



Restaurant  
& Catering

# Review of the VET Student Loans course list and loan caps methodology

Response to Discussion Paper

MAY 2017

## RESTAURANT & CATERING AUSTRALIA

Restaurant & Catering Australia (R&CA) is the national industry association representing the interests of over 40,000 restaurants, cafés and catering businesses across Australia. 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.



# TABLE OF CONTENTS

EXECUTIVE SUMMMARY	3
OVERVIEW OF TOURISM AND HOSPITALITY INDUSTRY	4
ECONOMIC CONTRIBUTION	4
HOSPITALITY BUSINESS COUNT	4
GROWTH IN TOURISM INDUSTRY	4
Figure 1: Turnover in the Café, Restaurant & Catering Industry	5
Figure 2: Business Count in the Café, Restaurant & Catering Industry	5
INDUSTRY SNAPSHOT: CAFÉ, RESTAURANT AND CATERING SECTOR	6
EMPLOYMENT PROJECTIONS	7
GROWTH IN HOSPITALITY SECTOR	7
GROWTH IN KEY OCCUPATIONS	7
Figure 3: Top 20 industry sectors ranked by projected growth to November 2020 ('000s)	8
Figure 4: Employment growth projections by hospitality occupation	8
Figure 5: Table of top 15 employment growth sectors by projected employment growth numbers	9
Figure 6: Table of bottom 15 employment growth sectors by projected employment growth numbers	9
SKILLS SHORTAGES	10
Figure 7: Top 10 occupations by accumulated labour demand, 2015-2020	10
SKILLS, RETENTION AND RECRUITMENT DIFFICULTIES	10
Figure 8: Skills, recruitment and retention difficulty by tourism sub-sector	11
VET STUDENT LOANS	12
METHODOLOGY	12
JOB PROSPECTS	12
LIMITATIONS ON OVERSEAS LABOUR SOURCES	13
Figure 9: Total number of Working Holiday Maker visa applications granted in 2015-16 compared to previous four financial years	13
CAP ON NUMBER OF PLACES	14
‘TRICKLE-DOWN’ EFFECT ON CERTIFICATE III AND CERTIFICATE IV COURSES	14
CONCLUSION	15
REFERENCES LIST	16

## EXECUTIVE SUMMARY

Restaurant & Catering Australia (R&CA) welcomes the opportunity to provide comment to the Department of Education and Training's Review of the VET Student Loans course list and loan caps methodology. R&CA argues that the Diploma of Hospitality Management (SIT50416) and Advanced Diploma of Hospitality Management (SIT60316) should both be re-instated at either band \$10,000 or \$15,000 on the approved courses list as a matter of urgent priority from the current \$5,000. R&CA also expressed this position as a key priority in its submission to 2017-18 Federal Budget.

It is R&CA's firm belief that the design of Australia's vocational education and training (VET) system should be focussed on industries which are expected to generate significant employment growth in the future. Tourism and hospitality are two such industries which are expected to account for a significant proportion of employment growth between now and 2020, with the café, restaurant and catering sector alone generating 84,300 jobs or 14.9 per cent growth by 2020.<sup>1</sup> In order to realise the full spectrum of economic benefits associated with this employment growth, it is critical to have a VET system which is able to produce a sufficient stream of skilled graduates with hospitality sector qualifications.

The imperative for Australia's VET system to produce an adequate supply of skilled hospitality sector graduates is underscored by the critical skills shortages currently affecting the tourism and hospitality industries. Shortages in the supply of skilled workers are particularly problematic for business owners in the hospitality sector who rely heavily on the ready availability of labour to run their businesses efficiently and successfully. Current estimates indicate that the tourism sector is experiencing shortfall of 38,000 positions which is expected to increase to 123,000 by 2020 without any intervention.<sup>2</sup> Demand for skilled occupations in the hospitality sector is particularly strong, with the demand for chefs and café and restaurant managers totalling 7,600 and 5,400 respectively.<sup>3</sup>

In R&CA's view, the chronic skills shortages in the tourism and hospitality industries will continue to worsen unless the Diploma and Advanced Diploma of Hospitality Management are placed in the \$10,000 or \$15,000 band. Without any adjustments to the setting of loan caps for these courses, R&CA believes that the projected employment gains for the hospitality sector will be put at risk.

---

<sup>1</sup> Department of Employment (2016) *Employment Outlook to November 2020*

<sup>2</sup> Deloitte Access Economics (2015), *Australian Tourism Labour Force Report: 2015-2020*, Australian Trade Commission, Austrade, October 2015.

