



Restaurant
& Catering

The Restaurant & Catering Association Industry Policy Statement 2023-24

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1.1 Industry Profile

The Restaurant and Catering industry employ over 580,000 Australians. In 2022, the annual revenue of cafes, restaurants, and takeaway food service domestically amounted to over \$58 billion Australian dollars¹.

According to the Restaurant & Catering Association's (R&CA) 2022 Industry Benchmarking Report, most respondents identified themselves as family owned (70.1%) operating a restaurant business (54.06%) with a single venue (54.5%).

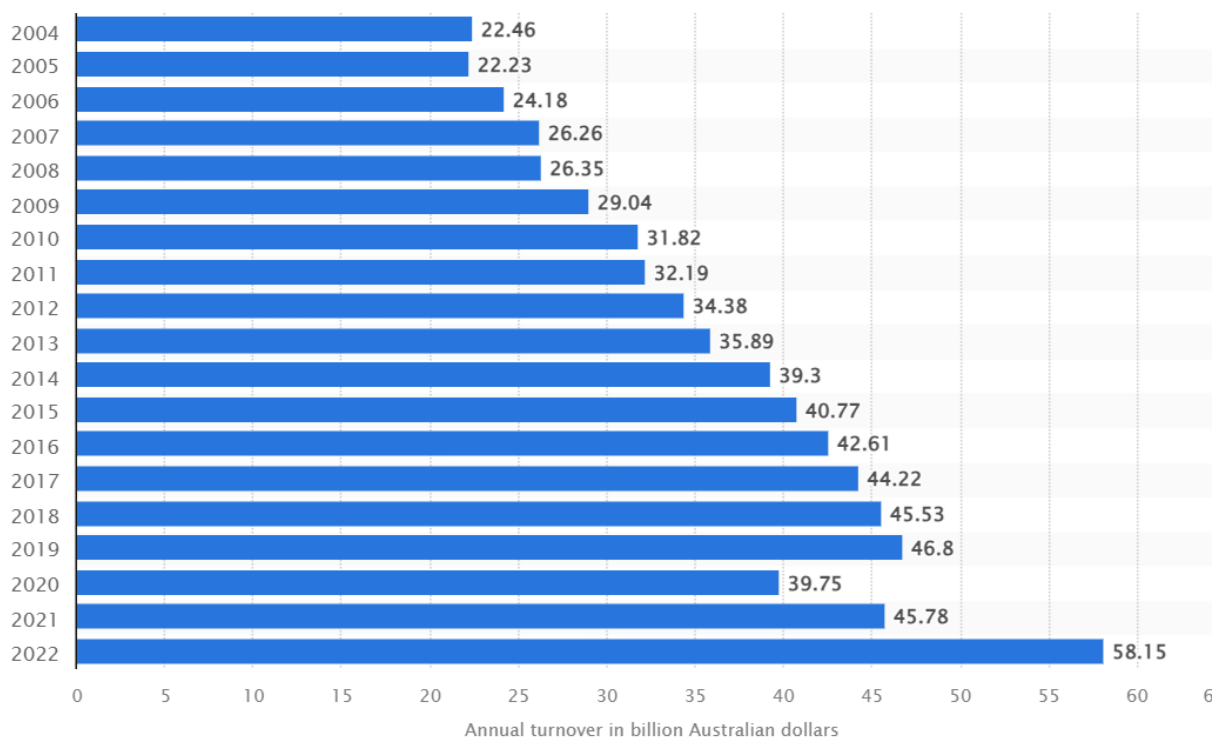
Most respondents (40.4%) employed between 20-199 staff, which meets the Australian Bureau of Statistics definition of a medium sized business.

Most respondents did not own a franchised business (95.1%) and were privately owned (53.2%).

Most respondents leased their premise (77.7%) and held some form of liquor licensing (82.7%).

Most respondents had more than 10 years' experience in the industry (78.7%) and had some form of tertiary education (60.5%).

Annual Revenue of Cafes, Restaurants, and Takeaway Services in Australia from 2004-2022



¹ Statista Research Centre (2022) Annual Revenue for Cafes, Restaurants & Takeaway Food Services in Australia 2022

1.2 Outlook

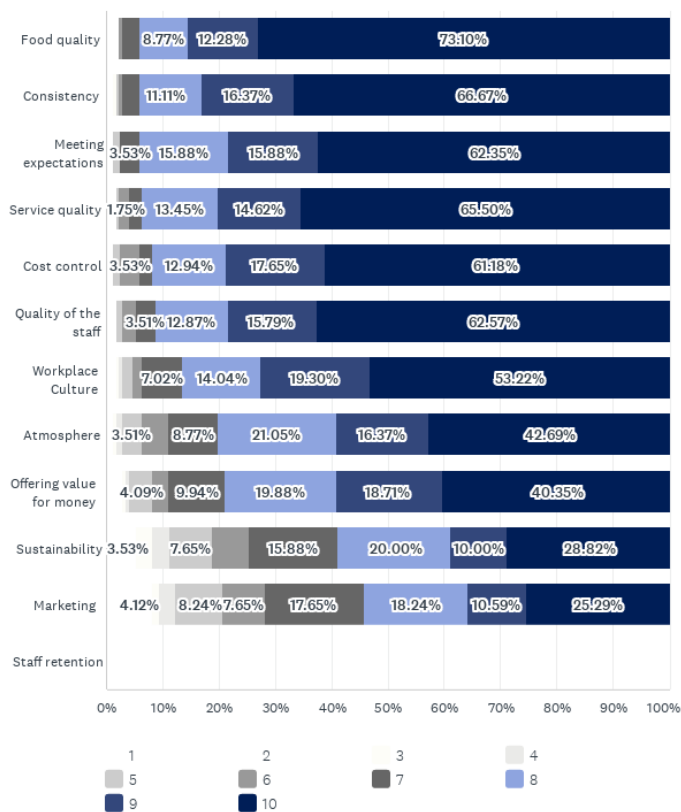
The Restaurant & Catering Association's 2022 Industry Benchmarking Report found that the primary concerns of the sector were related to rising costs, industrial relations reform and skill shortages.

When asked what factor would make the largest difference in running their business successfully, reduced cost of operation and availability of staff were identified as the most influential factors².

