

Tourism, Travel and Hospitality Industry Reference Committee (IRC)
Industry Summary

Part A – IRC Details

Name of the IRC
Tourism, Travel and Hospitality
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Part B – Industry Details

Industry areas (1,000 words, include attachments where relevant)
<p><i>Overview of industry sectors / sub-sectors covered by the IRC, including:</i></p> <ul style="list-style-type: none"> • <i>employers (size, local/state/national/global, government/not-for-profit/for-profit, key enterprises)</i> • <i>key links with other industries and cross-sectoral work</i> <p><i>Overview:</i></p> <p>The Tourism, Travel and Hospitality Training Package supports five key sectors which are all strongly interconnected and all play a significant role in driving and supporting Australia’s visitor economy.¹</p> <p>The five sectors specifically in scope are:</p> <ul style="list-style-type: none"> • Tourism • Travel • Events and Exhibitions • Accommodation (hotels, holiday parks and resorts); and • Hospitality. <p>It is noted that other sectors which participate in and contribute to the visitor economy include transport, culture, arts and recreation, education and training, and retail.²</p>

¹ Sub-sectors participating wholly or partially in the visitor economy are Accommodation, Transport, Culture, arts and recreation, Tourism services, Education and training, Business events, Food services and Retail (Source: THRIVE 2030 Strategy).

² THRIVE 2030. The Re-Imagined Visitor Economy (published March 2022). Austrade, Canberra.

At the outset of this summary it is important to acknowledge that there is a **significant degree of interrelationship between all sectors of focus and participating businesses**. They share many integrated products and services, hold close business-to-business relationships across different industries, service a common customer base and can often share staff as workers cross industries during their career.

Data note: The interrelationship of sectors and overlap of activities means that workforce counts captured across different sources may not be mutually exclusive. Workforce data is published according to prescribed Australian and New Zealand Standard Industrial Classification (ANZSIC) and Australian and New Zealand Standard Classification of Occupations (ANZSCO) classifications which are considered not always suitable as they are restrictive in how they categorise current sectors and job roles. At the time of preparing this summary, the ABS was running a public consultation to review the ANZSCO classifications. The figures throughout this summary are presented to provide an indicative account of the workforce size and nature supported by the VET Training Package.

Prior to the COVID-19 pandemic (and the 2019-20 bushfires), the visitor economy was a vibrant and strong economic driver for Australia, capturing a total expenditure value of \$166 billion (with \$59 billion representing international visitor spend and \$107 billion representing domestic visitor spend). The workforce represented almost one million workers across the country and 1 in 8 businesses were running tourism-related activities.³ **Whilst COVID-19 has had an impact on all industries, the visitor economy and tourism and travel-related sectors were particularly hard-hit** as border closures (both international and state/territory borders) and travel restrictions meant many businesses were unable to sustain operations and closed. Many workers as a result lost their jobs and have today yet not returned to the sectors creating severe workforce shortages.

Despite the crippling effect of COVID-19 during 2020 and 2021, the visitor economy is expected to recover. The outlook for domestic and international travel is a positive one and supported by greater traveller confidence, and an eagerness to travel and to reconnect with family and friends.⁴ The sectors are supported by a strong THRIVE 2030 Strategy which sets out a long-term target of \$230 billion in total visitor spend by 2030. It sets out a number of policy priorities including 'growing a secure and resilient workforce' which is of significance for the VET sector as it is the primary supplier of workers to the visitor economy.

The Tourism, Travel and Hospitality Training Package plays a vital role in ensuring workers are equipped with the right skills and knowledge. Skilled workers will not only support sectors to achieve potential growth, but they can also ensure they remain innovative and continue to make important contributions to Australia's economy.

The employer landscape is dominated by a mix of small and micro businesses. The operating environment is complex and diverse.

A brief summary of the current status of the five main sectors supported by the Training Package (including workforce and employer data) is provided below.

³ THRIVE 2030. The Re-Imagined Visitor Economy (published March 2022). Austrade, Canberra.

⁴ State of the Industry 2021, Tourism Research Australia, Austrade, Canberra.

Tourism – The sector **employed 682,100 workers** during 2020-21, representing 507,000 directly employed workers and 175,100 indirectly employed workers. Employment levels fell from the previous year by 25% which demonstrates the significant impact COVID-19 restrictions had on tourism.⁵ There were approximately **334,500 tourism businesses**⁶ operating in Australia as at June 2021 which interestingly represents a 2.9% increase since 2019-20. The rise in business numbers is attributed to a number of factors including the availability of different support packages delivered by governments which has meant businesses could continue operating on lower turnovers. The sector is dominated by small and micro businesses located all across the country. The diversity of businesses reflects the diversity of customers they service and cover the array of sectors identified earlier participating in the visitor economy (i.e. accommodation, travel, business events etc.).

