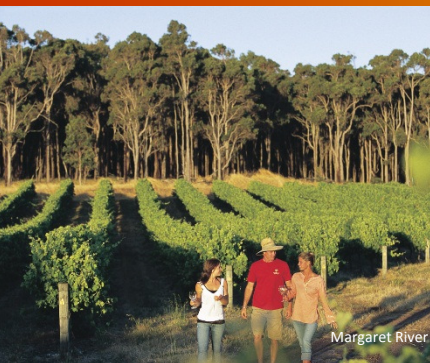


Tourism Council WA Policy Paper



Training & Workforce Needs of the Tourism & Hospitality Industry

Matilda Bay Restaurant, Perth



Tourism Council WA

Tourism Council WA is the peak body representing tourism businesses, industries and regions in Western Australia. The Council promotes the value of tourism, facilitates sustainable tourism development and advocates industry policy on behalf of members.

Our Membership

Tourism Council WA directly represents over 1,000 private and public sector members across tourism, including aviation, accommodation, venues, hospitality, tours, attractions and events. The Council is also the peak body for Western Australian regional and industry tourism associations.

Our united business, regional and industry membership endows Tourism Council WA with the collective voice of 3,000 businesses employing over 75,000 people across Western Australia.

Industry Representation

As the voice of industry, Tourism Council WA proudly represents members and promotes the value of tourism to the state economy, environment and the social fabric of local communities.

Tourism Council WA develops evidence-based industry policy on: business regulation; marketing and events; parks and environment; planning and infrastructure; aviation and transport; and workforce development. The Council advocates our policy agenda to government and maintains an active public profile and media presence to communicate critical industry issues.

Industry Development and Accreditation

Our industry development programs assist members to enhance their sustainability and profitability. Tourism Council WA facilitates business and workforce development through training, workshops, site visits, online facilities and our professional team of state-based industry advisors.

The *Australian Tourism Accreditation Program* is a national business development program based on Quality Assurance principals. Accreditation is a vital industry asset designed to continually improve standards, market quality product and enhance the reputation of tourism destinations. Tourism Council WA delivers accreditation to over 900 tourism businesses across the state.

WA Tourism Awards

The *Western Australian Tourism Awards* are the most prestigious in the industry, attracting fierce competition, widespread media coverage and strong consumer recognition. Each year 900 guests gather in Perth to celebrate the industry's achievements at the Awards Gala night.

Annual Conference and Leaders Roundtable

Our "*You're the Voice*" conference is the premier annual gathering of the state's tourism industry attended by more than 400 national, state and local tourism business and government leaders.

Throughout the year Tourism Council WA also hosts industry networking events, including our *Parliament House Function* and *Leaders Roundtable* forums for members to discuss issues with Ministers and key decision makers.

For more information please contact:

Tourism Council WA

PO Box 91

Burswood WA 6100

Ph: (08) 9416 0700

Fax: (08) 94720111

tcwa@tourismcouncilwa.com.au

www.tourismcouncilwa.com.au

Evan Hall

CEO

ehall@tourismcouncilwa.com.au

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VALUE OF TOURISM TO WESTERN AUSTRALIA

The tourism and hospitality industry plays a vital role in the Western Australian economy and provides significant opportunities for metropolitan, regional and remote communities in terms of diversification of industry, employment and provision of a range of services and experiences that contribute to the social fabric of these communities.

The most recent Tourism Satellite Account (2008/09), produced by the Centre for Economics and Policy for Tourism Research Australia (TRA), shows the following key findings when looking at tourism's contribution to the Western Australian economy:

- The value of the Western Australian tourism industry is \$5.92 billion by Gross State Product;
- The Western Australian tourism industry directly accounts for 1.5 percent of the Western Australian economy by Gross Value Added (GVA), and indirectly contributes an additional 1.8 percent.

Tourism is a major employer, much of this within rural and regional areas, and spans a broad range of businesses including hotels, restaurants, tour operators, attractions, travel agencies, airlines, transport operators, retail, National Parks, Visitor Centres etc.

