



7 February 2014

Ms Patricia Scott  
Presiding Commissioner  
Productivity Commission  
LB2 Collins Street East  
MELBOURNE VIC 8003

Dear Ms Scott

### GEOGRAPHIC LABOUR MOBILITY

The Australian Trade Commission (Austrade) welcomes the opportunity to provide a submission to the Productivity Commission's (the Commission's) study into geographic labour mobility.

As part of the national long-term tourism strategy, *Tourism 2020*, the Australian Government is committed to working with states, territories and industry to double overnight visitor expenditure to between \$115 billion and \$140 billion by 2020. Increasing the supply of labour and skills is a key part of this agenda and facilitating more effective labour market mobility is a critical component in ensuring the tourism industry has access to the workers it needs at the time they need them and at a price they can afford.

The tourism industry is experiencing labour shortages, with a predicted shortage of 56,000 workers (including 26,000 skilled) by 2015. These shortages are constraining the industry's ability to meet growing global tourism demand, increase export income and attract investment.

The seasonal nature of the tourism industry and the fixed location of the destination (i.e. the tourism destination cannot be shifted), means that matching labour demand with supply is a more complex exercise for the tourism industry than for other sectors of the economy.

There are a number of structural barriers restricting labour market mobility across the economy that are imposing economic costs on tourism and other industries. These include the remote location of areas with unmet labour demands, shortage of housing supply and lack of transportation in some areas, limited access to training and limited recognition of occupational certification across jurisdictions. Whilst these constraints exist, temporary migration and employment services systems need to be flexible enough to facilitate the movement of labour to areas of highest demand.

In this context, Austrade's submission, which I have enclosed, makes the following recommendations for the Commission's consideration to enhance labour mobility:

- 1) That the Commission make particular consideration of the impacts of housing supply on labour mobility and proposed new investment in tourism regions.
- 2) That COAG expand its national occupational licensing reforms to incorporate licensing and certification relevant to tourism and other industries.
- 3) That a review of transportation at a regional and inter-regional level be conducted to identify and remove barriers to labour mobility.
- 4) That consideration be given to improving access to training for regional and remote communities, including through the use of digital technology.



- 5) That the Commission's full report on geographic labour mobility be provided to the Review of Indigenous Training and Employment, and any other future reviews in the employment and training space, to ensure consideration of geographic labour mobility for Indigenous people in future programs and policies.
- 6) That the Commission consider how the Australian Government's review of employment services could enhance the job services system by improving the placement of people into casual work and identifying the benefits of industry-specific providers to assist labour mobility.
- 7) That the Commission consider how to increase the flexibility of temporary migration options (including the Working Holiday Maker program, Regional Migration Agreements, 457 visas and the Seasonal Worker Program) to enable them to more effectively meet labour market demands.
- 8) That the Commission identify a means to improve employment data at an industry-specific level, including a regular study of labour and skills shortages with seasonal labour trends and vacancies at the regional level.
- 9) That the Commission identify a means to undertake a study to determine the economic impacts to businesses, regions and the national economy if they are not able to source the required labour and impact on future growth including investment opportunities.

Should you have any questions or queries about Austrade's submission, please contact Nicholas Dowie, Assistant General Manager, Tourism Policy Branch, (02) 6272 6815, [nicholas.dowie@austrade.gov.au](mailto:nicholas.dowie@austrade.gov.au) or Elise Gordon (02) 6272 6820 [elise.gordon@austrade.gov.au](mailto:elise.gordon@austrade.gov.au)

Yours sincerely

Bruce Gosper  
Chief Executive Officer

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## **Austrade submission to the Productivity Commission's draft report on geographic labour mobility**

The Australian Trade Commission (Austrade) is pleased to provide a submission to the Productivity Commission (the Commission) on its draft report on Geographic Labour Mobility.

Austrade is an executive agency of the Australian Government with responsibility for developing international markets, encouraging productive foreign direct investment and promoting international education. Following the recent Machinery of Government changes that followed the federal election in 2013, Austrade is now the Australian Government agency responsible for tourism policy, programs and research.

Tourism is a significant industry to the Australian economy. It is Australia's largest services export, contributes \$42 billion to gross domestic product and directly employs over 540,000 people<sup>1</sup>. There are nearly 300,000<sup>2</sup> businesses, ranging from accommodation, restaurants and cafes, to transport and travel agents, and the retail and education sectors.

However, research conducted by Deloitte Access Economics found that by 2015 the industry will be faced with a shortage of 56,000 workers (including 26,000 skilled workers).<sup>3</sup>

Labour shortages are creating capacity constraints that restrict industry's ability to:

- Meet growing international demand for Australia's tourism products and services
- Provide high quality service
- Compete internationally
- Grow export earnings
- Attract foreign investment.

There is evidence of some labour mobility in the tourism industry; however there are a number of structural factors that are preventing the seamless movement of labour that could otherwise act to fill the industry's identified labour shortage. This includes the highly seasonal nature of the industry, competition for labour from other industries, lack of local workers, undesirable hours for some workers, and remoteness of many tourism destinations and workplaces from large population centres.

Furthermore, there are broader barriers to labour mobility that are imposing economic costs on tourism and other industries. These include limited availability and affordability of housing in regional and remote areas, limited transportation within and across regions, limited access to training in remote areas, and limited recognition of tourism-related qualifications across jurisdictions.

This submission will discuss labour mobility as it applies to the tourism industry, as well as current initiatives which seek to develop labour and skills capacity within the domestic workforce as well as increase labour supply through temporary migration. It will identify a number of areas that have the potential to enhance geographic labour mobility that are worthy of further examination by the Commission.

