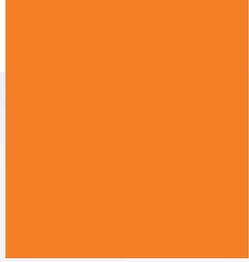


# ENVIRONMENTAL SCAN 2015

*Tourism, Travel and Hospitality*







## Acknowledgements

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**While this Environmental Scan is published by Service Skills Australia (the Industry Skills Council for the service industries), it is endorsed and owned by the service industries. Service Skills Australia would like to acknowledge the significant contribution of its Industry Advisory Committees in the preparation of this document.**

**March 2015**

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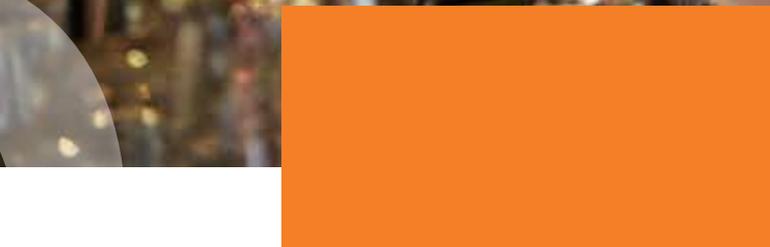


**Australian Government**  
**Department of Education and Training**

IN EVERY SECTOR COVERED IN THIS REPORT, CUSTOMERS ARE EXPECTING MORE —FROM THE MOMENT THEY VISIT A BUSINESS'S WEBSITE OR USE ITS MOBILE APP UNTIL THEIR INTERACTION IS OVER

# KEY MESSAGE

*from the CEO*





## The tourism, travel and hospitality industry is in the middle of interesting times.

Record numbers of visitors are coming from Asia, especially China, but the industry is conscious of keeping its eyes on all growth markets. These visitors bring with them a need for change in the industry. Cultural awareness—even more than language skills—is crucial if we are to deliver the world-class experiences that will unlock our tourism and hospitality industry's potential to be a super growth area for the Australian economy.

The customer experience is everything and it must be complete. Customers judge the individual goods and services they buy in the context of the whole package. In every sector covered in this report, customers are expecting more—from the moment they visit a business's website or use its mobile app until their interaction is over. As a country we are making promises that those experiences will be 'world-class' and there will be penalties for failing to deliver on those promises.

This means more skills are needed. Some sectors lag further behind than others, but in every area we have seen a demand for skills for using technology and digital platforms in particular. This isn't something that can wait. Technology is changing the face of the industry. Travel agents, for instance, are up against stiff competition, because deregulation means suppliers can offer products direct to the public and the internet allows them to easily access the offers. Deregulation and the internet have also brought overseas online travel agents into the market.

At the same time, social media is becoming a deciding factor in consumers' decision making. The ubiquity of social media and the web means businesses need to know how to talk to their customers before they've even met them.

And to be blunt, businesses also need to know how to take their customers' money and provide them with the value they expect in return. There are, however, serious gaps in knowledge and skills in this area. In the holiday parks sector, for instance, 81 per cent of international visitors use the internet to book their holidays, but only a third of Australian operators have online booking and payment facilities.

Tourism, travel and hospitality have the potential to be engines of the Australian economy. In the events sector, for instance, 40 per cent of businesses expect to grow more than a quarter during 2014/15. We have unique experiences to offer and the international and domestic markets are increasingly looking for that. Indigenous experiences, for example, offer enormous potential for growth. However, competition is stiff and other countries are not sitting back, with many providing options that are cheaper for Australian travellers than those available domestically.

To realise the potential of these industries, they have to attract the best entrants to the workforce and give them the skills they need to offer truly world-class services. Finding the best workers means overcoming a perception that jobs in these industries are low skilled with limited career prospects. Businesses in every sector discussed here felt that their performance is being restricted by difficulties finding the right staff.

The second part—offering the right skills—means taking a hard look at the training on offer to make sure it gives graduates skills they'll actually use and to the standards they need. For its part, industry needs to engage with the VET system to make sure it understands the qualifications on offer and does not greet newcomers to the industry with unrealistic expectations of their abilities.

The good news is that industry believes our ageing population provides many opportunities. Older Australians need new products and services, and they will drive growth particularly in areas like wellness tourism. They are also a valuable source of skilled labour, bringing with them the decision making, problem solving and mentoring skills the industry needs. There are moves afoot to recognise skills acquired over a lifetime as having value even if they are not represented by formal qualifications. Their managers, however, will need training in leading workers who are older than they are.

Overall it is a fascinating time to be working in these industries. The potential within them is huge, and the opportunities for meaningful careers for workers of all ages are excellent.

Yasmin King  
CEO, Service Skills Australia



# ABOUT

## *Service Skills Australia*

Service Skills Australia supports skills and workforce development in the service industries. These include retail and wholesale, sport, fitness, community recreation, outdoor recreation, travel, tourism, meetings and events, hospitality, accommodation, restaurants and catering, holiday parks and resorts, hairdressing, beauty, floristry, community pharmacy and funeral services.

We are a not-for-profit, independent organisation, which supports skills development for our industries.

Our primary aim when developing nationally recognised training is to ensure that training is in step with the needs of employers and industry as a whole. To achieve this, we consult and engage with as broad a range of stakeholders as possible. Our key stakeholder groups are: industry, both representative organisations and individual businesses; training professionals, including registered training organisations and trainers/assessors; industry regulators; and a range of state/territory and federal government bodies.



# ABOUT

## *The Environmental Scan*

**OUR PRIMARY AIM  
WHEN DEVELOPING  
NATIONALLY  
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AND INDUSTRY  
AS A WHOLE**

Rapid advances in technology, seismic shifts in global demography and the rise of the conscientious consumer are just some of the factors that have left economists and policymakers recognising the limited relevance of historical trends and data as a reliable indicator of the future.

Attempts to predict industry's future workforce and skill development needs can be particularly fraught as industries continue to evolve, converge or re-locate and as new job roles emerge while others become obsolete.

Leading developed nations are establishing 'early warning systems' to quickly detect the onset of trends and building agile vocational training systems capable of responding to issues once identified. Environmental Scans have been conceived on this basis.

Specifically, the Environmental Scan identifies the macro and micro factors currently impacting on the skills needs of the workforce and its composition, it considers how well the national training system, its products and services and industry itself are responding.

Grassroots evidence and real-time intelligence from across Australia are what sets the Environmental Scan apart from other reports in the national training system. It captures intelligence gathered from on-going visits and conversations with industry, key stakeholders, regulators and, critically, the people doing the jobs across the sectors, who experience first-hand the impact of change. It also draws on a range of topical sources such as the latest industry, enterprise and government research and international developments.

As a document in limited size, the Environmental Scan does not seek to capture every issue within every sector. It is a snapshot of a continually evolving story that is intended to alert and inform a wide audience and enhance their capability to act.

This Environmental Scan's formal audience is the Department of Education and Training, although its relevance extends far beyond and continues to be used extensively by state and territory governments, industry bodies, enterprises and many other stakeholders involved in skills and workforce development.



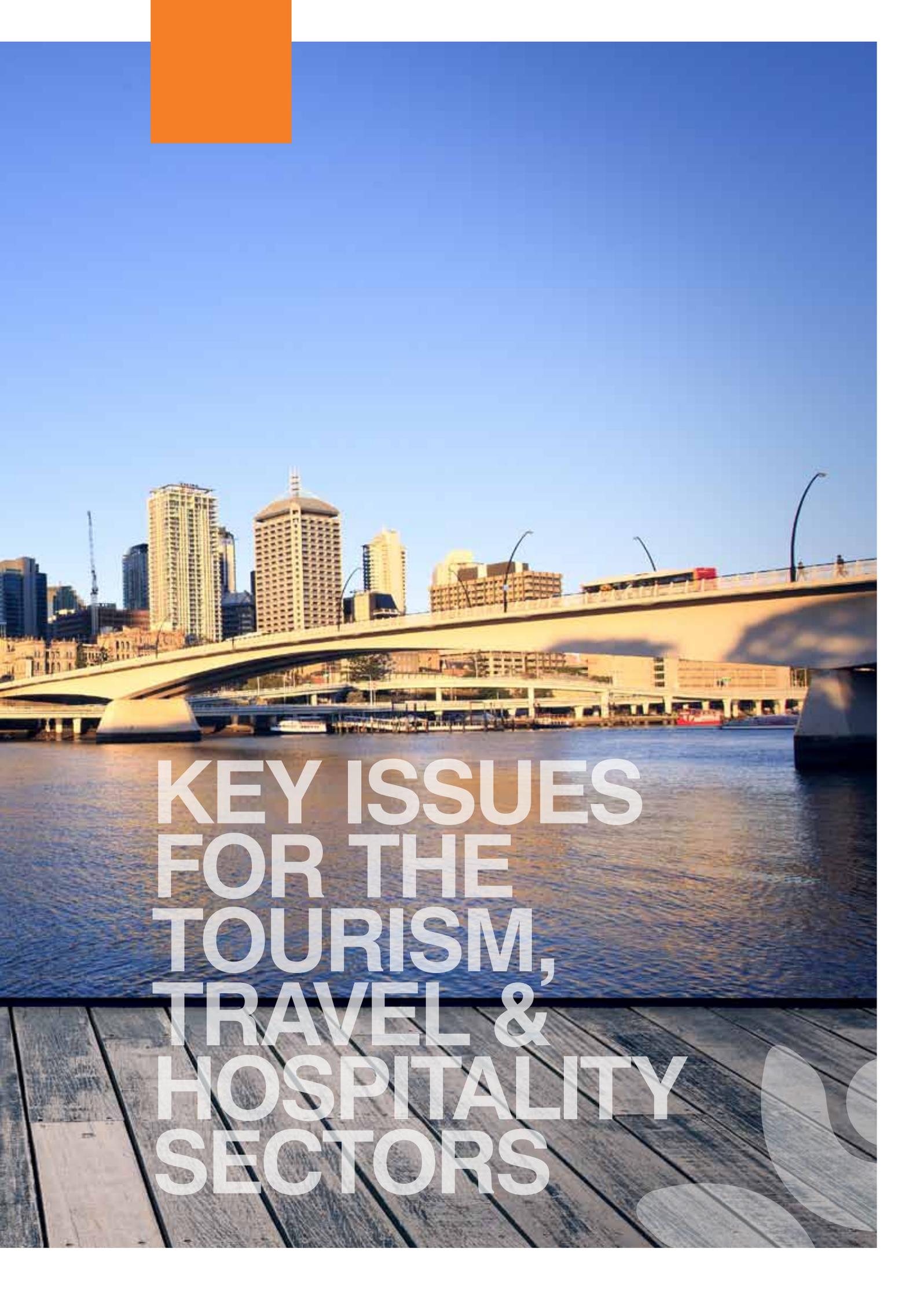
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# KEY ISSUES FOR THE TOURISM, TRAVEL & HOSPITALITY SECTORS

## The industry workforce

Research suggests the majority of businesses in the industry feel that workforce issues—particularly in terms of recruitment and skills development—are affecting the performance of their business and will continue to do so.

### Attraction, retention and career paths

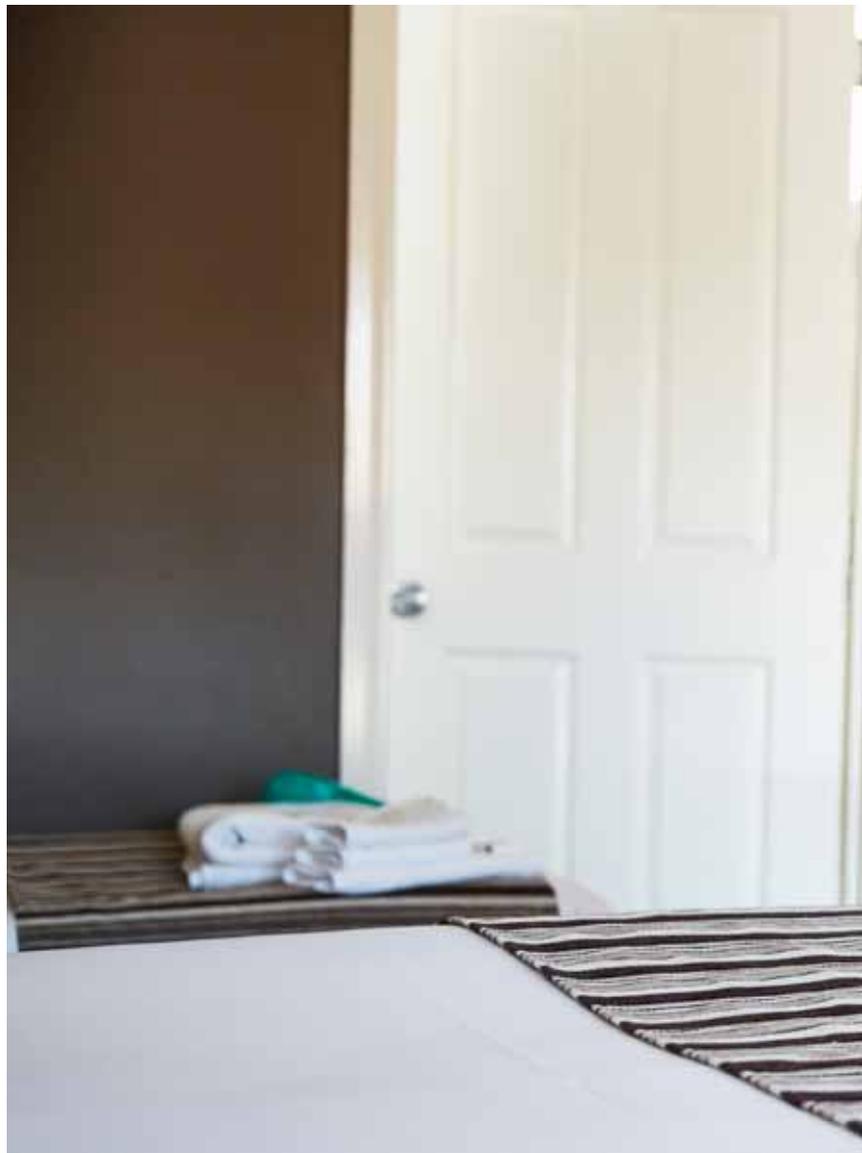
The industry has problems attracting and keeping the right staff and attracting the wrong staff is expensive. People looking for 'fill in' jobs or short-term work are costly to hire, train, manage and administer because they don't stay long. They also deliver lower quality service in an industry where service is paramount.

