4 June 2021

Justice I. J. K. Ross

President
Fair Work Commission

Via Email: awr@fwc.gov.au.

Dear Justice Ross, Expert Panel Members

Annual Wage Review 2020–21 (C2021/1)

Please find attached a short clarification from Australian Chamber Tourism, the peak group of national tourism organisations convened as a committee of members of the Australian Chamber of Commerce and Industry.

We wish to communicate with the Expert Panel, separately to the ACCI network’s submissions in this matter to address one tourism specific contention you have before you. We wish to respond to the following contention from Mr Clarke appearing for the ACTU on 19 May 2021 (PN77 of the Transcript that day):

MR CLARKE:  Tourism Research Australia, which is a branch of Austrade, release this report year to year looking at the picture of the tourism industry.  On this occasion, their report is current to June of 2020, and it's looking at sort of a five year comparison period rather than an annual comparison period.  So to get a real kind of picture of the shift in the last year up until June of 2020 you'd need to go back to their current report as compared to their previous reports, which were set out in paragraphs 123 to 125 of our submission last year.  But the reason I raise it is that we've raised in our submission that the idea that many of the businesses or industries that were reliant on foreign tourism may well have already adjusted; and I don't like using that term, but it's one that's thrown back at us quite a lot; adjusted to the prevailing context already.  What we've seen is that as at June of 2020, there has been an increase in the share businesses in the tourism industry that are non-employing businesses.  It's always had a very high share of non-employing businesses, sort of around 47 per cent.  That's gone up to just over 49 per cent.  And there have been new entrances.  The new entrants into that business have shifted towards being non-employing businesses in any event.

So I just sort of wanted to raise that in terms of the consideration of what's the ongoing impact going to be on a bunch of companies that - a bunch of traders who say they are small businesses and they've got no money, while they have been going without it for 14 months with no trade.

One would expect that the bulk of the adjustment to have already occurred, and the prospect that they are sitting at the edge of their seats saying, well, if we only wait for another two months and see whether the Fair Work Commission does zero or 1 per cent or 2 per cent or 3 per cent, we'll know whether we can survive or not, when borders aren't going to open until next year.  It just seems (indistinct).

The material Mr Clarke refers to is Tourism Research Australia’s (TRA) *Tourism Businesses in Australia: June 2015 to 2020* [Report](https://www.tra.gov.au/data-and-research/reports/tourism-businesses-in-australia-june-2015-to-2020).

Australian Chamber Tourism strongly contests any suggestion that one of the most vulnerable and most COVID impacted sectors of our economy has already shed all the jobs and lost all the businesses it is going to lose to the point where the harsh adversity it is experiencing through border closures, lockdowns and uncertainty is irrelevant or able to be disregarded in this matter.

Feedback from those we represent is not of all the damage being done and all the adverse adjustments to jobs and businesses having being realised, far from it. Notwithstanding terrible adversity and losses of jobs and lifetimes of work and investment, tourism operators, tourism regions and tourism jobs are hanging on; they are not already lost.

The same report cited by Mr Clarke indicates that 50% of tourism businesses had a turnover of less than $200,000 in June 2020, up from 45% in 2015, that’s illustrative of the real adversity the sector is confronting.

In the most recent report from TRA (for the year to February 2021), the data shows that domestic tourism is still 33% down (YoY) in visitors spend and international visitation is 97.5% down (YoY to March 2021). Whilst even this reporting period does conflate the impacts of COVID-19 with that of bushfires on visitation and visitors spend, it does demonstrate the crisis in demand tourism businesses are still experiencing.

The majority (or a substantial share) of the 1.1 million employees that remained on JobKeeper in March were likely to be in tourism-related businesses that remained constrained by international border closures and state-based health restrictions. This is consistent with the Commonwealth recognising the dangers to the sector in March and announcing a new $1.2 billion support package to follow the completion of JobKeeper.

The TRA report attributes the bulk of the increase in non-employing businesses in the industry in the five years to mid-2020 to the growth in ride share driving.

In contrast to the ACTU we also read the report as indicating that between June 2019 and June 2020 there was just a 3% increase in non-employing businesses, and a 2% decrease in micro business numbers (employing 1 to 4 persons), which is not of sufficient significance to support the ACTU’s contentions.

Also of course the impact of border closures and lockdowns on tourist numbers, and domestic confidence to travel did not end in June 2020, and protracted and ongoing negative impacts and uncertainty should be taken into account. In particular, the longest and most invasive lockdown in Victoria in 2020 did not start until after this reporting period. Tourism businesses are not all mothballed, the vast bulk are still working tirelessly to hang on, to retain staff and to ride out the crisis; they have no other choice.

The final point of clarification is to emphasise the bifurcated experience of adversity in the sector, which should compel caution in looking at averages. Feedback from the industry is of polarised experience of either considerable and existential adversity, or perhaps for other areas such as regional tourism, or coastal tourism for domestic tourists, comparatively lighter downturns at challenging, but more sustainable levels. Whilst no international tourists is a constant, the impacts on specific parts of the sector can differ markedly.

We support ACCI’s highlighting of the continuing adversity facing tourism businesses and employees to you as a relevant consideration in this matter. Many of our members and the wider local tourism markets in which we operate are heavily award reliant and increases awarded in these matters rapidly and directly flow on into labour costs. The capacity of tourism businesses to meet increased labour costs in the face of what commonly remain vastly reduced custom remains severely limited in 2021.

We hope this additional clarification from the tourism industry assists the Expert Panel in determining the 2020-2021 Annual Wage Review.

Yours sincerely

**JOHN HART**

Australian Chamber-Tourism Chair

Attachment A Australian Chamber Tourism members.

**ATTACHMENT A**

**AUSTRALIAN CHAMBER TOURISM MEMBERS**

Australian Federation of Travel Agents (AFTA)

Australian Hotels Association (AHA)

Accommodation Association of Australia (AAoA)

Australian Regional Tourism (ART)

Australian Tourism Export Council (ATEC)

Boating Industry Association (BIA)

Bus Industry Confederation (BIC)

Business NSW

Council of Australian Tourism Operators (CATO)

Caravan & Camping Industry Association (CCIA)

Cruise Lines International Association of Australasia (CLIA)

Exhibition and Events Association of Australasia (EEAA)

Queensland Tourism Industry Council (QTIC)

Restaurant & Catering Industry Association (R&CA)

Tourism Accommodation Australia (TAA)

Victorian Chamber of Commerce and Industry