



SEASHELLS
HOSPITALITY GROUP

INQUIRY INTO WORKFORCE CHALLENGES IN THE AUSTRALIAN TOURISM SECTOR

EXECUTIVE SUMMARY

Seashells Hospitality Group (SHG) is one of Western Australia's leading hospitality management companies, operating 4 properties throughout the state, with the majority of these properties located in remote areas.

SHG has a significant market of international visitors. In the 2005/2006 financial year, the inbound market represented over 25% of the total market for SHG, and this number is expected to continue to increase. This is similar to West Australian tourism statistics, showing that there were 635,200 international visitors to Western Australia last year – up 8.2% on the previous year. Again, this growth is forecast to continue.

Having the majority of properties located outside the Perth metropolitan area, Seashells Hospitality Group has recognised significant drawbacks to the recruitment and retention of staff, particularly in these remote locations, and continues to develop strategies to overcome these challenges.

Tourism represents a significant opportunity for Australia – it is one of the few multi-billion dollar industries. Forecasts suggest that the industry will continue to grow, driven by an increase in international visitors. It is imperative that the Australian Tourism industry, along with the Federal and State Governments, are prepared for this growth. The company therefore welcomes the opportunity to provide information in the above matter.



Coming soon to an ocean near you...

PO Box 567
Scarborough WA 6922
T +61 8 9755 2131
F +61 8 9245 3533
E admin@seashells.com.au
www.seashells.com.au
ABN 31 060 199 984

SEASHELLS HOSPITALITY GROUP

Seashells Hospitality Group Pty Ltd (SHG) is one of Western Australia's leading hospitality management companies specialising in the management and marketing of a range of 4 ½ star AAA rated, self-catering apartment-style and hotel suite tourism accommodation.

SHG operates the all new Seashells Resort Mandurah, the newly refurbished Seashells Caves House Yallingup, Sandcastles on Scarborough, Seashells Serviced Apartments in Perth and Seashells Resort Broome at Cable Beach, Broome. SHG is a significant contributor to the WA tourism sector, employing over 120 staff.

Properties of SHG have been winners of several prestigious tourism awards, including:

- Finalist in the 2005 Western Australian Tourism Awards, in the category of "Deluxe Accommodation"
- Recipient of the National Tourism Accreditation Program (WA) Advanced Environmental Module Certificate in 2005
- Finalist in the 2004-2005 Australian Tourism Awards, in the category of "Deluxe Accommodation"
- Winner of the 2004 Western Australian Tourism Awards, in the category of "Deluxe Accommodation"
- Winner of the 2003-2004 Australian Tourism Awards, in the category of "Deluxe Accommodation"

SHG markets its properties extensively both internationally and nationally and has achieved significant occupancy from these areas over the past two years. In particular, SHG has invested significantly into marketing to the overseas visitor, recognising the importance of this market, as noted by the by the following company statistics:

- In the 2005 / 2006 financial year, the inbound market represented over 25% of the total market mix for SHG. This number has increased for the past 3 years.
- The total number of international visitors to SHG continues to increase annually
- The international market, on average, stays longer than the domestic visitor
- The international market tends to spend more, and are not as price sensitive
- The international market provides more consistency – business is not restricted to weekends, Australian school holidays, or traditional peak times

These statistics are supported by Tourism WA findings, showing:

- There were 635,200 visitors to WA in 2005 – **up 8.2%**
- These visitor numbers are record high levels for the 4th consecutive year and this is forecast to continue
- Average length of stay for international visitors = 10 nights

With forecasts suggesting the growth to continue, SHG plans, over the next 5 years, to expand with further properties being scheduled for high potential tourism areas. These proposed areas have been identified outside the Perth metropolitan area.

Having a number of properties in regional locations, and plans to expand further into regional WA, SHG acknowledges there are substantial drawbacks in recruiting and retaining staff outside of metropolitan areas.

POINTS OF REFERENCE:

Current and future employment trends in the industry

SHG has enjoyed considerable expansion over the last six months – Seashells Resort Mandurah and Seashells Caves House, Yallingup have nearly doubled the workforce within the Group. The addition of these two properties has occurred due to both of these areas being identified as potentially high growth tourism locations. Further regional locations, including Rottnest Island, have been identified for future growth for the group.

SHG is now a significant contributor to the WA tourism sector, employing over 120 staff. With forecasts of tourism numbers suggesting this will continue to increase, and with proposed further expansion into regional WA, it is anticipated that the number of employees in SHG will also increase.

SHG strives to provide exceptional customer service. To cater for the international market, it is necessary to meet customer expectations, both in terms of product, and in terms of service; therefore, it is imperative that quality staff and management are placed at the property to facilitate this need.