Attracting the right staff is a challenge because there is a perception that jobs in the industry don't offer long-term career prospects. The solution is to devise career paths within the industry and promote them to students (and their parents and careers advisors, who also don't see a career in the industry as one to endorse). Some stakeholders suggest offering more work experience placements as one way to introduce people to the possibilities of the industry.

People don't expect a vertical career path like they once did: a career where they rose through the ranks in a single industry. They anticipate moving horizontally—using the skills they develop in one industry to move to another, either for variety or advancement.

This means it is important that skills are transferrable. For employers this means staff will be easier to find because the pool is wider. For employees there are more opportunities to further their careers. There will always be a demand, however, for specialised skills needed for particular job roles.

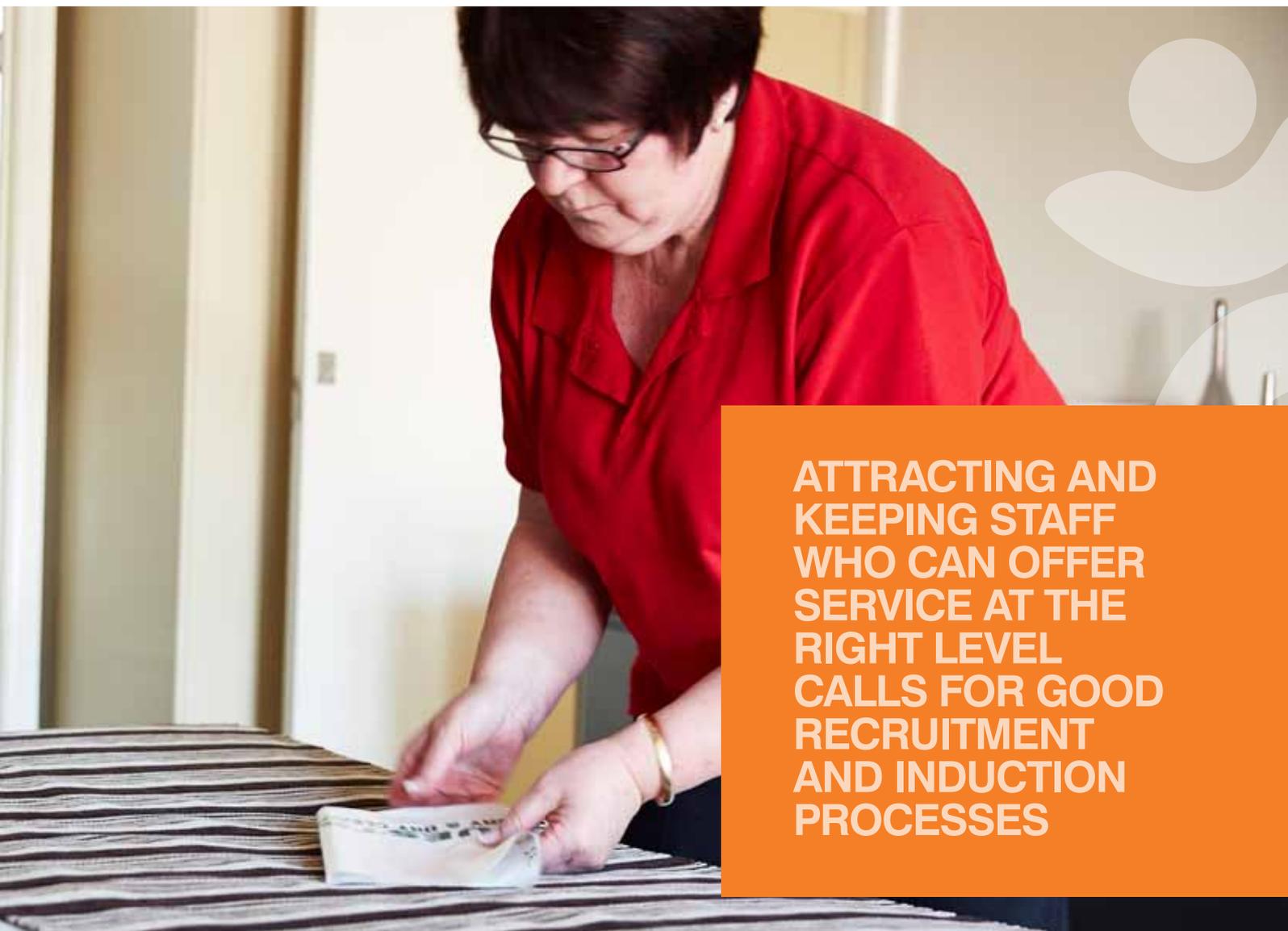
Stakeholders note that good candidates for the industry have the right attitude, as well as skills in problem solving and decision making. These are skills young people might not already have, and a deficiency in attitude is often made worse if young employees don't feel their contribution is valued. It makes them unenthusiastic about their jobs and more likely to leave the industry.



Attracting and keeping staff who can offer service at the right level calls for good recruitment and induction processes. According to industry, newcomers often don't know what will be expected of them in their jobs and therefore mentoring is crucial for new employees to develop their skills, especially for those looking to become supervisors and managers.

*The Tourism, Travel and Hospitality Workforce Development Strategy 2014-2019* suggests groups targeted to return to work—including parents and people with disabilities—might already have the skills and life experience to contribute positively to the industry. Parents in particular are returning to work in greater numbers owing to increased costs of living. They bring with them a range of skills, but also a requirement that employers offer more flexible working arrangements than they might have previously.

In regional and remote areas problems with attracting and retaining staff are worse. The industry is often unable to find suitable candidates without using solutions like 457 visas to employ overseas workers.



## ATTRACTING AND KEEPING STAFF WHO CAN OFFER SERVICE AT THE RIGHT LEVEL CALLS FOR GOOD RECRUITMENT AND INDUCTION PROCESSES

### The casual workforce

The industry has always had a high proportion of casual workers. For instance, analysis of the 2,612 tourism and hospitality businesses that took part in the *Workforce Futures* program found that half of the staff in clubs, casinos and food and beverage businesses were casual.

This can work against the industry in terms of attracting good staff: career paths are harder to see and career development is harder to come by because businesses are reluctant to spend on training for casual workers. But the casual nature of work in the industry can also be advantageous for retaining staff because of its flexibility.

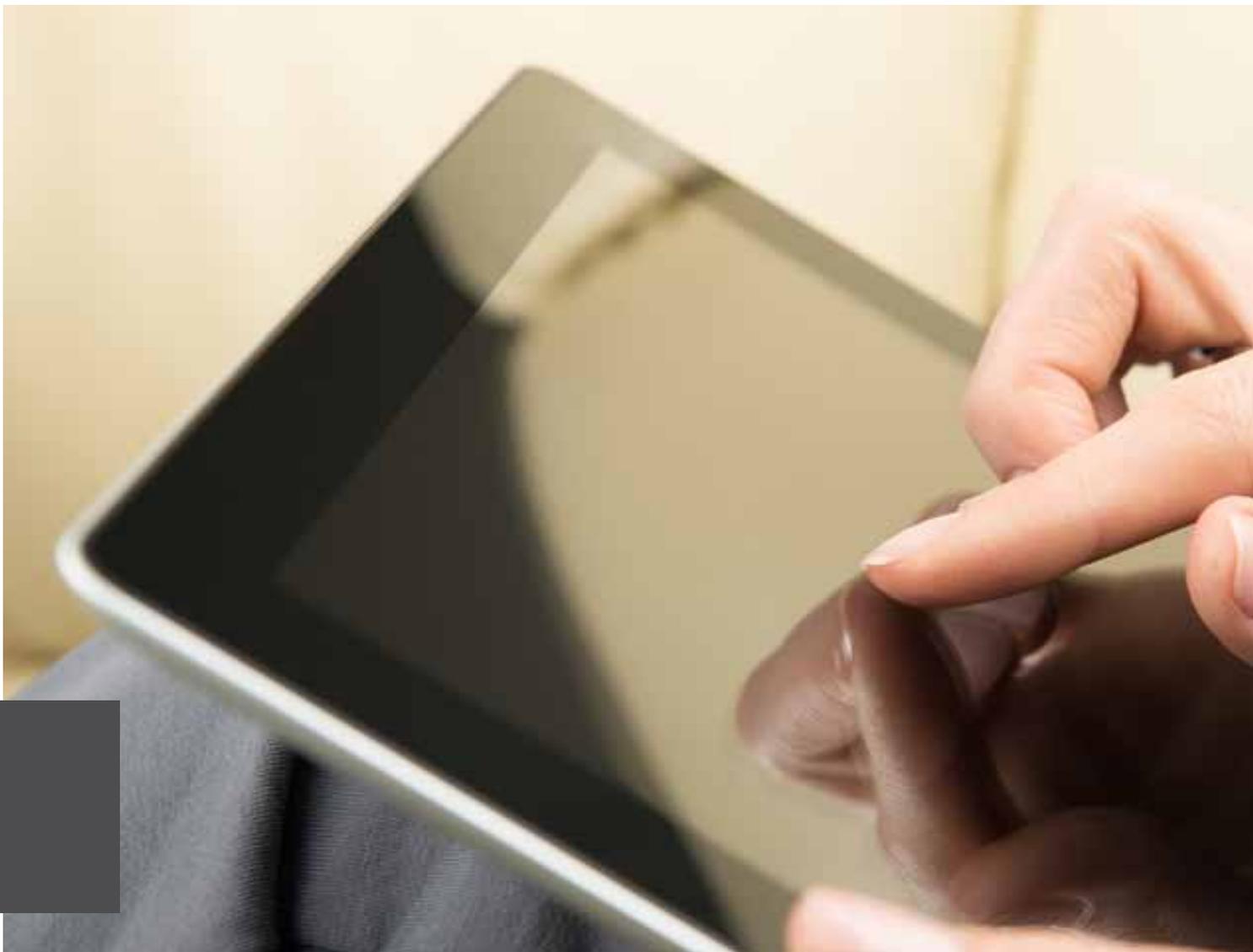
### Seasonality

The impact of seasonality on the workforce is a major concern for tourism, travel and hospitality businesses. *The Workforce Futures* program found that nearly all participating businesses in the industry traded year-round, but 71 per cent of them reported being significantly affected by seasonal trends.

Businesses in some sectors are seeking to mitigate the impact with labour mobility programs. Some enterprises in the caravan and parks sector, for instance, have begun rotating willing staff members between states and territories during peak and off-peak seasons. However, only 25 per cent of businesses that participated in *The Workforce Futures* program had a seasonal worker strategy to assist staff to find work elsewhere and return the next season.

### Key skills

Key skills gaps are: mentoring skills; recruitment and induction skills; and problem solving and decision making skills, particularly for young people.



## The world online

Technology is having an enormous impact on how the industry is marketed and run. More and more customers are using digital technologies to research and book restaurants, flights, hotels, event tickets, tours, camping sites, etc. And they expect the service online to be of the same high quality as it would be in person.

Industry believes that smaller operators in particular need more skills in using online sales channels for bookings and payments.

It is also clear that the ability of consumers to educate themselves before contacting a business to make a booking means staff across the whole industry need enough product knowledge to answer detailed enquires.

Social media is nearly ubiquitous among customers and it's no longer just a marketing consideration. Businesses now need the skills to be able to factor social media into areas like customer relations and human resources. Social media usage also has

legal implications and is relevant to how businesses calculate risk and handle crises.

The propensity of social media users to give feedback about their experiences is well known. A large number of stakeholders point to the need for businesses to be able to manage feedback on online consumer review platforms such as Trip Advisor and Eatability. Businesses with the skills to use websites, e-newsletters, blogs and social media well can turn customers into passionate advocates, encourage repeat business, and calm potential crises. Businesses without those skills are not only missing an opportunity, but risk making situations worse, or potentially sparking crises in the first place.

Technology brings with it more data, which makes it easier to calculate return on investment. More access to 'big data' also means businesses can market themselves even more effectively by segmenting customers by brand, services or product for example.

To limit costs, businesses are looking to hire staff with these technological skills rather than outsource to consultants.



## SOCIAL MEDIA IS NEARLY UBIQUITOUS AMONG CUSTOMERS AND IT'S NO LONGER JUST A MARKETING CONSIDERATION

To benefit from the interest in Australia from abroad (and to grow it), the industry highlights the importance of equipping business owners with the skills and knowledge to engage with international markets, through marketing, communication and the use of social media.

Stakeholders also note that visitors from Asia in particular look for unique experiences, something the Australian tourism and hospitality industry is well positioned to deliver, but it needs appropriate infrastructure and staff with sufficient skills.

Customer service and cultural awareness training is critical to ensure international visitors receive world-class service. In particular there is a clear need for 'Asia readiness'. Industry suggests businesses consider equipping employees with some basic language skills and as Australia is fortunate to be a multicultural society, the local industry can draw on the skills of first and second generation migrants to fill customer service roles and to train others.

The travel agent sector is benefiting from the many low cost options to holiday overseas, particularly in Asia and the Pacific, but these options come at the expense of domestic destinations. Australian businesses in tourism and hospitality must improve their products and lift their game in terms of customer service to compete in a global market.