The intent of this Statement is to highlight to policymakers and key stakeholders the challenges and opportunities that currently face the Restaurant and Catering Industry and to:

- Provide R&CA members and the wider sector with a clear and comprehensive policy statement that identifies the industry's core challenges and provide solutions to reform and;
- To showcase R&CA's considered approach to enacting policy reform on behalf of the industry.

Q31 What are the most important factors in running your business successfully? Please provide a response for each of the options listed. (1 being the 'least important' and 10 being 'very important')



² Restaurant & Catering Association (2022) Industry Benchmarking Report

Environment & Energy Policy

2.1.1 Single-use plastics

Background

All states and territories have outlined their own strategies and timelines to achieve the nationally agreed upon target to phase out all single-use plastics by 2025.

Recommendations

While the R&CA supports the nation-wide ban on single-use plastics from a sustainability perspective, the Federal Government must provide ample subsidies and incentive packages for businesses phasing out single-use plastics. A rebate scheme in which businesses can claim initial transition costs, including the purchase of biodegradable alternatives, to ease their cash flow burden would incentivise businesses to adapt to biodegradable alternatives before the single-use plastic ban is mandated.

2.1.2 Gas Transitions

Background

By the end of this year, the ACT Government intends to ban new gas network connections as part of their plan to transition off fossil fuels by 2045. The transition will begin with bans on new gas connections for certain property types from 2023. It is predicted that other states and territories will join suit, with the goal of reducing the nation's carbon output through cleaner energy approaches.

Challenges

The R&CA believes with such a large portion of its members relying on gas cooking, these changes will result in the following:

- Prevent businesses from preparing cuisine in an authentic manner or with particular culinary techniques e.g. the use of tandoori, wood fire oven, wok, etc.;
- Will incur major transition costs to businesses, including connection costs, re-training staff on food preparation, lost business from time closed, etc.;
- Reduced productivity of businesses, whose model relies on timely output e.g. flash frying and;
- The costly replacement of induction cooking instruments.

Recommendations

The R&CA proposes that all state and territory governments who are committed to phasing out gas connections provide hospitality businesses with subsidy packages, to ease the cost of transition. The R&CA also recommends an information partnership program with state and territory governments phasing out gas to communicate new legislative requirements to industry operators.

2.1.3 Energy Costs

Background

The Federal Government's commitment to Net Zero has resulted in an unsustainable increase in gas and electricity costs. According to the 2022 Benchmarking Report, energy costs have doubled since the previous financial year as a proportion of business turnover³. During the second quarter of 2023, many industry operators have reported energy costs increasing by up to 30%⁴.

What percentage of your total turnover are the following direct expenses?

EXPENSE	2021-22	2020-21	2018-19	2016-17	2015-16	2014-15
Food	32.8%	32%	32%	34.1%	31.6%	31.2%
Beverage	29.3%	27.6%	28%	32.6%	29.2%	29.3%
Rent	13%	10.4%	13.4%	8.3%	7.5%	8.3%
Rates and Taxes	12%	9.3%	9.6%	5.7%	4.8%	3.7%
Property Insurance	5%	3.5%	4.3%	2.6%	1.3%	0.8%
Electricity, Lighting & Gas	7%	4.6%	9.7%	5.1%	3.4%	3.2%
Wages, super & salaries	35%	34.4%	32%	39.6%	37.0%	37.9%
Staff on costs	9%	5.4%	7.8%	6.7%	5.3%	5.4%
Staff training	2%	2%	3%	1.8%	1.7%	0.9%
Equipment depreciation & lease	5%	3.6%	4.8%	3.6%	3.6%	2.7%
Repairs, maintenance and replacement	4%	3.9%	4.9%	3.6%	2.9%	2.5%
Cleaning, laundry & rubbish removal	3%	3%	3.3%	2.2%	2.1%	2.0%
Other Insurance	4%	3.6%	3.7%	2.4%	2.1%	1.5%
Interest	3%	2.3%	2.7%	1.7%	1.8%	1.0%
Accounting & Management	4%	3.1%	4.3%	2.6%	2.5%	2.5%
Advertising & Promotions	3%	3.5%	3.6%	3.4%	2.7%	2.9%
Printing & Stationery	2%	2%	2.1%	1.5%	1.5%	0.8%
Credit Card Charges	2%	2.1%	2.5%	2%	1.9%	1.3%
Telephone & Postage	2%	1.9%	2.3%	1.8%	1.4%	0.8%
Travel (including motor vehicles)	2.4%	2.8%	3.5%	2.4%	1.7%	1.0%

Challenges

The R&CA is concerned that fluctuations in energy prices will impact the sector through the following:

- Limiting the financial forecasting capabilities of businesses, through price uncertainty;
- Decreasing business profitability by thinning margins;
- Reducing industry growth and investment and;
- Causing heightened price adjustments that deter consumer spending.

³ Restaurant & Catering Association (2022) Industry Benchmarking Report

⁴ Energy Australia (2023) Rate Changes – NSW, ACT, SA & QLD

Recommendations

The R&CA calls upon the Federal Government to deliver on their election promise to reduce the cost of power for households and businesses.

The R&CA recommends that the Federal Government introduce an energy bill relief scheme that provides rebates to businesses that meet satisfactory energy reduction targets. This would assist the Federal Government in meeting their carbon emission goals through incentivising businesses to reduce their energy consumption.

The R&CA also stands that the sector would benefit from investment in micro-courses delivered by RTOs, on the topic of energy conservation skills.

Industrial Relations & Employment

3.1.1 Criminalising Wage Underpayment

Background

The Federal Government is considering expanding civil penalties and introducing criminal penalties for employers who are involved with wage underpayment. This is intended to discourage both negligent and wilful wage underpayments due to the high cost of non-compliance upon business operators.

Challenges

Although these expanded penalties will deter wage underpayment, the R&CA also believes stronger penalties will result in;

- Deterring employers to seek appropriate remedies via instruments such as Small Business Ombudsman, Fair Work, and other mediators in fear of retribution,
- Placing underequipped, and new business owners who have difficulty navigating the industrial relations system to be at risk of criminal and high civil penalties if they recklessly or negligently underpay their workers.

