

Accommodation

Western Australia is home to world-class accommodation offerings, thanks to significant development in recent years.

Current Industry Environment

The Accommodation sector is of critical importance to the ongoing success of Western Australia's broader tourism industry. As tourism activity in Australia has grown over the past five years, demand has increased for the overall accommodation sector.¹

This sector is intrinsically service-oriented, providing guests with lodging, and sometimes food and beverage services within establishments such as hotels; resorts; motels; private hotels and guest houses; serviced apartments; caravan parks; holiday flats, units and houses; holiday parks; hostels; camping grounds; and Bed & Breakfasts.

The hotel sector in Perth has experienced significant development. It now offers visitors a wider choice affordable hotel rooms or serviced apartments. This has provided job seekers with more opportunities in diverse roles. Approximately 2,500 new and renovated rooms opened between 2012 and April 2019. By the close of 2020, another 1,423 rooms across five new hotels are expected to open.²

Hotels

Although the hotel sector has grown at an overall level, certain factors have combined to limit profitability, including localised economic conditions in Western Australia and increased competition from other accommodation providers, most notably from new hotels, serviced apartments and Airbnb.

The economic climate has led to an increased focus on maintaining occupancy levels by lowering room rates and in some cases, adjusting internal processes such as training and staff development. Advances in technology have a constant effect on the accommodation sector. Streamlined booking and guest management systems are routinely implemented to maintain cost competitiveness and efficiency. These factors reduce staffing requirements. Redundancies have taken place at the division manager level (e.g. HR Manager, Marketing Manager, Revenue Manager, etc) in some hotels during 2019, while operational workers, have experienced reduced shifts.

Caravan Parks

Western Australia's well-established caravan park sector comprises of over 120 parks in locations across Western Australia, plus 9 Lifestyle Village or Residential Parks.⁷ It can be described as a fragmented sector, with intense competition and most players being small in scale. A few large organisations, such as NRMA Parks, which operate RAC Parks, are responsible for managing multiple sites within Western Australia. The RAC, through its refurbishment of holiday parks across WA has contributed to significant redevelopment in this sector, resulting in improved amenity and increased capacity.

The caravan park sector has also experienced change in the past two years. For the 2018-19 year, growth was recorded in domestic overnight caravan and camping trips in WA.³ However, the number of nights visitors spent in the State's caravan parks or camping grounds declined.⁴

Caravan parks and campgrounds are evolving as visitor demographics change. Domestic travellers and the family segment are the traditional caravan park market. Data suggests that young/ midlife, no children segment was the largest user group in the domestic market in 2018-19, with more 20-29 year olds taking caravan and camping trips in Australia.⁵ The younger market, including working holiday makers and backpackers, was also the largest age group of international visitors to Australia's caravan parks and camping grounds for the year ending March 2019.⁶

A snapshot of Accommodation

Hotels | Motels | Serviced Apartments | Caravan Parks, Holiday Parks and Resorts



13.7% of WA total tourism employment is in Accommodation*

10,000 workers employed in accommodation in WA in 2017-18*

35+ diverse job roles
such as reception, chefs, engineers and executive managers

It is a significant economic contributor

\$1.02b
contributed to WA's direct tourism GVA in 2017-18*



11.6 million overnight visitors spent 70.5 million nights in WA in year ending June 2019**

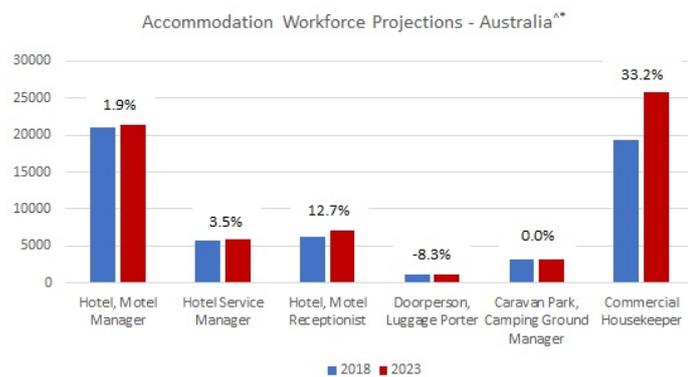
The future workforce requirements

In Perth:
3,734 rooms in 37 hotels opened between 2012 and June 2019

2,415 rooms in 11 hotels are committed and under construction***



Across WA:
121 Caravan Parks****

References:

* Tourism WA; Economic Contribution of Tourism to Western Australia 2017-18; August 2019
** Tourism WA; Visitation to Western Australia: Overview, Year Ending June 2019
*** Tourism Council WA; Perth Hotel Development Report 2019, April 2019

**** Caravan WA; <https://www.caravanwa.com.au/parks/>
^ Australian Government JobOutlook

Industry Developments

Future prospects are positive as all accommodation types are predicted to see revenue growth over the next five years due to forecasted increases in tourism activity.⁸

Labour is a crucial component of the accommodation sector due to the high degree of interpersonal service on which the industry is based.

