



The Right Person for the Job – Skills For Yield in Victoria’s Tourism Sector

**Submission to
House of Representatives Committee
Inquiry into**

“Workforce Challenges in the Australian Tourism Sector”

**Nicholas Hunt
Chief Executive
Tourism Alliance Victoria**

Tourism Alliance Victoria

Level 3, 114 Flinders Street, Melbourne, Victoria, 3000
PO Box 18136, Collins Street East, Melbourne, Victoria, 8003
Phone: 03 9650 8399 Fax: 03 9650 8543
Email: info@tourismalliance.com.au Web: tourismalliance.com.au



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“Skills for Yield”

Workforce Challenges and Victoria’s Tourism Industry

1. EXECUTIVE SUMMARY

The skills shortage issue has been on the tourism radar for some time. It has been considered as part of broader discussions relating to the growth of the services sector in Australia and the lack of labour and skills to meet the growth¹.

As an industry tourism is significant from an economic, cultural and community perspective. All the evidence reinforces tourism’s value as a growing labour intensive industry with the current and future capacity to generate significant export earnings through international tourism. In addition tourism is becoming an increasingly important element in supporting regional and rural communities as they look to the future.

Tourism Alliance Victoria conducted a survey of its members to inform its discussion on this issue. The results of the survey are detailed in section five of this report. The bulk of those surveyed are not in the hospitality area of the sector, which is reported to experience greater skills and labour shortage issues than other parts of the sector. Nonetheless, the survey findings reflect broader research results regarding this issue.

The survey highlights the impact of the issue on small businesses based in rural areas or regional centres. Those businesses most affected are Caravan Parks, Tourist Attractions, Tour Operators and Nature Based Tourism Businesses. The occupations most difficult to fill are contractors i.e cleaners, tradespeople (19%). This is particularly true for the caravan park industry. Other difficult positions to fill included front office and reception staff (20.3%), Guides (18.6%), Customer Service Staff (16.9%), Chefs (13.6%) and sales staff (10.2%).

Tourism Alliance Victoria has outlined a number of recommendations to Government which include:

- Generating awareness of solutions which work.
- The need for accurate data on this issue;
- Encouragement of older workers into the workforce;
- Encouragement of women with families into the workforce;
- Industry based training;
- Encouragement of professionalism and excellence;

¹ Rosalie McLachlan; Colin Clark; Ian Monday; Australia’s Service Sector: A Study in Diversity; Canberra; Productivity Commission, 2002

2. WHY ARE WE INTERESTED IN RESPONDING?

Tourism Alliance Victoria is a peak industry body advocating for and supporting the development of a professional and sustainable tourism industry across Victoria.

Founded in 2004, Tourism Alliance Victoria was created out of the merger of Country Victoria Tourism Council and the Victorian Tourism Operators Association.

Today Tourism Alliance Victoria:

- Through proactive involvement with our members, provides advice and an industry voice to local, state and federal government on all tourism related issues;
- Advocates for strategies that will provide a clear direction for the growth and yield of tourism across Victoria;
- Works with local government and local tourism associations to identify product gaps and establish and implement strategies for tourism growth which may include planning, product development initiatives, tourism signposting, tourism structures and visitor services;
- Provides professional development and business enhancement initiatives for a diverse range of tourism businesses;
- Maintains industry integrity through standards compliance and continual improvement programs.
- Provides a forum to review tourism issues, create policy and exchange information; and
- Undertakes research to evaluate and monitor: effectiveness of marketing, visitor satisfaction and new product needs and opportunities.

2.1 A Membership Based Organisation

Tourism Alliance Victoria is made up of regional tourism associations, individual tour operators, adventure and nature based businesses, major attractions and accommodation providers, each of whom are contributing to a vibrant and dynamic tourism industry.

