



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

**HOUSE OF  
REPRESENTATIVES**

STANDING COMMITTEE ON EMPLOYMENT, WORKPLACE  
RELATIONS AND WORKFORCE PARTICIPATION

**Reference: Workforce challenges facing the Australian tourism sector**

THURSDAY, 7 DECEMBER 2006

CANBERRA

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES



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**HOUSE OF REPRESENTATIVES**

**STANDING COMMITTEE ON EMPLOYMENT, WORKPLACE RELATIONS AND WORKFORCE  
PARTICIPATION**

**Thursday, 7 December 2006**

**Members:** Mr Barresi (*Chair*), Mr Brendan O'Connor (*Deputy Chair*), Mr Baker, Ms Hall, Mr Hayes, Mr Henry, Mrs May, Mr Price, Mr Randall and Mr Vasta

**Members in attendance:** Mr Barresi, Ms Hall, Mr Hayes, Mr Henry, Mrs May, Mr Brendan O'Connor and Mr Vasta

**Terms of reference for the inquiry:**

To inquire into and report on:

Workforce challenges in the Australian tourism sector, with particular reference to the following:

- Current and future employment trends in the industry;
- Current and emerging skill shortages and appropriate recruitment, coordinated training and retention strategies;
- Labour shortages and strategies to meet seasonal fluctuations in workforce demands;
- Strategies to ensure employment in regional and remote areas; and
- Innovative workplace measures to support further employment opportunities and business growth in the tourism sector.

**WITNESSES**

**DAVIDSON, Ms Kate, National Manager, Research, Tourism and Transport Forum Australia ..... 1**

**DIMECH, Dr Mark, National Manager, Aviation and Education, Tourism and Transport  
Forum Australia ..... 1**



**Committee met at 11.11 am**

**DAVIDSON, Ms Kate, National Manager, Research, Tourism and Transport Forum Australia**

**DIMECH, Dr Mark, National Manager, Aviation and Education, Tourism and Transport Forum Australia**

**CHAIR (Mr Barresi)**—I declare open this public hearing of the House of Representatives Standing Committee on Employment, Workplace Relations and Workforce Participation inquiry into workforce challenges facing the Australian tourism sector. The inquiry arises from a request to this committee by the Minister for Employment and Workplace Relations. Written submissions were called for and 66 have been received to date.

I welcome the representatives of TTF Australia. Although the committee does not require you to give evidence under oath, I should advise you that these hearings are formal proceedings of the parliament and consequently they warrant the same respect as proceedings of the House itself. It is customary to remind witnesses that giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Would you like to make any introductory remarks?

**Dr Dimech**—Yes. I thank the committee for their time and, particularly, for looking at such an important issue as the workforce challenges facing the tourism industry. There is a skill shortage. It covers both skilled, including managerial, and unskilled labour. This has been evidenced at both an aggregate level and an industry level. The Reserve Bank in its monetary policy statement last month indicated that domestic demand has been expanding at a relatively strong pace against the background of limited spare capacity. Labour market conditions have remained tight and businesses are reporting high levels of capacity usage. The unemployment rate was estimated at 4.6 per cent in October, down from 5.2 per cent a year earlier. ABS data shows that nationwide the job vacancy rate is around the highest level since the mid-1970s, the last time the employment rate was also at similar levels.

Businesses are reporting difficulties in finding suitable labour and, more importantly, the RBA has stated that shortages are widespread across most industries and skill levels. At an industry level, in terms of tourism, the Department of Employment and Workplace Relations have known about skill shortages for 10 years, specifically in relation to trades persons, chefs and cooks. However, TTF undertook a survey of 200 of our members. That poll was undertaken in 2005 as well as 2006. The results show that currently shortages affect all of our sectors—hospitality, transport, aviation, infrastructure and tourism. Seventy per cent of respondents indicated they are having difficulty in filling vacant positions and this is compared to 75 per cent last year. About 53 per cent have indicated they are finding it harder than in 2005. Shortages are particularly acute in regional areas, covering Darwin and Perth as well as central Australia, WA, Tasmania and the far north coast. Again, it covers both skilled and unskilled labour.