<sup>3</sup> Ibid.

# OVERVIEW OF TOURISM AND HOSPITALITY INDUSTRY

## ECONOMIC CONTRIBUTION

The hospitality sector makes a significant contribution to Australia's tourism industry and the national economy with the most recently available Australian Bureau of Statistics (ABS) data indicating that turnover in the café, restaurant and catering sector exceeded \$25 billion for the year ending March 2017.<sup>4</sup> This represented growth of 2.2 per cent for the Year-on-Year (YoY) figures. When taking into account turnover generated from takeaway sales, the total contribution of the industry was just over \$43 billion.<sup>5</sup> A detailed state-by-state breakdown of industry turnover across the hospitality sector can be viewed in Figure 1.

## HOSPITALITY BUSINESS COUNT

As of 30 June 2016, there were 43,118 cafés, restaurants and catering businesses in operation throughout Australia, with cafés and restaurants accounting for 39,469 and catering businesses accounting for 3,649.<sup>6</sup> Significantly, the number of cafés and restaurants increased over the 2015-16 financial year in every single Australian state and territory, growing by upwards of 5 and 6 per cent in some jurisdictions (see Figure 2).<sup>7</sup> Over 92.4 per cent of the almost 40,000 cafés and restaurants in Australia are small businesses employing 19 people or less.

## GROWTH IN TOURISM INDUSTRY

In the year ending December 2016, the number of international visitors to Australia aged 15 years and over reached 7.6 million, an increase of 11 per cent from 2015.<sup>8</sup> Total expenditure by international visitors was \$39.1 billion, representing growth of 7 per cent or \$2.5 billion more than in 2015.<sup>9</sup> Expenditure by domestic tourists reached \$61 billion in 2016, an increase of 5 per cent on 2015 figures, bringing the total combined spend by domestic and international tourists to over \$100 billion.<sup>10</sup>

---

<sup>4</sup> Australian Bureau of Statistics, (ABS), (2017) *Retail Trade Data 8501.0*.

<sup>5</sup> Ibid.

<sup>6</sup> Australian Bureau of Statistics (ABS) (2017) *8165.0 Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2016*.

<sup>7</sup> Ibid.

<sup>8</sup> Tourism Research Australia (2017) *International Visitors in Australia: December 2016 Quarterly Results of the International Visitor Survey*.

<sup>9</sup> Ibid.

<sup>10</sup> Tourism Research Australia (2016) *Travel by Australians: December 2016 results of the National Visitor Survey*.

**Figure 1: Turnover in the Café, Restaurant & Catering Industry**

Turnover in the Café, Restaurant & Catering Industry							
State	Sector	Month of March			Year Ending March		
		Mar 16 (\$M)	Mar 17 (\$M)	% Change MoM	Mar 16 (\$M)	Mar 17 (\$M)	% Change YoY
NSW	Café, Restaurant & Catering Services	668.4	680.9	1.9%	8157.0	8170.0	0.2%
	Café, Restaurant & Takeaway Services	1160.0	1228.0	5.9%	13928.5	14708.9	5.6%
VIC	Café, Restaurant & Catering Services	486.4	541.5	11.3%	5856.6	6277.2	7.2%
	Café, Restaurant & Takeaway Services	793.3	868.4	9.5%	9433.0	10167.6	7.8%
QLD	Café, Restaurant & Catering Services	406.3	393.2	-3.2%	5052.2	4955.5	-1.9%
	Café, Restaurant & Takeaway Services	713.1	687.0	-3.7%	8720.7	8712.8	-0.1%
SA	Café, Restaurant & Catering Services	99.1	114.7	15.7%	1045.6	1192.7	14.1%
	Café, Restaurant & Takeaway Services	190.5	207.1	8.7%	2054.3	2273.3	10.7%
WA	Café, Restaurant & Catering Services	276.8	297.8	7.6%	3359.7	3370.7	0.3%
	Café, Restaurant & Takeaway Services	422.1	466.5	10.5%	5115.0	5293.9	3.5%
TAS	Café, Restaurant & Catering Services	26.2	29.8	13.7%	287.0	312.8	9.0%
	Café, Restaurant & Takeaway Services	51.6	56.5	9.5%	577.6	635.6	10.0%
NT	Café, Restaurant & Catering Services	17.5	17.9	2.3%	229.8	236.0	2.7%
	Café, Restaurant & Takeaway Services	36.6	36.6	0.0%	473.3	479.3	1.3%
ACT	Café, Restaurant & Catering Services	45.6	44.6	-2.2%	488.7	494.0	1.1%
	Café, Restaurant & Takeaway Services	68.2	68.9	1.0%	737.8	785.3	6.4%
Total	Café, Restaurant & Catering Services	2026.4	2120.4	4.6%	24476.8	25008.5	2.2%
	Café, Restaurant & Takeaway Services	3435.2	3619.0	5.4%	41039.7	43056.8	4.9%

Source: ABS 8501.0 Retail Trade, Australia; State by Industry Subgroup, Original.

