



COMMONWEALTH OF AUSTRALIA

## Official Committee Hansard

# HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON EMPLOYMENT, WORKPLACE  
RELATIONS AND WORKFORCE PARTICIPATION

(Subcommittee)

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

WEDNESDAY, 7 MARCH 2007

DARWIN

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**HOUSE OF REPRESENTATIVES**  
**STANDING COMMITTEE ON EMPLOYMENT, WORKPLACE RELATIONS AND WORKFORCE**  
**PARTICIPATION**  
**Wednesday, 7 March 2007**

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

**Members in attendance:** Ms Hall and Mr Hayes

**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**

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**Subcommittee met at 10.04 am****SCOTT, Mr Michael William James, Private capacity****SMITH, Ms Valerie Helen, Manager, Special Projects, Strategic Services and Business Tourism, Tourism Northern Territory**

**ACTING CHAIR (Mr Hayes)**—I declare open this public hearing of the inquiry by the House of Representatives Standing Committee on Employment, Workplace Relations and Workforce Participation into workforce challenges affecting the Australian tourism industry. The inquiry arose from a request by the Minister for Employment and Workplace Relations, and to date we have received 67 submissions.

Although this hearing does not require evidence to be taken under oath, I advise witnesses that this is a formal hearing of the parliament and consequently should be treated with the same respect as 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.

Ms Smith, we have the submission from Tourism NT. Would you like to make some introductory remarks before we proceed to questions?

**Ms Smith**—Yes, thank you. I will give a context for tourism in the Northern Territory. As you would be aware, tourism plays a significant role in the NT economy and contributes more to gross state product than in any other state or territory in Australia. However, this means that we are quite vulnerable to downturns in the tourism sector such as occurred in the early 2000s with terrorist attacks and SARS. These events have a large impact on overall employment and economic conditions in the Territory.

Compared with other Australian destinations, we have several key differences in our tourism market. Firstly, due to our low resident population base, we rely very heavily on interstate and international visitation. Rises in access costs such as airfares and downturns in international economic cycles impact us more than in some other markets. Secondly, as you would be aware, tourism is strongly seasonal. Occupancy rates in hotels vary between 90 per cent in peak season and can fall to 40 per cent in low season. This seasonality impacts on the industry's ability to attract investment both in infrastructure and human resources. Additionally, the large number of visitors in the Territory in peak season can place strain on natural attractions and tourism employees.

I will briefly expand on one particular issue of our submission in relation to the 457 visa. Changes made in July 2006 to the subclass 457 visa, particularly regarding the minimum salary wages, continue to challenge and disadvantage the NT tourism industry. Because we are highly seasonal and geographically dispersed and consist of small to medium enterprises, NT tourism requires a workforce relations environment that encourages enterprise and offers maximum flexibility for negotiation between employers and employees. The subclass 457 visa minimum wage of \$37,665 for a 38-hour week exceeds the minimum Australian award for many occupations which are experiencing shortages up here—and chefs are a good example of that. Voyages, which is a major NT tourism employer, provides \$34,788 for a 40-hour week. This

dichotomy has the potential to raise conflict with existing Australian workers and increases wage bills in an already challenging environment for our local operators.

**ACTING CHAIR**—Are you saying that the minimum wage of the subclass 457 at \$37,000 is more than the going rate for a chef locally?

**Ms Smith**—Correct.

**ACTING CHAIR**—I know what you are saying about award rates, but are you saying that rate is higher than the minimum rate is for a chef?

**Ms Smith**—It is higher than what is being paid for Australian chefs.

**Ms HALL**—Higher than the NT award.

**Ms Smith**—No; it is higher than what this employer is paying their Australian chefs.

**Ms HALL**—So they are not paying under the award.

**Ms Smith**—No; my understanding is they are paying the award rate as well.

**Ms HALL**—They are paying the award rate.

**Ms Smith**—Yes.

**Ms HALL**—So the award rate is \$34,000 and the visa subclass is \$37,000.

**Ms Smith**—That is my understanding.

**Ms HALL**—That is what I thought.

**ACTING CHAIR**—It is not necessarily market forces paying something. I note in your submission you deal with improving minimum rates of pay and conditions for tourism employees. Is this the sort of thing you had in mind?

**Ms Smith**—Yes. When we are talking about improving conditions for tourism employees, obviously we are talking about a wider range of things than just base salaries—things to do with fringe tax benefits, relocation assistance and also assisting with mobility within the industry.

**ACTING CHAIR**—I have interrupted you, so do you want to continue with your remarks?

**Ms Smith**—That is okay. I think I got to the end of them.

**ACTING CHAIR**—I understand the issues about seasonality of the industry up here. In your submission you indicate that at the moment there are over 8,000 people directly involved in tourism, with—as we discussed before the hearing started—a new report coming out next week

that is going to show a significantly higher number of employees attached to this industry. What are the issues that confront the industry emerging out of its extreme seasonality?

**Ms Smith**—I guess one of the key ones is retention of staff. Up here, leading up to peak season, there is recruitment undertaken by most of our companies. Tour guides are a good example. Guiding operations are much more advanced during peak season and then in the low season some of the guides are laid off or they go interstate to find work because there is no work here for a number of months. Each year we are faced with this continuous challenge of trying to attract people back into the Territory industry. Flowing on from that seasonality is that it is difficult for a lot of employers up here, particularly the smaller ones, to invest in improving skills and providing training for employees because they are not retained in the businesses.