In terms of the future, we acknowledge that Australia has an ageing population. The population ageing will reduce labour supply growth. Modelling undertaken by Monash University and commissioned by DEWR shows that Australia faces a shortfall of 195,000 workers in five years time, the result of population ageing. In the decade 2020-2030 we will find

that the number of workers will grow by 125,000, an average of 12,500 per year. In terms of the impost on the tourism industry, the tourism forecasting committee predicts that international visitor arrivals in 2015 will be 8.5 million, up from 5.4 million currently, which is an increase of 57 per cent.

In terms of the broad solutions, we acknowledge that industrial relations reforms are geared to increasing productivity. They allow employers to negotiate Australian workplace agreements individually with employers rather than collectively, with the aim of helping ensure that wage rises are underpinned by productivity improvements. Jetstar has utilised this flexibility of new labour laws, AWAs, to build its business model, ensure international competitiveness and provide salaries that are linked to performance productivity improvements. The Welfare to Work program, which matches characteristics of supply and demand where possible, has been developed to increase labour force participation rates generally. However, it emphasises improving the participation of mature age people, people with disabilities, the long-term unemployed and parents returning to the workforce.

**CHAIR**—Do you have much more to say, because I want to make sure we get to some questions as well. Kate may have something to say as well.

**Dr Dimech**—Just briefly, we are going to cover the Pacific Islands option and then the two options that TTF proposes.

**CHAIR**—Yes, we want to talk to you about that as well.

**Mr BRENDAN O'CONNOR**—We can always read your submission.

**Dr Dimech**—The World Bank has undertaken a study which acknowledges that there is an ageing population in Australia but there is a youth bulge in the region. By 2015, just 10 per cent of over 300,000 people of working age would find employment in the Solomons alone. Guest workers would boost Australia's GDP by \$400 million a year. Canada has an effective workers scheme designed to prevent overstaying Caribbeans.

In terms of industry solutions, TTF has recognised that the three-month limit on the working holiday-makers visa was identified as a significant barrier and, effective 1 July 2006, the work limitation with one employer increased from three to six months and that was most welcome.

The other options that we are certainly supporting relate to short-term visas for students. Advice from the Minister for Immigration and Multicultural Affairs indicates that new visa arrangements that would allow foreign graduates in Australia to apply for an 18-month work visa on completion of their studies are currently under consideration. This would not come into effect until July 2007 at the earliest. We recognise that education services are amongst Australia's top exports, accounting for over \$7 billion in 2005, and are also Australia's third fastest growing export, with annual growth of 11 per cent. Allowing foreign students to stay and work for the tourism industry for a limited period of time after graduation will provide a strong incentive for international students to come to Australia and help alleviate the tourism industry's skills crisis. Currently there are 230,000 international students studying in Australia.

Finally, on the issue of permanent migration, we consider there is a bias regarding the residency point system, with extra points for accountants and hairdressers, for example, but not for tourism and hospitality graduates. Students need to accrue 120 points to be granted a permanent residency visa but graduates of tourism and hospitality courses presently accrue 110-115 points. Presently the skilled occupation list which is produced by DIMA lists qualified degree graduate hotel managers under the associate professional category and only allocates 50 points for their specific skills and qualifications, while other occupations such as cooks and chefs are awarded 60 points, as are hairdressers and accountants.

**CHAIR**—Thanks, Mark. Kate, do you have a very brief opening statement?

**Ms Davidson**—Yes. You are all aware of the tourism white paper which was released in 2004. Essentially, we welcome the initiatives of industry and government working together. I would be very happy to have the committee ask TTF Australia questions on our visa opportunities and our suggested guest worker option.

**CHAIR**—Those are the sort of things we would not mind exploring as well. I have got to apologise, but at the moment we have scheduled in the Main Committee a debate on our previous inquiry, so members are walking in and out to speak on that report. I apologise—it looks a little bit as if you have lost our interest, but you have not. We have your submission as well. I will start by getting you to talk about the South Pacific solution, if I can use those words—about the Pacific Islands communities and bringing them in. The reason I say this is because, as part of the trade committee this year, I went to New Zealand and we heard from the New Zealand parliamentarians about their guest worker arrangements, particularly with the Cook Islands. Are they the sorts of things that you are proposing here—that these people would be coming to Australia on a short-term basis, filling essentially low-skilled employment and then having to go back to the islands?