Position

The R&CA supports penalties for those who knowingly and recurrently underpay their employees.

The R&CA does not believe civil or criminal penalties should apply to those who underpay staff by error and seek appropriate remedies.

The R&CA stands that the proposed reforms must accompany investment in industry bodies that communicate with and represent employers, including industry associations, to ensure compliance.

As such, the R&CA should be considered best placed to inform the sector of its responsibilities, obligations, and penalties for non-compliance.

Recommendations

Industry bodies must be aptly equipped with IR advice and information resources, to support the sector in adhering to remuneration laws that incur higher penalties to employers.

As the peak industry body, the R&CA is well-placed to partner with the Federal Government for a lengthy and considered education program, that engages employers with the new IR landscape. Employers must be well informed of their roles and responsibilities, to ensure a high-level of compliance.

3.1.2 Jobs Advertising Wage Underpayment

Background

From the 7th of December 2022, employers face penalties for advertising jobs with remuneration below the Modern Award Wage.

Challenges

The R&CA is concerned that these penalties are both costly and unfitting for businesses who unintentionally offer remuneration that is below award wage due to barriers in navigating the complex and often subjective, modern award wage system.

Position

The R&CA is supportive of this measure, as it requires employers to carefully consider the Modern Award Wage system when providing remuneration. It will also encourage employers to seek advice and exercise due diligence when advertising positions.

Recommendations

The R&CA recommends an industry-partnered education campaign with the Federal Government to assist businesses in navigating the complexities of the current industrial relations system.

3.1.3 Gig Economy Regulations

Background

By the first half of 2023, the Fair Work Commission intends to expand its powers to provide pay standards and conditions for gig economy workers, which will classify them as 'employee-like' workers. Some of the forecasted regulations include; hourly wage, superannuation paid, workers' compensation, and leave entitlements.

Challenges

The R&CA rejects the notion that gig economy workers are classified under traditional employment terms. The R&CA believes that any legislation that changes the terms of engagement for gig economy workers may:

- Impact the flexibility and independence of gig economy workers;
- Place a significant cost burden upon small businesses in regard to commission fees;
- Reduce the bottom line of businesses that rely upon on-demand delivery services as a major revenue stream or as a core component of their business model and;
- Deter investment into Australia's digital economy.

Position

It has become evident since the COVID-19 Pandemic that gig economy workers are an integral part of the hospitality landscape. Online food delivery platform workers have allowed businesses to serve the culinary public, in a cost-efficient and timely manner.

The R&CA does not believe that gig economy workers should be subject to the terms of engagement received by permanent employees.

Over regulation and red tape have the potential to remove the viability of gig economy work, which has provided mutually beneficial functions for businesses, platform providers, and gig economy workers.

Recommendations

The R&CA calls for the Fair Work Commission to recognise the gig economy as a fundamentally different classification of employment due to the flexibility and freedom of contract it entails, and therefore not alter its classification to incur 'employee like' conditions.

3.1.4 Changes to Parental Leave Entitlements

Background

From 1 July 2023, the current entitlement to 18 weeks paid parental leave pay will be combined with the current Dad and Partner Pay entitlement to 2 weeks' pay. This means partnered couples will be able to claim up to 20 weeks of paid parental leave between them.

Employees will also be allowed to commence parental leave at any time during the 24 months following the birth or placement of their child and may claim up to 100 days of flexible parental leave over this period or six weeks before the expected date of birth.

Challenges

The R&CA is concerned about the operational challenges faced by small businesses when these changes come into effect. Employees will be able to seek leave at minimum notice, or for unpredictable periods, which is extremely inefficient and unworkable for hospitality businesses.

Position

While the R&CA understands the demand for more flexible leave entitlements, the R&CA believes this is unworkable for many workplace environments, particularly hospitality, as many of their positions cannot accommodate 'work from home' arrangements or sudden rostering changes. Due to current labour shortages, the reliability of hospitality employees is paramount.

Recommendations

The R&CA encourages the Federal Government to trial these changes to parental leave and monitor its workability within the context of service industries.

3.1.5 Equal Remuneration Orders

Background

The Fair Work Commission (FWC) has expanded its scope of powers to order award pay increases in female-majority/dominated industries. This is in pursuit of gender pay equity, and ensuring industries that have been 'historically undervalued' due to longstanding gender biases receive the appropriate remedies. An employee, employer, or organisation covered by an award in a female majority or dominated industry can make an application to the FWC for an award wage increase or to vary and expand previously negotiated terms. According to the Australian Government's Labour Market Insights, 55.3% of Food Service & Hospitality workers are female⁵.

Challenges

This will likely present itself with the following issues:

- Employers who operate within female majority or female dominated industries may be subjected to unsustainable wage hikes at the determination of the FWC;
- The unpredictability of pay increases in regards to financial forecasting capabilities and;
- Dismantling pay hierarchies, that reflects skills, education, responsibilities, and experience as a means of determining pay.

Position

The R&CA would like to applaud the industry's efforts to support and empower women working within the hospitality workforce. The sector has worked tirelessly to ensure equal opportunity

⁵ Labour Market Insights (2016) Accommodation & Food Service Industry Insights

for both men and women pursuing careers in hospitality. The R&CA notes the FWC's efforts to address the gender pay issue but does not believe the remuneration orders capture the gender composition of our sector.

Recommendations

The R&CA supports the purpose of the FWC's newly appointed panel but does not believe these orders should apply to female-majority or 'mixed' industries. The R&CA stands that the FWC's remuneration orders should only encompass industries that are female-dominated, with a workplace composition of 60% female employees or higher, as defined by the Australian Workplace Gender Equality Agency⁶.

3.1.6 Same Job Same Pay

Background

The Government is committed to legislating its campaign promise to address the labour-hire loophole, in which host employers attempt to deliberately undercut bargained wages and conditions set out in enterprise agreements made with their permanent employees. The Same Job, Same Pay amendment will require labour-hire workers to be paid at least the same as directly engaged employees, employed doing the same work.

