



Tourism & Hospitality Workforce Development Strategy



Australian Chamber
- Tourism



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Introduction to the Tourism and Hospitality Workforce

Pre-COVID-19 Restrictions

Up until the current COVID-19 and 2019-20 Bushfire crises, Australian tourism had enormous potential for future growth in a highly competitive international market. However, starting in December 2019, tourism was seriously affected by Australia’s image internationally being negatively impacted by reporting of the bushfire activity. Tourism was also the first to feel the impacts of COVID-19 with a Chinese tourism travel ban in February 2020 followed closely by a more complete tourism shut down due to border and business closures resulting in cessation of travel and all meetings and events cancelled. While this health response was vital to control the spread of the COVID-19 virus, by April 2020, travel, tourism and hospitality in Australia was shut down and the impact of the crisis was felt by all tourism business owners and workers.

Since the national lockdowns in 2020 several periods of restrictions have seen growth to occur in states and territories that have been out of lockdown at various periods of time. The June to October lock-down periods in Sydney and Melbourne were the most disruptive to the tourism and hospitality workforce. It should be noted that the tourism workforce covers the travel, tourism, hospitality, accommodation and events sectors.

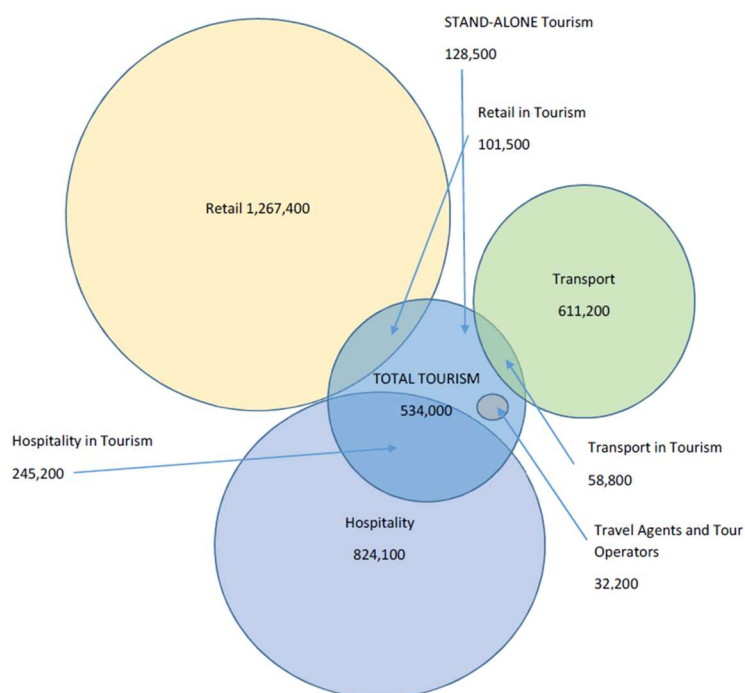


Figure (i) – Representation of the tourism and hospitality labour market

Prior to COVID the tourism and hospitality sector employed 1,112,900 people. This was at that time 8.6% of the Australian workforce. According to the Tourism Labourforce Report¹ the industry was subject to a 7% vacancy rate in the 2015-2020 period, albeit this was an analysis of the tourism only element demonstrated in Figure (i). This would equate to 77,903 workers short at this time.

At the time of the Tourism Labourforce Report the labour shortages in New South Wales and Victoria were proportionately worse than the other States.

Table 1.2: Estimated tourism labour shortages²

State	Vacancy rate	Employed persons est.	Implied shortage
New South Wales	10%	158,828	15,091
Australian Capital Territory	3%	8,103	215
Victoria	10%	123,857	12,591
Queensland	8%	130,905	10,388
Western Australia	7%	57,643	3,828
South Australia	9%	32,118	2,731
Northern Territory	4%	7,525	320
Tasmania	3%	15,019	407
Australian tourism industry	7%	534,000	38,224

Figure (iii) – Estimate Tourism Labour Shortages

The existing workforce as at the time of the data gathering was made up of 78% local residents and 22% drawn from other sources of labour including intrastate, international students and working holidaymakers.

