

Industry Workforce Priorities Industry: Hospitality and Tourism

Industry coverage: Travel and Tourism Services

Industry overview:

The Tourism and Travel industry is a critical component of Western Australia's (WA) economic future. Currently valued at \$10 billion and growing, the WA Tourism and Travel industry has been described as the upside to the downturn. The industry creates tens of thousands of jobs for people working in a diverse range of roles and benefits for visitors and West Australian communities.

The Tourism and Travel industry is susceptible to a number of risks including terrorism, geopolitical upheavals, climate change and severe weather events in addition to general seasonality, and increased competition from new entrants. The industry must continually adapt to an ever-changing business landscape within uncertain economic conditions. Despite these factors, travel and tourism is a growth sector within the Australian economy and WA's travel and tourism industry is testament of this, with visitation by both international and domestic markets reporting growth. Approximately 954,000 international tourists visited WA in 2016 (a 12% increase on 2015, compared to an 11% increase nationally)ⁱ, and 9.7 million Australians visited WA in 2016 (a 14% increase compared to a 4% increase nationally)ⁱⁱ.

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 performances¹. 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 travel information and reservations or bookings of travel or transport, tours and accommodation services on behalf of providers such as airlines, cruise ships, car hire, major events, hotels and restaurants.ⁱⁱⁱ The travel sector is highly competitive; traditional bricks-and-mortar travel agencies are being increasingly challenged by the rapid uptake of online travel agents (OTAs) such as Webjet, TripAdvisor, Expedia and Trivago. In response, established travel companies are capitalising on OTA's popularity and developing their own online booking platforms, in addition to maintaining a shopfront presence.

Current and future labour market conditions:

- Of the 64,000 people directly employed in the WA Tourism industry in 2014-15, 5,000 were employed in Travel agencies and Tour operators. Almost 3,000 people were employed in Entertainment and recreation^{iv}, including cultural services, sport & recreation, and casinos or gambling services^v.
- The work is heavily focussed on customer service and visitor amenity so most tourism businesses provide face-to-face customer interaction.

Technology within the tourism industry

- Technology affects aspects of work where automating activities – for example, in administrative areas – are contributing to increased productivity and streamlined businesses operations. This however 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 been a significant growth area within the travel and tourism industry in recent years. The visually-rich content that is presented in real-time is ideally suited to the travel and tourism industry. As such, new positions are being created for social media curators or coordinators in many businesses and travel and tourism managers in general are increasingly relying on these tools due to their ease of engaging consumers in a highly interactive way.
- In terms of technological threats, online travel agents (OTAs) provide the bulk of disruption to the

¹ Note: whilst the tourism and travel industry intersects many other industry sectors, most notably accommodation*, food services*, transport, retail trade, conferences and events*, art and cultural*, and recreational* services, the specific workforce priorities for these sectors are addressed in separate snapshots (workforce priorities for those sectors identified by an asterisk are composed by FutureNow).

traditional travel agency business model and are predicted to continue growing over the next five years. Whilst conventional bricks-and-mortar travel agencies have typically relied on a position of providing tailored personal service which cannot be challenged by online channels, many are responding and supplementing their traditional offering with their own booking websites, often supported by call centres^{vi}, confirming therefore that job opportunities within travel will remain high.

- The sharing platform Airbnb has been a disruptor in the accommodation sector for a number of years, however with the recent launch of *Airbnb Trips*, the organisation is now 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 is expected to be significant, where an untrained and unregulated workforce will challenge the jobs of trained workers of licenced operators. The absence of appropriate training additionally puts the physical safety of consumers and *Airbnb Trips*’ guides at risk, potentially leading to reputational damage for the broader tourism sector.
- In terms of training, sporadic delivery of tourism training outside the Perth metropolitan area means that qualifications in Travel, Tourism and Guiding are not being delivered at the levels that will meet demand over the coming years. 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. Positively however, the first intake of Le Cordon Bleu’s Bachelor of Business (Tourism Management) in partnership with North Metropolitan TAFE will commence in July 2017. Career paths including Destination Marketing Specialist, Small Business Entrepreneur, Business Development Manager, or Maître D’hôtel.

Travel and Tourism Industry Characteristics

- The tourism industry is broadly characterised as having high proportions of part-time and female workers (47% of tourism workers are part-time; and 54% are female).^{vii} Men continue to earn more in this industry and there are fewer female workers holding senior positions in tourism and travel-related industries.^{viii}
- There are 30,950 tourism businesses across the State responsible for 64,000 jobs, highlighting the predominance of micro businesses (average 2.1 workers per business). The highest concentration of tourism businesses is in Experience Perth and Australia’s South West collectively accounting for 90% of WA’s tourism businesses employing 78% of tourism workers^{ix}.
- Seasonality impacts on WA’s tourism and travel industry, which consequently engages many casual and seasonal staff. While operators can adapt workers’ rosters to meet demand, it is a contributing factor in the industry’s low average wage. Vacancies in regional areas prevail and to address this issue, a trial of the federal Seasonal Worker Programme in the tourism sector was commenced in May 2016^x.