**Figure 2: Business Count in the Café, Restaurant & Catering Industry**

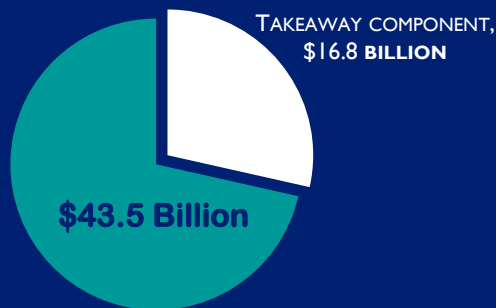
Café, Restaurant and Catering Businesses operating at end of financial year - June 2016											
State	Business Type	Non Employ.	1-19 Employ.	20-199 Employ.	200+ Employ.	Change	% Change	Entry Rate %	Exit Rate %	Sub Total	Total No. Businesses
NSW	Café & Restaurants	2643	10216	778	17	677	5.2	24.2	19.0	13660	15,030
	Catering Services	474	798	83	9	42	3.2	20.9	17.8	1370	
VIC	Café & Restaurants	2308	8327	715	18	737	6.9	24.5	17.6	11366	12,308
	Catering Services	366	478	86	5	2	0.2	18.2	18.4	942	
QLD	Café & Restaurants	1311	5105	645	9	442	6.7	25.2	18.6	7068	7,676
	Catering Services	262	306	33	3	22	3.8	19.8	15.7	608	
SA	Café & Restaurants	393	1617	189	0	134	6.5	23.4	16.7	2196	2,429
	Catering Services	90	123	22	0	-2	-0.9	12.3	11.9	233	
WA	Café & Restaurants	633	2403	437	7	135	4.0	21.7	17.6	3471	3,807
	Catering Services	141	171	28	3	5	1.5	22.1	20.5	336	
TAS	Café & Restaurants	105	530	57	3	24	3.6	20.4	16.0	691	756
	Catering Services	25	40	3	0	-8	-11.0	19.2	19.2	65	
NT	Café & Restaurants	38	135	31	3	22	12.0	25.0	14.7	206	242
	Catering Services	12	18	3	0	1	2.9	17.1	14.3	36	
ACT	Café & Restaurants	143	578	84	4	20	2.5	21.2	19.0	811	870
	Catering Services	18	42	6	0	-3	-4.8	8.1	21.0	59	

Source: ABS 8165.0 Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2016.

## INDUSTRY SNAPSHOT: CAFÉ, RESTAURANT AND CATERING SECTOR

### THE SECTOR CONTRIBUTES

**\$43 BILLION** TO THE  
NATIONAL ECONOMY



**CONTRIBUTES  
\$15.5 BILLION TO  
NATIONAL GROSS  
VALUE ADDED**

AND \$4.4 BILLION DIRECTLY  
TO THE TOURISM INDUSTRY



### THE SECTOR

**EMPLOYS 566,800 PEOPLE**

WITH THIS NUMBER EXPECTED TO INCREASE TO 651,200 BY 2020



**43,118**

**CAFÉS, RESTAURANTS &  
CATERING BUSINESSES IN  
AUSTRALIA**

92.4% ARE SMALL BUSINESSES



**EMPLOYMENT GROWTH IS  
PROJECTED AT 14.9%  
OR 84,300 JOBS BY 2020.**

THIS RATE OF GROWTH IS HIGHER  
THAN ANY OTHER SUB-SECTOR IN THE  
AUSTRALIAN ECONOMY

# EMPLOYMENT PROJECTIONS

## GROWTH IN HOSPITALITY SECTOR

According to the most recently available projections from the Department of Employment, the café, restaurant and takeaway food sector will create a total of 84,300 jobs by November 2020.<sup>11</sup> As of November 2015, the sector employed 566,800 people in Australia and this is expected to grow by 14.8 per cent to 2020.<sup>12</sup> Therefore, it is estimated that the total number of jobs in the café, restaurant and takeaway food sector will reach 651,100 by 2020. The projection of 84,300 jobs in the sector is also a considerable upwards revision from 2014 estimates of 8.9 per cent growth or 43,900 jobs.<sup>13</sup>