This direct relationship with our members enables us to bring a statewide perspective to all issues affecting tourism. www.tourismalliance.com.au

Our 670 strong member network meet and actively contribute on matters of interest. To maximise the interaction within our membership, activities are conducted at a general industry wide basis as well as within an Activity Group where like businesses engage and focus on matters of a sectoral nature.

Tourism Alliance Victoria Activity Groups include:

- Attractions (metropolitan & regional)
- Adventure & nature based
- Regional Tourism
- Visitor Services
- Regional Conferencing

In addition **Accommodation Getaways Victoria, Victorian Caravan Parks Association** and the **Regional Victoria Conference Group** have all contributed. Tourism Alliance Victoria welcomes the opportunity to respond to make a submission.

3. INTRODUCTION

The skills and labour shortage issue in the tourism industry has been the subject of a number of national and state strategies, enquiries and roundtable discussions. The impact and complexity of the issue, while difficult to accurately quantify, is well documented². It is part of a national economy wide concern and is in no way unique to Victoria or the tourism industry.³

3.1 Actions to date

Examples of actions relating to the skills shortage issue include:

Peak industry body National Tourism Alliance has been working with partners including Tourism Alliance Victoria and the Department of Industry Tourism and Resources via a Tourism Labour Force Working Group. The objectives of the group include consideration of ongoing, industry lead strategies to address labour force needs; consideration of government grant programs relevant to the tourism and hospitality industry labour force and determination of short-term data requirements and actions necessary to identify tourism and hospitality industry labour force needs.

The Department of Education, Science and Training has developed a National Skills Shortages Strategy which resulted in support for a number of projects including the National Tourism Industry Training Committee - Training Indigenous People Program.⁴

In May this year the Minister for Vocational and Technical Education announced a funding commitment of \$22 million towards the Institute for Trade Skills Excellence. Linked to the skills shortages issue, the Institute is aimed at lifting employer engagement in vocational and technical education and includes an Industry Reference Group for the hospitality and personal services industry.⁵

3.2 Extent of Issue and Trends

Notwithstanding steps taken by Government and industry, the issue remains prominent and the difficulty in filling vacancies is a national issue. Despite record low unemployment levels, Australia still has a high level of dependence on income support and lags behind other countries in terms of labour force participation rates- particularly amongst those on welfare, people aged over 55 and women with families.⁶

One indicator reflecting the extent of the issue nationally is the number of vacancies on Australian JobSearch (the Department of Workplace Relations online employment site). Of the total vacancies (72,100) recorded on the site in mid June 2006, the Food, Hospitality and Tourism Sector accounted for 7,600. This placed the sector third highest out of a total of twenty occupation groups.⁷

National Labour Market figures extracted in 2005 highlight the growth trend for the industry stating that the tourism and hospitality industry has experienced strong employment growth since 2000, with 60,900 additional jobs created.⁸ Demographic changes will shift local additions to the workforce from 170,000 over a 12 month period in 2006 to only 125,000 local additions over 10 years from 2020.

² Labour Force Demand in the Tourism Industry The Challenge of Quantifying Skill Shortages, Sydney June 2006, Tourism Labour Force Working Group

³ Ibid p2

⁴ www.getatrade.gov.au

⁵ australia: directors promote trade skills excellence US Fed News 26 May 2006

⁶ OECD Survey of Australia 2006 <http://www.oecd.org/dataoecd/43/35/37201820.pdf>

⁷ <http://www.workplace.gov.au/NR/rdonlyres/E22EE5E6-7853-4A2D-8933-399E657FA0B7/0/VacancyReportJuly2006.pdf>

⁸ P, Frankis & J Press; Australian Tourism Industry: Labour Market and Industry Strategy Issues Department of Employment and Workplace Relations, 2005;

Service Skills Victoria in their report "Industry Change Drivers- 2005 Service Industry Qualitative Data" indicated that the Victorian tourism industry employed 156,000 people in 2002-03. This equated to 6.7% of the total employment in the state. This figure represents a 15% increase from 134,000 jobs (6.2%) in 1997-98.⁹

