprentice to two cooks should be adopted and that for the purpose of assessment, a fourth year apprentice should be classed as a cook (LCA, p254) while the Restaurant and Catering Association of the ACT suggested that a 1:1 ratio would be appropriate. (RCA, p335).

312. When questioned about proposals for a 1:1 ratio, the Apprenticeship Board argued that while a 2:4 ratio was satisfactory, a 1:1 ratio would not provide the necessary margin for supervision of an apprentice. (AAB, p672). This position was supported by the Federated Liquor and Allied Trades Union which argued that restrictions existed to ensure that apprentices went into establishments where genuine on-the-job training could be offered and where the quality of training ensured apprentices were not used as cheap labour. (FLAIEU, p806). The Board envisaged that changes to the awards would simply involve a legalisation of existing practices, that is by permitting restaurants to engage 1 apprentice for every three tradespeople or part thereof employed by that restaurant. (AAB, pp671-672).

313. The Committee was told that the Confederation of ACT Industry (CONFACT) had lodged an application seeking variation of award provisions relating to apprentice/tradesperson ratios with the Australian Conciliation and Arbitration Commission in 1984. (DEIR, p8).

314. The Committee is concerned to learn that protracted negotiations between CONFACT and the Federated Liquor and Allied Trades Union have produced a stalemate and that the case has not been heard. The application had come before the Commission again in June 1986 with the hearing adjourned at the request of the Union which believed the parties could come to some arrangement. (CONFACT, pp156-157).

315. The Union confirmed suggestions by other witnesses that it had tied negotiations over apprentice/tradesperson ratios to negotiations over the introduction of a 38 hour week for its members in the ACT. It explained that the guidelines for shorter working hours adopted by the Conciliation and Arbitration Commission required a shorter hours package to include cost offsets. The Union regarded apprenticeships as an appropriate offset. (FLAIEU, p806). In its submission, CONFACT referred to the fact that it had been seeking union concessions over penalty payments as an offset against the 38 hour package. (CONFACT, p156).

316. The Committee finds it unacceptable that negotiations over a matter crucial to youth unemployment should be influenced by another unrelated industrial issue. It urges the parties to present their cases at a hearing of the Conciliation and Arbitration Commission.

317. The Committee recommends variation of awards covering apprentice cooks in the ACT to provide an apprentice/tradesperson ratio of 1:3 or part thereof (ie. 1:1 or 1:2) and to give the ACT Apprenticeship Board the discretion to vary that ratio in cases where it sees fit, so that the awards reflect current industry needs and practices.

(ii) Junior Rates of Pay

318. The ACT hospitality awards provide for the employment of one junior to every three adults in a section of the industry but specify that juniors performing primarily adult duties shall be paid an adult rate and that juniors working in 'front of house' positions such as bar or waiting areas shall receive adult rates of pay. (DEIR, p9).

319. Interstate awards provide similar junior/adult ratio limitations to those contained in the ACT awards. A significant difference is that whereas ACT awards provide for adult pay for juniors employed in excess of the ratio, the comparable NSW State awards apply the ratio in such a way as to limit the employment of juniors to a figure within the ratio. (DEIR, p9).

320. In the ACT, junior rates of pay are available only in the apprenticed trade of cooking, in reception or clerical work and the classification of messenger boy. (CAIA, p132).

321. The ITC (p196), together with the CAIA (CAIA, p113) and the LCA (LCA, p245) argued that the limited availability of a junior rate of pay significantly restricted opportunities for those aged under 21 to gain employment and receive training in such trades as waiting, portering and bar work. The employer groups expressed their unwillingness to pay adult rates to juniors with no experience and told the Committee that very few persons under the age of 21 were employed in the ACT hospitality industry for this reason. (LCA, p255; CAIA, p113).

322. The Committee notes the inconsistency of these views and views expressed by industry groups earlier in this report about the extent of labour shortages in the industry and is not convinced that the greater availability of junior rates of pay would solve the problem of labour shortages.

323. It was argued that the wider availability of a junior rate would encourage employers to employ young people and to

train them. The CAIA advocated the introduction of a junior rate applicable to all classifications within the hospitality industry and available equally to casual and permanent employees. (CAIA, p115). Before the Committee, however, the CAIA emphasized that it did not advocate the employment of juniors in unskilled areas such as housemaidling. Rather, the CAIA was seeking extension of a junior rate to those areas likely to lead to a career in the hospitality industry. It explained that portering, although an unskilled position could lead to a career in this way. (CAIA, p132).

324. The Committee notes that developments have now occurred which have resulted in the introduction of traineeships for waiting under the Australia Traineeship Scheme and supports these developments.

325. The Trades and Labour Council (TLC) expressed grave reservations about ATS junior rates, arguing that this represented a back-door method of getting junior rates where junior rates had not applied previously. (TLC, p829).

326. The FLAIEU expressed concern at calls for the application of a junior rate to casual employees, suggesting that the need for casuals arose directly so that they could be used at peak times when training could not by definition, be given. The Union suggested that this contradicted the argument that the purpose of junior rates was to permit an employer to engage a person who was not fully productive and who would have to be trained. (FLAIEU, p816).

