

2008

Industry Skill Needs Report Update



Service Skills Victoria

Produced by Service Skills Victoria
February 2009

Published by Service Skills Victoria

© Copyright in this work is owned by the Crown in right of the State of Victoria 2009.

This work is copyright. It may be reproduced in whole or in part for study or training purposes, subject to the inclusion of an acknowledgement of the source. Apart from any use permitted under the Copyright Act 1968, it is not to be used for commercial use or sale.

Requests for other use should be addressed to Ian Nicolson, CEO, Service Skills Victoria, Level 2, 10 Queen Street, VIC 3000.

Introduction

The purpose of this report is to provide an update of the 2007 Service Industries Change Drivers Report, advising of any significant changes that have occurred in the last twelve months and will impact on the skill and training requirements of the Victorian service industries. As such, this update should be read in conjunction with the 2007 Service Industries Change Drivers Report for a more comprehensive view of the changes affecting these industries. However in the wake of the negative impacts of the global financial crisis, the forecasts for economic activity and employment growth stated in last year's report have been substantially downgraded, in the short term.

In 2008, the major drivers as described in the 2007 Change Drivers Report such as changing business formats, the blurring of service industry sectors, multi channel retailing and sustainability continue to dominate the industries as businesses continue to compete for market share and respond to more sophisticated and individualised consumer needs. These factors and the substantial public and private investment that is apparent throughout Victoria are still impacting on the skill needs for the service industry workers.

The skill needs identified in the 2007 Change Drivers Report still exist, however in the current economic climate the focus on business management, people development, good customer service and maintaining client relationships is more critical than ever.

Service Skills Victoria, in carrying out this research, has undertaken consultations and validation of findings with a diverse range of industry stakeholders. The findings of Service Skills Australia's 2008 Environmental Scan and various research reports have also been considered in the development this report.

Section 1: Major developments in key change drivers which have arisen or significantly intensified over the last 12 months

Economic drivers

The Australian service industries are reliant on Australia's economic performance and its global trading partners, and as such have an immediate response to economic trends. These industries were the major generators of jobs and job growth in the last decade, due to strong economic conditions. However, whilst economic momentum in Australia has been slowing for the past year as part of the global economic crisis, it is now accepted that the Australian economy will continue to worsen in 2009. Although economists suggest that Victoria's economic outlook is sound, underpinned by strong investment prospects and healthy rates of population growth¹, lack of consumer confidence is likely to play out over an extended period.

The impact of low consumer confidence is highlighted by December 2008 Australian Bureau of Statistics (ABS) Retail Trade statistics indicating a change in the lifestyle of consumers². The increase in food retailing and decline in leisure and entertainment services suggests that more people are choosing to eat at home, rather than dining out. The increase in online and discount retailing and decline in sales on big ticket household items indicates that consumers are holding onto their money in the face of financial uncertainty³. The current value of the Australian dollar and falling petrol prices are expected to encourage domestic and inbound tourism.

Government intervention and development policy drivers

In 2008, significant legislative and policy changes affecting the future skill needs of the service industries included:

Tourism: Tourism Victoria's Regional Tourism Action Plan 2009-2012⁴ was released late December 2008. Its aim is to boost the number of visitors to regional Victoria and improve the opportunities for tourism operators across the State. More than \$16 million will be spent marketing every region in Victoria. Tourism Victoria has commissioned the development of the Victorian Tourism Industry Workforce Development Plan to address the issue of skill shortages in the tourism industry to support the government's Ten Year Tourism and Events Industry Strategy.

Following the start of Victoria's bushfire disaster, Tourism Victoria instigated its Tourism Crisis Response Plan which included the establishment of the Statewide Bushfire Response and Recovery Committee (SBTRRC). The committee's priority is to support the tourism industry businesses affected by the disaster⁵. Regional Development Victoria has established a new Reconstruction and Recovery Authority, its aim to provide assistance to businesses affected by the fire and undertaking an early audit in assessing the extent of economic and community infrastructure loss⁶.

Hospitality: In October 2008 the Liquor Control Reform Amendment Bill 2008⁷ was introduced to Parliament to review and enhance powers relating to late hour declarations. The legislation allows the Director of Liquor Licensing to make a temporary late hour entry declaration without giving the 21 day notice period if there is a need.

Solaria: On 1st February 2008, the Victorian Government introduced new regulations for the solarium industry that require licensing, impose age limits and improve the display of warnings alerting solarium users to the risks of developing skin cancer⁸. The regulations effectively declare a tanning unit to be a radiation source for the purposes of the Radiation Act 2005.