**Ms Davidson**—Yes. I think it would fulfil a number of issues that we have addressed in our recent surveys. Firstly, there is an extreme labour shortage in regional and remote Australia for tourism industries. Secondly, we recognise that, generally, working in remote locations does require certain attributes. For example, it is extremely difficult for families with children who need education at schools to be moving in and out of regional locations on a seasonal basis. We also recognise—and I am sure that you are familiar with the statistics—the fact that we have a labour force that is really reducing quite significantly.

**CHAIR**—A lot of these background things we are really well aware of. We are right across those issues. I was particularly more interested in some of your solutions and what you are advocating rather than going through some of the demographics of it.

**Ms Davidson**—With regard to the neighbouring country tourist visa we are suggesting, it would be seen as a short-term visa. The visa holders would be able to come and work in the seasonal fluctuation months, predominantly probably in remote and regional Australian areas. They would be not necessarily at the highest skill level, so that they would then return home with skills that they have gained.

**CHAIR**—Would you see that they would be coming in under exactly the same conditions, in terms of employment conditions and entitlements, as if they were being recruited from within the Australian market?

**Ms Davidson**—As far as conditions of employment are concerned?

**CHAIR**—Yes.

**Ms Davidson**—Yes.

**CHAIR**—Conditions of employment, wages, all those benefits and entitlements?

**Ms Davidson**—Yes.

**CHAIR**—You would not see a variation to that?

**Ms Davidson**—No.

**CHAIR**—Have you turned your mind to how you would sell this idea to the general Australian public? There is already an element of concern, if not cynicism, about the use or overuse of 457 visas. How would you breach that particular perception out there—the negative perception of the public?

**Dr Dimech**—I think that is a good point. The World Bank provided some strong evidence on the benefits of employing Pacific Islanders. From a GDP perspective it would increase \$400 million per year. But, more than that, there are issues concerning regional stability as well. Experience from around the world, based on the World Bank's evidence, is that migration can contribute to social stability and economic development.

**CHAIR**—You would sell it on the basis of it also perhaps having the twin objective of fulfilling perhaps a foreign aid objective that the government may have with the islands?

**Dr Dimech**—Very much so.

**CHAIR**—So it is fulfilling both domestic needs and also a foreign aid need as well?

**Dr Dimech**—Yes. It is also important to recognise that if there are concerns they particularly relate to the capacity for overstay. Again, the evidence of the World Bank says clearly that overstay rates are directly linked to the structural characteristics of a given scheme. So it is important that you get the scheme right in order for it to be effective.

**CHAIR**—Okay. Normally I would hand over the questioning to the deputy chair next, but we will go to Mrs May first because she has to leave in a minute.

**Mrs MAY**—I would just like to tease out on the Pacific solution, because we are now talking short-term visas to fill employment gaps but those people coming from the Pacific are going to be unskilled, so I guess they are going to fill unskilled positions in Australia. I just wonder whether there be a need for skilling. Are there enough unskilled labour positions or is there

going to be an onus on the employer to skill up those people? We are talking about a very short period of time, so that is really quite a commitment by an employer. On relocating from the Pacific to Australia: the same terms and conditions of employment, so housing would be part of that as well. So there is a large commitment there from an employer to provide those sorts of facilities as well on a short-term basis. I just wonder if you have any comments on that.