The Department of Education, Science and Training states that occupations within the tourism and hospitality sectors with the greatest employment growth forecasts from 2003-4 through to 2009-10 include: Cooks, Chefs, Waiters, Travel Consultants, Tour Guides and Customer Service Officers. Chefs have the strongest growth prospects at 16.7% over the next five years.¹⁰

The Department of Employment Workplace Relations suggests that national employment in the tourism sector is projected to grow moderately to 2010.¹¹

3.3 Tourism Alliance Findings Parallel Broader Research

The Tourism Alliance survey parallels findings from broader research and reporting in this area. It also reflects the findings of similar surveys conducted by other organisations including Service Skills Victoria, Tourism and Transport Forum and the Victorian Employers Chamber of Commerce and Industry. It highlights the impact of the issue on small business generally and rural and regionally based businesses in particular.

Most of the Tourism Alliance businesses which are affected have not accessed any Government training or employment scheme support. While some indicated they had tried to use schemes without success, the overall lack of use raises the question about the level of awareness of training and employment schemes, the suitability of what is provided and the accessibility of services to rural and regional areas. The issue is clearly the subject of a broader discussion which is outlined in the Department of Education, Science and Training's Industry Skills Report.¹² Addressing the divide between industry requirements and training programs is also at the heart of the work of the Institute for Trade Skills.

Some of the occupations identified within this survey as being most difficult to fill are known to be in short supply nationally. Chefs have been identified as being a skill in demand by all states of Australia in the latest Skills in Demand List.¹³ They are listed, along with Cooks and Pastry Cooks as occupations in demand on the Migration Occupations in Demand List.¹⁴ The difficulty in finding contractors is mirrored in other similar surveys.¹⁵

The Tourism Alliance survey results emphasize the dependence, by the sector on casual staff. Sixty nine percent (69%) of respondents indicated that casual jobs were the most difficult to fill. The trend of casualisation of the workforce was raised in some time series research of skilled workers conducted by Tourism Alliance in both 2002 and 2005.

⁹ Service Skills Victoria; Industry Change Drivers Report 2005; Melbourne; February 2005

¹⁰ Industry Skills Report, Service Industries; Canberra; Australian Government Department of Education, Science and Training; June 2006

¹¹ IBID

¹² IBID pg 17

¹³ Skills in Demand Lists- Australian States and Territories- 2006 <http://www.workplace.gov.au/NR/rdonlyres/BF83E4CC-1E8F-4630-95C7-D9F3A6108A9A/0/SkillsinDemandMarch2006.pdf>

¹⁴ <http://www.immi.gov.au/skilled/general-skilled-migration/skilled-occupations/occupations-in-demand.htm#wmodl>

¹⁵ Tourism Transport Forum Member Poll http://www.ttf.org.au/research/pdf/memberpoll/TTFMemberPoll_Report_0505.pdf

Some sectors of the tourism industry- particularly those in hospitality, are dominated by casual employment. Sixty eight percent (68%) of jobs in pubs, taverns and bars are casual, over half of the jobs in cafes and restaurants are casual and 45.3% of jobs in the accommodation business are casual.¹⁶

Those businesses that did not experience difficulty in recruiting experienced staff were generally larger businesses (relative to others in the sector) with a relatively strong brand; a track record of success in the industry and an understanding about competitive remuneration which includes more than just salary. Further research is required in this area.

4 MESSAGE AND BEAUTY THERAPY BUSINESS – POMONAL, VICTORIA

Pomonal is near the towns of Stawell and Ararat in western Victoria, it is the base of a number of tourism related businesses and the one described in this case study has a high dependence on tourism.