327. The Union further acknowledged that on-the-job training was required in some industries, including the hospitality industry. It argued that where such a need existed it should be met formally either through the introduction of apprenticeships or the ATS, since training was guaranteed under such arrangements. For example, under the ATS, the nature of on the job and as well as off the job training is guaranteed in the same agreement which guarantees lower wages. (FLAIEU, p817).

328. In addition, a general reluctance to sanction the employment of juniors in positions requiring the service of liquor was outlined to the Committee by the TLC and the FLAIEU. Legislative restrictions exist for the employment of juniors where liquor service is involved. (FLAIEU, p815). Further to these restrictions, the unions suggested that juniors tend to lack the necessary maturity to work in such an environment and that the employment of juniors in liquor dispensing areas would compound the under-age drinking problem.

329. The FLAIEU also indicated that it has actively sought and achieved legislative amendments in NSW to permit the employment of juniors in the trade of waiting where those juniors are apprenticed and under direct supervision. (FLAIEU, p822).

330. The Committee favours the limited introduction of a junior rate of pay to the hospitality industry as a means of expanding training opportunities and enhancing career paths within the industry.

331. It is anxious that junior rates of pay not be used simply to provide a source of cheap labour for employers. The Committee recommends that junior rates of pay be applied only to permanent employees and that the nature of job training be specified in any arrangement for the introduction of a junior rate.

332. The Committee advocates further examination of a CAIA proposal for a ratio of junior to adult employees in the industry. (CAIA, p115).

333. The Committee also recommends the waiving of payroll tax on juniors, as a further incentive to employers to employ and train juniors.

334. The Committee commends the introduction of the ACT for waiters and supports its expansion.

(iii) Penalty Rates

335. All ACT Hospitality Industry awards contain penalty rate provisions. The Committee heard arguments from a number of organisations suggesting that penalty rates were a significant factor in unnecessarily increasing the costs of employing labour in the hospitality industry where demands for service characteristically arose largely outside the 'normal' spread of hours.

336. There was a general consensus among witnesses that the awards failed to cater to the 24 hour day, seven day week nature of the hospitality industry. It was alleged that provisions relating to hours of employment and penalty payments produced an unsatisfactory mismatch of shift and day work provisions. (CONFACT, p150). It was further alleged that inordinately high penalty rates at weekends and public holidays were a disincentive to provision of services and hence to employment. (CVAA, p212).

337. A number of differences exist between ACT hospitality awards and comparable Federal and State awards in their treatment of 'ordinary hours'. The ACT awards recognise the unusual requirements of the industry and provide that the five day period over which 'ordinary hours' shall be worked may include Saturday and Sunday. Federal and State awards require that the five day period be worked between Monday and Friday. (CONFACT, p150).

338. However, the Committee was told that the potential benefits of this provision in ACT awards were lost because weekend work remained subject to penalty rates of pay, even when comprising part of a 'normal hours' week. Penalties of one and a half times the ordinary rate on Saturdays and double the rate on Sundays apply. CONFACT noted that in other States, time and a half rates are payable for the whole weekend. (CONFACT, p155).

339. Similarly, the advantages conferred by a provision permitting an eight hour day to be worked within any span over a 24 hour period are reduced by the application of penalty rates for work performed beyond certain hours. The following penalties apply:

- before 6.30 am and after 7.30 pm (+15%)
- after 10 pm (+14%)
- after 1 am (+55%)

Moreover, these penalties are payable for the total period involved, even where only a portion of the work is performed after the respective 'cut-off' point. (CONFACT, p150).

340. CONFACT noted that in Queensland, Western Australia, South Australia and Victoria, hospitality industry awards specify that ordinary hours may only extend to 8 pm. However, work performed after that time attracts a flat money rate, rather than a penalty. In NSW, ordinary hours apply until midnight, but work performed between 10 pm and midnight attracts a monetary penalty. Work performed between midnight and 6 am attracts a penalty of one and a half times the ordinary rate. (CONFACT, p155).

341. The Canberra Visitor Attractions Association told the Committee that in the hospitality industry, most revenue was collected in periods attracting penalty rates. For most ACT visitor attractions, total weekend revenue is approximately double the total for week days. It alleged that many restaurants close on Sundays to avoid penalty payments, while other restaurants and many accommodation facilities levy a surcharge on weekends and public holidays to cover the increased costs. Most visitor attractions have regularly increased admission charges to keep pace with labour costs. (CVAA, p212).

342. The TLC expressed a strong belief that penalty payments should be maintained. It argued that the vast majority of Canberra's workforce was a nine to five equivalent, Monday to

Friday and that arguments justifying proposed penalty variations on the basis that Canberra was a tourist town were ill-founded. (TLC, p828).

343. The FLAIEU, noting the high level of casual employment within the industry and the common belief that reduced penalty rates would be accompanied by an increase in the base rate, argued that a reduction in penalty rates would increase the average level of wages. Casuals would receive significantly more, permanent employees somewhat less. Moreover, employers could expect to experience difficulty finding permanent employees to work on weekends. (FLAIEU, pp823 - 825).