**ACTING CHAIR**—Your comments are strikingly similar to what many in the alpine industries said to us recently in Melbourne. They indicated that the strategy they were looking at was effectively banding together with a view to providing that sort of training and attracting and retaining people in the industry generally as opposed to necessarily one enterprise or one employer. Are they things that the NT industry is looking at up here?

**Ms Smith**—I am aware within the NT industry that, for example, some operators in larger chains will move people from Territory based employment down south during our low season, which is the high season down south. In some regards that is occurring—not so much within the industry but I am aware that in Central Australia there has been some talk of government picking up some tourism and hospitality workers during the low season and providing that support in terms of employment to cover them in that time of year. Everyone in the industry is short of tasks this time of year, so I am not aware that people within the NT industry, as such, are banding together.

**ACTING CHAIR**—One of the things that is reasonably apparent is that the forecast that the industry makes for tourism generally is that we are about to see a significant increase in tourism numbers, particularly from the Asian markets, and possibly like what we experienced in the resource sector where people are now clamouring because the shortages that eventuated for tradesmen and specialists in those areas was unpredicted. What sort of effort is this industry making to meet the challenge that has been identified—that is, the significant increase from the Asian market?

**Ms Smith**—One of the things I would note in relation to those comments is that the Northern Territory is not so reliant on Asian markets as some of the destinations you are talking about along the east coast. At present, we get relatively few visitors from Asian markets even though we are close geographically. That is because they are looking for experiences which are not our strengths—shopping, for example. We are much more a nature and culture destination. They are our strengths. That is not necessarily what people from those markets are looking for. Having said that, we have some forecasts produced for Northern Territory visitation which show that over the next three years we are looking at an annual average growth of just under two per cent. A two per cent growth each year is quite significant and we will be looking for additional workers across all sectors of the tourism industry. I guess a continual effort needs to be made to attract people.

**ACTING CHAIR**—What is happening in relation to your efforts—and you touch upon this slightly in your submission—in working with the Indigenous population on training and development with a view to careers in this industry?

**Ms Smith**—One of the issues I would raise is that engaging Indigenous people in the tourism industry is a key priority for Tourism NT. It is something that we have put a lot of effort into. However, there are a number of challenges. I think it is fairly clear that it is a long and complex process to engage those individuals and there are a number of fundamental issues in a lot of communities that need to be addressed before we can make significant inroads into improving participation in employment. I am talking about things like education, health, safety and housing. For governments right across the board, they need to be addressed before we are going to see significant inroads into Indigenous employment in the tourism industry. We are spending a lot of time and effort at Tourism NT engaging Indigenous communities. We are starting to see some new products coming online both in the Top End with work we are doing out at Kakadu and in Central Australia as well. But it is a long and complex process.

**Ms HALL**—I have visited quite a few Indigenous communities. At that time I was involved with a totally different inquiry. One of the issues that was raised with me by people who lived in those communities was that the major operators actually did not wish to employ Indigenous people. In some cases, they pay them a rental of a very low amount to actually take people to their sites whilst charging people who visited the area great fees. In some cases they were even banned from going near some of these resorts. Has that changed in that time? It has not been that long since I was involved in that inquiry. What initiatives or positive training schemes are you putting in place to address that? Are you working with some of the providers that are involved with Tourism NT to actually look at bringing Indigenous people into these organisations? I would like to know about some of the initiatives. Also, in Queensland we have seen examples of Indigenous ownership. Are there any examples of that here in the Territory?

**Ms Smith**—Yes, there are. For example, in Kakadu there are examples of Indigenous ownership of businesses out there—the ones at Cooinda, for example. I think it is fair to say that we are seeing a lot of some of the smaller operators working quite closely with Indigenous people in terms of providing guiding. There are some exciting new initiatives such as the culture camp, which is happening out at Kakadu, and some of the boat cruises—Indigenous people are setting up those businesses—

**Ms HALL**—Can you expand on that a little for us?

**Ms Smith**—Yes. For example, the culture camp I think opened approximately eight months ago out at Kakadu. It is providing opportunities for people to go out to, experience and stay with them for some time at the sites. Tourism NT is trying to work quite closely to help foster the development of those types of industries out there. But, again, I think it is fair to say that whilst we are seeing increasing numbers of them it is not going to explode, I guess, in the near future.

One of the difficulties in Kakadu at this time of year—this is a great example—is that we have such a seasonal product. At the moment everything out there is flooded. I think it has turned into one giant billabong. Obviously, that provides employment difficulties even for those organisations because we cannot get visitors out there. There is a lack of infrastructure such as all-weather road access. All of the roads will be washed away and they will probably take quite

some time to open again. So there are challenges right across the industry that impact on Indigenous businesses in those areas.

**Ms HALL**—But you do not have any structured program to work with communities to bring in Indigenous employees?

**Ms Smith**—Not structured, no; not within Tourism Northern Territory. There are a number of programs which aim to help to support increased Indigenous employment, but what we have found in the past is that sometimes you need an approach which is quite flexible and which can be adapted to differences in communities. Some communities, the ones in Kakadu, have a great advantage because they are close to an existing tourism product. For other ones, for example, in the more remote areas, there is no existing tourism product nearby and it is about creating a whole new market in that area.

**Ms HALL**—Obviously that would not be that appropriate.

**Ms Smith**—It is much more difficult in those cases, yes.

**ACTING CHAIR**—You have talked in your submission about the possibly of addressing tax incentives and you draw our attention to what occurs in the farming and pastoral communities at the moment. What precisely would be the sorts of tax incentives that Tourism NT would like to see emerge?

