



QUEENSLAND
TOURISM INDUSTRY
COUNCIL

The Voice of Tourism

**SUBMISSION TO THE LEGAL AND CONSTITUTIONAL AFFAIRS
REFERENCE COMMITTEE**

ON

**THE EFFECTIVENESS OF THE CURRENT TEMPORARY SKILLED
VISA SYSTEM IN TARGETING GENUINE SKILLS SHORTAGES**

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OVERVIEW

The Queensland Tourism Industry Council (QTIC) welcomes the opportunity to respond to the Legal and Constitutional Affairs Reference Committee on the *Effectiveness of the current temporary skilled visa system in targeting genuine skills shortages*. As the peak body for tourism, QTIC supports initiatives to review the efficiencies of the visa system to drive growth in visitation and skilled migration across Australia.

Based on discussion outlined in this submission, the following recommendations are made:

- Review of ANZSCO list to include new occupations and changing roles of existing occupations.
- Consider a flexible approach to work experience requirements for regional areas to reduce barriers and incentivise migration to regional areas.
- Simplify processes to reduce administrative burden on businesses where role demand is deemed as a significant shortage.
- Processing times need to be improved to increase the accessibility and responsiveness of the systems for businesses that are already challenged by labour shortages.

QUEENSLAND TOURISM INDUSTRY COUNCIL

QTIC is the state peak body for tourism in Queensland. QTIC is an independent private sector, membership-based tourism industry organisation.

All of Queensland's 13 Regional Tourism Organisations (RTOs) are members of QTIC, as are 20 industry sector associations and in excess of 3,000 regional members, operating in all sectors of the tourism industry.

QTIC works in partnership with government agencies and industry bodies at a local, state and national level and is a member of the Australian Tourism Industry Council (ATIC).

TOURISM IN QUEENSLAND

The tourism industry in Queensland contributed \$25.0 billion to Queensland's Gross State Product (GSP), representing 7.8% of total GSP and generated \$7.4 billion in exports in the year ending June 2017¹, making it one of the state's largest export industries only behind coal and food.

In recent years, government and business communities have recognised tourism is contributing significantly to economic growth in Queensland and generating significant numbers of new jobs. Due to a slowdown in the resource industry, tourism has experienced resurgence and is flourishing against a relatively soft economic backdrop. In Deloitte's *Tourism and Hotel Market Outlook*², it is reported that international arrivals to Australia grew at twice the rate of global outbound travel and international visitation "continues to outshine broader economic performance". Forecasts to 2020 indicate tourism will continue to grow faster than the wider economy.

¹ Tourism Research Australia - State Tourism Satellite Accounts 2016-17

² Deloitte, *Tourism and Hotel Market Outlook*, Edition 1, 2017

The World Travel and Tourism Council³ project travel and tourism employment will grow 5.8% (compound annual growth) over the next decade in the Asia Pacific region. In contrast, total economy growth is projected at 4.1% per annum and other industries such as mining and agriculture are forecast to grow at 1.8% and 2.2% per annum respectively. Highlighting the potential opportunities that tourism can bring to the economy.

The five-year average growth rate for total visitor nights in Queensland is projected to be 4.0% over 2014–15 to 2019–20, or 3.9% over 10 years. This compares to 4.4% total five-year average annual growth for Australia, or 3.8% over 10 years. This growth over the next 5-10 years in tourism will translate to a significant need for new staff and skills. Additionally, changing business models as 'disruptive' innovation will create new capacity skills as disruptive practices continue to shape the tourism industry

On any one day in Queensland, there are on average approximately 370,000 non-residents in the state. This is a greater number than the population of the entire Sunshine Coast and almost as much as the city of Gold Coast. With such a large number of additional persons in the state, dispersed across regions, their impact on the economic and social dynamics should be taken into consideration. Tourism is a service driven industry with the need for a large number of skilled employment. In order to meet the growing demands of the transient population, non-residents must be considered when assessing employment demands over the next 10 years.