For the sake of the analysis it is assumed that the hospitality vacancies are at the same level as those in tourism (as the tourism analysis draws on 28% of hospitality²). The calculation of the Pre-COVID demand of 77,903 vacancies is based on this assumption.

Chart 1.1: Employment by source location of worker

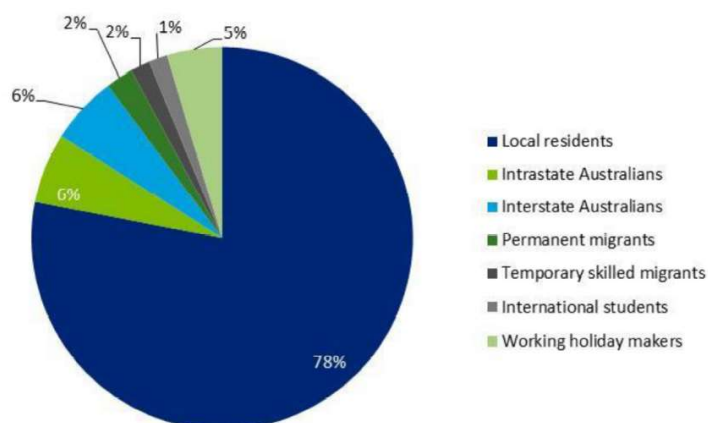


Figure (iii) – Pre-COVID19 tourism workforce

¹ Deloitte Access Economics, Australian Tourism Labour Force Report, 2015–2020

² Using the Tourism Satellite Account Methodology

The Post COVID-19 Restriction Workforce

The tourism and hospitality industries were the most restricted of any due to the restrictions imposed on businesses in these sectors. Business in the tourism and hospitality sectors have to some extent started to recover, however, some sectors such as travel agents, tourism operations and the business events sectors have not seen a return to pre-COVID demand and will most likely not do so until 2022.

Hospitality vacancies of Seek, sourced by Restaurant & Catering Australia, in October 2021 ran to 84,376 as detailed in Figure iv. One third of these vacancies are for skilled staff with Chefs being the most often sought occupation.

Occupation	Vacancies
Chef	10,117
Sous Chef	2,643
Chef de Partie	3,356
Kitchen Hand	9,813
Pastry Chef	1,481
Restaurant Manager	3,969
Restaurant Assistant Manager	544
Café Manager	5,158
Waitstaff	13,329
Barista	18,790
Bartender	12,378
Host/Hostess	2,798
Total	84,376

Figure (iv) – Hospitality Seek Vacancies

These vacancies broadly follow the occupational profile of the hospitality sector of the industry. The exception is the lower level of vacancies in the supervisory level occupations in the front of house. It is assumed it is these positions that were retained during the lock-down periods.

The National Skills Commission reports that Accommodation and Foodservices will be the second highest contributor to employment growth in the Australian economy to 2025³. The projection of an additional 139,900 jobs was undertaken prior to the job losses in 2021. This will increase the number of new jobs created in the next 3 years.

³ National Skills Commission, *2020 Employment Projections - for the five years to November 2025*

Rebuilding the Tourism & Hospitality Workforce

The task of rebuilding the tourism and hospitality workforce is immense. The people behind the 310,000 jobs lost during the period of COVID-19 restrictions have either moved on to other careers in industries that were not as highly affected by lock-downs or relocated over this period.

The recruitment effort must embrace every possible source of labour. For perspective, the number of recruits required is more than double the entire annual permanent migration program prior to COVID-19. Overseas workers will be a component of the workforce solution for the industry, but migration alone will not solve the workforce shortages in tourism and hospitality.

The workforce development task in tourism and hospitality is also more than recruitment. The requirement for skills development within the remaining tourism and hospitality workforce, the skills development of recruits to backfill the loss of jobs during COVID and the reskilling of the workforce to prepare them to the future operation of businesses are all present significant challenges.

Labour Challenges

The sources of labour that need to be considered for the recruitment effort include, school-leavers, people in the welfare system, women returning to the workforce, career changers, mature-aged workers, unskilled overseas workers (WHMs and students), skilled migrants and the families of skilled migrants. All of these sources of labour need to be targeted to fill current and future vacancies.