**Ms Davidson**—I have a couple of comments. The first one is with regard to housing. As far as I am aware you will find that a lot of tourism operators in remote areas already have to provide staff accommodation, so I do not necessarily see that as an issue because staff accommodation is already part of the overall salary package. The second is on unskilled labour. It is a huge issue in the tourism industry. We have requirements for highly skilled workers which Dr Dimech has addressed with regard to visas for qualified workers. However, tourism is a people industry and, unlike in some industries where technological advances have allowed for a reduction in the labour input for cost of production, we have not yet invented robots for the customer service desk, for tour guides or to make beds. So we do face a critical labour shortage. When we are talking about ‘unskilled’ it is a slightly difficult term to use. We are looking for people with aptitude. With regard to upskilling within a short period of time, we believe that people who have a willingness and a desire to serve the public are those people that we need working in some of the particular jobs where there is an extreme shortage.

**Mrs MAY**—So they would go through a fairly rigorous interview process before coming, because there are still skills involved for a customer service operator dealing with the public, and even for tour operator.

**Ms Davidson**—Correct.

**Dr Dimech**—Can I just add that in terms of meeting unskilled labour shortages the Canadian scheme deliberately recruits low-skilled rural workers as part of that scheme. The Canadians have a best practice model deliberately focusing on unskilled labour.

**Mr HENRY**—I want to put a question to you about retention. You make recommendations noting that it is critical that the tourism industry establish new retention policies. Do you have any suggestion about what these policies could contain? I want to link this back to the key findings in your report. It seems to me that if you have managerial turnover of 39.19 per cent, it is going to be very difficult to have any sort of retention policies anywhere throughout the organisation. Have you looked at any policies or strategy for retaining managers so that you can then start stabilising other issues, given that unskilled labour is obviously an area where you are going to continue to have fluctuations anyway?

**Ms Davidson**—The report that was sent to the committee in November was our first, and this is the first attempt to really get more than anecdotal evidence on turnover and the costs. One of the things that TTF Australia has realised as a result of these findings is that we want to work with our members and possibly a wider area of the industry. We are proposing a hotel conference in early 2007, and this is one of the key issues that will be dealt with at that time.

**Mr HENRY**—You would see policies and strategies coming out of that conference in terms of retention?

**Ms Davidson**—We would hope that would be one of the things that will result from that conference.

**Mr BRENDAN O’CONNOR**—I apologise for being late; I was speaking in the Main Committee on another report of this committee. When I came in you were making comments about Jetstar and the way it uses AWAs. Could you repeat what I think they were asserting as benefits as a result of AWAs?

**Dr Dimech**—Effectively, Jetstar utilised the flexibility of new labour laws to build its business model and ensure international competitiveness. It provided salaries linked to performance and productivity improvements.

**Mr BRENDAN O’CONNOR**—How did it do that? Is that what we call a dramatic pause? Can we record the pause? I am not trying to be smart, I promise you that; these are difficult issues for us, particularly as you know how controversial that legislation is for the parliament, certainly between the two major parties. I am clearly interested if someone is going to assert that there is a benefit. I am not going to prejudice my comments by saying I would not have believed that, but I am interested. If, for example, an employer is to assert that, because of changes to law, there are clear benefits, they need to do more than assert that. There needs to be a causal link between the new law and productivity rather than just having you, on behalf of Jetstar, telling us that. I need to see, in my view, some empirical evidence that actually would provide the committee with a clear view that that is the case.

You are clearly saying that on their behalf. Maybe we need to talk to Jetstar or ask them to provide us with their industrial instruments, whether they are collective or individual agreements, so we can look at them and see what they mean and what mechanisms they are using. Really, it is an empty assertion without evidence, in my view.

**CHAIR**—Could I make a comment on that. The inquiry’s reference is about labour and skills shortages and how to address that. Are you asserting that, in some way, either directly or indirectly, the use of the AWAs by Jetstar has helped them to address the ability to hire and retain staff? Is that the assertion you made, going back to the reference of this inquiry?

**Dr Dimech**—I think that is precisely—

**CHAIR**—That is, rather than the productivity issue. Jetstar needs to respond to the productivity issue.

**Dr Dimech**—That is right.

**CHAIR**—Going back to the reference for this inquiry, can you base that on anything—for example, perhaps on the other airlines who are not able to do it? Is Virgin not able to do it? Is there some sort of basis for making that comment?