**Ms Smith**—For employees, we are interested in seeing, for example, changes around the fringe benefits tax for assistance with accommodation and food and drink. In the remote areas employees are living and working on site, often in an establishment which is owned by the company they work for. When we have this mobility throughout Australia to assist with the seasonality, there are again issues with fringe benefits tax when the company helps people move interstate during the low season. That is an issue we would like to see at least looked at. In terms of employers, there is continual difficulty in attracting infrastructure investment up here. There may be things there that can be looked at in terms of tax.

**ACTING CHAIR**—Tax credits in terms of infrastructure development?

**Ms Smith**—That is something we would like to see put on the table and looked at.

**ACTING CHAIR**—Let us take it back to the comments earlier, because it has been raised previously, about 457 visas in this industry. I cannot recall others raising issues about minimum salaries attached to the 457 visa class. Are you saying that the minimum salaries attached to the special class of 457 are higher than what regional operators are paying in equivalent occupations?

**Ms Smith**—That is correct.

**ACTING CHAIR**—Are these people able to be identified at some stage, because I have to say that is contrary to just about everything we have seen so far, particularly if we are talking about chefs?

**Ms Smith**—I understand it is specifically mentioned in the submission by Voyages. I believe it was also raised by Mirambeena in their submission.

**ACTING CHAIR**—They are paying their people currently at award rates; therefore they are paying people brought in from overseas on 457s at a higher rate of pay than what they are paying their own—

**Ms Smith**—That is my understanding, yes.

**ACTING CHAIR**—We might need to look at that as we go on. That is the first time that has been put to us. In terms of the other aspects of the industry, we have heard particularly out of northern Queensland about restrictions on working holidays. Is that something that is also of concern to your industry in the Northern Territory?

**Ms Smith**—Yes. Firstly, there were some changes made to the working holiday makers scheme in July last year—some of those we had been lobbying for quite strongly for some time. However, there are a number of things that we would still like to see and that we are still pushing for. One is in relation to the requirement to work in an agricultural or horticultural industry for the extension. Because work is seasonal up here in the Northern Territory, we do not have a year-round harvest. Often that means that people we would like to retain in the industry have to go interstate to work in those areas to seek the extension. The other issue that we have been looking at and lobbying for is a further extension of the time that people can be employed under those subclasses.

**ACTING CHAIR**—With a view to not having to go interstate to comply with their visa—

**Ms Smith**—Perhaps one of the things that might be put on the table is to give special consideration to the Northern Territory because we do not have that year-round harvest. So, for example, instead of having to go and work in an agricultural or horticultural industry, working in a remote area of the Northern Territory in the tourism industry could qualify you for that extension.

**ACTING CHAIR**—Attraction and retention has been a pretty consistent theme throughout the industry generally, but what is it precisely that Tourism NT would see as being of value in attracting and retaining staff up here?

**Ms Smith**—One of the issues we have, obviously, is the seasonality issue. So we would look at ways that we can get around that. I think it is clear that we are not going to overcome that quickly.

**Ms HALL**—Linking into that, with the seasonality issue, have you looked at establishing partnerships with other areas so that, when you are in your low season, you can have a complementary arrangement with another area?

**Ms Smith**—That is something we have looked at. To give an example, the Territory Discoveries call centre in Alice Springs is the government owned wholesaler for tourism product. We looked closely a number of years ago at having some arrangement with Tasmania where our staff could swap around. Unfortunately, it did not eventuate, but it was something we

investigated quite closely. The difficulties that we encountered at the time were to do with training and cross-training people in different systems and different product, and the possibility that some of those people may leave. We have a retention issue up here in that call centre in any case, where the turnover—as it is in most call centres around Australia—is very high. But it is something we have looked at. I know that some of the major hotel chains do move people around within their establishments. I guess it becomes increasingly difficult as the size of your organisation shrinks to move people between employers. That is something which would be quite interesting and, I think, something that we are going to have to pursue more.

**Ms HALL**—Do you think there is a role for national leadership in that area? Do you think there is a role for the Australian government to play in that? If so, what do you think their role should be? And do you think there needs to be a coordinated approach to it by the NT and, say, the Tasmanian and Australian governments—maybe a COAG initiative or something like that?

**Ms Smith**—I think there is a role that the federal government can play, and a very important one. Some of the schemes that may assist are to do with things like portability of long service leave when you are moving between employers. The construction industry, as you may be aware, has a scheme which allows people to move long service leave between employers, but there is no such scheme for tourism and hospitality workers. Those are the sorts of things I think we need to put on the table and to look at as an industry.

**ACTING CHAIR**—And that also includes qualifications.

**Ms Smith**—Correct.

**Ms HALL**—You mentioned recognition of prior learning.

**Ms Smith**—All of those things.

**ACTING CHAIR**—That has also been a pretty consistent theme. But the other thing that seems to have been borne out so far is that a lot of people do not see hospitality, and tourism in particular, as a career. I think you have referred to it as ‘the job you have before you get a real job’, to some extent. What is the industry doing to change the perception of work in this industry? It must be regarded as a huge impediment to have people feeling that ‘this is what I am doing before I get a real job’.

**Ms Smith**—I absolutely agree with what you are saying, and I think you will probably hear those issues right across Australia. One of the things that we are doing in the Northern Territory is trying to advance and improve the image of the industry in the community via ‘tourism is everyone’s business’ types of activities and by ensuring that people understand the valuable role that the industry plays. Up here about one in eight employed people are in the tourism industry. That is a huge proportion of our workforce employed in the industry either indirectly or directly. While there is still the idea that tourism or hospitality is something to do while you are studying at uni for your real job, I think we are past that. We have to realise that, when one in eight of our jobs is in the industry, we need mature-age people in this industry and we need to retain people in the industry who might leave for family reasons. It is a big task.