The Tourism Satellite Account shows that the Western Australian tourism industry directly employs 39,700 people, and a further 33,600 people indirectly, bringing the combined total of people employed in the tourism industry in WA to 73,300.

Employment in the tourism industry can be characterised by:

- A dual labour force consisting of lower skill employees – both permanent and casual and higher skilled career oriented employees;
- Major employer of young, migrant and lower skilled people;
- More than 35 percent of employees in the accommodation, cafes and restaurants, and retail trade sectors are aged 15 to 24;

While in much of Australia the economic downturn has alleviated some of the labour shortages faced by the tourism and hospitality industry in recent years (*The Jackson Report*), this has not been the case in Western Australia where the resources sector has continued to draw from other industries, including tourism, to meet its growing needs. As a result, many businesses are hesitant to invest in training due to the high turnover of staff, as employees are lured by highly attractive employment opportunities in the resources sector.

The State Government has recently made significant budget commitments to tourism in the areas of China Market development and events. To ensure the government achieves maximum return on investment, it is essential that a similar commitment is made to the training and development needs of the industry, to enable it to capitalise on these and other opportunities as they emerge.

TRAINING & WORKFORCE NEEDS OF THE TOURISM & HOSPITALITY INDUSTRY

The recently announced investigation into Training, Tourism and Hospitality in Western Australia looks to identify how to *maximise the industry through training and workforce development*.

In recognising the need for a tourism industry that is dynamic and effective, one must look to the delivery of training and development in the same vein – delivery of training that is responsive to the industry’s needs through both delivery and outcomes.

There is the perception that the tourism and hospitality industry does not provide a long term career path, making it harder to attract and retain a skilled workforce, however research shows that 40–60 percent of those who complete tourism training courses stay for more than five years in the industry (Access Economics, *National Long Term Tourism Strategy*, Economic Modelling Consultancy, 2009).

Research shows that 40–60 per cent of those who complete tourism training courses stay for more than five years in the industry

Service Skills Australia’s ‘*Tourism & Hospitality Workforce Development Strategy*’ (2009) identifies that “the responsibility for meeting the skills acquisition needs of the industry and individuals is not confined solely to our education and training systems”. While the existing VET and institutional systems meet a specific set of needs for the industry, it is clear that there is still a need for training and development to be conducted at the business level and in a manner that is able to respond quickly to industry needs, for both management and employee.

The strategy also identifies that training and skill acquisition needs to be supported and driven by continuous improvement in the workplace and ensuring appropriate organisational policy and procedure, including recruitment policies and practices, employee relations and job design. There needs to be an organisational structure that supports a training and development culture in the business.

Accreditation programs, such as the *Australian Tourism Accreditation Program*, can assist businesses in implementing this structure to support an effective training and development program for both management and staff.