Travel – The latest estimates show that there are **9,000 travel agency and tour arrangement service businesses** which employ approximately **34,600 workers**. Whilst the sector experienced a swift and significant downfall in demand due to travel restrictions, border closures and quarantine requirements imposed as a result of the COVID-19 outbreak, it is expected to recover. The sector has a revenue value of \$6.8 billion and this is forecast to grow strongly over the next five years at 9.4% per annum. The sector's recovery is driven by projected growth in tourism and the continued easing of Australia's international border controls.⁷

Events and Exhibitions – Events can represent a diverse range of business, community and social affair gatherings such as trade and consumer expos, exhibitions, festivals, concerts, charity races and private weddings and celebrations. Over the past decade, the events sector has been growing exponentially and the latest figures show the sector's economic contribution, workforce and growth forecasts are significant:

- Exhibition and conference centres generated revenue valued at \$12.8 billion during 2021-22, consisting of **2,088 businesses** and **employing 60,050 workers**. Employment forecasts estimate an annual increase of 3.2% over the next five years to reach a workforce of 70,300 (2026-27)
- Event promotion and management services are also on the rise and generated a revenue value of \$7.1 billion during 2021-22. Approximately **9,300 businesses** and **29,300 workers** participated in these services and strong employment growth is projected (an annual rise of 5.1% to reach nearly 37,600 workers).

Accommodation (hotels, holiday parks and resorts) -The Accommodation sector is involved in providing a range of accommodation offerings, usually for short-term stays. The types of accommodation as defined via the ANZSIC codes can include: camping grounds, caravan parks, hotels, motels, resorts, serviced apartments, ski-lodges and youth hostels. The latest ABS labour force and business count reports indicate the **workforce involved in Accommodation services is 101,400** (May2022), and it includes approximately **13,320 businesses** across Australia (June 2021)

Hospitality - The Hospitality⁸ sector represents a range of food and beverage services such as restaurants, cafés and coffee shops, pubs and bars, clubs (e.g. RSL, Leagues, Golf, etc.) and nightclubs and casinos. Catering operations are also involved in providing an extensive range of food and beverage services across the country to individuals and/or organisations in different industries. The

⁵ State Tourism Satellite Account 2020-21. Tourism Research Australia, Austrade, Canberra.

⁶ Source: Tourism businesses in Australia: June 2016 to 2021. Tourism Research Australia, Austrade, Canberra.

It represents businesses in multiple industries, including accommodation, transport, travel agency and tour operator services, cultural services, casinos and other gambling services, other sports and recreation services, and other retail trade. Due to the difference in definitions between sources, this figure is not mutually exclusive to the count of businesses provided in other categories.

⁷ IBISWorld Industry Report N7220 Travel Agency and Tour Arrangement Services in Australia (March 2022)

⁸ According to the ANZSIC categories, 'Accommodation' is included in Hospitality however for the purposes of Training Package review work and stakeholder representation, Accommodation is summarised separately.

sectors represents **785,000 workers** and **over 60,000 businesses** making it one of the most significant employing sectors across Australia. The distribution includes:

- 644,800 workers and 50,830 business participate in cafes, restaurants, catering businesses and takeaway food services
- 94,500 workers participate in 6,700 pubs, taverns and bars
- 45,700 workers participate in nearly 3,100 clubs.

Cross-sector work

The SIT Training Package contains a suite of cross-sector units that are written broadly to apply to all industry sectors. These provide for the acquisition of generic and transferable skills in product development, finances, sales, marketing, business and people management.

Technical units, such as those for cookery, event and travel and tourism coordination, are also written broadly so they can apply to a range of product styles.

Qualifications are structured to:

- apply to different business models and product styles, allowing individuals to acquire skills that readily transfer to any type of operator, e.g., food, beverage and cooking skills for cafés, fine dining restaurants, catering businesses and clubs; tourism coordination skills tour wholesalers who deliver a range of products or tour operators that specialise in Indigenous, adventure or ecotourism.
- allow credit transfer for those wishing to complete secondary qualifications to gain additional skills for different job roles and sectors, e.g., it is possible to gain credit towards an events qualification after a tourism qualification; a tourism qualification after a travel qualification; and a hospitality qualification after any of these qualifications.

The flexible packaging of units and qualifications reflects the fact that people are likely to work in multiple industry job roles and sectors and require transferable skills. They are designed to encourage the retention of trained people within the tourism, travel and hospitality industry.