Challenges

The R&CA expresses concern for the following potential outcomes:

- Discouraging businesses from engaging with enterprise bargaining deals, merit-based remuneration, and labour hire negotiations;
- Limit the capacity for businesses to address varying demand, skill shortages, and temporary labour needs by creating an inflexible labour-hire system and;
- The disregard for skills, experience, qualifications, and years of service as a component of determining remuneration.

Position

The R&CA believes that the current salary hierarchy, which acknowledges experience and contribution to the employer's business, should not be subject to policies that disincentive such. The labour-hire economy currently provides a mutually beneficial service, in which businesses can access a temporary pool of labour to meet fluctuations in demand while also providing industry experience and flexibility around the duration and terms of employment for labour-hire workers.

Recommendations

The R&CA stands that the modern award wage system aptly covers the remuneration for labour hire employees and that additional conditions and benefits bargained by directly engaged employees should not be transferred.

⁶ Workplace Gender Equality Agency (2019) Gender Segregation in the Australian Workforce

3.1.7 Restricted Use of Fixed-Term Contracts

Background

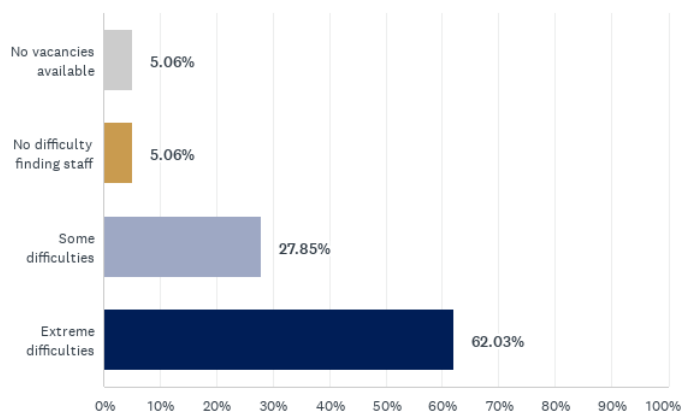
Under the current amendments to the Fair Work Act with some limited exceptions, it will be unlawful for an employer to prolong a fixed-term contract for a period greater than two years or to extend or renew a contract for a period that extends for a total period greater than 2 years. This includes the use of consecutive fixed-term contracts, where an employee will be performing the same or substantially similar set of work. Employers found to breach these laws will face severe civil penalties.

Challenges

The R&CA raises concern that hospitality businesses that rely on fixed-term contracts for seasonal demand periods or due to current labour shortages will be adversely impacted by these new requirements.

According to the 2022 Industry Benchmarking Report, 62% of businesses that operate in regional or tourist locations are experiencing extreme difficulties with hiring staff, with 62% finding hiring staff more difficult compared to the previous financial year⁷.

Q33 Are you currently experiencing difficulty hiring staff?



Due to the current competitive labour pool, businesses may rely on the consecutive engagement of labour hire contractors and may not have the means or purpose to engage them with permanent employment.

Position

The R&CA stands that fixed-term employment provides a mutually beneficial solution for businesses requiring additional labour to address short-term fluctuations in demand while also providing fixed-term contractors with flexible terms of employment, industry experience, and generally higher levels of remuneration.

⁷ Restaurant & Catering Association (2022) Industry Benchmarking Report

Recommendations

The R&CA also recommends an exemption prescribed by the Minister of Home Affairs, for the general hospitality industry, due to difficulty in finding suitable permanent staff. The R&CA believes these exemptions should be likened to the concessions received by the aged care sector, which is experiencing similar levels of difficulty in hiring staff. The R&CA also notes that within the industry, some businesses provide essential catering services in areas of aviation, health care aged care and, disability care; this should be considered by the Federal Government and the FWC when amending the Fair Work Act.

3.1.8 Changing Definition of Casual Workers

Background

The Closing Loopholes Bill proposed a major alteration to the meaning of employment, to be defined by the nature of the relationship rather than what is categorised in the employment contract. In the case of casual employment, it is to be redefined as a 'relationship characterized by an absence of a firm advanced commitment'.

Challenges

The proposed change to the meaning of casual employment as a 'relationship characterized by an absence of a firm advanced commitment' will fundamentally alter the interpretation of the employer-employee relationship through introducing a definition that goes beyond terms of an employment contract.

Leaving the nature of the employment contract to judicial interpretation will have a regressive impact on junior and entry level employment among industries with a higher proportion of low skilled occupations or a reliance on seasonal work. This will result in businesses under employing casual workers, or choosing to cease the employment relationship after a 6-12 month duration to avoid being subject to these orders.

Due to the skills shortage crisis, hospitality businesses have often had to hire underqualified or low performing employees based on absolute necessity or to meet ongoing gaps in their workforce.

Businesses risk being mandated by the Fair Work Commission to permanently employ low performing or underkilled staff, based upon the subjective interpretation of their patterns of work.

This places an operational burden upon businesses, to ensure an employee's work patterns, meet the broad scope of an 'absence of a firm commitment to continuing and indefinite work.'

Position

The R&CA supports the continued use of casual employment, as a viable and tenable avenue for employers to meet variations in demand and fill gaps within their workforce.

Employment contracts provide value to businesses by clearly characterizing the nature of engagement between an employer and employee. It also provides the opportunity for amendment and negotiation by both parties and the option for entry or exit when its terms are no longer agreed upon. Business operators should be entitled to specify the category of employment they require for their business, and permanently employee people upon that basis.

3.1.9 Union Delegate Rights

Background

The Closing Loopholes Bill proposes general protections for union delegates under the modern award and future enterprise agreements. These changes include reasonable access to communicate with members and potential members about matters of industrial concern, access to workplace facilities and paid time for workplace delegate training and right of entry without notice when there is a reasonable suspicion of wage underpayment.

Challenges

The proposal in which the modern award must include delegate rights, specifically the right of entry, risks unqualified individuals interfering with the process of investigating wage underpayment. The Fair Work Ombudsman has the expertise and resources to investigate such matters with the rights of the employer and employees in mind.

Position

The R&CA is strongly opposed to the allowance for unions to apply to the Fair Work Commission to remove the requirement to provide 24 hours' notice to inspect employee wage records when there is a reasonable suspicion of wage underpayment.

