



Restaurant
& Catering

Design of National Skills Commission and Skills Organisations

R&CA Submission

November 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

R&CA welcomes the skills package announced by the Federal Government in the April 2019 Budget as a significant and welcome step along the path to improving the vocational education and training (VET) system.

R&CA notes that at the heart of the proposed new arrangements is the National Skills Commission. It is important now that the new direction be formed through strong consultation with industry, and that industry be involved in the drafting of a roadmap to reform.

Put simply, funding uncertainty needs to change, and the proposed National Skills Commission will have a critically important role in achieving that change.

Its first steps should be to build trust and respect, as well as focus on transparency. Transparency, and a deeper understanding of the funding models in VET as well as the impact of programs such as VET Student Loans, will go a long way to building consistency. These steps are more important than immediate action on a national funding model, as it is not clear that the States and Territories are ready to accept a national funding approach.

The National Skills Commission should report to COAG rather than be a Commonwealth agency reporting to the federal minister responsible for skills. R&CA's view is that prior examples have shown that VET works best when all stakeholders are invested and feel they have influence.

It should provide advice to all jurisdictions on how VET can be strengthened and develop a workforce development strategy based on labour market analysis and the current investment in skills development. These skills needs analysis should inform decisions about VET policy and funding but care is needed so as to not deliver all VET training subsidies through a skills shortages lens as this, in itself, can create uncertainty and ignore important skill needs.

POLICY RECOMMENDATIONS

Recommendation 1: The objectives for the National Skills Commission should be to:

1. Develop and update a national strategy to identify skills needs based on the provision of an evidence-based picture of Current and future skills needs for Australia at a regional and national level.
2. Provide advice to Australian Governments on options to strengthen the VET system, including funding, to make it easier for students, training providers and employers to understand and access VET and to ensure that workforce skill needs are met.
3. Increase transparency around the VET system.

Recommendation 2: Skill Needs Analysis should inform not dictate funding

Skills analysis and forecasting should inform policy, not direct it. There is a real danger that skill needs will be left unsatisfied if investment is too targeted or changes too frequently so as to create uncertainty and system disengagement.

Recommendation 3: National Skills Commission should be an independent industry led body reporting to the COAG Skills Council

The NSC should report to the COAG Skills Council and be led by an industry Board of 3 to 5 people. A national apprenticeship advisory board should be established reporting to the Commission. The AISC should also report to the Commission, which should become the approver of training products. The National Careers Institute and NCVER could also come under the NSC umbrella.

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 2019 Industry Benchmarking Report, 38.7 per cent of business-owners reported experiencing 'some' difficulties in filling positions, compared to 47.3 per cent in 2018 and 40.5 per cent in 2017. An additional 16.9 per cent of respondents also reported experiencing 'extreme' difficulties in filling staff vacancies. In total, more than half of business-owners experienced either some or extreme difficulty in filling job vacancies.

R&CA's 2019 Industry Benchmarking Report indicated that both front and back of house labour were very difficult positions to fill over the 2018-19 financial year. For back of house labour the position of chef was hardest to fill with 36.1 per cent reporting that filling chef vacancies in their businesses was 'very difficult'. A further 18.0 per cent of operators stated that they had experienced some difficulty

in recruiting for chefs. Finally, the position of cook also saw 22.0 per cent of operators experience extreme difficulties in filling vacancies with 22.8 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 30.6 per cent of survey respondents reporting extreme difficulty and a further 19.8 per cent reporting some difficulty.

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.

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.

FUNCTIONS, PURPOSE AND OPERATION OF THE NSC

OBJECTIVES OF THE NSC

R&CA supports the roles and responsibilities of the NSC as outlined in the discussion paper. However, it is recommended that the Government produce a holistic and coherent workforce development strategy. This needs to embrace the outputs of the higher education system, as an assessment of future skill needs, by definition, is inclusive of an assessment of skilled (ANZSCO levels 1, 2 and 3) and semi-skilled (ANZSCO level 4) occupations

In the alternative objective, listed in policy recommendation 1 above, the term “local” is dropped from the expectation of the Commission. It is unrealistic to assign the responsibility of local skill needs to a national commission. Experience with consultation around regional migration lists has already demonstrated the limitations of data and evidence at a regional level, let alone local. The term regional does embrace geographic areas below state/territory level which should be sufficient.

