

Travel and Tourism Services

The Tourism and Travel industry is a critical component of Western Australia's (WA) economic future. It has been described as the "upside to the downturn" in Western Australia.

Industry overview

The Tourism and Travel industry is a critical component of Western Australia's (WA) economic future. In 2016-17, the Western Australian tourism industry was valued at \$10.6 billion. The industry creates tens of thousands of jobs for people working in a diverse range of roles and thus provides benefits for visitors and West Australian communities.

The Tourism and Travel industry is susceptible to several challenges, most notably seasonality, but also terrorism, political issues, climate change, severe weather events and increased competition from new entrants. The industry must continually adapt to an ever-changing business landscape within uncertain economic conditions which can lead to variations in visitor numbers, their expenditure, how long they stayed, and reason for travel. Following from reduced visitor numbers and spend in WA over the course of 2017, recent figures released by Tourism Research Australia show that WA welcomed greater numbers of visitors for the year ending March 2018. Visitors are however spending less in WA in line with taking shorter trips in the State¹.

Tourism workers are employed in businesses providing goods and services associated with leisure or business activities that people undertake when they are away from home. These include conferences, tours, sport and adventure activities or cultural performances. The emphasis in this sub-sector is on recreation and entertainment, particularly for the leisure market and usually showcases local culture, landscapes or wildlife. This requires workers to have in-depth local knowledge.

Travel Workers are employed in agencies that provide reservations or bookings of transport, tours and accommodation services on behalf of providers such as airlines, cruise ships, car hire, major events, hotels and restaurants². The travel sector is highly competitive; where traditional bricks-and-mortar travel agencies have been challenged by online travel agents (OTAs) such as Webjet, TripAdvisor, Expedia and Trivago. In response, established travel companies offer their own online booking platforms in addition to maintaining the traditional storefront presence.

Current and future labour market conditions

71,100 People were directly employed in the WA Tourism industry in 2016-17, including 9,000 people in Travel agencies and Tour operators and 3,100 people in Cultural services, Sports & Recreation services, and Casinos or Gambling services³. The work is heavily focussed on customer service and visitor amenity, and workers within tourism businesses provide predominantly face-to-face customer interaction.

Technology within the tourism industry

Technology affects many aspects of work in the tourism sector. In particular, automated activities, for example in administrative duties, are contributing to increased productivity and streamlined businesses operations. However, this calls for a shift in the competencies needed by tourism or travel managers, with escalating requirements for marketing and e-commerce skills in line with the growing sophistication of the digital landscape within the travel and tourism industry.

Social media as a marketing tool has grown significantly within the travel and tourism industry in recent years. The visually-rich content presented in real-time is ideally suited to the travel and tourism industry, and as such, travel and tourism managers are

increasingly relying on these tools due to their ease of engaging consumers in a highly interactive way, while dedicated social media curators or coordinators are becoming more prevalent.

The sharing platform, *Airbnb* has been a disruptor in the accommodation sector for several years, but with *Airbnb Trips*, the organisation is posing a threat to job security in the tourism industry as well. *Airbnb Trips* enables people – who are not necessarily trained in tourism – to design and deliver their own individualised tourism activity in their local suburb. For example, surfing with a local or a cooking class with a local ‘celebrity’ chef. The impact on established tourism businesses when *Airbnb Trips* becomes available in WA will become evident through untrained and unregulated workers challenging the jobs of trained workers. An absence of appropriate training may also pose a risk to the consumer and guide’s safety, potentially leading to reputational damage for the broader tourism sector.

Training for the tourism industry

In terms of formal training, there is sporadic delivery of qualifications in Travel, Tourism and Guiding outside the Perth metropolitan area, which is insufficient to meet industry’s needs. Some Tourism businesses report that for their employees to be adequately skilled, they are providing in-house training prior to arranging recognition of prior learning (RPL) assessments. Tertiary pathways into these sectors are also restricted due to Le Cordon Bleu Perth no longer accepting enrolments into the Le Cordon Bleu Bachelor of Business (Tourism Management) programme.

Travel and tourism industry characteristics

The tourism industry is characterised as having a high proportion of part-time workers (48% of tourism workers are part-time⁴).

The Western Australian Tourism Works Atlas highlights the predominance of micro businesses in tourism, where there is an average of 2.1 workers per tourism business in WA. The highest concentration of tourism businesses lies within Experience Perth and Australia’s South West, collectively accounting for 90% of WA’s tourism businesses and employing 78% of the state’s tourism workers⁵.

Seasonality is a major characteristic of the state’s tourism and travel industry. Consequently, many workers in the industry are casual or seasonal, a factor that contributes towards the industry’s low average wage.

Sub-sectors of the tourism industry

Visitor Centres are a vital part of regional tourism, generating \$117 million in overnight spend and providing employment for more than 900 people, as well as relying on a large volunteer base.

Casinos share a close relationship with the tourism industry, as tourists represent a significant source of revenue. Crown Perth remains WA’s largest single-site private employer providing approximately 6,000 positions.