### **Tourism policy context**

In 2011 the Australian Government, in partnership with state and territory tourism organisations, introduced *Tourism 2020* which aims to double overnight visitor spend to between \$115 billion and \$140 billion by 2020. The strategy is a whole-of-government approach, working with industry, to deliver six strategic priorities:

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<sup>1</sup> *Tourism Satellite Account*, 2012-13

<sup>2</sup> *Tourism Businesses in Australia*, June 2010 to June 2012, Tourism Research Australia

<sup>3</sup> *Australian Tourism Labour Force Report*, 2011, Deloitte Access Economics,  
[www.austrade.gov.au/Tourism/Policies/National-long-term-strategy/Working-groups/Labour-and-Skills](http://www.austrade.gov.au/Tourism/Policies/National-long-term-strategy/Working-groups/Labour-and-Skills)



1. Grow demand from Asia
2. Build competitive digital capability
3. Encourage investment and implement regulatory reform
4. Ensure tourism transport environment supports growth
- 5. Increase supply of labour, skills and Indigenous participation**
6. Build industry resilience, productivity and quality

Addressing these priorities is crucial to ensuring the tourism industry can achieve its full potential. In response to priority five, the *Tourism 2020* Labour and Skills Working Group is seeking to:

- Enhance recruitment and retention for the industry
- Enhance regional workforce planning and development to target employment ‘hot spots’
- Identify education and training gaps and potential mechanisms to address them
- **Facilitate workforce mobility** and expand the traditional workforce

### **Labour and skills issues in the tourism industry**

Labour and skills shortages have long been identified as a concern for the tourism industry. Tourism is a labour intensive, seven-day-a-week industry, which depends on an adequately supplied and skilled workforce to service its global customer base. An important factor hindering the ability of businesses to fill labour shortages is seasonality. Almost half of Australian tourism businesses (47 per cent) are seasonal.

Seasonality impacts the industry’s ability to manage its workforce during peak periods where additional workers are required, particularly in regional and remote areas. The impacts of seasonality are compounded in regions where there is a mismatch of labour demand with supply or there is strong competition for labour from other industries.

The industry is attractive for both entry level and skilled workers. However, it has one of the lowest levels of post-school qualification, and indeed many frontline staff are either casual or part-time workers. As the Commission notes at page 10 of its draft report, low skilled workers may be less mobile because they have fewer resources to allow them to take advantage of employment opportunities when they arise, and this is likely to have disproportionate implications for tourism and other industries. The industry also supports many skilled workers, particularly in professional or trade qualification professions such as chefs and managerial positions.

The tourism industry is growing at a rate faster than most other sectors of the workforce; yet by 2015 it will be faced with a shortage of 56,000 workers (including 26,000 skilled) which will significantly impact on its ability to effectively service tourists<sup>4</sup>. Feedback provided to Austrade from foreign investors into Australian tourism has raised labour supply (particularly skilled labour), along with labour costs and flexibility, as major impediments to foreign investment<sup>5</sup>. While most Australian capital cities are currently enjoying record occupancy rates and good growth in average daily rates, Australian gross operating profit is much lower than a number of competing locations because of the higher cost of labour in Australia. Providing for greater flexibility, including measures to improve and remove barriers to geographic labour mobility, has the potential to reduce these costs and allow the industry to realise its full potential.

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<sup>4</sup> *Australian Tourism Labour Force Report*, 2011, Deloitte Access Economics, [www.austrade.gov.au/Tourism/Policies/National-long-term-strategy/Working-groups/Labour-and-Skills](http://www.austrade.gov.au/Tourism/Policies/National-long-term-strategy/Working-groups/Labour-and-Skills)

<sup>5</sup> Labour supply, costs and flexibility have also been highlighted to Austrade as significant impediments to investment into major infrastructure and resources and energy projects

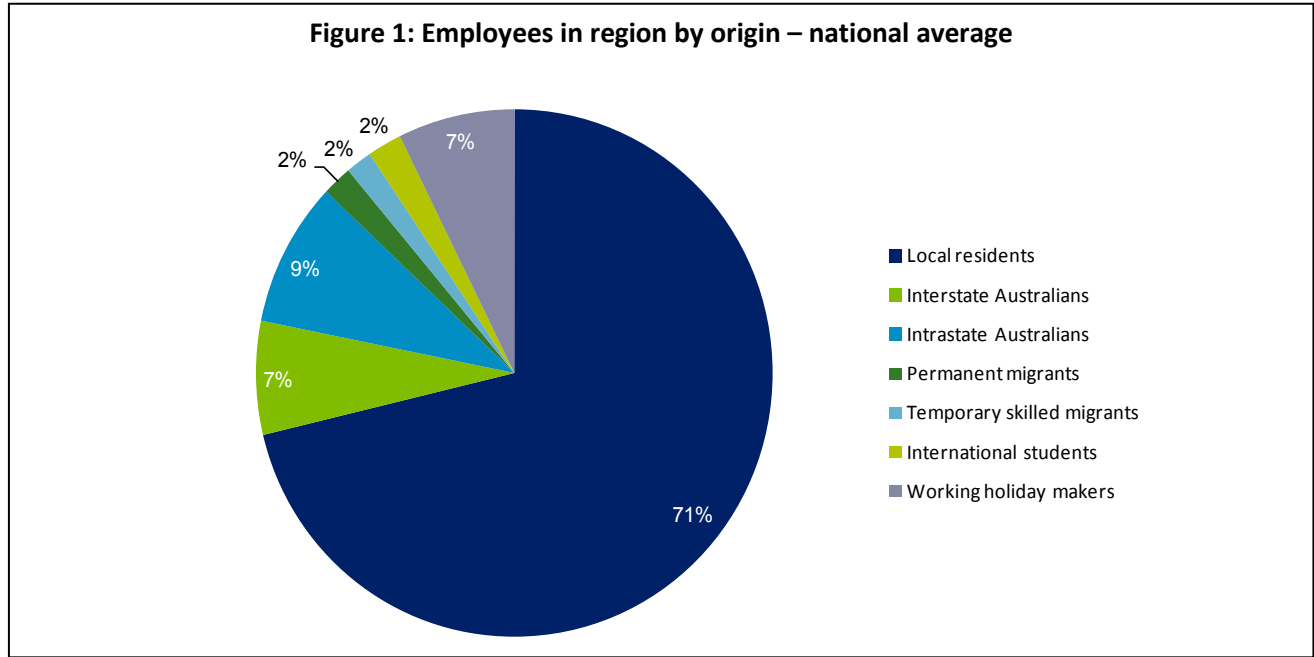


In 2010, *Tourism 2020* commissioned the largest report ever conducted to profile the Australian tourism labour force. The Australian Tourism Labour Force Report (the Report) found that one in two tourism businesses are experiencing recruitment and retention difficulties and skills deficiencies. Key factors influencing the industry’s ability to recruit workers include a lack of applicants, lack of required skills and experience, while retention difficulties are often associated with a lack of career development opportunities, employees finding the role too difficult, and employees being recruited by businesses in other industries. A lack of experience in the sector and a lack of opportunity to gain experience were important reasons given for skills deficiencies.