INTRODUCTION

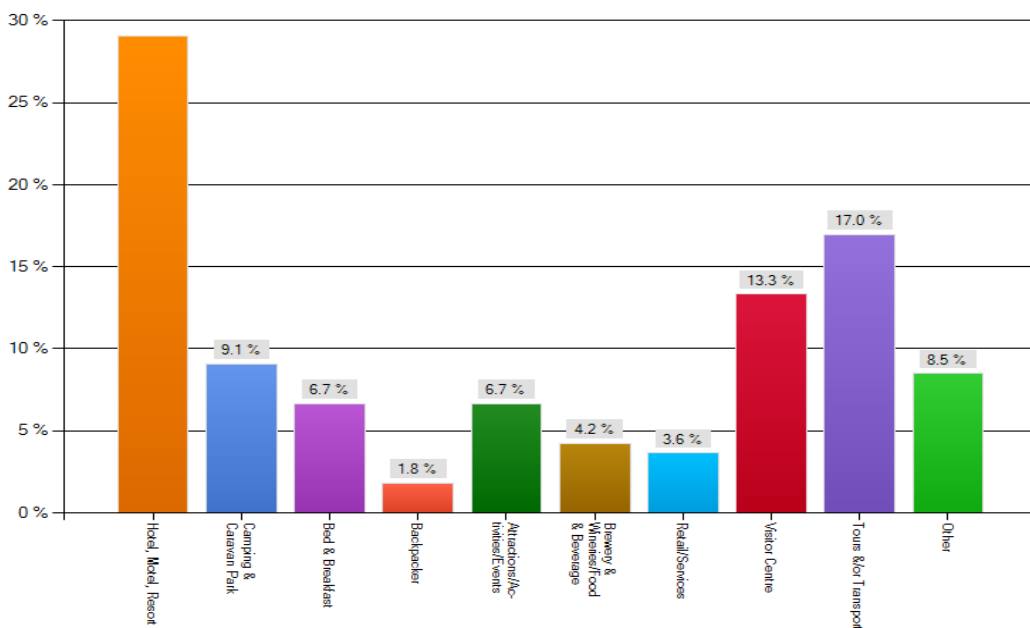
Tourism Council WA recently undertook a *Training & Workforce Needs Survey* (July 2011) of its members to identify, among other things:

- Training needs of the tourism and hospitality industry in WA;
- Obstacles to participation in training;
- Obstacles to attracting and retaining staff;
- What needs to be done to ensure sufficient supply of workers for the industry going forward and;
- What trends will impact on the training and development needs of the industry going forward.

The survey was distributed electronically to Tourism Council WA's membership of over 1000 tourism and hospitality industry businesses. This membership is made up of a broad cross section of the tourism industry covering all industry sectors and business sizes.

Respondents by Industry Sector can be seen in Figure 1, with nearly 50 percent of businesses falling into the accommodation sector (incorporating Hotel Motel and Resorts, Camping & Caravan Parks, Bed and Breakfasts and Backpackers) with Tour and/or Transport Operators also being key.

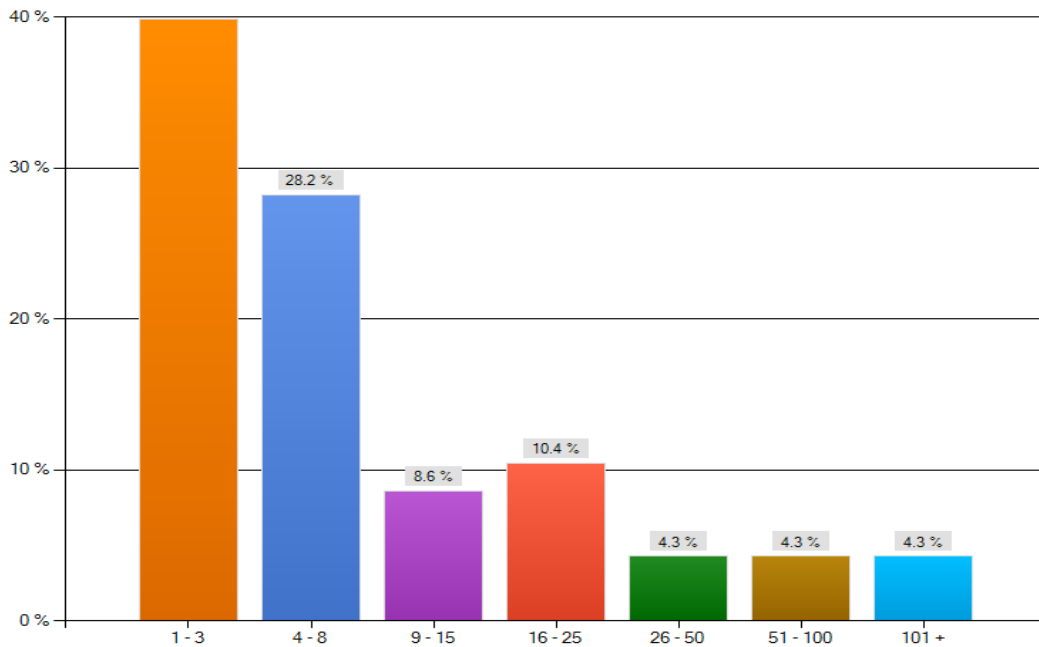
Figure 1 - Industry Sector of Respondents



