



Restaurant  
& Catering

# Review of the Australian Apprenticeships National Skills Needs List

R&CA Submission

October 2019

## RESTAURANT & CATERING AUSTRALIA

Restaurant & Catering Australia (R&CA) is the national industry association representing the interests of more than 47,000 restaurants, cafés and catering businesses across Australia. The café, restaurant and catering sector is vitally important to the national economy, generating over \$37 billion in retail turnover each year as well as employing 450,000 people. Over 92 per cent of businesses in the café, restaurant and catering sector are small businesses, employing 19 people or less.

R&CA delivers tangible outcomes to small businesses within the hospitality industry by influencing the policy decisions and regulations that impact the sector's operating environment. R&CA is committed to ensuring the industry is recognised as one of excellence, professionalism, profitability and sustainability. This includes advocating the broader social and economic contribution of the sector to industry and government stakeholders, as well as highlighting the value of the restaurant experience to the public.



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## INTRODUCTION

Restaurant & Catering Australia (R&CA) welcomes the opportunity to provide a submission to the Commonwealth Government's Review of the Australian Apprenticeships National Skills Needs List (NSNL). R&CA believes that a thorough and comprehensive government-led review of the NSNL is a necessary step in reversing worrying declines in enrolments and completion rates of apprenticeships across a wide variety of courses, including those associated with hospitality profession. The successful completion of apprenticeships in key courses is a high priority for R&CA as it forms the priority pathway for finding skilled labour and addressing the crippling skilled shortage currently affected the Restaurant, Café and Catering Sector.

R&CA is committed to working closely and collaboratively with government and industry stakeholders as part of this Review process to ensure that the NSNL is properly targeted and structured to respond to the skilled labour shortages across the Australian workforce.

R&CA is greatly alarmed by the failure of the current VET system to adequately service the skilled labour needs of hospitality given that the sector is expected to generate an additional 74,700 new positions by May 2023, according to the latest available projections from the Department of Jobs and Small Business. Significantly, the café, restaurant and takeaway food sector is projected to account for the greatest jobs growth out of any industry subsector in the Australian economy.

R&CA believes that without significant government intervention to address key structural problems such as shortcomings in the NSNL, the VET sector will be unable to produce to a strong and robust pipeline of skilled, locally-trained candidates to fill these positions. Whilst the overwhelming preference amongst hospitality employers is to hire locally-trained workers, it is an unfortunate reality that business-owners are unable to source the skilled positions they need through the local job market and are forced to rely on overseas migrants to fill these critical vacancies.

R&CA believes that a less restrictive and more flexible NSNL is needed to adequately respond to skills shortages within the hospitality industry and is more responsive to fluctuations and changes in the labour market within Australia.

R&CA's policy recommendations for informing the review of the NSNL can be found below.

## POLICY RECOMMENDATIONS

The R&CA makes the following policy recommendations in relation to the NSNL:

1. That a single evidence-based methodology, that stands up to appropriate scrutiny, be used across Government to determine skills shortages across the economy. The reliance of multiple 'skills shortage lists' underpinned by varying methodology has resulted in a fragmented approach to addressing skills shortages across the national economy. There is a clear and pressing need to consolidate the various lists, and methodologies into a single robust index of skills shortages across the economy.
2. A comprehensive and wide-ranging review of the existing Australian and New Zealand Standard Classification of Occupations (ANZSCO) codes list must occur to assist in the proper evaluation of skills shortages.
3. That extensive industry consultation be utilised, leveraging available industry insights and surveys to ensure the research results and skills shortage lists accurately reflect the prevailing labour market.
4. That industry consultation be prioritised to ensure collection of industry evidence including submissions, forums, one to one meetings.
5. Further labour market research in undertaken by the Department of Skills to better utilise a single evidence-based methodology for determining skills shortages such as Job Outlook and careers information on the Department's website.

