



INDUSTRY
COMMISSION

Tourism Accommodation and Training

REPORT NO. 50
23 April 1996

Australian Government Publishing Service
Melbourne

© Commonwealth of Australia 1996

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, the work may be reproduced in whole or in part for study or training purposes, subject to the inclusion of an acknowledgement of the source. Reproduction for commercial usage or sale requires prior written permission from the Australian Government Publishing Service. Requests and inquiries concerning reproduction and rights should be addressed to the Manager, Commonwealth Information Services, Australian Government Publishing Service, GPO Box 84, Canberra, ACT, 2601.

Industry Commission
Level 28
Collins Tower
35 Collins Street
MELBOURNE VIC 3000

Moving towards the Productivity Commission

The Federal Government, as part of its broader microeconomic reform agenda, has announced its intention to merge the Bureau of Industry Economics, the Economic Planning Advisory Commission and the Industry Commission to form the Productivity Commission. The three agencies are co-located in the Treasury portfolio so that amalgamation can begin on an administrative basis.

While appropriate arrangements are being finalised, the work program of each of the agencies will continue. This report has been produced by the Industry Commission. The name change will take effect when the relevant legislation is enacted.

Head Office

LB2 Collins Street East
MELBOURNE VIC 8003

Level 28 Collins Tower
35 Collins Street
MELBOURNE VIC 3000

Telephone **(03) 9653 2100**

Facsimile **(03) 9653 2199**

Canberra Office

Telephone **(06) 240 3200**

.....

23 April 1996

The Honourable Peter Costello MP
Treasurer
Parliament House
CANBERRA ACT 2600

Dear Treasurer

In accordance with Section 7 of the *Industry Commission Act 1989*, we have pleasure in submitting to you the report on *Tourism Accommodation and Training*.

Yours sincerely

Tor Hundloe
Presiding Commissioner

Sue Richardson
Associate Commissioner

TABLE OF CONTENTS

Abbreviations	Page XIII
PART A	
Terms of reference	XX
Overview	1
Findings and recommendations	35

PART B

Chapters

1	The inquiry	43
1.1	Introduction	43
1.2	Scope of the inquiry	44
1.3	Why investigate tourism accommodation and training?	45
1.4	Conduct of the inquiry	46
1.5	Structure of the report	46
2	The tourism industry	47
2.1	Measuring tourism as an industry	47
2.2	The history of tourism	48
2.3	Tourism worldwide	50
2.4	Tourism in East Asia–Pacific	51
2.5	Tourism in Australia	52
2.6	Australian travel overseas	58
2.7	Comparisons with overseas destinations	59
2.8	What influences tourism in Australia	61

2.9	Government involvement in tourism in Australia	65
2.10	Conclusions	68
3	The economic impact of tourism	69
3.1	Introduction	69
3.2	Contribution of tourism to national income	69
3.3	Expenditure by inbound visitors to Australia	70
3.4	Domestic tourism expenditure	75
3.5	Inbound and domestic tourism expenditure compared	78
3.6	The increasing share of tourism in Australian expenditure	78
3.7	Current account implications of tourism	78
3.8	Economy-wide impacts of tourism expenditure	80
3.9	Conclusion	84
4	The stock of tourism accommodation in Australia	85
4.1	Introduction	85
4.2	Types of tourism accommodation	85
4.3	Current accommodation stock	92
4.4	Developments in tourism accommodation	97
4.5	Conclusions	106
5	Tourism accommodation segments	107
5.1	Introduction	107
5.2	Evolution of tourism accommodation	107
5.3	Who uses what type of accommodation	112
5.4	Making decisions on accommodation	113
5.5	Conclusions	119
6	Accommodation provision and the natural environment	121
6.1	Introduction	121

6.2	The relevance of the natural environment to tourism	121
6.3	Benefits and costs associated with accommodation provision	125
6.4	Valuation of the natural environment	126
6.5	Environmental decision making	127
6.6	Conclusions	134
	Attachment 6.1 Accommodation and development in the North West Cape area of Western Australia	137
7	Approvals and standards	141
7.1	Introduction	141
7.2	Land use and development approvals	141
7.3	Operating regulations	145
7.4	Industry quality standards	145
7.5	Provision for the disabled	148
7.6	Conclusions	151
8	Tax and tourism accommodation	153
8.1	Introduction	153
8.2	Tax principles	154
8.3	Impact of taxation	154
8.4	Indirect taxes	156
8.5	Does the accommodation industry face a higher than average indirect tax level?	162
8.6	Direct tax	167
8.7	Other tax matters	173
9	The accommodation market fundamentals	181
9.1	Introduction	181
9.2	Determinants of demand	182
9.3	Short-run considerations	184
9.4	Long-run supply and investment	189

