



Restaurant
& Catering

JOBS AND SKILLS AUSTRALIA
CORE SKILLS OCCUPATIONS LIST
CONSULTATION

MAY 2024

INTRODUCTION

[1] The Restaurant and Catering Industry Association of Australia Incorporated (R&CA) are pleased to provide a submission for the Draft Core Skills Occupations List (CSOL) consultation.

ABOUT THE RESTAURANT & CATERING ASSOCIATION

[2] R&CA is the national industry association representing the interests of more than 57,000 restaurants, cafés, and catering businesses across Australia. The café, restaurant, and catering sector is vitally important to the national economy, generating over \$35 billion in retail turnover each year as well as employing 580,000 people.

[3] R&CA delivers tangible outcomes to small businesses within the hospitality industry by offering evidence-based solutions to various industry challenges. Our aim is to improve regulations and policies that impact the sector's operating environment to foster robust and prosperous businesses across Australia.

[4] We work to ensure the industry is respected for its integrity, professionalism, and dedication to excellence. 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 industry to the Australian way of life.

[5] Given our remit, footprint, engagement with the sector, and ongoing advocacy, we provide you with the following submission and speak with authority.

MIGRATION STRATEGY

[6] R&CA acknowledges the Australian Government's Migration Strategy and the role for Jobs and Skills Australia (JSA) in defining Australia's skills needs using labour market evidence and advice from tripartite mechanisms.

INDUSTRY EMPLOYMENT: MODERN AWARD RELIANCE

[7] Since 2021, the Australian Bureau of Statistics (ABS) has microdata included for the Survey of Employee Earnings and Hours (EEH). This is beneficial to the sector as it provides a greater understanding of employees because of the increased level of transparency in the

data, allowing for more identifiable information rather than approximates for award reliant employees.¹

[8] Modern awards set out the minimum terms and conditions of employment on top of the National Employment Standards (NES), and are industry or occupation based.² The proportion of employees of the working population paid according to an award (award reliant) in 2021, was 23 per cent (or 2.66 million employees).³ Almost half of all employees who are reliant on a modern award, are paid from the top five modern awards. Three of these top modern awards are related to our industry, these include:

- *Restaurant Industry Award 2020*;
- *Hospitality Industry (General) Award 2020*; and
- *Fast Food Industry Award 2010*.⁴

[9] The proportion of all modern award-reliant employees for the *Restaurant Industry Award 2020 (RIA)* was 5.4 per cent, accounting for 129,198 employees.⁵ Our Industry also extends to other modern awards, such as, the *Hospitality Industry (General) Award 2020 (HIGA)* with a 9.5 per cent proportion (225,926 employees), and the *Fast Food Industry Award 2010 (FFIA)* with a 7.9 per cent proportion (187,239 employees).⁶ Given this prevalence, the Restaurant and Catering Industry Association of Australia (R&CA) are likely to be connected or represent these employees.

PRODUCTIVITY

[10] According to the Productivity Commission, the Accommodation and Food Services industry contributed to the largest decline in productivity of all sectors.⁷ This is determined when the size of an industry is compared with how productivity is measured, specifically, labour productivity and multifactor productivity (MFP).⁸ Labour productivity is the ratio of output to hours worked, whereas MFP is the ratio of output to combined input of labour and

¹ Kelvin Yuen and Josh Tomlinson, *A Profile of Employee Characteristics Across Modern Awards* (Fair Work Commission Research Report No 1/2023, March 2023) 8 ('*Characteristics Across Modern Awards*').

² Fair Work Ombudsman (Cth), *Modern Awards* (Fact Sheet, March 2023) <<https://www.fairwork.gov.au/sites/default/files/migration/723/Modern-awards.pdf>>.

³ *Characteristics Across Modern Awards* (n 2) 13.

⁴ *Ibid* 15.

⁵ *Ibid* 41.

⁶ *Ibid*.

⁷ Productivity Commission (Cth), *Annual Productivity Bulletin 2024*, (Bulletin, 29/02/2024) 5 <<https://www.pc.gov.au/ongoing/productivity-insights/bulletins/bulletin-2024>> ('*Productivity Bulletin*').