**Dr Dimech**—I think that is precisely the point in terms of the flexibility that the IR reforms provide. From our perspective, this was clearly just an observation that the uptake of the IR reforms so soon after their introduction as a good example of how industry has engaged the opportunities that those changes provide.

**Ms Davidson**—As far as productivity would be concerned, I think you would probably have to ask Jetstar themselves.

**CHAIR**—We will leave that part of it to Jetstar. You are making the claim that the AWAs have enabled them to attract and retain staff where otherwise they might have had some trouble because they are in the tourism industry?

**Mr BRENDAN O'CONNOR**—I think that is called leading the witness. Can I get back to my actual question? Thanks, Chair. He is the boss, but he does not need to protect the witnesses at every moment. They are obviously very capable—

**CHAIR**—I was seeking clarification back to the inquiry.

**Mr BRENDAN O'CONNOR**—I think you are doing a bit more than that. I am not trying to have an argument, I promise you that. But I just make the point that, whether it is on Work Choices or anything else, when we hear an assertion—and I think the chair has agreed with this on this matter—all we are saying is that we need it substantiated. Clearly we would still take it at face value, but if there is evidence that supports the contention we are more likely to give it weight—and it does not matter whether it is pro or anti any particular law. Maybe what we will need to do is talk to Jetstar or get information from them. Would that be an idea? It is just that you are saying things that they have told you, and you may not have the information.

**Dr Dimech**—In terms of the advice, we have got 200 members and certainly to understand how IR reform has impacted them we sought some advice in terms of that introduction. The initial advice is what we are reporting here now, and that is that it has provided flexibility—

**Mr BRENDAN O'CONNOR**—Yes, we know that!

**Dr Dimech**—and opportunity to take that on. Certainly, anything that you would like to seek further than that is something that I think you need to take up directly.

**Mr BRENDAN O'CONNOR**—I know what you can do under Work Choices now, which is cut wages. It was harder to do that under the older laws. I am just wondering about the productivity stuff. Because there is no longer a no disadvantage test in the law we know they can reduce conditions of employment. That is just clear; it is not an argument, it is a matter of fact.

**CHAIR**—You are not asserting that Jetstar has done that, though, are you?

**Mr BRENDAN O'CONNOR**—I am not sure. I will look at the instrument and then we can actually decide whether we put out a media release or not. I have some questions on matters that are probably less controversial, and having regard to what the chair said about our terms of reference. In terms of extending the visa for people who come over on holidays, from three to six months, what is your view on whether that should be extended further? Is that the right balance or do we need to consider that being extended further? Are there some adverse implications if we were to extend it?

**Ms Davidson**—We have a couple of views on the working holiday-maker visa. The first one is that a number of our members have asserted that, whilst they appreciate the extension from

three to six months, they would also seek a possibly slightly longer extension. That does go to a comment that one of your committee members made earlier, which was that, particularly if you are working at a managerial or supervisor level, to train somebody for three months and then have them leave three months later is quite a training cost. So there has been an indication by a number of our members that they would value an extension. In addition to that, however, we recognise that a working holiday-maker visa is exactly that, a combination of both work and holiday. We would therefore seek that they be entitled to have an extension to a maximum of two years in order to ensure that they do travel in the country and spend time here as a holiday-maker. That is our first assertion.

The second assertion pertains to another change that occurred around about the same time as the extension, and that is the current scenario where if a working holiday-maker is working in primary production, fondly known as seasonal harvest work, and they work for just three months under the seasonal harvest scheme they are automatically entitled to apply for an extension from their one-year visa to two years. Given that that principle has been applied to one industry sector, we argue that in the conditions of labour shortages that we find in the tourism industry in remote areas, in the same way as agriculture is often in remote areas, somebody who takes the trouble to work in a remote area for three months in a tourism based business should be entitled to the same opportunity, which would then allow them to stay for a maximum of two years.

**Mr BRENDAN O'CONNOR**—With respect to the working holiday-maker visa holders, you are saying that they should be trained beyond three months?

**Ms Davidson**—No, I am saying that if the extension to their length of stay with one employer could be extended, our members have indicated as industry sector operators that they would be more than willing to be training during that time in order for them to stay and fulfil a supervisory or managerial level.