344. The Committee notes that the FLAIEU's argument failed to address discrepancies between the award provisions facilitating flexibility in hours of employment and provisions specifying periods for which penalty rates should be paid. The Committee is concerned at this apparent mismatch and the implications of the consequent labour costs for employment, provision of services and expansion of the hospitality industry.

345. The Committee believes, however, that problems associated with the penalty rate provisions of ACT hospitality awards must be viewed in the context of interstate awards.

346. The FLAIEU argued that interstate hospitality awards were more onerous in other areas. It noted that the base rate for club employees was higher in NSW and that penalty rates for casual restaurant employees in NSW were cumulative so that the rate of pay on a public holiday was \$3 or \$4 higher than in the ACT. (FLAIEU, p826).

(iv) Part-time Employment

347. Hospitality industry awards in the ACT make no provision for part-time employment. This contrasts with Federal

and NSW State awards which do contain such provisions. In the ACT, employment in the hospitality industry is effectively limited to full-time or casual employment.

348. The Committee heard arguments from several major employer groups and DEIR suggesting that the availability of such provisions could assist in achieving greater staff stability and cost-effective deployment of staff.

349. A number of witnesses argued that awards should reflect the existing employment arrangements within the hospitality industry. The TLC used 1981 ACT census figures to calculate that 37 percent of hospitality industry employees at that time worked part-time - that is, fewer than 35 hours per week. (TLC, p 814). The LCA reported that the majority of employees in the club sector worked part-time. (LCA, p242).

350. The Committee was told that the high level of part-time employment within the industry was a product of two factors: (a) the particular staffing requirements of some sectors of the industry and (b) the fact that the industry tended to attract a high proportion of married women, university students and others seeking permanent but not full-time employment.

351. Employers argued that they were disadvantaged by the greater costs associated with the employment of casuals. Furthermore, it was alleged that the absence of provisions for permanent part-time employment was resulting in a drift of trained, experienced people out of the hospitality industry into industries offering certainty of employment. (LCA, p259).

352. The Committee is concerned about the impact of this lack of provision for permanent part-time employment. It was told, however, that adoption of similar provisions to those in NSW hospitality awards would not necessarily alleviate the problem.

353. The LCA told the Committee that a provision for permanent part-time employment in the NSW Clubs' award was rarely used by NSW clubs, due to a 15 percent loading required by the award. It alleged that when pro rata recreation leave, pro rata sick leave, a 17.5 percent holiday loading and the 15 percent part-time loading were added together, employers were required to pay a part-time employee 32 percent more than the base wage. This compared unfavourably with a 25 percent loading for casual employees. (LCA, p258).

354. The LCA told the Committee that local unions had indicated that they would require a 15 percent loading on part-time employment in the ACT Hospitality Industry when the matter was discussed several years ago. (LCA, p259).

355. The Committee was interested in comparisons with award provisions for part-time work in the Public Service. A part-time public servant receives the award wage, pro rata recreation and sick leave payments and a holiday loading but no penalty payment. This is broadly equivalent to the base rate plus 16 or 17 percent. (LCA, p258).

356. The Committee recommends the introduction of provisions for permanent part-time employment into ACT hospitality awards. It is anxious to ensure that such provisions facilitate the employment of permanent part-time employees and advocates that the relevant provisions of Public Service awards be examined as a possible model.

(v) Workers' Compensation

357. The Committee welcomes the announcement by the Department of Territories during the course of the Hospitality Industry Inquiry of a budgetary allocation for the remission of workers' compensation premiums for certain categories of employees in the ACT. (DT, p663 and Appendix IV).

358. The Committee had been concerned by claims that the high cost of premiums payable under the Workmen's Compensation Ordinance 1951 for trainees engaged under the ATS and for first year apprentices was discouraging employers from engaging new employees in the hospitality industry. (DT, p409).

359. The Department of Territories has acknowledged that there would be advantages in exempting certain categories of employees from workers' compensation requirements but noted that because workers' compensation was privately operated in the ACT difficulties arose in encouraging private insurers to cover a special category of employee. It explained that under existing arrangements, the exemption of first year apprentices would require a Government subsidy. (DT, p409).

360. Appearing before the Committee after the 1986-87 Budget had been delivered, the Department announced that \$513 000 had been provided for the remission of workers' compensation premiums for first year apprentices and participants in the Australian Traineeship Scheme. (p675 and Appendix IV).

361. The subsidy covered apprenticeship premiums totalling \$486 000 and ATS premiums totalling \$27 000. Approximately 55 tourism and hospitality apprentices were involved. (Appendix V).

362. The Committee investigated the possibility of extending workers' compensation for second year apprentices to cover only those periods when the apprentice was actually working. On the basis of departmental advice that remission of premiums during formal tuition periods would provide a minimal saving at best, the Committee did not pursue this further. (Appendix V).

