



**Accommodation  
Association  
of Australia**

**Next generation of employment services –**  
**Submission of**  
**Accommodation Association of Australia**

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## EXECUTIVE SUMMARY

- Future growth of the accommodation industry is in doubt if labour shortages in the industry cannot be addressed – and these shortages are acute in regional and remote areas.
- Since it was established, the Accommodation Association of Australia Academy has proven to be a highly successful vehicle for placing job-seekers into employment in the accommodation industry.
- Promotion of the work of the Accommodation Association of Academy and government-sponsored employment services to the accommodation industry is taking place, but there is significant scope for the level of promotion/communication to increase.
- Wage subsidies remain an attractive method of encouraging employers in the accommodation industry to hire people who are unemployed.
- The existing employment services system works well for job-seekers who are classified as “Stream A” job-seekers.
- As part of greater employer engagement under the new system, the Accommodation Association is keen for stronger relationships between employment services providers and job-seekers to include employment services providers carrying out more activities to promote job-seekers, wage subsidies and other employment services to employers.
- Employment services providers should be offered greater financial support to forge closer links with industry, undertake more effective pre-screening of job-seekers and carry out more follow-up engagement with job-seekers.
- The focus of any increase in resources for employment services providers should be job-seekers in the “B”, “C” and “D” streams.
- The accommodation industry is strongly opposed to employment services being delivered by government.

## **INTRODUCTION**

1. The Accommodation Association of Australia is pleased to provide the following submission to be considered by the Australian Government's Department of Jobs and Small Business – and the Government more broadly – as a future model of employment services is developed.
2. The purpose of this consultation is to develop a design for the future model of employment services beyond 2020 when contracting arrangements for the current “jobactive” program are scheduled to end.
3. As the department – and other key stakeholders are aware – “jobactive” replaced the previous “Jobs Services Australia” employment services program from 1 July 2015.
4. On behalf of the accommodation industry, the Accommodation Association of Australia is keen to play an active role in the development of a future model.
5. Insights provided by the Accommodation Association of Australia in this submission are drawn from feedback from our members, who are operators of accommodation businesses in every state and territory of Australia.

## **ABOUT THE ACCOMMODATION ASSOCIATION**

6. The Accommodation Association of Australia (the Accommodation Association) is the national industry body for Australia's accommodation industry.
7. Members of the Accommodation Association include major hotels, resorts, motels, motor inns, serviced and holiday apartments, bed and breakfasts, guesthouses, backpackers and timeshare establishments in metropolitan, regional and rural Australia, across all states and territories.
8. The Association's members include major hotel and motel chains, and serviced apartment groups.
9. The Association's membership base includes almost 2000 properties and more than 110,000 guest rooms, many of which are located in regional and rural parts of Australia.

## **TOURISM AND ACCOMMODATION – OVERVIEW**

10. Tourism directly contributes \$55.283 billion to Australia's gross domestic product (GDP), 3.2 per cent of Australia's total GDP.<sup>1</sup>
11. There are 598,200 people directly employed in the Australian tourism industry – 4.9 per cent of total employment.<sup>2</sup>

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<sup>1</sup> Tourism Satellite Account 2016-17, Australian Bureau of Statistics

<sup>2</sup> Ibid

12. Accommodation businesses add \$8.008 billion of gross value to the Australian economy.<sup>3</sup>
13. There are 88,800 people employed in the accommodation industry.<sup>4</sup>
14. There are 4445 tourism accommodation establishments in Australia.<sup>5</sup>
15. There are 249,131 tourism accommodation rooms in Australia and 676,638 bed spaces.<sup>6</sup>
16. These figures do not include properties listed on Airbnb and other sharing economy accommodation providers, despite Airbnb – somewhat falsely – claiming to be a part of Australia’s tourism industry.

## POLICY CONTEXT

17. The accommodation industry is currently experiencing steady growth, but unless one of the most significant challenges facing the industry – access to staff – can be overcome, then further, future growth is in doubt.
18. Specifically, there are not enough people to fill vacant positions in our industry, with these staff shortages at severe levels in accommodation businesses which are located in regional and remote Australia.
19. The accommodation industry has been attempting to fill these shortages through skilled migration, but the industry’s first preference is to employ Australian job-seekers.
20. Therefore, Australia’s future employment services model has a high level of importance for the accommodation industry.
21. In the tourism policy area, the Government is currently developing a new national tourism strategy – and this is of direct relevance to the accommodation industry.
22. Tourism Australia’s 2020 Tourism Industry Potential, which was released in 2010, provided specific goals for tourism stakeholders to aim for. These included:
  - Overnight visitor expenditure should double from \$70 billion in 2009 to up to \$140 billion in 2020;
  - Tourism’s contribution to GDP should increase from 2.6 per cent in 2009 to 3.0 per cent in 2020;
  - Tax revenues from tourism should increase from \$9.3 billion in 2009 to up to \$14.5 billion in 2020; and
  - Tourism net exports should increase to up to \$6.7 billion.
23. By and large, Australia either has or is on the way to meeting these targets, which is a credit to all tourism stakeholders, including the Federal Government, state/territory governments and industry.