### Key skills

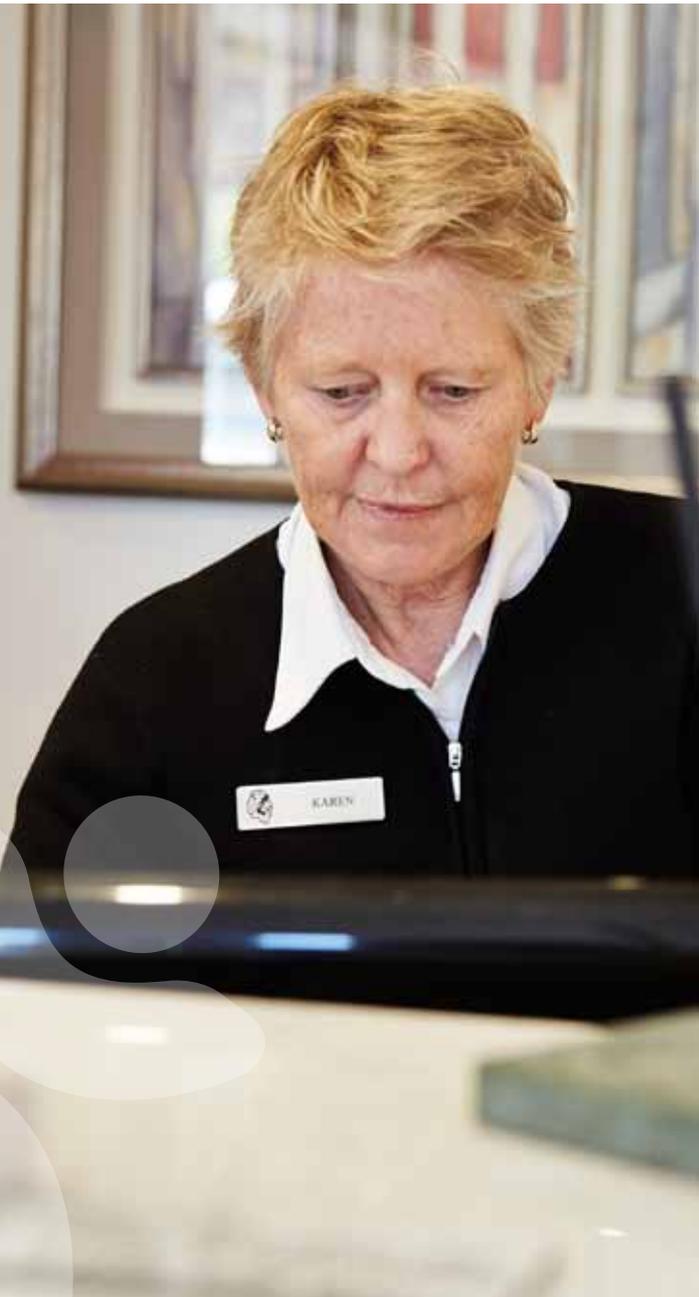
Key skills required include: technological knowledge, decision making and problem solving skills; customer service skills; expert product knowledge, complaint handling skills; planning and reporting skills; and writing and content curation skills.

### Global competition

In the year ending June 2014 there were 6,147,000 visitors to Australia, an increase of eight per cent.<sup>1</sup> Much was made of the 708,000 visitors from China (11 per cent more than the year before), but industry stakeholders are aware of the need to monitor other growth markets like India (173,000, up 15 per cent), Indonesia, Malaysia, Singapore (319,000, up 15 per cent); Hong Kong (181,000, up 17 per cent) and two fast emerging markets, Brazil and Vietnam. In the eight months to August 2014 there were 27,200 visitors from Brazil, an increase of 26.5 per cent on the year before.<sup>2</sup>

### Key skills

Key skills required are cultural awareness, customer service, marketing, communication and social media skills.



**IT WAS REPORTED  
IN SEVERAL  
SERVICE INDUSTRY  
SECTORS THAT  
MATURE AGE STAFF  
ARE BRINGING  
EXPERIENCE,  
KNOWLEDGE  
AND RELIABILITY  
WITH THEM**

## Growth in the experiential market

Consumers want experiences and it has been reported that they will spend more money on tourism, education and entertainment related activities as they become wealthier.<sup>3</sup> Just over three quarters of global travellers are influenced by the allure of visiting somewhere new, according to the *TripAdvisor TripBarometer 2014*, and experiencing local culture is a big priority.

This appetite for new experiences also provides opportunities for areas outside the traditional international arrival ports of Sydney, Melbourne and Brisbane. The quality, diversity and novelty of experiences are key to customer satisfaction. This offers serious opportunities for Indigenous Australians and wellness tourism operators.

Tourism and hospitality are intrinsically linked, so growing the tourism sector means focusing on delivering hospitality to the highest standard. And the experience needs to match the promise. A number of industry stakeholders sound a note of caution about international marketing campaigns that brand Australian experiences as 'world-class'. The definition is imprecise and quality might not be consistently delivered across all states, territories and regions.

### Key skills

Key skills required include customer service, customer engagement, product knowledge, technology and digital literacy skills.

## Sustainability

Consumers want 'sustainable' tourism, which encompasses more than environmental considerations: it includes social and economic sustainability. The World Tourism Organisation defines sustainable tourism as 'tourism which meets the needs of the present tourist and host regions, while protecting and enhancing opportunities for the future'.

On the environmental front, consumers are increasingly asking for experiences reflecting their eco interests. They want organic food and they want to know where that food came from—and they're interested in paddock to plate tours to find out. Providing these experiences requires businesses to have the skills to operate in a sustainable manner—both in the way they deliver the service and also in managing their supply chain to the required standards.

Economic sustainability requires employers to create profitable, growing businesses offering opportunities for employment to people of all skill levels. This is a challenge in an industry dominated by small businesses, many of which only employ their owners.<sup>4</sup> Effort is required to make sure operators have the skills and knowledge to grow businesses. Businesses also need to be robust enough to endure crises like natural disasters, which includes the ability to retain the staff who will be needed after the recovery. Bushfires, floods and other disasters can have a massive impact on a region, including damaging tourist infrastructure and threatening business viability while an area recovers.

Where tourism and hospitality are major sources of employment in an area, natural disasters can threaten both social and economic sustainability. In some areas tourism is responsible for providing lifestyle-enhancing services as well as employment. In some areas the industry has grown in importance as it has absorbed people let go as other industries decline. The greater the role tourism plays in a region's economy and the less diversity of industry, the greater the threat to social sustainability when tourism is negatively affected by events.

### Key skills

Key skills required include: management and leadership skills, strategic planning, financial literacy, mentoring and coaching skills, cultural knowledge and lands and parks management.

## Ageing population and workforce

### Employment

The number of mature age workers employed varies across the industry, but it was reported in several service industry sectors that mature age staff are bringing experience, knowledge and reliability with them. They often have well developed skills in communication, problem-solving and self-management: the foundations of many roles in the tourism, travel and hospitality industry.

In addition, the 2014 Federal Budget included incentives for hiring mature age people. Some stakeholders also say that the removal of age restrictions on the Working Holiday Maker visa will bring more mature aged workers into the labour pool.

There are benefits (beyond the financial) to the workers, too. Tapered retirement models may lead to better physical and mental health.<sup>5</sup> These models involve a gradual winding back of an employee's duties and a transition into roles such as mentorship and knowledge sharing.

Barriers do exist to the entry of mature aged workers to the industry. Some jobs are physically demanding; others involve businesses that operate 24 hours a day; and roles reliant on technology can be challenging. In the case of the latter, industry feedback is that training is needed for older workers, particularly in the use of communications through online platforms and social media. Some stakeholders also note that adaptability and the ability to assimilate into a generally younger workforce could also present barriers.

### Services

Older people are looking to enjoy their retirement, which includes buying travel and tourism products. Providers need to understand this market and have products for it.

Areas that could benefit particularly from the ageing population are:

- **Wellness tourism**—already well patronised by customers looking to enjoy their retirement and look after themselves.
- **Luxury tourism and travel sectors**—serving people looking to reward themselves for a lifetime of work.
- **International cruises**—an area that requires travel agents to have good product knowledge to ensure customer satisfaction.

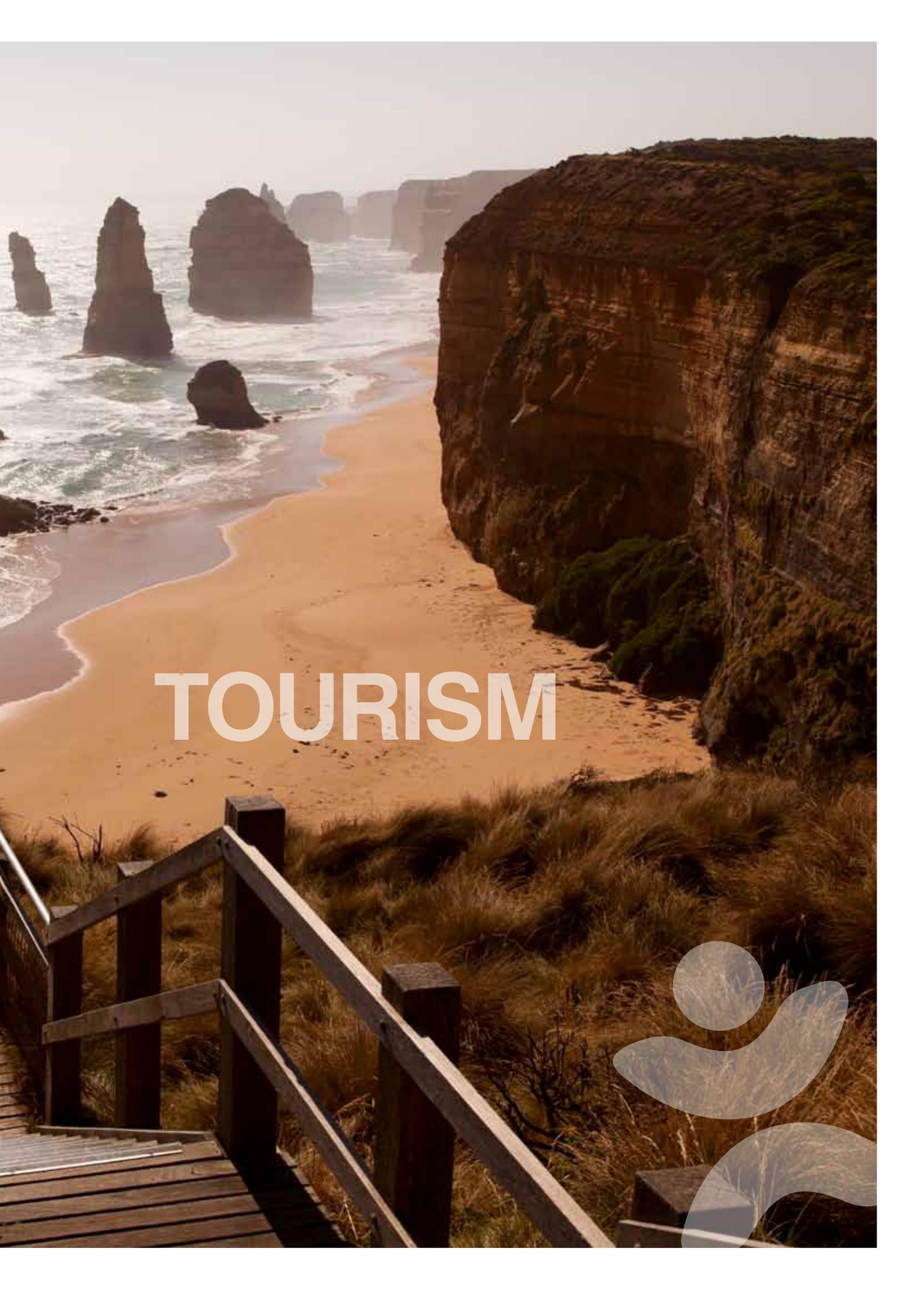
The connection between hospitality and aged care services is apparent. People entering aged care today expect a higher level of comfort and service, particularly in terms of catering and is a potential growth area for the industry. This must be reflected in the skills of the staff.

### Key skills

Key skills required for mature age workers include digital and technology skills.

Key skills required to cater to the ageing population looking to engage with tourism, travel and hospitality businesses include product knowledge and customer service skills.





# TOURISM



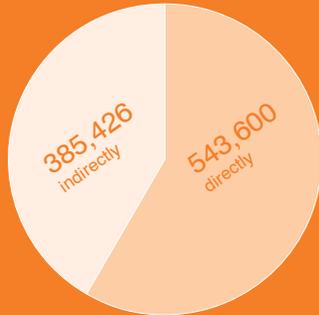


**TOURISM IS  
PREDICTED TO  
BE AUSTRALIA'S  
SECOND FASTEST  
GROWING INDUSTRY  
OVER THE NEXT  
20 YEARS**

## Industry overview

929,026

people employed directly or indirectly in the tourism industry (8 per cent of total employment)<sup>6</sup>



### Visitor expenditure, June 2014:



- **Domestic visitor expenditure: 295 million** (3 per cent increase on 2012/13).<sup>7</sup>



- **International visitor expenditure: 216 million** (1 per cent increase on 2012/13).<sup>8</sup>

## Hotels, motels and serviced apartments

- Hotel and Motel Managers: projected five year employment growth to November 2018 is -6.1 per cent.<sup>9</sup>
- The national room occupancy rate grew 1.5 percentage points to 66.9 per cent in 2013–14.
  - + Sydney
    - up 6.1 per cent; occupancy 82.0 per cent
  - + Melbourne
    - up 7.0 per cent; occupancy 78.9 per cent
  - + Adelaide
    - up 5.3 per cent; occupancy 75.4 per cent
- Sydney's record occupancy is being driven by limited supply growth (room nights available up 2.9 per cent), and no near-term relief is expected until well after 2016 when additional supply becomes progressively available.
- High occupancies have resulted in strong revenue growth nationally (up 6.5 per cent to \$9.6 billion).<sup>10</sup>

For every dollar tourism earns directly in the Australian economy, another 87 cents is added to other parts of the economy. At 1.87 tourism's multiplier is larger than other industries such as retail trade (1.77), mining (1.7) and education and training (1.41).<sup>11</sup>

Tourism is big business worldwide; it is a key services export for many economies around the world and contributes to job creation and regional economic development. The latest available data shows that in OECD member countries, tourism directly contributes, on average, around 4.7 per cent of GDP and 6 per cent of employment and 21 per cent of exports of services. If we consider the total impact of tourism, including direct, indirect and induced impacts, tourism represents around 9 per cent of GDP and employment.<sup>12</sup>

Thirteen per cent of Australian businesses (267,000) are in tourism.<sup>13</sup> Approximately 95 per cent of them are micro or small businesses that don't employ any staff other than the owners. However, 69 per cent of *TTF-Mastercard Tourism Industry Sentiment Survey* (March 2014) respondents felt positive about their capacity to employ people, the most positive result in three years.