In general, wages constitute the largest cost in this sector. In response, operators have implemented various practices to reduce wage costs where possible. These include employing operational workers predominantly on a part-time or casual basis, subcontracting out specific labour functions or moderating the number of non-essential labour functions that are performed, and incorporating sophisticated hotel management systems. As a result, wages have declined as a percentage of costs over the past five years.⁹

Hotels

Overall, job roles in the sector are varied. Hotels are staffed according to service levels and the variety of associated onsite services (e.g. restaurant, bar, spa, retail, etc). The range of positions can mean that 35 distinct job roles are performed in a hotel. The volume of new hotels and associated facilities in Perth suggests that many additional jobs have been created in the past five years.



As indicated in the diagram above, a hotel's workforce generally tapers from entry-level operational roles through supervisory levels and division managers to directors and senior management. A greater number of workers are required in entry-level roles, while management typically consists of a few directors, possibly an Assistant General Manager and a General Manager. Ideally, workers start in entry-level roles and progress through the levels of job roles and responsibilities through gaining relevant training and appropriate experience. Earnings are lower when starting out and increase as experience grows.

Luxury hotels tend to employ more staff to provide higher levels of service. Despite this, wages may not be the largest cost for a luxury hotel, as the facilities, furnishings and amenity can often represent greater investment.

Serviced Apartments

In comparison to hotels, staffing requirements in serviced apartments are generally lower because guest rooms are

not serviced every day and fewer on-site facilities, such as swimming pools and restaurants, are provided.

Airbnb

The Airbnb sharing platform has increased exponentially, where WA now has 20,000 listings on the website.

Industry advice indicates that pressure from Airbnb has led to job losses. Bookings are more likely to be lost to Airbnb in budget and mid-range hotels, hotels that offer self-catering facilities, and serviced apartments. However, Airbnb argues that its properties contribute to increased expenditure which thereby supports job creation.

As a result of tension between licenced accommodation operators and operators advertising on Airbnb, a parliamentary inquiry into Short Stay Accommodation in Western Australia was undertaken in 2019. The report, tabled in State Parliament in September 2019, recommended that all Airbnb rentals in WA be registered.¹⁰

Caravan Parks

Staffing of accommodation providers in the holiday parks and caravan parks sector is varied and is dependent on infrastructure and the availability of onsite services. Businesses can range from camping grounds providing powered or un-powered sites with basic ablution facilities to fully integrated holiday parks offering an assortment of room types, including hotel-style cabins or villas with en-suite facilities, as well as facilities such as restaurants, bars, and swimming pools.

Staff proportions can range from two people living onsite and managing the entire site, to multiple teams of workers, including the resort or holiday park manager, division managers, marketers, groundskeepers, handypersons, housekeepers and hospitality workers in reception, restaurants, and kitchens.

A balance of operational skills and being able to coordinate operations across the park as well as exceptional customer service, marketing, product development and decision-making skills are imperative within a holiday or caravan park. In addition, maintaining a strong online reputation is a core skill for caravan park operators.

Competition within the caravan park sector is strong. It is driven by price, location and quality, as well as intense pressure from other accommodation providers, especially from Airbnb, and since domestic travellers comprise a significant source market, activities that build customer loyalty are crucial.

Migration and the accommodation sector

Industry view skilled migration as a suitable supply channel into all occupations in the hospitality industry. However, the availability of skilled overseas workers has been impacted by changes to various visa streams. The application process is deemed complex and the associated expense is discouraging some businesses.

For the role of Hotel Service Manager specifically, the Regional Sponsored Migration Scheme (visa subclass 187) is the only visa stream available. Workers must be nominated by an approved Australian employer for a job in regional Australia, be under 45 years of age, and meet skills, qualifications and English language requirements.