**Ms HALL**—That brings me to one of the questions that I was going to ask when it was my turn, so I might just ask you now since you have mentioned mature-age workers. This is an area that is probably a key destination for the grey nomads. I have spent quite a bit of time in the Territory and I have noticed that most of the workforce is very young. Given the Australian government's recent changes through its Welfare to Work legislation, which makes it imperative for people in the 55-plus age group to look for work, what initiatives are you looking at to put in place through your members in the tourism industry to attract maybe even some of those grey nomads into the workforce? We are an ageing population and we are going to get fewer workers at the younger end and more at the older end, so they are a potential workforce pool for you.

**Ms Smith**—Absolutely. One of the things in the Northern Territory's demographic is that we are quite a young population—

**Ms HALL**—Ageing.

**Ms Smith**—Ageing—that is correct. A few years ago, very few people would retire here, for example. That is changing, and we are seeing more and more people staying within the Territory. We need to capture their skills and experience and keep them involved.

**Ms HALL**—What are you doing to achieve that?

**Ms Smith**—At the moment we are trying to work with industry to address some of the shortages in skills by saying: 'We've got these people out there. Let's use them where we can.' I am aware that, when some of the grey nomads come up here, they are taking these seasonal jobs because, fortunately, the time at which they come here is our peak season. So we are able to catch them at a seasonal time and use some of those skills, and that is advantaging everyone. There is more that we can do as an industry to employ more mature-age workers, and I think part of it is by increasing the recognition of mature-age workers and recognising the value that they can provide to businesses.

**Ms HALL**—I noticed throughout your presentation that you talked about the small permanent resident base and the fact that you have a very transient population. Can you tell me if there has been any change in it in recent times? Are you getting a greater proportion of people deciding that they want to live here permanently? What is the percentage of that change and how is it impacting on the industry you represent?

**Ms Smith**—Compared to 20 years ago, for example, the nature of our large employer—the nature of government jobs—has changed. Many years ago, you came up here for two years, you did your time and then you were off, back down south. That is not the norm now. Government jobs are not set up that way.

However, Defence remains a very highly transient portion of our population. It is quite interesting that quite a lot of Defence spouses are employed in the tourism industry. In a key area, three employees of Tourism Northern Territory, for example, left us last December, following their Defence spouses back down south. So it does impact right across the industry and continues.

**Ms HALL**—I have a personal question. Were you born here?

**Ms Smith**—No, I was not; I moved up here in January 1980 with my father, who was on a two-year government contract. He never left, so we have been here since.

**Ms HALL**—So, you are here for good?

**Ms Smith**—Yes. I went away to university down south but decided that this is where my heart is and followed it back.

**Ms HALL**—Is that typical of other people your age? I am trying to get a feel for it.

**Ms Smith**—A lot of people I went to school with went away to university and did not come back. In the Northern Territory, we have shortages not just in tourism but right across a very broad range of industries. I actually have a Northern Territory occupation shortage list from 2006. Do you have that?

**Ms HALL**—Yes, I think so. It is an appendix to the submission.

**Ms Smith**—It may well be. That is being updated at the moment for 2007. Just perusing that list you can see that the shortages are in both skilled and unskilled areas. It is not just a shortage in the tourism industry; it is fairly much across the board up here at the moment. A lot of people leave destinations and move on. One of the things that we do see is that a lot of young people go away to university and get lured away by the bright lights of the city down south.

**Ms HALL**—Big money.

**Ms Smith**—Quite possibly. Having said that, my personal view is that we have a lot to offer up here that is important to me and is what attracts me. We have great fishing, a great lifestyle—when it is not raining the weather is beautiful. It is about the balance of what you are looking for in life.

**ACTING CHAIR**—Can the industry play a greater role to assist up here? I know that the industry speaks on behalf of a lot of people who make up tourism generally. Is there any tracking of people's movements in and out of this industry, their training, their development and the portability of their skills? The industry's ability to attract and retain people must be affected by acting as an industry as opposed to acting as individual employers or enterprises competing against one another. Is there a greater role that industry can play in assisting all those that actually make up the NT tourism industry?

**Ms Smith**—That is a good point that you raise. I tend to agree with you that we sometimes work against each other and instead of attracting new people into the industry we are poaching people off each other. Recognition of learning, for example, is something that we need to do better. One of the key things we find up here with the poor retention of staff—this is more to do with smaller businesses—is that businesses are not investing in skilling their workers and providing training because they are going to lose them in six months. If there was more of a cohesive industry focus—even if you may not retain those people in your business—you would be helping the industry to improve. That is an area where I think we could see some improvements, as well.

**Ms HALL**—What percentage of the staff would business turn over on a yearly basis?

**Ms Smith**—Someone in the gallery has said that the worst case scenario here was 300 per cent.

**Ms HALL**—That is an enormous turnover, isn't it?

**Ms Smith**—In Tourism Northern Territory it is up over 30 per cent.

**Ms HALL**—Yours would be one of the more stable businesses.

**Ms Smith**—We are a government employer, so you would think so.

**Ms HALL**—Thank you. That is important information.

**ACTING CHAIR**—Do you have any further questions?

**Ms HALL**—Yes. Is there any use of CDEP in relation to Indigenous training programs and businesses here in the Territory?