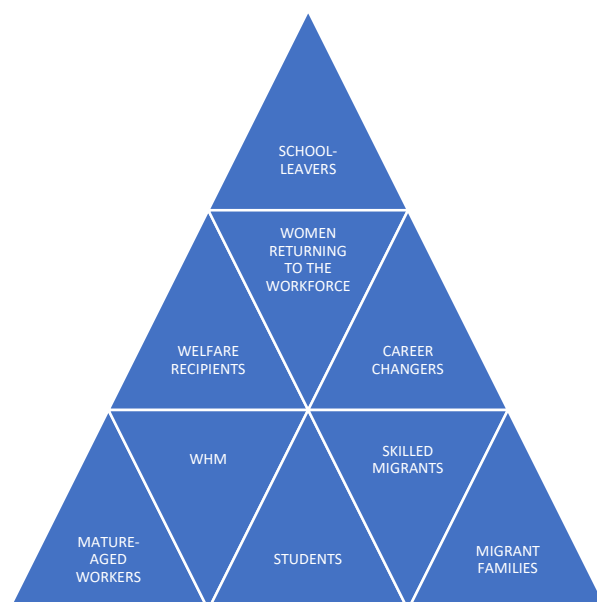


Figure (v) – Tourism & Hospitality Potential Sources of labour

Meeting the labour challenges faced by the tourism and hospitality industry is going to require a coordinated cross-sector effort to re-position the image of the industry in the mind of potential jobseekers both on and off shore. This has been tried several times with only minimal success. The most successful campaign of this type was the Tourism Australia ‘Best Job in the World’, however, this predominantly focussed on the Australian destination as opposed to the individual job roles.

It is anticipated that this repositioning effort would include a number of elements including:

- The development of creative that positions tourism and hospitality as a great place to work;
- The use of creative in a campaign that is focussed in social media targeted to the markets identified in the sources of labour;
- The development of a platform that matches candidates and employers including screening of both candidates and employers, promotional elements and training pathways, and
- Planning and coordinating virtual and face to face recruitment events.

The repositioning should take account of the factors that motivate the target markets including the opportunity to own a business in the sector and to travel.

Each of the sources of labour would also have levels of intervention required to attract that group as follows:

SCHOOL-LEAVERS

The careers repositioning effort should have a component that reaches school students. This element of the campaign could include the following:

- Resources produced for use by careers teachers;
- Resources for and coordinated attendances at school careers fairs, and
- Coordinated presence in schools to undertake tourism and hospitality careers presentations.

Exposure to tourism and hospitality through VET in Schools programs is an important pathway to attract school leavers at the end of their time at school. In creating this pathway it is vital that the skills gained are valued in the workplace in the event that the student transitions to paid work.

It is therefore recommended that VET in Schools programs:

- Provide recognition for students through the relevant industry training package for skills gained;
- Use industry recognised pathways such as traineeship or apprenticeship where possible, and
- Involve structured work placements to ensure the application / assessment of skills in context.

To address the decline in entry level workers working in Australian businesses, the tourism and hospitality industries support the development of a national gap program that encourages young Australians to do work in a regional or remote areas.

WELFARE RECIPIENTS

There is a relatively low level of placement of candidates from the government supported employment services (including Job Active and DES providers) into tourism and hospitality. This is substantially because the recruitment model used across most of these industries is not well aligned to the placement funding model and, as a result, the providers of employment services do not service tourism and hospitality employers.

There are changes to the employment services model commencing in 2022, however, to date the changes do not address the specific needs of this sector. To rectify this the following changes to the employment services model are recommended:

- Provide outcome payments to providers for multiple casual jobs;

- Allow the use of screening tools used by the tourism and hospitality sector;
- Provide placement support across the full range of welfare recipients;
- Review the operation of programs such as PaTH to become more vocational (particularly in the Prepare phase) and link to a job or hosted work experience opportunity, and
- Modify mutual obligation requirements to provide real likelihood of placement into employment.

