

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Resources, Energy and Tourism Portfolio

Additional Estimates

15 February 2012

Question: AR9
Topic: Tourism Industry
Proof Hansard Page: Written

Senator Bushby asked:

1. What reviews have been undertaken in relation to the operation of the Pacific Guest Worker Scheme?
2. The Minister for Resources, Energy and Tourism has referred to a trialled expansion of the Pacific Guest Worker Scheme for hospitality workers in Broome to deal with the chronic shortage of workers in the tourism and hospitality sector. Yet the Department of Resources Energy and Tourism has refused to answer Estimates Questions on what reviews have been undertaken into this scheme saying that this is a matter for your Department.
3. What reviews have been conducted into the Broome Hospitality Trial before a decision was made to expand this scheme?
4. What were the results of the trial? Will the Department release the detail of the review?
5. What is the rationale behind importing foreign workers as cleaners and other unskilled workers in the tourism and hospitality industry, when Australia does not have a 0% unemployment rate?
6. The Committee's attention was drawn to a Frontier Economics report on the impact of the climate change a year ago, before the Governments clean energy bills were debated in the House. The Department indicated the report would be published on the website in due course. I note a draft report was received on 10 February 2011. While this would have been informative for the House and the Senate in debating the Clean energy bills, the report has not been made public, and at Additional Estimates in October, this committee learned that a public release is not planned at this stage. Has the Department decided to sit on this report indefinitely, or will you release it before the next federal election? If not, why not?
7. In an answer to a question on notice at Additional Estimates, the department indicated that the cash balance as at 30 June 2010 was \$20 million, a net increase of an approximately \$8 million compared to 30 June 2009, mainly as a result of foreign exchange gains. Given that the Department refunded \$12.5 million to the Government because of the high dollar, did the Department make the case that Tourism Australia (TA) be spared further budget cuts at last years mini-budget? In other words, because the high dollar is hurting tourism, did the Department make the case that Tourism Australia's budget and the Department's Tourism budget be spared cuts of around \$7m in total?

8. I am not satisfied that an adequate answer has been given to Question On Notice regarding the development and implementation of KPIs for tourism, at Additional Estimates last year (Question SR-36). Can the Department review this answer and provide detail on exactly how Departmental Officers and Tourism Australia's officers are held accountable for the lacklustre performance in Tourism, in light of
- Australia's slide from 4th to 13th place in the World Economic Forums ranking of countries by tourism competitiveness since 2008;
 - ABS data showing domestic overnight trips have fallen from 72 million to 64 million (7.8 percent); [update with figures since 2007 instead of these decade long stats]
 - Tourism's share of capital expenditure has decreased from 3.5 percent to 3.0 percent; and
 - Australia's share of global international arrivals has declined from 0.69 percent to 0.57 percent (17.3 percent).

This time, please indicate are objectives SMART objectives (Specific, Measurable, Achievable, Relevant, and Timed)?

9. Turning now to the governments announcement of 24 January 2012 "New labour agreement to help tourism employers"; what will the proposed agreement do to make it easier to engage overseas workers?
10. Considering all of the standard sponsorship tests still need to be addressed, including
- Undertaking a labour market demand test;
 - Demonstrating commitment to training; and
 - Demonstrating a satisfactory employment record,

isn't it the case that the crisis in staffing of the tourism and hospitality sector is, in reality, not eased at all?

11. Given in the last budget, resources have been diverted from the TQUAL program to Enterprise Connect, to what extent will Enterprise Connect be able to be used by tourism businesses as none of the current Partner Organisations or Business Advisors have any specific tourism expertise and no additional service providers are to be sourced until 2013?

Answer:

1. The Department of Resources, Energy and Tourism (RET) does not have lead portfolio responsibility for the Pacific Seasonal Worker Pilot Scheme (PSWPS). However, RET has sought advice from the Department of Education, Employment and Workplace Relations (DEEWR) for questions 1 to 5 as DEEWR currently have carriage of this issue.

DEEWR advise that:

- (i) An evaluation report on the development impacts of the PSWPS has been completed. The report is available at: <http://ideas.repec.org/p/wai/econwp/11-09.html>.

(ii) An evaluation report on the domestic impacts of the PSWPS is near finalisation. The interim evaluation report on the domestic impacts of the PSWPS was released in June 2010 and is available through DEEWR.