Tourism and employment

There are over 54,000 tourism businesses operating across Queensland in sectors including, but not limited to, accommodation, transportation, tour operators, travel agencies and marine operations. One in ten businesses in tourism is a small or medium sized enterprise. The industry supports employment and community growth, employing more than 217,000 people directly and indirectly, or 9.1% of all people employed in Queensland¹. This is substantially more than mining (2.5% of employment) or agriculture, forestry and fishing combined (2.2% of employment). As demand for tourism in Queensland increases, opportunities for employment in Queensland's tourism industry also expands. Growth in employment in tourism (at 2.2%) already exceeds the overall Queensland state employment growth (at 0.6%)¹.

There is a diversity of jobs within the tourism industry with 11 occupations representing the majority of workers in the industry⁴. Of those directly employed in tourism, two thirds are employed outside of Brisbane, highlighting the value of tourism in regional Queensland⁵.

On average around 79% of tourism employees are sourced from the local region, of the remaining, 11% are from interstate or intrastate and 4% are working holiday makers⁶. Temporary visitors to Queensland play an integral role in the provision of tourism experiences and are vital to an industry with a skills shortage (see box 1).

³ World Travel and Tourism Council. 2017. Travel & Tourism Economic Impact 2017 Asia Pacific

⁴ Queensland Government Department of Tourism Education and Small Business (DETESB) identified occupations: Tourism Workforce profiling: Accommodation and hospitality managers; Housekeepers and Cleaners; Fast Food Cooks and Kitchen Hands; Receptionists; Waiters; Bar attendants and Baristas; Chefs; Cooks; Café workers; Travel and Tourism Advisers; Air Transport professionals

⁵ Tourism Research Australia, 2015-16, Queensland Tourism Satellite Account

⁶ Jobs Skills, 2017, Queensland Tourism Workforce Plan 2017-20

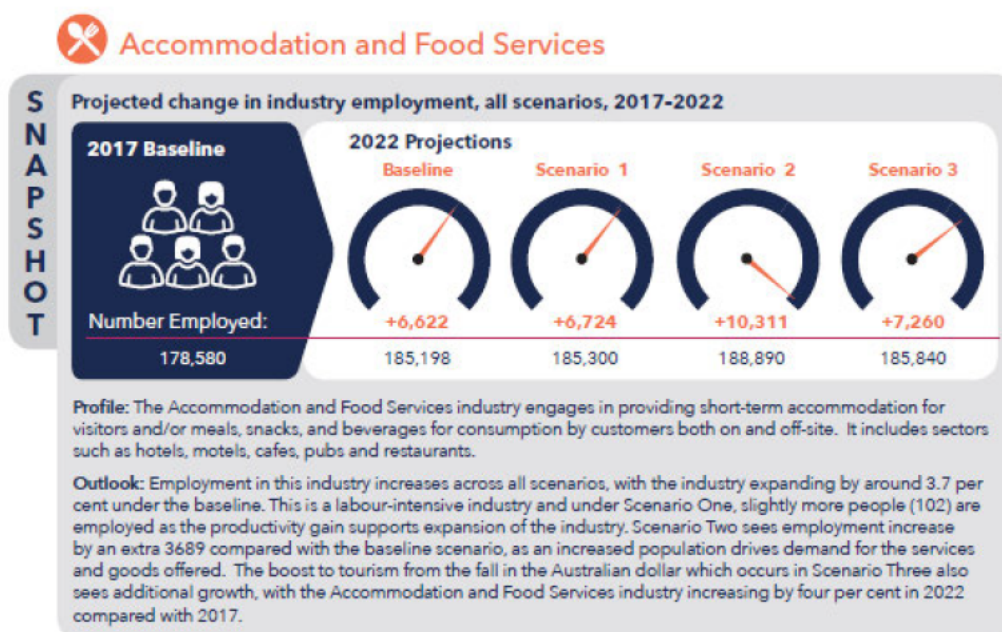
Box 1: Queensland tourism labour shortage

Tourism Research Australia and Deloitte Access Economics estimate an implied current shortage of **10,388 employed** persons in the Queensland tourism industry. With strong projected growth for the tourism industry it is anticipated that there will be an accumulated demand for **23,481** new workers by 2020⁷.

Across Australia, businesses in the café and restaurant industries report greater labour market difficulties relative to those in the accommodation or attraction industries. In Queensland, top tourism-related occupations experiencing deficiencies are Cleaner, Guest Service, and Receptionist.