The Report also identified current and projected shortages at a national, state and regional level. It found that while net tourism skilled labour shortages were most prominent in capital cities, tourism labour shortages in regional and remote localities were over-represented as a percentage of the region’s total workforce. This highlights the particular need for action at the regional and remote level to address labour shortages. The top ten regions for tourism shortages (as a percentage of the region’s total workforce)<sup>6</sup> are:

- |                                     |   |
|-------------------------------------|---|
| 1. Petermann (NT) at 7.6 per cent   | 6. Tablelands (NT) at 4 per cent        |
| 2. Kakadu (NT) at 5 per cent        | 7. Melbourne (VIC) at 4 per cent        |
| 3. Sydney (NSW) at 4.4 per cent     | 8. Southern (TAS) at 3.9 per cent       |
| 4. Arnhem (NT) at 4.3 per cent      | 9. Greater Hobart (TAS) at 3.8 per cent |
| 5. East Coast (TAS) at 4.2 per cent | 10. Whitsundays (QLD) at 3.7 per cent   |

The Report highlighted that tourism employees were predominately local residents, accounting for 71 per cent of total employees (see Figure 1 below). Other significant sources of labour include intrastate workers (9 per cent), and working holiday makers and interstate workers (both 7 per cent), suggesting that some form of labour mobility is occurring with three out of every ten workers coming from outside the local area. However, there is disparity across regions in terms of the origin of tourism workers. The Report highlighted that the southern states and Queensland had the highest rate of local residents working in the tourism industry (NSW 74 per cent, QLD 83 per cent, TAS 83 per cent, SA 84 per cent, VIC 89 per cent). In contrast, 59 per cent of WA’s employees were local residents (with 16 per cent intrastate and 15 per cent international), and 34 per cent of NT’s employees were local residents (with 37% per cent intrastate and 27 per cent international).



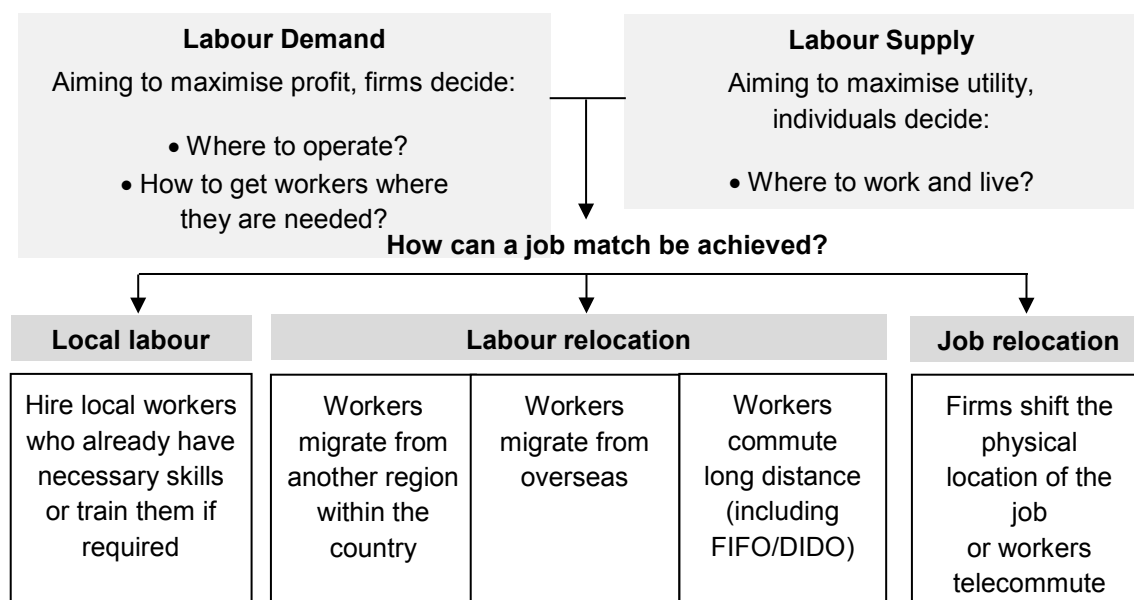
<sup>6</sup> *Australian Tourism Labour Force Report*, 2011, Deloitte Access Economics, Part 1, page xii



## Labour mobility in the tourism industry

Labour mobility within the tourism industry operates at a number of levels. As the Commission notes at page 9 of its draft report (see Figure 2 below), matching labour supply and demand is a complex mixture of local labour, labour relocation measures and/or job relocation.

**Figure 2: Matching labour demand and supply**



\*Source: *Draft Report: Geographic Labour Mobility*, 2013, Productivity Commission, page 9

The seasonal nature of the tourism industry, and the fixed location of the destination (i.e. the tourism destination cannot be shifted), means that matching labour demand with supply is a more complex exercise for the tourism industry, with only a few of the strategies at Figure 2 directly relevant. Job relocation is not an option, meaning that businesses are dependent on sourcing workers from the 'local labour force' and from 'labour relocation' rather than physically shifting the product offering to areas of higher labour supply. Additionally, with the nature of tourism work and its narrow profit margins, arrangements that have been implemented in other industries (e.g. fly-in, fly-out for the mining sector) are not applicable to tourism.

As noted earlier, there is labour mobility occurring within the tourism industry. Local labour accounts for 71 per cent of total employees in the tourism industry (see Figure 1). However, the rate of local labour falls in regions where competition with other sectors is high or there is a limited labour supply (such as in WA and NT). This creates a stronger dependence on other forms of labour, such as temporary migration, particularly during peak seasonal periods and in regional and remote locations.

Labour relocation occurs at a number of levels within the tourism industry and is a very important source of labour for the tourism industry. This includes inter-regional (e.g. travelling across a city to get to the workplace), intra-regional (e.g. travelling from one region to another to follow the peak season), and across different industries (e.g. working during the tourism peak season then transferring to agriculture for its peak season). There are also international workers who fill tourism jobs, including 457 and Working Holiday Maker visa holders, which makes access to this group of labour important in meeting seasonal labour constraints for the industry.



