

**SUSTAINABLE  
TOURISM**



**CRC**

**Submission to the Parliament of Australia  
House of Representatives**

**INQUIRY INTO WORKFORCE CHALLENGES IN THE  
AUSTRALIAN TOURISM SECTOR**

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**August 2006**

## **INQUIRY INTO WORKFORCE CHALLENGES IN THE AUSTRALIAN TOURISM SECTOR**

This submission is made on behalf of the Australian Government funded Sustainable Tourism CRC (STCRC). All partners within this CRC are employers in the tourism workforce and have substantial interest in the findings from this Inquiry. The STCRC is currently funding research projects into the areas of the tourism labour market, labour turnover, seasonality and training within the context of the tourism workforce, the findings of which assist in informing this submission. In addition, STCRC has access to the Tourism Satellite Account data and some analysis on workforce trends has been undertaken. This submission addresses the first three components of the Inquiry namely:

- 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;

### **OVERVIEW**

The Australian tourism workforce has been subject to a number of studies that, unfortunately, have often been done in isolation from other studies or have been 'one-off' studies. This has prevented an ongoing overview of the sector. For example, the Australian Bureau of Statistics (ABS) has completed an analysis on various Australian states such as the report on Western Australian Statistical Indicators (March, 2006). This provides a state overview of skill shortages and workforce trends, but does not allow for state comparisons nor does the report provide comparative tourism information. Similarly, the Tourism & Transport Forum (TTF) in conjunction with Tourism Victoria and Department of Industry, Tourism and Resources (DITR) has produced the *Victorian Tourism Employment Atlas 2005* providing an overview of that state's tourism workforce trends and future development. Again, at a state level, the Queensland Tourism Industry Council has embarked on a Skill Formation Strategy focussing on six tourism areas for skill formation. As these studies indicate, there is work being undertaken but not in a co-ordinated manner nor at the national level.

The most recent report on the tourism industry is the report from the Tourism Satellite Account (ABS, 2006), and Australia is indeed fortunate in having such detailed tourism statistics. However, the information is limited to one table containing employment numbers in the tourism characteristic and connected industries. With regard to a more detailed overview of the tourism workforce, the most recent report is by the Department of Industry, Tourism and Resources (DITR, 2002). This report provides definitional boundaries for the discussion of statistics and trends in the tourism workforce, and uses data from the Tourism Satellite Account (TSA). Using the definitions from the DITR (2002: 1) report, 'tourism characteristic' industries are "those that account for at least 10% of total tourism consumption" and 'tourism connected' industries include sectors such as clubs, pubs, road and rail transport and entertainment services. The fact that tourism is not contained neatly into one specific category presents difficulties in measuring the sector as a whole. Tourism is most often described and measured in its component parts such as accommodation, cafes and restaurants, and travel agencies and tour operators.

**Recommendation:** That the data collected through the Tourism Satellite Account (TSA) be used for more detailed and regular analysis and commentary on the tourism workforce.

### CURRENT AND FUTURE EMPLOYMENT TRENDS IN THE INDUSTRY

Using the most recent TSA data (2006), it is estimated that the tourism industry employed 550,100 persons in 2004-2005. These data show that the tourism share of total employment has fallen from 5.9% in 1997-1998 to 5.6% in 2004-2005. When the data are broken down to the various tourism characteristic and connected industries, it is the Retail Trade industry (26%) that has generated the most tourism employment. Further to this, the Retail Trade, Accommodation and Cafes and Restaurants account for more than half of the employment in tourism. Each of these industries is projected to be in the Top 10 Employment Growth industries over the next five years 2010-2011 (DEWR, 2006).

The TSA data (ABS, 2006) provides the numbers of people employed in the tourism industry based on tourism characteristic and connected industries. These figures are provided in Table 1.

