

September 4, 2006

Dr Anna Dacre
Committee Secretary
Standing Committee on Employment, Workplace Relations and Workplace Participation
Parliament House
Canberra, ACT 2600

Dear Dr Dacre

The Australian Tourism Sector

Thank you for the invitation to make a submission to the House of Representatives Standing Committee on Employment, Workplace Relations and Workforce Participation inquiry into workforce challenges in the Australian tourism sector.

Tourism is now one of Tasmania's biggest industries, contributing more than \$1.1 billion to GSP and employing some 38,000 people directly and indirectly. In the 2005 calendar year 820,600 people visited Tasmania (*Tasmanian Visitor Survey*) continuing the pattern of phenomenal growth in tourism in this State over the past six or seven years.

The challenges facing the Tasmanian Tourism Industry as a result of this growth are undoubtedly the same as those facing the sector across Australia. However these challenges are perhaps enhanced in the Tasmanian context due to:

- The rapid growth of the industry has exhausted the pool of experienced and appropriately skilled labour;
- The high degree of casualisation of the workforce;
- The regional dispersal of tourism enterprises (nature-based tourism is a key product for the industry);
- The average size of tourism businesses (most are micro businesses), meaning that access to training programs and the labour market generally is more difficult;
- The relatively juvenile Tasmanian tourism industry is only just coming to terms with the need to have strategic HR planning.

Among the problems that we face are:

- Inability to find enough trained staff;
- Competition from other industries either seen as better suited to the aspirations of young people or able to offer higher wages (eg call centres and resource industries);
- Difficulties in attracting people due to the seasonal nature of the work;
- The need to employ staff to meet high demand periods (eg split shifts);
- Difficulties in attracting mature-aged employees because of the nature of the work;
- Resistance by employers to hiring mature-age employees (not the right image);

Recognising the above, the Tourism Industry Council of Tasmania (formerly Tourism Council Tasmania) has done some specific work on some of these areas and we wish to take to the opportunity to comment on our experience in these areas.

Tourism and Hospitality Training Demand Profile Project

In April, 2004 the Council released the results of its Tourism and Hospitality Training Demand Profile Project. This was a major new tourism and hospitality industry survey which found that training needed to be refocused to meet growing demand for skilled employees.

The Tourism and Hospitality Training Demand Profile project found skill shortages in key industry sectors, weaknesses in the “service culture” among some new employees and concerns that existing training courses were not providing enough staff with “hands on” experience.

The research, the first project of its type in Australia, identified gaps and mismatches in the current provision of training due mainly to the rapid increase in tourism which has exceeded all previous Tasmanian expectations.

The \$60,000 study was produced as part of the Environmental Tourism Program with the assistance of the Commonwealth Department of Education, Science and Training and the Tasmanian Office of Post Compulsory Education & Training (OPCET).

It was overseen by a steering committee with representatives from the TICT, TAFE, the University of Tasmania, OPCET and Tourism Tasmania.

Businesses who responded to the survey believed TAFE ought to play a stronger role in meeting both increasing and newly emerging training needs and for the Drysdale Institute to provide courses more aligned to industry needs.

The survey also revealed a need to change the attitude of many businesses towards hiring trained staff. It found that the majority of businesses in the tourism and hospitality sector supported the need for more training, but many didn't see the value of better trained staff to their own businesses.

Among the key findings and recommendations of the Study were:

- The shortage of trained chefs was pressing in regional areas and was being exacerbated by a leakage out of the industry of experienced cooks;
- There was a need for managers with business, leadership and human resource skills;
- Food and beverage attendants with sufficient skills levels and genuine career orientation were in short supply;
- Staff with gaming license and TAB and Keno skills were in short supply;
- There was strong demand for tour guides with interpretative skills in the eco-tourism sector;
- Across-the-board lack of staff with customer service skills and a service culture despite having required practical skills and formal qualifications;
- Concerns that any trained staff were not being made aware of the demands of the industry by training providers, leading to high attrition rates when they face the reality of the workplace;
- The industry may need to focus on training older workers to meet demand as school leavers, students and traditional part-time workers are attracted to other industries.
- Training in some areas such as cooking needs to be more “hands on”;
- There was a need to facilitate access of regional operators to training through regional learning centres.

Memorandum of Understanding Drysdale Institute and Tourism Council of Tasmania

One of the outcomes of the study was the signing of Memorandum of Understanding between the TICT and TAFE Tasmania’s Drysdale to provide better trained and skilled staff to meet growing industry demands.

The MOU was designed to address our industry’s needs for more and better trained staff with hands on experience. At the same time it challenged the industry to develop and support a culture of training and to provide the opportunities for those undertaking the training.