However, 81 per cent of TTF survey respondents were concerned about the availability of skilled labour. Concern about unskilled labour has remained largely constant at 53 per cent.

The industry is working with government to achieve the goals of the *Tourism 2020 Strategy*, which includes a focus on improving quality, productivity and employment in the industry.

The industry is seeing more high-end travellers who are looking for unique experiences. This has led to businesses developing luxury, bespoke services that have a connection to their region. This includes ecotourism, food and wine experiences and adventure tourism. Almost 60 per cent of TTF Survey respondents said they saw luxury travel performance as good or very good—the highest reading in over four years.

## Summary

- Tourism is predicted to be Australia's second fastest growing industry over the next 20 years.
- Tourism has a larger economic multiplier than retail, mining or education and training.
- Tourism is a growth export for Australia but there is robust competition with overseas destinations for domestic travellers.
- 13 per cent of Australian businesses are in tourism; most are micro or small businesses and don't employ anyone other than the owners
- 81 per cent of businesses are concerned about the availability of skilled labour.
- There is a growing number of high end tourists looking for unique experiences.
- To live up to the promotion of Australia as a world-class destination for food tourists, the industry will require exceptional skills in food preparation and customer service.
- Ecotourism and wellness tourism are growth areas.
- Indigenous experiences are in increasing demand but are harder to deliver.
- Hotel occupancy rates in capital cities are increasing or at least holding steady; room rates are on the increase in some markets but decreasing in others.
- Five of the eight planned three-year Tourism Employment Plans for 'hot-spot' regions have been released.
- Digital skills are urgently required to cope with the use of technology in the sector especially in social media.
- International recruitment is necessary for the industry to live up to its potential.

## Industry intelligence

### Links to other industries

Many stakeholders are keen to emphasise tourism's contribution to other parts of the economy, suggesting that the tourism industry is broader than might be immediately appreciated. For example, a retailer who relies on the business of visitors is part of the industry, perhaps without even realising it.

Retail has a particularly strong link with tourism and it is growing. The arrival of major international retailers can attract people to visit, as it has done with the openings of H&M in Melbourne and Top Shop and Zara in Sydney. Australia is beginning to promote itself as an international shopping destination.

Links also exist between the tourism industry and the outdoor recreation sector, particularly between guiding and adventure tourism. Therefore tourism qualifications need to meet these diverse skill needs.

### Marketing the industry

Tourism Australia's *Restaurant Australia* campaign aims to increase visitor numbers by promoting Australia as a food destination—including flying in 80 international food writers for press tours. Industry notes that *Restaurant Australia* will attract people who spend more on food who will have very high expectations, meaning the industry will need a depth of labour to cater and provide a quality experience. International competitors like France, Italy, the United States and countries in Asia show a high level of service and passion for food and wine, which is reflected in the skills of their employees.

For the campaign to be a success and achieve a positive legacy, industry noted that the workforce will need not only sufficient technical skills, but will also need consistently to display high levels of customer service skill, product knowledge, and the skills to address the needs of different cultures, both at a business and a regional level.

### Sustainable tourism

Ecotourism is expected to continue to grow.<sup>14</sup> This provides opportunities to the industry, but is exposing skills shortages among operators.

Eco-tourists primarily want to visit natural attractions and related cultural assets. To meet their expectations operators need to be skilled in lands and parks management—and their operations and infrastructure need to be environmentally friendly. Their guides also need to be knowledgeable about local culture.

Moving to sustainable operation can bring additional economic benefits to the business in terms of reducing waste and lowering costs.

## Indigenous tourism

Indigenous experiences are an opportunity for huge growth as they are seen to be authentic and unique to the area in which they occur.<sup>15</sup> The connection with meaningful Aboriginal cultural experiences is a unique selling point for Australia and skills development is required to help meet the increased demand for these experiences. The Western Australia Indigenous Tour Operators Council (WAITOC), for instance, made it possible for 119 Aboriginal tourism businesses to participate in *Workforce Futures* program managed by Service Skills Australia.

Traditional stories and bush tucker tend to belong to specific groups and areas. Therefore, general skills in explaining and showcasing these sorts of experiences are required, so that they can then be applied to the specific experiences in an area.

Technology and social media have a key role to play in curating data and enhancing storytelling.

### Case Study: Indigenous Tourism

The Western Australian Indigenous Tourism Operators Council (WAITOC) implemented two projects to help address the expanding tourism appetite for Aboriginal cultural experiences.

In conjunction with Service Skills Australia's Workforce Development Initiative for the Kimberley and Perth, and the Aboriginal Tourism Product Development Initiative for Perth and the South West regions, WAITOC's aim is to close the gap that existed between supply and demand in the state, while also providing positive socio-economic outcomes.

Service Skills Australia's Workforce Development Initiative provided assistance to mentor and help businesses develop further. Aboriginal business role models were chosen as skills advisors to run the program across 10 businesses in the Kimberley and Perth. The advisors helped business owners with an online diagnostic tool that provided an assessment of that business and where there were gaps. They provided mentoring and advice and helped businesses produce workforce development plans.





## Wellness tourism

Wellness tourism is another area predicted to grow as consumers look for experiences that benefit their wellbeing. Wellness tourists spend 130 per cent more than the average tourist and cross over into niches like culinary tourism, adventure tourism, agri-tourism, sports tourism and cultural tourism. Wellness tourism is predicted to grow by 9.1 per cent annually through 2017, almost 50 per cent faster than tourism overall.<sup>16</sup>

## Sector performance across Australia

More overseas visitors and a steady national supply pipeline are setting records for hotel occupancy rates nationally and across many individual markets. Room rates are increasing in Sydney and Melbourne, where occupancy rates are expected to approach 90 per cent

by 2016.<sup>17</sup> Darwin recorded Australia's fastest room rate growth, which industry says is a direct result of the increased activity around the Darwin Liquefied Natural Gas plant. In Brisbane and Perth occupancy rates are strong, but room rates have declined as the mining sector has cut back operations.

Melbourne is capitalising on the growth in international visitors with new hotels such as the 5-star Sheraton on Little Collins Street which opened in early 2014. Sydney is also adding hotels and rooms. High profile projects include the Crown development at Barangaroo; the expansion of the Four Points by Sheraton at Darling Harbour; and the new Convention Centre, also at Darling Harbour, which will incorporate a 5-star hotel with 600 rooms. Projects occurring over the next three years in Western Australia include the 6-star Crown Towers and RitzCarlton development at Elizabeth Quay.



## Regional Australia

The Australian Government recently put in place a program to create *Tourism Employment Plans (TEPs)* in eight 'hot-spot' regions across Australia. TEPs are three-year regional labour and skills plans for the tourism industry in that region. They focus on workforce planning and development to improve education, training and employment. Five of the eight plans have been released and work is underway to implement the recommendations.

Each TEP is designed to suit the conditions of a particular region, but there are commonalities across all of them. One of these is allowance for strategic planning and collaboration on a regional level, given that the visitor economy of a region is more than the sum of the businesses specifically involved in tourism.

A regional response is often needed to meet skills challenges. In areas that are experiencing an upsurge in the number of international visitors, for example through the growth in the cruise ship sector, local businesses are faced with the challenge of training staff in areas such as guiding, hospitality, cultural awareness and customer service because their clientele has suddenly become international. The social impact of tourism is also particularly apparent in regional areas. Tourism provides meaningful employment for young people in these areas—although industry reports that young people are not always willing to take the jobs on offer.

These new or bigger hotels will need more staff and the call for skilled workers in particular will increase.

Stakeholders in tourism and hospitality in Darwin report the gas extraction activity has had negative impacts as well. The gas industry pays higher wages, which has affected staff attraction and retention. Working holiday visa visitors can fill some of the gaps—in bars, restaurant and shops, for instance—but they aren't suitable for jobs that require high levels of experience (such as tour guides) to deliver the quality of service expected by customers.

Industry stakeholders report the recent Federal Budget has had an impact on consumer confidence, particularly in the ACT, where cuts to public sector jobs have had an impact. However, Canberra has an opportunity to secure international flights, which will increase visitation and spend.

**MORE OVERSEAS VISITORS AND A STEADY NATIONAL SUPPLY PIPELINE ARE SETTING RECORDS FOR HOTEL OCCUPANCY RATES**

## Identified workforce development needs

### Technology and social media

Tourism businesses need to be able to integrate social media, apps, websites and other new technologies into the customer experience to add value and meet customer expectations.

The OECD's *Tourism Trends and Policies 2014* report says, 'Digital and social media require a major shift in approaches to marketing, promotion and service delivery... and learning how to communicate with digitally aware tourists.' The report notes that this requires new skills in the tourism industry.<sup>18</sup>

Although industry stakeholders in Australia agree that the ability to communicate online is crucial, 30 per cent of businesses that participated in the *Workforce Futures* program did not even have an online presence.

The challenge does not end with providing one-off training, as the scale and pace of developments can make it difficult to keep digital skills current.

### Volunteers

Volunteers in visitor information centres are often the face of tourism in local areas, playing a significant role in shaping the visitor experience. As such, it's important they're well trained, but a lack of funding makes training and the retention of experienced volunteers difficult.

### Overseas labour

Tourism is one of the five super-growth sectors and will be Australia's second fastest growing industry over the next 20 years. But Australia has labour shortages, especially in regional areas. A number of industry

representatives would like to see visa restrictions eased so employers can recruit globally and the Australian tourism industry can realise its potential for growth.

The industry relies on three main sources of labour through the migration framework:

- Skilled migrants (457 visas)
- Overseas students
- Working Holiday visa holders

It's believed that the appropriate use of skilled labour through the 457 visa scheme would increase productivity and unlock the 'super-growth' potential of the industry.

### Skills shortages

There are particular shortages of staff with skills in:

- Presentation, public speaking and communication
- Customer service
- Indigenous interpretation and storytelling
- Mentoring and coaching
- Recruitment and induction—particularly for small and regional businesses
- Technology
- Digital communication
- Cultural awareness.

### Labour shortages

There is a shortage of tour guides. This is especially acute in the Northern Territory where 51,000 cruise ship passengers arrive annually and licences don't allow drivers to act as guides. It is not uncommon to have to fly guides into Darwin to handle the demand for day trips.

**TO LIVE UP TO THE PROMOTION OF AUSTRALIA AS A WORLD-CLASS DESTINATION FOR FOOD TOURISTS, THE INDUSTRY WILL REQUIRE EXCEPTIONAL SKILLS IN FOOD PREPARATION AND CUSTOMER SERVICE**

## Current impact of training packages

Table 1: Tourism qualification commencements, 2009–2013<sup>19</sup>

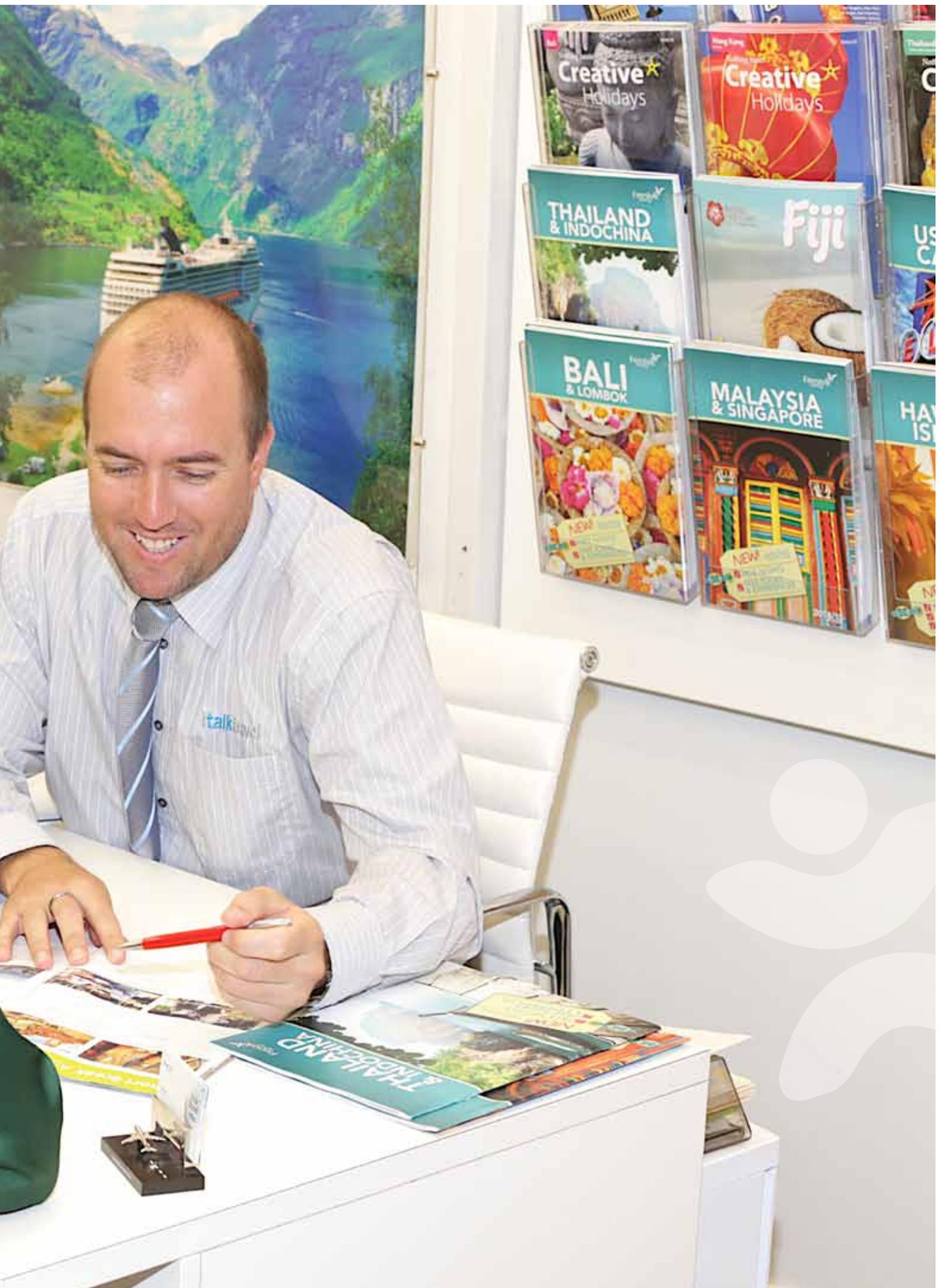
Year	2009	2010	2011	2012	2013	% change 2012/13	% 5 year change
CERTIFICATE I IN TOURISM (AUSTRALIAN INDIGENOUS CULTURE)	135	204	216	210	194	-8	44
CERTIFICATE II IN TOURISM	1,709	2,291	2,127	2,467	3,051	24	79
CERTIFICATE III IN TOURISM	1,490	1,491	1,759	2,766	4,173	51	180
CERTIFICATE III IN GUIDING	609	552	797	611	341	-44	-44
CERTIFICATE III IN TRAVEL	2,708	3,800	3,684	3,562	3,539	-1	31
CERTIFICATE IV IN TRAVEL AND TOURISM	898	946	1,089	1,168	1,777	52	98
CERTIFICATE IV IN GUIDING	215	308	258	440	224	-49	4
DIPLOMA OF TRAVEL AND TOURISM	1,489	1,636	1,899	2,700	2,340	-13	57
ADVANCED DIPLOMA OF TRAVEL AND TOURISM	656	373	406	528	519	-2	-21