The tourism industry has benefitted from the strongly performing cruise shipping subsector, thanks to a 10 per cent increase in passengers in 2016-17. Cruise shipping supports 1,448 full time equivalent jobs⁶, plus countless volunteer positions at the ten cruise ship ports across WA’s coastline. On the back of commitment from Carnival Australia to use Fremantle as a home port for Princess Cruises, the number of cruise ships visiting WA in summer 2018/19 are scheduled to increase further, thus creating greater demand for land-based visitor servicing workers equipped to welcome a sophisticated but increasingly cost-conscious client base.

Industry development issues

The Western Australian tourism industry is focused on implementing strategies outlined in Tourism WA’s Two-Year Action Plan to bring more visitors to the State, create more jobs and position WA as the entry point to Australia for millions of visitors. One of the key aspects is the focus on further developing the emerging Asian markets.

The opening of the Optus Stadium; the successful commencement of Qantas’ direct flights between Perth and London Heathrow; and growth of the State’s cruise sector, are expected to contribute to improved visitor numbers and expenditure. The significant opportunities arising from the Perth Stadium extend beyond the jobs that will be performed on-site, to operators that

can incorporate a Perth Stadium event into a package, such as accommodation, tours, food and beverage or other entertainment or recreation activities.

Intrastate airfares have historically been expensive, putting much of regional WA out of reach for many visitors, and in turn constraining regional tourism employment. However, as the result of a 2017 Inquiry into Regional Airfares, reductions in intrastate flights were announced in May and June 2018⁷. Reduced fares between Perth and Broome, which commenced in August 2018, have yielded increases in travellers to Broome. Through airfare reductions to Carnarvon and Monkey Mia, visitation is expected to improve in Australia's Coral Coast, providing international, interstate and intrastate tourists easier access, and creating additional jobs.

Tourism WA data has shown that around three-quarters of visitors would be interested in an Aboriginal cultural experience while on holiday in WA, which far outweighs participation⁸. To address the issue that the unique Aboriginal cultural tourism offering in Western Australia is not operating to its full potential, the West Australian Indigenous Tourism Operators Council (WAITOC) has partnered with Indigenous Business Australia to launch a Business Support Program to foster growth and expansion of a range of authentic Aboriginal cultural tourism experiences throughout Western Australia.

Workforce challenges and issues

Industry report there is a shortage of suitable, trained Tour Guides. A lack of formal training, plus low remuneration and casual nature of work means that staff retention is a significant challenge in the tour guiding sector of the tourism industry. The national qualification for this occupation is a Certificate II in Tourism, Certificate III in Tourism or Certificate III in Guiding. However, there is no training delivery in Margaret River, Manjimup, Kalgoorlie, Derby, Fitzroy Crossing, Halls Creek, Kununurra or Wyndham.

Industry advice indicates that marketing and digital literacy skills in tourism are not keeping pace with current e-commerce trends. To remain competitive, small or micro businesses must be able to develop packages and market their product, while larger organisations should focus on higher-margin products to attract highly profitable markets, or differentiate themselves by offering niche products, for example adventure travel.

There is demand for Chinese speaking staff to service this growth market of the State's tourism industry. Industry indicate that tourism businesses focused on attracting the Chinese market should have at least a Mandarin speaking staff member. However, there is a limited pool of tourism workers proficient in Mandarin in WA. For tour guides specifically, in-depth local knowledge is essential and the job is therefore suited to local workers. This means that training of local tour guides in Mandarin should be a priority, while international tourism and hospitality students fluent in Mandarin are a potential untapped source of workers for other occupations involved in the servicing of the Chinese market.

References

1. Tourism Research Australia, International Visitor Survey Results YE March 2018, National Visitor Survey Results YE March 2018, July 2018
2. Class 7220 Travel Agency and Tour Arrangement Services, ABS cat. No 1292.0 – Australian and New Zealand Standard Industrial Classification (ANZSIC), 2006 (Revision 2.0), accessed 27/03/2017
3. Tourism Western Australia, *Economic Contribution of Tourism to Western Australia 2016-17*, based on Tourism Research Australia's State Tourism Satellite Account 2016-17, March 2018
4. Tourism Western Australia, *Economic Contribution of Tourism to Western Australia 2016-17*, based on Tourism Research Australia's State Tourism Satellite Account 2016-17, March 2018
5. Tourism Council of Western Australia, *The Western Australian Tourism Works Atlas*, using ABS cat. No. 5249.0, Tourism Satellite Account 2014-15 and State Tourism Satellite Accounts 2014-15 data, accessed on 29/03/2017
6. Tourism WA, AEC Group on behalf of Australian Cruise Association, *Western Australia Cruising Snapshot 2017*
7. Hon Mark McGowan, Hon Paul Papalia, Media Statements, *Qantas flies Perth to Broome for under \$200*, 18 May 2018; Hon Rita Saffioti, Hon Paul Papalia, Media Statements, *Carnarvon and Monkey Mia to benefit from community airfares*, 25 June 2018
8. Tourism WA, Western Australia Aboriginal Tourism Snapshot, using information from annual Visitor Experiences and Expectations Research (VEER) 2016-17, accessed July 2018.