Recommendations

The R&CA recommends that if the modern award is altered to include a provision for delegate rights, that those rights are extended only to a union representative, and that the reasonable conduct of the union representative be thoroughly outlined as part of the award. Businesses should also be provided when a union representative acts unreasonably and causes a financial and/or operational disruption.

The R&CA recommends that the current minimum 24 hours' notice to remain, as it is a sufficient notice period for union entry on the suspension of underpayment.

3.1.10 Sick Pay Guarantee

Background

The Victorian Government's Sick Pay Guarantee provides eligible casuals and contract workers with a guarantee they will receive sick pay when they can't go to work. This two-year pilot program is fully funded by the Victorian Government. Casual workers employed in the hospitality or food retail sector are eligible for the sick pay guarantee.

Challenges

Casual employment has long served the hospitality industry, due to the variation in demand and their ability to accommodate an entry-level and younger employee base. Current movements within the IR landscape suggest a push to change the definition of casual workers.

Position

The R&CA is supportive of this program under the pretence that the Victorian Government does not introduce a business levy to cover the cost of this program or mandate that businesses include sick leave as a guaranteed entitlement for casual employees. This would disregard the purpose of the 25% casual loading and put businesses at risk of employees 'double dipping' on their entitlements.

Recommendations

The R&CA applauds the Victorian Government's initiative and recommends this remains a permanent fixture and calls all state and territory governments to follow suit, noting that this should not accompany a business levy and be fully funded by each respective State and Territory Government.

Skills & Training

4.1.1 Interstate Recognition of RSA Licensing

Background

The law surrounding the sale and service of alcohol vary from state to state and is regulated by each state's respective liquor control authority.

Challenges

The ability for businesses to access staff across all states and territories is extremely important, particularly for those who hire contract or interstate workers. The lack of communication between state and territory liquor regulators has created a barrier for both hospitality workers and employers seeking inter-state employment.

Position

The R&CA strongly supports a nationally coordinated approach to RSA licensing. This unnecessary administrative and cost burden to identify whether an RSA certificate is valid or up to date could be resolved through a centralised process in which all states and territory's liquor licensing data is collected and distributed by the R&CA to employers.

Recommendations

The R&CA recommends centralised reporting for Food Safety Supervisor (FSS), Safe Food Handling (FSH), and Responsible Service of Alcohol (RSA) licensing, and that the R&CA is delegated as the central coordinated repository for all hospitality-related licences. As the peak industry body for restaurant and catering businesses across Australia, the R&CA should be deemed as best placed to become the sole regulatory body for all food and beverage-related licensing,

The R&CA also recommends the introduction of an employment passport system, which allows employers to assess the currency of a current or prospective employee's licenses, to ease the interstate hiring process, and ensure all employees hold the appropriate and recognised credentials.

4.1.2 Apprenticeship Programs Subsidies

Background

Hospitality apprenticeships serve as a highly effective method of gaining the necessary qualifications to enter skilled occupations, as well as a form of safe entry to the labour market.

Challenges

Apprenticeships are crucial to building a skilled hospitality workforce. The industry currently has one of the highest rates of apprenticeship non-completion for food service apprenticeship undertaken between 2015-2018⁸. This is largely due to structural issues with apprenticeship programs and poor working relationships. According to the R&CA's 2022 Industry Benchmarking Report survey, only 53% of respondents indicated they had a structured staff training program in their business.

⁸ National Centre for Vocational Training Research (2020) Food Service Apprenticeship Completion Rates

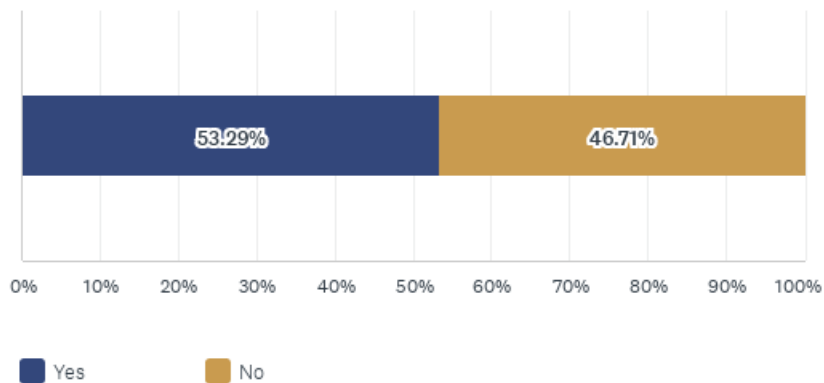
Figure 1: Apprentice continuation rates for food trade workers, 2015–2018



Note 1: 'Continuation rates' include cases where apprentices have changed employer, where there is no record of contract cancellation, or where apprentices take longer than four years to complete. The 'individual completion rate' of 32 per cent refers to apprentices who complete a contract within four years.

Note 2: Q0 refers to the calendar quarter in which the apprentice commenced (for example, if they commenced in May, Q0 refers to apprentice continuation through to 30 June of that year. Likewise for subsequent quarters.

Q38 Do you currently have a structured/formal staff training program?



Position

The R&CA believes hospitality apprenticeships are an invaluable route to solving the current skills shortage crisis and have the potential to standardise long-term engagement with the industry.

Recommendations

The R&CA, therefore, recommends the Federal Government provides payroll tax relief for businesses that hire apprentices and trainees, to incentives more training opportunities for those pursuing a hospitality vocation.

The R&CA supports the use of payroll subsidies and tax incentives for employers who chose to hire employees undertaking a hospitality apprenticeship.

The R&CA also supports the introduction of an industry led campaign to encourage school leavers to pursue a career in hospitality. Therefore, a clear set of career pathways needs to be identified within hospitality businesses, to encourage career growth and permanency. The R&CA considers itself best place to assist industry operators in accommodating apprenticeship programs and communicating with other vocational training providers of the core qualification and skills required to assist the industry.

4.1.3 Private Registered Training Organisation Funding

Background

The R&CA is a nationally recognised Registered Training Organisation (RTO) that provides training and education to the hospitality industry. Our training seeks to deliver hospitality-specific micro-credentialing and vocational education that is informed by industry requirements and needs.