The business employs the two owners on a full time basis plus one permanent part-time staff member and one casual person. Since opening, the volume of business has grown which resulted in the business requiring more staff. Part-time staff are particularly required as the physical nature of the job means many people can not cope with full time massage work. The business can not get massage therapists of any nature- full time, part-time or casual and has difficulty in recruiting beauty therapists. The only training schools for these occupations are in Warrnambool and Bendigo which do not service the area where the business is located. The owners are of the opinion that 16-20 year olds that move away to train in these occupations do not move back. This coupled with the distance from the training providers has magnified the issue for the business. The single biggest block to the business expansion plans is staffing.

In order to address this issue the business owners entered into negotiations with the Registered Training School where they trained. They have been successful in encouraging the training school to gain expressions of interest in running training out of nearby Ararat. The School requires 12 Students and will run Certificate 4 in Massage Therapy on a part-time basis which will ultimately lead into the Diploma. Teachers will come from Melbourne and Bacchus Marsh to deliver the training. The process of negotiation has taken a year but it will result in locally trained Massage Therapists. This will allow the business to progress with their expansion plans which will require 2 full time and 12-15 part-time staff.

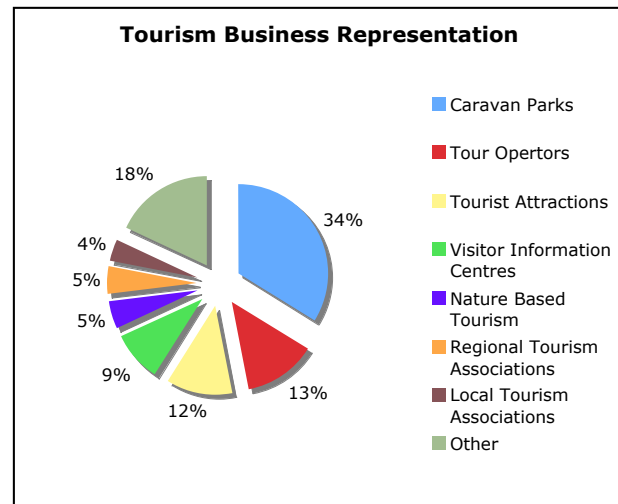
¹⁶ Service Skills Report op.cit.

5 SURVEY SUMMARY

5.1 Business Profile

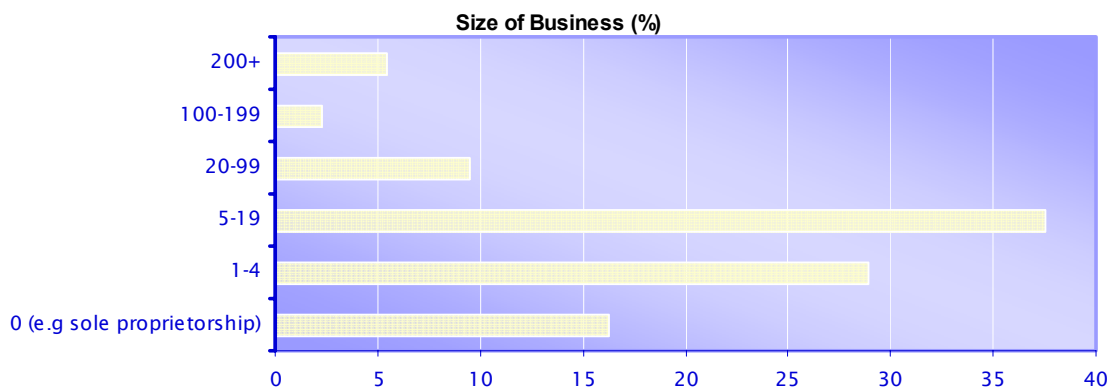
Tourism Business Sector

An online survey was distributed by email in August 2006. Two hundred and twenty three (223) businesses responded to the survey. Sectors represented in the survey include: caravan parks (34%), tour operators (12.6%), tourist attractions (11.7%) visitor information centres (8.5%), nature based tourism businesses (4.9%) Regional Tourism Associations (4.9%) and Local Tourism Associations (3.6%). A small number of Responses were also received from wineries, 4-5 star and 2-3.5 star hotel/motels, bed and breakfast/farmstay businesses, serviced apartments, tourism service providers and food/beverage businesses.