Regulatory context (200 words)

Brief description of relevant industry standards, licensing or accreditation requirement

Tourism, travel and hospitality industry personnel must comply with general laws that regulate customer, business and employee interaction for all types of businesses, for example consumer protection and work health and safety law.

All businesses must comply with national and state-specific work health and safety (WHS) regulations. These can cover occupational noise management, standards for protective clothing and equipment, standards for occupational safety signage and prevention and response to workplace bullying and workplace violence.

Examples of key legislations which personnel in the sectors must be aware of include:⁹

- Competition and Consumer Act 2010
- Australian Consumer Law (ACL)
- State and territory liquor licensing Acts – provisions for the responsible sale or service of alcohol in licensed venues

⁹ Australian competition and consumer commission (ACCC)

- State and territory gambling/gaming Acts – provisions for the responsible conduct/service of gambling/gaming
- Food Standards Australia New Zealand Act 1991 and the Australia New Zealand Food Standards Code
- Country of Origin food labelling
- Financial Services Reform Act (2001) – provisions for the sale of travel insurance
- Criminal Code Act - provisions for child sex offences outside Australia and child sex tourism
- Queensland Tourism Services Act (2003) – affects inbound tour operators selling tours that operate within Queensland; also guide, when working in Queensland and selling local products
- Franchising code of conduct
- Trade Practices Act

Part C – Industry Priorities

Major priorities for the industry sector (500 words)

Brief description of skills and training needs the IRC has focused on each year of the program and why these were a priority. What are the current top 3 skills priorities for the sector?

Past Skills Priorities

All training products in scope have been reviewed and updated. This includes a total of:

- 28 Qualifications
- 227 Units of competency
- 33 Skill Sets

The review and update projects were conducted to address key industry skills needs and workforce issues raised including the need for training in areas of quality customer service, problem solving, decision making, good recruitment and induction processes and mentoring skills. Updates also ensures that Training Package Products were modernised, in order to be fit for purpose and provide the contemporary skills required by businesses in these sectors. The updates were aligned with current industry needs to address attraction and retention issues, career paths, casual workforces and seasonality, sustainability and emerging experiential tourism and specialist products.

Current and Future Skills Priorities

Priority 3: Grow a secure and resilient workforce

The sector has a world-class workforce with the right skills to address visitor needs and grow the sector's competitiveness, while maintaining a stable supply pipeline that can withstand changing market forces.

[THRIVE 2030 Strategy]

The sectors collectively are experiencing significant workforce supply and skills shortages, with limited access to overseas workers and casual staff during Covid-19 restrictions exacerbating the issues further. The visitor economy is expected to make a full recovery in the coming years and reinstate itself as a prosperous economic driver for Australia's economy, however to do this, key workforce challenges need to be addressed, including skill shortages. Future skills priorities must be aligned to the THRIVE 2030 strategy as it outlines a number of actions to enhance skills and create opportunities for all members of the community to participate in employment, including Aboriginal and Torres Strait Island peoples.

Whilst the training products were all recently updated to address skills gaps and issues raised by industry, recent consultations conducted with industry revealed important skill priorities. SkillsIQ's 2022 Skills Survey, in addition with consultation with stakeholders across the tourism, travel and hospitality sectors revealed that the key skills a worker requires are **job-specific and technical**. For example, for hospitality employers, skills in culinary, cooking and food trade are essential.

When enquiring on non-technical skills requirements across the workforce, the top short-to-medium future skills needs identified for the workforce collectively in the survey reflected **teamwork, communication, customer service, resilience, and problem solving**.

Other soft-skill areas have been voiced by employers via the Australian Government's National Skills Commissions Occupational profiles. For example, employers look for Chefs who have skills in **coordinating others, monitoring, speaking and critical thinking**. Key skills areas for Tourism and Travel Advisers include **active listening, serving others, reading comprehension and critical thinking**.¹⁰

The revised training products were developed to meet these skills needs and ensure the employers are supported today and in the future with a skilled workforce.

National qualifications not substantially updated¹¹ since 2015, and where possible indicative timeframe for when they may need to be reviewed (add additional rows as necessary)

Qualification code	Qualification title	Reason	Timeframe for review
All qualifications in scope have been reviewed since 2015.			
Proposed new qualification	Certificate IV in Travel	To meet skills needs for supervisory staff in the travel sector	2023-24

Critical challenges and opportunities for this industry sector (1,000 words)

Summary of key challenges, lessons learned, and any identified opportunities (at local/state/national/global levels) related to vocational education and training, including but not limited to:

- issues with the implementation or delivery of training
- challenges achieving stakeholder consensus
- intersections or collaboration across industry sectors.