The Australian Federal Government announced key measures in the 2022-23 budget in regard to Vocational Education Training (VET) funding and apprenticeship incentives to address the skills shortage crisis. As part of the Government's economic plan under 'A Future Made in Australia Skills Plan', they have committed to at least 70% of Commonwealth vocational education funding towards public TAFE institutions.

Challenges

The R&CA raises the following issues:

- The need for flexibility for apprenticeship students including timely enrolment, flexible class timetables and relevancy of curriculum to be 'job ready';
- The need for partnership with industry, as seen with RTOs to ensure outcomes meet demands and;
- The need for a competitive vocational training market to provide choice for consumers and to produce a diverse domestic labour pool.

Recommendations

Due to the close cooperation between industry and the RTO sector, the Federal Government must recognise RTOs as a key instrument in upskilling employees and addressing the skills shortage crisis. The industry currently relies too heavily on TAFE for the delivery of training,

but outcomes do not always meet current industry needs. For example, Certificate III no longer include RSA training.

Feedback from industry operators and those undertaking vocational training have expressed concerns about the current learning methodologies and outdated course content.

The R&CA stands that to address the current skill shortage crisis, non-Government training institutions must be funded appropriately. Private RTOs are currently best placed to provide timely and industry relevant skills and qualifications to prospective employees. Hospitality students require flexibility and integrated pathways to meet their work obligations which at times can only be delivered by private RTOs.

4.1.4 Safe Food Handling

Background

Standard 3.2.2A sets out specific food handling controls related to the receipt, storage, processing, display, packaging, transportation, disposal, and recall of food. Other requirements relate to the skills and knowledge of food handlers and their supervisors, the health and hygiene of food handlers, and the cleaning, sanitising, and maintenance of the food premises and equipment within the premises. If complied with, these requirements will ensure that food does not become unsafe or unsuitable.

Position

The R&CA regards these new safe food handling requirements as valuable mechanisms for upskilling staff and instilling confidence in the Australian public of the food safety standards within the hospitality sector. Therefore, the R&CA supports safe food handling accreditation as a consistent nationwide requirement.

Recommendations

The R&CA recommends that annual refresher courses become a nationwide requirement for all food handlers, to keep the industry informed and up to standard.

The R&CA recommends that there is always a food safety supervisor on site to ensure safe food handling standards are maintained.

4.1.5 Allowances for Minors to Service Alcohol

Background

Each state and territory have their own guidelines surrounding junior employees supplying alcohol. NSW currently prohibits minors to supply or serve alcohol.

Challenges

The current skills shortage crisis has remained challenging for businesses seeking suitable staff. Regional businesses have a particular difficulty in finding applicants for vacancies in their

business due to low demand or junior applicants being unable to meet the demands of the role (such as serving alcohol).

Recommendations

In order to tackle both the current skills shortage crisis and the high rates of youth unemployment, particularly in regional locations, allowances should be made for businesses outside of the Sydney CBD and Greater Sydney boundaries to allow minors to serve alcohol in particular licensed venues including; On-premises licence, BYO, Club licences, and Licenses for Surf clubs.

4.1.6 ANZCO Code Review

Background

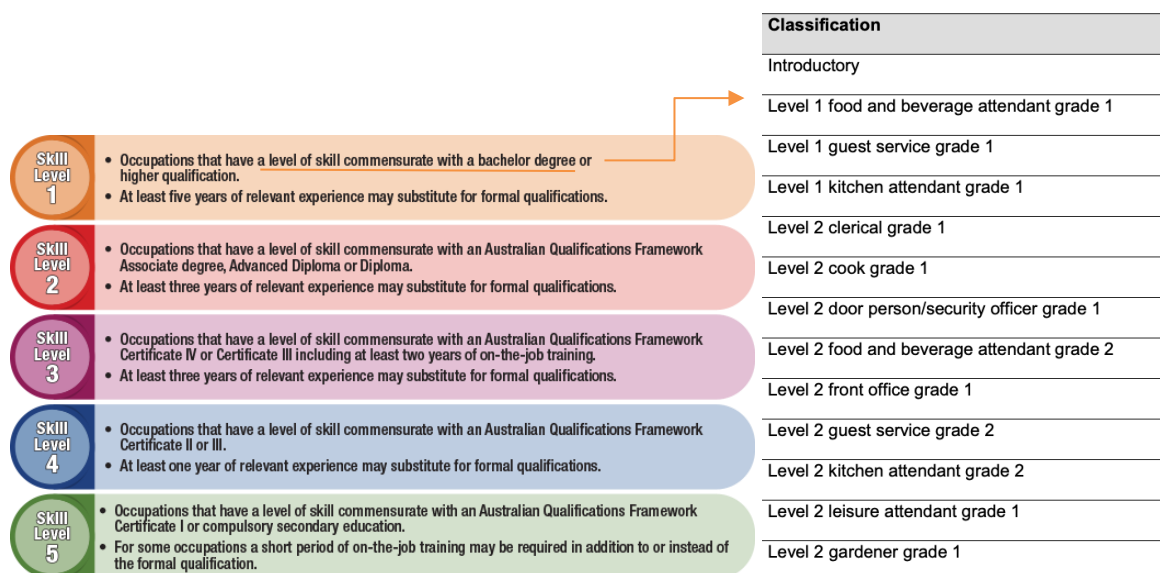
The ANZCO code system categories employment into five hierarchical structures and subcategories occupations by their level. This assists the ABS in their analysis of occupation statistics and sets standards for visa applicants seeking work in Australia or New Zealand.

Challenges

As the labour market becomes increasingly agile and evolves according to changing needs and technological advancements, gaps in ANZCO code descriptors are causing issues for employers seeking overseas workers, and the ability for stakeholders to respond to gaps in the labour market.

Recommendations

The R&CA recommends that the ANZCO skill levels are aligned with their relevant Modern Award to assist employers in determining the current remuneration for their employees. The R&CA also recommends bi-annual roundtables with key industry stakeholders to communicate gaps in the ANZCO system.



Industry Regulations

5.1.1 Country of Origin Seafood Labelling

Background

The Country of Origin Labelling Scheme (CoOL) requires all restaurants, cafes, and similar businesses that sell seafood to provide information about where their seafood is sourced from. This includes seafood that is served, delivered, packaged, and ready for consumption. Businesses will need to list whether their produce is of Australian origin, mixed origin, or imported.