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^{xi}. IBISWorld forecasts casino revenue in Australia will grow over the next five years^{xii}. Crown Perth remains WA’s largest single-site private employer providing approximately 6,000 positions.
- Cruise ship companies traditionally recruit their own crew to work aboard their own vessels, although 2015-16 saw a 23% increase, equivalent to approximately 18,600 full time positions in Australian employees in the cruise sector.^{xiii} Almost 1,300 jobs are generated by the cruise sector in WA, but there are concerns for these roles after Carnival Cruises stated that due to port inefficiencies, it will no longer be using Fremantle as a home port.

Industry development issues:

- On the back of strong growth in visitation, the tourism industry is focussed on further developing two lucrative markets: the emerging Asian markets and the holiday and leisure segment. After a contraction during the resources boom, the holiday and leisure segment is recovering, as demonstrated by 37.1 million overnight trips (up 6%) and 92.8 million day trips (up 11%) being taken by Australians for the purpose of holiday in 2016.^{xiv}
- In March 2018, Qantas will commence a direct flight between Perth and London Heathrow. The 17-hour flight will directly connect WA to its biggest inbound market. Tourism WA economic modelling shows that

potential visitor expenditure could be \$36 million per year as a result of the direct flight. Tourism WA and Qantas have signed a \$5.7 million deal that will assist in promoting Perth as the western hub of Australia for the non-stop flights, which will include promotion of travel into regional WA.

- The Perth Airport reported a drop in domestic travellers in 2015-16, driven by a decline in business travellers.^{xv}
- The cruise sector saw an increase in ships and cruise ship visitor days to WA in 2015-16. Overall, the cruise sector delivered over 224,400 passengers to WA in 2015-16, spending \$275 million.^{xvi} WA's proportion of the national cruise tourism revenue should be expected to grow in coming years as there is a national shift away from New South Wales, particularly Sydney where capacity constraints prevent a number of ships from docking. However, the withdrawal of Carnival Cruises from Fremantle as a home port is anticipated to have a damaging effect on the State's tourism industry. The number of cruise ships scheduled to visit WA is likely to drop from 60 in 2016-17 to 17 in 2018-19.
- International Education is an important source of revenue for the tourism industry. Approximately 44,000 international visitors came to WA for education purposes in 2016, yielding between the students themselves and visiting family and friends, approximately \$520 million in expenditure^{xvii}. Asian-Pacific source markets are however represented in much higher volumes in Australia's eastern states^{xviii}, which given their proximity to WA, has led to organisations such as Study Perth asserting that attraction of nearby Asian markets should be of highest priority for this sub-sector.
- WA has a unique Aboriginal cultural tourism offering. However, the sector is not operating to its full potential. Aboriginal tourism in WA is impacted by the size of the State and the spread of businesses – where more Aboriginal tourism businesses operate in the State's north, but more visitors travel to the State's south. Initiatives that have been introduced to address the disparity between supply and demand include the Aboriginal Tourism Development Program, development of Tourism sites of Aboriginal significance in Perth, the Camping with Custodians program and the Coalition Tailored Assistance Employment Grants programme.
- Tourism WA has developed a strategy of major events to optimise visitation through the 60,000 seat Perth Stadium. The major events that are anticipated to attract significant numbers of visitors include the likely opening by singer Ed Sheeran, a Bledisloe Cup rugby union match (2019), Chelsea Football Club vs. Perth Glory soccer match (2018, expecting to attract at least 15,000 visitors from outside WA) and a Rugby League State of Origin match (2019). 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.

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, specifically once the Perth Stadium is operational, small or micro businesses must be able to develop packages and know how to 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.
- The global phenomenon of terrorism is having an impact on the travel and tourism industry, especially on the events sector when large groups of people are gathered. In general, crisis management requires a high level of skill. Practices to mitigate risk and ensure public safety have already been put in place in WA, thus influencing how some recent events in Perth have been organised. As such, the skills to avoid, minimise and respond to a crisis are scheduled to be reviewed in the first year of the Tourism, Travel and Hospitality Industry Reference Group Training Product Review Plan 2016-17 to 2019-20.
- There is demand for Chinese speaking staff to service this growth market of the State's tourism industry. Industry maintains that tourism businesses focused on attracting the Chinese market need to have at least a Mandarin speaking staff member as a minimum. However, there is a limited pool of tourism workers proficient in Mandarin in WA. For tour guides in particular, in-depth local knowledge is essential

and the job is therefore well 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.

