



Australian Hotels Association

Submission in relation to:
**Discussion Paper - Template Labour Agreement for
the Tourism & Hospitality Industry**

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About the AHA

The Australian Hotels Association (AHA) is an organisation of employers in the hotel and hospitality industry registered under the *Fair Work (Registered Organisations) Act 2009*. Its membership of more than 5,000 licensed hotel businesses includes pub-style hotels plus three, four and five-star accommodation hotels located in each state and territory. The AHA's accommodation hotel members are serviced by Tourism Accommodation Australia, a division of the AHA. The AHA has branches located in every Australian capital city and a Canberra-based national office.

This AHA notes that separate submissions have been provided by the Australian Hotels Association – Western Australian Branch and Tourism Accommodation Australia (NSW), both divisions of the AHA. This submission supports those comments and represents the collective interests of the hotel industry nationally.

About the Hotel Industry

The hotel industry is a significant employer, with more than 278,000 persons employed between the pub sector (188,000)¹ and the accommodation sector (90,000)², and an annual wages and salaries contribution of \$5.41 billion. In addition there are an estimated 20,000 employees in the casino sector³.

Shortages of Labour and Skills

The hotel industry in many parts of Australia is suffering from acute shortages of skills and labour due to low unemployment and the ongoing impact of the mining boom. The recent Australian Tourism Labour Force Report commissioned by the Department of Resources, Energy & Tourism found the tourism industry faces a shortfall of more than 56,000 workers by 2015 in the absence of a change in policy.

Federal Government Response

Through the Tourism 2020 (formerly the National Long Term Tourism Strategy) Labour and Skills Working Group, the Federal Government has acknowledged that it will be unable to meet its goals to build the economic benefits of tourism without a policy adjustment on its overseas worker policy. The Government has committed to the development of a tourism and hospitality template labour agreement as part of a broader strategy to help the industry deal with its current labour shortages and develop its workforce to better cope with future demand.

The AHA congratulates the Government for its willingness to work and consult with industry on strategies to address these constraints.

¹ PricewaterhouseCoopers (2009) *Australian hotels: More than just a drink and a flutter*

² Australian Fair Pay Commission (August 2008), *Accommodation, Cafes and Restaurants Industry Profile, Research Report No.1/09*

³ Australasian Casino Association, *Submission to the Parliamentary Joint Select Committee on Gambling Reform*, 31 January 2011

Responses to the Discussion Questions

How should employers be identified as belonging to the industry in order to be allowed to access the template agreement?

Hotel industry employers can demonstrate belonging to the industry through membership of the Australian Hotels Association. The AHA is registered under the *Fair Work (Registered Organisations) Act 2009* as the hotel and accommodation industry employer organisation. It is a not-for-profit association with more than 5,000 members across Australia serviced by branches in every state and territory plus a Canberra-based National Office. Membership of the AHA is limited by its registered rules to hospitality employers.

Although many hotels have enterprise agreements which cover terms and conditions of employment, most employ staff under the terms and conditions of applicable industrial awards such as the *Hospitality Industry (General) Award 2010* or the *Restaurant Industry Award 2010*.

Should occupations that are available under the standard program be made available under a template labour agreement? What benefit would there be to such an arrangement?

Occupations covered by the standard program should be made available under a template agreement in addition to additional occupations identified by industry sectors as being relevant and in demand. The template agreement should streamline and simplify the migration process for employers facing shortages of workers. To do this it will need to cover existing occupations and industry-specific additional occupations to create a single interface with the migration system, which is complex, time consuming and costly for employers.

What sources of information are available about labour market conditions in areas where there are shortages of skilled workers in the tourism and hospitality industry?

The Australian Tourism Labour Force Report produced by the Department of Resources, Energy and Tourism is the most comprehensive and recent study of the industry's workforce needs and challenges, and should be the primary source of information for the purposes of creating a template labour agreement.

Stakeholder feedback is sought in relation to this list of occupations, the level of qualification appropriate for these as skilled workers and the nature of any concessions that the industry seeks.

The AHA submits that the template labour agreement includes the following positions from ANZSCO Skill Levels 1-4 relevant to the hotel industry:

- Baristas
- Bar attendants
- Receptionists
- Hotel or motel receptionists
- Waiters
- Cooks
- Hotel service managers

- Gaming workers

The definitions and classifications for these positions are contained within applicable industrial awards such as the *Hospitality Industry (General) Award 2010* and the *Restaurant Industry Award 2010*.

Should only industry-specific occupations (i.e. excluding trades) be available under a template agreement?