Table 2: Tourism qualification completions, 2008–2012

Year	2008	2009	2010	2011	2012	% change 2011/12	% 5 year change
CERTIFICATE I IN TOURISM (AUSTRALIAN INDIGENOUS CULTURE)	16	120	133	112	105	-7	556
CERTIFICATE II IN TOURISM	870	747	844	774	972	20	12
CERTIFICATE III IN TOURISM	487	712	863	995	1,176	15	141
CERTIFICATE III IN GUIDING	124	203	160	141	149	5	20
CERTIFICATE IV IN GUIDING	74	87	121	170	169	-1	128
CERTIFICATE IV IN TRAVEL AND TOURISM	293	304	401	516	675	24	130
CERTIFICATE IV IN GUIDING	74	87	121	170	169	-1	128
DIPLOMA OF TRAVEL AND TOURISM	409	545	680	832	883	6	116
ADVANCED DIPLOMA OF TRAVEL AND TOURISM	153	160	286	311	229	-36	50



TRAVEL



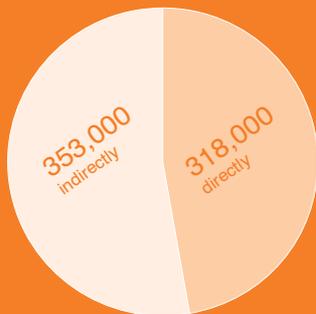
## Industry overview



Australians continue to holiday overseas which has had an impact on the growth of the domestic holiday sector. Overseas Arrivals and Departures (OAD) data show that the number of Australians holidaying overseas during the year (to June 2014) increased 8 per cent to 5.4 million; an increase of 145 per cent on the 2004–05 number of 2.2 million.<sup>20</sup>



Travel agency and tour operator services employment<sup>21</sup>



The number of Australians travelling overseas remains high in 2014–15 (up 4.3 per cent) due to a slightly higher-than-expected Australian dollar and cheaper airfares as a result of strong growth in international air capacity to Australia. However, this growth rate is expected to contract leading into 2022–23, with the 10-year growth expected to be 3.8 per cent per annum.<sup>22</sup>



**5.3%** projected five year employment growth to November 2018 for Tourism and Travel Advisers.<sup>23</sup>



According to the International Air Transport Association (IATA) this year the air transport industry will connect 3.3 billion passengers and 52 tons of cargo, over 50,000 routes with 100,000 flights a day.



The aviation industry supports over 58 million jobs and \$2.4 trillion in annual economic activity.

From the *Cruise Industry Report 2013*



Australian cruise passenger numbers hit a record 833,348 in 2013, making the nation the world's leading cruise market in terms of growth and market penetration.



The average annual growth rate over the past decade has been a very impressive 20 per cent.



Almost half those taking cruises in 2013 were aged under 50 years, while 27.5 per cent were under 40. A further 20 per cent were between 50 and 60 years.<sup>24</sup>

## Summary

- Travel agents face modest growth and declining yields; many are consolidating for more exposure and buying power.
- Deregulation has made the industry more fluid and allowed more competition from online travel agents overseas.
- Travel agents no longer need to be licensed but the industry feels training is crucial to quality and quality is crucial to survival.
- Travel agents are evolving into an advisory role more than a booking role.
- Digital and online skills are increasingly important.
- There is a growing shift towards home-based travel consultants with the head office providing administrative and marketing support.



## Industry intelligence

### The shape of the industry

Travel agents participating in the *Workforce Futures* program reported modest growth in sales, but declining yields as commissions from suppliers diminish.

The industry is consolidating as more companies join large franchise groups for greater exposure and buying power. The industry has also been deregulated with the repealing of legislation requiring travel agents to be licensed; the abolition of the Travel Compensation Fund; and the move to self-regulation through an accreditation scheme run by the Australian Federation of Travel Agents (AFTA). The *AFTA Travel Accreditation Scheme (ATAS)* requires at least 20 per cent of an agency's staff to hold at least a Certificate III in Travel or to have at least two years' industry experience.

Industry and AFTA are looking to raise quality through training and by imposing a minimum standard that will increase professionalism and improve service.

Around 2,600 of the 4,000 odd travel agents in Australia are AFTA members. AFTA will soon require its members to become ATAS accredited—another way to raise the quality of the industry by increasing skills.

### Changing business models

Seven years ago over 70 per cent of Australians travelling overseas used a conventional travel agent and about a third used alternatives like direct bookings with airlines and hotels. In the year to June 2014, 4.7 million Australians had taken an overseas holiday in the last 12 months. Just under half booked through a conventional travel agent and 16 per cent went through an online-only travel agent.<sup>25</sup>

In terms of domestic holidays, only eight per cent used a bricks and mortar travel agency, suggesting travellers are more confident when making online travel plans in their own country. Roy Morgan research claims the trend towards using the internet is 'unlikely to abate any time soon' because people have ever more access to internet-connected devices.<sup>26</sup> Industry feedback supports the notion that the traditional role of the travel agent as the booking agent has changed into one of the advisor, and it's this customer service that will be critical in sustaining businesses' profitability in the future.



Online travel agents find it easier to compete with the traditional travel agencies as online agents become more commonplace and consumers are more trusting of online retailers in general. Deregulation has also brought in online travel agents based outside Australia. Direct bookings are also a threat to traditional and online travel agents, as more airlines, hotels, tour operators and other suppliers open direct marketing and booking channels. However, at this stage the traditional distribution channel of the travel agent still dominates.

More Australian agents are expanding their online presence with websites, social media and online booking tools. The customer's travel planning is increasingly influenced by electronic word of mouth. Customers place stock in social media and online endorsements of destinations, hotels, airlines and so on. Travel agents are generally reasonably digitally literate because they use technology every day to make bookings, but skills are still required in social media and online communication to assist businesses in marketing.

The industry is seeing a growing shift towards home-based travel consultants with the head office taking care of the administration, marketing and insurance side of the business. It's a flexible option for operators and employees. There are currently around 1,000 home-based travel consultants across Australia. Selling and building itineraries for clients are the main functions of these travel consultants, and the skills required are largely in the area of sales.

Job-sharing has also increased in popularity as it's another way for workers to enjoy more flexibility while operators benefit from lower overheads.

There is debate in the industry about the value of including manual fares and ticketing training for new entrants to the industry, given these skills are not used as much due to advances in technology and use of consolidators.

## Identified workforce development needs

There are key skills that are seen to be priority for the industry:

- cultural awareness skills
- digital and technology skills (particularly for managing websites and social media)
- customer engagement.

There is a shortage in the following skills:

- customer service
- sales
- product knowledge.

The industry reports that there is a shortage of cruise specialists.

Emerging roles in the sector are:

- online travel managers
- mobile travel managers.

**MORE AUSTRALIAN AGENTS ARE EXPANDING THEIR ONLINE PRESENCE WITH WEBSITES, SOCIAL MEDIA AND ONLINE BOOKING TOOLS**

## Current impact of training packages

Table 3: Travel qualification commencements, 2009–2013

	2009	2010	2011	2012	2013	% change 2012/13	% 5 year change
CERTIFICATE III IN TRAVEL	2,708	3,800	3,684	3,562	3,539	-1	30.7

Table 4: Travel qualification completions, 2008–2012

	2008	2009	2010	2011	2012	% change 2011/12	% 5 year change
CERTIFICATE III IN TRAVEL	1,227	1,212	1,472	1,857	1,769	-5	44







**HOSPITALITY**

## Industry overview

7%

of Australia's workforce is employed by Accommodation and Food Services. However, a large proportion of those workers are aged between 15 and 24 (43.4 per cent compared with 15.9 per cent for employment as a whole). By contrast, 20.6 per cent of workers in the industry are aged 45 to 64, which is significantly lower than for employment as a whole (35.5 per cent).



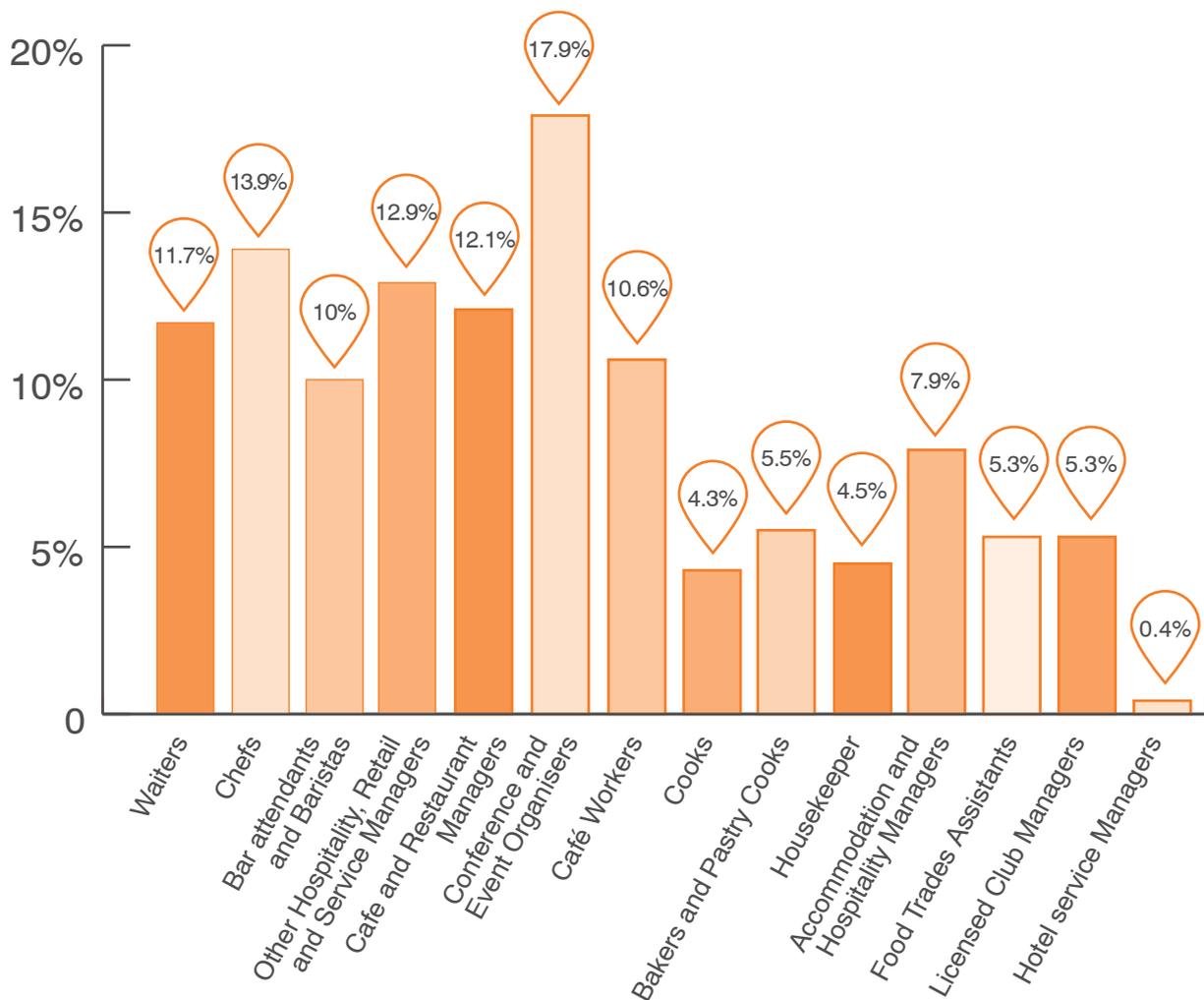
## Youngest age profiles

within the industry are in the Cafés, Restaurants and Takeaway Food Services and Pubs, Taverns and Bars sectors (with median ages of 24 years and 27 years respectively).



Workers in Accommodation have a much higher median age (42 years), which is consistent with the higher level of educational attainment of workers in this sector.<sup>27</sup>

## Projected five year employment growth to November 2018<sup>28</sup>





## Summary

- **Accommodation and Food Services** is the seventh largest employer in Australia, with 796,500 staff (or 6.9 per cent of the total workforce) as at August 2013.
- **Coffee is big business** with growing demand for the skilled work at its heart.
- **Club membership is at record levels** but a large number of clubs are under financial stress.
- **Volunteer directors running the clubs** sector need governance training but are reluctant to undertake it.
- **There are opportunities for mature aged workers in clubs.**
- **The restaurant industry is cutting costs by outsourcing**—which is potentially limiting skills development.
- **There is a sufficient shortage of chefs** that they have been added to the Skilled Occupation List.

## Industry intelligence

### Cafes, restaurants and catering

The ABS Retail Turnover data shows a 10.13 per cent growth in restaurant, café and catering service turnover from August 2013 to August 2014.

Full service dining makes up 60 per cent of the total revenue of cafes, restaurants and take away food categories.