WOMEN RETURNING TO THE WORKFORCE

The major barrier to the return to work of many women in the tourism and hospitality industries is the supply and price of childcare places. It is recommended that stronger policies are needed to make child care more accessible, and more options should be available to assist parents to return to the workforce sooner. Options could include expanded access to subsidies for home care and free childhood education for lower-level income earners.

CAREER CHANGERS

The limitations in the number of school-leavers, overseas workers and other sources of labour will mean that the tourism industry will need to look to attract employees from other industry areas. Whilst tourism and hospitality will again return to huge growth in 2022, there are sectors that will be in decline including manufacturing and information media and communications (according to the National Skills Commission⁴).

Tourism and Hospitality will need to both promote to and make positions attractive to workers in other sectors in order to build workforce capacity. This could be achieved by recognising skills from other sectors and creating pathways from like-industries.

MATURE-AGED WORKERS

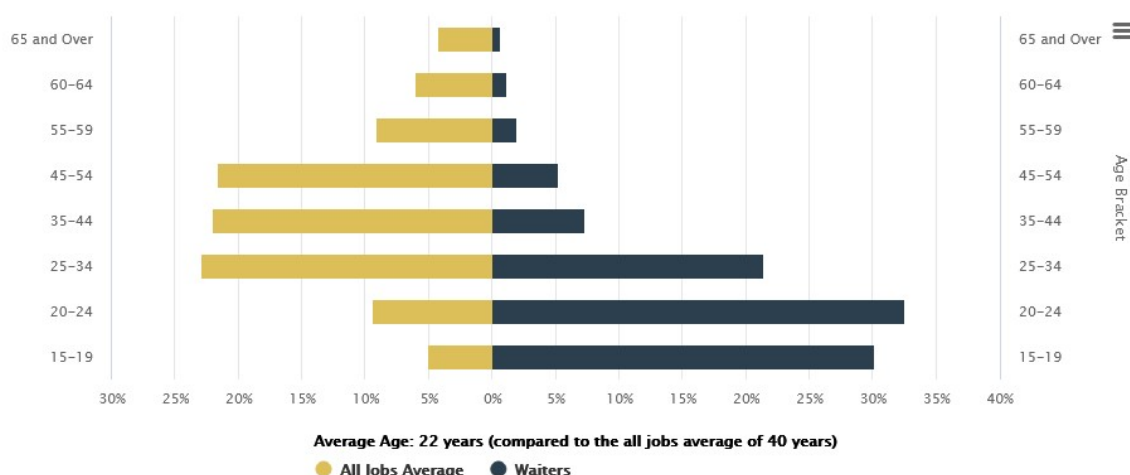


Figure (vi) – Age bands for the occupation of Waiters

⁴ lb id

As demonstrated in Figure (vi) the average age of waiters (100,000 working in the tourism and hospitality sector) has a very low average age of 22 years compare to 40 for all occupations. This is consistent with many occupations in the tourism and hospitality sector. In order to address part of the skills and labour shortage the industries need to attract more mature-aged workers.

There are a range of possible interventions that may attract more mature aged people to work in tourism and hospitality. In relation to apprenticeship there is a huge disincentive to engage mature-aged apprentices (even though mature-aged apprentices are 24 or older). The disincentives apply through the system of wages that provides higher wages for older apprentices.

There is also a disincentive to mature-aged employment through the thresholds in the welfare system. Specifically in relation to the pension it is recommended that the threshold of earning before pension amounts are reduced should be increased.

WORKING HOLIDAY MAKERS

As noted above, 5% of employment in tourism and hospitality were, prior to COVID-19, working holiday-makers (WHMs). Whilst many WHMs remained in Australia during the COVID restriction period, the number remaining onshore was around half of those in the country prior.

The WHM market is one of the highest spending tourism markets let alone their positive impact through their contribution to the workforce. In short, WHMs spend what they earn in Australia. They are good for the visitor economy as travellers but also as workers.

There are several barriers to entry for working holiday-makers in Australia. The visa fee levels are not competitive to other markets, the passenger movement charge adds to this fee to extend the lack of competitiveness. The visa fees need to be reduced for this important market and source of labour.