Business Size

The majority of business (38%) represented in the survey have between five and nineteen employees. Twenty nine percent (29%) of businesses have between 1 and 4 employees.



Business Location

Forty two (42%) of businesses are located in rural areas, 35% in regional centres and 24% in metropolitan areas.

5.2 Summary of Issues affecting all businesses

- Businesses with between 1-4 employees experience the most difficulty in filling vacant positions;
- Contractors e.g tradespeople, cleaners, IT are the most difficult positions to fill (31.6%), along with Guides (21.1%), Front Office/Reception (19.3%) and Customer service staff (17.5%);
- Casual vacancies are the hardest to fill (69%) followed by full time jobs (41.4%), part-time jobs (34.5%) and volunteer roles (19%);
- For all businesses the skills shortage issue (60%) is greater than the labour shortage issue (21.7%) and seasonality issue (18.3%);
- Most businesses do not use Government training or employment schemes (70%);
- Those that use Government training or employment schemes are most likely to be regionally based Tourism Attractions employing 20-99 staff;
- Oil prices/cost of petrol is cited as a critical constraint to businesses.

5.3 Summary of Issues affecting Rural Based Businesses

- Businesses located in rural areas, with between 1-19 staff, experience more difficulty filling vacancies than those in regional or metropolitan areas;
- While they demonstrated difficulties across all occupations, they experience the most problems with contractors e.g tradespeople, cleaners, IT (41.7%) followed by Front Office/Reception Staff (20.8%);
- Casual positions have the highest vacancies (83.3%)
- For rural businesses the issue is not only about labour shortages but difficulties in attracting experienced staff and seasonal staff;
- Most rural based businesses do not use Government training or employment schemes (73.1%);
- Comments regarding the need for training and employment requirements include:
 - Customer service, people skills.
 - Its not a training issue, its a person to location issue, and a willingness to work not receive easy payment on benefits.
 - Apprenticeships for tradespeople instead of training people for paperwork.
 - wine education
 - apprenticeships
 - focus on training in rural areas
 - there are no apprenticeships available for furniture making only cabinet making. Need cheaper wages to be able to train some one.
- Other critical constraints to their businesses are Oil prices/cost of petrol

5.4 Summary of Issues affecting Regional Centre Based Businesses

- Businesses located in regional centres with between 1-4 staff experience more difficulty filling vacancies than those in metropolitan areas;
- While they demonstrated difficulties across all occupations, they experience the most problems with contractors e.g tradespeople, cleaners, IT (35.%) followed by Guides (30%), Customer Service Staff (30%) and Chefs (25%)
- Casual positions have the highest vacancy rate (60%), followed by full time jobs (45%) and part-time jobs (30%)
- Regional centres identify the skills shortage issue (66.7%) as being greater than the labour shortage (14.3%) and seasonality issue (14.3%);
- Most businesses in regional centres (61.9%) do not use Government training or employment schemes.
- Training requirements identified include:
 - Training which links with industry needs. Training which has real life experiences. Training which fits in with industry.
 - More multi-skilled Outdoor Recreation people but not just young people - we need older people with the understanding of real duty of

- care and good customer skills
 - casual employees able to clean
 - wine courses
 - Try to attract better quality students to the hospitality courses. Try and encourage work in regional areas as part of the course - possibly studentships.
 - Greater uptake of cooking Apprenticeships and somehow we need to stop the drain of young people who leave the industry after only a few years. Difficult given the remuneration and hours. Trying to find the balance is hard as the industry is not a high profit industry.
 - Office Skills
- Other critical constraints on their business include oil prices/cost of petrol and insurance costs & access.