**Table 1: People Employed in Tourism**

	1997/98 '000	1998/99 '000	1999/2000 '000	2000/01 '000	2001/02 '000	2002/03 '000	2003/04 '000	2004/05 '000
Tourism Characteristic and connected industries								
Travel Agency and tour operator services	24.9	25.5	23.9	23.8	23.6	22.0	22.2	27.4
Road transport and motor vehicle hiring	24.1	24.2	23.8	24.5	25.3	25.0	26.2	24.5
Air and water transport	31.0	32.1	34.1	37.8	36.5	33.7	33.4	33.1
Accommodation	84.4	84.2	90.3	95.6	92.8	97.3	94.2	96.2
Cafes and Restaurants	45.3	46.4	49.0	56.1	54.9	52.8	50.7	51.0
Clubs, pubs, taverns and bars	26.8	26.7	27.4	27.6	26.3	24.2	25.7	29.0
Rail transport	4.0	4.0	3.6	4.1	3.5	3.9	4.2	3.8
Manufacturing	42.2	42.2	44.5	45.8	44.5	45.8	43.4	44.2
Retail trade	141.0	140.2	137.8	133.1	134.4	140.4	140.5	142.6
Casinos and other gambling services	2.5	2.0	2.0	2.0	1.9	1.7	1.8	1.6
Libraries, museums and arts	8.2	8.9	8.5	10.5	10.3	10.3	9.6	10.9
Other entertainment services	14.2	14.5	15.0	14.1	15.4	16.5	16.5	17.1
Education	17.8	19.3	20.7	22.9	23.9	24.6	25.8	24.8
Tourism Characteristic and connected industries (total)	466.5	470.4	480.7	497.8	493.3	499.3	494.2	506.4
Other industries	42.4	42.5	44.0	39.9	40.5	41.5	42.4	43.7
Total tourism employed persons	508.8	512.9	524.7	537.7	533.7	540.7	536.6	550.1
Total employed persons	8574.6	8638.4	8886.6	9074.3	9207.4	9441.4	9528.0	9743.6
Tourism share of total employment	5.9	5.9	5.9	5.9	5.8	5.7	5.7	5.6

Source: ABS (2006) *Tourism Satellite Account 2004-2005*

As demonstrated by Table 1, sectors such as travel agency and tour operator services appear to decline in the years 2002-2004, but increased substantially as employers in 2004-2005. This trend is confirmed by the DEWR data (2006: 18) which found that the top five occupations in this sector were truck drivers, bus and taxi

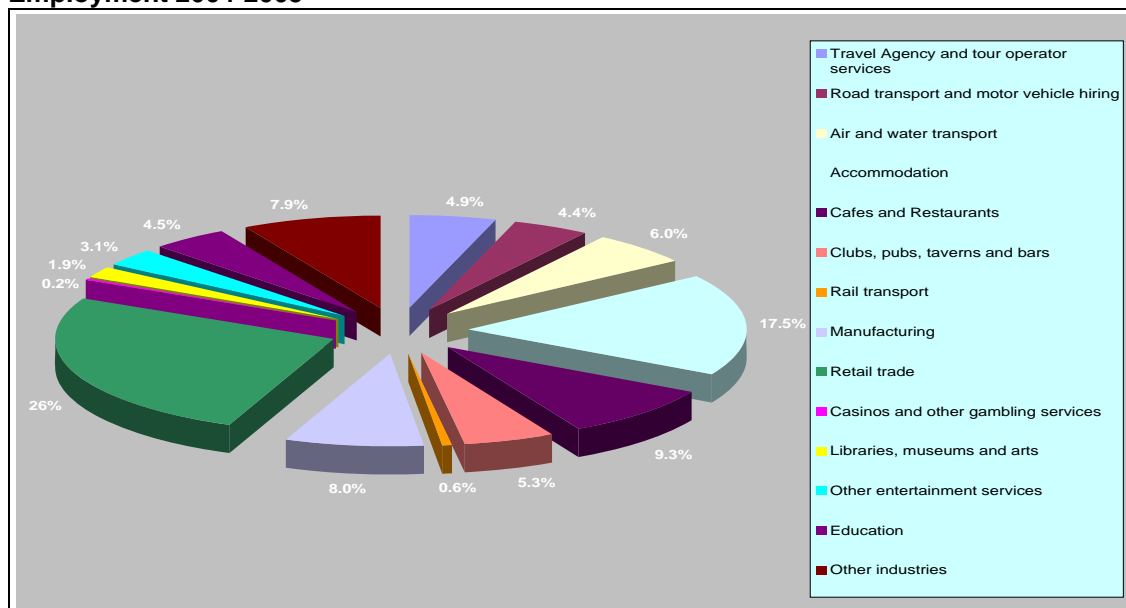
drivers, travel agents and tour guides. Other sectors that appear to be increasing their share of the tourism workforce are the clubs, pubs, taverns and bars as well as libraries, museums and arts. Education has seen a small downturn, although the growth in this sector has been significant since 1997. This downturn in tourism related education is not consistent with the overall growth of the education sector which was one of four industries to account for two-thirds of all new jobs over the last five years.

