

29<sup>th</sup> July 2015

Committee Secretary  
Joint Standing Committee on Migration  
PO Box 6021  
Parliament House  
Canberra ACT 2600

### **Inquiry into the Seasonal Worker Program**

Thank you for the opportunity for Tourism Accommodation Australia to provide input regarding the inquiry into the Seasonal Worker Program.

Tourism Accommodation Australia (TAA) represents the needs and interests of the major hotels, motels and serviced apartments in Australia's accommodation industry, providing leadership for its members through advocacy, industrial relations and legal support, intelligence, research, education and networking. TAA is a division of the AHA.

#### **The current and projected future workforce requirements for the accommodation sector**

Australia's visitor economy is a \$113 billion industry, directly employing 534,000 people and supporting 280,000 businesses across metropolitan and regional Australia. The accommodation sector is a dominant player in the Australian tourism industry, contributing \$13.2 billion to tourism consumption in 2013-14<sup>1</sup> and with more than 70,000 people directly employed and 117,191 indirectly employed.

The Deloitte Access Australian Tourism Labour Force Report (2012) forecasted that by 2015 there will be demand for a further 56,676 skilled and unskilled workers in the tourism and hospitality sector nationally.

While this report is currently being updated these findings were supported by the research TAA undertook in NSW this year. In particular the research showed that skills shortages are very high for a range of managerial and supervisory positions. The biggest factor contributing to skills shortages was 'Limited applicants with sufficient skills and experience' followed by 'limited applicants with required education/training' and 'competition from employers in other industries'.

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<sup>1</sup> TRA State of the Industry Report, 2013-14

This situation has been further exacerbated for the accommodation sector by the current growth in supply in all capital cities. Australia will experience its biggest hotel construction boom since the late 1980s this year, according to BIS Shrapnel forecasts, with about \$2.6 billion worth of projects to begin construction. In addition they estimate a further \$7.4 billion pipeline of accommodation projects and a further \$20 billion in mixed-use developments that will have a hotel component.

The Australian Construction Industry Forum also shares the same optimism as BIS, expecting the total project value for accommodation construction to total \$7.913 billion over the next 5 years. This compares to two years ago when hotel commencements totalled less than a \$1 billion.

### **The merits and challenges of increased recruitment of overseas workers**

Deloitte in its 2014 report on Australia's economic future highlighted that the tourism industry would be one of the 'Fantastic Five' industries that will spearhead Australia's economic growth to 2033. However they warned that in order for the industry to attain its potential increased investment in tourism infrastructure, increased hotel capacity and labour supply are needed.<sup>2</sup>

#### **a) Temporary Skilled Migration**

The industry has sought to address labour shortages, in particular for chefs, cooks and restaurant managers through temporary skilled migration. These are areas where we are competing for talent with a wide range of industries – restaurants, clubs and pubs. TAA's research on 'Labour Trends in the Accommodation sector' identified that only 1.6% of total accommodation employees are on the 457 Visa. This is in keeping with current Australian labour force statistics which show that there are only 90,000 457 primary visa holders, around 2 per cent of the skilled workforce and well less than 1 per cent of the total workforce. This impact is less than what economists call frictional unemployment – the impact of people shifting jobs and seeking suitable employment.

457 Skilled migration, involving an employer sponsor, strict conditions and a four-year term, delivers much stronger employment and social outcomes than does independent skilled migration, where people with skills in short supply come hoping to obtain work.

#### **b) Working Holiday Makers**

The accommodation sector also values working holiday makers. Current Australian youth generally are not interested in being of service to others, perhaps believing that it is "below them" or there is too much hard work involved in being a waiter, receptionist, bellman, room attendant etc. These positions are seen as dead end by most Australians and not a lifetime career.

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<sup>2</sup> *Positioning for prosperity? Catching the next wave.*, Deloitte (2014)

Working Holiday Makers are work-ready, highly skilled and motivated employees who are willing to work in entry level positions. This makes training a short and simple process so they are up and running very quickly and provides a ready candidate pool with experience and/or motivation to take customer service roles. Most are keen to earn maximum amounts during visa duration, so are more available and ready to work across a range of shifts and days. Additionally these valuable tourism visitors spend much more than they earn in this country, generating economic activity and jobs for Australians.