All 17 of the Demand Profile’s recommendations relating to Drysdale Institute were adopted as a result of the MOU.

Among the major goals and outcomes of the MOU were:

- A 30% increase in cookery training on the North-West Coast.

- Improved alignment of training to where it is needed, with less focus on formal qualifications.
- Provision of practical short courses for existing employees in areas such as coffee making, workplace hygiene, bar and service of drinks and responsible service of alcohol.
- Planning for new courses to meet the skill needs in the areas of guiding and eco adventure area.
- A 30% increase in government funded training in hospitality at Certificate II and III level from next year.
- Pre-employment courses to ensure that new entrants to the industry are work ready.

While the industry was pleased with the response by the Drysdale Institute and TAFE Tasmania, it didn't solve the problem.

Premium People Project

In mid-2005 the TICT was involved with the development and launch of a private sector venture called Premium People. This was an innovative Tasmanian tourism training program which aimed to match prospective employers and employees to provide work and training for six months in Tasmania during its peak tourism season and in far North Queensland during winter which is their peak season but when tourism is quiet in Tasmania.

The project was developed in response to the Tasmanian tourism and hospitality industry having difficulty in achieving its full potential because of the inability to recruit and keep motivated and skilled staff due to the seasonality of the industry.

Initially Premium People sought to fill 20 places on two-year contracts. Successful applicants would complete pre-employment training at the Drysdale Institute before being placed with Tasmanian host employers. Successful participants were to be signed into Certificate III traineeships in hospitality and would complete their off-the-job training with host employers in both Tasmania and Queensland.

The project had the support of industry, TAFE Tasmania, Drysdale Institute and was officially launched by then Tourism Minister Paula Wriedt.

The project is being managed by the TIC and was funded by the Department of Employment and Workplace Relations, the Department of Economic Development and OPCET.

Under the program trainees were provided with a full range of support services including a mentor to ensure they were happy in their work environment, social situation and family situation and they underwent a full induction with each of their host employers.

They also go accommodation support for their first placement in Queensland.

Our Experience

Despite the work discussed above and a very high level of cooperation between the tourism industry, OPCET, TAFE Tasmania and the Drysdale Institute we still face many of the same problems.

Drysdale Institute has refocused its course to better meet the requirements of the industry and to provide more “hands on” experience, but appears to be finding it difficult to attract enough suitable young people for its courses.

Premium People, which sought to address barriers to entry by providing an income, training and a guarantee of full-time employment, despite some initial success, also has had difficulties attracting suitable applicants.

Attempts to attract mature aged people into the industry have also met with only limited success. The nature of tourism and hospitality work – the need to spend a long time on their feet, the working hours required to meet peak demand – doesn't appear to suit the lifestyle of mature aged people who have family and other commitments. Also there appears to be a resistance on the part of the industry to hiring mature aged employees who might not suit the “image” they want.

Some Specific Recommendations

1. There is a need for a coordinated education program for the tourism and hospitality industry on HR planning. This should draw together efforts and programs currently in place at both a federal and state government level. It should focus on accessibility (maximizing the use of digital media) and be communicated in simple terms which make sense to industry.
2. Industry bodies such as ours should be assisted in our efforts to “package” career opportunities in a way which are attractive to potential employees, while not setting unrealistic expectations. This should encompass better coordination with the training sector, including VET in schools.
3. The high percentage of casual labour, which reflects the dynamics of the industry rather than a way of industry avoiding the appointment of permanent staff, mandates a better approach to training and skills development. Many young people use casual work in tourism and hospitality as a ‘stepping stone’ to permanent employment and it is important that during this stage of their working life they should have good quality access to training. In particular, casual employment should not be a barrier to government subsidized training programs.
4. Reentry or mature-age programs should be further investigated, however the success of such programs will be highly dependent on achieving good outcomes to points 1-3 above.

Conclusion

While the Tasmanian tourism industry has been "booming" in terms of visitor numbers, those visitors are very price sensitive. They are constantly looking for both value and quality of service. This means that while tourism and hospitality businesses need to provide a high quality of service, they also need to remain competitive in terms of price and this affects what they can afford to pay. Faced with tight margins, the tourism sector finds it difficult to compete with other industries which are now attracting the students and trainees.

The Tasmanian Tourism Industry Council is very interested in the Committee's inquiry into the challenges faced by the sector and we look forward to the report on your work and recommendations. If we can be of any further assistance to the inquiry please do not hesitate to contact me on (03) 6224 1930.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Leesong', with a long horizontal flourish extending to the right.

Daniel Leesong
Chief Executive Officer