It recognised that much of the tourism and hospitality industry is made up of micro to small businesses. According to the Jackson Report, the tourism and hospitality industry is unique in that 93 percent of all businesses are sole-operator, micro-businesses or small businesses. Only 6.5 percent are medium sized, employing 20 to 199 persons, and fewer than 0.5 percent are large, employing 200 persons or more.

Of respondents to the survey, 40 percent of all businesses fell into the one to three full time equivalent (FTE) staff numbers (including owner-operators and working directors) closely followed by four to eight FTE at 28 percent. It was also quite clear that the training needs of the small businesses, in both content and delivery method, vary greatly.

Figure 2 – Business Size by FTE Employee



IDENTIFIED TRAINING NEEDS

Customer Service Training

The 'Are You Being Served?' (2011) survey conducted by the *Tourism & Transport Forum and American Express*, identifies that Australian tourism is faced with increasing competition from low cost international destinations such as Bali and needs to “focus on improving customer service standards to offer a better value proposition to visitors to help the country build a more profitable and sustainable tourism industry”.

Sixty eight percent (68%) of respondents from Tourism Council WA's Survey identified a need for **Customer Service Training**. Four of the five tourism regions (being Australia's North West, Australia's Golden Outback, Australia's Coral Coast, Australia's South West and Experience Perth) identifying it as a top priority.

“I have found many of the new staff members that have just come out of Tafe, Uni etc. have knowledge of tourism industry and know how to use technology but they find it hard with the customer service and sales side of the industry” (Survey Respondent).

This response was also consistent across business size (as identified by FTE employees), recognising the importance that Customer Service plays in product delivery. Customer Service training is an ongoing industry need, especially in the face of high staff turnover, and is of significant importance to the industry as a whole.

Online Marketing & Social Media

The Jackson Report identifies that the Australian tourism industry needs to become more “digitally savvy” to ensure it is able to respond to consumers demand for information and ability to make decisions in a timely manner.

Online marketing and social media can be an extremely cost-effective medium for businesses to reach new markets and ongoing training is essential to enable industry to keep pace with these developments and technologies and, at the very least, to maintain market share.

Fifty eight percent (58%) of respondents identified **Marketing & Social Media** as a training priority and this was once again consistent across tourism regions and business size.

Tourism Product Distribution

Forty percent (40%) of respondents identified a need for **Product Distribution training**. This tied in closely with on line marketing and social media and included themes such as online distribution through booking engines etc.

‘China Market’ Product Development

The greatest need for **China Market Development** was registered by businesses within the Experience Perth and Australia’s South West regions, which would reflect those region’s most likely to be impacted, in the short term, with the commencement of the direct China Southern flights into Perth. What will be critical is the industry’s ability to move quickly on the opportunity to secure this market.

Other Training Areas Identified

Through the survey a number of other areas of importance with regards to training needs were identified including:

- Staff Supervisory Skills
- Risk Management
- Environmental Management & Sustainability

*“There will be a need for more operators to speak Chinese and other Asian languages to deal with the increase in customers from Asia. As well the cultural nuances of other nationalities need to be taken into consideration when dealing with these customers”
(Survey Respondent).*

OBSTACLES TO PARTICIPATION IN TRAINING

When asked to identify any obstacles to their participation in training, respondents cited the *availability of training in their region* (58 percent) and the *lack of time to attend training* (47 percent) as their greatest obstacles.

The *lack of availability of training* rated most highly for businesses based in the regions outside of Experience Perth, but was common to all business sizes.

The *lack of time to attend training* was the greatest obstacle for those businesses based in the Experience Perth region.