1 Economics@ANZ (2007) ANZ States and Territories Economic Update, December quarter 2008

2 Australian Bureau of Statistics, Retail Trade Quarterly Indicators, Australia (cat. No. 8502.0), Dec 2008

3 The Australian Centre for Retail Studies (2008) Retail Insights, Edition 113 October 31 2008

4 Tourism Victoria (2008) Regional Tourism Action Plan 2009 – 2012,

5 Department of Innovation, Industry and Regional Development (information not published at time of report)

6 Department of Innovation, Industry and Regional Development (information not published at time of report)

7 Liquor Control Reform Amendment Bill 2008, Victorian Government,

8 REGULATORY IMPACT STATEMENT Radiation Amendment (Tanning Units and Fees) Regulations 2008 September 2008 Department of Human Services by Jaguar Consulting Pty Ltd

Section 2: Responses being made by businesses and industry organisations

Although some rationalisation in the service industries occurred before the economic crisis began, due to oversupply, it is likely that additional rationalisation will occur as the global economy feels further pressure.

Consultation with businesses in the service industries suggests the lack of consumer confidence is affecting the service industries in varying degrees. Businesses offering value for money continue to survive. Businesses struggling with turnover are reducing expenses in areas such as marketing and are operating with reduced staff levels. Those worst affected appear to be the country's largest retail employers, particularly those selling big ticket retail items, resulting in cost cutting measures that include reducing the working hours of sales staff. Recent labour force statistics indicate that women are suffering the most in the fall of full time labour, particularly as this cohort dominates casual retail and hospitality jobs⁹. For small business owners/managers, the reduction in staff numbers means having to fulfil added roles.

Whilst there is evidence to suggest that there is less demand from the high end market, and personal service appointments being stretched out, the industry view is that well managed businesses are maintaining turnover.

The retention of skilled workers remains the major business priority across the service industries. This has been particularly evident for large companies whose strategic directions focus on designing their human resource and other management practices around learning in the workplace and providing staff with new and enhanced career pathways. These companies tend to link their training to nationally recognised training packages, however the issue of few casual workers accessing vocational education and training still remains. Many small businesses, whilst not able to offer the same benefits to workers are also using training and remuneration to attract and retain staff.

In the last 12 months there has been evidence of industries working together to address their own industry concerns of low industry growth and poor industry standards. For example, the focus of the newly formed Australian Hairdressing Council is to raise the quality of the industry, to achieve growth and promote the hairdressing industry as a respected profession leading to exciting career paths.

Although the economic crisis is having a negative impact on tourism, there are suggestions that the declining value of the Australian dollar and falling petrol prices are improving the competitiveness of Australian inbound tourism against other destinations, and the competitiveness of domestic tourism against outbound travel¹⁰.

The Victorian Government commitment to promoting tourism in regional Victoria is further challenged by the 2009 bushfire disasters and the increasing strains on public infrastructure. The Mornington Peninsula is considered to be the number one tourist destination for regional Victoria, yet maintains one of the highest youth unemployment rates. There are many jobs in the region, however the lack of night-time public transport and the cost of private transport make it difficult to recruit people, particularly in hospitality and retail.

Continuing changes to legislation are adding to the economic challenges faced by businesses. For the hospitality industry, there have been ongoing debates as to the effects that the trial of temporary late hour entry declaration has had on businesses in terms of loss of revenue and increased violence on streets.

For solaria, changing social beliefs and negative press have led to rationalisation of the industry, with many businesses closing or ceasing to offer services in solaria. The regulations, imposed to reduce the incidence of solarium related skin cancer through the prohibition on solarium use by particularly vulnerable groups, are expected to reduce solarium use by approximately 50%.

9 Australian Bureau of Statistics, Labour Force, December 2008

10 Tourism Forecasting Committee (2008) Forecast 2008: Issue 2, Tourism Research Australia

Section 3: Emerging and critical skills implications

The skill needs identified in the 2007 Change Drivers Report still exist, however in the current economic climate the focus on good customer service and maintaining client relationships is more critical than ever. This applies to every sector of the service industries.

In January 2009, chefs and hairdressers continued to feature in the Skills Vacancies Index, however vacancies for chefs and hairdressers in Victoria decreased by 32% and 66% respectively from January 2008 to January 2009¹¹. This compares to the 53% decrease in total trades during the same period.

Workers with leadership and management skills, particularly in recruitment, retention and motivation of staff, including marketing, budgeting and operations are considered to be important for business in handling the unexpected economic and social changes.

Consumer insistence for personal and leisure services to be safe and reliable requires increased professionalism. It is essential that operators have a detailed understanding of legislative and regulatory requirements along with the risks associated with their services. The service industries, in particular those related to tourism, need to be aware of the benefits of training.

For the hospitality industry, legislation which allows the Director of Liquor Licensing to make a temporary late hour entry declaration without giving the 21 day notice period, has major implications for the hospitality industry in terms of staff management and greater requirements for workers to be skilled in responsible serving of alcohol. It is essential that managers are aware of their rights and responsibilities in regard to maintaining the security and protection of the public and workforce.