The largest contributor to employment in Australia is the Cafes, Restaurants and Takeaway Food Services sector, accounting for two thirds (67.1 per cent) of industry employment. Over the five years to August 2013, almost all employment growth in the industry has been concentrated in this sector (up by 69,400 or 15.1 per cent), driven by factors such as higher disposable incomes and the convenience of takeaway food for increasingly 'time poor' households.

### Coffee

Coffee is big business. It accounts for 51 per cent of revenue in the cafe sector with other drinks and food making up the rest. There are two types of businesses catering for this market—coffee houses which specialise in coffee and cafes which also offer meals. Resilient consumer demand for convenient food and drink will underpin strong sales of premium coffee and gourmet food.<sup>29</sup> Revenue in the sector is expected to grow by 3.5 per cent a year to total \$6.3 billion by 2018/19. Even in the present soft economic conditions revenue is forecast to grow by 3.2 per cent in 2014- 15.<sup>30</sup>

Australia's coffee culture and the prevalence of small specialty cafes brings strong competition with low barriers to entry and low industry concentration.

Some activities in a cafe—such as cleaning—are relatively unskilled but others—such as brewing coffee—require significant training. In terms of the latter, in the five years between 2006 and 2011 the franchise sector employed 163 per cent more baristas and the sector as a whole put on an additional 13,400 baristas.<sup>31</sup>

Skilled baristas can be the difference between success and failure in the sector. Other important factors include the quality of the coffee beans, customer service skills, and price competitiveness.

## Clubs

A large number of clubs across Australia are under financial stress, according to the sector. The national body, Clubs Australia, has had numerous requests from clubs seeking to amalgamate to save costs. In some places, the pressure is a result of falling membership, for example because of regional movement or the aging of the population and members dying. Despite this, overall clubs have more members than ever before because they are seen as safe places that offer value for money and connection with the community.

Gaming is still the greatest source of revenue for the sector, but the main reason members come to clubs is for the food. As such many clubs want to ensure staff have the skills to offer high quality food, so that they can compete with the new wave of bistro-style restaurants.

The Australian club sector employs over 100,000 people, who are ultimately managed by 54,000 directors elected by members. Clubs invest heavily in their workforce, spending more than \$28 million annually on formal staff training and development.<sup>33</sup> However, gaps still exist in governance skills, with some directors reluctant to undertake training. With many clubs in financial hardship, upskilling in this area could help.

## Mature age workers

The clubs sector is making progress in the area of mature age employment. One way it is doing this is by offering flexible working hours suitable to older workers.

The only barrier the wider hospitality sector reports in employing more mature-aged workers is the negative perception some potential employees have of working in the industry. Various initiatives have been put in place to attract mature age people. The Queensland Hotels Association for instance, has developed a campaign to counter negative perceptions of the industry and present mature age workers as a good source of labour in remote mining areas.

## Job design

Reducing layers of management and staff ('de-layering') was reported across the industry, although the scope for reduction depends on the size of the business. As staff in smaller companies have always had to work across roles, de-layering is mainly being introduced in places that previously may have employed more staff and allowed them to specialise. In kitchens, for instance, there may have been a saucier, a poissonier, a patissier, a potager and so on, whereas now these positions could be merged.

Some stakeholders say reducing layers improves productivity and efficiency. Others express concern about the effect on quality and the reputation of the business and industry. Some note that reducing the distinction between roles limits career pathways and affects staff retention.

In this environment some industry sources are concerned about the inappropriate or inconsistent use of job titles such as executive chef.

Restaurant and Catering Australia (RCA) reports that net profit has fallen for 54 per cent of businesses in the last three years. For this reason RCA is recommending outsourcing where possible to lower costs. Anything that can be done by another company for less than the cost of employing someone in-house is a target for outsourcing, including taking reservations, cleaning, laundering, and providing pre-prepared foods.

Industry stakeholders debate whether outsourcing leads to de-skilling because employees are not called upon to develop a full range of skills, while the workers in the outsource companies are developing only a limited set of skills that are specialised. It was noted that businesses in regional and remote areas actually need multi-skilled workers not specialists, as staff numbers are generally more limited.

Industry stakeholders report a shift from 5-star dining to a more casual bistro model, due in part to a change in consumer spending habits after the global financial crisis. This has an impact on the skills cooks and chefs need.

The importation of diverse cuisine styles and the multicultural nature of the Australian population provides chefs with an opportunity to create new styles of food. Some high end hotels and restaurants are importing well known chefs to ensure a world-class experience. This provides excellent opportunities to increase the skills of local staff through cross pollination.

There is also room for more focus on Indigenous ingredients and methods, which will continue to grow as consumers look for unique experiences.



## Identified workforce development needs

Chefs were added to the Skilled Occupation List from 1 July 2014 in recognition that skilled migration in the tourism and hospitality industry is necessary for the economic growth of the country.<sup>34</sup> Just over 60 per cent of businesses have staff vacancies and nearly a quarter say they're having extreme difficulty filling them. Chefs, cooks and restaurant managers ranked as the most difficult vacancies to fill.<sup>35</sup>

Globally, the industry is focused on investing in the skills and knowledge of existing staff rather than hiring new recruits. *The TripAdvisor TripBarometer 2014* reports that 37 per cent of hoteliers worldwide will invest more in staff training in the next year, compared to only a fifth increasing their investment in hiring.

### Skills shortages

The sector has skills shortages in:

- customer service
- club governance (finance and strategic planning)
- mentoring and coaching
- technology and digital
- cultural awareness
- barista skills
- recruitment and induction (particularly in small and regional businesses).

There are the following labour shortages in the sector:

- cooks
- chefs
- waiters
- baristas.

**THERE IS A SUFFICIENT SHORTAGE OF CHEFS THAT THEY HAVE BEEN ADDED TO THE SKILLED OCCUPATION LIST**

## Current impact of training packages

Table 5: Hospitality qualification commencements, 2009–2013<sup>36</sup>

	2009	2010	2011	2012	2013	% change 2012/13	% 5 year change
CERTIFICATE I IN HOSPITALITY	9,272	9,565	7,992	4,158	4,664	12.2	-49.7
CERTIFICATE II IN HOSPITALITY	37,550	34,567	32,973	33,050	24,246	-26.6	-35.4
CERTIFICATE III IN HOSPITALITY	26,071	23,293	25,701	30,750	19,487	-36.6	-25.3
CERTIFICATE IV IN HOSPITALITY	4,620	5,001	5,231	9,517	7,620	-19.9	64.9
DIPLOMA OF HOSPITALITY	7,477	6,387	5,769	4,046	3,208	-20.7	-57.1
ADVANCED DIPLOMA OF HOSPITALITY	3,761	2,215	1,965	2,484	1,490	-40.0	-60.4

Table 6: Hospitality qualification completions, 2008–2012

	2008	2009	2010	2011	2012	% change 2011/12	% 5 year change
CERTIFICATE I IN HOSPITALITY	1,139	1,433	914	1,097	1,489	26.33	30.7
CERTIFICATE II IN HOSPITALITY	5,788	4,203	4,369	5,125	4,994	-2.62	-13.7
CERTIFICATE III IN HOSPITALITY	5,126	6,195	7,081	8,467	12,638	33.00	146.5
CERTIFICATE IV IN HOSPITALITY	935	978	1,232	1,276	1,830	30.27	95.7
DIPLOMA OF HOSPITALITY	1,979	2,402	2,710	2,839	1,938	-46.49	-2.1
ADVANCED DIPLOMA OF HOSPITALITY	612	922	758	813	828	1.81	35.3

Table 7: Commercial Cookery qualification commencements, 2009–2013

	2009	2010	2011	2012	2013	% change 2012/13	% 5 year change
CERTIFICATE II IN KITCHEN OPERATIONS	14,251	15,512	17,204	18,197	22,413	23	57
CERTIFICATE III IN COMMERCIAL COOKERY	12,441	11,815	10,039	11,475	13,195	15	6
CERTIFICATE III IN ASIAN COOKERY	97	114	419	188	124	-34	28
CERTIFICATE III IN CATERING OPERATIONS	489	257	249	493	1,553	215	218
CERTIFICATE III IN PATISSERIE	542	750	711	1,322	1,558	18	187
CERTIFICATE IV IN COMMERCIAL COOKERY	1,309	1,233	972	1,591	2,639	66	102
CERTIFICATE IV IN ASIAN COOKERY	0	0	13	235	26	-89	0
CERTIFICATE IV IN CATERING OPERATIONS	29	32	18	112	892	696	2,976
CERTIFICATE IV IN PATISSERIE	349	409	564	1,076	1,238	15	255

Table 8: Commercial Cookery qualification completions, 2008–2012

	2008	2009	2010	2011	2012	% change 2011/12	% 5 year change
CERTIFICATE II IN KITCHEN OPERATIONS	1,542	1,420	1,480	1,705	1,895	10	23
CERTIFICATE III IN COMMERCIAL COOKERY	4,084	4,651	4,397	3,673	3,600	-2	-12
CERTIFICATE III IN PATISSERIE	178	203	439	420	486	14	173
CERTIFICATE III IN ASIAN COOKERY	46	62	46	63	89	29	93
CERTIFICATE III IN CATERING OPERATIONS	63	79	82	58	74	22	17
CERTIFICATE IV IN COMMERCIAL COOKERY	305	296	322	393	455	14	49
CERTIFICATE IV IN ASIAN COOKERY	0	0	0	4	16	75	0
CERTIFICATE IV IN CATERING OPERATIONS	14	7	8	6	26	77	86
CERTIFICATE IV IN PATISSERIE	112	113	123	224	136	-65	21



# EVENTS



## Industry Overview



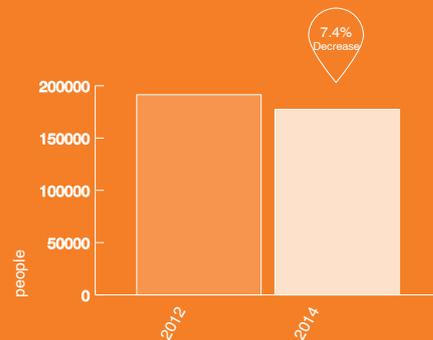
17.9%

projected five year employment growth to November 2018 for Conference and Events Organisers.<sup>37</sup>



177,400

tourist arrivals into Australia in 2014 to attend a convention. This was down 7.4 per cent from 191,457 in 2012.<sup>38</sup>



When compared with 45 competitor destinations, Australia is ranked number one or two across a range of categories including safety and security, business events facilities and proven performance in managing business events amongst corporate decision makers.<sup>39</sup>



Australia is a highly aspirational business event destination with 20 per cent of agents surveyed by Tourism Australia saying that they always recommend Australia and a further 85 per cent indicated that they intend to recommend Australia to corporate clients in the next 12 months.<sup>40</sup>



Industry stakeholders report that the proportion of exhibitions with a paid seminar or conference has increased from 25 per cent in 2012 to 41 per cent in 2013. This suggests that the structure of events is changing with a focus on more content-rich events.<sup>41</sup>

## Summary

- **80 per cent of events businesses expect to grow during 2014/15; half of those forecast more than 25 per cent growth.**
- **Lack of skilled staff is expected to inhibit growth.**
- **The public recognises the benefits of major events and supports the government assisting them, including financially.**
- **Companies are increasingly employing their own event organisers and there is a trend towards holding their own events in competition with trade shows and association events.**
- **The importance of technology is growing exponentially and bringing a need for more skills.**

## Industry intelligence

The events industry is buoyant. The International Special Events Society (ISES) Global Business Survey from May 2014 found almost 80 per cent of respondents expect business to grow during 2014/15; and half of those are forecasting growth of more than 25 per cent. Just under 60 per cent expect direct client spend on events to increase in 2014/15.<sup>42</sup>

The industry is facing consumers who are better informed and expect more personalisation, which conference, event and exhibition organisers need to be able to provide if they are to maximise attendance.

### Major events

The Tourism and Transport Forum found that Australians overwhelmingly recognise the importance of major events. They know major events can deliver economic benefit and are comfortable with governments supporting them, including through the investment of public funds.<sup>43</sup> The research found that this confidence is well founded: people who travel to and within Australia specifically for major events spend more than the average visitor, even though they stay fewer nights.

The impact of major events extends into regional towns. For example, the Tamworth Country Music Festival in NSW attracts more than 50,000 visitors a year. In Western Australia, the Margaret River Gourmet Escape brings together the world's best chefs and wine experts for a series of festivals that provides exposure for the region and highlights the skills of the people working in the industry.<sup>44</sup>

The impact of major events on tourism is also clear, with festivals such as Vivid in Sydney breaking records for visitor numbers on its opening weekend in 2014 and the AFC Asian Cup 2015 set to increase the exposure of the Australian brand.

### Cutting out the middle man

Industry reports a trend towards companies hiring in-house event managers. This is part of an overall trend of cutting out the middle man in the business events industry to lower costs and ensure greater adherence to company objectives.

The 'private-event trend' is part of the same shift. Companies are hosting their own events for qualified buyers instead of participating in larger events like trade shows or events run by associations. This trend makes hosting an event part of a corporate marketing plan. To compete, exhibition and event organisers will need to develop products and services that offer something privately produced events can't.<sup>45</sup>

### Technology

The impact of technology on the organisation of events and exhibitions continues to increase exponentially; it is constantly developing and changing the way exhibitions are planned and managed. Social media is being used by consumers and organisers; apps can be built by organisers and downloaded by attendees; live streaming is becoming more common; and new software is making event management easier. The International Association of Exhibitions and Events Future Trends Task Force reports that the use of digital technologies and social media in the events sector is an issue of great importance.

The arrival of online event management platforms have made it necessary for organisers to have advanced digital and technology skills.

## Identified workforce development needs

### Digital skills

The Exhibition and Event Association of Australasia *Market Monitor July-December 2013* reports a lack of skilled staff is one of the main factors that members expected to inhibit their growth in the next 12 months. A high level of skills is needed to keep pace with the continual advances in technology available to consumers and organisers. Within the industry there is a difficulty in bringing together the knowledge and skills of industry veterans with the digital understanding of their younger colleagues.

The need for training in new technology—especially for industry veterans—will be addressed in part through the current development of the social media unit of competency in the *SIT Tourism Travel and Hospitality Training Package*, along with the scoping of other units, as needs are identified.