Several visa streams are available to nominating Hotel or Motel Managers. The change from the Temporary Work (Skilled) visa (subclass 457) to the Temporary Skill Shortage visa (subclass 482) provides less time to stay in Australia (two years) and no access to permanent residency, which continues to be a deterrent for many applicants.

There continue to be ongoing discussions at Federal and State level with respect to migration policies.

Current and Future opportunities

Most occupations operating in the accommodation sector in Australia are projected to grow between 2018 and 2023.¹¹ In contrast, the position of Caravan Park and Camping Ground Manager fell over the past 5 years and is expected to remain unchanged over the next five years.¹²

For most guest-facing roles, across all accommodation sectors, critical skills are associated with supervising and leading people, managing conflict, determining work requirements and allocating duties to staff, while maintaining high customer service standards within commercial constraints.

Career pathways - Supervisory roles

Internal promotions are favoured. Onboarding or integrating new staff members into the organisation can be intensive and costly, while promoting an existing worker is seen as beneficial to both the business and worker. However, most operational workers lack experience in managing others, minimal formal training is accessed to address upskilling in supervision. Training is informal, provided on-the-job, and varies across operators. Some hotels arrange short-course, unaccredited training, for example, a three-day course on leadership.

Career development

Supply into supervisory roles from lower-level operational positions is also impacted by ongoing concerns within the hospitality industry. A casual and transient workforce remain a constant feature of the hospitality industry. The workforce at entry level is commonly comprised of Gen Z, which Industry report lack willingness to do the job and passion for the sector. It is also increasingly reported that younger workers expect they are able to fast-track their career, which is in opposition to the Industry position that experience is essential and cannot be fast-tracked.

Issues related to inadequate supervisory skills within an accommodation provider are heightened in smaller operations, often in regional areas, where the operational workforce is smaller, and the manager's supervision and coordination responsibilities extend across multiple organisational departments.

The increase in international hotels in Perth has raised the level of sophistication in Western Australian hospitality sector and the requirement for highly skilled managers with international-level expertise. Managers require extensive industry experience incorporating hospitality operations, high-level business acumen and specialised managerial skills, complemented by university education or vocational training.

The increased number of global hotel groups with multiple sites in Perth (for example; Marriott, Hilton, IHG, Accor and TFE Hotels) has reportedly also elevated workforce professionalism as a result of highly skilled, internationally experienced senior managers leading the teams. These hotels also provide workers with well-established support structures, such as training programs and HR, plus opportunities to broaden their experience at alternate sites.

Skills and training strategies

Most hotels in Perth participate in activities to attract prospective workers. This may include offering work experience to; secondary school students, those participating in the Australian Government's Youth Jobs PaTH (Prepare-Trial-Hire) program, or by providing schools with career information related to jobs in hotels. A small number of hotels regularly participate in Work-integrated Learning (WIL) partnerships with Edith Cowan University, Curtin and Murdoch Universities. These could potentially be extended across the industry in venues ranging from motels to major international hotel chains.

There is minimal use of the formal Vocational Training system in the accommodation sector. A limited number of 'front-of-house' traineeships (for example, traineeships attached to Certificate III or IV in Hospitality) are used within the hotel sector. This could potentially be due to a lack of a dedicated accommodation qualification, or a lack of awareness that accommodation-specific units are available for electives within the current hospitality qualifications.

The Holiday Parks and Resorts qualifications at Certificate II, III, IV and Diploma levels offer dedicated pathways to work in holiday parks, resorts and caravan parks. Although the use of full qualifications in this area are minimal, recognition of prior learning (RPL) is reportedly preferred due to time and cost commitments.

Certificate IV in Hospitality

There remains the need to address the lack of formal training to support existing workers to develop supervisory skills, for example, the Certificate IV in Hospitality. An opportunity exists for more flexible, short-course training that addresses specific needs and can be delivered as required, in Perth.

The WA Government's Employer Incentive Scheme may address perceived issues related to cost and increase the volume of accommodation operators employing workers undertaking hospitality traineeships.

Priority qualifications addressing training in hospitality and cookery will have course fees reduced by half. From January 2020 to December 2021, the Department of Training and Workforce Development's Lower fees, local skills program will see students paying half the standard fee for Certificate III in Commercial Cookery, Certificate III in Hospitality, and Certificate III in Events.¹³

Please get in touch

FutureNow is seeking regular input from stakeholders about workforce matters in the Western Australian Accommodation Industry. If you are interested in providing further information about the workforce in this sector, the Industry Manager would like to hear from you.

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