9.5	Conclusion	192
10	Investment during the last decade	193
10.1	Introduction	193
10.2	The impact of economic conditions	194
10.3	The pattern of investment over the last decade	194
10.4	Commencements from 1984–85 to 1986–87	197
10.5	Commencements from 1987–88 to 1989–90	198
10.6	Commencements from 1990–91 to 1994–95	203
10.7	Changing ownership	206
10.8	Current ownership patterns	209
10.9	The overhang of the 1980s	210
10.10	Conclusions	212
11	Profitability of tourism accommodation	215
11.1	Introduction	215
11.2	Available data on profitability	215
11.3	ABS surveys	216
11.4	Room yield	219
11.5	Gross operating profit	222
11.6	Ownership and management	224
11.7	International comparisons	225
11.8	Conclusions	228
12	Future investment in tourism accommodation	229
12.1	Introduction	229
12.2	Is Australia competitive for new tourism investment?	230
12.3	Forecasts of accommodation demand	230
12.4	Adequacy of existing data	234
12.5	The potential for increases in room rates	238
12.6	The availability of finance	239

12.7	Concessional access to land	240
12.8	Conclusions	242
13	Employment in tourism	245
13.1	Introduction	245
13.2	The demand for labour	250
13.3	The supply of labour	252
13.4	Characteristics of tourism jobs	257
13.5	Conclusion	264
14	The tourism labour market	267
14.1	Introduction	267
14.2	Overview of tourism labour markets	268
14.3	Labour costs	270
14.4	Awards in the tourism industry	281
14.5	Enterprise bargaining in the tourism industry	298
14.6	Conclusion	305
15	Institutional arrangements for the delivery of tourism training	307
15.1	Introduction	307
15.2	Background to National Vocational Education and Training System (NVETS)	308
15.3	The VET funding process	309
15.4	The Tourism Training Network	311
15.5	Government accreditation and industry recognition of training	314
15.6	Conclusions	321
16	Tourism training	323
16.1	Introduction	323
16.2	The present skill level of the tourism workforce	324
16.3	The delivery of tourism training	328

16.4	Demand for tourism training	331
16.5	Chefs	341
16.6	Emerging issues in tourism training	355
16.7	Conclusions	360
Attachment 16.1	Tourism courses and enrolments at Australian universities, 1994	361

PART C

Case studies

CS1	Substitution among tourism accommodation standards	CS1.1
CS2	Backpacker accommodation	CS2.1
CS3	The Sheraton Towers agreement	CS3.1
CS4	The NSW restaurants award	CS4.1

PART D

Appendices

A	Inquiry participants	A1
B	Economy-wide impacts of increased tourism demand	B1
C	Costs and benefits of accommodation in the natural environment	C1
D	Ownership and management	D1

E	Workplace regulation in the tourism industry	E1
F	Flexibility in tourism awards	F1
G	Enterprise bargaining in tourism	G1
H	Skills development	H1
I	The national vocational education and training system	I1
J	Industry training initiatives	J1
K	Tourism training survey	K1
L	The return to education in tourism	L1
	References	R1

ABBREVIATIONS

AAA	Australian Automobile Association
AAPC	Accor Asia Pacific
ABC	Australian Broadcasting Corporation
ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
ACIRRT	Australian Centre for Industrial Relations Research and Teaching
ACOSS	Australian Council of Social Services
ACROD	National Industry Association for Disability Services
ACTRAC	Australian Committee for Training Curriculum
ACTU	Australian Council of Trade Unions
ACVETS	Australian Committee on Vocational Education and Training Statistics
ADAM	Agreements Database and Monitor
AFMEU	Automotive, Food, Metals and Engineering Union
AFTA	Australian Federation of Travel Agents
AHA	Australian Hotels Association
AHRP	Australian Hospitality Review Panel
AIEF	Australian International Education Foundation
AIRC	Australian Industrial Relations Commission
AITT	Australian Institute of Travel and Tourism
ANA	All Nippon Airways
ANTA	Australian National Training Authority
ANZSCC	Australian and New Zealand Standard Commodity Classification
ANZSIC	Australian and New Zealand Standard Industrial Classification
AQC	Australian Quality Council
AQF	Australian Qualifications Framework
ASC	Australian Securities Commission
ASCO	Australian Standard Classification of Occupations
ASCOVA	Australian Standard Classification of Visitor Accommodation
ASIC	Australian Standard Industry Classification
ASTAC	Australian Standard Tourism Activities Classification
ASTF	Australian Student Traineeship Foundation
ASU	Australian Services Union
ATC	Australian Tourist Commission
ATG	Australian Tourism Group