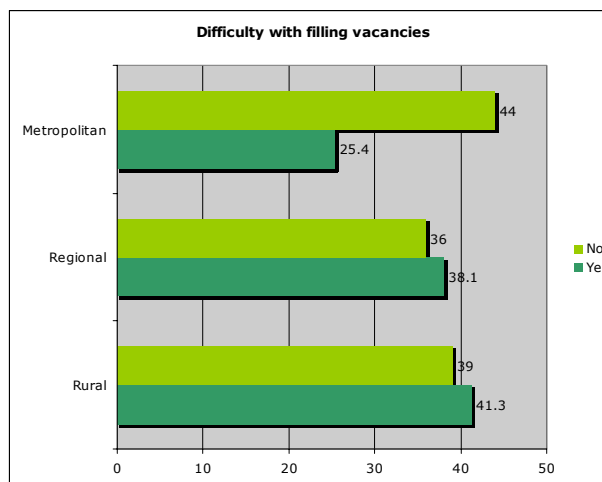
5.5 Summary of Issues affecting Metropolitan Based Businesses

- Businesses located in metropolitan areas with between 1-19 staff experience the most difficulty filling vacancies;
- Similar to regionally based businesses, they demonstrated difficulties across all occupations. However, they experience the most problems with Front office/Receptions (25%) and Guides (25%).
- Casual positions have the highest vacancy rate (60%), followed by full time jobs (53.3%) and part-time jobs (46.7%). Volunteer vacancies were also identified (33.3%)
- Metropolitan based businesses identify the skills shortage issue (62.5%) as being greater than the labour shortage (18.8%) and seasonality issue (12.5%);
- Most businesses in the metropolitan area (68.8%) do not use Government training or employment schemes.
- Training requirements identified include:
 - On the job training.
 - Training in being open to give things a try knowing it will benefit them in the long term.
 - Management of volunteers (training for staff to manage, recruit and train volunteers) Attracting employees from culturally and linguistically diverse backgrounds, and considerations Attracting employees with disabilities and considerations
 - Fund specific skilled-based workplace learning that is accredited
 - Encouragement for apprenticeships is required to allow more young people into trades.
 - There needs to be better links between tourism expertise, broader policy skills and commercial knowledge/ experience.
 - I'm not sure there is something the Government can do, its more about the difficulty to find the skills and attitude in the same person.
- Other constraints on business include insufficient demand- international and oil prices/cost of petrol.

6 SKILLS SHORTAGE ISSUE – IMPACT ON TOURISM BUSINESSES

Business Location

Of those businesses that experience difficulty in filling vacant positions, most are based in a rural area, 38.1% in a regional centre and 25.4% are in the metropolitan area. (Some businesses operate across the state). While the issue affects all geographic locations, clearly those in rural areas and regional centres are more deeply affected than those in the metropolitan area.



Business Size

Of those businesses that experience difficulty in filling vacant positions the majority are small businesses. Most that are impacted employ between 1-4 staff (41%); 34% employ 5-19 staff; 11.5% employ 20-99 staff and 8.2% are sole proprietors.

Skills v Labour Shortage

The skills shortage issue has a higher impact with survey respondents than the labour shortage issue. Just over half of the respondents (51%) indicated they did not experience difficulty in filling vacant positions. However, they experience difficulty in finding experienced staff with the attitude they are looking for.

Use of Government training or employment schemes

The majority (70%) of respondents do not use Government training or employment schemes. Some businesses suggested they had tried various schemes without long term success, others state that there is a lack of availability of training or schemes in the area where the business is located.

Sectors most affected

The business sectors most affected are small businesses in regional or remote locations in the Caravan Park, Tourist Attractions, Tour Operator and Nature Based Tourism Sectors.

Positions and Occupations Most Affected

All respondents stated that the Positions most difficult to fill are casual positions (123 jobs) followed by part-time jobs (59) and full time positions (55 jobs).