## **Barriers to labour mobility**

While labour mobility is occurring to some degree within the tourism industry, there are a number of structural and broader economic barriers that need to be addressed in order to enhance the level of labour mobility to address shortages. The inability to get workers into regions has economic costs, and impacts employment, competitiveness, quality of service, export earnings and attractiveness to foreign investors.

Evidence attained through consultations with industry in developing the Tourism Employment Plans (TEPs; discussed below) has indicated that tourism workers have been reluctant to relocate due to the short-term nature of the work (i.e. many jobs are seasonal or part-time), undesirable hours for some workers, and remoteness of many tourism destinations. Such jobs are not seen as desirable enough to encourage people to relocate and take advantage of the employment opportunities. International workers, on the other hand, offer greater flexibility for the tourism industry and are more likely to move to regions to source work.

The TEPs have also highlighted that there are a number of other significant barriers impacting industry's ability to attract workers to regions. This includes a lack of available, suitable and/or affordable accommodation, particularly in regional and remote areas where many of the tourism industry's vacancies exist. Housing affordability, in particular, is a major constraint to the relocation of job seekers<sup>7</sup>. Foreign investors have also advised that they are reluctant to invest in high-end tourism resorts in remote areas due to difficulties in providing housing for staff. Austrade supports the Commission's draft recommendations 12.1, 12.2, 12.3 and 12.5 in relation to improving housing supply and affordability, and further recommends that the Commission make particular consideration to housing supply needs as they apply to the tourism industry and proposed new investment in tourism regions.

A lack of transportation and supporting infrastructure is also causing barriers to getting workers to and from the workplace. The hours of work within the tourism industry are varied, and often occur outside of regular peak transportation services. Transportation is an issue at an intra-regional level (e.g. workers required to commute vast distances within regions, such as from one side of a city to another, and lack of parking and cost in areas of high tourist amenity such as central building districts), and at an inter-regional level (e.g. costs and availability of transport between regions).

These issues are complex and not tourism-specific; indeed, the same issues have been identified within the agriculture and resources industries which also experience labour shortages and are likely to require a whole of economy solution<sup>8</sup>. It is likely that these barriers are having a broader economic cost; yet it is unclear as to the quantum of this cost as it applies to workforce productivity and participation in the regional economy, investment decisions and broader productivity gains across the Australian economy. This suggests the need for greater collaboration between governments and industry. Austrade supports the Commission's recommendations for policy review in the area of housing affordability and supply, and suggests that this can be further extended to consider policy review in the area of transportation at a regional and inter-regional level.

The disparity of licensing and certification requirements across jurisdictions is also of particular concern for the tourism industry, as it limits the ability of businesses to quickly attain staff from another jurisdiction. It is particularly problematic where there is limited local labour supply, and where qualified people moving to another jurisdiction to accompany spouses or partners are unable to become gainfully employed. The TEPs have identified that some industry licences and certifications would significantly benefit from greater ability to transfer, and have recognised, these qualifications across jurisdictions. These include:

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<sup>7</sup> Jobs Australia, 23 August 2013, Submission to the Productivity Commission Issues Paper: Geographic Labour Mobility

<sup>8</sup> National Farmers' Federation, 18 September 2013, Submission to the Productivity Commission Issues Paper: Geographic Labour Mobility



- Responsible service of gaming
- Management of licensed venues
- Security (crowd control)
- Working with children checks

Efforts have already been made through *Tourism 2020* to seek greater consistency for recognition of RSA certification across jurisdictions. In 2011, Tourism Ministers negotiated with their relevant licensing ministers to enact such a change. All jurisdictions now recognise interstate RSA certificates, but some have required interstate certificate holders to undertake an additional bridging course<sup>9</sup>. Tourism Ministers have also signed a Memorandum of Understanding, with in-principle agreement to work collaboratively to remove cross-jurisdictional barriers to mobility.

While the Memorandum of Understanding between Tourism Ministers represents a strong commitment and recognition of the importance of labour mobility, more work is required to enable this level of flexibility across other important areas in the tourism supply chain. Austrade recommends that the COAG national occupational licensing reforms be expanded to incorporate national qualification reforms as well as licensing and certification, to ensure that many important tourism and other occupations are encapsulated to remove barriers to labour mobility.

#### **Recommendations:**

- 1) That the Commission make particular consideration of the impacts of housing supply on labour mobility and proposed new investment in tourism regions.
- 2) That COAG expand its national occupational licensing reforms to incorporate licensing and certifications relevant to tourism and other industries.
- 3) That a review of transportation at a regional and inter-regional level be conducted to identify and remove barriers to labour mobility.

#### **Proposed labour mobility pilot for the tourism industry**

A proposed labour mobility solution for the tourism industry is currently being scoped by the industry skills council, Service Skills Australia (SSA). Through consultations undertaken for the Tourism Employment Plans and Workforce Futures program (discussed below), industry has indicated its interest in a labour mobility strategy to address its seasonal labour and skills needs.

SSA's initial scoping for the pilot has indicated that a number of informal labour exchanges have occurred within the tourism industry over the past 25 years, including partnerships between tropical resorts and ski resorts, between remote resorts and coastal/ski resorts, and between Australian resorts and overseas resorts. There is limited formal research about labour mobility strategies within Australia or elsewhere, with much evidence of their success or otherwise being anecdotal.

The pilot identifies potential businesses and matches labour and skills opportunities and demand with operators who experience opposite seasons. Three models of labour exchange will be explored:

- Different regions across different seasons (e.g. labour exchange between the Red Centre and Kangaroo Island as they have opposite seasons)
- Same jurisdiction across different seasons (e.g. NSW South Coast tourism operators utilising labour from the NSW ski fields)

<sup>9</sup> *Responsible Service of Alcohol Factsheet*, 2012, [www.austrade.gov.au/Tourism/Policies/National-long-term-strategy/Working-groups/Labour-and-Skills](http://www.austrade.gov.au/Tourism/Policies/National-long-term-strategy/Working-groups/Labour-and-Skills)



- Same region across different industries (e.g. tourism operators in Tropical North Queensland sharing workers with other seasonal industries such as agriculture)

As this project is currently in its scoping phase, further information should be sought from SSA.