⁸ *Ibid*.

capital.⁹ MFP and labour productivity growth mostly follow similar patterns.¹⁰ Therefore, that while there may have been a strong increase in the hours worked in the industry, these hours also reduced the capital-labour ratio leading it to be the largest decline on record.¹¹ In other words, the fall in the MFP for 2022-23 'suggests that the additional hours worked did not produce a commensurate increase in output'.¹²

[11] The MFP assists to understand the 'quality' of labour, and where MFP declined, it's likely the result of 'less experienced or less productive labour'.¹³ For long-term income growth, productivity in labour must increase, as the underlying connection between labour productivity and wages means that an increase in productivity will support a rebound in real wage growth.¹⁴

[12] Sustained labour productivity growth over the long-term is only achieved when output growth exceeds growth in hours worked.¹⁵ Therefore, according to the Productivity Commission, 'greater attention should be directed toward increasing output through increased investment, efficiency and innovation, rather than just focussing on fluctuations in labour hours'.¹⁶

[13] For the December 2023 quarter, the Accommodation and Food Services Industry had the largest increase in labour productivity, as well as the largest decline in aggregate hours worked.¹⁷ For the same period, the cost-of-living pressures are sighted for households staying at home where spending in hotels, café's and restaurants fell by 2.8% in the December quarter.¹⁸ With less spending for our industry, the hours worked reduced.

[14] When newer and less experienced workers are active in the workforce, labour productivity decreases as new workers require time to learn and upskill in their new jobs.¹⁹ However, to

⁹ Productivity Commission (Cth), *What is Productivity?*, (Web Page) <<https://www.pc.gov.au/what-is-productivity>>.

¹⁰ Productivity Bulletin (n 7) 5.

¹¹ Ibid.

¹² Ibid.

¹³ Ibid 3.

¹⁴ Ibid 8.

¹⁵ Productivity Commission (Cth), *Quarterly Productivity Bulletin – September 2023*, (Bulletin, October 2023) 5 <<https://www.pc.gov.au/ongoing/productivity-insights/bulletins/quarterly-bulletin-september-2023/bulletin-september-2023.pdf>>.

¹⁶ Ibid.

¹⁷ Productivity Commission (Cth), *Quarterly Productivity Bulletin – March 2024*, (Bulletin, March 2024) 5 <<https://www.pc.gov.au/ongoing/productivity-insights/bulletins/quarterly-bulletin-march-2024>>.

¹⁸ Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product Quarterly estimates of key economic flows in Australia, including gross domestic product (GDP), consumption, investment, income and saving* (Web Page, December 2023) <<https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/latest-release>>.

¹⁹ Productivity Commission (Cth) (n 17) 5.

have long-term sustained growth in labour productivity, increased investments and efficiencies by businesses will contribute to this increase.

[15] Provided that a core objective of Australia's migration system is to raise living standards by boosting productivity, meeting skills shortages and supporting exports,²⁰ skilled migrants will *immediately* assist our industry and increase productivity – meeting that core objective of the Australian Government.

INDUSTRY CONSIDERATIONS

[16] The Accommodation and Food Services Industry employed a total of nearly 912,000 people in February 2024.²¹ This is the seventh (7th) highest recorded figure in 40 years.²² Employment in the Industry is projected to grow by approximately 5.5% in February 2024 to 961,900 in 2026.²³

SECTOR CONSIDERATIONS

[17] Cafes, Restaurants and Takeaway Food Services is the largest sector in the Accommodation and Food Services industry, employing 72.3% of workers.²⁴ Employment in the Accommodation and Food Services sector grew in overall terms for the 20 years to February 2023, and is projected to grow further by 59,400 (or 6.3%) over the four years from 2024 to 2028.²⁵

²⁰ Commonwealth of Australia, *Migration Strategy (Report, December 2023)* 12.

²¹ Australian Bureau of Statistics, *Labour Force, Australia, Detailed – Industry, Occupation and Sector*.

²² Ibid.

²³ Australian Bureau of Statistics, *Labour Force Survey, Detailed, November 2021, seasonally adjusted and Jobs and Skills Australia, 2021 Employment projections for the five years to 2026*.

²⁴ Australian Bureau of Statistics, *Labour Force Survey, Detailed, February 2023, seasonally adjusted*.

²⁵ Ibid.