What is missing from these data, however, is information on employment in tourism growth areas such as leisure and business events. These sectors are increasingly contributing significant injections of money into the economy and with this, more jobs. As found in the *National Business Events Study* (Deery, Jago, Fredline and Dwyer, 2005), the business events industry is contributes \$17.4 billion to the Australian economy and 214,000 jobs, and yet the employment associated with this sector is not measured on a regular basis. The method used in that study has been proposed for use in the evaluation of the global business events area using the TSA. The consistent use of TSAs world wide, using the International Standard Industrial Classification (ISIC) code 8230 "Convention and trade show organisers" would enhance the evaluation of the tourism industry contribution and allow for comparisons.

**Recommendation:** That the TSA be used to collect data on growth tourism areas such as the leisure and business events sectors for a more comprehensive understanding of the components of the tourism industry.

As illustrated in Figure 1, many of the tourism related industries are tracked in the TSA. Figure 1 provides specific details of the tourism characteristic and connected industries as a percentage of tourism employment in the period of 2004-2005. Again, however, growth areas such as the business events are not specified in the data collection.

**Figure 1: Tourism Characteristic and Connected Industries as a Percentage of Tourism Employment 2004-2005**

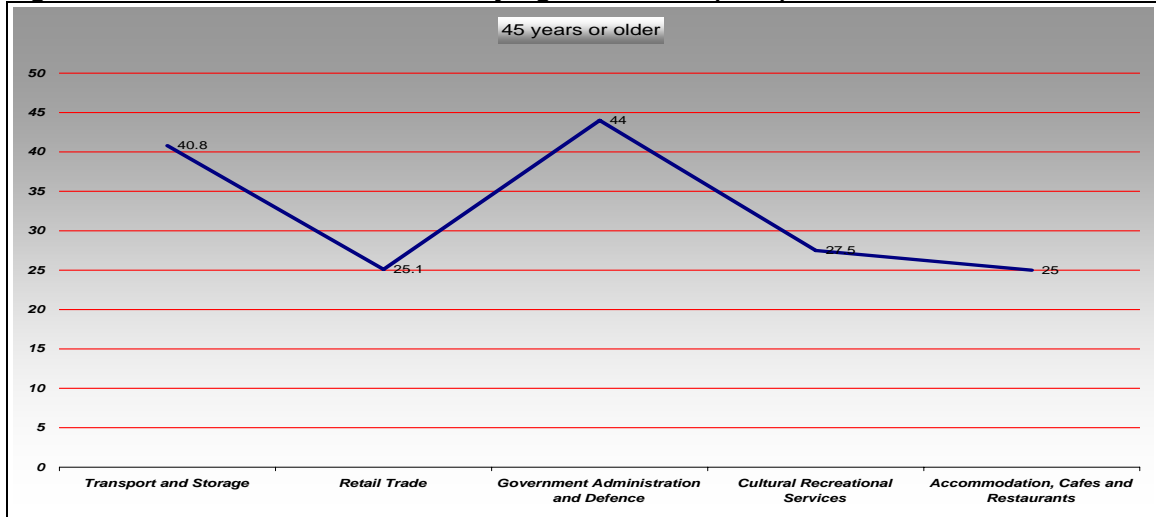


Source: data based on ABS (2006) *Tourism Satellite Account 2004-2005*

What these data do not show, however, are the demographic trends within each of these industries. In using the latest ABS *Australian Jobs 2006* data, it is possible to

see some of these trends although it is difficult to know the amount of employment due to tourism. Figure 2 provides, for example, information on employees' age in tourism related industries.