### **Domestic labour and skills development in the tourism industry**

A range of tourism-specific initiatives have been (or are being) implemented through *Tourism 2020* to assist the development and engagement of the domestic tourism workforce. Many of these initiatives have implications for labour mobility, including up-skilling and training the workforce, enhancing promotion of tourism as a career option to improve recruitment and retention, and building better regional capacity to respond to labour and skills constraints. These are discussed below, as well as other areas of work to enhance the tourism education and training environment and employment of non-traditional labour sources.

#### ***Tourism Employment Plans***

A flagship initiative of *Tourism 2020* has been the rollout of eight Tourism Employment Plans (TEPs)<sup>10</sup> in labour and skills employment 'hot spot' regions across Australia:

- Broome (WA) and the Red Centre (NT) — completed (see Case Study 1, **Attachment A**)
- Sydney (NSW) and Mornington Peninsula/ Phillip Island (VIC) — due for completion in early 2014
- Tropical North Queensland and Kangaroo Island (SA) — due for completion late 2014
- Regional Tasmania and Canberra (due for completion early 2015)

The TEPs aim to deliver targeted and practical measures to address labour and skills issues at the regional level. This is in line with the conclusion of the Australian Tourism Labour Force Report that any policy response to labour and skills issues requires the delivery of localised solutions. The Report highlights that many tourism businesses are experiencing recruitment, retention and skills deficiencies. In developing these TEP pilots, over 700 stakeholders have been engaged in the development of the TEPs and implementation of strategies. Consultations have highlighted a number of common themes that vary in severity across regions including:

- Significant impacts of managing the workforce during seasonal fluctuations, particularly in regional and remote areas where there is a limited supply of local workers or where there is high competition from other sectors
- Limited awareness and uptake of national and state government and industry programs available to assist with labour and skills pressures
- Limited coordination between government, industry and training providers at the regional and inter-regional level
- High staff turnover
- Lack of attractiveness of tourism as a career path
- Need to build workforce capacity within small businesses
- Limited focus on up-skilling and training and its return on investment

Through the TEPs, approximately 120 cost-neutral strategies have been developed to date for the first four regions to address labour and skills issues, with the key aim being that strategies are implemented and owned by industry to ensure their ongoing sustainability. Strategies include improving the uptake of existing industry and government programs to ease labour and skills pressures, and development of new industry-led (cost-neutral) solutions where gaps are identified.

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<sup>10</sup> *Tourism Employment Plans*, [www.tourism2020.gov.au](http://www.tourism2020.gov.au)



A number of targeted strategies are being developed and promoted through the TEPs to improve labour mobility (see Case Studies 2 and 3, **Attachment A**). However, without broader response to structural issues outlined in this submission around housing, transportation, access to training, licensing and improved access to international labour, these solutions are unlikely to fully address the regions' labour and skill shortages. A full list of strategies being developed through the TEPs is contained within the *Guide to developing Tourism Employment Plans*<sup>11</sup>.

### **Workforce Futures**

The \$8.2 million Workforce Futures program<sup>12</sup>, which is funded through the National Workforce Development Fund and managed by SSA, provides an important complement to the work of the TEPs in improving workforce development capacity within tourism businesses and up-skilling of the workforce. It aims to ensure that Australia's tourism workforce has the necessary skills to meet the expectations of employers and domestic and international customers. To do this, it incorporates two integrated components:

- Skills Advisor Network — this provides businesses with up to 17.5 hours access to an industry Skills Advisor to determine their current and future labour and skills needs. A Workforce Development Plan is created for each business, which identifies the key workforce issues for the business and a range of actions to assist them.
- Targeted Skills Development — this enables businesses to access co-funded, accredited training through the National Workforce Development Fund for essential staff training programs to ensure that employee skills align with the businesses' current and future needs.

Workforce Futures has already benefited over 2,200 businesses since it commenced in July 2012, and is currently fully subscribed. This rate of uptake reflects industry's willingness to address the need for strategic advice and understanding of workforce planning and development. A number of businesses that have accessed the program have indicated a strong interest in SSA's labour mobility pilot as a means to address their seasonal labour needs.

### **Careers promotion**

The tourism industry has placed a strong emphasis on careers promotion to address labour shortages. Offering and promoting the opportunity to expand workers' employment options and use their skills in other locations is an important means to attract people to the industry. The first comprehensive Careers Promotional Campaign, funded through *Tourism 2020* and implemented by the National Tourism Alliance, ran from February to March 2013 and will continue on an ongoing basis through an industry-led council. It included a range of online and offline tools to assist industry to promote itself as a viable career choice to a range of target employment groups. There are also a number of strategies emerging from the TEPs which aim to improve the attractiveness of regions to encourage tourism workers to relocate for work (see Case Study 2, **Attachment A**).

### **Education and training**

Austrade is actively involved in providing input to processes that inform the domestic training and education system and strongly agrees with the Commission's statement that "a high quality education and training system is critical for improving skills of the local workforce, as well as being an enabler of geographic labour mobility"<sup>13</sup>. Service Skills Australia (SSA) conducts a yearly environmental scan<sup>14</sup> of the tourism, travel and

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<sup>11</sup> *Guide to developing Tourism Employment Plans*, 2013, [www.tourism2020.gov.au](http://www.tourism2020.gov.au)

<sup>12</sup> *Workforce Futures*, Service Skills Australia, [www.workforcefutures.com.au](http://www.workforcefutures.com.au)

<sup>13</sup> *Draft Report: Geographic Labour Mobility*, 2013, Productivity Commission, page 19



hospitality industry which provides a broad analysis of the external environment for the service industries to identify trends and changes and associated workforce development needs.

Additionally, the tourism, travel and hospitality training package is reviewed regularly by SSA to ensure it remains relevant and responsive to the current and emerging skills requirements of industry, which involves extensive consultation and revision with industry stakeholders. This is in line with the Commission's finding on the importance of a flexible training system that is responsive to the changing needs of individuals and employers<sup>15</sup>. SSA also recently released the *Tourism, Travel and Hospitality Workforce Development Strategy 2014-2019*<sup>16</sup> which presents a clear vision for accessing and developing an appropriately-skilled workforce.