As demonstrated in Figure 3, the café, restaurant and takeaway food sector is expected to create the most jobs out of any industry sector. Significantly, the total number of projected jobs from café, restaurant and takeaway food businesses sector is 24,200 more than architectural, engineering and technical services which was the second largest industry sector in terms of jobs growth to 2020.<sup>14</sup> The top fifteen and bottom fifteen employment growth sectors can be found in Figures 5 and 6. Given the expected jobs growth within the café, restaurant and takeaway food sector as well as the tourism industry as a whole, it is critical to ensure that Australia's VET system is producing as many skilled hospitality graduates as possible to fill these positions.

## GROWTH IN KEY OCCUPATIONS

The Department of Employment's projections also show that the key hospitality sector occupations of chefs and café and restaurant managers are both in the top fifteen occupations expected to contribute the most to employment growth over the five years to November 2020.<sup>15</sup> Chefs and café and restaurant managers are each projected to experience employment growth of 22.6 per cent and 21.4 per cent respectively. The significant levels of demand for skilled labour in the hospitality sector, particularly in respect to chefs and café and restaurant managers, requires a sufficiently robust VET system to meet this demand.

---

<sup>11</sup> Department of Employment (2016) *Employment Outlook to November 2020*.

<sup>12</sup> Ibid.

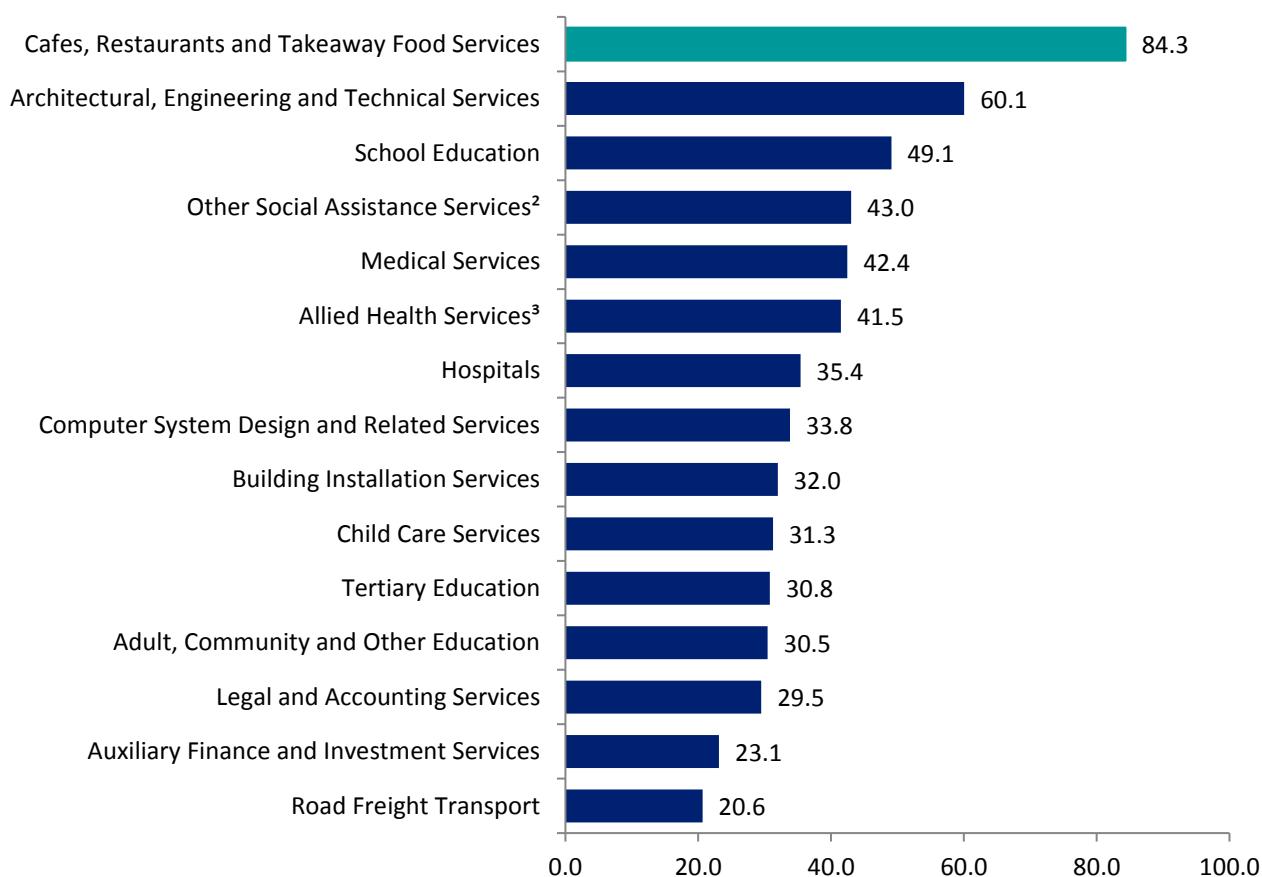
<sup>13</sup> Department of Employment (2014) *Employment Outlook to November 2018*.