**Ms Smith**—Yes. There are obviously a lot of CDEP programs running out here.

**Ms HALL**—And in the communities?

**Ms Smith**—Yes. I am not an expert on CDEP. However, I think some of the people who go through those programs are learning skills in industries that we need, such as mechanics and trade related skills, and do pick up jobs. Some of the other tourism businesses provide skills based training for Indigenous people—programs they set up on their own—and then go on to employ people who come out of those programs. So, in addition to what is happening with CDEP in terms of skilling Indigenous people, there are businesses up here that are doing it as well.

**Ms HALL**—Given the isolation of the Territory and some of your tourism providers, how have the costs of infrastructure provision and maintenance impacted on tourists operators in this area?

**Mr Scott**—With regard to recruitment of staff?

**Ms HALL**—Not only staff, but how it impacts on your industry.

**Ms Smith**—I will use Kakadu as an example. Most of the roads out there are flooded and culverts have collapsed. It is going to take a substantial amount of money to get that infrastructure, the roads, up and running before we can get tourists out there again. That is a good example at the moment of the need to maintain infrastructure and the impact it can have on tourist numbers.

**Ms HALL**—An area that links into the accessing of skills is the fact that you need to have tradespeople to do the building, the plumbing and the electrics. How big a problem is that?

**Ms Smith**—That is a huge problem up here. If you look at the occupation list, you will see that we have shortages in most of those supporting industries. With a lot of building going on in Darwin at the moment we have shortages in a wide range of occupations across our construction industry. All those flow-on effects impact on the tourism industry in a big way as well.

**Mr Scott**—As developers within tourism at the moment, we have found that large projects such as the LPG plant at the harbour, which desperately needed trades, basically bled the town of its tradespeople by exaggerating the rates that were being paid there. So the town was in a lull when it was trying to develop at the same time. Every plumber, carpenter and sheet-metal worker came back from that project after 12 months with exaggerated expectations of what they could generate from the rest of the community.

**Ms HALL**—What does this do to the costs of tourist operators in the area?

**Mr Scott**—The initial development obviously makes it a lot more expensive. On top of that we have to freight everything in and there is a dire shortage, so tradespeople, to a point, can charge a premium, which obviously drives development costs through the roof.

**Ms HALL**—What I am hearing is that there is nowhere where it is easy for you with staff?

**Ms Smith**—No.

**Ms HALL**—My final question links back to the government's Welfare to Work changes and the opportunities that that legislation supposedly created for employers to access new staff. Do you see single parents as a growth area for you as far as accessing staff is concerned, or do you see problems associated with them working in the industry?

**Ms Smith**—The nature of the tourism industry is that we are a 24/7 operation. That raises challenges in employing people—balancing work and family and also the need for cultural balance for Indigenous people. While there may be some opportunities there, I would not say it is a solution in itself.

**Ms HALL**—You do not have any childcare centres in Darwin that are open 24 hours a day?

**Ms Smith**—No.

**Ms HALL**—I did not think you would.

**Ms Smith**—In fact, I am not sure how many of them are open on weekends.

**Ms HALL**—Which is once again a big issue for you, isn't it.

**Ms Smith**—Yes.

**Ms HALL**—I am hearing that those changes really do not work for the industry here.

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**Mr Scott**—You also have to consider that there are about 1,400 people on waiting lists for child care throughout the Northern Territory. In many childcare centres there are 200 people per centre—and that is Monday to Friday.

**Ms HALL**—That is an enormous number.

**Mr Scott**—And we have a shortage of childcare workers as well.

**Ms HALL**—I saw that on the ASCO listing. Thank you very much. That information is really useful.

**ACTING CHAIR**—Thank you for your evidence.

**Proceedings suspended from 10.46 am to 11.02 am**

**SCOTT, Mr Michael William James, Private capacity**

**ACTING CHAIR**—Welcome. Although the committee does not require you to give evidence under oath, I should advise you that these are formal proceedings of the parliament and consequently warrant the same respect as 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 an introductory statement?

**Mr Scott**—I was formerly a general manager in a small independent hotel group here in Darwin. Year on year, the recruitment of staff at all levels within our business has become particularly difficult. We have tried most avenues—local advertising, agency advertising and internet advertising—and have recruited staff through all of those means. Last year a new company opened in Darwin and seemed to have some success in recruiting staff from overseas, particularly Asia. We tried to follow the lead of this company and got on board with the same agency through which this new company had brought staff in. I was in Manila in June last year and had five staff lined up when the benchmark was lifted in July 2006 to a level that made it essentially uncompetitive for us to bring staff in out of Asia because we would be paying them more than Australians. So from an industry point of view—and I take your point that you have not heard this issue before—it most certainly was the case and Voyages, who are probably the largest independent tourism employer in the Territory, have pointed it out as well.

We used to operate under a miscellaneous workers award which had increments most Julys. Even when you take into account reasonably hefty weekend penalties, which that award has—more so than national awards—the new benchmarks put it out of our reach to bring these people in. The workers from Asia were absolutely delighted with the opportunity to come to Australia because of what they could earn at the original levels, which was a figure negotiated with the company out at the airport. They were absolutely gung-ho about coming. For us, having fairly dire problems in getting staff, it would have answered a lot issues.

Add to this that we were in the throes of developing another 126 rooms at the property where I worked, which would have made it the largest in the NT, at 350 rooms. One of our largest considerations, and the reason I went over there for staff, was the ongoing tasks and dramas of trying to get staff. For another 126 rooms we would have needed, possibly, another 20 or 30 staff, which was going to be very, very difficult.

That was probably the biggest issue that I wanted to state, but I have now shifted to a development company and, as I stated before, development prices are being driven up through the lack of trades and labour within the area.