The 2017 *Tourism Workforce Plan*⁶ explores opportunities to develop the tourism workforce to address the deficit of skilled workers. As part of the plan, one of the main goals is to build a distinct brand as a desirable career opportunity that capitalises on Queensland's reputation as a leading domestic and international visitor destination. To achieve this, the industry must be presented as an industry with opportunity, diversity and integrity. Furthermore, the plan highlights the need for industry to take active ownership of developing a culture where workplaces value and nurture skills development for all staff, leading to quality service provision and increasing productivity. Research also indicates that the tourism and hospitality industry needs to better understand the attitudes and values of their workforce in order to secure future competitiveness in talent management. A key outcome of the workforce plan is assessing how the tourism and hospitality industry can build the pipeline of foreign workers by better using migration programs. Any changes to the visa system must support regions and industries that require migrant workers to function effectively.

The *Anticipating Future Skills: Jobs growth and alternative futures for Queensland to 2022*⁸ report identifies that accommodation and food services alone will require between 6,622 and 10,311 additional employees by 2022. The sector is identified as labour-intensive and the combination of visitor and resident increases will put increasing demand on the sector – as demonstrated below.



⁷ Tourism Research Australia and Deloitte Access Economics, 2015 *Australian Tourism Labour Force Report: 2015-2020*,

⁸ Jobs Skills, 2018, *Anticipating Future Skills: Jobs growth and alternative futures for Queensland to 2022*

FEDERAL TOURISM INITIATIVES

Tourism 2020

In December 2011, the Federal Government announced its national strategy *Tourism 2020*, with a goal of doubling the value of tourism to \$140 billion by 2020. One of the key factors that will dictate the success or failure of Australia's tourism industry to meet its global potential is to meet the expected surge in demand with sufficient increases from the supply side of the tourism industry, such as tourism, aviation capacity and transport infrastructure.

The Tourism 2020 action plan identifies simplifying the 457 visa guidelines and the development of a template labour agreement for the tourism and hospitality industry as a key outcome alongside initiatives to grow demand from Asia. The ability to achieve the determined outcomes of the Tourism 2020 plan an accessible, simple and affordable visa system is required to encourage visitation.

The 2017 *Travel and Tourism Competitiveness Index*⁹ rates Australia at 36th out of 136 countries in visa systems. The report identifies that travellers have high expectations for visa systems efficiencies and low tolerance for barriers to mobility, indicating that poor visa systems can deter visitation. Furthermore, the World Economic Forum identifies that visa systems are currently hindering growth, job creation and tolerance between cultures. Furthermore, removing travel visas could triple visitor flows between countries. Whilst it is not encouraged to remove travel visas, a simple, transparent approach to visa would support the growth in visitor numbers across Australia to meet the Tourism 2020 targets.

STATE TOURISM INITIATIVES

The Queensland Government and the Queensland tourism industry share an ambition to restore Queensland's leadership position as Australia's premier tourism state. The former government supported a **goal of doubling visitor expenditure, to \$30 billion by 2020**, in line with Commonwealth ambitions. The current Queensland Government has committed to maintaining these goals and to continue working with industry leaders to develop a prosperous and sustainable tourism industry. QTIC remains committed to working with government and industry to achieve training and employment outcomes through the following strategies:

Destination Success is the 20-year tourism plan of the Queensland Government for tourism. The strategy identifies that people are becoming increasingly mobile, with a strong motivator for travel, people are travelling further and more frequently for trade, business, events, conferences, education and healthcare. In working towards the *Destination Success* goals, the visa system needs to support the frequency and travel patterns of a changing visitor.

Advancing Tourism 2016–20 is the Queensland government's plan to capitalise on the significant tourism growth in Queensland. It targets key areas, identified by industry, to increase market share and boost tourism jobs.

The *Queensland Tourism Workforce Plan* explores opportunities to address workforce challenges felt by the tourism and hospitality industry. Tourism directly and indirectly accounts for around 9.5% of employment in the State. With an ageing population, rapid changes in technology and competition

⁹ World Economic Forum. 2017. The Travel and Tourism Competitiveness Report 2017.

from other industries, attracting, training and retaining committed and skilled people in tourism, hospitality and events is a critical issue. The Plan states,

"While only comprising 6% of the tourism workforce, industry stakeholders report that overseas workers can make a significant difference to a business' ability to serve their visitor markets during seasonal peaks. The projected industry growth will place pressure on the ability of the labour market to meet demand. By 2020, around 20,000 additional skilled and unskilled tourism workers will be needed in Queensland. The extent of the shortfall will depend on how many can be filled within the existing labour supply" – excerpt from The Queensland Tourism Workforce Plan.