It is suggested that in addition to lowering the barriers to entry, attention be paid to significant marketing internationally to attract working holiday-makers for the reasons outlined above. Further, there was an extension of the trigger for second and third-year visas for WHMs granted during the COVID period for workers in tourism in Northern Australia. It is recommended that this arrangement should extend to all tourism and hospitality workers post pandemic.

INTERNATIONAL STUDENTS

International students are a significant source of labour for tourism and hospitality in Australia. Students work in businesses in the sector irrespective of the discipline in which they are studying in Australia. There are, however, a greatly expanded roles that students that are studying tourism and hospitality can play in the sectors workforce.

Australia has a very strong background in the delivery of tourism and hospitality education with high quality hotel schools, university and vocational programs operating in most states / territories. It is recommended that a deliberate strategy to embarked upon to position Australia as an international centre of excellence in tourism and hospitality education.

As part of support measures during COVID-19 international students were able to work extended hours (on top of the 20 hours per week pre-COVID). In addition, international students have been allowed to stay in Australia to work beyond the period of their education. Both of these measures should be continued past the COVID restriction period until such time as the tourism and hospitality workforce is able to rebuild.

SKILLED MIGRANTS

The temporary and permanent migration programs are vital to the tourism and hospitality workforce. In the primary ANZSIC classification in tourism and hospitality, accommodation and food services, there were 15,300 primary visa-holders in Australia in 2016 versus 5,860 during the COVID-19 restriction period. The activity levels during the pandemic have been staggering. For example, less than 5 visas were granted for both cooks and chefs in the year to September 2021.

In mid-2021 Chefs were added to the immigration priority list in recognition of the shortages in the industry. This must continue post COVID but also other tourism and hospitality occupations need to be included on the list including cooks, restaurant and café managers and hotel managers. The important aspect of the inclusion on the list is as much the pathway to residency as it is the ease of application and sponsorship.

It is suggested that new immigration pathways that combine skilling pathways, international education and employment such as apprenticeship for overseas students should also be pursued.

The imposition of the Skilling Australians Fund (SAF) levy in 2018 imposed huge additional costs on businesses in the tourism and hospitality industry. As top ten users of the skilled migration as an industry, the industry is making significantly greater contributions to the SAF than it benefits from the spending of the SAF of training and education in the sectors.

It is recommended that given the SAF levy is due to expire in a year, that it be discontinued for at least the next two years and then be reviewed for both temporary and permanent skilled employer nominated visas. It is clear that given the current state of the tourism and hospitality labour market, the need for additional workforce participants overrides any benefit of continuing the levy.

It is abundantly clear that the tourism and hospitality labour market is in severe shortage. Labor Market Testing in this sort of environment does nothing more than create regulatory burden on industry. Given the shortages are adequately assessed and defined by the National Skills Commission, labour market testing for the TSS visa program should be removed entirely.

Many of the occupations in which migration occurs in the tourism and hospitality industry have Award rates far lower than the existing Temporary Skilled Migration Income Threshold (TSMIT). In the current review of the TSMIT it is recommended that any increase should be modest at most to ensure that these occupations are not made impractical for tourism and hospitality occupations.

It is also recommended that any change to the TSMIT should be made with consideration of exemptions or different rates for jobs in regional areas. Tourism and hospitality is vital in the regions where skills shortage in regional areas would worsen, as businesses in small towns will suffer, putting other jobs at risk.

FLEXIBILITY OF LABOUR REGULATION

The Australian labour market is one of the most regulated in the world. During the COVID pandemic restriction period there were additional flexibilities allowed that enable employers to continue to engage their employees. These flexibilities around hours, job roles and the location of work should prevail in the tourism and hospitality sectors.

In addition, further flexibilities should be captured in Industrial Awards that allow for more flexibility in hours, days of the week and arrangements for leave. The tourism and hospitality sectors operate across much more varied hours and days than most other industries and should be allowed the flexibility in regulation to deal with this.

The Training Challenge

Development of the tourism and hospitality workforce is a combination of the attraction of skilled and unskilled labour and undertaking training for existing and potential employees. The skilling challenges that are facing the industry include, training people for direct entry into skilled roles, training in blended pathways (apprenticeship and traineeship), upskilling of existing workforce and reskilling existing workforce to adapt to the post-COVID environment.

