

FutureNow.

Hospitality Industry Snapshot

FutureNow is an independent body that provides industry informed advice to influence skills development strategies across the Creative, Leisure and Technologies sectors. Our work assists Western Australia to be prepared with the new order skills required by the evolving economy and our changing society.

The Hospitality Industry encompasses a broad group of workers that provide service to customers primarily in the Food & Beverage and Accommodation sectors. Workers in hospitality are the creators of memorable customer experiences in public social spaces, or providers of sustenance for people in aged care, childcare, and hospitals; students in the education sector; and workers in the resources sector. Workers engaged in the Accommodation sector provide services to visitors in hotels, serviced apartments, resorts and caravan parks, as well as for workers in the resources sector.

Where is the sector now?

The accommodation and food and beverage market is recovering strongly in Western Australia, with hotel occupancy in Perth just five per cent below 2019 levels in June 2022. Accor, which operates 25 properties across Perth and regional Western Australia, expects the state's occupancy levels to recover fully by March 2023. In June 2022, Accor's regional Western Australian properties were tracking at an average of 65 per cent occupancy, with Margaret River region property Pullman Bunker Bay Resort delivering a standout performance with occupancy 29 per cent higher than the same month pre-pandemic. In WA's regions, resort destinations remained strong performers and mining areas were also delivering results, culminating in a positive forecast for this year.¹

Workforce Challenges

The previous hard border closure in Western Australia resulted in a lack of backpackers, international students, and interstate workers which has resulted in dramatic staff shortages in the hospitality sector, which has yet to recover.

Increased Demand

In December 2022 the AHA advised that there are vacancies totalling 13,720 positions available in WA, 68 per cent are in Perth and 32 per cent in regional WA. Bar attendants, waiters, chefs and cooks, general kitchen staff, baristas and accommodation and hospital.²

This increase in the required hospitality workforce has been as a result of several large venues opening post the West Australian border re-opening on March 3rd 2022. Venues such as Gage Roads in Fremantle with a capacity of 1500, redevelopment of the Bassendean Hotel with a capacity of 750, the Beaufort with a capacity of 1500, Pirate Life in the CBD with a capacity of 1000.

Small Bars

In addition to these large venues, 131 new small bars have opened across Western Australia in the past five years. Reforms to liquor laws were introduced in 2018, which cut red tape and meant the cultural and tourism value of venues could be considered in determining liquor licence applications. Following a challenging period for the hospitality scene, the Department of Local Government, Sport and Cultural Industries (DLGSC) in November 2022 launched industry consultation to investigate further improvements to WA's liquor laws. A range of potential improvements will

be considered, including eliminating unnecessary red tape, a simpler licensing system, and a faster, more cost-effective approvals process.³

Skill Development

As all hotels are now back online post Covid (cessation of government quarantine hotels), the hotels that were used as quarantine hotels have had to re-build their hotel workforce as a regular hotel has a great deal more staffing requirements than a quarantine hotel. Industry have reported that it has taken longer than usual to build up the quality of service expected in the hotels due to the lack of experience of new employees and the unproductive time of new employees – this is a cost to business. The hotels are focusing on developing the skills, knowledge and behaviour of their workforce required for luxury hotels.⁴

Workforce Solutions

Government and Industry Partnerships

In September, the federal government announced that Home Affairs were to be given a \$36 million funding boost to hire 500 surge staff over the next nine months to process Australia's crippling backlog of active non-humanitarian visa applications to clear Australia's extraordinary visa backlog. This will assist with working holiday makers and international students returning to the state.⁵

In August 2022 the state government committed \$3.9 million over the next two years to develop workforce skills for the tourism and hospitality industries. The Tourism Workforce Development Program will fund short-term programs to address the current shortage of workers while also building a pipeline of talent for the future. Many of the programs have a focus on connecting local people with local jobs across the State. This will include longer-term initiatives aimed at encouraging young people to consider careers in tourism and hospitality.

The funding will also support a series of job-ready skills training courses with StudyPerth for international students and initiatives targeting working holiday makers to leverage the returning pool of workers in these markets.