**ACTING CHAIR**—What occurs naturally, then, is that you pass on those costs. That is a cost to the enterprise, as a consequence.

**Mr Scott**—A few things happen. Companies have gone offshore to bring in product—for instance, preformed and prefabricated hotel bungalows. We were looking at prefabricated bathrooms rather than using local tilers and plumbers. So there is a flow-on effect, where we are going offshore to bring in cost-effective products that require fewer tradespeople.

**ACTING CHAIR**—Isn't it the case that you are in a marketplace and therefore you have to do what is necessary to attract, in this case, either resources or labour, so you are going to have to pay the going rates of pay and conditions to attract a domestic labour force?

**Mr Scott**—Sometimes, even if you are paying the absolute top dollar, it is still difficult because of the amount of work that local tradespeople have. We are in the throes of a development boom. You just need to look around Darwin; there are three very large projects being built at the moment, which are sucking up a lot of the resources. Even if you are prepared to pay at the high end of the market it leaves you quite short.

**ACTING CHAIR**—The resource companies are recruiting largely out of Sydney and Melbourne. In your industry, do they similarly recruit interstate people into these jobs or do they concentrate very much on the local market?

**Mr Scott**—I think they try both. From a tourism perspective I recently noted—how do I put it?—that when large national hotel chains come into Darwin they are quite surprised at the rates of pay that we pay, because they are higher than they pay in other areas. It has been an issue.

**ACTING CHAIR**—Mr Scott, thank you very much for your evidence today.

[11.11 am]

**CHAPMAN, Mr Bryan John, Marketing Manager, International College of Advanced Education**

**ACTING CHAIR**—I welcome our next witness, from the International College of Advanced Education. Mr Chapman, although the committee does not require you to give evidence under oath, I advise you that these are formal proceedings of the federal parliament and consequently warrant the same respect as proceedings before 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. I understand you have some introductory remarks to make and we have a number of questions we would like to ask you. Ms Hall has to leave early, so we will make sure we get to her questions before she leaves.

**Ms HALL**—Before you begin, Mr Chapman, could you tell me whether you are a private company.

**Mr Chapman**—Yes, we are a private registered training organisation based here in Darwin. Perhaps I should start by giving you some background about our company and what we do. We have three main elements to our business. One of those is apprenticeship training mainly across tourism, hospitality and business. Another focus of our business is pre-vocational training—pre-employment training if you like—providing the skills and knowledge for unemployed people to gain and maintain employment. The third tier to our business is Indigenous education and training, both here in Darwin and in some of the more remote and regional areas throughout the Territory. Our work is funded either through government or by fee-for-service work. So we receive no recurrent funding; our work is funded through either tender arrangements or, as I say, fee-for-service.

The thrust of our submission today is access to training for the tourism industry and the associated hospitality industry. As a private company engaged in delivering training to this industry, we have some insight into the problems that occur within the industry in accessing training, and some of the opportunities. I think those obstacles can be overcome largely with some changes to funding arrangements.

**ACTING CHAIR**—Is there general resistance to training in this industry, brought about by the perception that it is a transitional workforce—that is, why train when people are going to move on?

**Mr Chapman**—There is an element of that in the industry. Some of that flows from a lack of understanding about how to access training. I think there is a general requirement across the tourism industry—and probably across all other industries—in assisting employers to understand how to access training for their workforce. Certainly in our experience, many employers think that it is too difficult—that it is just too hard, there is too much paperwork and it seems like an unnecessary series of complexities when, as you say, people are just going to leave anyway.

**ACTING CHAIR**—Is the issue that people are going to leave a particular enterprise as opposed to people leaving that enterprise but staying within an industry? Should there be a more holistic approach by the industry generally to training, with a view to the retention of employees within the industry as opposed to retention by any one particular employer?

**Mr Chapman**—I think that would help. I am not really in a position to tell the industry how to suck eggs, if you like. The tourism industry, as you would know, is terribly seasonal. Employers really have their work cut out in trying to maximise their revenue while the good times roll and minimise their costs in the trough seasons. Accessing training can be seen by a lot of employers as a complexity they can live without. The nature of the industry is that it is very fast to respond to things, and that seems to be a mindset in which the industry operates. It operates from day to day or from week to week, and if you ask a lot of small to medium enterprise their plans for five years time they will say, ‘To be in business.’ If you ask how they are going to get there, they will say, ‘We will get there by managing our business from day to day and maximising our revenue on every single day and minimising our costs.’ They think that medium- to long-term strategies that involve the delivery of training, building a workforce, contributing to the industry and all that sort of stuff would be wonderful if they had the time, but most of them do not perceive that they have the time.

Our perspective really comes from the provision of training. I guess our engagement with the industry is about trying to find mechanisms where the employers are comfortable in providing training or in having us—or anybody else, for that matter—providing training. I have a few points in my written submission. Our main issue regarding training opportunities in the tourism industry is about employment arrangements. For us, that is the greatest obstacle that we face. It is an industry that is dominated by a casual workforce. From our perspective, that is neither a good thing nor a bad thing; that is just the way the industry chooses to employ people. We are not an IR company, we are not here to recommend to people how they should employ people or anything like that, but because there is a very high level of casualisation in the industry that workforce is precluded from undertaking apprenticeships. There are no loopholes; there is no negotiation; that is the end of the story: those people cannot access funded training.