A labour agreement for the tourism and hospitality industry is an essential component of implementing Tourism 2020, the National Long Term Tourism Strategy. Since hotels and other businesses in the tourism and hospitality industry are in need of trade qualified workers these positions needs to be included in the template agreement. The labour agreement should be formed to address the urgent skills and labour needs of the industry without being limited to industry-specific occupations. The AHA submits, however, that only tourism and hospitality businesses should be able to access trade-qualified occupations through the tourism and hospitality template agreement.

How should employers wishing to access the template agreement identify themselves as being part of the tourism and hospitality industry?

A hotel can provide evidence of being part of the industry by being a member of the Australian Hotels Association. The AHA is a registered industrial organisation of employers in the hospitality industry and its membership is limited by its rules to hospitality venue employers. Alternatively evidence can be presented on the basis of the nature of the business (ie, is the business a hotel, accommodation venue, casino, restaurant etc?), the instrument under which its employees are employed, and by the specific job titles, classifications and duties of workers employed in the business.

Stakeholder feedback is sought in relation to this list of occupations, the level of qualification appropriate for these as skilled workers and the nature of any concessions that the industry seeks.

From the list of occupations provided in the discussion paper, the following are relevant to the hotel industry:

Occupations	ANZSCO Code	Skill Level	457 Eligible	Salary Comment
Cook	351411	3	Yes	Award/Agreement
Hotel Service Manager	431411	3	No	Award/Agreement
Bar Attendant & Barista	43111	4	No	Award/Agreement
Food & Beverage Attendant	431511	4	No	Award/Agreement
Gaming Worker	431311	4	No	Award/Agreement
Receptionists	54211	4	No	Award/Agreement
Motel/Hotel Receptionist	542114	4	No	Award/Agreement

Should the template labour agreement be available only to regional employers or to all employers in the tourism and hospitality industry?

All tourism and hospitality employers in Australia should be able to utilise the template agreement. Tourism 2020 is a long term strategic plan for the whole of Australia, and there has never been any intention to limit actions to regional areas.

The Australian Tourism Labour Force Report identified Sydney and Melbourne as facing the greatest future shortfall of skilled labour, and the shortages of workers in Perth has been well documented in the context of the mining boom and its impact on the labour market.

What are the market salary rates for Australian workers in these positions in different regions in Australia? What other terms and conditions of employment, including salary packaging are provided to workers in these occupations?

Although the majority of the hotel industry workforce is award-reliant (in most cases the *Hospitality Industry (General) Award 2010* applies) there is significant variation in market salary rates between different regions. In line with the two-speed economy, hotels in mining regions are often forced to pay well above award rates to staff in order to compete with the booming resources sector, while those in regions facing depressed trading conditions and high unemployment, such as North Queensland or Tasmania, are simply not able to pay the TSMIT salary minimum for lower-skilled positions.

The TSMIT, at its current level of \$49,330 per annum, is not suitable for the hotel industry. It is higher than most non-managerial hotel positions and AHA members advise that the biggest need for workers is in positions where Australians are paid below this level, in positions such as:

- Commis Chef (\$45,055 per annum)
- Demi Chefs (\$47,870)
- Duty Manager (\$47,000-\$48,000)
- Supervisor (\$45,000-\$46,000)

Hotels are often unable to sponsor overseas workers at the TSMIT level due to either the risk of upsetting Australian workers paid at lower Award rates or unfeasibly increasing the rates of pay for all staff. The AHA recommends the salary threshold be set at either the Award rate or some other market reference rate of pay.

Since the purpose of the TSMIT is to ensure overseas workers can support themselves and their dependents in Australia, the AHA proposes that the threshold salary need not be so high in cases where overseas couples are both earning an income in Australia.

Is there room for employers to improve the provision of salary and other terms and conditions to better attract workers?

There are a multitude of factors which contribute to market salary rates, including:

- The Temporary Skilled Migration Income Threshold (TSMIT) which sets the minimum annualised salary for 457 visa holders.
- Regional State Migration Scheme threshold levels as determined by federal and state industrial awards.
- The position and classification of the employee within the relevant industrial award.

Industrial awards and enterprise agreements allow for salaries to be annualised and for meals and accommodation to be deducted.

Businesses may make a commercial decision to pay more than the award rate of pay for an employee. This is done in cases where there is a shortage of available workers, where there is tight competition for labour between businesses and industries, and where the employer has the financial capacity to do so.