DIRECT ENTRY TRAINING

Traditionally tourism and hospitality has drawn very heavily on the vocational education and training system to train direct entrants into its workforce. Tourism and hospitality is in the top 5 industry areas for vocational education and training with 5.7% of total enrolments.

Funding for vocational education and training (VET) is determined by the National Agreement on Skills and Workforce Development (NASWD). The NASWD agreement is due to be finalised in the first half of 2022 at which time it is hoped that all jurisdictions commit to a real funding increase in VET. This will provide the opportunity to put in place a long-term funding solution for VET across the board that will naturally flow to courses in the tourism sectors.

On the assumption that additional funding will flow, the challenge for tourism and hospitality will be to ensure that training matches the needs of employers in travel, tourism, hospitality, accommodation and events businesses. This is determined by the structure of the industry training package through the industry reference committee.

Tourism and hospitality has been poorly serviced by the current system of industry reference committees and SSOs. Travel, tourism, hospitality, accommodation and events need to have their own skills cluster and re-engage Tourism Training Australia to set priorities and manage the industry training package.

Planning for the development of the tourism and hospitality workforce will be a key priority for Tourism Training Australia moving into 2022.

APPRENTICESHIP AND TRAINEESHIP

Apprenticeship and Traineeship are vital to building workforce in tourism and hospitality. The levels of commencement in these sectors have crashed since this high levels in 1990s let alone during the COVID restriction period. In the tourism occupations commencements have dropped from 975 average per quarter to 55 per quarter during COVID. In the case of hospitality the reductions have been from 15,000 per quarter to 5,500 per quarter despite the incentives and income support being increased (which have increased commencement across most sectors).

It is widely agreed that the Boosting Apprenticeship Commencements is needed to operate beyond March 2022 at least for the next two years as the broader workforce recovers from the impact of the pandemic. In the case of tourism and hospitality, it is recommended that there is a continuation of the current wage subsidy level of 50% until at least the end of 2022.

As detailed in relation to attracting mature workers, it is suggested that incentives be implemented to encourage businesses to employ mature aged workers. For example, tax credits or rebates for

employers who hire adult apprentices to bridge the wage gap between youth and mature aged year apprentices.

It is also suggested that better process be allowed for Recognition of Prior Learning (RPL) to allow for adult apprentices to complete their apprenticeship earlier if they are already competent.

The funding for the delivery of training for trainees and apprentices is the responsibility of State / Territory Governments. Many of the jurisdictions do not fund tourism and/or hospitality apprenticeships or fund them at very low levels. It is recommended that State / Territory Governments fund these traineeships and apprenticeships at levels that reflect the real cost of delivery.

Given the high levels of casualisation and employment across multiple jobs is highly prevalent in tourism and hospitality, it is recommended that consideration is given to models that would allow traineeship and apprenticeship pathways for casual employees.

WORKFORCE UPSKILLING AND RESKILLING

In the Deloitte Tourism Labourforce Report it is reported that 67% of employers had skills gaps in their workforce. This survey was well before the pandemic that has created further skills need because of the significant changes to the way in which tourism now works. Businesses are now more flexible and need to respond quickly to changed circumstances. Further, tourism businesses are dealing with changes to the marketing, distribution and ticketing systems used across the industry.

The skills deficiencies and changes in the business of tourism requires investment in the skills of owners, operators and managers within the industry. As demonstrated by the 67% skills gap, this has not happened in the past. These key operators within the industry have generally not updated their skills after entering the industry because of either lack of available or access to training.

One of the greatest barriers to the upskilling of the tourism and hospitality workforce is the restriction of the offerings in the training sector to offering full qualifications. The vocational education and training system should be able to make training available, especially to the existing workforce, as just in time short bursts of training that is recognised within the training system. Training providers need the flexibility to offer funded training in this way that meets the needs of tourism and hospitality business operators.

Training undertaken by employees in tourism and hospitality also need to be recognised and portable across Australia. There are elements of the workforce that are highly mobile and are currently having to retake training courses, particularly in regulated areas such as RSA, food handling and COVID safety, when they move across state borders. A system such as a skills wallet would address this need.