# SKILLS SHORTAGES IN HOSPITALITY INDUSTRY

## EMPLOYMENT CONTRIBUTION

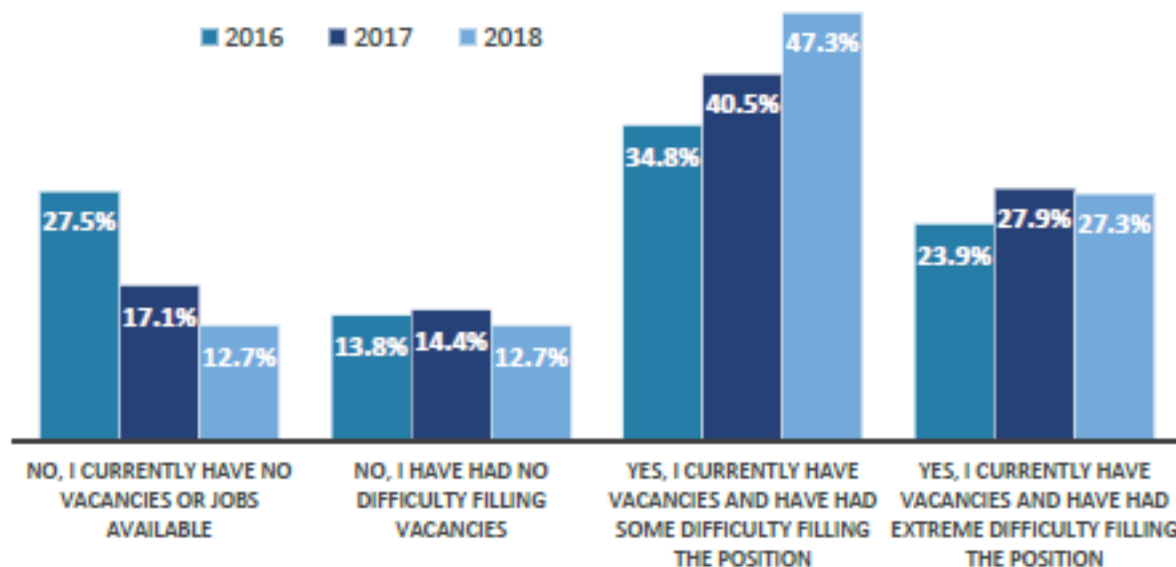
Many of R&CA's previous representations to governments at both a state and federal level have focussed on the chronic skills shortages affecting the ability of hospitality owners to operate sustainably and successfully. The sector already makes a significant contribution to national employment outcomes, one is projected to become even more prominent in future years. In May 2018, the sector employed 630,100 people in Australia which is expected to grow by 11.9 per cent to May 2023. The sector is expected to generate the greatest jobs growth out of any industry subsector of the Australian economy.

## EXISTING SKILLS SHORTAGES

Employers amongst the hospitality sector have reported increased difficulties in filling key vacancies in their businesses across both back and front of house labour, with particular respect to the highly skilled professions of chef, cook for back of house and café and restaurant managers and Trade Waiters for front of house.

Evidence collected from R&CA's member businesses has shown a steadily increasing level of difficulty in recruiting for job vacancies within their businesses over the past 3 years. According to data from R&CA's 2018 Industry Benchmarking Report, 47.3 per cent of business-owners reported experiencing 'some' difficulties in filling positions, compared to 34.8 per cent in 2016 and 40.5 per cent in 2017. An additional 27.3 per cent of respondents also reported experiencing 'extreme' difficulties in filling staff vacancies. In total, almost three-quarters (74.6 per cent) of business-owners experienced either some or extreme difficulty in filling job vacancies. R&CA would anticipate this number to increase in the 2019 survey as skills shortages affecting the sector continues to intensify. A breakdown of the data collected in R&CA's 2018 Industry Benchmarking Report overviewing employers' recruitment difficulties is contained overleaf.