Bespoke job-ready training and accredited micro modules will be delivered in partnership with regional TAFE campuses and through initiatives connecting prospective workers directly with local employers.⁶

Jobs Website

A dedicated tourism and hospitality jobs, training and careers workforce portal, westernaustralia.jobs website, has been created and will be the central call to action for Tourism WA workforce initiatives and continue to be funded through the Package. The site, developed in partnership with the Australian Hotels Association WA, has attracted more than 420 employers and 350 job seekers since its launch in May, connecting them with more than 500 jobs.⁶ In addition, a campaign was launched to promote tourism and hospitality job opportunities to interstate and New Zealand workers called 'Discover the Other Side'. The Discover the Other Side campaign has been used to entice interstate and New Zealand workers to move to Western Australia and work in our hospitality and tourism industries.⁷

Long Term Succession Planning

Career Development

Tourism and hospitality will be promoted as a rewarding career through activity such as the Chef Ambassador in-school hospitality demonstration program delivered by Hospitality Group Training, and an annual program of in-school tourism career information sessions will also support longer-term initiatives aimed at encouraging young people to consider careers in tourism and hospitality and creating a sustainable pipeline of local skilled workers.

Year 9 Career Taster Program

The year 9 career taster program commenced in 2022, enabling students to discover potential careers in the hospitality industry either via incursions to TAFE campuses and/or visits to accommodation and hospitality venues. The program supports students to become 'career curious' and extend their thinking through practical activities and meaningful experiences with the world of work.⁸

Career Promotion

A suite of occupational guides and case studies co-developed by Tourism WA and FutureNow continue to be used to present career pathways information to prospective learners interested in employment in the Tourism and Hospitality industries. FutureNow has distributed this collateral at various career expos and presentations.

Industry Reputation and Workplace Culture

Industry have reported that it is particularly difficult to attract young people to work in hospitality in the current market. It is suggested that this is because labour shortages are placing intense pressure on staff. Many in the industry feel that new workers to the sector aged 18 to 20, are not getting a true representation of how rewarding the industry can be. For many it is their first experience of working in hospitality and they are finding it a challenging experience and are then sharing how stressful working in the hospitality industry can be via social media thereby hindering others from applying for jobs in the industry. Many hospitality businesses have been offering incentives to Gen Z workers in order to attract talent, and many companies are focusing on building a strong workplace culture and emphasising the positive aspect to working the hospitality industry to attract and retain workers.⁹

Covid 19 Challenges

Following the phasing out of the Pandemic Leave Disaster Payment in June 2022 many casual workers attended their jobs while sick or exposed to Covid and this has been a major problem during the past year. Australia Institute research shows that about one in five respondents (and a higher proportion of young workers) have attended work with potential Covid symptoms since the pandemic started. This poses an enormous risk to their health, and public health – and it is exacerbated by the lack of current sick pay provisions for casual hospitality workers in Western Australia.¹⁰

Clubs

Due to the lack of available paid staff, volunteers at sporting and social clubs are filling in gaps and suffering from volunteer burnout – this is even more pronounced in regional areas. Often paid employees are working more than their rostered hours and are having to volunteer their time to keep the clubs operational. Industry report that is creating mental health issue amongst some staff due to being overworked.¹¹

Housekeeping

The majority of housekeeping services in Western Australian hotel/motel properties are outsourced to dedicated housekeeping companies. The biggest issue facing these companies is the recruitment and retention of staff. As a result, most have a number of incentive schemes to reward their executive housekeepers and line staff focusing on retention of staff. Those hotels that conduct their housekeeping services inhouse are finding that housekeeping/room attendants are the hardest (and largest) roles to fill.

Emerging Industry Developments

Regional Hospitality Workforce

A new initiative to attract international students to live, work and study at Western Australia's regional TAFE colleges and help alleviate shortages in priority skill shortage areas in regional areas is set to begin in 2023. A \$5,000 bursary will be provided for up to 200 students in selected courses (including Hospitality and Tourism) across the State's three regional TAFE colleges, as well as support to find part time work and accommodation. Some students are anticipated to commence in February 2023, with the majority expected in Semester 2. On graduation, international students may be able to access migration pathways to extend their stay in Australia.¹²