363. The Committee is aware that a major restructuring of the workers' compensation systems in Victoria and New South Wales is being undertaken and that the ACT will have to follow this lead in order to remain broadly consistent with any new

legislation. The steep increases in compensation rates proposed by the Australian Insurance Council add urgency to a restructuring of the system in the ACT.

364. The Committee recommends that the Department of Territories give urgent attention to the need to restructure the workers' compensation system in the ACT.



ROS KELLY
(Chairman)

November 1986

Minority Report. Pursuant to Clause 17 of the Committee's resolution of appointment the following minority report has been lodged by Senator A.W.R.Lewis.

While I support most of the recommendations I am concerned that they do not advance the best means of development and growth of the hospitality industry in the A.C.T.. Service is the key: first class service at modest prices 24 hours a day 7 days a week.

For the hospitality industry to expand in the face of travel problems (see below) and in competition with the Capital cities it must provide absolutely first class service at modest prices and for that reputation to be widely known.

As the report indicates that service is not available at competitive rates under the current wage system. The report concedes that inordinately high penalty rates at weekends and public holidays are a disincentive to provision of services and hence employment, that most hospitality and tourist industry revenue is collected in periods attracting penalty rates and that many facilities are closed on Sundays and public holidays, while others levy a surcharge to provide a service.

The best solution would be to deregulate the Awards. This does not mean that wages would fall below current rates, simply that the market would be able to set a standard. Similarly the market would set conditions which would allow an affordable service.

I recognise, however, community concern that total deregulation may lead to so-called "sweat shop" conditions.

Accordingly I recommend that employers and employees in this industry be free to enter into agreements as to wages and conditions outside the Awards save that such agreements must provide for at least the relevant award rate of pay calculated at the hourly rate for ordinary weekly hours of work.

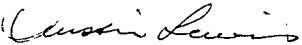
Travel problems. In the A.C.T. the expansion of the hospitality industry is inextricably linked to the tourist industry. Canberra is off the main tourist routes but is an attractive venue for both Australian and foreign tourists. The problem is to keep the tourists in the A.C.T. for more than a brief visit. There is much to see and tours should take more than an hour or so, eg. the War Memorial and the Art Gallery, but currently most visits are brief. The problem arises from the (legitimate) actions of tour operators coping with the difficulties created by travel controls. The derstriction of bus services to Canberra will help but the major problems are air fare regulation and lack of promotion.

I make no recommendation about them other than to point out the benefits of de-regulation and to encourage the tourist and hospitality industries to promote Canberra and the region as part of a longer tour package.

Recommendation 19 is not agreed. Applying junior rates of pay only to permanent employees would deprive many young people of the opportunity of earning income. The solution is to deregulate junior rates of pay. The unemployment benefit in effect puts a "bottom" to their wages. I believe that deregulation would generate many more opportunities for young people to get a start in this growth industry with opportunities for a good career.

Recommendation 6 that the current Public Health Ordinances should be amended to increase penalties is not agreed. No case has been made for adoption of the heavy penalties imposed in New South Wales. The question of penalties should be considered during the drawing up of the proposed new "model" legislation for the A.C.T.

Recommendation 8. While it is agreed that there is a need for expansion of the School of Catering Studies, it is recommended that the decision on how this be accomplished should be left to the TAPE College. (For example the present Parliament House kitchens may be available from 1988).


Austin Lewis.

APPENDIX I

List of Witnesses

AMERICAN EXPRESS INTERNATIONAL INC.

Mr Steven Gary Richardson, Vice-President, Public Affairs and Strategic Planning, American Express International inc., 388 George Street, Sydney, New South Wales.

Mr David Allan Jones, Director, Sales and Service Establishment Marketing, American Express International Inc., 388 George Street, Sydney, New South Wales.

AUSTRALIAN CAPITAL TERRITORY APPRENTICESHIP BOARD

Mr Lindsay Hepburn Russell, Deputy Chairman, Australian Capital Territory Apprenticeship Board, 4 Mort Street, Braddon, Australian Capital Territory.

AUSTRALIAN CAPITAL TERRITORY GAMING AND LIQUOR AUTHORITY

Mr David Joseph Crossin, Chairman, Australian Capital Territory Gaming and Liquor Authority, 26 Antill Street, Dickson, Australian Capital Territory.

Mr Paul Michael Luff, Registrar, Liquor Licences and Poker Machines, Australian Capital Territory Gaming and Liquor Authority, 26 Antill Street, Dickson, Australian Capital Territory.

AUSTRALIAN CAPITAL TERRITORY HEALTH AUTHORITY

Mr Alan Foskett, Deputy General Manager, Corporate Services, Australian Capital Territory Health Authority, Canberra, Australian Capital Territory.

AUSTRALIAN CAPITAL TERRITORY REGIONAL TOURISM INDUSTRY TRAINING COMMITTEE INC.

Mr David Roger Gorman, Chairman, Australian Capital Territory Regional Tourism Industry Training Committee inc., PO Box 188, Dickson, Australian Capital Territory.