Other factors also identified included *lack of relevant training available* (44 percent) and, while impacting to a lesser extent across the total respondents who selected this option (41 percent), the *cost of training being prohibitive* was shown to be quite significant for those based in Australia’s Golden Outback with 85 percent identifying this as an obstacle. Many of the identified obstacles were also shown to be co-dependent. The lack of availability of training in regional areas contributed to the need for businesses to travel in order to attend training, resulting in greater expenses incurred and extended periods away from the businesses.

By eliminating one of the identified obstacles such as a lack of availability of training in the regions, either by developing an appropriate training calendar taking into account peak and off-peak periods or, where content is appropriate, utilising on-line delivery methods, many of the other identified obstacles could effectively be minimised.

*“There need to be training opportunities in other areas of the state, specifically, the Midwest and Northwest. We feel extremely isolated here with long distances to travel to Perth for workshops, prohibitive costs to attend training in Perth. The workshops offered look interesting and at least partially relevant, but attending is just too hard”
(Survey Respondent).*

Further observations made by respondents included:

*“Increased regional training opportunities and some subsidy of training costs”
(Survey Respondent).*

- a reluctance to invest in training and development due to the lack of long-term commitment by staff to the industry:
- Expansion of the Small Business Smart Business training program to enable small businesses to access more training opportunities. This program was especially important to

regional businesses in assisting them to access training, especially when faced with increased travel expenses often associated with attending training.

OBSTACLES TO ATTRACTING & RETAINING STAFF

Staff Salary Expectations

The highest cited obstacle to attracting and retaining staff across all respondents was *staff salary expectations*. This was significant across all regions and business size and tied into the theme of competition for staff from the resources sector, where higher salary packages and benefits were generally on offer, making it difficult for smaller businesses to both compete for staff within a limited labour pool, and to retain existing staff.

Seasonality of Tourism Employment in WA

The seasonality of employment in the tourism and hospitality industry rated highly as making it difficult to attract and retain staff, when often year round employment was not able to be offered.

For small businesses this seasonality rated the highest when taking into account respondents by business size.

When broken down by regions, businesses in Australia’s North West and Australia’s South West identified this as a significant contributing factor to attracting and retaining staff.

*“Creating a pathway for seasonal workers to follow their skills in the off season. e.g. Margaret River in summer Broome in winter”
(Survey Respondent).*

VISA Restrictions

For many businesses, difficulties obtaining VISA's and the associated VISA restrictions for those wishing to come to Australian and work in the hospitality and tourism industry were identified as an obstacle to attracting potential staff from outside of the already limited local labour pool.

"A general shortage of available staff - skilled and unskilled - plus local competition. Many businesses in the region are tourism and hospitality based. We are all competing for the same small pool of candidates" (Survey respondent).

Perception of Tourism & Hospitality as not providing Career Paths

Some 52 percent of respondents did not believe that enough was being done to encourage students to consider tourism & hospitality as a career path, 36 percent were unsure, while the remainder believed enough was being done.

"In my daughters school there are no tourism related subjects to follow, even during VET week there are no tourism options".

This was seen to contribute to the perception that tourism and hospitality did not offer long term career paths, but rather provided transitional employment between completing studies and moving on to other career options. This also impacted upon the high turnover of staff and the intense competition for the limited 'tourism & hospitality' labour pool available.

"Through education at a high school level;- more programs introduced at year 10-12 to make sure that these students are aware of what hospitality and tourism can offer".

It was also recognised that responsibility for promoting the tourism & hospitality industry, and associated career paths, lay with both industry and government and that an increased investment in training and development would assist with lifting the perceived professional of the industry and thus the potential for long term career paths.

"Most people don't see hospitality as a career, it's a job...either whilst they are studying, travelling around the country or trying to get experience before they apply for a job within the mining industry".

Lack of Opportunities for Training & Development

While lack of training and development opportunities featured for smaller businesses, larger employers did not identify it as a significant hindrance.

