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Siobhan Leyne

Inquiry Secretary

Standing Committee on Employment, Workplace Relations and
Workforce Participation

House of Representatives

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Parliament House

Canberra ACT 2600



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Dear Siobhan

**RE: Inquiry into workforce challenges in the Australian tourism
sector**

Please find attached the Service Skills Australia response to the Consultation Paper titled
Regulation of school-based apprenticeships and traineeships.

We thank you for the opportunity to have input into this important issue and we would
appreciate being kept informed about its developments.

Yours sincerely,

A handwritten signature in black ink that reads "Jeanette Allen". The signature is written in a cursive style.

Jeanette Allen

Chief Executive Officer



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON EMPLOYMENT, WORKPLACE RELATIONS AND WORKFORCE PARTICIPATION

Inquiry into workforce challenges in the
Australian tourism sector

Submission prepared by
Service Skills Australia



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House of Representatives Standing Committee on Employment, Workplace Relations and Workforce Participation

Inquiry into workforce challenges in the Australian tourism sector

Service Skills Australia welcomes the opportunity to make a submission to the standing committee on employment workplace relations and workforce participation on workforce challenges in the Australian tourism sector. This submission outlines Service Skills Australia's view of the tourism industry with a particular focus on training strategies and addresses the following terms of reference:

- 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 demands
- Strategies to ensure employment in regional and remote areas
- Innovative workplace measures to support further employment opportunities and business growth in the tourism sector.

Service Skills Australia is an industry skills council and is responsible for engaging with industry to develop effective and future-focused training and skills development opportunities for the service industries. Service Skills Australia has two key roles:

- Assist industries, enterprises and their workforce to integrate skills development with business goals
- Support accurate industry intelligence on future directions and
- Actively support the development, implementation and continuous improvement of high quality, nationally-recognised training products and services, including enhancing innovation, rationalising materials where there are cross industry synergies, and improving efficiency.

Service Skills Australia also provides advice and direction to Registered Training Organisations (RTOs) and Australian Apprenticeship Centres on industry expectations in relation to training delivery and assessment, and provides guidance and careers pathway information to schools and jobseekers.

Tourism, Hospitality and Events are three separate industries but have such close links that they can be considered one. The interrelationships exist because of the integrated products and services they produce, the close business to business relationships that exist across all three industries, the common customers they service and the sales and service staff employed who often cross industries during their career.

Tourism is defined as travel away from the traveller's normal place of work and residence and is much more than just leisure travel. It encompasses travel for reasons related to such things as business, festivals and events, health, education and religion. It includes both domestic and international travel and involves the consumption of a wide range of goods and services provided by, for example, transport and tour operators, travel agencies, accommodation providers, theme parks and attractions, tour guides, sporting, entertainment and arts venues, museums and historical sites, restaurants, cafes and

clubs. Tourism operators are increasingly choosing to operate specialised tourism products, and terms such as 'food and wine tourism', 'cultural tourism' and 'ecotourism' are regularly used.

Hospitality is commonly defined as the provision of food, beverage, catering, gaming and accommodation services for the consumer who may be a tourist or a local resident. Whereas accommodation providers are more clearly part of the tourism industry, other hospitality businesses such as restaurants, cafes and clubs are found in disparate locations and, accordingly, the clientele varies. Clearly, there are some areas where tourists provide the main custom for these hospitality providers, for example, in major tourist destinations and precincts.

Event organisation and management takes place across the full spectrum of business and community activity, often within the community, cultural, hospitality, sporting and tourism industries.

Tourism, Hospitality and Events are dominated by a mix of interdependent, small to medium-sized businesses. They are complex industries with no standard way of defining the sectors they comprise. Traditionally they are broken down into the following sectors:

- Accommodation
- Attractions and Theme Parks
- Casinos
- Caravan Parks
- Clubs
- Hotels
- Information Services and Promotion (local, regional, state, territory and national)
- Meetings, Incentives Conventions and Events (MICE)
- Restaurants, Cafes and Catering
- Retail Travel
- Tour Guiding
- Tour operations
- Tour wholesaling

Many of these traditional sectors are now converging. For example, hotels now sell tourism products and arrange tours. Gaming, traditionally found only in clubs and casinos is now available in hotels, whilst attractions and cruise ships offer a whole range of tourism and hospitality products.

Current and future employment trends in the industry

The tourism industry continues to face challenges in terms of employment and skills development. In the labour intensive tourism and hospitality industry, characterised by a mobile workforce with high casualisation, part-time and seasonal work, there is an ongoing need to attract and retain skilled staff.

There is considerable growth in the industry: Employment in accommodation, cafes and restaurants – the hospitality industry – rose by 61,000 or 15% in the five years to February 2004¹ and tourism showed similar growth.