Given the proposed national leadership role the NSC will play in VET, the role to provide advice should be broader than just funding, and the recipients of the advice should be all jurisdictions, not just the Commonwealth.

The proposed objective focusing on transparency in the VET system is supported.

SKILLS ANALYSIS AND FORECASTING

R&CA believes that the current process of providing input to the methodology of the NSNL should be the most appropriate mechanism to obtain ideas on how the NSC should undertake its function of assessing the skills needed. It is also important to note that while the development of a robust skills forecast process is highly valuable, it should not dictate government investment. Skill needs exist across the economy and a skill does not have to be in “national shortage” to be needed by businesses in particular locations at a given time.

In summary, skills analysis and forecasting should inform policy, not direct it as there is a real danger that skill needs will be left unsatisfied if investment is too targeted. This has been one of the key policy failings in VET to date – particularly at the State/Territory level, where funding shifts significantly according to an assessment of skill priorities to the detriment of certainty. This is not the approach taken in higher education or schools, and it is questionable as to why it is so prevalent

in VET. There needs to be a better balance between certainty in base funding and targeted spend for skill priorities.

As a matter of priority, the NSC should deliver funding transparency, starting with the top 50 or so qualifications that dominate delivery. Transparency about the subsidy provided (and if it varies according to provider type), the cost to student and employer (price), and the use and limitations of VET Student Loans (where applicable) is the key mechanism to shifting towards a national approach. Once stakeholders, governments, and the community see and understand the differentials, and how funding changes over time, there will be greater momentum in moving towards greater consistency.

In relation to reporting, the NSC should develop a dashboard of key data including as a minimum:

- number of publicly funded VET students
- qualifications delivered
- apprenticeships commenced
- student satisfaction
- employer engagement and satisfaction
- changes over time in skill shortages and needs
- VET funding
- VSL use
- The extent to which qualifications are updated (eg. a report on the percentage of qualifications that have been updated in the last 1 year, 3 years, 5 years and over 5 years)

NSC SHOULD BE LED BY INDUSTRY AND REPORT TO COAG

As stated above, R&CA supports a proposal that would see the NSC report to the COAG Skills Council and be led by an industry Board of 3 to 5 people. A national apprenticeship advisory board should be established reporting to the Commission. The AISC should also report to the Commission which should become the approver of training products. The National Careers Institute and NCVET could also come under the NSC umbrella.

It is also recommended that a National Apprenticeship Board be established reporting to the Commission to oversee a national approach to apprenticeship qualifications and consider new industry requests for qualifications to be recognised for delivery as apprenticeships and traineeships. This may eventually replace the role of all State apprenticeship boards although this would be a decision for each jurisdiction.

SKILLS ORGANISATIONS

The proposed Skills Organisations (SO) element of the skills package is, at present, the least well defined. With a commitment already made to pilots and work commencing to establish pilots in three industry sectors, input on the skills organisation construct should be ongoing.

Initially, we have recommended that SO's name be changed to something more appropriate particularly during the pilot phase.

The types of functions that a skills organisation with a broader remit can encompass could include:

- industry external assessment validation,
- provider quality review by industry,
- training package development
- skilled migration outcomes for industry,

It is expected that the industry view on skills organisations will evolve as the remainder of the reforms are implemented. Industry views will vary according to each sector, as the structure and challenges are different for each sector.

CONCLUSION

R&CA welcomes the Commonwealth Government's comprehensive consultation on the NSC and SO review 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 looks forward to working with the Commonwealth Government to continue to refine the NSC and the SO.

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