The major impacts of the introduction of regulations for the solarium industry require operators of solarium businesses to have management licences under the Act, and staff in solarium businesses to have the knowledge of the safe use of solarium, impose usage limits to under 18 year olds and supervise client exposure to an appropriate level. These skills will be addressed by units of competencies which are being developed within the Beauty Training Packages.

11 Department of Employment and Workplace Relations (2009) Vacancy Report January 2009, sourced <http://www.workplace.gov.au/NR/rdonlyres/230409CD-D897-43CA-BCF2-F287A14DDCBE/0/VacancyReportJanuary2009.pdf> accessed 16 January 2009

Section 4: Training demand and delivery consequences

Industry	Training demand
All service industries	<ul style="list-style-type: none"> • Maintain training demand for service industries. <ul style="list-style-type: none"> ▪ Cert II in Funeral Services ▪ Cert III on Floristry ▪ Cert II, III & IV in Community Pharmacy ▪ Cert II, III & IV in Hospitality • Cert II, III & IV in Retail <ul style="list-style-type: none"> ▪ Cert III & IV in Hairdressing ▪ Cert III & IV in Hospitality (Commercial Cookery) ▪ Cert III in Hospitality (Catering Operations) ▪ Cert III, IV, Diploma in Beauty • Increase demand for business/management training <p><i>Note: Business/management training for some sectors of the service industries may be covered by other training packages.</i></p> • Demand for casual workers to access vocational education and training.
Tourism	<ul style="list-style-type: none"> • Increase demand for tourism training <ul style="list-style-type: none"> ▪ Cert II, III & IV in Tourism ▪ Cert III in Tourism (Guiding) ▪ Cert III in Tourism (Retail Travel Sales)
Hospitality	<ul style="list-style-type: none"> • Increase demand for business/management training, including OH&S. • More demand for Responsible Serving of Alcohol and security training <p><i>Note: Security training is covered by the Public Safety Training Package.</i></p>
Solaria	<ul style="list-style-type: none"> • Increase demand for business/management training. • Increase demand for solarium safety <p><i>Note: Currently there are two trains of thought amongst the beauty industry, those who oppose the practice of solariums and therefore believe that the development of industry standards will show support for the industry and those, who also oppose the practice of solarium, yet accept that whilst there is an industry, industry standards and training would assist in reducing public risk. In the interest of public safety, Service Skills Australia is in the process of developing units of competency to meet industry needs.</i></p>

Consultation processes undertaken

The Service Skills Victoria Industry Skill Needs Report Update was based on qualitative research through direct and indirect consultative processes. Consultation was conducted through group meetings and individual interviews with Service Skills Victoria's industry advisory committee members and other identified industry representatives. Questions were based on those used for previous change drivers reports.

Information that was considered to contribute to the findings of this report, gathered indirectly from wider stakeholder groups as part of Service Skills Victoria's industry training advisory role and through its work with the Victorian Tourism Accreditation Board was also used. The report was validated through group meetings conducted with each of Service Skills Victoria's industry advisory committees in November 2009. Memberships of these committees include:

Tourism and Hospitality

- AAA Tourism
- Accommodation Getaways Victoria
- Australian Camps Association
- Australian Culinary Federation
- Australian Hotels Association
- Backpacker Operators Alliance of Victoria
- Clubs Victoria
- Compass Group
- Cordon Bleu Consulting
- Crown Melbourne Ltd
- Current Events
- Hotel Motel and Accommodation Association of Victoria
- Sofitel Melbourne (Accor)
- International Special Events Society
- Professional Executive Housekeepers Network
- Professional Tour Guide Association of Australia
- Restaurant and Catering Victoria
- Tourism Alliance
- Tourism Victoria
- VECCI Tourism
- Victorian Caravan Parks Assoc. Inc

Wholesale, Retail and Personal Services

- Australian Retailers Association
- Australian Workers Union
- Body Shop
- Cast
- Claire Francoise Salon
- Coles Group
- Danks
- Fem Skin Therapy
- Geelong Cemeteries Trust
- Hairdressing and Beauty Industry Association

- Hardware Association of Victoria
- Le Beau Visage
- Master Grocers Australia
- McDonalds Australia
- National Pharmacies
- National Retailers Association
- Ozdare Corporation
- Pharmacy Guild of Australia
- Roses Only
- Shop Distributive and Allied Employees Association
- Tobin Brothers Funerals
- Zucci Hairdressing

Other enterprises, industry organisations and individuals outside Service Skills Victoria's industry committees whose feedback was used to develop this report include:

- Mornington Peninsula Tourism
- City of Ballarat
- Rokk Ebony
- Training and Business Services (training consultant to the funeral industry)
- Bakers Delight
- ASpa Association
- Alto Hotel
- Domaine Chandon
- Destination Melbourne
- Melbourne Convention and Exhibition Centre