

**Submission
No 30**

SKILL SHORTAGES IN NSW

Organisation: Tourism Accommodation Australia
Name: Ms Carol Giuseppi
Position: NSW Director
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**Tourism
Accommodation
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17 June 2013

Mr David Elliott, MP
Chair
Legislative Assembly Committee on Economic Development
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Mr Elliott,

RE: Skills Shortages in NSW

Thank you for the opportunity to provide a submission, on behalf of Tourism Accommodation Australia (TAA) members, to the Economic Development Committee of the NSW Legislative Assembly on skills shortages in NSW.

TAA NSW is the representative organisation for owners, operators and managers of 3, 4 and 5 star hotels and serviced apartments in NSW. In NSW the accommodation sector directly employs 22,300 people and supports a further 41,546 jobs through flow-on impacts. This accounts for 21.9% of jobs supported by the tourism industry as a whole and 1.8% of total jobs supported by the NSW economy. Jobs supported by the tourism accommodation sector contributed approximately \$2.9 billion to NSW household incomes.

1. Performance of the NSW accommodation industry

In the past five years the performance of the tourism accommodation sector in NSW has improved steadily with annual room nights occupied growing at an average annual rate of 1.1% (ABS YE Dec 2012).

The main growth has been in Sydney with a 0.8% growth in occupied room nights in the YE December 2012. Regional NSW recorded a 0.3% drop in occupied room nights in the YE December 2012, however occupancy rates increased by 0.4%, reflecting a decline in the number of rooms available.

2. Scoping of Labour Shortages in NSW

I. Size of Shortage

Employment in accommodation and food services in Australia has increased by 155,200 workers (25%) in the ten years to November 2012. The Deloitte Access Australian Tourism Labourforce Report (2012), forecast that the shortage of skilled tourism industry workers in Australia will reach 15,033 by 2015 and the shortage of non-skilled workers will reach 30,748.

The top five occupations in terms of skilled labour shortage are projected to be chefs, cafe and restaurant managers, waiters, kitchen hands and tourism and travel advisors. The Deloitte report indicates that for NSW, 21,172 is the estimated demand for additional workers between 2012 to 2015, with the majority of demand currently in Sydney (please refer table below).

State/mega-region	Accumulated skilled labour demand	Supply of qualified labour matching demand	Accumulated skilled labour shortage	Accumulate non-skilled labour demand	Accumulated labour demand to be met through alternate sources
NSW	10,232	4,315	5,918	10,940	16,855
Northern and inland NSW	1,046	244	802	1,477	2,275
Southern NSW (inc. ACT)	572	192	380	760	1,139
Sydney, South Coast and surrounds	8,895	4,012	4,884	9,044	13,930

II. Areas of Shortage

Supporting the findings of the Deloitte report, TAA NSW undertook a Labour Trends in Accommodation Survey in June 2013 amongst both regional and NSW members. The results demonstrate that skills shortages are very high for the top 10 positions:

- Chef de partie
- Spa Manager
- Sous Chef
- Executive Chef
- F & B Manager
- Revenue Manager
- Bar Manager

Chefs in particular are large employing occupations. In addition hotels report challenges sourcing capable culinary and F&B supervisory team members.

3. Reasons for Shortage

The primary reasons identified for these shortages was that there were limited applicants with appropriate skills and experience (76.3%), competition from employers in other industries (44.4%) and limited applicants with required education/training (45.5%).

The industry traditionally fills unskilled shortages with casuals. In regional areas this is largely mothers who are seeking to supplement their incomes and students (subject to the proximity to universities and TAFE). However a major issue is attracting people who are prepared to commit to a 24/7 industry longer term.

The TAA NSW research shows that 23.4% of the accommodation workforce are casuals without paid leave entitlements. This is in keeping with the 23% of employees in the Australian workforce who do not have paid leave entitlements (ABS (2013) Forms of Employment, November 2012).