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<sup>3</sup> Ibid

<sup>4</sup> Ibid

<sup>5</sup> Tourist Accommodation, Australia, 2015-16, Australian Bureau of Statistics

<sup>6</sup> Ibid

## **ACCOMMODATION ASSOCIATION OF AUSTRALIA ACADEMY**

24. The Accommodation Association of Australia Academy was established in 2014 and since then, it has proven to be a highly successful vehicle for placing job-seekers into employment in the accommodation industry.
25. The functions of the Academy include building partnerships with registered training organisations (RTOs) and employment services providers for mutually beneficial outcomes, with a singular focus on placing job-seekers into work.
26. Our Academy also works with job-seekers who are registered with employment services providers to train them, with the assistance of RTOs.
27. The job-seekers are then placed into trial employment with accommodation businesses who, by and large, are members of the Accommodation Association.
28. Although it is not an employment services provider, training organisation or educational institution, the Academy is of growing importance to the “jobactive” program because of the success it has enjoyed placing job-seekers into meaningful employment.
29. Since establishment, the Academy has worked with a total of 672 students and of these, 538 have completed training for employment which has been overseen by the Academy – a completion rate of more than 80 per cent.
30. In addition, since establishment, 378 of the students the Academy has worked with have gone on to secure meaningful employment.
31. The Academy would like to significantly expand the work it is doing, however, a lack of resources mean this is not possible at the moment.
32. If additional resources were available, the Academy could expand the number of staff it has (it currently has one full-time equivalent staff member), it could establish a more formal process for monitoring the progress of job-seekers and it could lead a much higher level of communication to members of the Accommodation Association about employment services, wage subsidies and other government initiatives which are designed to place unemployed Australians into work.

## **PROMOTION OF EMPLOYMENT SERVICES TO MEMBERS**

33. As stated above, promotion of the work of the Accommodation Association of Academy as well as government-sponsored employment services to the accommodation industry is taking place, but there is significant scope for the level of promotion/communication to increase.
34. The Accommodation Association currently promotes the work of the Academy in brochures we regularly distribute.
35. Articles about the work of the Academy have also been placed by the Accommodation Association in leading accommodation industry publication “HM”.
36. Examples of recent articles include:

PRESENTED BY **AAA** Accommodation Association of Australia



## AAOA ACADEMY SUPPORTS INDUSTRY'S RECRUITMENT NEEDS

The Federal Government has projected by 2020 a labour short fall of 123,000 jobs in the Australian hospitality and tourism sector and the **AAOA ACADEMY** is working closely with the Department of Jobs and Small Business to ensure that the industry has access to local workers who can fill the available vacancies.

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The AAoA Academy is taking the lead, as an industry body, to deliver pre-employment programs, designed by industry, to give job seekers the skills and opportunities they need to gain sustainable employment with our members and supporting industry partners.

and with the support of his Job Active provider, Satina Russo Job Access, his ongoing employment was transferred to the Mantra St Kilda Road Hotel which had an existing need for an apprentice chef and is closer to Ba Sui's home," he said.

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(L-R) Rahn Hedley with David Suda, Hotel Manager at Novotel Sydney Rockford Darling Harbour

## *The AAoA Academy: creating a future*

The Accommodation Association of Australia (AAoA) Academy has embarked on numerous exciting training programs over the last few years to give job seekers the skills and opportunities for employment in the Hospitality and Tourism industry with great results.

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Based on a Government report, it is predicted that the hospitality and tourism industry will have 123,000 jobs available by 2020 with no

One of the many success stories is Rahn Hedley who participated in one of the AAoA Academy Training Programs - Certificate II in

want to thank all the key people and look forward to a long term career in the industry and at "AccorHotels," Hedley said.

## WHAT IS CURRENTLY WORKING WELL

37. There are aspects of the current employment services system, including the jobactive program, which are working well.

38. The existing wage subsidies are beneficial for operators of accommodation businesses and therefore, the Accommodation Association supports them being retained or enhanced.
39. Wage subsidies remain an attractive method of encouraging employers in our industry to take on people who are unemployed.
40. The Accommodation Association's view is that senior executives from employment services providers are doing an excellent job.
41. Traditionally, the employment services industry – both for-profit and not-for-profit providers – is one of the most challenging from a corporate perspective. For example, it is not unusual for providers to struggle to recruit and retain staff themselves.
42. Therefore, the leadership of senior executives employed by employment services providers plays a vitally important role in establishing and maintaining behaviours among front-line staff who work for providers, including that staff uphold the highest levels of integrity at all times.
43. The future employment services model should take this into account.
44. The existing employment services system works well for job-seekers who are classified as "Stream A" job-seekers. By and large, this is because these job-seekers require a minimal amount of post-placement support.