**Figure 2: Tourism Related Industries by Age Profile - % (2005)**

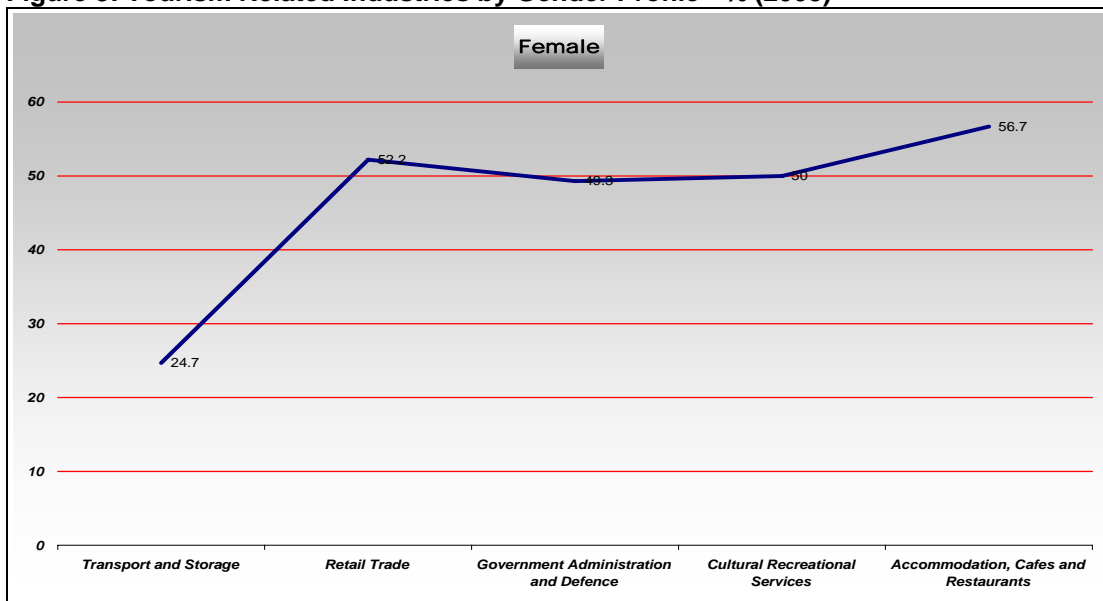


Source: data based on ABS Australian Jobs 2006

As shown in Figure 2, the industries in which tourism employs high numbers – those of the retail Trade and Accommodation, Cafes and Restaurants – exhibit a much younger workforce than in the other tourism related industries represented as well as the All Industries percentage of the workforce with 35.8%. The image of the tourism workforce as a young person's industry suffers the problem of high turnover rates coupled with the constant loss of knowledge and skills.

In Figure 3, the younger tourism related workforces tend to also have a higher percentage of females.

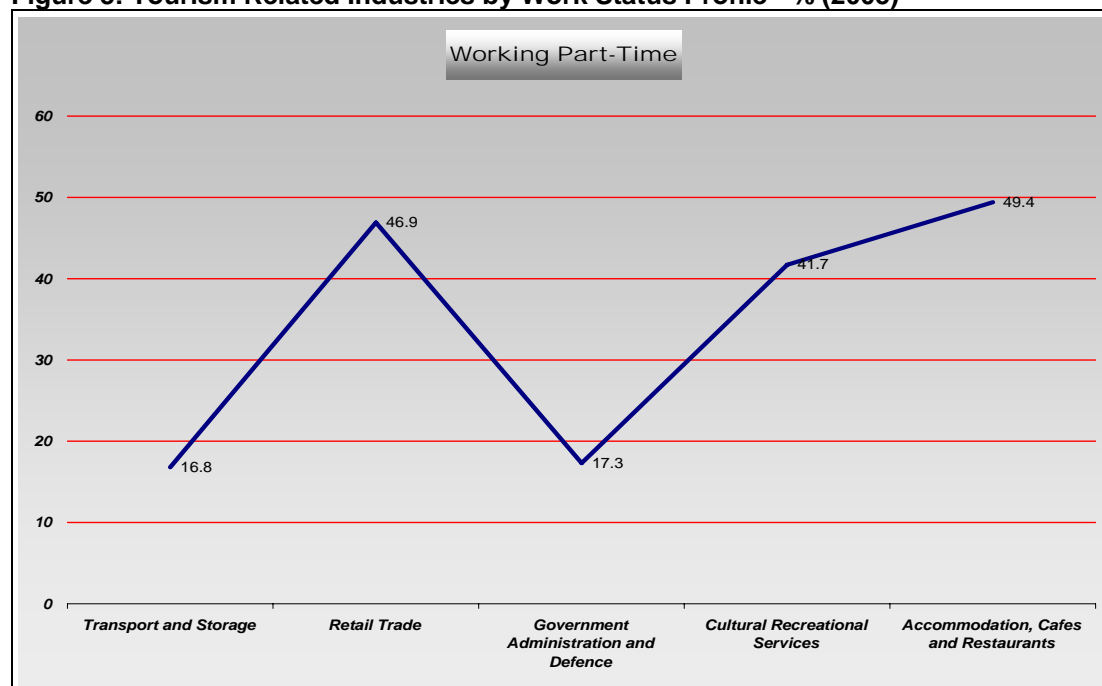
**Figure 3: Tourism Related Industries by Gender Profile - % (2005)**