Challenges

The R&CA recognises the regulatory cost burden for businesses under this new requirement. The R&CA notes that this will provide further red tape for an already over-regulated sector.

The main concerns the R&CA has raised are as follows;

- The cost of reprinting and redesigning menus,
- The need to update information regularly due to changes in supply,
- Inability of the Australian seafood industry to meet domestic demand,
- Dissuading consumers from purchasing seafood of mixed or foreign origin when the quality and safety of seafood are comparable or superior to domestic supply,
- Unintended adverse perception of imported seafood,
- Implications on future country of origin labelling regulations i.e. poultry, red meat, fruit, and vegetables etc,
- The impractical application of this mandate on catering and event businesses, who may be opted to disclose the origins of seafood more than once,
- The issue of regulating and enforcing adherence to the Country of Origin Labelling Scheme,
- Businesses deliberately mislead consumers about seafood country of origin due to lack of regulatory oversight and enforcement.

Position

R&CA supports best practices for restaurant and hospitality businesses and believes these new requirements will incur disproportionate costs and regulatory burdens for small businesses. The R&CA also raises that monitoring compliance will likely prove to be difficult for regulatory bodies, who will have to determine whether the responsibility of providing the correct country of origin falls on the supplier or business operator.

This will therefore provide additional record-keeping responsibilities to businesses to ensure they are compliant with these standards.

The R&CA also raises concern that penalties for non-compliance and the approach to effective regulation have not yet been clarified.

This will determine whether the policy is practical in its application, and provides sufficient benefit to the consumer, through providing accurate information regarding seafood country of origin.

Recommendations

The R&CA recommends that CoOL requirements are adaptable to accommodate the unique requirements of all restaurant and hospitality businesses. The R&CA notes that small businesses face a disproportionate cost burden to comply with these new regulations. It is recommended that the following compliance methods are agreed upon:

- QR Code on top of the menu or placed beside menu items;
- Seafood country of origin is updated on the website and;
- Seafood country of origin is updated on a chalkboard, coreflute, whiteboard etc.

The R&CA also recommends that catering and venue businesses are not mandated to disclose seafood country of origin when menus are issued. The R&CA believes they should only be required at the time of set-menus being purchased.

5.1.2 Takeaway Alcohol

Background

Since the pandemic, hospitality businesses have benefited from state-based liquor reforms allowing takeaway alcohol which has given hospitality businesses access to an additional high-margin revenue stream. Some of these temporary measures have morphed into permanent fixtures of state and territory-based liquor licensing legislation.

Challenges

Currently, on-premises license holders are only permitted to sell takeaway in Queensland and Victoria, with strict limits apply to the type of liquor and quantity ordered. NSW only permits the delivery of same day liquor for packaged license holders.

Position

The R&CA believes each state and territory must coordinate Australia's takeaway alcohol laws to ensure businesses receive the same advantage, and to further support the innovation of the digital economy. The permanent adoption of NSW's takeaway alcohol initiative is forecasted to provide an additional \$3.1 billion dollars to the NSW economy over ten years⁹.

Given the current economic climate, takeaway sales of alcohol have proved to be a beneficial enterprise activity for businesses to drive post-pandemic recovery and establish a thriving 24-hour economy.

⁹ Lightspeed (2022) The Inside Take on NSW's Liquor Licensing Laws

Recommendations

The R&CA recommends that all states and territories in Australia follow the NSW precedent of a Liquor Amendment bill that has allowed small bar licences in NSW to sell takeaway cocktails permanently. The R&CA also recommends that all states and territories that have adopted the temporary rules as part of their permanent model commit to permanent legislative change. This will ensure takeaway alcohol continue to be an effective revenue raising avenue for small businesses and a driver of the nighttime economy.

The R&CA also recommends Federal funding into micro-courses, in conjunction with RSAT licensing, to ensure businesses offering takeaway alcohol adhere to all legislated requirements.

5.1.3 Outdoor Dining Regulations

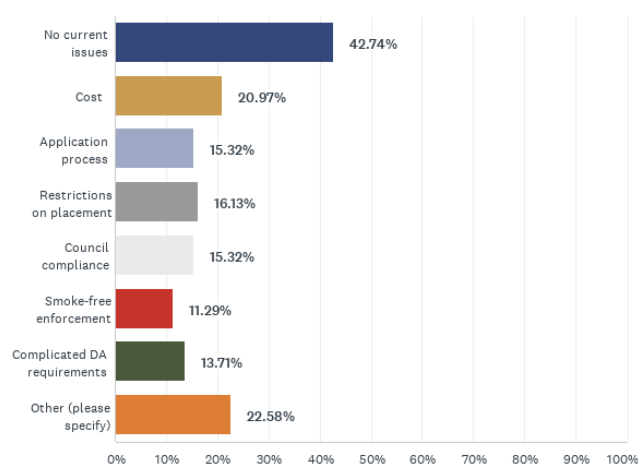
Background

Outdoor dining allows food and drink premises to expand their dining precedent to their adjacent outdoor area including on the road, footway, or similar public spaces, as approved by each respective business' local council.

Challenges

According to the R&CA's 2022 Industry Benchmarking Report, 71.7% of respondents identified some form of operational requirements as the biggest obstacle to operating their outdoor dining space effectively¹⁰. Local councils are currently inconsistent in the way they apply outdoor dining guidelines and approach enforcement. Depending on a business's local council, outdoor dining approvals can be time-consuming and costly. This can cause a disadvantage to businesses based on the location in which they are operating.

Q23 What are the biggest issues you face in operating your outdoor dining area effectively?
You may select more than one answer.



¹⁰ Restaurant & Catering Association (2022) Industry Benchmarking Report

Position

The R&CA stands that application approvals must be timely, and efficient for businesses to undertake and that councils provide consistent benchmarks for approval, to not stifle business operators. Therefore, a fast-tracked outdoor dining approval process, as offered by the NSW Government during COVID-19 should remain a permanent and nationwide fixture.

Recommendations

The R&CA recommends that regulatory bodies are subjected to tighter deadlines for outdoor dining application approvals to afford businesses predictability, and timely access to expand their operations.