2. As per question 1.
3. DEEWR advises that a review of the trial seasonal labour mobility arrangements with accommodation providers will be undertaken as part of the Seasonal Worker Program.
4. DEEWR advises that a review of the trial seasonal labour mobility arrangements with accommodation providers will be undertaken as part of the Seasonal Worker Program.

A decision on whether to release the findings of a future review will be a matter for the Minister for Employment and Workplace Relations.

5. The rationale for a seasonal labour mobility initiative with Pacific island countries and East Timor is to contribute to their economic development. Such an initiative is an indication of Australia's commitment to development and engagement with the Pacific region and East Timor. It provides seasonal workers the opportunity to benefit from employment experience, remittances and skills transfer.

It also offers employers who are unable to source suitable local Australian workers, a reliable and seasonal workforce and certainty during peak seasons. Employers who are interested in hosting or employing Pacific seasonal workers must demonstrate to the Australian Government that they have tried to recruit locally and have not been able to recruit candidates to fill their positions. Only businesses that can show that they have unmet demand for labour and are committed to employing Australian job seekers can participate in the Pilot.

6. Minister Ferguson wrote to State and Territory Tourism Ministers on 31 January 2012 seeking their agreement to the public release of the report. Subject to that agreement, it is proposed that this will be done by making the report available on the Department of Resources, Energy and Tourism (RET) website.
7. No. The Department/Tourism Australia were not aware of the Government's decision to increase the efficiency dividend until it was announced as part of the Mid-Year Economic and Fiscal Outlook Statement on 29 November 2011, and did not seek to have tourism funding exempted from this measure.
8. As noted previously, the performance of the tourism industry is impacted by a range of factors, many of which the Department has no direct control over. These include, for example, the high Australian dollar and many of the legislative and regulatory levers in areas which impact the tourism sector. In addition, to a large extent the industry itself needs to take responsibility for its own future and implement measures to adapt to changing economic circumstances.

In this context, the Department works on a range of tourism policies, programs and research which provide a framework to strengthen and stimulate growth and productivity in the tourism sector. Departmental officers are directly accountable for the effective delivery and outcomes of these policies and programs. There are a range of KPIs for tourism outlined in the 2011-12 RET Portfolio Budget Statements; most of these are specific, quantitative measures. The previous response acknowledged the need for further work to develop

(SMART) indicators to provide a better measure of program outcomes rather than program outputs. Tourism 2020 - launched in December 2011 as the Department's key policy framework for tourism - identifies six strategic areas of focus to support the tourism industry and includes specific objectives, actions, deliverables and quantitative (SMART) indicators to measure policy outcomes. Work to improve tourism KPIs is continuing. For example, (SMART) indicators are being developed to measure the outcomes of the Department's flagship tourism grants program (T-QUAL Grants). Improved indicators will also be developed to measure the success of the National Tourism Accreditation Framework (the T-QUAL Tick) and the benefits this is delivering for accredited businesses.

9. The development of a template labour agreement will help to ease labour and skills pressures by improving the industry's ability to attract and retain labour. It will streamline the process for sourcing overseas workers (by standardising labour agreement conditions) and allowing employers to nominate workers for 457 visas across a wider range of skilled occupations which are hard to fill locally or ineligible under other migration programs such as waiters and bar attendants.
10. Staffing of the tourism and hospitality sector will benefit from improved access to occupations not covered under the standard 457 program, including across a wider range of skilled occupations which are hard to fill locally or ineligible under other migration programs such as waiters and bar attendants.
11. Enterprise Connect is open to eligible tourism firms that derive a significant portion of their turnover from tourist accommodation, tourist attractions, local food and beverage tasting experiences, the operation of tours, or travel agency services. Eligible tourism firms will need to have an ACN, or ABN in remote regions; revenue or expenditure of \$1 - 100 million in the current financial year or one of the three preceding financial years; be solvent and not be under administration; and have operated in Australia and filed Business Activity Statements showing ongoing trading in at least three full consecutive years.

Enterprise Connect Business Advisers, who undertake business reviews, are very experienced with many having owned and operated their own business and are highly skilled in assessing business activities. The current cohort includes a range of Business Advisers who have specific tourism experience.