RESPONSE TO TERMS OF REFERENCE

Australia's migration programs over many decades have been a central driver of economic and social development in this country. The benefits delivered through migration have helped shape the economy and many communities. We suggest that Australia is more likely to achieve positive outcomes for its resident community if a significant and well-considered migration program is maintained.

It has been consistently suggested by the tourism industry that existing migration arrangements are deficient in meeting the future needs of the industry and are unresponsive to industry needs in accessing global markets for skilled and lower skilled labour. The tourism industry offers an exceptional opportunity to strengthen the economic and social and cultural exchange links between Australia and migration partner countries. Travel is also seen as a key motivation for international visitors to consider temporary or permanent residency in Australia as well as investing and enhancing business relations.

The skill shortages faced by Australian businesses are particularly acute in some strategic sectors and have the potential to threaten economic growth and limit development opportunities. When determining the Migration Program in both the short and long term, a number of factors should be considered. Demographic trends, such as the aging population, will determine the types of employment that the domestic labour pool will be able to supply. Manual jobs and those with "gig employment" characteristics are less attractive to an aged workforce and therefore may require skilled migrants to address the shortage. Chefs are a key example of a situation where an aging workforce is unlikely to address the shortage and where industry leaders are looking to skilled migrants to address an acute and growing worker deficit. Further benefits to an aging population will be identified with young families arriving under a skilled migrant stream.

The recently released *Queensland Tourism Workforce Plan 2017-2020* highlights that as the tourism industry continues to grow faster than the wider economy, the workforce needs continue to increase. The plan states: "Career patterns and expectations are changing, with individuals increasingly likely to have a number of different careers in their lifetime. Future workers need to be flexible and adaptable, able to move from tasks, jobs and locations with some having mixed portfolios of part-time work". These needs of a changing workforce need to be taken into consideration when determining the scope and criteria of a migration program.

Recent changes to the visa system have not resulted in any notable improvement of the skilled workforce shortages currently evident in the hospitality industry. Rather, skilled migration for critical shortages has reduced. Limited pathways to permanent residency among new visa sub-class are making Australia less attractive to potential migrants who can offer the skills needed in industry. The negative media discourse surrounding migration and visa programs with the indication of migrant workers "stealing" Australian jobs has also impacted Australia's reputation globally. An improved migration program should focus on attracting migrants with skills that can support growth sectors in Australia, working alongside Australian workers to support the economic growth of the country.

a. the interaction between the temporary skilled visa system and the system in place for training Australian works, including how a skills shortage is determined

Demand for places in the skill stream has decreased by 19.3 per cent in the 2017–18 program year compared to 2016–17. The decline was mainly attributed to the Employer Sponsored category. As at 30 June 2018, there were 101,419 applicants in the pipeline, a decrease of 1.5 per cent compared to the pipeline as at 30 June 2017. Employers identify that a complex system, slow decision time and uncertainty of outcome influence their willingness to sponsor candidates. Rather, they attempt to attract those already onshore, many of whom will be on working holiday visas that result in higher turnover for employers. Whilst this is not preferred by our members, it is the option that offers the least investment and greater certainty.

Skilled Regional visas delivered an outcome of 1,574 places in 2017-18, a decrease of 5.7 per cent over the outcome for 2016–17 of 1,670 places. For Regional Queensland this increases the burden on small labour markets. When faced with changing economies and a new set of job expectations for the future, concerns are raised for the future of the workforce. For example, a QTIC member in North Queensland identifies "It is expected that almost half of the 4,584-person work force within the Charters Towers region will experience skills shortage due to the onset of technology i.e. smart cities, smart cars, drones, mechanical devices etc that will reduce the requirement for labour or require a higher level of skills than currently expected."