Source: data based on ABS (2006) Tourism Satellite Account 2004-2005

As shown in Figure 3, Accommodation Cafes and Restaurants have the highest level of females in the workforce and all the industries shown here, except for Transport and Storage, have higher levels of females within the workforce than the All Industries average of 44.9%. Related to the issue of the feminisation of the workforce is the common occurrence of part-time work. Figure 4 illustrates these statistics in the tourism related industries.

**Figure 3: Tourism Related Industries by Work Status Profile - % (2005)**



Both the Retail Trade and Accommodation, Cafes and Restaurants industries exhibit high levels of part-time employment, with Cultural Recreational Services also employing large numbers of part-time staff. The All Industries percentage of part-time employment is 34.9%. The image of the tourism industry workforce then is one that is overwhelmingly young, female and employed in part-time work. While this information is not new, the figures show that the tourism industry is quite different from the All Industries profile and the implications for these differences partially explain the skill shortage. These figures also illustrate that efforts to change this profile have not worked well and new strategies are required to improve the image of the industry as a career.

**Recommendation:** That an audit be undertaken of the strategies used to improve the image of the tourism industry as an employer and determine best practice models from both the tourism and other industries.

### **CURRENT AND EMERGING SKILL SHORTAGES AND APPROPRIATE RECRUITMENT, COORDINATED TRAINING AND RETENTION STRATEGIES**

The inquiry into the nature and causes of **skill shortages** within the Australian labour force (DEST, 2002) presented as part of its findings, a number of lessons learned from the exercise. The most relevant lessons for the purposes of this submission were:

- the need for all skills training programs (including apprenticeships) to be continually developed to meet the now very rapidly changing skill requirements in the workplace arising from new technologies

- that as much attention needs to be given to the upgrading and renewal of the skills of existing workers as the acquisition of qualifications by new entrants to any skilled occupation. (p. 1)

A number of initiatives and studies have addressed the issue of skill shortages and the need for training and retention strategies in the tourism industry. The Tourism and Transport Forum (TTF), for example, conducts regular surveys of its members. Its *Labour Shortages, Skills & Training* (May 2005) found the following positions particularly difficult to fill:

- Chefs, cooks and food and beverage staff
- Sales and call-centre staff as well as front-of-house staff
- Trades-people
- Experienced staff such as accountants, engineers and book-keeping positions.

The difficulties that these studies present, however, are that they are either dated, as in the case of the DEST report, or they are capturing data from a select group of respondents. It is important, therefore, that a co-ordinated approach be made to collect data on a frequent, regular basis and collected at the national level.

The demand for chefs is confirmed in the *Labour Market Update* (DEWR, October 2005). This document argues that there has been an ongoing national shortage of chefs for some time and consistently appears on the Migration Occupations in Demand List (MODL). The 2005 figures show a disparity between the percentage of male chef (72.4%) and female chefs (27.6%). This disparity presents an opportunity for females to enter the trade, especially as prospects for jobs are high.

**Recruitment and retention** strategies vary markedly and include employer-sponsored migration agreements such as that which exists between the Australian Hotels Association (AHA) with DEWR and the Department of Immigration and Multicultural Affairs (DIMA). This agreement enables employers to recruit highly-skilled workers from overseas. The Working Holiday Maker Scheme (WHMs) has provided a mechanism for obtaining short-term employees by allowing holiday makers to reside and work in Australia up to 12 months. In an evaluation of the scheme (Harding and Webster, 2002) the Accommodation, Cafes and Restaurants category (26.9%) was found to be, by far, the largest employer of WHM employees.

