



SUBMISSION TO THE SENATE INQUIRY INTO PACIFIC REGION SEASONAL CONTRACT LABOUR

Australian Tourism Export Council
Level 18, Tower 2, Darling Park
201 Sussex Street
Sydney NSW 2000

18 August 2006

BACKGROUND

The Australian Tourism Export Council (ATEC) is the peak industry body which represents the interests of over 1100 companies throughout Australia that provide tourism services to foreign visitors. It is important to note that while those services are consumed within Australia, they are purchased by foreigners and are therefore exports.

ATEC was founded in 1972 as the Inbound Tour Operators Association. In 2000, it changed its name to ATEC to reflect the fact that its members contributed significantly to Australia's export earnings. Today, ATEC represents the majority of the licensed ITOs (more than 170) and over 1000 product suppliers.

ATEC is the only national tourism industry association representing the tourism export (inbound) sector. Our chief functions are to:

- Represent the collective views of our membership to governments and other external stakeholders;
- Provide business-to-business opportunities for our members;
- Provide business development advice to our members;
- Raise the profile of the tourism export sector to the broader community.

ATEC is a member of the National Tourism Alliance (NTA) and its Managing Director sits on the NTA Board. ATEC also has a reciprocal relationship with the Pacific Asia Travel Association (PATA).

Based in Sydney, ATEC has eight branches around Australia and counts among its membership over 40 regional tourism organisations (RTOs), representing thousands of small to medium enterprises.

In order to effectively represent the views of the industry, ATEC convenes a number of specialist panels and steering committees. One such panel is the Backpacker Tourism Advisory Panel (BTAP) which consists of fifteen industry representatives all active and experienced in the backpacker tourism market.

INTRODUCTION

The Australian Tourism Export Council (ATEC) welcomes the opportunity to present its views in relation to the Employment, Workplace Relations and Education References Committee's inquiry into the value and practicability of using contract labour from Pacific region countries. Whilst the inquiry relates specifically to the seasonal employment needs of the agricultural industry, there are specific implications for the tourism sector in relation to backpacker tourism and the working holiday maker scheme.

THE AUSTRALIAN TOURISM INDUSTRY

The tourism industry is an important economic driver and is largely made up of small to medium businesses. The combined direct and indirect contribution of tourism to the Australian economy was \$59 billion, or around 9% of GDP in 2000-2001. Tourism is a labour intensive industry employing proportionately more people per dollar of GDP than most other industries. In 2000-2001, tourism directly employed 549,000 people or 6% of total employment. Add to that the indirect employment and tourism accounts for more than 900,000 jobs, or 10.4% of total employment.¹

The export (inbound) tourism industry has been a phenomenal success and the star performer of the export services sector. Tourism exports are larger than coal, wool and most other categories. In 1972, the year ATEC (then ITOA) was formed, 426,402 overseas visitors arrived in Australia. By 1987, this had grown to 1,785,000 and by 1997 to 4,318,000. Last year, Australia welcomed 5,497,000 visitors contributing \$18.2 billion in export revenue. This is predicted to grow to over 9.5 million visitors by 2015, contributing \$35 billion in export revenue.²

Export tourism is also critically important to regional Australia. Around 30% of expenditure by international tourists is spent in regional Australia, having a positive impact on regional economies.

Tourism also makes a significant social and cultural contribution to Australia, Australians and the visitors to our shores. The job opportunities provided along with cultural exchange programs such as the working holiday maker scheme are both examples of how the industry promotes youth development.

¹ Tourism Australia "Value of Tourism" fact sheet, July 2006

² Tourism Forecasting Committee, March 2006

DISCUSSION

ATEC has long argued for the Australian government to acknowledge and address the labour shortage issues being felt by regional Australia – particularly in relation to the tourism/hospitality sectors. ATEC supports the National Farmers' Federation discussion paper on migration options to resolve labour shortages in the agricultural sector in light of the fact that the tourism and hospitality sectors also suffer from labour shortages. One of the most significant impediments to the further growth of tourism in Australia is the access to labour, both skilled and otherwise. Tourism is a labour-intensive industry and will remain so as most of its functions cannot be replaced by technology. Being a highly seasonal and geographically dispersed industry largely consisting of small to medium enterprises, tourism requires a workforce relations environment that encourages enterprise and offers maximum flexibility for negotiation between employers and employees. This is further impacted by the by the issue of Australia's ageing population and with tourism and hospitality being (arguably) a youth industry, the pressures are being increasingly felt.