"In Australia tourism and hospitality are often seen as low skilled, underpaid jobs with few career paths. This perception needs to be changed to improve service levels; pay rates as well as the general status of the industry. In other countries such as Italy or France, a job as a waiter is a lifelong position not just a "fill-in" position".

FUTURE TRENDS IN THE INDUSTRY WHICH MAY IMPACT TRAINING NEEDS

Many of the future trends expected, by industry, to impact on their businesses were reflected in the areas of training respondents identified as necessary. Prominent themes included;

- *Growth in the China Market* – necessity to understand the Chinese visitor’s purchasing behaviours, their expectations and how to service this market.
- *Increasing need for staff* –demands of the resource sector continue to draw from the existing labour pool and the VISA restrictions make it difficult to recruit from outside of the available labour pool.
- *Increasing move to online marketing* – ongoing training is necessary to enable businesses and their staff to keep pace with these developments and to stay competitive, as both a business and as a destination.

TOURISM BUSINESS DEVELOPMENT THROUGH INDUSTRY ACCREDITATION

The State and Federal Government’s commitment to accreditation programs, through Tourism WA’s Accreditation Policy; the recommendations for accreditation coming out of the Nature Based Tourism Strategy; and the new Federal Government TQUAL Accreditation Framework, means that industry will increasingly be required to demonstrate evidence of best practice in all areas of their business.

In achieving their accreditation, many businesses will become aware of operational areas that do not meet these standards and where additional training may be necessary. It will be essential that the imposition of these higher standards to which businesses must comply is able to be supported by appropriate training to ensure these standards are attainable.

Furthermore, the growing focus on environmental management and sustainability, from both a consumer perspective as well as a means to assist businesses in minimising costs across various operational areas, will be a challenge for many businesses. Appropriate training in this area will ensure businesses can remain competitive in the delivery of experience as well financially viable.

Ongoing training programs to enable businesses to meet these standards and demands will be essential in ensuring the WA tourism industry maintains best practice and that Western Australia continues to be seen as a world-class destination that can deliver on its promise of world class experiences.

KEY FINDINGS & RECOMMENDATIONS

Key Findings

- While there were consistent themes it is clear that training priorities and needs differed across destinations, and from metropolitan to regional locations;
- Training needs to be able to respond quickly to industry needs and market demands to ensure opportunities are not missed. A key example of this is the development of the pilot 'China Ready' Workshops;
- There is a need for short tailored training options outside of the traditional VET and tertiary streams;
- Many businesses felt the impact of the resources sector in varying capacities, including:
 - An inability to meet salary expectations when faced with competition from the resource sector;
 - reduced labour pool as the resource sector monopolise available staff;
- While the seasonal nature of tourism in Western Australia made it difficult to retain staff year round, it also provides an opportunity for the industry to work together across the peak seasons to provide continuity of employment for employees, and a suitable labour pool for employers;
- Respondents felt that not enough was done to promote the tourism and hospitality industry as a viable career path and that this promotion needed to commence at a high school level, including work experience placement, to encourage school leavers into the industry.

Key Recommendations

- That a suite of short, targeted training courses be developed to enable training to be tailored according to the needs of regional destinations and industry sectors.
- That a training calendar is developed, taking into account off-peak and shoulder periods in the regions, to ensure businesses are able to plan for both time and staff availability to take advantage of training opportunities.
- Where the delivery method is suitable, on-line training courses can be developed to overcome the two greatest obstacles to participation, being *availability of training in the region* and the *lack of time to attend training*. While on-line delivery methods are not suited to all course content, where training outcomes can be met then this delivery method should be available.
- That the Small Business Smart Business training program is expanded to increase the assistance available to small businesses and their ability to access training.
- That a program be established to link tourism & hospitality employers from the North and South regions to be able to work together to provide year round employment options for employees wanting to pursue a career in the industry.