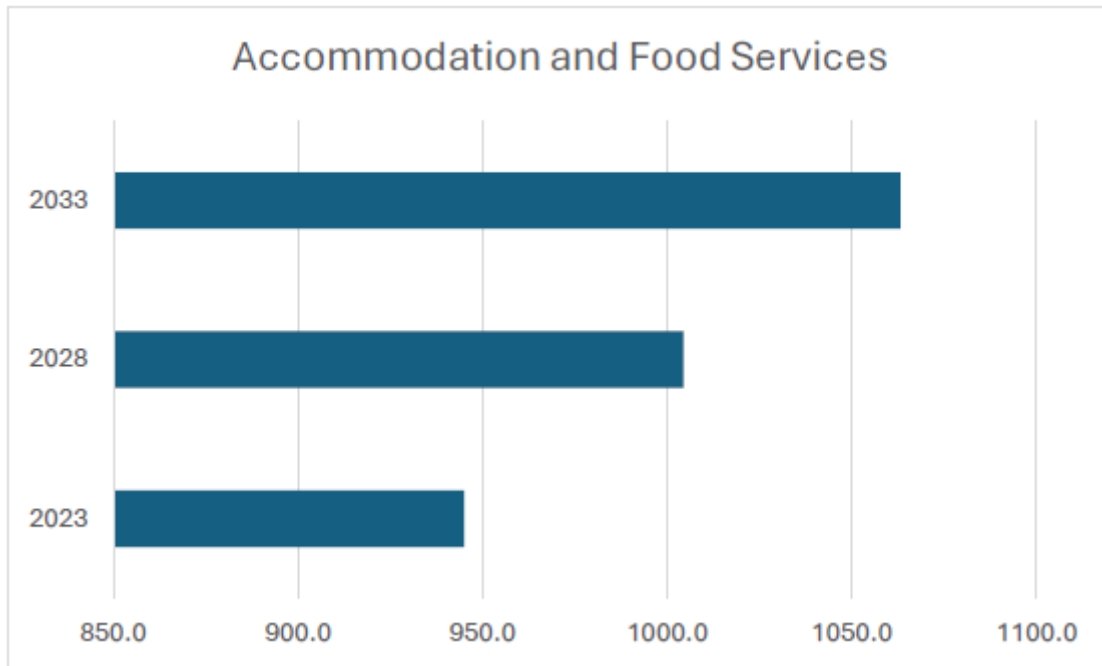


Figure: Employment Levels, Accommodation and Foodservices – Actual 2023, JSA Projected 2028/2033

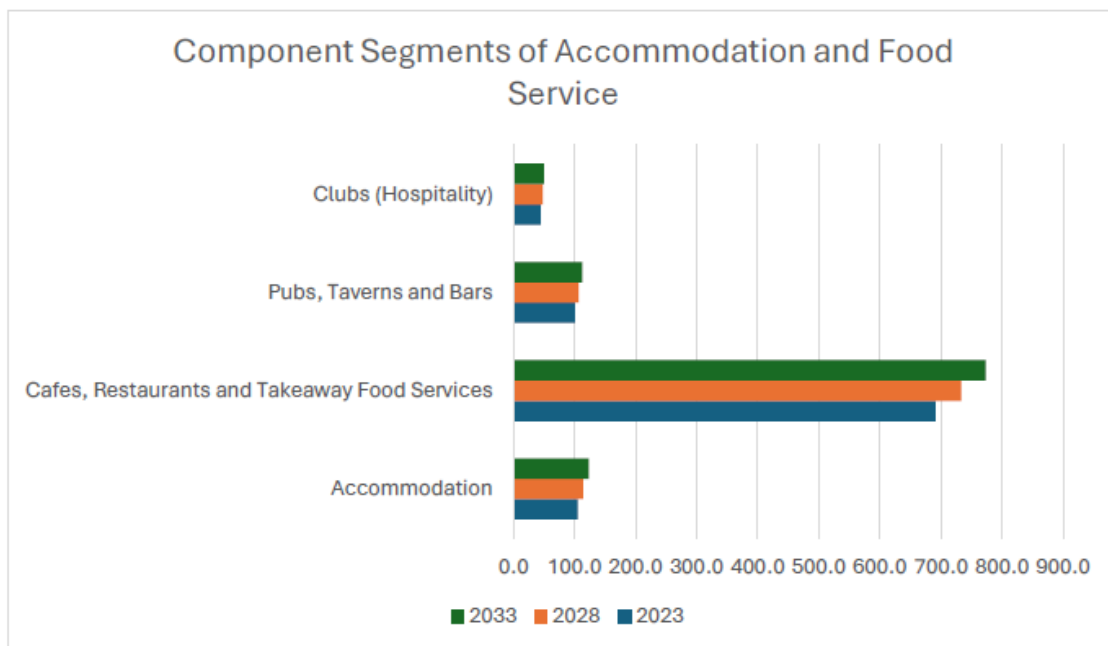


Figure: Employment by Sectors, Accommodation and Food Services

The Accommodation and Food Services sector comprises mostly of those employed in Food and Beverages, being 88.8% of the workforce. Upon further examination, 82.3% of the workforce are employed in the Cafes, Restaurants and Takeaway Food Services.

OCCUPATION CONSIDERATIONS

[18] The occupations for our Industry are shown below.

Largest employing occupations, Accommodation and Food Services industry

ANZSCO Code	Occupation title	Employment (all industries)	Employment (this industry)	Proportion employed in this industry
4315	Waiters	124,800	115,800	93%
8513	Kitchenhands	131,400	94,700	72%
4311	Bar Attendants and Baristas	96,700	85,300	88%
6211	Sales Assistants (General)	543,500	76,000	14%
3513	Chefs	89,000	73,800	83%
1411	Cafe and Restaurant Managers	60,600	53,500	88%
8511	Fast Food Cooks	49,800	48,700	98%
1421	Retail Managers	249,100	28,600	11%
4312	Cafe Workers	33,300	27,100	81%
3514	Cooks	38,900	26,400	68%

Source: ABS Labour Force Survey, four quarter average, 2021.