Through the TEPs and Workforce Futures consultations, a consistent theme in some regional and remote communities has been limited access to training. Training is important to up-skilling the region's workforce, lifting quality standards, increasing the competitiveness of the region and attracting foreign investment. The matter of access to training has been raised as a major issue in these regions:

- Kangaroo Island (SA)
- Phillip Island (VIC)
- Upper and Lower Hunter Valley (NSW)
- East and West Riverina (VIC)
- Monaro (NSW)
- King Island (TAS)
- East and West Arnhem (NT)
- Flinders Ranges (SA)
- Esperance (WA)
- Lord Howe Island (NSW)

### ***Employment of non-traditional labour sources***

The Commission notes that many of the non-traditional labour sources including youth, unemployed people, and Indigenous Australians have a higher propensity to move residence between labour markets than other cohorts<sup>17</sup>. Engaging with non-traditional employee groups is an important measure for filling the labour shortages that exist within the tourism industry. Tourism offers an ongoing and viable career pathway for these groups, with numerous entry-level positions as well as opportunities to progress a career. There are further opportunities to improve employment outcomes for these groups, as well as the mature-age workforce, through enhancing labour mobility within tourism and other industries. In putting forward recommendations to better utilise workers who have been disengaged from the workforce, the Commission should note the importance of ensuring they have the necessary 'job-ready' skills to allow them to contribute productively to employment opportunities that arise.

Austrade notes the Australian Government's commitment to increase employment participation for unemployed Australians, including non-traditional labour sources and mature-aged workers. Austrade also notes the Australian Government's Review of Indigenous Training and Employment that is currently underway, which will report to the Prime Minister in April 2014. Austrade recommends that the Commission's full report on geographic labour mobility be provided to the Review, and any other future reviews related to employment of non-traditional labour sources, to ensure consideration of labour mobility for these groups in future programs and policies.

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<sup>14</sup> *Tourism, Travel and Hospitality: Environmental Scan*, 2013, Service Skills Australia

<sup>15</sup> *Draft Report: Geographic Labour Mobility*, 2013, Productivity Commission, page 19

<sup>16</sup> *Tourism, Travel and Hospitality Workforce Development Strategy 2014-2019*, Service Skills Australia

<sup>17</sup> *Draft Report: Geographic Labour Mobility*, 2013, Productivity Commission, page 13



Austrade is supportive of the Commission's draft recommendation 12.4 regarding the review of employment services and the importance of examining barriers within the job services system to the mobility of unemployed people. The tourism industry has been calling for changes to the job services system to ensure that it is relevant to the needs of tourism employers. Industry is particularly concerned that the current system does not provide adequate incentives to job service providers that place people into casual work, given that much tourism work is on a casual basis. Changes called for include providing financial incentives to providers that place people in casual work, and establishing an industry-specific job services provider to harness specialist industry advice with the ability to link employer and employee needs across and within regions to improve mobility of the workforce and opportunities for job seekers. This is in line with Jobs Australia's proposal for the next iteration of employment services, which stresses the need for a less restrictive system which encourages providers to think beyond the boundaries of their immediate labour market<sup>18</sup>.

#### **Recommendations:**

- 4) That consideration be given to improving access to training for regional and remote communities, including through the use of digital technology.
- 5) That the Commission's full report on geographic labour mobility be provided to the Review of Indigenous Training and Employment, and any other future reviews in the employment and training space, to ensure consideration of geographic labour mobility for Indigenous people in future programs and policies.
- 6) That the Commission consider how the Australian Government's review of employment services could enhance the job services system by improving the placement of people into casual work and identifying the benefits of industry-specific providers to assist labour mobility.

#### **Migration in the tourism industry**

While much work is being done through *Tourism 2020* to improve development and employment of the domestic workforce, the industry remains dependent on a number of temporary migration streams to fill critical shortages where local labour cannot be sourced. As noted earlier (see Figure 1), international workers (including permanent migrants, temporary skilled migrants, international students and working holiday makers) account for approximately 13 per cent of the total tourism workforce<sup>19</sup>. Based on this, Austrade supports the Commission's draft finding 11.1, in relation to the importance of temporary immigration and agrees that this should not be impeded by excessive regulation.

Austrade further recommends that the Commission consider ways to enhance mobility and utilisation of workers through migration streams to benefit industries with critical labour shortages that have difficulty sourcing local labour due to structural constraints, particularly in regional and remote areas. Providing more flexible arrangements to access overseas labour to address shortages will help to provide a stronger tourism workforce that will help the Australian tourism industry become more competitive, encourage greater investment, and support regional development.

#### ***Working Holiday Maker visa***

The tourism industry has a heavy reliance on Working Holiday Makers (WHMs). This group accounts for 7 per cent of tourism employees and is essential to filling seasonal labour shortages due to their high level of mobility, language competencies and ability to fill low-skilled seasonal vacancies that are difficult to fill by the local labour market (particularly where there is strong competition for the available labour).

<sup>18</sup> Jobs Australia, 23 August 2013, Submission to the Productivity Commission Issues Paper: Geographic Labour Mobility

<sup>19</sup> *Australian Tourism Labour Force Report*, 2011, Deloitte Access Economics, Part 1, page 29



In 2012-13, there were 249,231 WHM and Work and Holiday Maker visa holders in Australia, generating around \$2.75 billion per annum to the economy. Direct consultations with over 700 stakeholders in six of the eight TEP regions (including Broome, Red Centre, Mornington Peninsula/Phillip Island, Tropical North Queensland and Kangaroo Island) have indicated industry's strong reliance on WHMs to fill seasonal shortages and the need for greater flexibility in visa requirements to meet the needs of industry. Additionally, feedback from foreign investors has noted that WHMs are an important source of staff for tourism projects, particularly in remote areas.

A key reform sought by the tourism industry, and a priority action under *Tourism 2020*, is expansion of the WHM program to enable better access to workers to fill seasonal vacancies. Reforms sought include:

- (i) allowing visa holders to apply for a second year extension after having undertaken 88 days of work in a regional tourism business (as per current arrangements within the horticulture, mining and construction sectors)
- (ii) expanding the WHM program to new source countries and removing quotas for some countries
- (iii) allowing WHM to apply for more than one visa over their lifetime
- (iv) lifting the six month cap on working with one employer
- (v) increasing the qualifying age range from 18-30 up to 35 years in line with some other countries.