AUSTRALIAN CAPITAL TERRITORY TRADES AND LABOUR COUNCIL

Mr Charles Walter McDonald, Secretary-Treasurer, Australian Capital Territory Trades and Labour Council Inc. PO Box 279, Dickson, Australian Capital Territory.

CANBERRA ACCOMMODATION INDUSTRY ASSOCIATION

Mr David Roger Gorman, Chairman, Accommodation Industry Association, PO Box 188, Dickson, Australian Capital Territory.

Mr William James Brehaut, General Manager, Canberra Accommodation Industry Association, PO Box 188, Dickson, Australian Capital Territory.

Mrs Shirley May Rogerson, Secretary, Canberra Accommodation Industry Association, PO Box 188, Dickson, Australian Capital Territory.

CANBERRA COLLEGE OF TECHNICAL AND FURTHER EDUCATION

Mrs Lynette Ellery Smith, Assistant Principal, Staff and Students, Canberra College of Technical and Further Education, Reid, Australian Capital Territory.

Mrs Pam Robertson, Head, School of Catering Studies, Canberra College of Technical and Further Education, Reid, Australian Capital Territory.

CANBERRA VISITOR ATTRACTIONS ASSOCIATION

Mr Peter Dundas-Smith, Chairman, Canberra Visitor Attractions Association, c/- Controller, Telecom Tower, GPO Box 2001, Canberra, Australian Capital Territory.

Mr Douglas William Sarah, Deputy Chairman, Canberra Visitor Attractions Association, c/- Controller, Telecom Tower, GPO Box 2001, Canberra, Australian Capital Territory.

CANBERRA TOURIST BUREAU

Mr David Gavin Dickson, Australian Capital Territory Tourist Commissioner, Canberra Tourist Bureau, Department of Territories, Canberra, Australian Capital Territory.

CANBERRA VISITOR AND CONVENTION BUREAU

Mr David Roger Gorman, President, Canberra Visitor and Convention Bureau, GPO Box 2077, Canberra, Australian Capital Territory.

Mr Stuart Jakins, Executive Director, Canberra Visitor and Convention Bureau, GPO Box 2077, Canberra, Australian Capital Territory.

CONFEDERATION OF ACT INDUSTRY

Ms Jean Catherine Morris, Senior Industrial Relations Adviser, Confederation of ACT Industry, 12A Thesiger Court, Deakin, Australian Capital Territory.

DEPARTMENT OF EMPLOYMENT AND INDUSTRIAL RELATIONS

Ms Claudia Morris, Regional Director, Department of Employment and Industrial Relations, Canberra, Australian Capital Territory.

Mr Raymond Comans, Director, Programs, Department of Employment and Industrial Relations, Canberra, Australian Capital Territory.

Mr Brian Gerrard Weiss, Chief Inspector, Arbitration Inspectorate, Department of Employment and Industrial Relations, Canberra, Australian Capital Territory.

DEPARTMENT OF TERRITORIES

Mr William John Harris, Deputy Secretary, Department of Territories, Canberra, Australian Capital Territory.

Mr John Albert Turner, Deputy Secretary, Department of Territories, Canberra, Australian Capital Territory.

EAST SYDNEY TECHNICAL COLLEGE

Mr Noel Ralph Slarke, Principal, East Sydney Technical College, Forbes Street, Darlinghurst, New South Wales.

Mr Maurice John Tattersall, Head of Branch, Food School, East Sydney Technical College, 323 Castlereagh Street, Sydney, New South Wales.

FEDERATED LIQUOR AND ALLIED INDUSTRIES EMPLOYEES UNION OF AUSTRALIA

Mr Peter John James, Research Director and Principal Industrial Advocate, Federated Liquor and Allied Industries Employees Union of Australia, New South Wales Branch, 19 Argyle Street, Parramatta, New South Wales.

LICENSED CLUBS' ASSOCIATION OF THE AUSTRALIAN CAPITAL TERRITORY

Mr George Arthur Bennett, President, Licensed Clubs' Association of the Australian Capital Territory Inc., 16 Beaney Street, Macgregor, Australian Capital Territory.

Mr Francis Charles Boyle, Vice-President, Licensed Clubs' Association of the Australian Capital Territory Inc., 16 Beaney Street, Macgregor, Australian Capital Territory.

Mr William Patrick Ryan, Treasurer, Licensed Clubs' Association of the Australian Capital Territory Inc., 16 Beaney Street, Macgregor, Australian Capital Territory.

NATIONAL CAPITAL DEVELOPMENT COMMISSION

Mr Graham Edward Moseley, Director, District Planning, National Capital Development Commission, Canberra, Australian Capital Territory.

Mr Daniel Roland Steiner, Acting Assistant Secretary, Urban Economics Branch, National Capital Development Commission, Canberra, Australian Capital Territory.

Mr Michael James Quirk, Acting Section Head Metropolitan Planning, National Capital Development Commission, Canberra, Australian Capital Territory.

OFFICE OF AUSTRALIAN CAPITAL TERRITORY FURTHER EDUCATION

Mr Robert Norman Allen, Director, Office of Australian Capital Territory Further Education, Canberra, Australian Capital Territory.