- Changes to the Working Holiday Visa program are presenting workforce challenges in the tourism industry. While it is too early to measure the full impact, there is anecdotal evidence suggesting that potential working holiday makers are already rejecting Australia for other countries, thus affecting regional tourism businesses' capacity to operate as many rely on the seasonal workforce and only some operators in northern WA can participate in the Seasonal Worker Programme (tourism) pilot.
- Similarly, tourism workers employed under the Hospitality Industry (General) Award 2010 or the Restaurant Industry Award 2010 will have their Sunday and public holiday penalty rates reduced, which employee groups assert will disadvantage workers and lead to many workers leaving the industry seeking better pay elsewhere.

Current Training Council areas of focus:

- FutureNow is working with WA Indigenous Tourism Operators Council (WAITOC) to discuss strategies that may assist in addressing the gaps reported in Indigenous tourism training delivery. FutureNow will continue to consult with the broader tourism industry, Training providers and other stakeholders, including Tour Guides WA, Indigenous Business Australia and the Financial and Professional Services Training Council to explore the options available.
- FutureNow will monitor and assess the reforms in respect of working holiday visas as well as penalty rates at State and Federal levels. In consultation with industry and peak bodies, FutureNow will review the impact of these reforms on the workforce.
- FutureNow will participate in the Tourism, Travel and Hospitality Industry Reference Group Training Product Review Plan 2016-17 to 2019-20, specifically in the establishment of a new qualification dedicated to gaming and a review of Events qualifications to include units addressing comprehensive crisis management.

Highlights for Skilling WA progress report:

- The WA Travel and Tourism industry welcomed the establishment in 2016 of the SIT50116 Diploma of Travel and Tourism Management as a Traineeship.

Attachments:

- [The Western Australian Tourism Work Atlas](#)
- [International Visitors In Australia: December 2016 Quarterly Results of the International Visitor Survey](#)
- [Travel By Australians: December 2016 Results of the National Visitor Survey](#)

ⁱ International Visitors In Australia: December 2016 Quarterly Results of the International Visitor Survey, 15/03/2017, Tourism Research Australia, Canberra

ⁱⁱ Travel By Australians: December 2016 Results of the National Visitor Survey, 29/03/2017, Tourism Research Australia, Canberra.
TRA note: In recent quarters some unexpectedly high growth rates have appeared in some National Visitor Survey (NVS) sub-estimates. The issue is more pronounced in some specific purpose groups (most noticeably in business trips), and has a relatively higher impact in some of the smaller states and territories. TRA suggests that users of the NVS data interpret recent year on year growth rates with caution until further notice.

ⁱⁱⁱ 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

^{iv} Tourism Satellite Account 2014-15: Western Australia Fact Sheet, Tourism Western Australia, accessed 10/02/2017 and 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, Tourism Council of Western Australia, accessed on 29/03/2017

^v 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, Tourism Council of Western Australia, accessed on 29/03/2017

^{vi} IBISWorld Industry Report N7220, Travel Agency and Tour Arrangement Services in Australia, February 2017, Nick Tarrant, IBISWorld

^{vii} Tourism Satellite Account 2015-16: Summary of Key Results, December 2016, Tourism Research Australia, Canberra

^{viii} ACI Salary & Employment Trends Report 2017, ACI HR Solutions in Travel and Hospitality, February 2017

^{ix} 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, Tourism Council of Western Australia, accessed on 29/03/2017

^x Seasonal Worker Programme, Department of Employment, Australian Government, accessed 10/02/2017

^{xi} Tourism, Travel and Hospitality Industry Reference Committee Four Year Workplan, September 2016, SkillsIQ

^{xii} IBISWorld Industry Report R9201, Casinos in Australia, January 2017, Tommy Wu, IBISWorld

^{xiii} Cruise Lines International Association, Cruise Tourism's Contribution to the Australian Economy 2015-16, accessed 17 January 2017

^{xiv} Travel By Australians: December 2016 Results of the National Visitor Survey, 29/03/2017, Tourism Research Australia, Canberra.

^{xv} Perth Airport Statistics 2015-16, <https://www.perthairport.com.au/Home/corporate/about-us/airport-statistics>, accessed 27/03/2017

^{xvi} Industry Briefing, Gwyn Dolphin, Tourism Western Australia, 30/03/2017

^{xvii} Industry Briefing, Gwyn Dolphin, Tourism Western Australia, 30/03/2017

^{xviii} Davis, G. (2017) *Sizing and Mapping Higher Education and Vocational Education and Training in Perth and Peel*, FACTBase Bulletin 52, The University of Western Australia and Committee for Perth, Perth, April 2017