The Australian Tourism Export Council (ATEC) and Tourism Transport Forum have identified these as key areas of reform, with ATEC having presented a business case for reform to the Department of Immigration and Border Protection<sup>20</sup>. Feedback provided to Austrade from foreign companies has also noted that the limited time with each employer causes increased training costs, and is especially costly for luxury service operations that invest heavily in training in order to deliver high quality service levels. Austrade recommends that the Commission further consider WHM reform proposals as a means to address critical seasonal labour shortages across the economy.

### ***Seasonal Worker Program***

The Seasonal Worker Program aims to respond to seasonal vacancies by enabling accommodation businesses to source workers from the Pacific and Timor-Leste for periods of 14 weeks to six months. The Program is currently available as a trial (to 30 June 2015) for the accommodation sector in five regions: Northern Territory; Tropical North Queensland; the Whitsundays; Kangaroo Island; and has recently been expanded to all of Western Australia.

A total of 34 seasonal workers have been employed to date with accommodation businesses, who are delivering important benefits to employers; not the least of which is a more stable and reliable workforce during peak seasons (see Case Study 4, **Attachment A**). The industry is seeking for the program to be expanded to accommodation providers across all Australian regions to ensure there is equitable access to labour during peak seasons. Austrade recommends that the Commission consider this proposal as a means to address seasonal labour shortages.

### ***Temporary Work (Skilled) subclass 457 visa***

Another key source of temporary skilled labour for the tourism industry is 457 visa holders. The Temporary Work (Skilled) subclass 457 visa is designed to enable employers to address labour shortages by bringing in genuinely skilled workers, for up to four years, where they cannot find an appropriately skilled Australian.

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<sup>20</sup> *The Importance of the Working Holiday Visa (Subclass 417): Position Paper*, 2012, Australian Tourism Export Council, [www.atec.net.au/files/0595\\_WHV\\_PositionPaper\\_LowRes\\_23Feb12.pdf](http://www.atec.net.au/files/0595_WHV_PositionPaper_LowRes_23Feb12.pdf)



Foreign investors have indicated their support for 457 visas as it allows them to bring in skilled labour, generally from home markets, to assist in deploying initial investments.

The number of primary 457 visa applications granted in 2012-13 for the accommodation and food services industry was 6,790 (representing 9.9 per cent of total applications). Cooks were the highest nominated occupation for primary applications in 2012-13 across all occupations, with 3,040 approved applicants. Café and restaurant managers were third-highest (with 1,900 approved applicants) and chefs fourteenth-highest (with 1,090 approved applicants)<sup>21</sup>.

The engagement of 457 visa holders has been critical to meeting labour needs for many tourism businesses. With the industry facing a shortage of 56,000 workers by 2015 (café and restaurant managers and chefs will be the two highest occupations in demand), the visa system will need to minimise any barriers that impact on businesses' ability to fill these labour shortages. Industry is eager to see a review of restrictions for 457 visas including easing English speaking competencies and allowing employers to pay market rates, which would remove significant barriers to support industry's utilisation of the 457 program. Austrade recommends the Commission consider how the 457 visa could better enable access to skilled workers in demand for the tourism industry, particularly in regional and remote areas and during peak seasonal periods.

### ***Regional Migration Agreements***

Regional Migration Agreements (RMAs) are a temporary skilled migration initiative that helps to address the acute labour and skills shortages facing parts of regional Australia. A regional migration agreement allows employers to sponsor overseas workers in a broader range of occupations that are not otherwise permitted under the standard skilled migration program.

There is potential for RMAs to be expanded to key tourism regions throughout Australia that have skills in demand to improve access to workers and increase capacity in regional labour markets to respond to labour shortages. Austrade recommends the Commission consider expansion of RMAs.

#### **Recommendations:**

- 7) That the Commission consider how to increase the flexibility of temporary migration options (including the Working Holiday Maker program, Regional Migration Agreements, 457 visas and the Seasonal Worker Program) to enable them to more effectively meet labour market demands.

### **Labour force data**

The Commission has indicated a need for better data and policy evaluation to build an adequate evidence base. Austrade agrees that there is limited data available on the labour force at the regional level. Austrade sees particular value in developing a regular, industry-specific study of labour and skills shortages at the regional level (for example, a regularly updated version of the Australian Tourism Labour Force Report). Such a study should incorporate data on seasonal labour trends and vacancies, as this is an area that is particularly lacking within current data sources.

On a broader level, there would be benefit in undertaking a study to determine the cost to businesses if they are not able to source the required labour. Improved data collection and reporting will strengthen the current limited evidence base to support policy development and influence the labour mobility agenda.

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<sup>21</sup> Subclass 457 State/Territory summary report, 2012-13 to 30 June 2013, Department of Immigration and Border Protection



**Recommendations:**

- 8) That the Commission identify a means to improve employment data at an industry-specific level, including a regular study of labour and skills shortages with seasonal labour trends and vacancies at the regional level.
- 9) That the Commission identify a means to undertake a study to determine the cost impacts to businesses, regions and the national economy if they are not able to source the required labour and impact on future growth including investment opportunities.

**Summary**

Through *Tourism 2020* the Government has focused much attention on increasing the supply of labour, skills and Indigenous participation to address critical labour shortages within the tourism industry, including through training and up-skilling of the local workforce and boosting labour supply through migration streams. Facilitating labour mobility is also an important element of the work agenda under *Tourism 2020*.

Further exploration can be given to the importance of labour mobility in meeting the tourism industry's (and other industries') workforce and employment needs, through targeted reforms, including responding to structural barriers. However, it is recognised that labour mobility is not likely to be the answer to solving the tourism industry's labour and skills problems, and will need to be complementary to workforce development and migration policies.



## Case Study 1: Kicking goals for tourism employment in the Red Centre

### Context

The Australian Tourism Labour Force Report found that by 2015, an additional 56,000 people will be required to fill tourism vacancies across Australia. For the Northern Territory and Western Australia, tourism labour force issues are exacerbated by high turnover rates and some of the highest levels of recruitment and retention difficulties in Australia.