Mr Peter Charles Mitchell, Policy Officer, Office of Australian Capital Territory Further Education, Canberra, Australian Capital Territory.

RESTAURANT AND CATERING ASSOCIATION OF THE AUSTRALIAN CAPITAL TERRITORY

Mr Nicholas Henry Weber, President, Restaurant and Catering Association of the Australian Capital Territory, GPO Box 3, Canberra City, Australian Capital Territory.

Mr James Francis Murphy, Chairman of the Management Committee, Restaurant and Catering Association of the Australian Capital Territory, GPO Box 3, Canberra City, Australian Capital Territory.

Mr Brian Elkington Thomason, Executive Director, Restaurant and Catering Association of the Australian Capital Territory, GPO Box 3, Canberra City, Australian Capital Territory.

Mr Charles Filgate Giles, Vice-President, Restaurant and Catering Association of the Australian Capital Territory, GPO Box 3, Canberra City, Australian Capital Territory.

RYDE COLLEGE OF TAFE

Mrs June Clarissa Beck, Principal, Ryde College of TAFE, 250 Blaxland Road, Ryde, New South Wales.

TAVERN OWNERS ASSOCIATION

Mr Lawrence Ernest Walkear, Secretary, Tavern Owners Association, 10 Weedon Close, Belconnen, Australian Capital Territory.

APPENDIX II

Persons and Organisations who made submissions
but did not appear at public hearings:

Langtry Holdings Pty Ltd

APPENDIX III

Hospitality Courses Offered by Canberra College of TAFE

<u>Course Category</u>	<u>Name</u>
Non - Award	Bar service Cocktails and Mixed Drinks Dining Room Service Topics in Small Businesses
Course - Awards	Bar Training Front Office Reception Home Catering and Management Meat Inspection Trainee Waiters Supervision
Trade	Commercial Cookery Butchery Pastry Cooking Bread Manufacture
Certificate	Hospitality Management Home Economics Personnel Management Management

Material Provided by the Department of Territories
at the Public Hearing on 25 August 1986
HOSPITALITY INDUSTRY IN THE ACT - 1986/87 BUDGET

The Canberra Tourist Bureau has had its allocation increased by \$500,000 to \$1.25 m in the 1986/87 Budget.

This enables a 100% increase on the subsidy for the Canberra Visitor and Convention Bureau, which is particularly important with the proposed growth of the convention market in 1988.

The increase will enable the Canberra Tourist Bureau to:

- . expand co-operative marketing efforts with government and private tourist attractions;
- . develop awareness of jobs to be created in the industry; and
- . help administer training programmes through the ACT Tourism Industry Training Committee.

While most of the increase will be earmarked for new marketing and promotion programmes, it includes administrative costs to enable the Canberra Tourist Bureau to provide additional representation interstate for Canberra, and overseas in conjunction with the Australia Tourist Commission.

Canberra presently attracts 2 percent of the domestic tourist market. The 12 percent of overseas visitors which visit Australia's National Capital is expected to increase significantly in the period leading up to the Bicentennial Celebrations.

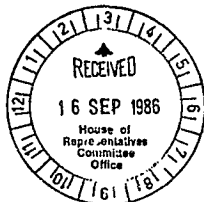
In the employment field, \$513,000 was provided for the remission of workers compensation premiums for employees in the ACT, who are either first year apprentices or participants in the Australian Traineeship Scheme.



Department of Territories

G P O Box 158, Canberra ACT, 2601
Telephone (062) 46 2211

Telephone
In reply please quote 86/7079
Your reference



Mr Bjarne Nordin
Secretary
Joint Committee on the
Australian Capital Territory
Parliament House
CANBERRA ACT 2600

Dear Mr Nordin

JOINT PARLIAMENTARY COMMITTEE -
INQUIRY INTO THE HOSPITALITY INDUSTRY IN THE ACT

At its final hearing on 25 August 1986 the Committee of Inquiry into the Hospitality Industry sought additional information from the Territories portfolio.

1. The Chairperson sought details of the number of occasions the ACT Apprenticeship Board exercised its discretion in the past twelve months for the employment of apprentice cooks outside the ratio (tradespersons to apprentices) prescribed in the relevant award.

The Board exercised its discretion favourably in all cases when the need arose. In the case of kitchens with less than three tradespersons this occurred eleven times. In kitchens with three tradespersons or part thereof in excess, this occurred six times.

2. Mr Langmore sought details of the breakdown (per apprentice) of the workers' compensation subsidy provided by the Government.

The subsidy of \$513,000 covers apprenticeship premiums totalling \$486,000 and ATS premiums totalling \$27,000. For the 550 first-year apprentices during 1986/87, the average premium is \$883.64. The following table outlines the distribution of apprentices across the trades:

1ST YEAR 1986/87 APPRENTICES

CATEGORY	ESTIMATED NUMBER
Tourism & Hospitality	55
Metal	110
Electrical	80
Building	130
Printing	30
Vehicle	25
Other	120
<hr/>	<hr/>
TOTAL	550

3. Senator Reid sought advice regarding the implications of extending workers' compensation for second year apprentices, to cover only those periods when the apprentice is actually working, rather than extending this cover to periods of schooling.