<sup>14</sup> Department of Employment (2016) *Employment Outlook to November 2020*.

<sup>15</sup> Ibid.



**Figure 3: Top 20 industry sectors ranked by projected growth to November 2020 ('000s)**



Source: Department of Employment (2016) Employment Outlook to November 2020.

**Figure 4: Employment growth projections by hospitality occupation**

Occupation Code	Occupation	Employment level November 2015 ('000)	Department of Employment Projections		
			Projected employment level November 2020 ('000)	Projected employment growth five years to November 2020	
				('000)	(%)
1411	Cafe and Restaurant Managers	73.0	88.7	15.6	21.4
4315	Waiters	120.0	139.0	19.0	15.8
3513	Chefs	85.0	104.1	19.2	22.6
3514	Cooks	34.3	36.7	2.4	7.1
4311	Bar Attendants and Baristas	93.7	105.4	11.7	12.5

Source: Department of Employment (2016) Employment Outlook to November 2020.

**Figure 5: Table of top 15 employment growth sectors by projected employment growth numbers**

Occupation Code	Industry Sector	Employment Level Nov 15 ('000)	Department of Employment Projections	
			Projected employment level Nov 2020 ('000)	Projected employment growth five years to Nov 2020 ('000)
451	Café, Restaurant and Takeaway Food Services	568.8	651.2	84.3
692	Architectural, Engineering & Technical Services	308.1	368.2	60.1
802	School Education	475.9	525.0	49.1
879	Other Social Assistance Services	222.7	265.7	43.0
851	Medical Services	158.0	200.5	42.4
853	Allied Health Services	186.9	228.4	41.5
840	Hospitals	398.1	435.5	35.4
700	Computer System Design and Related Services	195.3	229.1	33.8
323	Building Installation Services	255.2	287.2	32.0
871	Child Care Services	163.1	194.3	31.3
810	Tertiary Education	237.3	268.1	30.8
821	Adult, Community and Other Education	162.2	192.6	30.5
693	Legal and Accounting Services	269.9	299.4	29.5
641	Auxiliary Finance & Investment Services	108.2	131.3	23.1
461	Road Freight Transport	183.8	204.5	20.6

Source: Department of Employment (2016) Employment Outlook to November 2020.

**Figure 6: Table of bottom 15 employment growth sectors by projected employment growth numbers**

Occupation Code	Industry Sector	Employment Level – Nov 15 ('000)	Department of Employment Projections	
			Projected employment level Nov 2020 ('000)	Projected employment growth five years to Nov 2020 ('000)
955	Civic, Professional & Other Interest Group Serv.	38.2	36.2	-2.0
C00	Manufacturing, nfd	37.5	35.5	-2.0
010	Agriculture, nfd	58.9	56.8	-2.1
109	Other mining support services	19.8	16.7	-3.0
B00	Mining, nfd	23.8	20.5	-3.4
251	Furniture Manufacturing	35.7	31.6	-4.1
310	Heavy and Civil Engineering Construction	74.2	69.4	-4.8
229	Other Fabricated Metal Product Manufacturing	18.2	13.4	-4.9
349	Other Machinery and Equipment Wholesaling	71.6	66.1	-5.5
135	Clothing and Footwear Manufacturing	16.1	10.5	-5.6
101	Exploration	36.9	30.3	-6.7
080	Metal Ore Mining	66.5	58.6	-7.9
060	Coal Mining	43.1	34.3	-8.8
014	Sheep, Beef Cattle and Grain Farming	85.8	71.8	-14.0
231	Motor Vehicle/ MV Part Manufacturing	47.2	19.7	-27.5

Source: Department of Employment (2016) Employment Outlook to November 2020.

