

Inquiry into workforce challenges in the Australian tourism sector

Prepared for;

Secretary
House Standing Committee on Employment, Workplace Relations and Workforce
Planning
House of Representatives
Parliament House
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Prepared by;

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Terms of Reference;

Report on workforce challenges in the Australian tourism sector, relating to Hayman with particular reference to;

- Current and future employment trends in the industry
- Current and emerging skill shortages and appropriate recruitment, coordinated training and retention strategies
- Labour shortages and strategies to meet seasonal fluctuations in workforce demand
- Strategies to ensure employment in regional and remote areas; and
- Innovative workplace measures to support further employment opportunities and business growth in the tourism sector

Background

Hayman is the most northerly island in the Whitsundays. Hayman was opened as the Royal Hayman in 1950 when the lease for the island was bought by Sir Reginald Ansett. Since then Hayman has undergone many changes, developments and had several owners. The Mulpha Hotel Group acquired ownership of Hayman in 2004.

Hayman has long been known as Australia's most celebrated private island resort winning dozens of awards and being inducted into the Queensland Tourism Awards Hall of Fame for luxury accommodation and is a Leading Hotel of the World.

Hayman today operates as a luxury destination with 234 rooms, including suites, penthouses and a beach villa. There are four dining outlets plus bars, lounges and private dining options for food and beverage service.

Hayman has a school for primary school age children, produces its own water through desalination and operates a sewerage treatment plant. The island is one hour by boat from Hamilton Island or Shute Harbour and relies on twice weekly barge deliveries for food, equipment and supplies.

Most of Hayman's 500 staff live on the island, requiring accommodation, meals, services and activities to be provided on a daily basis, similar to a small country town offering a Corner Store, Staff Bar, Dining Hall, pool and gym.

Hayman generated \$54 million dollars in revenue last year – about 40% of which was derived from international visitors. Hayman's total operating costs in 2005 were over \$47 million with around \$22 million in payroll and related benefits. In addition, Hayman spends over \$3 million per year on marketing the island globally.

Tourism Whitsundays recently commissioned destination focused market research and the overwhelming conclusion was that there is an alarming quality shortfall throughout the region. This relates to food quality, service, the presentation of facilities such as guest rooms, public areas, restaurants, bars and conference facilities.

High Turnover

The primary reason for the quality deficit is the staggering shortage of medium and long term, motivated and qualified hospitality employees for entry level and technical positions.

In order to address seasonal agricultural industry manpower needs there is a provision for back packers to move from place to place. Our challenge is that a steady flow of back packers is not the answer to our quality challenges. Although the increase from three to six months for working holiday visas has allowed us to utilise this market to fill positions that require minimal (if any) guest interaction. We see this as a short term solution only and not one that will improve the current quality shortfalls in the region.

Hospitality has traditionally experienced higher turnover than other industries, in a remote or regional area this rate is even higher. Hayman employed over 600 staff last year and over 350 so far this year. With the costs associated with entry to the organisation, training and so on in excess of \$3,000 per person our annual recruitment costs are around \$2 million.

Recruitment

Hayman recruit through training providers, such as hospitality schools, TAFEs and universities, offering students placement during their holidays (when they coincide with our busy periods) or 6 to 12 month industry based learning placements. We promote this through school expos and career days. Hayman also recruit through our website, various agencies and advertising.

Whilst the students have been a great addition to our workforce in busy periods, they do not have the experience to service the needs of guests who travel from around the world for the “Hayman Experience”.

Training

All new staff receive a three day orientation including customer service training upon arrival. This is followed by extensive departmental induction and competency training as well as other compliance training as necessary. Other developmental opportunities for our staff are Train the Trainer, Frontline Management and other department specific training.

Retention

Hayman utilises the following strategies for retention

- Internal promotions and career development opportunities (at Hayman and within the Mulpha Hotels Group)
- Ongoing training and development opportunities
- Full time Sports and Leisure Officer to arrange regular social events, co-ordinate classes (currently offering art, dancing and acting classes) and run fitness classes (yoga, pilates, boot camp, fit ball etc)
- Annual service awards and vouchers (1 year = \$120 food and beverage voucher)
- Monthly lunch to celebrate birthdays and anniversaries
- On the spot \$50 “Hayman Way Awards” to reward outstanding performance
- Quarterly Outstanding Achievement Awards and Dinner with winner receiving cash and other prizes with annual prizes of five star hotel holidays
- Ensuring a good standard of living is maintained in regards to rooms, communal facilities, services and events
- Discounts on most Hayman guest activities and services
- Options to save money through offering “multihire” opportunities

Skill Shortages

While Hayman staff generally enjoy the experience and provide positive feedback about their time on Hayman there is an identified and well documented skill shortage in Australia with regional areas particularly suffering. In addition we are competing with the resources sector. This has resulted in Hayman having a limited number of candidates, therefore compromising service standards.

The identified areas of need for Hayman are;

- Mature qualified and experienced tradespeople and chefs
- Experienced staff for frontline positions such as room attendants, laundry attendants, kitchen stewards and cleaners

Solutions

Considering the above factors, there is a compelling case to have the Whitsundays region declared a "special need area". If this was to occur, Hayman would request an allocation for at least 200 employees each year. We would then directly recruit qualified and trained staff from the Philippines, Thailand, Korea, India etc. To allow this the ASCO codes need to be reviewed to include housekeeping and other professions deemed "low" or "non skilled" as positions that we can sponsor.

In addition we would like to see a review of the salary requirements and other restrictions on current visas as we may offer lower salaries but provide subsidised meals and accommodation as well as many other benefits. Having to increase a candidate's salary level to pass the immigration test means that they could be being paid more than our current employees undertaking the same roles, creating inequity amongst our local and international staff.

Hayman will offer full support of any strategies that will allow us to provide consistently high service standards, whether they be through education, immigration or regional incentives. With a better educated and more stable work force and a reduction in employee turnover from 150% per year to 75%, there would be a direct cost implication in excess of \$1 million and a dramatic impact on service quality. This is critical to the sustainability of Australian tourism in this region and to the continued viability of Hayman.