



Restaurant
& Catering

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30 January 2018

Mr Stephen Palethorpe
Secretary
Senate Select Committee on the Future of Work and Workers
PO Box 6100
Parliament House
Canberra ACT 2600

Email: futureofwork.sen@aph.gov.au

Dear Mr Palethorpe,

Thank you for the opportunity for Restaurant & Catering Australia (R&CA) to provide a submission to this Inquiry into the Future of Work and Workers. As the only national industry association representing the interests of over 43,000¹ cafés, restaurants and catering companies in Australia, R&CA is well-placed to provide comment on the future of work within the hospitality sector and the various factors, both technological and otherwise, affecting the sector's ability to sustain its future employment growth.

At present, the café, restaurant and takeaway food sector employs 610,900 Australians and is expected to contribute 84,100 new jobs by May 2022.² Significantly, the forecasted employment growth of 13.8 per cent is the largest out of any industry subsector.³ R&CA has argued in its previous representations to government that the sector's strong employment growth means there is a critical imperative to ensure that Australia's policy and regulatory environments are structured in such a way which promotes this growth rather than inhibits it. In the absence of positive government intervention, R&CA warns that the full spectrum of economic benefits associated with this employment growth may fail to materialise.

In R&CA's view, there are a myriad of factors which will ultimately affect the ability of the hospitality sector to meet its future employment growth projections. Whilst the full impact of each of these factors is yet to become apparent, R&CA nevertheless argues that significant policy adjustments are required. The major factors affecting the future of work and workers in the hospitality sector are outlined over the page.

¹ ABS (2017) 8165.0 - Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2016.

² Department of Employment (2017) *Employment Projections to May 2022*.

³ Ibid.

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High Cost of Labour

R&CA argues that the hospitality sector's future employment growth is being hampered by increasingly high labour costs borne by businesses. According to R&CA's 2017 *Industry Benchmarking Report*, a café, restaurant or catering business spends an average of 44 per cent of business expenditure on staff wages and on-costs.⁴ Furthermore, a large number of hospitality businesses are unable to open or choose to open for fewer hours on Sundays and Public Holidays, due to the costs of penalty rates on these days. 20.2 per cent of R&CA's member businesses indicated that they opened on Sundays but not on Public Holidays in 2017, an increase from 19.4 per cent recorded in the previous year's survey.⁵

The rise of digital technology has also coincided with a changing of societal norms and the emergence of a 24-7 services-based economy. New innovations in digital technology have fundamentally changed the way that consumers interact with businesses, fuelling an increased expectation and greater demand in the availability of services. The inability of hospitality businesses to open on Sundays and Public Holidays due to the high cost of penalty rates will continue to hinder the sector's ability to adapt to these changing consumer expectations which have been facilitated by the increasing penetration of digital technology in many aspects of daily life. R&CA therefore contends that a reduction in the cost of doing business is paramount in ensuring the hospitality sector's ability to cope with technological change.

Immigration

A second major factor inhibiting the hospitality sector's ability to maintain strong levels of employment growth is the ongoing availability of skilled workers. There is a large body of evidence highlighting the increased difficulty in hiring staff, particularly amongst the key hospitality occupations of chefs, cooks and café and restaurant managers. For instance, 70.7 per cent of R&CA's members reported difficulty or extreme difficulty in hiring chefs.⁶ 54.6 per cent of R&CA members also reported some or extreme difficulty in hiring cooks.⁷ R&CA warns that the increasing difficulty in filling key vacancies within hospitality businesses may potentially have disastrous consequences for the sector in the long-term and that urgent action is required to rectify this situation.

In order to address this problem, R&CA has long argued that Australia's immigration framework must be adjusted to enable hospitality businesses to operate in a sustainable and successful way. In this regard, the structure and design of Australia's immigration system needs to encourage the attraction of overseas talent rather than prevent it. In R&CA's view, the process of hiring skilled overseas workers in key hospitality sector occupations should be a simple and inexpensive process for small businesses to undertake. R&CA argues that recent policy measures of the Federal Government have achieved precisely the opposite outcome in imposing stricter visa regulations on key

⁴ Restaurant & Catering Australia (2017) *Industry Benchmarking Report*.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

skilled hospitality sector occupations and increasing the costs imposed on small businesses for hiring foreign workers.

The need to attract additional overseas workers skilled in various key hospitality sector occupations has been magnified by the declining enrolment and completion rates amongst local apprentices and trainees. Recent NCVER data shows that in the 12 months ending 31 March 2017, compared with the previous 12 months, apprenticeship completions decreased by 15.1 per cent to 97,300.⁸ Whilst the reasons for this decline are multifaceted, hospitality work often suffers from a societal perception of being short-term or transitory in nature which leads to a higher than average drop-out rate amongst students in these courses. Recently published research found that young people do not perceive the VET sector to have the same value as a university degree.⁹ Only 33 per cent of survey respondents thought that university degrees and apprenticeships were of equal value.¹⁰ This translated to 74 per cent of young people stating that they would not consider an apprenticeship or traineeship as a career.¹¹ Without necessary action to correct these imperceptions, the future of work in the hospitality sector is likely to remain this way.

Use of Digital Technology

As is the case with many other industries, the hospitality sector has undergone considerable change and disruption in relation to digital technology. One of the major technological advancements affecting hospitality sector businesses is the advent of online food delivery platforms which have already created a large footprint in a short space of time. The popularity of online food delivery platforms among consumers, including Deliveroo, UberEats, Foodora and Menulog, has resulted in a growing adoption rate of these systems amongst café and restaurant businesses. In R&CA's most recent survey, 27.9 per cent of hospitality businesses reported that they already used online food delivery systems or intended to adopt this technology over the next 12 months.¹² R&CA anticipates that this number will be significantly higher following the completion of its next survey.

The emergence of digital technology has significant implications for the future of workers and work in the hospitality sector. R&CA has already seen some evidence of 'ghost' restaurants which operate exclusively on online food delivery platforms. Whilst R&CA does not harbor strong concerns about the possibility of these establishments overtaking traditional sit-down restaurants, there is still a need to be aware of and monitor the impact of digital technology closely. The overall reach of digital technology is not solely limited to online food delivery services but can also be found in other operational areas of hospitality businesses, including point of sales systems, online booking providers and mobile EFTPOS terminals to name a few. R&CA is currently in the process of gathering additional data around the use of these systems in hospitality businesses and would be happy to provide the results to the Committee in due course.

⁸ National Centre for Vocational Education Research (NCVER) (2017) *Apprentices and trainees 2017: March quarter – Australia*.

⁹ Year13 (2017) *After The ATAR: Understanding How Gen Z Transition Into Further Education and Employment*.

¹⁰ Ibid

¹¹ Ibid.

¹² Ibid.

Once again, R&CA appreciates the opportunity to provide comment to this Inquiry on behalf of the hospitality sector. Should there be any matters you wish to raise with me in relation to this submission, I may be contacted on (02) 9966 0055 or julianap@restaurantcater.asn.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Juliana Payne', written in a cursive style.

Juliana Payne
Chief Executive Officer
Restaurant & Catering Australia