

ENVIRONMENTAL SCAN



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Overview of the Hospitality Industry April 2008

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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 directly accounting for 3.9% of GDP in the 2005/6. With an anticipated annual growth rate to 2016 of 4.8% of inbound tourism and with only a slight decrease in domestic tourism the importance of the industry is only set to increase.

Labour Market Trends

The DEWR Australian Jobs 2007, showed employment growth of 9.7% or 44,600 new jobs created in Accommodation, Cafes and Restaurants in the 5 years to February 2007, with the industry employing 505,700 people in February 2007. The report predicts a projected annual job growth rate of 1.5% pa or 7,800 pa until 2011-12. The same report indicated job prospects for chefs and cooks as being good, with strong future job growth.

The job growth has been concentrated in Cafes and Restaurants (25,600 jobs) and Pubs, Taverns and Bars (25,000) while employment fell in Clubs and Accommodation. The occupations that employ the most number of people in the industry are:

- Waiters
- Bar Attendants
- Restaurant and Catering Managers
- Chefs
- Kitchenhands

There is a high proportion of part-time employment in the industry with approximately half of the jobs being part-time; in addition there is a growing trend of casualisation of the work force. 43% of employment in the Accommodation, Cafes and Restaurants Industry is in outside of State capital cities.

Approximately 58% of employees are female in the industry, which is relatively high compared to employment generally.



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Skills Shortages

The skills and labour shortage experienced in Accommodation, Cafes & Restaurants is severe with a Workplace Survey undertaken by Restaurant & Catering Australia in January 2007 indicating that businesses were found to be 6.8% underemployed. In other words the restaurant, café and catering industry could employ an additional 13,600 people at any point in time. Cooks and Chefs were indicated by employers as the most difficult to find with Food & Beverage service staff also growing in recruitment difficulty.

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:

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Workplace Survey - Restaurant & Catering Australia, January 2007

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