## **LACK OF EMPLOYER ENGAGEMENT**

45. Lack of effective employer engagement by employment services providers is an area which should be addressed in the new, future employment services model.
46. One of the requirements for jobactive tenderers (in 2014) was they had to demonstrate that they had relationships in place with employers.
47. During the tender process and in the early part of the jobactive program, these relationships were maintained, but, in many instances, they have fallen away. Employment services providers should have done more to keep up these relationships and by doing so, the providers would have been more intimately aware of the needs of employers, as well as problems experienced by employers who have recruited staff via jobactive.
48. As part of maintaining relationships with employers, employment services providers should ensure that employers receive wage subsidies they are entitled to.
49. It is the experience of our members that many employment services providers pull back on employer engagement once a job-seeker is placed into a position. While this is a positive start, the chances of the job-seeker remaining in work are compromised because, for example, on-the-job training for the worker was not a priority – and the employment services provider should have been continuing to engage to ensure that it takes place.
50. In the accommodation industry, it is estimated that of 50 people per month who are placed into housekeeping positions, only about 14 per cent remain in these positions after 26 weeks.
51. As part of greater employer engagement under the new system, the Accommodation Association is keen for stronger relationships between employment services providers and job-seekers to include employment services providers carrying out more activities to

promote job-seekers, wage subsidies and other employment services to employers. This might or might not include working more closely with industry bodies and if it does, generating information for industry bodies to send to members, conducting presentations at meetings of members and other initiatives designed to heighten awareness among employers of the existence of employment services and related benefits.

## **REDUCTION IN RESOURCES FOR EMPLOYMENT SERVICES PROVIDERS**

52. On behalf of the accommodation industry, the Accommodation Association noted the reduction in resources for employment services providers when the system transitioned from Job Services Australia to jobactive in 2015.
53. The consequences of this has meant employment services providers have fewer offices, less staff and increased case-loads – none of which help place more job-seekers into work.
54. Results-driven employment services providers should be offered greater financial support from government and this support should be used by providers to:
  - Forge closer, ongoing links with industry;
  - Undertake more effective pre-screening of job-seekers; and
  - Carry out more follow-up engagement with job-seekers.
55. The focus of any increase in resources for employment services providers should be job-seekers in the “B”, “C” and “D” streams.

## **ACCOMMODATION INDUSTRY REQUIREMENTS**

56. Operators of accommodation businesses have informed the Accommodation Association of Australia they would like to see more of the following under Australia’s future employment services model:
  - Referrals of quality candidates;
  - Additional support from employment services providers;
  - Ensure employers receive all wage subsidies they are entitled to if they place job-seekers into employment; and
  - A greater level of consultation about their needs.
57. Accommodation operators would also like employment services providers to ensure that job-seekers who are referred to them are not opposed to working in the accommodation industry.

## **EMPLOYMENT SERVICES SHOULD NOT BE DELIVERED BY GOVERNMENT**

58. While employment services have not been delivered by government for several decades, any move to drastically move away from what has, largely, been a successful model by having



government delivering employment services again is strongly opposed by the Accommodation Association.

59. While there are areas for improvement with the current system, reverting to government-delivered employment services would remove competition in the sector which results in higher quality delivery of services.
60. Government-delivered employment services would be less cost-effective for taxpayers.
61. Government-delivered employment services would almost certainly deliver poorer outcomes for operators of accommodation businesses.

## CASE STUDY – MANTRA ST KILDA ROAD, MELBOURNE



Support provided by the Accommodation Association of Australia Academy has resulted in Burmese refugee, Ba See (pictured above, centre) to find work with Mantra St Kilda Road, Melbourne, where he is an apprentice chef.

Ba attended pre-employment training supported by the Academy and delivered by Training Unlimited on the way to completing an internship under the PaTH (prepare, trial, hire) employment initiative at another of Mantra's Melbourne accommodation properties, Mantra Tullamarine Hotel.

Ba travelled over an hour each way for his internship at Mantra Tullamarine and was assisted by jobactive provider Sarina Russo Job Access.

After finishing the internship, Ba was offered an apprenticeship with Mantra Group.

Ba said: "The Accommodation Association of Australia Academy, through its support and training program, gave me the chance to prove myself to the Mantra Group. I wouldn't have had that opportunity without this program and I would like to thank the Academy, Mantra Group and Chef Patil for all their support."

## CONCLUSION

62. The Accommodation Association would be pleased to provide the department and the Minister for Jobs and Innovation further information in relation to our submission through a meeting and/or further engagement, as appropriate.

Date: 13 August 2018