It is important to note that the majority of businesses in the hotel industry do not have the capacity to simply increase wages and salaries as an employment incentive and remain viable. In January 2012 the AHA undertook a survey of its members including questions aimed at determining the impact of the 2011 annual award wage increase on their businesses and to seek views from members in relation to a the 2012 Annual Wage Review. The survey was completed by 643 hotels, including 515 pub-style hotels and 128 accommodation hotels and found:

- 86% of hotels and 62% of accommodation venues pay employees under the terms of the *Hospitality Industry (General) Award 2010*.
- 28% of hotels and 41% of accommodation venues pay some employees above award rates.
- In relation to the 3.4% wage increase of 2011
 - 77% of hotels and 68% of accommodation venues tried to absorb the increased cost without raising prices.
 - 63% of hotels and 52% of accommodation venues reduced trading hours as a result of the wage increase.
 - 87% of hotels and 80% of accommodation venues reduced overall employee working hours as a result of the increase.
- 31% of hotels and 24% of accommodation venues do not believe their businesses can sustain any wage increase in 2012.
- Only 33% of hotels and 51% of accommodation venues believe their 2012 turnover will increase from 2011.

These survey results highlight the labour cost pressures facing hotels which are already operating on low profitability margins. There is no confidence in the industry that the market will bear an increase in prices, which means any increase in wages and salaries will have to be met with corresponding gains in productivity to avoid impacting on business viability.

What skill and experience requirements and assessment processes should be set to ensure overseas workers have the right skill set to effectively perform these positions in Australia?

The AHA submits that English language qualifications alone are a poor and sometimes irrelevant requirement and that competency should be relative to the needs of the employee's occupation. Employee's engaged in occupations with minimal customer interaction (eg, in cookery) do not need to be as proficient in English as front of house service employees. Furthermore, an experienced front office manager from an international hotel chain who possesses the required skills should not be required to prove Certificate III competency, especially if they are applying to work at the same chain or hotels.

Workers from English-speaking countries (including the USA, UK and Ireland) should not be required to meet the IELTS or skills assessment if they can point to at least two years' work experience in the occupation they are applying for in Australia.

Is the English Language policy setting appropriate? If stakeholders consider that lower levels of English are justifiable, what measures should employers be required to put in place to ensure that workers are aware of their rights and responsibilities in the Australian workplace, can interact successfully with customers and co-workers, and can participate actively in the community in which they live and work?

Hotel industry employers are already required under the *Fair Work Act 2009* to provide all hotel industry employees, including overseas workers, with the Fair Work Information Statement on commencement. The Statement advises the employee of workplace laws and rights as well as contact information to use in case the need arises to lodge a complaint.

State/territory Work Health and Safety legislation also places a duty of care for all employees on employers which would include ensuring that workers are able to comprehend their obligations, rights and duties regardless of language barriers.

As stated above, the AHA believes English language competency requirements should vary based on occupation and need. In some hospitality positions it is essential to have an excellent grasp of English to provide the level of service required, and many workers become very fluent in conversational English through their experiences in working in hospitality in their home country. However it is not always the case that written English is developed as strongly as spoken English, meaning that an otherwise capable employee may not meet the IELTS standard of 4.5. In these cases the worker should be permitted to work in Australia subject to undertaking English classes.

As above, the IELTS requirements should not apply to workers from English speaking countries where English is their first language.

Are these training requirements sufficient to ensure employers are investing in the up-skilling of their Australian workforce?

Generally, the AHA supports the retention of benchmarks requiring employers to invest in the training of Australian workers. This system rewards Australians who want to pursue a career in hospitality with access to career development opportunities and facilitates skills improvement in the industry.

In addition to the current training requirements In order for employees of small and medium sized businesses and businesses in regional areas to have access to comparable career development and training opportunities, it is important that the training requirements be assessed on an aggregate basis across an identified geographic region. While a small hotel in a country town may not meet the training threshold through its own direct activities, it should be considered to have met the requirements if it is a financial member of an industry association offering a variety of career pathways and relevant training opportunities on behalf of a group of members in that region.

The purpose of the training requirement is to ensure employers continue to focus on Australian workers. Accordingly, if this purpose is being addressed collectively by a group of employers through a bona fide effort to improve training, skills and recruitment of Australian workers, concessions should be given to the region overall.

Are there merits in the inclusion of a permanent visa pathway under a template labour agreement?

The template agreement is being established to assist the tourism and hospitality industry to address its current shortages of skills and labour.

The AHA proposes that there not be a permanent pathway available through the labour agreement and that a maximum of three years can be worked with the sponsoring employer.

There is concern that the 457 visa does not require the worker to remain with the sponsoring employer. The time, cost and energy spent sourcing and relocating overseas workers is significant, especially for small and medium sized businesses, and employers should be able to rely on that worker's services for the visa period unless there are extenuating circumstances.

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