**CHAIR**—They are willing to invest money in training if they know that person is going to be hanging around for more than, say, 12 months?

**Ms Davidson**—No, up to 12 months.

**CHAIR**—Up to 12 months.

**Mr BRENDAN O'CONNOR**—Between three and 12.

**Ms Davidson**—Between three and 12.

**CHAIR**—Does that mean that they are actually bonded to that employer for that period of time? Is their visa contingent on remaining with that employer? I am not sure that you can do that.

**Mr BRENDAN O'CONNOR**—A sponsor visa is different.

**Ms Davidson**—Under the current working holiday-maker visa arrangements—

**Mr BRENDAN O'CONNOR**—You can work with anybody. There is no restriction.

**Ms Davidson**—You can work with anyone. Generally speaking in remote areas also I am surmising that they would probably stay longer if they know that they had the ability to stay with one employer.

**Mr HAYES**—Does it defeat the purpose of the visa if the person applying for it is coming down here for a period of time? This came out the other day. I think the reason that people were pushing 457 visas was so that they could actually be effectively bonded to one employer or thereabouts as opposed to coming here on a working holiday visa, because then they are part of the general labour pool and employers have to compete with one another in that same pool. What was clearly coming through was a view that people did want to have access to a person for not only six months but also 12 months, or for two years, as you were saying.

**Ms Davidson**—Can I just make this clear for the record—we very clearly stated that it would be up to a maximum of 12 months. When I mentioned the two years, that was in reference to the fact that the concept of a working holiday-maker visa remains the same; it is partly work, partly holiday. What we were saying was that, should somebody be able to work for six to nine months then, through a two-year maximum limit on the visa, that would also ensure they had time to travel and holiday within Australia.

**Mr HAYES**—Certainly but what I am getting to is: how does that assist your industry other than having people come in, whether they are students or others, who are in the pool? They do not actually directly assist your industry itself, does it?

**CHAIR**—The transitory nature of the people applying for the visa is not going to change by this recommendation. They are not going to remain with the one employer. What kind of benefit is that going to be?

**Ms Davidson**—There are some indications, particularly with our employers who have remote location businesses in different parts of the country—and I can quote members that might have a facility in the middle of Tasmania versus a facility in the upper Northern Territory—that such people would be able to be moved, if you like, from one part of Australia to another. The other thing that we do—

**Mr HAYES**—That does not sound terribly practical to me. You are talking about recommendations for people coming in and being available to make beds or other things, depending on where they line up within the industry. You are not seriously putting to us that we would be relocating people around the country?

**Ms Davidson**—I would argue that that is very practical from a working holiday-maker visa arrangement. These people come and they want to see as much of Australia as possible. There is clear evidence that backpackers historically have spent an average of 69 nights in the country when they travel here. That is obviously a lot more time than a leisure tourist spends. In addition to spending 70 nights in the country on average, they also outreach much further than a general tourist does. Given an opportunity to have worked in the Northern Territory and then have somebody say, ‘Look, we might need you in a month’s time, and we need you to go to Tasmania for us’, I would actually argue that a working holiday-maker visa holder is more likely to say, ‘That would be terrific, because then I can go and see another part of the country.’

**Mr HAYES**—Who would make those arrangements? I am assuming you are not talking about five star motels. Who would coordinate that?

**Ms Davidson**—The member I am thinking of is a five-star operator. Given that they have participated in this, I know the difficulties they have in sourcing labour for their remote locations.

**Mr BRENDAN O’CONNOR**—Just on that point, you do say that employers undertake training for working holiday-makers personnel where they are employed for longer than three months. I think the idea of training is great. But does that mean that it would be mandatory—that is, if they had an employee on this recommendation who worked in excess of three months, they would expect some training? Training to me should be based on requirement. You might have a highly skilled chef who needs no training on coming to a place and who might be working around through the resorts or something under a consortium and does not need to train up.