It is tempting to think that the solution to tourism's labour shortages is further skills training and other employment schemes for the sector in Australia. Much has and is being done in this area. Unfortunately (in one respect) Australia's tourism and hospitality industry is held in such high global regard that skilled Australian workers are eagerly sought by emerging tourism destinations such as the United Arab Emirates and Macau which offer terms and conditions that the Australian industry struggles to match. Australia is thus burdened with a strong outflow of skilled labour.

Regrettably from tourism's point of view, the Senate inquiry extends only to agricultural sectors and will therefore not aid the tourism industry in its plight to ease labour shortages. In fact, introducing a 'guest worker' scheme **only for the agricultural sector** has the potential to hurt the tourism industry's labour situation far more than ameliorate it. The Australian tourism industry seeks a level playing field for all sectors on the issue of access to labour.

ATEC supports the roll-out of a controlled 'guest worker' program such that sectors have access to labour to fill a growing number of skilled and, in particular, unskilled jobs. It is ATEC's assertion that a sector-limited roll-out of contract workers from any source – whether that be Pacific Rim countries or not – does little to address the acute labour shortages being felt by other sectors of the economy, particularly tourism and hospitality. Importantly, such an approach could have an impact on other programs like the working holiday maker scheme.

Currently, the working holiday maker scheme gives young people aged between 18 and 30 from 19 reciprocal countries the opportunity to work and travel around Australia for up to two years³. ATEC and its Backpacker Tourism Advisory Panel (BTAP) have lobbied hard for a number of years for reforms to Australia's working holiday maker scheme and will continue to do so to improve scheme attractiveness for key markets. ATEC commends the Commonwealth government on its most recent response to industry calls for reform, particularly in relation to the extension from three months to six months with one employer during any working holiday.

³ visa duration is two years provided the applicant works for three months in the agricultural sector, otherwise visa duration is one year

Working holiday makers are a lucrative sector of the tourism industry and are shown to have a positive effect on the Australian economy, spending more than \$1.3 billion annually⁴.

Australia welcomes around 100,000 working holiday makers annually⁵ and this figure has grown steadily since the introduction of the scheme. According to a 2002 study on the working holiday maker scheme conducted by the University of Melbourne, 85% of visa grantees engaged in paid work during their stay in Australia⁶. There is no doubt that working holiday makers have a positive economic impact on local economies – particularly in regional Australia. The recent reforms to the scheme have assisted in alleviating some of the seasonal labour pressures in regional Australia given that employers can now invest in individuals for a more realistic period, yet the reforms still favour the agricultural sector. In order for working holiday makers to stay in Australia for two years, they must demonstrate that they have worked for a minimum of three months in the seasonal harvest sector – good news for farmers, but again not helping regional small business operators in the tourism sector. A program for 'guest workers' that is limited to the agricultural sector could effectively displace working holiday makers – **whom spend their earnings in Australia on travel experiences and disperse widely throughout the regions.**

Further expansions to the working holiday visa conditions such as extension from 6 months to 12 months with one employer and extension of the three months in seasonal harvest to include tourism and hospitality rather than harvest only, will complement other programs including a 'guest worker' program.

CONCLUSION

Agriculture is not the only sector of the economy that is suffering labour shortages which could be significantly alleviated by foreign contract labour. To avoid distortions in the economy it is critical that the government makes a decision that ensures balanced employment such that employers can access a range of personnel for different labour needs. Cultural exchange programs such as the working holiday maker scheme are just as important as the political imperatives behind a labour agreement with our Pacific neighbours. ATEC recommends that the Commonwealth government consider an approach to contract labour which serves to address constraints felt across all economic sectors rather than just agriculture by considering and utilising a holistic model that complements the success of existing programs.

⁴ Source: Department of Immigration and Multicultural Affairs Fact Sheet 49 – Working Holiday Program

⁵ Department of Immigration and Multicultural Affairs

⁶ Source: The Working Holiday Maker Scheme and the Australian Labour Market, Melbourne Institute of Applied Economic & Social Research, University of Melbourne, 2002