Regional areas have a smaller labour pool to draw from to service a large geographic area and a broad range of industries, which means that they often rely on attracting skilled workers from outside the area. Only a small proportion of skilled migrants settle in regional areas and of those, a many move to major cities within 18 months. Attracting skilled migration to the regions is therefore an important strategy to build the critical mass of talent needed to sustain and retain talent in regions. This is becoming increasingly important as the Federal Government focusses on decentralisation. Regionally, those included in the temporary skilled visa system and residing on working holiday visa holders are utilised to fill entry level hospitality positions. On Magnetic Island for example, the ratio for temporary skilled workers is half employees on temporary visas and half Australian workers. This region is finding it increasingly challenging to recruit Australian workers into full-time positions. This forces employers to rely on complex visa systems to address their needs.

Looking at the temporary skill shortage program, and the introduced payment Skilling Australia Fund (SAF), a member identifies that among the businesses they work with, there has been a reduction in companies spending money on training Australian citizens and residents within their own business. The previous program encouraged companies to hire apprentices and train staff as part of the meeting training requirements. As the SAF is a large amount paid externally to a government fund, operators identify that there is a disconnect between organisations and the training they provide to their staff as part of the program. Having to pay a high fee for the SAF means a reduction in available budget for training current staff.

b. the current skills assessment regime, including but not limited to, the correct application of ANZSCO codes and skills testing requirements;

A review is needed of ANZSCO codes and the skills associated with these. In order to successfully understand and forecast workforce needs, it is integral that ANZSCO reflects current occupations. This includes those that are relatively new and have been stimulated by technological change as well as existing roles such as middle-management. The skill level required for different occupations and

the changes that have impacted occupations due to automation and shifts in consumer needs must be part of such consideration. Failure to evolve the ANZSCO may result in inaccurate forecast and a lack of understanding of key industry needs that the migration program could support.

Skilled labour shortages are identified as a key constraint on business activities in recent quarters, particularly after long overdue jobs growth during 2017. The enormous increase in visa application processing times has greatly affected the number of visas granted. In particular, the processing time for the regional sponsored migration scheme visa has increased, putting additional pressures on those seeking employees. There has also been a significant rise in the number of regional sponsored visas that have been refused. For operators across the tourism industry, the system is deemed complex, arduous and uncondusive to addressing shortages.

Skills assessments for occupations in the industry remain appropriate. However, organisations are finding it increasingly to sponsor graduates as part of the regional sponsored migration scheme due to the increase to 3 years work experience required. Consideration should be given to flexibility in the work experience requirements for regional areas, creating an incentive for migrants to seek regional work over city-based work. This would reduce barriers for employers and promote decentralisation.

d. the effectiveness of the current labour market testing arrangements;

Labour market testing in areas of extreme shortages (i.e. chefs and hot air balloon pilots) has not had much impact. Positions are continuously advertised and yet the shortage remains for the industry. This, combined with a decline in the domestic enrolments in training related to this occupation, will have a significant long-term impact on industry.

In regards to the process itself, industry identify that it is ineffective to provide all job applications with summaries on who you did not employ and why. The administrative burden that this causes operators is a large barrier, but when the only remaining option for them is to utilise skilled overseas workers this is a challenging process that drains significant resources from businesses.

f. the use and effectiveness of labour agreements.

There is a lack of use of Labour Agreements within the tourism and hospitality industry due to the lack of knowledge, long processing time and complexity of negotiations. Operators are often unsure of how the Labour Agreement process works and what opportunities there are to enter into a Labour Agreement.

For the SMEs that make up the majority of the tourism industry, the complexity and administrative burden that this process creates is a major barrier to participation.

RECOMMENDATIONS

Based on QTIC's assessment, the following recommendations are made:

- Review of ANZSCO list to include new occupations and changing roles of existing occupations.
- Consider a flexible approach to work experience requirements for regional areas to reduce barriers and incentivise migration to regional areas.
- Simplify processes to reduce administrative burden on businesses where role demand is deemed as a significant shortage.
- Processing times need to be improved to increase the accessibility and responsiveness of the systems for businesses that are already challenged by labour shortages.

FURTHER ENQUIRIES

QTIC welcomes the opportunity for further discussion regarding the points raised in this submission. For all enquiries, please contact QTIC Policy Team