## SKILLS SHORTAGES

The tourism and hospitality sectors are currently facing a chronic shortage of both skilled labour. Deloitte Access Economics' *Australian Tourism Labour Force Report: 2015-2020* indicated that these sectors are experiencing a shortfall of 38,000 workers, which is expected to increase to 123,000 by 2020.<sup>16</sup> The demand for skilled workers is expected to be highest amongst chefs and café and restaurant managers, with demand for these positions reaching 7,600 and 5,400 respectively<sup>17</sup>. R&CA argues that these forecasted shortages amongst key skilled occupations will continue to worsen unless the loan caps for hospitality courses are adjusted to either \$10,000 or \$15,000 from the existing \$5,000.

**Figure 7: Top 10 occupations by accumulated labour demand, 2015-2020**

Occupation	Accumulated demand for skilled workers	Accumulated demand for new workers	% all demand	2015 employment
Kitchenhands	4,966	17,118	14%	79,732
Waiters	4,895	13,868	11%	79,991
Bar Attendants and Baristas	3,857	10,578	9%	58,273
Chefs	7,603	9,936	8%	49,126
Cafe and Restaurant Managers	5,365	9,774	8%	40,652
Cooks	4,549	9,325	8%	40,642
Automobile Drivers	5,213	9,116	7%	26,137
Cafe Workers	1,425	4,472	4%	22,169
Hotel and Motel Managers	2,243	4,266	3%	16,253
Tourism and Travel Advisers	2,932	4,048	3%	17,450
<b>Top 10 subtotal</b>	<b>43,048</b>	<b>92,502</b>	<b>75%</b>	<b>430,424</b>
<b>Total</b>	<b>59,689</b>	<b>123,125</b>	<b>100%</b>	<b>554,750</b>

Source: DAE labour force model.

Figure 5 replicated from Deloitte Access Economics (2015), *Australian Tourism Labour Force Report: 2015-2020*, p. xv.

## SKILLS, RETENTION AND RECRUITMENT DIFFICULTIES

The Deloitte Report also reported that the café and restaurant sector had the highest level of deficiencies in relation to skills, retention and recruitment of staff out of all tourism-related sub-sectors. As demonstrated by the table in Figure 8, 71 per cent of restaurant and café businesses identified difficulties in recruitment, compared to an average of 37.7 per cent across other sectors of the tourism industry. The main reason given for recruitment difficulties was the lack of access to workers with the required skills. Furthermore, 81 per cent of restaurant and café businesses identified skills deficiencies

<sup>16</sup> Deloitte Access Economics (2015) *Australian Tourism Labour Force Report:2015-2020*, Australian Trade Commission, Austrade, October 2015.

<sup>17</sup> Ibid.

in potential staff which was 12 per cent higher than the national average. Chef was identified as the top occupation affected by a deficiency in skills.

**Figure 8: Skills, recruitment and retention difficulty by tourism sub-sector**

Metric	Accommodation	Attractions	Restaurants & Cafes	Other
Businesses reported as seasonal	44%	49%	59%	47%
Average # employees	21	22	21%	11
Vacancy rate	5%	4%	9%	10%
Turnover rate	51%	42%	88%	61%
% identifying recruitment deficiencies	39%	36%	71%	38%
% identifying retention deficiencies	27%	22%	52%	30%
% identifying skills deficiencies	66%	59%	81%	64%
Top deficiency identified	Capability management	Experience opportunities	Capability misalignment	Experience
Top occupation affected by deficiency	Cleaner	Tour guide	Chef	Hospitality Worker

Figure 6 replicated from Deloitte Access Economics (2015) Australian Tourism Labour Force Report:2015-2020.

The data contained in the Deloitte Report in relation to skills deficiencies is consistent with R&CA's own research which also found that chef was the most difficult hospitality profession to fill. 70.7 per cent of businesses surveyed as part of R&CA's 2017 Industry Benchmarking Report indicated that it was either 'difficult' or 'very difficult' to fill the position of chef.<sup>18</sup> Overall, when asked how easy it was to find staff compared to last financial year, 37.8 per cent of businesses indicated increased difficulties in finding staff.<sup>19</sup> 40.5 per cent of respondents in 2017 reported experiencing 'some' difficulties in filling positions, compared to 34.8 per cent in 2016 and 34.3 per cent in 2015.<sup>20</sup> An increased number of respondents also reported experiencing 'extreme' difficulties in filling staff with 27.9 per cent in 2017, compared to 23.9 per cent in 2016 and 24.6 per cent in 2016.<sup>21</sup>

As demonstrated by data from the Deloitte Report and R&CA's 2017 Industry Benchmarking Report, the café and restaurant sector is already experiencing considerable difficulties in the recruitment and retention of skilled and qualified staff. R&CA believes that these difficulties will be exacerbated without any adjustments to the VET student loans approved courses list and will reduce the incentive and ability of students to obtain the requisite qualifications required to work in the hospitality industry as long-term career path.