There are both labour shortages and skills deficiencies in pockets across the industry. Service Skills has recently produced an Industry Skills Report which highlights the factors driving skills needs in the service industries as a whole. It points to a rapidly changing work environment affected by factors such as globalisation, customer demands and technology in which there is an increasing skills demand on employers and employees alike from customers who expect higher levels of service. This, combined with the need for innovation in products and service provision, requires them to constantly refresh and update their skills. There is also a need for multi-skilling as employees move between enterprises and as businesses change and expand products and services.

As a result of recent consultation with industry, Service Skills Australia has identified a number of emerging industry areas. These areas, however, in many instances, represent different markets as opposed to trends which require whole new sets of skills. Some of these areas are:

- Spa resorts
- Personal Butlers
- Emerging markets: gay tourism, food and wine tourism, sports, schoolies, grey nomad/baby boomers, golf tourism, nature-based tourism
- New or newly popular products (chocolate, beer, tea)
- Bed and Breakfast operations
- Cruising
- Farm Stays

Current and emerging skill shortages and appropriate recruitment, coordinated training and retention strategies

The dynamic and changing nature of Tourism will bring an ongoing need for skills acquisition for those working in the industry. Service Skills Australia has identified a number of factors or drivers that influence current and emerging skills shortages. These drivers need to be considered by employers during the recruitment process in order to create a sustainable and flexible approach to staff training and retention. By looking at the nature of the workforce first, therefore, employers and training developers are better able to implement effective retention strategies.

¹ DEWR Job Outlook June 2004

The key drivers that shape current and emerging skills needs are:

- Consumer and customer service demand
- Competitiveness and productivity demand
- Market expansion/ contraction
- Employment arrangements and worker attrition/retention
- Globalisation
- Demographic change
- Technology and e-business
- Increasing awareness of risk

These drivers have brought about a need for, amongst others, the following skills:

- Risk management and compliance – There is an increasing awareness of the need to incorporate risk management into operations and planning of all tourism businesses at all levels. The service industries in general are susceptible to market shocks, with tourism regarded as particularly vulnerable to the market's volatility.
- Employability – Research conducted by the Australian Chamber of Commerce and the Business Council of Australia, in conjunction with the Department of Education, Science and Training and the Australian National Training Authority, 2001², found that there is a need in all industries for generic and transferable skills such as team work, problem-solving, initiative and enterprise, planning and organising, self-management, learning and technology.
- Business management – Employers consider chefs to have the most significant shortcomings in business skills³. And key findings from research conducted by Service Skills Victoria found that Victoria's Tourism industry is predominately comprised of micro-businesses run by owner managers: 77% of the 903 businesses surveyed were identified as owner managers and 52% of owner managers within the industry had no previous direct experience within the Victorian tourism and hospitality industry⁴. This was particularly prevalent in cottage accommodation and caravan parks, where 74% of owner managers had no prior industry experience.
- Language, literacy and numeracy – Skill development needs in communication, literacy and numeracy vary enormously depending on the location of businesses, the occupations in those businesses and the demographics of the business. Currently the situation is informal and ad hoc. Many roster systems, point of sale technologies and even warehousing systems are now electronic or computer-based, signalling the need for higher-level ICT skills. QANTAS estimates that only

² Employability Skills for the Future (2004), Australian Chamber of Commerce and Industries, Business council of Australia, Australia National Training Authority.

³ A recipe for change – the future of commercial cookery in Australia, (2001), Restaurant and Catering Australia

⁴ Victorian Tourism and Hospitality Industry (2002), Employment, Skills and Training Survey Report, Service Skills Victoria

50% of its international customers speak English. This means that there is a need for languages other than English (LOTE) to be spoken by hospitality and tourism employees, at least in the front line at airports, transport terminals, major hotels and main attractions and guides.

These skills needs are reflected in the current labour shortages across various occupations in Tourism. Research shows that jobs in the tourism industry grew by 13,500 between 2003/04 and 2004/05⁵. As this growth continues, labour shortages will become more acute. Presently, there is a need for appropriately skilled staff in the following occupations:

Accommodation

- Housekeepers/Cleaners
- Restaurant supervisors
- Food and beverage attendants
- Porters

Restaurants

- Cooks
- Chefs
- Food and Beverage Attendants

Tours

- Guides with risk management and language and cross cultural skills

Attractions

- Tour and fishing guides
- Workers in attractions and national parks

Other Tourism Areas

- Agents with e-business skills
- Visitor information and regional tourism centres
- Practical skills in event management

Significant challenges in addressing these areas of skills shortage are:

- Providing learning resource products and services that support workers to rapidly acquire or upgrade broad-based skills and to continually refresh product specific skills sets
- Ensuring that workers are multi-skilled and have the skills to deal with a wide range of cultural demands
- Facilitating industry career paths and qualifications to help attract and retain workers to the service industries

⁵ ABF tourism satellite account figures

- Meeting the demand by enterprises for skill acquisition strategies so that workers can acquire or update discrete skills that provide skills to meet the immediate requirements
- Meeting the demand for employability skills such as problem solving, initiative and enterprise and management.