The occupations most difficult to fill are contractors i.e cleaners, tradepeople (19%). This is particularly true for the caravan park industry. Other difficult positions to fill included front office and reception staff (20.3%), Guides (18.6%), Customer Service Staff (16.9%), Chefs (13.6%) and sales staff (10.2%).(See Table 1.)

Table 1: Sectors, Positions and Occupations most affected

Sector	Size (employees)	Location	Job	Occupation
Caravan Parks	1-19	Rural	Casual	Contractors, Front Office & Reception
Tourist Attractions	20-99	Regional	Casual	Customer Service Staff/Front Office & Reception
Tour Operator	1-4	Regional	Casual	Guides
Nature Based Tourism	1-4	Rural	F/T & P/T	Guides

7 STRATEGIES/RECOMMENDATIONS

The issues identified by respondents are detailed in the Section 5 of this report. They appear alarmingly straightforward. They focus on the immediate needs of business and as such highlight a gap between training that is offered and what is needed by industry. They do not redress the broader and long term external issues affecting the industry such as the ageing population; urban migration; wage rate competition from highly profitable industries such as the resources sector; the perception of work in the tourism industry as a job versus a career; increased customer demands and expectations; market expansion and regulatory compliance.

In order for the gap between training and industry to be closed, industry will be required to deliver training within or near their workplaces utilising existing contemporary infrastructure and customer focused skills (both of which are known to be increasingly ephemeral) supported by trained education providers (see Case Study Section 4).

Tourism Alliance's research highlights the importance of tackling this issue in the small business (1 – 4 employees) workplace. Tourism Alliance Victoria would suggest the following:

- A sustained awareness program on how other businesses have developed and generated solutions to "show the way" in like areas with like challenges. Such a program could showcase those businesses who have invested in their workplace, are building skills locally and lifting productivity.
- The potential for an industry driven guiding hand approach which offers independent solutions rather than driven by a particular training funding source.
- The capacity to more strategically utilize current students during peak and shoulder season through a structured internship approach.

While solutions are required now, prior to the issue reaching a crisis point, consistent, robust and accurate time series research is needed in Australia to precisely quantify the gravity of the issue and its likely impact in future. Exploratory research is also required, into the impact and solutions offered by other countries similar to Australia, in order to inform the debate here. A document titled "Tourism Workforce 2003- Employment Forecasts by Occupation" was prepared by the Commonwealth Department of Tourism to assist in the process of providing an insight into the possible labour requirements of the Australian tourism industry from 1993-2003.¹⁷ A renewed version of this document is now required similar to the New Zealand report, "Tourism Workforce and Skill Projects Report," which offers projections on the tourism industry's workforce requirements given expected growth to 2010.¹⁸

¹⁷ Tourism Workforce 2003- Employment Forecasts by Occupation; Canberra; Commonwealth Department of Tourism; 1995

¹⁸ Tourism Workforce and Skill Projects Report; Wellington; Business and Economic Research Limited, October 2004

Australia's older workforce may not be as adaptable as others. In addition the prevalence of volunteerism within the visitor services and interpretive activities often leads to a full commitment of time. The feasibility of encouraging older workers into the industry needs to be determined. Consideration is required of likely impacts of marginal effective tax rates; retirement age incentives under the Superannuation Guarantee; the eligibility age of the Age Pension and any cultural or physical workplace change requirements.

In the 2006-07 Budget, the Australian Government announced the biggest changes to child care since the introduction of Child Care Benefit (CCB) in 2000.¹⁹ While this will go some way to redressing the current child care issues, further steps are needed to attract women with families into or back into the workforce based on the provision of accessible and affordable child care. OECD comparisons suggest Australia is lagging in this area.²⁰

Encouragement of professionalism and excellence within the industry is required to build strong employer brands and establish businesses as employers of choice through incentives and reward systems.

¹⁹ http://www.facsia.gov.au/child_care_measures/overview.htm

²⁰ OECD Survey of Australia 2006 <http://www.oecd.org/dataoecd/43/35/37201820.pdf>