## Hospitality Businesses' Difficulty in Filling Job Vacancies Compared to Last Financial Year



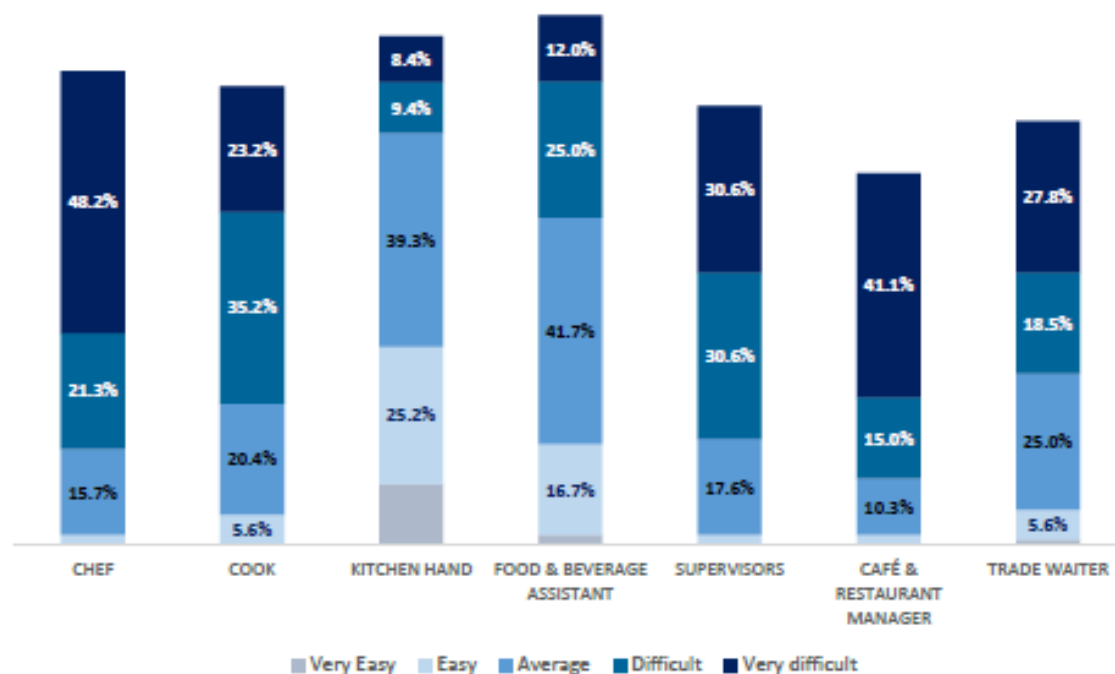
Source: Restaurant & Catering Australia 2018 Industry Benchmarking Report, p.22.

R&CA's 2018 Industry Benchmarking Report indicated that both front and back of house labour were very difficult positions to fill over the 2016-17 financial. For back of house labour the position of chef with almost half of all operators (48.2 per cent) reporting that filling chef vacancies in their businesses was 'very difficult'. A further 21.3 per cent of operators stated that they had experienced some difficulty in recruiting for chefs. Finally, the position of cook also saw 23.3 per cent of operators experience extreme difficulties in filling vacancies with 35.2 per cent reporting some difficulty.

Relating to front of house labour, café or restaurant manager vacancies were also amongst the most significantly difficult vacancies to fill with 41.1 per cent of survey respondents reporting extreme difficulty and a further 15 per cent reporting some difficulty. The position of Trade Waiter was also extremely difficult to fill, with 27.8 per cent of respondents reporting extreme difficulty and 18.5 per cent reporting some difficulty.

A complete breakdown of all hospitality positions and the corresponding level of difficulty in filling vacancies amongst those positions is represented below.

## Hospitality Businesses' Difficulty in Filling Key Occupations Over Past 12 Months



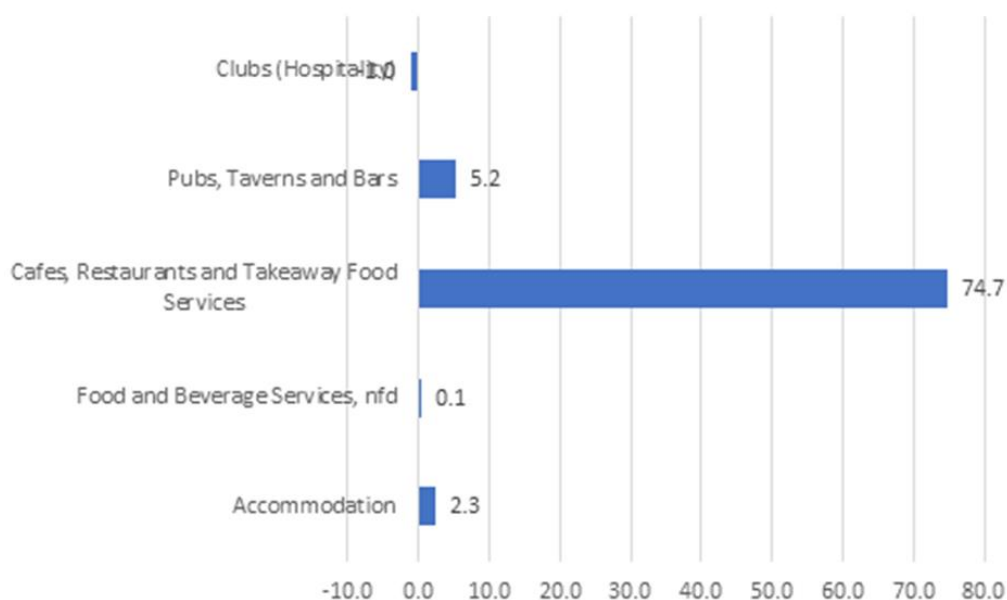
Source: R&CA 2018 Benchmarking Report, p.23.