ATO	Australian Tax Office
ATS	Australian Traineeship Scheme
ATSIC	Aboriginal and Torres Strait Islander Commission
ATTQC	Australian Travel and Tourism Quality Council
ATTRP	Australian Tourism Training Review Panel
AVC	Australian Vocational Certificate (TTA Industry Training)
AVCC	Australian Vice Chancellors Committee
AVCTS	Australian Vocational Certificate Training Scheme
AVETMISS	Australian Vocational Education and Training Management Information Statistical Standard
AVTS	Australian Vocational Training System
AWU	Australian Workers' Union
BCA	Building Code of Australia
BDW	Blake Dawson Waldron
BMC	Budget Motel Chain
BOMA	Building Owners and Managers Association
BTCE	Bureau of Transport and Communications Economics
BTR	Bureau of Tourism Research
CA	Certified Agreements
CAE	College of Advanced Education
CASTT	Council of Australian Secondary Tourism Teachers
CATS	Council of Australian Tourism Students
CAUTHE	Council of Australian University Tourism and Hospitality Educators
CBT	Competency Based Training
CEPU	Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia
CPC	Central Product Classification
CPI	Consumer Price Index
CST	Career Start Traineeship
DEA	Data Envelopment Analysis
DEET	Department of Employment, Education and Training
DIEA	Department of Immigration and Ethnic Affairs
DIR	Department of Industrial Relations
DoT	Commonwealth Department of Tourism
DTES	Domestic Tourism Expenditure Survey
DTM	Domestic Tourism Monitor
EAP	Enterprise Awards Principle
EBP	Enterprise Bargaining Principle
EC	European Community
EEO	Equal Employment Opportunity

EFA	Enterprise Flexibility Agreements
EIA	Environmental Impact Assessment
EIU	Economist Intelligence Unit
EMDGS	Export Market Development Grants Scheme
EPA	Environmental Protection Agency
EPAC	Economic Planning Advisory Council
ESD	Ecologically Sustainable Development
FIRB	Foreign Investment Review Board
FIT	Free and Independent Traveller
FLAIEU	Federated Liquor and Allied Industries Employees Union
FMWU	Federated Miscellaneous Workers Union
GCCA	Graduate Careers Council of Australia
GDP	Gross Domestic Product
HECS	Higher Education Contribution Scheme
HMAAA	Hotel, Motel and Accommodation Association of Australia (formerly MIMA)
IC	Industry Commission
IGAE	Intergovernmental Agreement on the Environment
IMF	International Monetary Fund
ISIC	International Standard Industrial Classification
ITAB	Industry Training Advisory Board
ITC	Industry Training Companies
ITOA	Inbound Tourism Organisation of Australia
ITR	Integrated Tourism Resorts
IVS	International Visitor Survey
JLW	Jones Lang Wootton
LHMWU	Australian Liquor, Hospitality and Miscellaneous Workers Union
LOTE	Languages Other Than English
MCEETYA	Ministerial Council for Employment, Education, Training and Youth Affairs
MIMA	Motor Inn, Motel and Accommodation Association (now HMAAA)
MINCO	ANTA Ministerial Council
NCVER	National Centre for Vocational Education and Research
NESB	Non-English Speaking Background
NETTFORCE	National Employment and Training Task Force
NFROT	National Framework for the Recognition of Training
NLLIA	National Languages and Literacy Institute of Australia
NRCA	National Restaurant and Catering Association of NSW
NRMA	National Road and Motorists' Association

NTB	National Training Board
NTRA	National Training Reform Agenda
NTS	National Tourism Strategy
NTTC	Northern Territory Tourist Commission
NTW	National Training Wage
NVETS	National Vocational and Educational Training System
OECD	Organisation for Economic Cooperation and Development
ORR	Office of Regulation Review
PATA	Pacific Asia Travel Association
QTTC	Queensland Tourist and Travel Corporation
R&D	Research and Development
RCIAA	Restaurant and Catering Industry Association of Australia
RITAB	Recreation Industry Training Advisory Board
RLCCAA	Registered and Licensed Clubs Association of Australia
RMIT	Royal Melbourne Institute of Technology
RPL	Recognition of Prior Learning
SATC	South Australian Tourism Commission
SDA	Shop Distributive and Allied Employees Association
SHHH	Self Help for Hard of Hearing People
SICTA	Standard International Classification of Tourism Activities
SOTE	Survey of Training and Education
SPHC	Southern Pacific Hotels Corporation
SSABSA	Senior Secondary Advisory Board of South Australia
SSC	Standards and Curriculum Council
STA	Survey of Tourist Accommodation
TAFE	Technical and Further Education
TASK	Training and Skills Program
TCA	Tourism Council Australia
TFC	Tourism Forecasting Council
THG	Thakral Holdings Group Ltd
TMC	Tourism Ministers' Council
TNSW	Tourism New South Wales
TQM	Total Quality Management
TSA	Tourism Satellite Accounts
TTA	Tourism Training Australia
TTF	The Tourism Task Force
TTV	Tourism Training Victoria
TWU	Transport Workers Union of Australia
UNESC	United Nations Economic and Social Council
UNSC	United Nations Statistical Commission
VET	Vocational Education and Training

VETEC	Vocational Education and Training Employment Commission
VTOA	Victorian Tourism Operators Association
VUT	Victorian University of Technology
WAC	William Angliss College
WAHTITC	WA Hospitality and Tourism Industry Training Council
WATC	Western Australian Tourism Commission
WHA	World Heritage Areas
WST	Wholesale Sales Tax
WTO	World Tourism Organisation
WTTC	World Travel and Tourism Council