Once again these represent a small proportion of the overall workforce, with 121,000, 412 and 462 visas granted in the period to 31 December 2014. TAA's 'Labour Trends in Accommodation' Survey showed that this segment represented 2.7% of the total workforce of those 3, 4 and 5 star properties who participated in the survey.

### **Supporting the *Developing Northern Australia White Paper***

The industry supports the more flexible employment initiatives outlined in the Northern Australia White Paper.

In particular, initiatives such as the Northern Territory Designated Area Migration Agreement (DAMA), that allows businesses to sponsor foreign workers on 457 visas in areas suffering a chronic skills shortage. We welcome the continued engagement of The Commonwealth and Western Australia on the establishment of a DAMA scheme in the Pilbara, and the invitation to Queensland to participate in the scheme.

We note that the Working Holiday Maker Visa Programme will also be expanded to allow foreigners to work in Northern Australia for longer periods, with a focus on promoting skills and jobs in the tourism and agriculture sectors. We have long advocated for improved flexibility of the Working Holiday Visa by permitting working holiday makers in the hospitality and tourism industry to extend their visa for a second 12 month period, in the same manner available to agricultural workers and would welcome this component to be extended to other regions of Australia.

The ATEC 2012 position paper on '*The Importance of the Working Holiday Visa (Subclass 417)*' undertook economic modelling which demonstrated that expanding the second year visa qualification to include work in regional tourism businesses, tourism can conservatively contribute an additional \$225 million to the Australian economy, over the next 10 years.

The White Paper also states that the Seasonal Worker Programme will be expanded to include new countries and industries, whilst reducing costs and red tape for businesses wanting to participate in the scheme.

National accommodation providers support the concept of the seasonal worker program being expanded across Australia. It would increase available talent, the ability of businesses to plan ahead of time, and it presents the opportunity to attract candidates from other hotels and other regions and build on their capabilities and training. Equally the ability for these candidates to return the following year provides the industry with stability in the planning of talent needs for destinations that need to flex to meet seasonal demand.

### **Impediments in attracting seasonal workers**

Hotels operating in remote and regional locations consistently require additional resources in peak seasons and demand periods. Ski and holiday regions in particular are areas that could effectively utilise additional labour resources for roles such as room attendant, guest service agent and food and beverage attendant.

The accommodation sector does not see the Seasonal Worker Program replacing the Working Holiday Visa programme but complementing it specifically in regional areas with high seasonal shortages, increasing the available talent pool for these areas.

The main impediments in employing seasonal workers are:

1. Access to accommodation. In many of these remote and regional areas access to suitable accommodation is an issue. The priority for accommodation providers will go to housing more senior or skilled staff. In these areas infrastructure solutions (capital works/transport) need to be explored by federal/state/territory and local governments with the local businesses.
2. Return on training investment. It was felt that a minimum of 6 months stay would be important as integration into a new role takes a minimum of 3 months for any worker regardless of the level of experience.
3. Level of English. Country of origin is not a concern but a good command of the English language is required in customer facing roles.
4. Cost for employer. This will be the main impediment to the hospitality industry taking on these workers. As the requirement will largely be for entry level positions, the considerable costs in securing these workers – Airfares from country of origin; accommodation; cost of compliance training such as RSA – will limit the attractiveness of this option except in areas of acute shortages. In addition it is important that they are employed on the basis of the current Australian award for those specific positions, not at some arbitrary wage level set by government.

5. Level of reporting. The Broome case study demonstrated that the level of reporting required by business to two federal departments was seen as a deterrent. Streamlining the approval process and providing access to dedicated public servants who can assist in the completion of applications would be important for businesses.

## Conclusion

Tourism Accommodation Australia and its members support the expansion of the Seasonal Worker programme. However as outlined above the industry would see the programme as primarily meeting the need for entry level positions in areas of seasonal demand and in regional communities.

Any take up of the programme would be reliant on reducing employer costs, ensuring Australian wage levels are payable based on the positions recruited, access to affordable accommodation and reducing red tape.

Yours Sincerely,



Carol Giuseppi  
CEO  
Tourism Accommodation Australia