The company has had difficulties recruiting and retaining staff, especially in its regional properties. Reasons for this difficulty include:

- The award rate for tourism is comparatively low; that is, potential employees can earn higher incomes working in alternative industries, such as the mining industry.
- Given that the major cost to tourism operators is labour cost, the industry cannot afford to pay higher wages which creates a Catch 22 situation.
- With a low population base in regional areas, SHG is forced to recruit employees who are transient, such as backpackers. Current restrictions only allow Visa employees to work a limited time with the same employer, thereby sustaining high staff turnover.
- With a rising cost of housing in regional areas, employees are finding it difficult to continue employment in the tourism industry. Employees are forced to either change industries, or move to metropolitan areas due to the cost of living.
- Current FBT laws do not allow flexibility to provide potential employees with additional benefits to aid in reductions in cost of living such as housing, transport, or schooling.
- The above problems make it difficult to entice potential employees to relocate from metro areas to regional centres.

Furthermore, to provide high quality tourism accommodation in remote areas requires a high level of management competence. There are major issues to be faced by key senior management in relocating to a remote area, such as the relocation of the entire family. Issues include:

- Lack of suitable housing
- Cost of suitable housing
- Job availability for relocated family members
- Schooling options
- Job prospects for school leavers.

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

All Seashells properties have encountered difficulties with attaining appropriately skilled staff, most notably for front line staff.

Although apparent in the city properties, the difficulty is most evident in properties which are located in remote locations, in this case Seashells Resort Broome and Seashells Caves House, Yallingup.

With the majority of properties located outside the Perth metropolitan area, recruitment is hindered by the high cost of living in regional areas. Due to the high cost of housing, schooling and transport, it is difficult to recruit and retain potential employees.

As a result, managers at SHG properties have adopted the following strategies to recruit, train and retain staff:

- The advertising of positions vacant must be done over a number of mediums. Newspaper, internal advertising within the company, internet advertising and agency services must now be considered.
- Due to the lack of suitable available staff, it is becoming increasingly common to entice prospective employees by providing more attractive packages. This can be done by paying in excess of award rate, or by offering added benefits. Added benefits would include development training, incentives on performance, incentives for loyalty, provision of uniform, scope for advancement or discounts to staff for services provided by the company.
- SHG has received feedback from many of its staff in Broome and Yallingup stressing the lack of affordable housing. Although they are able to gain employment, the difficulty lies in securing suitable lodgings. To overcome this, the company is currently providing on site accommodation for key members of staff in Yallingup. Furthermore, the company is now considering providing subsidised housing for seasonal staff in both Broome and Yallingup.
- SHG finds that staff retention is compromised by the limit for Visa employees. Once the employee has been trained, the length of service is not financially viable. Managers are reluctant to employ persons with this restriction.

Labour shortages and strategies to meet seasonal fluctuations in workforce demands

Although seasonal fluctuations are encountered at all SHG properties, they are most notable in Broome and Yallingup. Strategies to meet workforce demands include:

- As per above, SHG offers some key staff the incentive of subsidised accommodation. The company is now considering offering casual staff this option in an effort to attract more employees for the high season.
- Staff within the company are encouraged to transfer between Seashells properties. This allows the employee the opportunity to travel and experience new areas, and provides benefit to SHG by retaining trained staff and moving them to properties with which they are most required.

- Strategies are also employed to reduce the labour component in the down time. That is, where suitable, staff are cross trained so less staff are required to operate the property in the quieter months of the year.
- Staff are encouraged to job share. That is, one job may not be enough for an employee to sustain a lifestyle. In regional areas, SHG is flexible to allow employees to take up positions elsewhere to ensure that the employee is retained.

Strategies to ensure employment in regional and remote areas

Strategies to ensure employment at regional SHG properties include:

- Offering effective incentives to potential employees, enticing them to join SHG. For example:
 - Above award pay rates
 - Incentives for productivity
 - Incentives for loyalty
 - Subsidised accommodation
 - Job sharing
 - Development training
 - Opportunity of transfer between SHG properties

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

- Australian Workplace Agreements – the company is moving away from Award pay rates, and developing an AWA which will be more enticing to employees within the hospitality industry.
- Ongoing staff training – opportunity for training in remote locations is limited; SHG finds training of employees not only improves their capabilities, but also extends length of service
- Consideration of labour importation – SHG is considering the use of imported labour for its remote properties, in an effort to cater for its needs
- Working with other hospitality companies – SHG works with other operators present in remote locations to “share” staff, develop strategies, and train employees.
- Staff housing
- Centralisation of operations – SHG is currently bringing many of the skilled functions to its Perth base. Central reservations, central facilities management, and central accounting have been developed as there are cost benefits, as well as the ability to recruit employees easier in Perth.

Seashells Hospitality Group welcomes the opportunity to be involved in working with the Federal and State Governments to provide information and develop solutions to issues within the Australian Tourism Sector. Please refer to below for contact details.

SIGNED FOR ON BEHALF OF SEASHELLS HOSPITALITY GROUP

Peter Howard
Financial Controller
SEASHELLS HOSPITALITY GROUP

Date

RETURN CORRESPONDENCE MAY BE SENT TO:

GAVIN BIRD
RESORT SUPPORT
C/- SEASHELLS HOSPITALITY GROUP
P O BOX 567
SCARBOROUGH WA
6017
PH (08) 9245 3135
FAX (08) 9245 3533
EMAIL gbird@seashells.com.au