**Ms HALL**—What about group training? Are you a group trainer?

**Mr Chapman**—We are a group training organisation as well.

**Ms HALL**—And you cannot utilise the group training to get around the problem with apprenticeships?

**Mr Chapman**—We could. That would be a reasonable solution to that problem, but what is required is for the industry to understand group training. A lot of employers struggle with the notion of apprenticeships. When you add an additional level of complexity and say, ‘How about we employ them and we host them to you and you get an invoice?’ they do not like that—typically, because it is a control thing. A lot of small businesses like to employ their own staff directly.

**Ms HALL**—Maybe an avenue is open to increase the number of apprenticeships in the area with the right sort of promotion through government. How many apprentices do you have in your group training program?

**Mr Chapman**—We have only very low numbers. We have only been a group training company for 12 months or so, so we have about 20. But in the Territory I think that number is about 300.

**Ms HALL**—Three hundred apprentices all-up or at group training?

**Mr Chapman**—At group training, and maybe 600 if you include school based new apprentices—I am not sure what the other group training company in the Territory does.

**Ms HALL**—How many apprentices are there all-up in the Territory?

**Mr Chapman**—I think about 2,000 or 3,000—somewhere in the vicinity. I am not sure; I do not have the figures in front of me.

**Ms HALL**—And of course that is across all industries.

**Mr Chapman**—Group training is certainly a solution, but it is not the only solution because of that impediment that employers have to be on board with the notion of group training—

*Acting Chair interjecting—*

**Mr Chapman**—Yes, and I think they are reasonably entitled to that. If it is their business, they are entitled to employ people under whatever arrangements they want.

**ACTING CHAIR**—The participants in the industry have issues with the attraction and retention of staff. One of the common themes that has been raised elsewhere during this inquiry is the lack of structured training and people seeing career opportunities coming from the training—the perception of this being the industry that you would have a career in—and also employers saying, ‘Whether we retain this person from season to season or whether this person is going to be retained in the industry will be significant.’ Is it really an issue of perception in the industry that it does not offer careers? Is it an issue of immediate viability from one year to the next?

**Mr Chapman**—I think ‘yes’ to both. There is a perception amongst the industry that training is required and they need people to stick around and make a career out of it, and I think the industry is quite sincere in that. I am not entirely sure that they have the tools or knowledge to actually get to the position where they can do that without them seeing it as an undue burden on their business. I do think that the industry appreciates what is required; I am not entirely sure that they understand completely how to get there, and I do think there are some impediments that should not be there from government around accessing funding. I do believe that is a problem.

**Ms HALL**—Would you expand on that?

**Mr Chapman**—Some businesses only operate seasonally, so effectively they only operate for six months or for the peak season or whatever. They are unable to employ people under apprenticeship arrangements, because that is not a full-time permanent job or even a part-time permanent job. Those staff are precluded from accessing apprenticeship opportunities.

**Ms HALL**—Do you think there could be room for partnerships with employers in other areas?

**Mr Chapman**—Yes, I think so. I think that would be a good idea. I am not sure if employers are geared up to do that. I am not sure that they have the knowledge.

**Ms HALL**—There could be a role for government in assisting with that.

**Mr Chapman**—Yes, in coordinating that, sure. The thing about the qualifications and the nationally recognised training is that they are completely portable, so people can quite easily do a peak season in the tropics and go down to the snow and work in the peak season there—though our seasons collide. But they can quite easily continue their training in different locations and finish with a qualification in the same time as somebody who has been in the one spot employed permanently. Currently they cannot do that, and the employers cannot do that either. There is no avenue for them to access that.

There are issues with that in the remote regions in which we operate with Indigenous enterprises offering tourism products. Just the very nature of the enterprise means that their staff are not employed full-time—they will never be and they do not want to be. Their businesses are successful because of the sort of people they employ. Those people might work for that enterprise for 10 years, but not in a part-time or full-time capacity. Therefore, their access to internationally recognised training is precluded. I think it is a shame that their employment arrangements are dictating their access or non-access to government funded training. I do not see why how they get paid should determine whether they are able to access training. I cannot understand that.

I think it is maybe a bit of an anachronism left over from the good old days of apprenticeships, where people were indentured. Once you were in an apprenticeship it was very difficult to get out and once you employed an apprentice it was very difficult to unemploy that apprentice. Those days are gone and people can do an apprenticeship now in tourism or business or retail or whatever.

**Ms HALL**—Do they still have the traditional apprenticeships too?

**Mr Chapman**—Sure, but the move to competency based training means that time served apprenticeships are on shaky ground, I think. It does not accord with the notion of competency based training. So there is flexibility in the system that has been built into the system, but that flexibility has not extended yet to employment arrangements. I think in the nature of the tourism industry, either the industry itself needs to change the way in which it employs people or the access to funding for training needs to be made more flexible.

**ACTING CHAIR**—So it is just part-time training or training during a season?

**Mr Chapman**—Yes. If you are acquiring skills in the workplace and undertaking training in the workplace I am not convinced that how you get paid should have any bearing on your ability to access that. In many cases in remote regions Indigenous staff are paid on a piecemeal basis—how many tourists you get through will determine how much you get paid. That is a very workable arrangement that the enterprise is happy with and the staff are happy with. But, again,

these people are precluded from accessing those apprenticeship arrangements because of the way in which they get paid.

**Ms HALL**—Basically somebody on CDEP should be able to undertake an apprenticeship?

**Mr Chapman**—They can. People on CDEP can undertake an apprenticeship. We deliver to probably 20 or 30 people.

**Ms HALL**—I wanted to ask you a bit about your Indigenous employment programs, because that was one arm that you mentioned. You have mentioned the pre-vocational and the certificate training courses and group training and then Indigenous and how that links in with the tourism industry.