## PROJECTED EMPLOYMENT GROWTH ACROSS HOSPITALITY INDUSTRY

Based on the current projections, the hospitality sector is expected to account for an increasing proportion of jobs growth in the Australian workforce over the coming five years, and as such the NSNL should refocus to better address these projected shortages. According to the most recently published employment projections from the Department of Jobs and Small Business, the cafe, restaurant and takeaway food subsector is expected to generate an additional 74,700 workers by May 2023. When expressed in terms of percentage growth, the sector is expected to experience employment growth of 11.9 per cent. Most significantly, the projected growth for the café, restaurant and takeaway food sector is larger than any other industry subsector. The projected employment growth associated with the café, restaurant and takeaway food sector showing other industry subsectors is also demonstrated below.



## Employment growth projections to May 2023 – Accommodation and Food Services Industry



Source: Department of Jobs and Small Business (2018) Occupation Projections to May 2023.

### PROJECTED EMPLOYMENT GROWTH IN KEY OCCUPATIONS

According to the most recent projections from the Department of Jobs and Small Business, the café, restaurant and takeaway food sector will create a total 74,700 jobs by May 2023. When represented in percentage terms, the sector is projected to experience 11.9 per cent growth in the total number of positions over this five-year period. In terms of individual hospitality sector occupations, a large proportion of the growth in the hospitality sector can be attributed to the demand for the skilled positions of chefs, cooks and café or restaurant managers.

Demand for each of these three key hospitality sector occupations is expected to grow significantly over the five years to May 2023. As shown in Figure 3, projected growth in the number of cooks, chefs and café or restaurant managers is expected to reach double-digit growth of 13.6 per cent, 16.7 per cent and 13.9 per cent respectively.

Further, while occupations such as cooks and chefs are currently listed on the NSNL relate to back of house labour, occupations with similar or higher projected shortages do not currently enjoy the same



level of government assistance or action in filling these roles such as trade waiters and restaurant managers.

### Employment growth projections by hospitality occupation to May 2023

Unit Group Code	Occupation	Employment level May 2018 ('000)	Department of Employment Projections		
			Projected employment level May 2023 ('000)	Projected employment growth five years to May 2023	
				('000)	(%)
3514	Cooks	45.5	51.8	6.2	13.6
3513	Chefs	100.8	117.5	16.8	16.7
1411	Cafe or Restaurant Managers	69.4	79.0	9.7	13.9
1511	Trade Waiter	138.3	160.1	21.8	15.8

Source: Department of Jobs and Small Business (2018) Occupation Projections to May 2023.

## THE NSNL AND THE HOSPITALITY INDUSTRY

Apprenticeship incentives play a critical important role in the hospitality industry. The NSNL review provides an opportunity to provides businesses with clarity around the use of apprenticeship incentives and also to examine how to best match well understood and tested skills shortages with apprenticeship incentives.

The R&CA has a clear position that assessments of skills shortages should not influence base apprenticeship incentives, as there better public policy outcomes to be gained by government and industry through public investment in base apprenticeship incentives. Skills shortage analysis does have a place in considering incentives, but its relevance should be confined only to targeted incentives which are designed for a particular purpose.

A single coherent approach to skills shortage analysis is supported as part of improving the understanding of labour market needs and to support decisions taken in policy areas such as top up incentives and migration.

## THE NSNL AND APPRENTICESHIPS WITHIN THE HOSPITALITY INDUSTRY

There is a strong argument that the existing function of the NSNL in relation to apprenticeship incentives would be better dealt with by using the term trade apprenticeships rather than reference to the NSNL. A consequence of this would be that additional incentives such as for adult apprentices and trade support loans would apply to all trades, including those that have been recognised since the NSNL was last updated. According to the issues paper there are around 15% of trade apprenticeships that are not on the current NSNL.

The proposition of using trades apprenticeships as the substitute for the current role that the NSNL plays does not imply there is no role for skills shortage analysis in apprenticeship incentives, but we see that role confined to the additional incentives used to target particular areas of need. Comment on the methodology for skills shortage analysis and lists is explored further below.

A further benefit of replacing the current role of the NSNL with the simpler language of trade apprenticeships is that it is well understood and will reduce the complexity of lists. The change would also be dynamic, meaning that it will reflect decisions taken from time to time to add or remove trade qualifications from the system, rather than a static list that would need to be updated.

