

**Practical Solutions to Address the Skills Shortage in the South
Australian Hospitality Industry & the Sustained Relevance of the
Dunstan Policy Legacy**

Rohan Gaskin Charles

Flinders University

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Introduction

Australia like the rest of the world is still recovering from the Covid-19 pandemic and the economic consequences attributed to lockdowns. Here in South Australia businesses are struggling to find staff to meet demand from a population eager to return to a pre-pandemic lifestyle. The staff shortages are putting considerable strain on the Hospitality Industry, which was also hit hard by lockdowns. Reduced opening hours, limited menus, and fatigued employees are consequences of an acute staff shortage felt most severely in regional areas but also in the Adelaide metropolitan area itself. Increased migration to South Australia could offer businesses a 'lifeline' so they can keep providing a high level of service now synonymous with the South Australian food and wine scene. This report will examine the historical circumstances of immigration to Australia and look at Don Dunstan's political legacy, which was instrumental in reforming South Australia and setting us on a path toward a more egalitarian society. Dunstan's ability to get results for the State of South Australia was formidable, his political will and advocacy changed this state and nation for the better. This report seeks to highlight those results and identify how his political legacy has ongoing relevance for South Australians today as well as to recommend some practical solutions to the current skills shortage.

Migration & the Dunstan Policy Legacy

Migration has played a crucial role in Australia's economic and social development. From being the country that rode on the sheep's back to what Australia has become today: a multicultural society with an enviable standard of living; this is exemplified in the recent census data - as of June 2020, 30 per cent of Australians were born overseas (ABS, 2021). Our high standard of living is largely due to our primary industries and resources boom, which as exemplified by Mackey et al, (2022, p. 70) has been fuelled by immigrant labour.

Early on in our colonial history, it was believed that cheap immigrant labour from Asia would be detrimental to the largely Caucasian population by bringing down wages and crowding existing Australians out of the workforce (Dunstan, 1981, p. 10) indeed, this view survives today in the more conservative pockets of the Australian political landscape. For these reasons along with an unhealthy

dose of xenophobia, (the White Australia policy dominated our foreign policy for much of the 20th century.) It enjoyed bi-partisan support from both sides of politics up until 1965, when after twelve years of advocacy from Don Dunstan the removal of the White Australia policy from Labor's platform was finally successful at the national congress (Dunstan, 1981, p. 126). Australia's reputation is still recovering from this legacy of ignorant racism, especially in Asia towards which the policy was primarily directed.

In 1966 as Minister for Aboriginal Affairs Don Dunstan sponsored the Prohibition of Discrimination Act. Before this Act, boarding and lodging houses, licensed and unlicensed businesses, shops, services, and public places could refuse to serve members of the community based on their skin colour or country of origin. The Act also made it an offence to dismiss employees on racial grounds. This legislation was the first of its kind in Australia and meant that South Australia was the first Australian state to comply with the UN Convention on the Eradication of all forms of Racial Discrimination (CERD) 1966 (Dunstan, 1981, p. 111). Dunstan was instrumental in dismantling the White Australia policy and setting this nation on a course toward racial equality and the rich multiculturalism that defines us today.

Today we understand that migration is an integral mechanism for our economic growth, and the notion that immigrants take away jobs from 'hard-working Australians' has been debunked. As suggested by Brendan Coates, et al of the Grattan Institute, (2022) immigrant labour helps drive productivity as well as the supply and demand for goods and services. Indeed, the migrant intake report by the Productivity Commission found no evidence that immigrant labour had any negative effects whatsoever on the existing workforce (Productivity Commission, 2016, p. 9).

In fact, a recent report by Magnusson, A & Magnusson, M (2020, p. 33) found that by filling 100 vacancies in the Southeast of South Australia through demand-driven migration we could create approximately 162 full-time jobs and add \$20.2 million to the gross state product from the flow on effects into the local economy.

