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Overview of the Hospitality Industry April 2007

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The hospitality industry is large and diverse and is normally referred to as the Tourism and Hospitality Industry. The industry covers sectors such as:

- Restaurants and Cafes
- Hotels
- Clubs
- Meetings and Events
- Tours Operators
- Tours Guides

The hospitality industry is primarily made up of small businesses with 85% of all businesses in the sector employing fewer than 20 persons. The industry has metropolitan focus, however, this is changing with the increasing importance of emerging sectors such as food and wine tourism.

The tourism and hospitality industry is an extremely important part of the economy with it accounting for 3.7% of GDP in the 2004/05. With an anticipated annual growth rate to 2015 of 4.3% of inbound tourism and 0.5% increase in domestic tourism the importance of the industry is only set to increase.

Labour Market Trends

The DEWR Australian Jobs 2005, showed employment growth of 13.9% or 60,900 new jobs created in Accommodation, Cafes and Restaurants in the 5 years to February 2005, with the industry employing 498,900 people in February 2005. This puts it in the top 5 growth industries. The report predicts a projected annual job growth rate of 2.2% pa or 11,700 pa until 2009-10. The same report indicated job prospects for chefs and cooks as being very good and good respectively, with strong future job growth.

There is a high proportion of part-time employment in the industry with almost half of the jobs being part-time; in addition there is a growing trend of casualisation of the work force. 40% of accommodation in the Accommodation, Cafes and

Restaurants Industry is in regional areas of Australia.

The DEWR Skills in Demand Lists States and Territories – 2006 shows a statewide shortage or cooks and chefs in all States and Territories.

Skills Shortages

There are enormous skills shortages in the industry, which were identified through the National Industry Skills Initiative and published in "A Recipe for Change" which indicated that 90% of employers believe there is a persisting shortage of chefs, qualified cooks, bakers and pastry cooks. The same report estimates a shortfall in the number of cooks and chefs in Australia of around 2000 individuals. Although this report was published in 2001 anecdotal feedback gathered by Restaurant & Catering Australia indicates that the situation has not improved, and has indeed deteriorated.



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Additional research undertaken by Restaurant & Catering Australia suggests that the shortages of 2,000 chefs and cooks is likely to be matched by 2,000 services staff, 2,500 kitchen hands and 1,500 supervisors. "the waiting is over" (a report commissioned under the National Skills Shortage Strategy) further supports this claim, where survey respondents indicated the positions they have most difficulty filling were those of chefs and cooks, followed by food and beverage attendants.

Skill Needs in the Industry

The skill needs of the industry are far wider than the technical skills easily identified. They include employability skills, such as problem solving, communication and teamwork. These skills are critical to the success of small business in such a rapidly growing industry. New entrants to the industry need a basic set of threshold technical skills which will enable them to deliver the level of service required, however, when asked to rate on a scale what the most important characteristic are when recruiting new employees, employers will inevitably rate attitude and personal presentation above qualifications and experience. The ability of employees to multi skill is also important from a small business perspective. In addition, employers are looking for flexible sets of skills that can be tailored to meet the needs of individual businesses.

Challenges faced in engaging young people

The hospitality industry has a number of barriers to overcome in engaging young people in the industry. They include, but are not limited to:

- Young people still have a perception of the industry as being a job they do while waiting to get a "real job";
- Lack of knowledge of career paths and job outcomes possible in the industry;
- Difficulty in encouraging those people who have the correct attributes and attitude to succeed in the hospitality industry into joining it;
- Lack of promotion of the portability of the skills learnt in the hospitality industry; and

- Overcoming the perception of unfriendly work hours for young people, including shift work, weekends and highly seasonal work in some cases.

Useful websites:

www.chef.org.au
www.careersgateway.serviceskills.com.au
www.restaurantcater.asn.au
www.aha.org.au

For more information please contact:

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The following sources were used to compile this information:

Australian Jobs 2005 – Department of Employment and Workplace Relations

Australia's tourism facts and figures at a glance, October 2006 – Department of Industry Tourism and Resources

The Business of Eating of Out– An industry Action Agenda for the Restaurant & Catering Industry

"A Recipe for Change" – A Department of Education Science and Training National Industry Skills Initiative report

"the waiting is over" – A Department of Education Science and Training National Skills Shortage Strategy report