Service Skills Australia believes that the national Tourism and Hospitality Training Package (competency standards and qualifications), which has recently been reviewed, is able to fully address the needs of current and future skill requirements of the industry. Training Packages are formally reviewed every 3 years and are improved on a continual basis so that they are able to respond to emerging markets and sectors, industry trends and practices, changes in skills needs, and legislative and regulatory requirements.

From consultations that Service Skills Australia conducted under the recent review, feedback has indicated general satisfaction with the content of the Training Packages. However, there are issues with their implementation. These include industry dissatisfaction and a general lack of industry acceptance of the quality and currency of training delivery, unsuitable delivery times and modes and inability of providers to meet specific skills needs, particularly for those in small businesses.

The reviewed Tourism and Hospitality Training Package now has a particular focus on:

- Strengthening customer service skills
- Addressing sustainability more explicitly
- Adequately addressing risk management
- Ensuring adequate business management skills for small business are addressed
- Looking at technology across the board, but particularly in the kitchen and retail travel
- Addressing technical skills needed by emerging sectors, such as spa resorts and adventure tourism
- Incorporating employability and innovation skills.

As industry continues to inform the development of Training Packages, gaps in current and emerging areas of skill can be identified and effectively addressed.

Labour shortages and strategies to meet seasonal fluctuations in workforce demands

The main impediments to meeting the future labour demand and supply relate to a general shortage of labour and the competition from other industries which also suffer labour shortages. Attraction and retention of workers is equally important, as well as ensuring that those working are properly skilled to undertake their jobs.

From a skills acquisition perspective, due to the difficulties in accessing suitable training, many businesses will need to take more responsibility for themselves. Meeting skills needs requires effective teaching and learning systems, and incorporating these systems into the way work is organised, recruitment policy and practice, employee relations and job design. Changing the training system to a competency-based model rather than the time-served basis may help alleviate labour shortages in the short term, especially in the cookery area, but may not be enough to address seasonal fluctuations in workforce demands. Training that offers an ease of mobility and transferability of skills will

encourage workers to train and work locally which will help meet the needs of the regional workforce. Furthermore, backpackers are a huge source of employment within Australia and many find themselves working in Hospitality or Tourism. Our current training system does allow for training of this group but there is a shortage of short, sharp and affordable courses in areas where required, that could make the most of this labour pool.

Strategies to ensure employment in regional and remote areas

Service Skills Australia undertakes a range of projects and initiatives in response to Industry skills needs. Some of these projects are intended to work toward developing strategies to assist in the take-up of training and the promotion of tourism careers in regional and remote areas. These activities include:

- Consulting with industry and VTE stakeholders on skills issues
- Creating flexible and responsive training pathways for various stakeholders
- Participating in and conducting industry events, workshops, conferences and seminars across Australia
- Addressing equity issues in Training Packages and implementation projects
- Addressing language, literacy, numeracy, and cross-cultural issues
- Developing support materials and flexible delivery options.

Furthermore, a whole government approach is necessary to meet skills needs in Tourism, through the Industry Skills Council, in a coordinating and linking role. Specifically, some initiatives which will improve the VTE sector's ability to meet industry needs in remote and regional areas are:

- Better responsiveness by RTOs to immediate and local tourism needs: customised qualifications and or courses that meet specific industry needs
- Collaboration between local RTOs and industry to determine local needs
- Stakeholder exploration of more appropriate training delivery pathways to meet industry needs, particularly those of small business, mature age entrants and those in remote regional areas
- Promotion of training and better use of the national Training Packages to meet specific enterprise and local needs, especially in areas of skills shortages
- Increasing training delivery of languages other than English in tourism and hospitality courses by RTOs and schools
- Stakeholder development of a program to target and assess current LOTE speakers, particularly those speaking Mandarin, Korean and Bengali and train them as Australian tour guides.

Innovative workplace measures to support further employment opportunities and business growth in the tourism sector

By aligning business strategy to the development of strategies that address their skills and workforce issues, the tourism sector will be able to remain sustainable in changing its business environments to meet market pressures.

This could involve:

- Mapping potential career pathways
- Exploring school-industry partnerships to provide work experience
- Changing traditional rostering systems
- Designating personnel to mentor apprentices and trainees
- Introducing activities to change community perceptions of the tourism and hospitality industries and career possibilities
- Changing industry culture to value and support workers
- Exploring job redesign
- Recognising skills acquisition in the workplace and providing appropriate recognition and credits to encourage the employee to pursue further studies.

Strategies such as these can work toward creating a sustainable framework for the tourism sector that is able to effectively address current and future skills needs.