So, a balance needs to be found between upskilling our existing population through education providers such as TAFE and attracting migrants who want to call South Australia home and who can bring expertise to help address the current labour shortages not just in Hospitality but across the board. For academics Toner and Woolley (2008) who have both written extensively on labour markets 'training and immigration are the only ways for a nation to secure an adequate supply of skilled workers.' We as a state stand to benefit greatly not just in an economic sense but also socially by welcoming new migrants to Australia. Dunstan understood that immigration was an asset to South Australia and worked proactively to fight for the rights of new arrivals (Dunstan 1981, pp33).

Under the Morrison government, we saw the migration cap lowered to 160,000 p. a form the years 2017 to 2019. Department of Home Affairs (DoHA n.d. p. 2). The reasoning for this was to ease the burden on the inflated housing market and existing infrastructure. It is not untrue that the Eastern coast of Australia has significant problems with these issues, but that may not necessarily be the case for regional areas in the countries North or here in South Australia, which are calling out for workers to fill positions across multiple sectors. Of course, housing is a significant barrier that limits our ability to welcome new migrants however, a national housing policy reminiscent of what we saw under Commonwealth Housing Commission (CHC), which saw the Federal Government, invest heavily in increasing our national housing stock after the Second World War. For an in-depth history of the CHC see *The Rise and Fall of Public Housing in Australia* by Patrick Troy from the Australian National University (ANU, 2011). A formulated housing policy would help enable us to adapt and react swiftly to the changing conditions of the labour market by providing staff with a place to live.

The Dunstan Policy Legacy Regarding the South Australian Hospitality Industry.

The South Australian Hospitality Industry has Don Dunstan to thank for much of its success and now world-renowned prowess. Before Dunstan the limitations put upon businesses were significant; it was Dunstan who extended the liquor licensing laws to allow for alfresco dining and the consumption of liquor to be extended from 6 pm up until 10 pm.

The renowned Regency Park culinary school was set up under Dunstan's watch and has trained thousands of South Australian chefs and is highly regarded across the nation.

Dunstan championed the South Australian wine industry and believed that South Australia could benefit greatly from our 'Mediterranean lifestyle'. His vision was to shift Adelaide's conservative reputation from the City of Churches to a more vibrant metropolis; for as he states in his political memoirs *Felica*, the saying used to go "I went to South Australia, and it was closed" (Dunstan 1981, p. 23). This quote exemplifies the attitudes held by those in the East of Australia who believed South Australia to be an undesirable destination. Dunstan faced significant resistance from church groups who believed that allowing businesses to open on Sundays would distract parishioners from their weekly worship. We have Dunstan to thank for Sunday trading and the end of the six o'clock swill with pubs having their liquor licenses extended until 10 pm (Dunstan 1981, p. 121).

As a gourmand himself, Don Dunstan actively participated in the Adelaide Hospitality Industry with his restaurant Don's Table first on the Parade and then on Kensington Rd. He also wrote an excellent cookbook.

A Snapshot of the Australian Hospitality Industry

The Hospitality Industry is a significant contributor to the Australian economy and a valuable cultural asset. As articulated by the CEO of the Restaurant and Catering Association in a submission to the joint standing committee on Migration, Hospitality contributes \$35 billion p. a in retail turnover to the Australian economy and employs around 450,000 people Lambert, W (2021). Over 93 per cent of hospitality businesses in Australia are considered small wherein they only employ nineteen people or less Lambert, W (2021). According to the Australian Hotels Association (AHA, 2016), In South Australia pubs alone contribute over 4 billion p. a to the gross state product. These figures help identify the importance of the Hospitality industry to the Australian economy.

This report recommends that government should incentivise the existing workforce to stem the 'brain drain' away from hospitality to other sectors. To put it simply to attract the talent the hospitality sorely needs; workers need more carrots and fewer sticks. According to a Senior Researcher at the Australian Parliamentary Library, the hospitality industry has the highest prevalence of casual employees with 79 per cent of all workers employed on casual contracts Gilfillan, G (2017). This casualization of the workforce means that for many, working one job is not enough to pay the bills or support a family. Therefore, hospitality workers often work for multiple employers but are only able to claim the tax-free threshold from one. This report suggests that casual employees should be able to claim the tax-free threshold from multiple employees to free up more cash in the short term and reduce the tax burden carried by low-income earners.