The R&CA also stands that the operating hours for outdoor dining precedents be expanded, to benefit business participation in the nighttime economy.

5.1.4 Alignment of Reporting

Background

Reporting time frames for BAS/PAYG administration, fringe benefits tax (FBT), and workplace gender equality compliance are currently unaligned in the financial calendar.

Recommendations

Simplifying business reporting timeframes is an essential ingredient in reducing red tape and administrative burdens for businesses and allowing them to focus on operation and expansion.

The R&CA puts forth that reporting timetables are reviewed and aligned at the end of each financial year.

5.1.5 Removal of Payroll Tax

Background

Payroll tax is a form of tax levied on wages paid or payable by an employer to its employees when the total taxable wages exceeds a particular threshold amount. Payroll tax is administered by each state or territory, and accounts for \$27 billion of total revenue every year.

Challenges

The R&CA is highly critical of payroll due to:

- The high degree of complexity in the administration of payroll tax;
- The deterrence to employers from hiring new employees;
- The impact upon the profitability of businesses due to payroll tax burden and;

- The inefficiency of payroll tax as a state revenue stream revenue.

Recommendations

The R&CA believes payroll tax is a deterrent to business growth and employment and ultimately needs to be abolished.

5.1.6 WorkCover Modernisation

Background

Employers are facing higher Workcover premiums as costly mental health injury claims continue to increase year on year. The rates of Workcover claimants staying on the scheme for more than two and a half years has also increased. In the state of Victoria, businesses are struggling with a 42% premium increases.

Recommendations

- Adjusting the eligibility test for mental injury claims with a threshold that distinguishes stress and burnout from major psychological injuries.
- Establishing a return-to-work model, that supports claimants return to work as soon as they are able.
- Investment in training resources for business to reduce instances of psychosocial harm and other workplace hazards that may led to mental injury.
- Exclusion of journey claims and variation of what is considered a notable claim.
- Align Workplace Health and Safety laws nation-wide.

Immigration Policy

6.1.1 Working Hour Caps for Student Visa Holders

Background

The allowable work hours cap for international students was relaxed during the pandemic to help meet workforce shortages. The Government has announced that the cap will be reinstated on 1 July 2023 and will be raised from its previous level of 40 hours per fortnight to the new level of 48 hours per fortnight.

Challenges

The R&CA is concerned about these reintroduced caps upon hospitality businesses due to the following reasons;

- The cost of living crisis requires international students to work increased hours to live and study in Australia,

- The hourly caps will likely reintroduce the black economy, opening both businesses and workers to exploitation,
- Businesses will likely be forced to operate in a reduced capacity if they are unable to fulfil hours previously filled by international student workers.

Position

The R&CA therefore considers the Department of Home Affairs (DHE) approach to reintroduce working hour limits given the context of inflation and the current skills shortage, to be unworkable for industry operators.

Recommendations

The R&CA recommends that hospitality workers on student visas be exempt from the July 1st working caps. The R&CA notes that the aged care sector, which is facing comparable labour shortages, will be exempt from working restrictions until December 31st, 2023. The R&CA stands firmly that these caps should not be reintroduced until the skills shortage crisis is resolved, and impacted industries should receive the appropriate concessions as provided to the Aged Care sector.

6.1.2 Raised Temporary Skilled Immigration Threshold

Background

The Australian Government announced an increase of the minimum Temporary Skilled Migration Threshold (TSMIT) income from \$53,900 to \$70,000 from the 1st of July 2023. The move is a response to the Government's independent "Review of the Migration System," which recently recommended actions for updating Australia's immigration system. Raising the TSMIT will affect eligibility for the Subclass 482 visa – a Temporary Skill Shortage visa designed to allow employers to sponsor a suitably skilled foreign worker to fill a position for which a qualified Australian candidate cannot be found.

Challenges

The R&CA raises the following issues:

- The increase is well above the minimum annualised salaries of most hospitality and restaurant award salary classifications;
- Hospitality businesses facing major skills shortages will no longer be able to access the international labour pool without a significant increase in wages;
- This will potentially require businesses to hire underqualified staff, which will impact Australia's brand as a world-class premium dining destination and;
- Creating unbalanced remuneration between migrant and domestic employees.

Position

R&CA does not support the decision to lift the annual salary threshold for Temporary Skilled Migration. The R&CA views this increase as unworkable for restaurant and hospitality

businesses who employ people under the Restaurant Award, as annualised salaries fall well below the new TSMIT.

Recommendations

The R&CA recommends that a separate class of skilled migrant visas are introduced to alleviate the impact of the skills shortage crisis facing the hospitality sector. The R&CA believes the hospitality sector should be exempt from TSMIT until December 31, in line with the Aged Care sector's concessions. The R&CA stands that the industry is experiencing comparable labour shortages, and provides essential services, such as in-flight and care home catering. The Department of Home Affairs (DHA) must consider these factors and provide concessions accordingly.

6.1.3 Rise in Working Holiday Visa Costs

Background

From July 1, 2023, visa subclass 417 (Working Holiday) and visa subclass 462 (Work & Holiday) to Australia will rise to \$640, an increase of 21%.

Challenges

The R&CA is concerned that continued price hikes on Working Holiday Maker (WHM) visas will discourage young travellers from participating in the Australian tourism and hospitality sector, which is experiencing critical labour shortages, particularly in regional areas.

Position

The R&CA believes that the DHA has the responsibility to ensure Australia remains an accessible and sought-after destination for WHM, due to the reliance on temporary overseas workers on Australia's tourism and regional economy. According to the 2022 Industry Benchmarking Report, 62% of respondents operating in regional and tourist locations had experienced 'extreme difficulties' in hiring staff¹¹. Given the hospitality skills shortage and the adjacent impact of the Government's decision to raise the TSMIT as well as the reintroduction of working caps on student visa holders, any further measures to limit Australia's access to the international labour pool will only further its severity.

Recommendations

The R&CA does not support the DHA decision to increase the cost of Working Holiday Visas and suggests that their revision is withdrawn to not stifle Australia's tourism economy during a time of unprecedented labour shortages.

¹¹ Restaurant & Catering Association (2022) Industry Benchmarking Report