<sup>18</sup> Restaurant & Catering Australia (R&CA), 2017 Industry Benchmarking Report.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

# VET STUDENT LOANS

## METHODOLOGY

R&CA strongly argues that the methodology governing the current VET system should prioritise industry sectors which are expected to contribute most to future employment outcomes. Given that the tourism industry and in particular the café, restaurant and catering sector is expected to generate phenomenal employment growth over the next five years, there is a strong need for Australia's VET system to cater to this demand.

To achieve this, R&CA believes that it is necessary to reinstate the Diploma and Advanced Diploma of Hospitality Management on the approved courses list at either \$10,000 or \$15,000. The current approved courses list relegates these qualifications to the lowest funding band of \$5,000 which R&CA believes is grossly insufficient to provide the training needed to acquire the necessary skills enabling a long-term career path in the hospitality sector.

## JOB PROSPECTS

R&CA is cognisant of the necessity for the Commonwealth to reduce loan exposure, however believes that this objective is achieved through funding qualifications that are closely linked with high employment demand. There is strong evidence to indicate that hospitality qualifications are in high demand amongst businesses leading to a high likelihood of immediate employment outcomes for graduates in the sector. As previously stated, the demand for chefs and café and restaurant managers is expected to reach 7,600 and 5,400 respectively by 2020.<sup>22</sup> As a result of strong job prospects associated with these qualifications, there is also a high likelihood that hospitality graduates will be able to repay these student loans.

R&CA also argues that the high likelihood of positive employment outcomes for hospitality sector graduates will also translate to an earnings capacity which will enable them to repay these loans. According to Frontline Hospitality's *2016-17 Salary Guide*, an assistant manager at a restaurant in New South Wales can expect to earn a salary ranging between \$60,000 and \$70,000.<sup>23</sup> A Chef de Partie working in a restaurant in New South Wales can expect to earn between \$55,000 and \$63,000.<sup>24</sup> In each

---

<sup>22</sup> Deloitte Access Economics (2015) *Australian Tourism Labour Force Report:2015-2020*, Australian Trade Commission, Austrade, October 2015.

<sup>23</sup> Frontline Hospitality Australia, *2016-17 Salary Guide*.

<sup>24</sup> Frontline Hospitality Australia, *2016-17 Salary Guide*.

of these cases, the expected salaries are above the loans repayment threshold which would require graduates to repay these loans.

## LIMITATIONS ON OVERSEAS LABOUR SOURCES

The demand for skilled hospitality graduates is further magnified by the limitations currently placed on international students and working-holiday makers. Presently, international students are limited to working a maximum of 20 hours per week whilst working holiday makers are only allowed to work with one employer for a maximum period of six months. There has also been a significant decrease in the overall number of working holiday makers visiting the country, with a total of 214,583 working holiday maker visa applications (subclass 417 and 462) granted in 2015-16 compared to 258,248 in 2012-13.<sup>25</sup> This represents a percentage decrease of 16.9 per cent. Significantly, there has been a decrease in the overall number of working holiday visas granted in every financial year since 2012-13 which is shown in Figure 9 below. The reduced availability of overseas labour sources means that there is an even greater demand for skilled hospitality graduates from Australia's VET system.

**Figure 9: Total number of Working Holiday Maker visa applications granted in 2015-16 compared to previous four financial years**

Financial Year	Total Working Holiday Maker visas granted
2011-12	222,992
2012-13	258,248
2013-14	239,592
2014-15	226,812
2015-16	214,583

Source: Department of Immigration and Border Protection (2016) *Working Holiday Maker visa programme report, 30 June 2016*

---

<sup>25</sup> Department of Immigration and Border Protection (2016) *Working Holiday Maker visa programme report, 30 June 2016*

## CAP ON NUMBER OF PLACES

In addition to reinstating hospitality courses on the approved courses list at either the \$10,000 or \$15,000 band, R&CA would also recommend placing a cap on the number of places as opposed to the amount of the funding. This amount should be subject to a far higher cap than that proposed. Furthermore, R&CA would support the operation of this system based on real data as to the actual expenditure of each qualification (e.g. If a total allocation for Hospitality Diplomas is 20,000 places at a \$300 million budgeted amount and actuals, half way through the year is \$12 million for 10,000 places, that the place allocation be increased to reflect the budgeted amount).