The remission of workers' compensation premiums during formal tuition periods would prove a minimal saving at best. Second- and third-year apprentices spend an average of only 36 days per year at College. It is probable that the administrative effort required to remit premiums for this small period would not prove cost-effective.

4. Senator Reid sought advice regarding the status of the White Industries Convention Centre construction plans.

The National Capital Development Commission has confirmed that design and siting approval for the Convention Centre plans has been given. However, at the initiative of White Industries certain revisions are under consideration, notably the carparking layout. White Industries has suggested the relocation of some surface parking to an underground tiered structure with access from Coranderrk Street. Discussions are proceeding.

5. The Chairperson sought details regarding the developments which led to an apparent variation of the lease purpose for the site of Logan Tourist Village.

The lease purpose clause requires that during the first five years of the lease term the premises will be used solely "to accommodate persons engaged on building or construction projects... except at times when there are insufficient numbers of persons requiring (such) accommodation... (then) the lessee may allow such vacant units to be occupied by other persons...". After the initial five year period has elapsed the lease provides for tourist accommodation for temporary residents (not exceeding six months).

The lease is monitored closely in conjunction with representatives of the building industry to ensure that builders and construction workers receive priority for these units during this phase of the lease. This purpose has not varied from the use originally intended and agreed to by the workers' associations and the Government. It is not proposed to enter into arrangements of this nature in the future and land for tourist accommodation purposes will be sold by either restricted or open auction.

6. The Chairperson requested a list of the health regulations which must be met when establishing an eating house.

The following regulations apply:

(a) Public Health (Eating Houses) Regulations

These cover the following requirements:

- registration of an eating house, applications and renewal
- premises to be maintained in a sanitary condition
- provision and maintenance of impervious garbage receptacles
- provision and maintenance of sanitary conveniences and ablutionary appliances
- cleanliness of staff
- storage of food away from vermin and sleeping areas
- cleanliness of ice chests, utensils, crockery and cutlery, sinks, grease traps, etc.
- prohibition of dogs excepting guide dogs
- right of inspection by authorized officers.

(b) Public Health (Sale of Food and Drugs) Regulations

The relevant requirements are:

- prohibition of false description of food
- prohibition of impurities, toxic substances, etc.

- protection of food from contamination by humans, dogs, insects, dust, vermin;
- prohibition of sale of food in streets;
- cleanliness of utensils, glass-washers, cleaning cloths, table linen;
- precautions during serving of food;
- special requirements in the handling or sale of fish, shellfish, ice-cream, meat, aerated waters, bread, cooked meats;
- prohibition of re-serving food, waste beer.

(c) Public Health (Infectious and Notifiable Diseases) Regulations

Relevant requirements are:

- any infected employee must be removed from premises until approved to return to work by Medical Officer of Health.

(d) Public Health (General Sanitation) Regulations

Relevant requirements are:

- conveyance of refuse;
- prohibition of carriage of food in vehicle containing refuse;
- protection of drinking fountains;
- installation and maintenance of sanitary conveniences.

It should be noted that design and planning of eating houses must in addition conform with standards specified in the Building Manual and the Liquor Licensing Manual.

7. Senator Reid sought examples of penalties, presently regarded by the ACT Health Authority as inadequate, relating to the surveillance of food and food handling standards.

Penalties which currently apply are detailed within the relevant Regulations which are attached with a covering letter at 'A', together with a copy of the Report on the Review Into Health Surveillance Services in the ACT (Attachment 'B'). The chief inadequacy with present penalties is lack of parity with the States. For example, the New South Wales penalty under the Pure Food Act for failing to comply with any provision relating to the keeping of places, vehicles, goods or appliances clean and free from vermin, is a fine not exceeding \$2,000 or imprisonment for a term not exceeding six months or both. In the case of a continuing offence a fine of \$50 is imposed for each day that the offence continues.

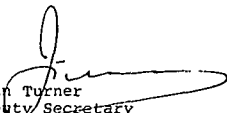
The current ACT legislation for equivalent offences under the Public Health (Sale of Food and Drugs) Regulations provides for: (a) in the case of a continuing offence the aggregate of \$500 and an amount not exceeding \$1,000, calculated at a rate of \$50 for every day the offence continues, and (b) in any other case, a fine of \$500.

It is understood that the New South Wales penalty is under review, with a proposal that it be increased to \$5,000.

* * * *

If the Committee requires further information regarding the Portfolio's submissions and attendance at subsequent hearings, please contact Paul Smith on 46 2543.

Yours sincerely



John Turner
Deputy Secretary
ACT Operations
12 / 9 / 86.