Industry reports that customer service levels need to rise in line with consumer expectations. This was closely linked with the need for technological skills as delegate registration, ticketing, event and venue management platforms are becoming more advanced.

In addition, the International Association of Exhibitions and Events Future Trends Task Force reports that computer savvy 28 to 32 year-olds will replace older staff in management and decision-making positions, which may require young managers to be trained in managing older colleagues.<sup>46</sup>



**THE IMPORTANCE OF TECHNOLOGY IS GROWING EXPONENTIALLY AND BRINGING A NEED FOR MORE SKILLS**

## Risk and crisis management

Risk and crisis management is also seen as an area needing a high level of skill. The potential impact of unforeseen natural, technological, political and other events means that event and exhibition professionals must be able to conduct thorough risk assessments, develop sound contingency plans, and implement processes if a crisis happens. Strategic planning and decision making skills are considered important because of the potential for quick action to lessen the effect of a crisis and to ensure customer safety. A poorly managed crisis can destroy the reputation of both the event and the company organising and hosting it.

## Skills and labour shortages

The industry has the following skills shortages:

- customer service
- technology and digital
- risk and crisis management.

The labour shortages in the sector are:

- venue managers
- exhibition managers
- professional conference organisers.

## Current impact of training packages

Table 9: Events qualification commencements, 2009–2013

	2009	2010	2011	2012	2013	% change 12/13	% 5 year change
CERTIFICATE III IN EVENTS	1,966	2,801	3,316	3,357	2,528	-24.7	28.6
DIPLOMA OF EVENTS	2,878	2,924	2,493	2,582	2,203	-14.7	-23.5
ADVANCED DIPLOMA OF EVENTS	292	252	331	491	347	-29.3	18.8

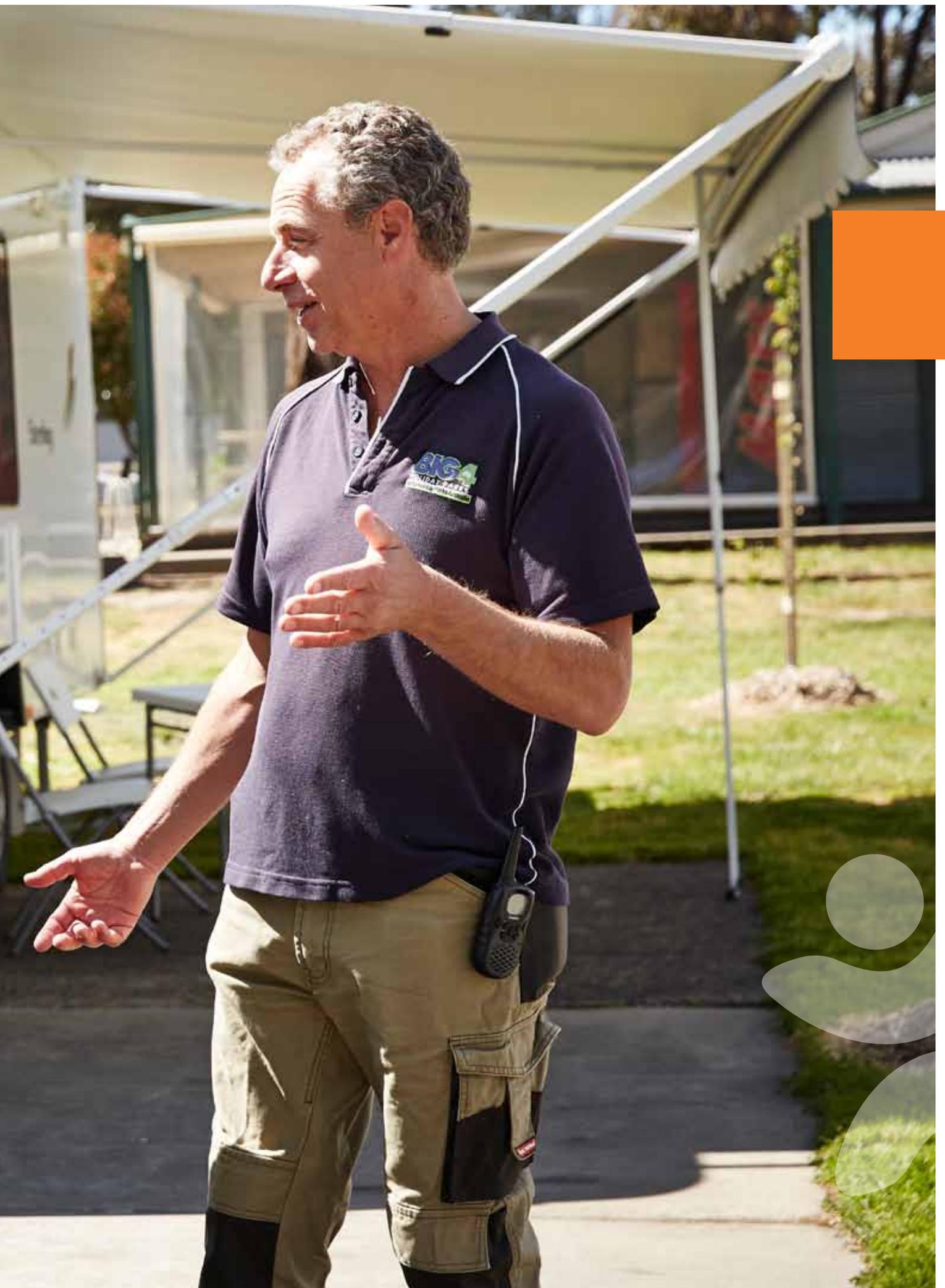
Table 10: Events qualification completions, 2008–2012

	2008	2009	2010	2011	2012	% change 2011-12	% 5 year change
CERTIFICATE III IN EVENTS	400	958	1,264	1,566	1,584	1	296
DIPLOMA OF EVENTS	947	1,304	1,198	1,304	1,286	-1	36
ADVANCED DIPLOMA OF EVENTS	2	74	94	220	254	13	12,600

\*This qualification has been deleted.



# HOLIDAY PARKS AND RESORTS



## Industry overview



**-6.4%**

projected five year employment growth to November 2018 for Caravan Park and Camping Ground Managers.<sup>47</sup>



**25,000**

people are employed by the Caravan and camping industry.



Expenditure by caravanning and camping consumers is approximately \$7 billion annually.<sup>48</sup>

## Industry intelligence

### Mature age workers

According to a KPMG report commissioned by the Caravan Industry Association of Australia, the sector needs to manage the risk of an ageing workforce and to align the age profile of the workforce more closely with the demographic of target customers.<sup>49</sup>

At present there is a disproportionate number of workers over 50 in the industry—over 59 per cent of the 3,497-strong workforce in 2011. Stakeholders say it's not uncommon for parks to temporarily hire retired travellers who are staying in the park for a while.

Businesses in this sector are more likely to hire mature age workers than those in other sectors, because they regard them as hard workers who are more reliable and require less supervision than younger employees.

## Workforce planning

Given the age of workers, workforce planning is seen as increasingly important for managing the loss and transfer of knowledge. Succession planning for older workers is considered especially critical.

The industry is also looking at establishing career planning and workforce development strategies to attract younger people more closely aligned to the age groups of the customers the industry wants to attract. For example, promoting park management as a role for young couples looking for flexible work while raising a family.

In terms of managing seasonal demand, there are examples of enterprises that rotate willing staff members between states and territories during peak and off-peak seasons. However, this is largely on an informal basis and is limited to parks owned by the same group.

## Identified workforce development needs

### Technology skills

Holiday park managers need to improve their technology skills. While 81 per cent of international caravanning and camping visitors use the internet to book, only one third of Australia's tourism operators have online booking and payment facilities. There is a reticence among holiday park managers to implement online systems due in part to a lack of technology skills.

### Skills and labour shortages

The sector has a shortage of skills in:

- technology and digital
- cultural awareness
- succession planning.

There is also a shortage of park managers.



## Current impact of training packages

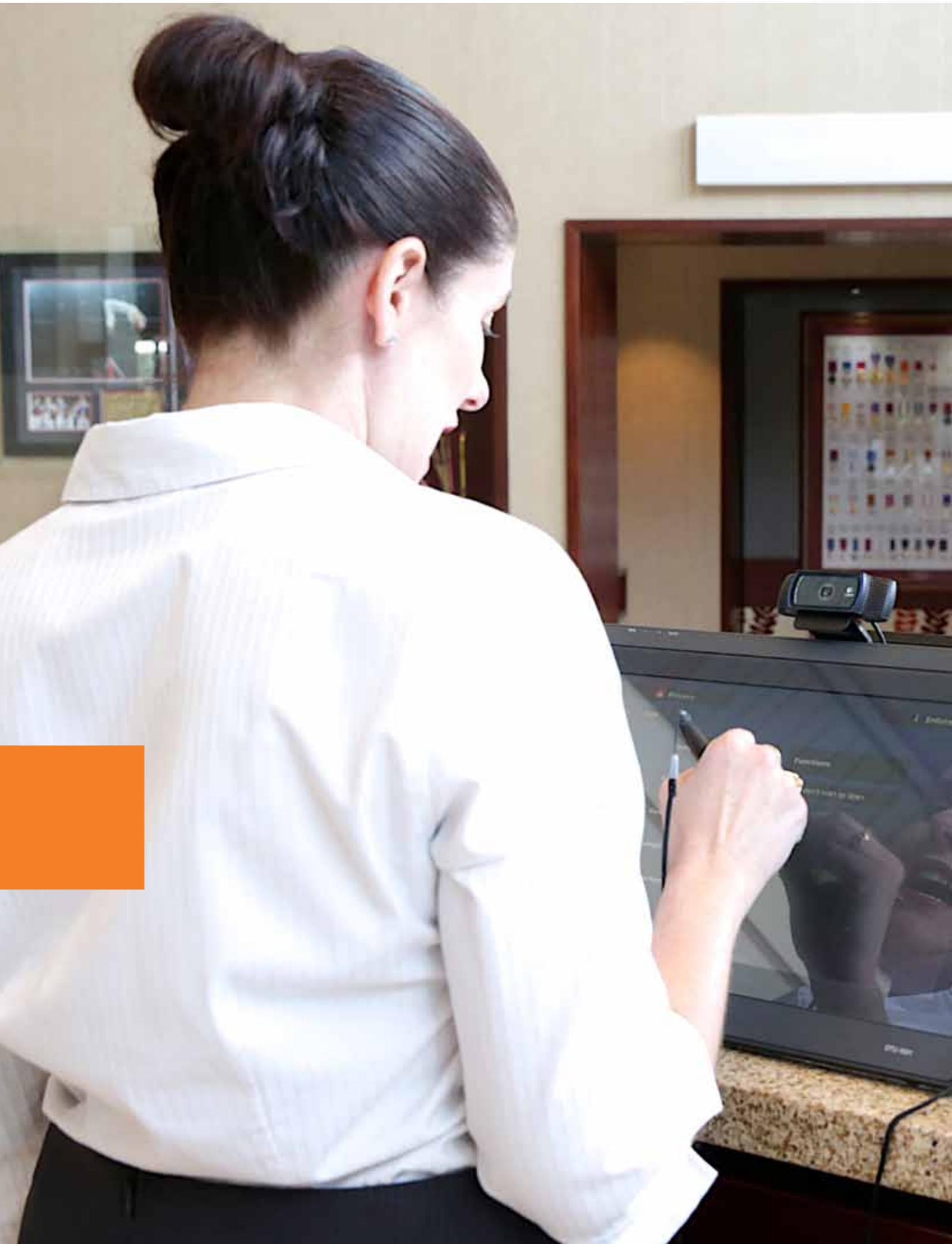
Table 11: Holiday Parks and Resorts qualification commencements, 2009–2013

	2010	2011	2012	2013	% change 2012-2013
CERTIFICATE II IN HOLIDAY PARKS AND RESORTS	1	14	58	170	193.1
CERTIFICATE III IN HOLIDAY PARKS AND RESORTS	30	86	161	248	54.0
CERTIFICATE IV IN HOLIDAY PARKS AND RESORTS	2	57	81	82	1.2
DIPLOMA OF HOLIDAY PARKS AND RESORTS	9	15	29	105	262.1

Table 12: Holiday Parks and Resorts qualification completions, 2008–2012

	2010	2011	2012	% change 2011-2012
CERTIFICATE II IN HOLIDAY PARKS AND RESORTS	1	3	9	66.7
CERTIFICATE III IN HOLIDAY PARKS AND RESORTS	0	13	72	81.9
CERTIFICATE IV IN HOLIDAY PARKS AND RESORTS	0	5	36	86.1
DIPLOMA OF HOLIDAY PARKS AND RESORTS	8	7	35	80.0

**EXPENDITURE BY  
CARAVANNING  
AND CAMPING  
CONSUMERS IS  
APPROXIMATELY  
\$7 BILLION ANNUALLY**





# THE VET ENVIRONMENT

## Opportunities

### The link between hospitality and aged care

A number of industry stakeholders say the link between hospitality and aged care bears further investigation. The number of older Australians is increasing and they expect more from aged care facilities. The requirements of the aged care environment are different from those of a restaurant. As such, industry noted that there are some parts of the commercial cookery qualifications that aren't relevant to the aged care sector that could be replaced with relevant units—for example, menu planning for specific medical conditions, working with older people and those with conditions like dementia or even housekeeping units for managing residents' living environments.

### Pre-employment training

Pre-employment training was considered very important to small and medium sized businesses in particular, as they are often unable to undertake on-the-job learning because of time and cost constraints.

### Training for casual workers

Apart from *Responsible Service of Alcohol*, there is no training routinely offered to casual workers. Stakeholders believe this is a significant barrier to industry skills development and a pool of funding should be made available to pay for training casual staff. They suggest the model could be based on the number of hours the casual employee works.

### Recognising life skills

People who have undertaken training in a new field can find it hard to find work. Both individuals and industry would benefit if employers were more willing to recognise the skills that people have acquired in previous job roles (for example, financial management and people management skills).