Workforce challenges

Similarly to other sectors, stakeholders across the tourism, travel and hospitality industry have indicated that **COVID-19 and associated restrictions and requirements** have been by far the most significant workforce challenge experienced in the last 12 months, and the disruption continues to impact stakeholders. For example, it has been creating general uncertainty in the operating environment (i.e. absences due to close contact rules), and difficulties in maintaining staff motivation and mental health wellbeing.¹²

¹⁰ Australian Government National Skills Commission. Labour Market Insights. Occupation Profile ANZSCO ID 3513 Chefs, ANZSCO ID 4516 Tourism and Travel Advisers. [Available at: <https://labourmarketinsights.gov.au/occupations/occupation-search/>] [Accessed 10 June 2022]

¹¹ Includes where a qualification was solely updated to transition to the to the 2012 Standards for Training Packages

¹² SkillsIQ's 2022 Skills Survey

Skills shortages and **staff recruitment** are also key challenges faced by the sectors. Attracting and accessing workers to jobs in the industry is a major issue and the latest vacancy data shows that one in three businesses (34%) operating in hospitality (i.e. accommodation and food services) are reporting vacancies compared to the national average vacancy rate of 25.2%.¹³

Government policy and legislation changes have also created challenges for businesses.¹⁴ For example, legislation put in place restricting population movements across state/territory borders, as well as internationally during 2020 and 2021 has had an enormous impact on the industry's access to workers and severe shortages continue to be experienced. The closure of international borders not only impacted international visitations, it also significantly reduced the pool of workers available to the industry, including access to international students. The international education industry was severely affected by the restrictions, having experienced a significant decline in international students coming to Australia. Subsequently the fall in international student numbers has meant the contribution of edu-tourism to the economy has declined, and the availability of overseas workers has been severely constrained. Despite international travel in Australia having resumed in the first half of 2022, the fast and significant drop noted in overseas workers and students during the last two years means businesses are continuing to recover and experience workforce shortages.

Rebuilding the visitor economy workforce is a key priority for government and all participating stakeholders.

Tourism, travel and hospitality, and VET

Organisations operating across the sectors are diverse, and a variety of skills needs and priorities exist across metropolitan, regional and remote locations. This therefore means that reviewing and developing VET Training Package Products that provide the skills and knowledge required of job roles, as well as achieving smooth implementation and the provision of quality training outcomes is especially challenging. Some of the main challenges and opportunities identified include:

- Competing views often existed during training package consultations. Differences in preferred approaches, training content and skills priorities were often voiced by stakeholders and captured in feedback therefore the IRC was fundamental in exploring the issues and the associated evidence to make decisions that reflected the needs of industry from a national perspective.
- There are opportunities to reform the qualification approach to look at certified micro credentials as a foundation for employers with higher level qualifications able to be developed for senior roles given that higher education no longer provides any qualifications to support the sector.
- Implementation issues for new VET training products include administrative burdens on RTOs as they transition to deliver the new products. To ensure systemic issues are addressed and effective implementation is achieved, the following measures are recommended:
 - Strong and ongoing relationships between industry and training providers, and industry involvement in the validation of learning and assessment materials/activities
 - Robust and reliable assessment by RTOs, including in relation to prior recognition practices

¹³ Australian Bureau of Statistics (ABS) Job Vacancies, Australia May 2022 (Released 30 June 2022) [Available at: <https://www.abs.gov.au/statistics/labour/jobs/job-vacancies-australia/latest-release>]

¹⁴ 2019 Wholesale and Retail Industry Reference Committee Industry Skills Forecast. SkillsIQ [Available at: <https://www.skillsiq.com.au/ResourcesResearchandSubmissions/2019IndustrySkillsForecasts>]

- The creation of new and improved training and assessment resources to reflect the new and revised Units of Competency.
- Opportunities for the portability of skills across sectors has always been of focus of consultation efforts, with industry and other stakeholders asked to consider the relevance of proposed Training Package Products to their sector and business models.
- Recent feedback captured from tourism, travel and hospitality stakeholders showed that important priorities and opportunities for the VET sector to pursue in the short-to-medium future should be achieving an increase in government funding and apprenticeships / traineeship models of learning.¹⁵

Moving forward opportunities need to continue to be explored and ensure that there is cross-sectoral consultation and collaboration between industries, the VET sector, and government.

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IRC Chair/s

¹⁵ SkillsIQ's 2022 Skills Survey – to be published