The Hospitality industry is largely staffed by young people, and for many is their first form of paid work. Students in both secondary and tertiary education depend on hospitality to supplement their income. As the cost-of-living increases, and the ability to survive off Centrelink payments alone becomes increasingly difficult. Students are restricted and de-incentivised to work by a punitive working credits system, whereby once their working credits are depleted deductions are made from their fortnightly payment. Once the working credits are gone, students are only able to earn a maximum of \$452 per fortnight before deductions are made from their payment, which equates roughly to one shift a week (Services Australia, 2022). The term that has been coined for this situation is the 'welfare trap' and this report identifies this policy as a 'large stick' which hurts employers and

employees alike and is a significant barrier to solving the current skills shortage in the South Australian hospitality industry. This report calls for either the complete removal of the working credits system or at least a significant rise in working credits for students who want to work and study to maintain a comfortable standard of living.

Increased Regulation of the Hospitality Industry to Avoid Exploitation.

Certain negative connotations associated with the hospitality industry include bullying and sexual harassment, high stress, long hours, and high rates of underpayment. This report applauds the Equal Opportunity Commissioner Jodeen Carney's call for a review of the industry and encourages industry groups and the government to wholeheartedly participate in the proposed review. According to Wright, C. F., Knox, A., & Constantin, A. (2021) from the University of Sydney 'retention difficulties in hospitality are linked to limited career development opportunities, employees being incapable of meeting physical demands or completing tasks, as well as moving into other industries.' This bad reputation contributes to the current skills shortage. More needs to be done to clean up the industry and improve its image. In 2018, the Fair Work Office (FWO) conducted an audit in Brisbane, Sydney, and Melbourne the results were alarming with 72 per cent of hospitality businesses breaching workplace laws such as the failure to provide pay slips and the underpayment of staff Fair Work Annual Report (2018-19 p. 20). As stated by Wright, C. F., Knox, A., & Constantin, A. (2021) those most at risk of experiencing exploitation in the Australian hospitality industry are migrants. They are prized among employers for their 'soft skills' also known as emotional or aesthetic labour, these can be identified as good customer service and emotional intelligence. Soft skills are not necessarily trainable whereas hard skills such as vocational training are. With the promise of permanent residency, migrant workers are often coerced into unfair work environments and exploited.

The scandal surrounding George Columbaris's systemic wage theft has helped shine a light on some of the dodgy practices synonymous with the industry (Turbot et al, 2019). One of the recommendations of this report is that Government should allocate more resources to agencies such as the Fair Work Office and when migrants arrive, they should be better informed of their rights at work. The Fair Work Ombudsman website is available in thirty different languages Australian Government. (2019), and recent arrivals should be directed to this website prior to commencing employment or even arriving in Australia.

Conclusion

The skills shortage facing the South Australian hospitality industry requires a swift response by policymakers to ensure the continuing success and growth of the industry. The consequence of a once-in-a-lifetime event such as the Covid 19 pandemic has thrown up unique challenges previously unencountered by employees and employers alike. A balance between demand driven-migration and up-skilling our existing workforce is the most effective way to remedy the disruption caused by Covid 19 and the ensuing skills shortage. By offering those in the industry more incentives to stay, such as the ability for casual employees to claim the tax-free threshold from multiple employers and fewer barriers for students who want to supplement their incomes, we can consolidate our existing talent. By increased regulation of business practices, we can help to shift the negative connotations surrounding the hospitality industry and ensure the fair treatment of workers, so that the industry can continue to flourish and maintain South Australia's reputation as a destination of note. These recommendations are in line with the Dunstan policy legacy of social democracy; he strived for a fairer system in South Australia and championed the state's food and wine industry, which helped to put South Australia 'on the map' and turned this city from a quiet conservative backwater into a flourishing hub of creative endeavour.

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