**BOTH  
INDIVIDUALS  
AND INDUSTRY  
WOULD BENEFIT  
IF EMPLOYERS  
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THAT PEOPLE  
HAVE ACQUIRED  
IN PREVIOUS  
JOB ROLES**

## *Case Study: Improved pathways to dive qualifications*

The Association of Marine Park Tourism Operators, Department of Education, Training and Employment and Dive Queensland identified a need for tourism businesses in Tropical North Queensland that employ Dive Guides to have an alternative option to lengthy training programs or hiring existing qualified staff. They have worked together with Service Skills Australia to create a new pathway to a Dive Master/ Instructor qualification through the Certificate III in Tourism.

The Certificate III in Tourism Dive pathway incorporates four specific dive related electives. These electives have been developed in consultation with industry in order to meet the needs of dive operators in Tropical North Queensland.

The Association of Marine Park Tourism Operators (AMTPO) will be the first to take advantage of this new pathway. The Association engaged ten new trainees under an Australian Government *Targeted Crown of Thorns Starfish Program* in July 2014 along with another ten in January 2015. In order to facilitate this new training pathway, The AMTPO has engaged Registered Training Organisations that have the Certificate III in Tourism and the four required dive units on scope to deliver the training.

Employers will benefit from employing a full time trainee who can complete the required study units outside of working hours over the internet; employees will be given the opportunity to earn while they learn. The employee will be able to complete the qualification in less than half the time; course and theory work can be completed online to suit the flexible needs of students.



## Concerns

### Entry level qualifications

Employers have reported that Certificate I is not considered to be an entry level qualification. Certificate II is the level considered pre-vocational and graduates at this level would be considered for positions at an appropriate level.

### The need for consistency, clarity and engagement

Industry loses confidence in the VET system when graduates aren't competent in the skills their formal qualifications suggest they have. Multiple examples of this were provided from the hospitality industry throughout the consultation process. The need for training delivery to be high quality and nationally consistent remains of paramount importance. Another reason for a nationally consistent approach can be seen in the application of *Responsible Service of Alcohol* licensing, which varies across jurisdictions, creating difficulties for businesses and employees. An unintended consequence of the removal of bureaucratic requirements, for instance, is the problems it can cause for people with qualifications who move interstate. This issue is of particular concern for the tourism and hospitality industry, where businesses may operate across state borders in multiple locations and it is also affected by issues relating to seasonality.

Industry feedback has been generally supportive of the initiative that permits RTOs to self-regulate. However, there are some concerns about consistency in the auditing process and the five year period that such an arrangement would be in place. It was broadly felt that this was too long and that stringent quality controls will be vital if self-regulation is to succeed.

Concerns with the quality of qualifications aside, industry reports graduates and employers can have mismatched expectations of qualifications—employers sometimes expect graduates to leave with more skills than a course offers and graduates sometimes feel they are qualified to do more than they actually are. On the employer side, this lines up with feedback that not all employers are aware of or engaged with the VET system. As such, an opportunity exists to promote to industry the benefits of participation with VET.

### Relevance

Industry feedback from regional areas in particular reports that apprentices often learn skills in their training that is not useful at work. One restaurateur gave the examples of making stocks and sauces and de-boning chickens. Apprentices are demoralised to find they've learned things they may not use in their daily work.

However, the skills learned in training may be beneficial to an apprentice's future career advancement, even though their current workplace may be unable to provide them with the opportunity to practice these skills on a daily basis.



## VET in schools

The industry is concerned about the quality of the VET in Schools (VETiS) program and its appropriateness for industry in its present form. In particular, it was noted that the teachers delivering training are not sufficiently qualified and often lack industry currency.

Industry sources say VETiS should be seen as a pre-vocational pathway to a higher level qualification and only be an introduction to the industry. Students would benefit from more practical, workplace experiences as there is concern that under the current model school children are gaining qualifications without acquiring the requisite experience or aptitude.

## Changing profile of the learner

### Mature age

According to industry, mature age people have life skills, maturity, problem solving skills and customer engagement skills that are valued by employers.

In addition they are recognised as loyal and stable employees. They are often quite flexible, enabling them to meet the needs of the industry in relation to shift work, with no issue with late night shifts and using their own transport.

There is agreement that life skills should be recognised and supplementary training given in the technical skills needed for particular jobs. Stakeholders note that the main skills gaps in mature age people were technology skills and the ability to work with managers who are younger than they are.

### Indigenous learners

Training for Indigenous learners must be delivered in a culturally aware way that allows it to be brought back to the community and shared. For example, there are stories and rituals that are sacred and community-specific, which cannot be disclosed to outsiders and this must be taken into account.

It was noted that there can be socio-economic barriers with Indigenous learners, particularly in regional and remote areas and work must be done to adapt training to overcome these issues.

### Distinctions

Feedback suggests there isn't enough distinction between a cook (Certificate III in Commercial Cookery) and a chef (Certificate IV in Commercial Cookery). A head chef, for instance, needs skills like financial management (budgeting, wages, profit and loss accounting) and stock control in order to be able to run the business of a kitchen and deal with the owners of a venue.

### Funding

The removal of funding incentives for existing employees has had an impact on the VET sector and the tourism, travel and hospitality industry. Unsurprisingly the biggest impact is likely to be on the smaller employers and registered training organisations.

Despite this, it was noted that businesses cannot rely on funding alone and should be encouraged to invest in training to retain staff and improve productivity. Some stakeholders think funding should be geared towards pre-employment training, particularly for people coming to the sector from other industries. However, training for supervisors and managers is also considered to be important.





**FUTURE DIRECTIONS  
FOR ENDORSED  
COMPONENTS OF  
TRAINING PACKAGES**



## Specialist skills

The current training package development work is exploring the formation of specialisations within qualifications. Over the past 14 years, qualifications have moved away from being specific and targeted and become broad and general, making it difficult for employers to understand exactly what someone can do when they graduate with a particular qualification.

This generalisation has occurred because of policy requirements to rationalise units and qualifications and reduce duplication across training packages.

Service Skills Australia is engaged in targeted consultation with industry to determine where specialisations are required, and the appropriate packaging of each of them to meet industry need. Where specialisations are developed, they may in some cases also be able to be completed as a skill set (that is, a group of units as opposed to a complete qualification), allowing industry to develop targeted skills to address defined need.

The introduction of the Unique Student Identifier (USI) from 1 January 2015 will complement industry's desire for targeted sets of skills obtained through completion of skill sets. The USI will act as a central collection point for student statements of attainment, allowing employers to see what skills a potential employee has, as well as allowing learners completing skill sets to achieve full qualifications as they build up the required units of competency.

## Cultural awareness

With the increase in international visitors, increased awareness of international cultures is seen as critical to the continued success and growth of businesses servicing these visitors.

Although the *SIT Tourism Travel and Hospitality Training Package* has scope for the inclusion of languages other than English to be included in various qualifications, including the Tourism qualifications, it has been noted by industry that there is a need for more than just language skills, to address the skills gap.

Awareness and understanding of cultural differences and how this affects customers' needs, expectations and reactions in areas such as customer service, design and structure of products and services, as well as sales and marketing and communication methods is seen to be important. Existing units will be reviewed to ensure adequate coverage of these areas to address the industry need.

## Indigenous culture

The *SIT Tourism, Travel and Hospitality Training Package* contains one entry level qualification at the Certificate I level which is focused on Indigenous tourism. Given the growth in Indigenous tourism and feedback that much of this has developed organically and without structure, industry has reported the need to improve skills in story-telling, public speaking, interpretive and presentation skills for both Indigenous and non-Indigenous people working in indigenous businesses. Further development of capability in these areas will increase profitability and professionalism of different tourism products such as guided tours and visits to cultural centres and sites.

HR management, including conflict resolution, recruitment, induction, retention and building career paths that can be adapted to the needs of Indigenous communities is critical to the continued growth and success of this sector.

The need for skills development in some aspects of parks and land management, for maintenance of sites of cultural significance, has also been identified as a required skill set to complement the tour guiding/customer service aspect in a number of Indigenous business operations. Both of these skill sets are important for seasonal businesses to provide opportunities for year round employment, which is required by both the community and industry to keep skilled workers employed.

All of these identified needs will be further explored during the development of the *SIT Tourism Travel and Hospitality Training Package*, to ensure an appropriate response to industry needs.

## Events

The *SIT Tourism Travel and Hospitality Training Package* contains three events qualifications that are very focussed on meetings, conferences and business events. Feedback from industry has indicated that there are a number of gaps in the events industry and the coverage of qualifications across job outcomes. This project will involve a full functional job analysis for the current job roles, and will also explore the possible development of qualifications for aspects of the events industry that have been identified as gaps.

## Espresso coffee

The *SIT Tourism Travel and Hospitality Training Package* contains two units of competency that are focussed on espresso machine operation. However industry reported a need for the units in cupping and roasting to be developed, and potentially a need for a skill set. While the two current units are adequate for food and beverage attendants, Australia has a sophisticated coffee culture and the two current units do not meet the needs of cafes. Industry has reported that more and more employers are opting to undertake international qualifications or non-accredited training as the current training package does not support their requirements.

**TRAINING FOR  
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BE DELIVERED IN A  
CULTURALLY AWARE  
WAY THAT ALLOWS  
IT TO BE BROUGHT  
BACK TO THE  
COMMUNITY AND  
SHARED**



# APPENDICES AND REFERENCES



## Appendices

### Appendix A – Report on previous continuous improvement activity

No changes to training packages have been submitted by Service Skills Australia since the publication of the 2014 Environmental Scan. However, extensive industry engagement and scoping work has been ongoing and areas for development are outlined in the section of this scan titled Future Directions for Endorsed Components of Training Packages.

### Appendix B – Occupations and qualifications in demand table

ANZSCO Code	Occupation	Training Package Qualification	Justification/Evidence
351311	Chef	<i>Certificate IV in Commercial Cookery</i> <i>Certificate IV in Asian Cookery</i>	The Department of Employment forecasts an increase in employment of 11,900 chefs to November 2018, representing an increase of 13.9 per cent from November 2013.
351411	Cook	<i>Certificate III in Commercial Cookery</i> <i>Certificate III in Asian Cookery</i>	The Department of Employment forecasts growth of an additional 1,500 cooks to November 2018, representing an increase of 4.3 per cent on 2013 employment figures.
351112	Pastrycook	<i>Certificate III in Patisserie</i> <i>Certificate IV in Patisserie</i>	The Department of Employment forecasts increased demand for 1,200 bakers and pastry cooks to November 2018, or an increase of 5.5 per cent on 2013 employment figures.
431511	Waiter	<i>Certificate III in Hospitality</i>	The Department of Employment forecasts an increase in employment of 13,100 waiters, or 11.7 per cent, in the five years to November 2018.  The Certificate III in Hospitality (Restaurant Front of House) qualification, which will include a specialist elective group for waiting skills, is currently in development.
431111 431112	Bar attendant Barista	<i>Certificate III in Hospitality</i>	The Department of Employment forecasts an increase of 9,000 bar attendants and baristas in the five years to November 2018, representing an increase of 10 per cent.  The Certificate III in Hospitality (Restaurant Front of House) qualification, which will include specialist elective groups for bar attendant skills and barista skills, is currently in development.
141111	Café and Restaurant Manager	<i>Diploma of Hospitality</i> <i>Advanced Diploma of Hospitality</i>	The Department of Employment forecasts growth in employment of 7,600 café and restaurant managers, representing an increase of 12.1 per cent by November 2018.
451612	Travel and Tourism Adviser	<i>Certificate III in Travel</i>	The Department of Employment forecasts an increase in employment of 1,200 tourism and travel advisers to November 2018, representing an increase of 5.3 per cent from 2013.

ANZSCO Code	Occupation	Training Package Qualification	Justification/Evidence
149311	Conference and Events Organisers	<i>Diploma of Events</i> <i>Advanced Diploma of Events</i>	The Department of Employment forecasts an increase of 4,100 conference and event organisers to November 2018, or an increase of 17.9 per cent.
451412	Tour Guide	<i>Certificate III in Guiding</i> <i>Certificate IV in Guiding</i>	The Department of Employment forecasts an increase in the employment of gallery, museum and tour guides of 1.1 per cent to November 2018 from 2013 levels.  Feedback from the tourism industry has highlighted the need for tour guides, particularly those with foreign language skills and in remote and regional Australia.
8112	Holiday Park Managers	<i>Diploma of Holiday Parks and Resorts</i>	Almost 60 per cent of Australia's caravan park and camping ground managers are over 50 years old. This is twice that of the total workforce which is 28 per cent.
n/a	n/a	<i>Skill sets: 'Customer Service' and 'Customer Service Management'</i>	Industry feedback emphasised the importance of high quality customer service as a main factor for continued business success.
n/a	n/a	<i>Skill set: 'Mentoring and Supervision'</i> <i>'Supervision of Apprentices'</i>	Industry feedback to Service Skills Australia has stated that people in this sector tend to be promoted to management/supervisory roles mainly because they are effective at their current operational job role, despite not having the necessary management and supervisory skills. The labour intensive nature of this industry necessitates good management skills to ensure productivity.
n/a	n/a	<i>Skill sets: 'Understanding Basic Financial Concepts'</i> <i>'Business Management'</i> <i>'Essential Business Skills for a Franchisee'</i> <i>'Essential Business Skills for a Restaurant Manager'</i>	Service Skills Australia has identified through its work with the tourism, travel and hospitality industries that a key deficiency among small business owners is having an adequate understanding of compliance and finance in order to maintain a sustainable business.
n/a	n/a	<i>Skill sets: 'Governance'</i>	The 2014-2019 Tourism, Travel and Hospitality Workforce Development Strategy and feedback from the clubs industry has identified that there is a serious concern across the clubs sector about limited skills at a director level, particularly in the areas of financial management and strategic planning. A skill set to address this need is currently in development.

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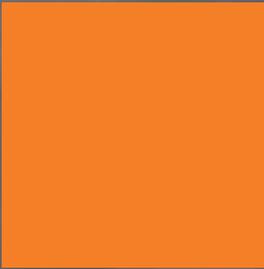
ALL CHEFS ARE REQUIRED TO WEAR PROTECTIVE  
WEAR AT ALL TIMES TO PROTECT THEMSELVES  
AND OTHERS FROM CONTAMINATION

• Cleaned by	100%
• Washed by	100%
• Sanitized by	100%
• Inspected by	100%

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