No national skill shortage analysis is sufficiently sophisticated to determine the need that, an individual employer has at a particular point in time in a particular location for a worker who they

are willing to train to become skilled. Skill needs exist across all industries and are not confined to trades.

The fact that the NSNL has not been updated for many years reflects that its role as (basically) a list of trade apprenticeships has been uncontroversial. It could have usefully been updated to include more recent trade apprenticeships.

Currently, three occupation-based apprenticeships are listed under the NSNL that effect the hospitality industry directly – Cook, Baker and Pastrycook. All three apprenticeships are inarguably suffering from considerable skills shortages across the Australian economy.

For Cooks, the number of people working as Cooks (in their main job) grew very strongly over the past 5 years and is expected to grow strongly over the next 5 years from 45,500 in 2018 to 51,800 by 2023. There are likely to be around 35,000 job openings over 5 years (that's about 7,000 a year).

For Bakers and Pastrycooks, the number of people working as Bakers and Pastrycooks (in their main job) grew very strongly over the past 5 years and is expected to grow strongly over the next 5 years from 34,900 in 2018 to 39,200 by 2023. There are likely to be around 26,000 job openings over 5 years (that's about 5,200 a year).

However, two key apprenticeships in the hospitality industry is currently not listed under the NSNL, which is the Restaurant front of House Apprenticeship for those students undertaking a Certificate III in Hospitality (Restaurant Front of House) and a Certificate IV in Commercial Cookery for those training to be a Chef. The key occupations filled by apprentices under the front of house apprenticeship program, including Café and Restaurant Managers and Trade Waiters, are expected to generate over 30,000 jobs to May 2023 with both roles experiencing 13.9 and 15.8 per cent growth respectively, which is higher than the rate for Cooks (13.6 per cent) and this particular apprenticeship continues to be neglected by the NSNL.

The second is for apprentices training under the Certificate IV in Commercial Cookery to become a Chef, as opposed to a cook. Graduates of this apprenticeship, in comparison to cooks, reflects the role of commercial cooks who have a supervisory or team leading role in the kitchen. They operate independently or with limited guidance from others and use discretion to solve non-routine problems. Australia is expected to require a further 16,800 chefs by May 2023, with a growth rate of 16.7 per cent, the highest of any occupation in the hospitality industry.

This is due predominately to the restrictive rules that guide what occupations can be listed under the NSNL. For those completing a Restaurant Front of House Apprenticeships, both occupations fall into Major Group 1 (Managers) for Café and Restaurant Managers or Major Group 4 (Community and personal Service Workers), which exclude them under the NSNL. Currently, the NSNL states that occupations:

1. Must be listed occupation must be classified under Major Group 3 Technicians and Trades Workers of the Australia and New Zealand Standard Classification of Occupations (ANZSCO); and
2. Must have at least 1500 people are employed in the occupation (at the four-digit ANZSCO level of classification), according to ABS Census data; and
3. are assessed as being in skills shortage for three of the past five years, including at least one of the past two years, as determined by the Department's Skills Shortage Research.

The Restaurant front of House apprenticeships meets points two and three but is excluded on point one due to ANZSCO classifications of roles filled. In future submissions, R&CA will argue to the relaxing of point one to allow further apprenticeships not listed under major group 3. Alternatively, a review of the ANZSCO codes is another mechanism to better align the NSNL with more modern skills shortage's methodologies. For example, Trade Waiters were recognised as a Major Group 3 skills under the Fine Dining Labour Agreement issued by the Department of Home Affairs.

For Chefs, this apprenticeship was not created until after the establishment of the NSNL, meaning that even though it met all 3 criteria above, it has not been added to the list. This is also true of the Front of House Apprenticeship, which was also created after the NSNL was set up.

## THE ROLE OF INCENTIVES

Apprenticeship incentives play an important role in encouraging employers within the hospitality industry. In the case where apprenticeships are the only pathway to an occupation, incentives help to ensure that there is a sustainable skills pipeline.

The issues paper identifies two rationales for government apprenticeship incentives:

- Expand the available training pathways and/or employment opportunities for young people, disadvantaged groups and mature people needing to retrain; and
- Encourage participation in occupations that are in, or expected to be in, skills shortage particularly those that are a critical part of the supply chain for sectors of the economy.