**Mr Chapman**—We have run a couple of training programs for Indigenous people focused on the tourism industry.

**Ms HALL**—Whereabouts?

**Mr Chapman**—In Arnhem Land. I have a short DVD of that program. I will show that a bit later. That was a very successful program, but in terms of its complexity to organise it was unique, I think. We delivered a certificate I in Indigenous tourism in partnership with a tourism provider—Davidson's Arnhem Land Safaris at Mount Borradaile, which is in Arnhem Land. I guess the nearest settlement would be Oenpelli. The program was for 10 Indigenous job seekers and it was delivered on-site for five weeks. The participants lived in seven days a week for five weeks. They were basically immersed in the business for those five weeks, so they did not leave and did not go home. They stuck around. Out of the 10 we started with, seven completed their certificate.

That was a reasonably complex program. It took an enormous amount of coordination and arranging to find an operator who was willing to absorb 10 trainees into their operation for a five-week program. All credit to Davidson's for doing that. I think they employ about seven or eight people, and to have an extra 10 trainees on board was an enormous burden. But it was one that they saw the benefit of taking on, not only for them but for the entire industry—to get more Indigenous people engaged in tourism. We could not have done it without the help of the Job Network agencies who accessed the job seeker account for those job seekers. We got funded with flexible response funding through NT DEET, based on actual contact hours, and we also accessed funding through the job seeker account. Without those working in tandem, there is no possible way we could have delivered that program.

**Ms HALL**—What was the outcome?

**Mr Chapman**—Out of the seven that completed, two were offered jobs at Mount Borradaile and started working there. I think they worked the season there. One went back to the Tiwi Islands and got a part-time job with a tourism operator there. Two ladies went back to Maningrida and found employment—under CDEP arrangements, I think—with a Maningrida tourism operator out of Maningrida. Another one was offered part-time work at Mount Borradaile when he was able to do it, as he came from Croker Island. We drew the participants from all around the Top End of the Territory, basically.

**Ms HALL**—So a couple did not end up with an unemployment outcome.

**Mr Chapman**—No. Three of them went home about four days before the course completed, for various reasons.

**Ms HALL**—But seven still fully completed.

**Mr Chapman**—That is right.

**Ms HALL**—They did not all get employment, though.

**Mr Chapman**—Not as far as I am aware, but once they go back to their communities we do not really have access to follow up where they are and what they are doing.

**Ms HALL**—They are very good employment outcomes.

**Mr Chapman**—Five or six were offered employment, I think, as a result of the program, so we were more than happy with that. But trying to put the program together, trying to get those funding arrangements, was enormously difficult. They had to be job seekers in order to access the job seeker account, and there was basically nobody else willing to fund the training. So our pool of trainees were unemployed to start with. We have no problem with that, but it just seemed a strange irony to run tourism training like this to get people into the tourism industry—they had to be unemployed or we could not offer them a position on the course.

**ACTING CHAIR**—What do you suggest we could do better in our training of Indigenous people in relation to funding?

**Mr Chapman**—Access to funding has got to be more flexible in terms of outcomes. We were very happy with NT DEET coming on board, and they were supportive of the program, but the only way in which they could fund the program was on outcomes. So we actually had to have people complete so that we could get paid. We had to pay for them to fly in from wherever they were and we had to house and feed them, and if they did not complete there was no money. There are not many organisations willing to take a punt on that, because the airfares alone cost about \$12,000 and it cost us about \$15,000 in board and accommodation. That is money that we will not see unless these people complete. So access to funding is one of the reasons why more training does not occur in remote regions—because the companies doing it are taking an enormous punt. There are figures in the written submission I have given you. I think \$11 an hour is the current funding arrangement. It is \$8 an hour to deliver training in Darwin and it is \$11 an hour if we deliver it remotely. So we get \$3 an hour extra to fly participants in, house them, feed them and fly them out again. That is enormously financially risky.

**ACTING CHAIR**—You get it on the tail ends and you take the risk. What you are saying is that there should be more flexibility and the department or somebody else should take responsibility for the selection of candidates, and you as the training provider could then simply provide the training.

**Mr Chapman**—That is right. And there need to be milestones or something rather than simply outcomes. As a training provider, we do not have the resources to take that sort of risk

and say, 'We're going to gamble 30 grand on the fact that this works.' Some of the programs will not work. They do not work all the time anywhere, but the financial burden increases a lot when you are doing remote stuff.

**Ms HALL**—That is right. You said you run certificate I in Indigenous tourism. Which areas, not only Indigenous, do you run certificate programs in? I just need to get a feel.

**Mr Chapman**—Our training organisation has in its scope about 48 qualifications, from certificate I through to an advanced diploma.

**Ms HALL**—Is that in the submission?

**Mr Chapman**—There is a bit of that in there. Our focus is, as I said, the hospitality and tourism business. We do aquaculture—we ran a crocodile capture program for Indigenous people out at Ramingining, which was interesting and quite successful. We also deliver security training and things like that. Everything that our organisation does, I should say, has an employment outcome. All of the training that we do is training to either get people into work or help them progress in the workplace. We offer no stand-alone, general interest courses; everything that we do is focused on getting people into work.

**Ms HALL**—And it is a mix between formal training and on-the-job training?

**Mr Chapman**—Yes. Our apprenticeship training is done mainly on the job. We send our trainers out to the workplace.

**ACTING CHAIR**—Thank you very much for coming in.

Resolved (on motion by **Ms Hall**):

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

**Subcommittee adjourned at 11.38 am**