The issue of **employee turnover** in the tourism industry is an ongoing problem (Deery 2002). Most data are captured from the hotel industry and the focus tends to be on the high levels of turnover there. Little research has been done in other areas of the tourism industry with almost no attention to the strategies for combating turnover. Recent research by the STCRC found that turnover rates within the hotel industry were between 39% up to 84% depending on whether this was at a managerial or operational level, the main reasons for employee turnover being the low pay, poor working hours and the need to search for better career opportunities. Strategies that could be used to ameliorate these high levels of turnover include the establishment of internal labour markets within the organisation to provide the career opportunities needed. Interestingly, Whitelaw (2006) has found that, while staff within the tourism industry leave their organisations after about two years employment, in comparison to other industries where employees stay, on average, for five years, tourism employees remain within the industry exponentially longer than employees in other industries. This suggests that the internal labour market within the industry (rather than the firm) is strong and provides an avenue for skill and career development (Jago and Deery, 2004).

**Recommendation:** That a campaign be undertaken to recruit staff to the tourism industry as a whole – rather than its component parts – and develop further the strength of the industry internal labour market.

## **LABOUR SHORTAGES AND STRATEGIES TO MEET SEASONAL FLUCTUATIONS IN WORKFORCE DEMANDS**

Labour shortages within the Australian workforce, generally, are increasing. Within tourism, these shortages are located in specific occupations and in particular geographical areas. Recruitment of staff into tourism jobs is difficult in Darwin, Perth and regional areas in Central Australia, Western Australia, Tasmania and Far North Queensland (TTF, May 2005). In areas such as these, tourism work is, at best, seasonal, and trying to recruit and retain staff is a constant battle for employers.

The issue of seasonality is currently being addressed in a STCRC funded research project (STCRC Project No. 80085). This project uses the Butler and Mao (1997) model of seasonality to anchor the study while also examining other perspectives and strategies. The key strategies suggested in the study, to date, are:

- differential pricing
- diversified attraction (or changing the product mix)
- market diversification which assist in flattening seasonal peaks and troughs
- some facilitation of the state such as staggering holidays over a longer period of time.

The findings from this study should assist in a greater understanding of the successes and barriers to strategies used in alleviating the issues of seasonality. One of the key issues confronting employees in seasonal tourism occupations is the cost of living in a tourism destination. This issue has been identified by a number of STCRC partners and it is an important issue to resolve in order to maintain the quality and quantity of the tourism workforce.

**Recommendation:** The provision of low-cost accommodation by employers should be examined as a potential incentive strategy for staff recruitment and retention in seasonal tourism destinations.

The problems associated with tourism seasonality, and hence labour shortages and possible skill shortages, have led to the development of skill formation strategies within tourism. Queensland Tourism Industry Council (QTIC) among others has developed a program for Skills Formation Strategies. Eighteen industries and communities have been identified – six of these being tourism related industries. Similarly, the Skill Ecosystem through the NWS Department of Education and Training (mid-term evaluation report by Windsor, 2006) has developed a range of systems for enhancing the skills of employees with an example of the racing industry providing some similarities to issues within the tourism industry. The implications and benefits from these initiatives are yet to be determined, but they do appear to be addressing – in a systematic way – the issues associated with skill formation within tourism. Again, these initiatives are at the state level and a national approach is required.

**Recommendation:** That the Skill Formation initiatives be developed as a national initiative for comprehensive and ongoing skill development within all components of the tourism workforce.



## **CONCLUSION**

As stated previously, statistics relating the tourism industry are being collected rigorously and regularly, particularly through the TSA. The ability to 'drill down' into these statistics and provide a comprehensive profile of the tourism workforce, however, is limited. A number of initiatives are occurring at state level to provide state-by-state workforce trends as well as strategies for overcoming the labour shortage and skill deficiencies within the industry. It is timely that this Inquiry is occurring as the call for a regular, nationally co-ordinated tourism workforce review is well overdue.

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