The previous experience of the hospitality sector in relation to band-capped schemes was best demonstrated in Victoria, where the funding rate for many qualifications was reduced to \$1.50 per hour. This subsequently resulted in a significant reduction in the quality of qualifications delivered. In order to perform skilled hospitality sector jobs to a satisfactory standard, there is a need to ensure that the qualifications being delivered are of the highest quality. R&CA believes that the current scheme in place will ultimately have a negative impact in terms of the quality of hospitality sector qualifications being delivered which will lead to poorer outcomes for hospitality sector businesses.

## 'TRICKLE-DOWN' EFFECT ON CERTIFICATE III AND CERTIFICATE IV COURSES

Finally, the current arrangements placing the Diploma and Advanced Diploma of Hospitality on the approved courses list at the \$5,000 band acts as a strong disincentive for providers to offer Certificate III and Certificate IV hospitality courses due to the under-enrolment of students at a Diploma-level. In this way, there is likely to be a 'trickle-down' effect on the delivery of lower qualifications such as Certificate III and Certificate IV with fewer providers choosing to offer Certificate III and Certificate IV courses in hospitality as well. As a result, students wishing to upgrade their qualifications after having worked in the hospitality industry will have fewer options to do so, thus limiting their ability to pursue hospitality as a long-term career path.

## CONCLUSION

As the sector with the highest projected jobs growth to 2020, R&CA believes that the methodology governing Australia's VET student loans system should be designed to produce a sufficient level of skilled graduates in hospitality-sector occupations. At present, the structure of the approved courses list has failed to recognise the demand for skilled labour in one of the fastest growing sectors in the economy which is expected to experience employment growth of 14.9 per cent or 84,300 jobs by 2020.<sup>26</sup>

R&CA's stance is that the Diploma of Hospitality Management and Advanced Diploma of Hospitality Management should be re-instated on the approved courses list at either band \$10,000 or \$15,000 as a matter of urgent priority. The current \$5,000 is grossly insufficient to attract hospitality graduates to complete the course. Given the strong future employment growth forecasted for the sector, R&CA believes that there is a strong imperative to ensure that the VET Student Loans system does not hamper the ability of students to complete these courses and go on to fill these positions.

Failure to update the approved courses list in this way will severely curtail the ability of hospitality sector businesses to source the skilled labour they need to run their businesses effectively. Skilled positions such as chefs and café and restaurant managers are critical to the successful operation of hospitality businesses and an inability to fill these positions will have significant ramifications on their sustainability and profitability. Without sufficient investment in Australia's VET system, it is extremely unlikely that the employer demand for these skilled hospitality sector occupations will be met. Further to this, R&CA believes that without any adjustments to the VET Student Loans program, the projected employment gains for the hospitality sector will be put at risk.

---

<sup>26</sup> Department of Employment (2016) *Employment Outlook to November 2020*



## REFERENCES LIST

Australian Bureau of Statistics (ABS) (2017) *8165.0 Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2016*.

Australian Bureau of Statistics (ABS) (2017) *Retail Trade Data 8501.0*.

Department of Employment (2014) *Employment Outlook to November 2018*.

Department of Employment (2016) *Employment Outlook to November 2020*.

Department of Employment (2014) *Industry Outlook - Industry Outlook Accommodation and Food Services*.

Department of Immigration and Border Protection (2016) *Working Holiday Maker visa programme report*, 30 June 2016.

Deloitte Access Economics (2015) *Australian Tourism Labour Force Report: 2015-2020*, Australian Trade Commission, Austrade, October 2015.

Tourism Research Australia (2016) *Travel by Australians: December 2016 results of the National Visitor Survey*.

Tourism Research Australia (2017) *International Visitors in Australia: December 2016 Quarterly Results of the International Visitor Survey*.

Restaurant & Catering Australia (2017) *2017 Industry Benchmarking Report*.

**RESTAURANT & CATERING AUSTRALIA**

PO Box 121  
SURRY HILLS NSW 2010

**T** | 1300 722 878

**F** | 1300 722 396