TRAINING CASE STUDY

'China Ready' Workshops

Western Australia currently attracts 15,000 Chinese visitors who spend \$77 million each year. The recent State Government budget commitments to China Market Development led to the establishment of the China Southern Airlines direct China – Perth flights. Commencing 9th November 2011, these flights will be of key importance to the Western Australian tourism industry.

The ability to capitalise on this opportunity relies heavily on the availability of appropriate training and development to ensure the industry is equipped to service this valuable market and deliver a world class experience to our Chinese visitors.



Tourism Council WA (TCWA), with the assistance of Tourism WA (TWA) has developed a 'China Ready' Workshop program for delivery to industry prior to the commencement of the first direct flight.

Funding provided by TWA was essential in enabling participants from both metropolitan and regional Western Australia to access the workshops at subsidised rates ensuring they were accessible to all business across all regions.

TCWA assumed responsibility for all elements of the development and delivery of the workshop program, including:

- Development of course outlines and content;
- All marketing, PR and administration;
- Sourcing & contracting of appropriately qualified providers to deliver program content;
- Calendar for delivery of workshops throughout WA according to regional/destination demand and availability;
- Pricing to ensure standard fee structure to businesses throughout the State;
- Collation of industry feedback and final report.

Upon completion of the initial rollout of the 'China Ready' workshop program, TCWA will produce a 'China Ready Action Plan' providing Government with an outline of

recommendations & initiatives from industry to ensure Western Australia, as a destination, is suitably equipped to service the Chinese visitor.



This program is a key example of a successful partnership between the public and private sector, delivering training and business development benefits which meet a targeted and demonstrated need of the tourism & hospitality industry.

This program is only the first step in ensuring the industry is able to deliver on expectations however, to ensure

maximum return on investment to the Government's budget commitment, far greater resources need to be dedicated to the continued skilling of the industry to service this important market.

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TOURISM COUNCIL WA TRAINING & WORKFORCE DEVELOPMENT PROPOSAL

TCWA propose that a training partnership be developed with the Department of Training & Workforce Development to meet the specific needs of the tourism & hospitality industry in delivery method, content and timeliness, and pricing and to ensure appropriate training and development is accessible to SME's.

As an independent, private sector organisation, TCWA has the ability to act quickly according to industry needs. This can be demonstrated through the training case study as detailed above.

Additionally, through the delivery of the Australian Tourism Accreditation Program to over 950 businesses throughout Western Australia, TCWA is in the unique position of being able to discern training needs on both a regional/destination level and down to industry sector and operator specifics.

This one-on-one contact with the businesses also enables TCWA to provide personalised referrals to the training calendar and appropriate modules relevant to the individual businesses.

Under the proposed partnership the Department could provide a flat 'per place' reimbursement funding to TCWA for tourism training workshops attended. This would enable TCWA to deliver subsidised training at the same accessible price point for all SMEs across all regions.



TCWA would be responsible for development of relevant training modules as identified by the industry. These modules would be developed in partnership with appropriate industry bodies and partners i.e. FutureNow, Confucius Institute, CIT, VET providers etc. and would be delivered via both workshop format and on-line delivery.

These modules would include, but not be limited to:

- Online marketing & social media;
- Continuing China market development modules including – Cross Cultural training, short targeted mandarin language courses;
- Risk Management;
- Tourism Boost Workshops (as developed and currently being delivered by the Small Business Development Corporation until the end of 2011).

Upon development of appropriate modules, a training calendar, in consultation with relevant industry bodies and taking into account regional seasonality, peak periods etc. would be developed for delivery to businesses.

TCWA would deliver both the training calendar and training modules to industry on an ongoing basis, with modules able to be updated, revised and developed as dictated by industry, markets and participant feedback.



tourismcouncil
the voice of tourism western australia

PO Box 91
Burswood WA 6100
T: (08) 9416 0700
F: (08) 9472 011

E: tcwa@tourismcouncilwa.com.au
www.tourismcouncilwa.com.au