In trades that require an apprenticeship pathway, those occupations and industries have long accepted that an apprenticeship model delivers the combination of structured, nationally-recognised training and work experience needed to produce highly productive workers. These benefits of an apprenticeship or traineeship are just as true for occupations that allow a variety of pathways to acquire the skills. Highly skilled, nationally accredited workers are the result of putting in place the right conditions for employers to agree to take on an apprentice or trainee, and apprenticeship incentives play an important role in enhancing the business case for them to do so.

## A SINGLE APPROACH TO SKILLS SHORTAGE ANALYSIS

R&CA strongly supports a single coherent approach to the identification of occupational skills shortages. We note there are many competing methodologies currently in use across government to judge skills shortages, including:

- Survey of Employers' Recruitment Experiences (SERA)
- Internet Vacancy Index
- Various Skills Shortage lists used for the purposes of migration such as the Short Term Skilled Occupation List (STSOL), the Medium and Long-term Strategic Skills List (MLTSSL) and the Regional Occupations List (ROL) .

The existence of competing methodologies reflects a dysfunctional loop when some of the same datasets are used but different skills shortages lists produced, due to differing methodologies.

## METHODOLOGY IN DETERMINING SKILLS SHORTAGES

### **Must be forward looking**

R&CA is a strong supporter of a forward-looking skills shortage methodology. The Department of Employment, Skills, Small and Family Business produces employment projections by industry, occupation, skill level and region for the following five-year period. R&CA supports a long term view of skills shortages and cautions against shorter time frames for assessing projections (such as 2 or 3 years). However, this must consider better methodological rigour as highlighted above, and a clear review of the ANZSCO Codes to address taxonomy concerns.

### **Review of ANZSCO Codes**

R&CA argues that a comprehensive and wide-ranging review of the ANZSCO codes list must be urgently completed and should be one of the key policy recommendations arising out of this inquiry. Since the introduction of this system in 2006, the ANZSCO codes have only been reviewed twice. Given the rapidly changing nature of jobs and the Australian workforce and the importance of the ANZSCO codes in determining visa applicants' eligibility for various skilled migration programs, R&CA argues that this Review is of the utmost necessity.

In a particularly frustrating outcome, the Australian Bureau of Statistics (ABS) recently decided against conducting a review of the ANZSCO codes list in August 2018, a decision which was heavily

criticised by significant employer and business groups across the country. The ABS has failed to even commit to a review of the ANZSCO codes list in the future, only committing to considering a review at some point following the next Census schedule to be conducted in 2021. It remains highly unlikely therefore that a Review of the codes will be conducted until after the results of the 2026 Census, meaning that a period of 15 years will have elapsed since the last major review of jobs in the economy will have been conducted.

A clear example of where this directly impacts the NSNL is the direct requirement that skills listed on the NSNL must be classified under Major Group 3 Technicians and Trades Workers of the ANZSCO. Chefs and Cooks fall under this classification, but front of house labour such as Trade Waiters and Café and Restaurant Managers fall under Category 4 (Community and Personal Service Workers) and Category 1 (Managers) respectively. Therefore, businesses suffering skills shortages are only entitled to access assistance on certain skills rather than what effects their businesses as a whole as certain apprenticeships (Restaurant Front of House) are not covered by the NSNL and other positions under outdated classifications. A clear disconnect exists between the ANZSCO Classifications and the lived experience of business.

When the fine Dining Labour Agreement was negotiated with the Department of Home Affairs, trade waiters were recognised as a category 3 occupation alongside Chefs and Cooks.

In R&CA's view, the decision not to conduct a review of the ANZSCO codes must be overturned and that the ABS should be allocated sufficient funding resources in order to conduct a proper review with immediate effect.

## CONCLUSION

R&CA welcomes the Commonwealth Government's comprehensive review of the NSNL and appreciates the opportunity to provide feedback on behalf of more than 47,000 employers in the café, restaurant and catering sector. In R&CA's view, the current VET system is failing to meet the skilled labour needs of hospitality employers and is ill-equipped to meet the significant employment demand in the hospitality sector over the subsequent five years. R&CA believes that reforming the VET sector should be of the highest priority for the Commonwealth Government, given its importance in ensuring that Australia's workforce is able to meet the demands of the future economy.

R&CA believes that many of the issues with the NSNL can be addressed through proper structural reform of methodologies, by relaxing the rules that government what skills are placed on the list and better taxonomy through ANZSCO Code Review. R&CA believes that industry associations, through their close connections with businesses have an important role to play in helping governments to address these problems. In this respect, R&CA looks forward to working collaboratively with governments at both a Commonwealth Government and State levels to help deliver the best possible outcomes for the VET sector.



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