Housing and Childcare Regional

The biggest barrier to increasing the workforce is the lack of suitable rentable accommodation in regional areas. The RCCIWA reported that there is a shortage of regional housing availability and rents are extremely high for the small number of rentals that are available. Some Local Government Authorities (LGA's) implemented solutions such as the Shire of Exmouth who have moved a local bylaw allowing short-term accommodation (enabling backyard caravan stays). In Dunsborough, a backpacker hostel has been booked out by labour-hire firm to house workers locally. The Dunsborough 54-bed hostel is now home to people from East Timor, Tonga and Fiji who are working at the region's vineyards and resorts as part of the pacific labour hire scheme. Dunsborough Yallingup Chamber of Commerce report that the accommodation problem is crippling businesses. A survey of nearly 200 businesses in the area found 76 per cent were struggling to find enough staff, blaming a lack of affordable housing.¹³

A 13-hectare piece of land has been earmarked for a \$64 million development to tackle the housing crisis in Broome, with the shire seeking \$15 million from the state government to fast-track the process. The project comprises of a caravan park, an over 55s village, and worker accommodation on Sanctuary Road in Cable Beach.¹⁴

The McGowan Government is seeking registrations of interest (ROI) from suitably qualified proponents to acquire Crown land and develop a multi-user workforce accommodation facility in Kalbarri. Tourism is Kalbarri's most significant economic contributor with demand for services fluctuating throughout the year. This attracts a significant seasonal workforce which has flow-on effects to related sectors of the economy, including hospitality, accommodation and retail. Increased domestic tourism has placed significant pressure on accommodation supply within the town which was already a significant challenge during the peak tourism periods.¹⁵

In addition to housing shortages there is a shortage of childcare places in the regions which prevents some potential workers being able to accept job opportunities in regional areas.¹⁶

International Students

In September the State Government announced the International students are being encouraged to study in Western Australia with the launch of \$16.8 million in programs to incentivise agents and continue international student support initiatives. Industry have reported that they are starting to see the return of International Students which is assisting with the hospitality workforce.¹⁷

Until 30 June 2023, all ongoing students as well as new student arrivals are able to work more than 40 hours a fortnight in any sector of the economy and work before their course of study commences. After 30 June 2023, international students will be restricted to work up to 40 hours a fortnight during semester and unlimited hours during breaks. Some employers are expressing concern at this change as they feel it will put pressure on the already limited hospitality workforce.¹⁸

Skills Training Programs

In November 2022, the Australian and Western Australian Governments signed a 12-month Skills Agreement to address the current skills shortage. The course list, based on last year's enrolments, is estimated to see 1,400 places in hospitality and tourism. The funding supports the new FREE IN '23 initiative, which is designed to reskill and upskill people for work and will cover courses in hospitality, commercial cookery and patisserie.

As a means of removing barriers from undertaking training, various hospitality free skill set courses are designed to deliver fast track training for jobs that do not need a full qualification, to get young people ready for their first job, or re-skill quickly for jobs that are in demand. The skills sets are also designed to offer a pathway to further study. In 2022 fee-free skill sets were available to concession-eligible residents of Western Australia whereas in 2023 the free skill sets will be open to all, provided they have left school, have their primary place of residence in Western Australia, and are either an Australian Citizen or be the holder of certain visas types.¹⁹

National SIT Training Package

In September 2022 upgrades to the Tourism, Travel, Hospitality and Events, Training Package were approved.²⁰

Western Australian Jobs, Education and Training Survey

FutureNow is currently undertaking work on The Western Australian Jobs, Education and Training Survey (WAJET) Industry Advice Reports and this will inform the State Priority Occupation List (SPOL) for 2023.

What does all this mean for skill development for the hospitality industry in 2023?

There will be a focus on working with stakeholders to increase the workforce in the hospitality industry and very importantly retaining them in the industry and encouraging training opportunities across all aspects of the hospitality industry.

There will continue to be a focus on local jobs for local people in the West Australian hospitality industry however there will be a continued focus on attracting migrants to attain visas to work in Western Australia filling vital chef roles and attracting working holiday makers and international students to fill other hospitality roles.

There will be continued promotion of careers in the hospitality industry and the scanning of opportunities for regional communities to train and source potential employees in these regional areas and to break down the barriers to their employment participation.

We would like to hear from you

FutureNow is continually seeking input from stakeholders in the Western Australian hospitality sector. If you are interested in providing further information about the workforce in this sector, please get in touch with the Industry Development Manager:

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