In response, Tourism Ministers selected the Red Centre, along with seven other regions across Australia, to receive Tourism Employment Plans (TEPs). In mid-2013, the Red Centre TEP was finalised.

### Approach

The Red Centre TEP identified 48 industry-led actions to address tourism labour and skills shortages. These include raising awareness of assistance programs, increasing staff retention levels, enhancing industry attractiveness, and boosting local and Indigenous employment.

Key to the Red Centre TEP is making it an attractive place for workers to live, through a 'Region of Choice' approach. This will include an orientation program with an 'on-boarding' kit for new staff and adaptation of existing accredited training to support middle management skill development.

Industry engagement and ownership of the TEPs has been crucial to their early success, along with the establishment of strong governance structure. In the Red Centre, an Interagency Tourism Employment Network was established with direct links to the region's National Landscapes Committee.

### Outcome

Through the TEPs, better information about assistance programs is reaching businesses, and more are taking up programs to address their specific business needs.

The industry has gained a stronghold over its future by coming together through the TEPs to form new partnerships that will drive change in the long-term.

## Case Study 2: Becoming an 'Employment Region of Choice' in the Red Centre

### Context

The Red Centre faces many labour and skills challenges, including competing demands for skilled labour from other sectors, as well as challenges in attracting and retaining a skilled workforce due to its remote location, low population base, seasonal nature of work, and transient population.

The Red Centre traditionally was a 'must-do' career stopover, with many senior figures in the tourism sector having started their careers in the region. However, through TEP consultations it was clear that industry felt that the region had lost its attractiveness as a region of choice. Industry was keen to turn this around and regain this position.

### Approach

The TEP identified a need for an active campaign to fill vital positions and remind people of the Red Centre's career advantages. It came up with the 'Employment Region of Choice' campaign —adopting the idea that an area or destination could develop a good reputation for providing ideal employment conditions.

The Employment Region of Choice concept involves a coordinated, well-organised campaign, seeking to build on employer of choice principles at a regional level. The program includes aspects such as:



- Creating a shared understanding across businesses about the meaning of an 'Employer of Choice'
- Establishing an 'on-boarding' system for new workers to the region, including regular orientation and networking events, and a buddy system, to help new entrants acclimatise to the region
- Develop a package of benefits 'coupon book', including a sliding scale of benefits which accrue with workers' tenure in region (e.g. work for six months, get a free hot air balloon ride with one of the local tour operators)
- Encourage employee sharing by getting businesses to work together to create a 'job package' which includes periods of time in different business, gaining a range of skills and experience
- A regional employee survey process to track, manage, and acknowledge how employees feel about a range of factors in the region
- Marketing the program outside the region to encourage people to consider the Red Centre as a place to live and work

### **Outcome**

The Red Centre is well on its way to becoming an Employment Region of Choice, with a number of key industry stakeholders taking on the role for implementing various elements of the campaign. Over time, the Red Centre's reputation as a 'must-do' career stopover will be restored and the perception of the region will be changed to one where people want to live and work.

## **Case Study 3: Kooljaman Indigenous Trainee Program**

### **Context**

The Kooljaman Resort is jointly owned by two Indigenous communities in a remote coastal location north of Broome. Its Trainee Program is designed to create and support employment opportunities for Indigenous people. However, a significant challenge for Indigenous people in the area is lack of transport to bring workers to the remotely-located resort, and developing a work ethic consistent with mainstream employment expectations.

### **Approach**

The Trainee Program is a successful live working partnership between the community, employers, service providers and government bodies. Flexibly delivered accredited hospitality training is provided to trainees in a variety of different departments at the resort. The trainees are supported to ensure their transportation requirements are met so they can get to and from work on time, that they are ready each day for work appropriately dressed in uniform, and there is mediation of any issues that may arise within the workplace or their family network.

As an incentive, the trainees are paid above the standard award wage with their performance reviewed every three months and a non-monetary bonus is provided to trainees that show initiative and consistently achieve good results. On completion of their training, staff are offered full time employment with the view to having them move into senior roles at the Resort in the future.

### **Outcome**

The Resort is a multi-award winning tourism development, offering upmarket accommodation and exposure to Indigenous people, culture and products. For Indigenous operators of Kooljaman, success is evident not only in commercial terms but in wider indicators including employment, community benefit, social, cultural and environmental outcomes. Kooljaman also acts as an important stimulus to the development of other local tourism operations.



## **Case Study 4: Helping to address seasonal labour shortages in the accommodation sector through the Seasonal Worker Program**

### **Context**

The Seasonal Worker Program offers accommodation providers with access to a reliable, returning workforce from eight Pacific Island countries and Timor Leste. This enables providers to source workers during peak seasons when they are unable to find enough suitable local workers.

### **Approach**

The Seasonal Worker Program aims to meet seasonal labour needs by enabling employment of workers in selected regions for periods between 14 weeks or six months, who can then return in following seasons. Workers can be employed as bar attendants, baristas, food and beverage attendants, café workers, garden labourers, housekeepers, kitchen hands and public areas cleaners. Employers must invest in on-the-job training for seasonal workers, and contribute to the workers' airfares. Workers can earn far more money than in their home countries, and are able to send this money back to their families to assist with basic day to day living costs like housing, school and food.

### **Outcome**

Thirty four seasonal workers have been engaged so far through this program, helping accommodation providers fill critical labour shortages during their busiest periods. Accommodation providers who have accessed the program report that the reliability, productivity and work ethic of seasonal workers, as well as their ability to 'hit the ground running', have resulted in productivity gains for their businesses. Two particular providers have expressed their intention to employ the same seasonal workers in the future, and increase their uptake of workers should they continue to experience difficulty finding local labour.

Case studies on the Seasonal Worker Program can be downloaded from:

<http://www.austrade.gov.au/Tourism/Policies/National-long-term-strategy/Working-groups/Labour-and-Skills>

[http://docs.employment.gov.au/system/files/doc/other/accommodation\\_sector\\_and\\_the\\_seasonal\\_worker\\_program.pdf](http://docs.employment.gov.au/system/files/doc/other/accommodation_sector_and_the_seasonal_worker_program.pdf)