**Ms Davidson**—Correct, but I surmise that a chef might not come in on a working holiday-maker visa.

**Mr BRENDAN O’CONNOR**—That is an assumption. I know a chef who did, but anyway, okay.

**Ms Davidson**—I think we are not making it mandatory. What we are suggesting is that there would be a strong indication from the industry itself, and certainly comments back on our surveys have indicated that. When we talk about training, we are not necessarily saying, ‘You must go off and do a diploma’ or a two-week course—

**Mr BRENDAN O’CONNOR**—No, induction and—

**Ms Davidson**—We are talking about induction and understanding the company culture that they are working at.

**Mr BRENDAN O’CONNOR**—I think it is good. I am not being critical. I was just trying to work this out. You do not mean mandatory. Maybe we need to flesh out exactly under what circumstances it should happen.

**Ms Davidson**—How the industry would embrace the training?

**Mr BRENDAN O’CONNOR**—Yes. I think it is a good thing. It is good to see employers remembering that these people do still need assistance if they are going to work there for a reasonable period.

**Mr HAYES**—I understand what you are saying. I am not sure about the Victorian experience, but I know a number of New South Wales hotels have decided to outsource a lot of their provision for labour to attend to rooms and things like that. They have gone out to contract. Is that something which is developing in this industry or are the major hotels retaining the permanent employment themselves? I want to get a bit of a handle on how this is a skill shortage?

**Ms Davidson**—I would have to take that on notice. I am not familiar with that. I am assuming you mean they outsource to an employment agency.

**Mr HAYES**—Yes.

**Ms Davidson**—I cannot comment because I am not familiar with it. My only observation would be that whether it is an employment agency or the operator themselves, we still have a labour issue problem.

**Ms HALL**—I think if I were to ask you a question I could duplicate questions that have already been asked, seeing as I have missed a lot of the evidence.

**CHAIR**—Can I address two points in your submission that have not been covered. Firstly, there is a comment there about pooling of staff for seasonal clusters. Can you explain to me how that would work? Who would actually be responsible for that employee and their entitlements? Would there be a principal employer and the others would be subsidiary employees? How does that differ, say, to labour hire arrangements that may take place?

**Ms Davidson**—We have not thought that through completely. It was really something that recognised again the fact that there is movement depending on the season and the location and whether there was an opportunity. For example, if somebody perhaps worked on a ski slope in the winter months, if there was an opportunity, they could be moved to Far North Queensland. To be honest, I have not worked out whether that would be through an employer doing such a pooling or whether there was some form of labour agreement that could be reached in that instance.

**CHAIR**—The other one you mentioned is perhaps having a website created to market vacancies to potential working holiday-makers, which to me sounds pretty straightforward. Why do we not just go ahead and do that now? You do not really need a government recommendation or a huge committee to work on that. Surely there would be somebody in the industry who would say, ‘Yes, great idea. Let’s contact the job network organisation and see if we can get one up and running.’

**Ms Davidson**—We have actually taken that slightly further since the submission. We have written again to the Minister for Small Business and Tourism. I think this is an issue for some government intervention. Currently on the Tourism Australia website there is a direct portal link through to the job harvest website. The job harvest website, as far as I am aware, is managed through DEWR. All we are asking is that in the same way as there is an opportunity there, prior to a working holiday-maker even leaving their home country or possibly even applying for the visa, they become aware of the opportunities for tourism jobs in Australia in the same way as the harvest trail is advertised.

**CHAIR**—That would be for overseas people coming, but internally with the domestic market that could already happen right now, could it not?

**Ms Davidson**—It could if we could ask DEWR to do it in the same way as they have done the harvest trail.

**CHAIR**—All right, we will put that to DEWR at some stage. I have two other questions. In your survey members have called for tax rebates to encourage corporates to commit to the development of specific skills for the industry. How strong was that call to do that? Anything to do with tax has to be very carefully thought out from my perspective.

**Ms Davidson**—I am just looking for the actual comment.

**CHAIR**—I would have thought the imperative of the industry would be enough that they would see the benefits of investing money in training. They do not really need an incentive such as a tax rebate to do that.