APPENDIX VI

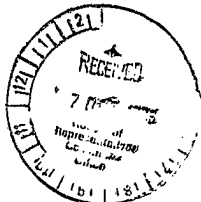


Reference: 86/1671
Contact Officer: B. Matijevic
Telephone: 632687

DEPARTMENT OF FINANCE

100 North Street, Parkes ACT 2615
Telephone: Canberra 632687
Telex: 62683

Mr B. Nordin
Secretary
Joint Committee on the Australian
Capital Territory
Parliament House
CANBERRA ACT 2600



Dear Mr Nordin

I refer to your letter of 21 July 1986 to Dr Keating concerning potential commercial operation of the School of Catering Studies of the Canberra College of Technical and Further Education (TAFE). I apologise for the delay in the response, but your letter arrived in the midst of Budget deliberations.

Under current arrangements, there are no restrictions on the commercial operations of the Catering School, so long as those operations are incidental to the Schools education/training function. At present, however, any revenue earned by the College in the course of such operations must be deposited in the Commonwealth's Consolidated Revenue Fund (CRF), as the revenue has been generated from budget funds in the first instance.

You suggest that Canberra TAFE suffers a financial disadvantage because of this "restriction" relative to similar institutions in Victoria and NSW. While we are unable to comment on the Victorian system, our investigations of the NSW TAFE system indicate that this suggestion is not justified.

The major example amongst the NSW TAFE institutions is the School of Catering and Hospitality at Ryde, Sydney. The Ryde School runs two revenue generating operations. The majority of produce from their food preparation classes is sold at a nominal charge (\$1.00 per meal) through the School's student cafeteria. In addition, the School

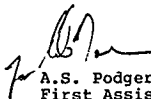
operates a restaurant on its premises for the purpose of training students. The financial proceeds from these operations are deposited in the NSW CRF, with the exception of a special additional charge levied at the restaurant in acknowledgement of the student labour involved in running it. By arrangement with the NSW Treasury, the funds from this special charge (\$2.00 per person per booking) are used towards the provision of student amenities at the School.

Another example in Sydney is the East Sydney TAFE which also contains a Catering and Hospitality School, though on a much smaller scale than the Ryde School. The foodstuffs prepared by students in training at East Sydney are subsequently donated by the School to various hospital, geriatric, and charity groups in the surrounding community. Similarly, the School invites various socially and/or economically disadvantaged groups from the community to attend as restaurant 'customers' for the purpose of training their students in restaurant service. A nominal charge is made when it is considered that members of a particular group have the ability to pay, and again, these funds are deposited in CRF.

Under the terms of the existing appropriation, it would be unlawful for the School to apply funds for the operation of a commercial enterprise whose primary purpose was to generate revenue for the School ie the operation would not be incidental to the School's training function. Moreover, we would not favour any proposals to extend the School's role beyond its dedicated education and training function, because the enterprise's management would not be under the same pressures and incentives to operate in a commercial manner as prevail in the private sector, and hence the enterprise would be prone to mismanagement and wasteful use of public funds. Equally the propensity for cross-subsidisation might be seized upon by local industry which would be concerned about unfair competition.

If the intention behind your letter is to explore alternative avenues for the ACT TAFE to generate revenue, we suggest that a more appropriate avenue would be to encourage financial contributions from industry which is a major beneficiary of the training services provided. This assistance could take the form of contributions to building programs or the provision of capital equipment. The Regency Park Institute in Adelaide provides a good illustration of industry (in this case the plastics industry) assisting with the funding of the Institute, as does the Macquarie University Graduate School of Management which was jointly funded by the Government and industry. I recommend these examples for your closer examination.

I hope this information assists the Committee. We would be happy to discuss further these or related matters if you wish.



A.S. Podger
First Assistant Secretary
Education and Employment Division
30 September 1986

Canberra College of Technical and Further Education



Constitution Avenue, Reid: Telephone (062) 451600
Telex OCTAFE 62014

Postal address GPO Box 826 Canberra 2601
Address all correspondence to the Principal

In reply please quote:

PR.KJ
File No. 801/2/1

15 October 1986



Ms C Byrne
Joint Committee on
Australian Capital Territory
Parliament House
CANBERRA ACT 2600

Dear Catherine

I have included a copy of the proposed structure of educational training for the Hospitality Industry commencing Semester 1 1987.

Pre-vocational courses may not be available next year but are certainly in the planning stages.

All other courses on the attached sheet will be in operation.

Trade courses will not change in content but will now be referred to as Trade Certificates.

The module structure of the Associate Diploma in Business Hospitality to be introduced will give a much more flexible approach. This structure will give the students the opportunity to receive a credential at the completion of the module at which they elect to exit.

The exit points will be:-

1. At the successful completion of one semester (18 weeks).
"Certificate of Catering"
2. At the successful completion of two semesters (one year).
"Advanced certificate of Hospitality Supervision"
3. At the successful completion of four semesters (two years).
"Associate Diploma of Business Hospitality"

I do hope that this information will satisfy your requirements.

Please do not hesitate to contact me if you require any assistance in the future.

Yours sincerely

A handwritten signature in cursive script, appearing to read "Pam Robertson".

PAM ROBERTSON
Head of School
School of Catering Studies

enc.

PROPOSED STRUCTURE OF EDUCATIONAL TRAINING

FOR THE HOSPITALITY INDUSTRY.