A bigger concern for the accommodation sector is skilled shortages. The industry struggles to both attract and keep skilled staff particularly in regional areas such as the Hunter Valley, Blue Mountains and Coffs Harbour.

There are a number of reasons for this:

1. **Competition for talent.** High skilled staff shortages in Sydney and other regional city centres mean that hotels in regional areas find it difficult to compete for talent. Uniquely regional issues are
 - a. the need for affordable rental accommodation for staff from outside a region
 - b. transport given the 24/7 nature of the industry
 - c. liveability ie. Access to cafes and major shopping centres, particularly for regions such as the Hunter Valley
 - d. seasonality of demand means fluctuating demand for resources

The TAA NSW June 2013 survey showed that there was a negative turnover of 38.6% for Department Managers and 29.8% for Supervisors in the past year across all NSW accommodation properties. This illustrates the significant issues surrounding not just recruitment and skills but retention in this sector, given the high competition for talent.

2. **Limited access to skills development.** Hotels in regional locations struggle to provide continuous training and education to staff, necessary to ensure career growth.

Recommended strategies to address regional Labour Shortages

In order to start to fill the current vacancy rate (let alone the forecasted number of vacant positions) in the accommodation sector, a number of initiatives need to be undertaken both within the city centres and regional areas.

Some of these initiatives include:

- Actively encouraging greater numbers of school leavers to consider employment in the hospitality and tourism sector through a VET in School program that better encourages articulation into an apprenticeship. Unfortunately the VET in School program is currently perceived as easy access to HSC points for non-academic students...
- The support for mentoring programs to encourage Apprentices and Trainees to stay in the industry.

A commendable model supported by the AHA/TAA is that run by HTN, a NSW based

business which specialises in attracting, training and mentoring individuals interested in pursuing a commercial cookery career. Their rate of retention is 44% versus an industry average rate of 38%. However NSW government support under the Group Training program was short sightedly withdrawn from this and like companies in January this year.

We would strongly advocate for the NSW Government to provide strong support for companies that have established professional mentoring programs in this industry and would be interested in developing a government supported mentoring program for supervisory and management level employees in the accommodation sector.

- Access to flexible, government supported training. We have been contributing to the current review of government funded education under the Smart & Skilled reforms. Our recommendation extends, not just to the continuing support of the training courses identified on the skills list, but the need to expand delivery methods to encompass online. Online delivery will improve the accessibility of current training for regional workers in the accommodation sector.
- Investment in transport infrastructure particularly for night shift and seasonal workers. The accommodation sector is unique in that it operates 24/7. Attracting people who can work flexible shifts during the night hours requires access to public transport.

In addition most regional areas have seasonal demand issues – Coffs Harbour, Central Coast and Port Macquarie are summer destinations, Hunter Valley and the Blue Mountains are winter destinations. This means that accommodation hotels need to attract workers from a larger catchment to fill positions that meet the needs of a seasonal workplace. Many of these casual and part-time workers are reliant on reliable public transport.

Conclusion

The accommodation sector in NSW is currently facing significant labour shortages which the Deloitte Australian Labour Force Report predicts will reach 21,172 between 2012 and 2015.

The labour shortage in regional NSW is exacerbated by the competition for talent and the unique factors which make regional NSW less attractive than city centres i.e. Transport, rental accommodation, liveability, seasonality and access to skills development.

TAA NSW recommends a number of initiatives be taken by the government in conjunction with industry to address these gaps – improvements in the VET in Schools program to grow the current apprenticeship pool; support for mentoring programs; more flexibility around delivery of government supported training and improvements to infrastructure, in particular public transport, in regional areas.

Please note that TAA NSW is currently on the taskforce developing the Sydney Tourism Employment Plan, a federal government initiative aimed at addressing the labour and skills shortages in Sydney specifically.

TAA (NSW) looks forward to your advice on the recommendations above. Should you require any additional information or if you would like a further briefing on this matter, please do not hesitate to contact me on [REDACTED]

Yours Sincerely,



CAROL GIUSEPPI
NSW Director TAA