**Ms Davidson**—I am not sure if this particular quote is about tax rebates or if it is more to do with fringe benefit tax. It says:

Our main difficulty is the location of our properties and making it attractive for employees to live and work in these locations. The vast majority of employees come to our properties to save as much money as they can. If they were provided more incentives to work in remote regional areas through the taxation system we may be able to attract more applicants. We could offer staff more incentives to leave properties and visit nearby cities if fringe benefit tax implications were changed, thereby retaining their labour for longer periods than we currently do.

I am not sure of the tax incentive to move them. We are obviously aware that there has recently been an incentive of \$5,000 for people to move. Arguably, that has taken place.

**CHAIR**—So some sort of response, whether it be a zonal allowance or FBT—

**Ms Davidson**—Perhaps on FBT.

**CHAIR**—The other question has been raised by one or two other bodies. For the industry to identify an examining body for tourism skills and qualifications, who would you propose would be that body to do that? Is there an organisation that is almost on the cusp of being able to do that—they simply need a certification? Or do we have to start from scratch?

**Ms Davidson**—Just while Dr Dimech is looking for his papers, there has been some initial discussion and essentially it has taken place with a couple of academic institutions. It does require academic institutions probably to be involved in some shape or form because there needs to be a judgement of certificates from overseas. There is already in existence with universities worldwide an ability for a university here to check on a university degree internationally to make sure it is bona fide.

**Dr Dimech**—We are looking at opportunities to establish an assessing authority. We understand that the process currently involves three departments: DEWR that validates whether an occupation is in demand, and we have provided evidence to that effect through our survey; DEST that assesses the qualifications of those looking to meet the demand, and DEST engages AIM, the Australian Institute of Management to assess professionals; as well as VET, Vocational Education and Training to assess associate professionals. That is where hotel managers currently sit. They earn 50 points under that system. As you rightly pointed out, there is no assessing authority for the tourism industry. Hotel managers, considered as associate professionals, are not

getting the required points. Finally, DIMA goes through the gazettal and approval of those applications.

TTF has been in the process of looking at opportunities for developing an assessing authority. We have worked closely with Andrew Leary from the International College of Tourism and Hotel Management in Sydney on this issue. Andrew has a lot of experience in this area and would certainly be very capable in terms of doing the qualification assessment, if you like. Certainly that is an issue under consideration.

**Ms Davidson**—In addition to that, we have also been speaking with Perry Hobson who is the CEO of the International Centre of Excellence in Tourism and Hospitality Education, which is one of the international centres for excellence that the federal government funded and was set up.

**CHAIR**—Dr Dimech, in your opening statement you refer to unemployment rates. I am a bit curious: how do you actually know what the unemployment rate is in the industry considering that we are told by many witnesses that it is very hard to actually get a handle on the size of the industry because it is all disaggregated into other industry groups as well? Was that some sort of formula that you have developed yourself, or how do you do it?

**Dr Dimech**—The unemployment rate was the national rate at an aggregate level, as called by the Reserve Bank of Australia.

**CHAIR**—You were specific about the industry.

**Dr Dimech**—Not specifically in terms of the tourism industry. What we referred to in terms of the tourism industry was really the demand that we will be facing in future years. But to that extent we have also looked at employment statistics, and we have an employment atlas that we have developed. More recently, we have undertaken an employment examination in New South Wales of the share of tourism employment in that state.

**CHAIR**—If there are other publications or information that you have between now and the time that we write our report, we would appreciate if you could send it through. It would be great. This is a very good initiative.

**Ms Davidson**—I will mention for the record that we will send two reports for tabling. The first one is our Commonwealth atlas. Unfortunately, it was last done in 2004, but it does show employment throughout the entire country. We will also forward for the committee the New South Wales employment atlas which was completed this year, which shows employment figures.

**CHAIR**—I thank you very much for your evidence and for your submission. I appreciate the time that you have made to come here this morning.

**Ms Davidson**—Thank you for the opportunity.

Resolved (on motion by **Mr Brendan O'Connor**):

That this committee authorises publication of the transcript of the evidence given before it at public hearing this day.

**Committee adjourned at 11.57 am**