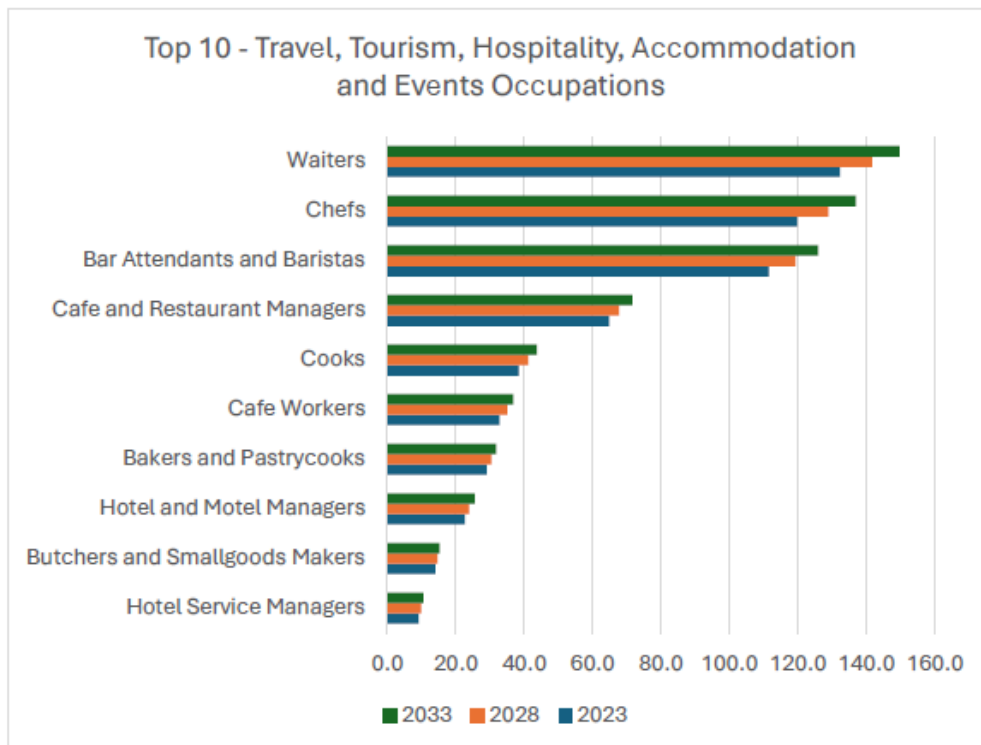


Figure: Largest Employing Occupations in Accommodation and Food Services

CORE SKILLS OCCUPATIONS LIST (CSOL)

[19] The published draft Core Skills Occupations List relates to our Industry with the following listings:

The CSOL 'Confident Off List' includes:

- Café or Restaurant Manager (ANZO Code 141111)

The CSOL 'Targeted for Consultation List' includes:

- Chef (ANZCO Code 351311)
- Cook (ANZCO Code 351411)

The CSOL 'Confident On List' does not include any occupations for the Industry.

[20] For an employee to be a café or restaurant manager, and align with the ANZCO code of 141111, a skill level 2 is required. This means that the minimum qualification must be at a Diploma level. When compared to the appropriate lever of training in the *Restaurant Industry Award 2020 (RIA)*, it is generally understood that a 'food and beverage supervisor' is of a similar standing. A food and beverage supervisor 'means an employee who has the appropriate level of training, including a supervisory course, and who has responsibility for the supervision, training and co-ordination of food and beverage staff or for stock control for one or more bars.'²⁶ A food and beverage supervisor is classified as a level 5 occupation under the *RIA*. In comparison, food and beverage employees who are level 2 require an AQF Certificate II to be a level 3.²⁷

[21] For new entrants to the industry to attain the qualifications and skills to be a café or restaurant manager, would take a number of years. Businesses can benefit from the immediate employment of qualified and experienced employees through migration.

ECONOMIC CONSIDERATIONS

[22] The economic considerations remain the result of the impacts of COVID over the past 5 years. However, there has been the resurgence of the 62,775 businesses that left the industry in Accommodation and Food Services, and this has increased beyond pre-Covid 19.

²⁶ *Restaurant Industry Award 2020 [MA000119]* (at 9 April 2024) sch A.2.5 ('*RIA*').

²⁷ *Ibid* cl 2 (see Definitions).

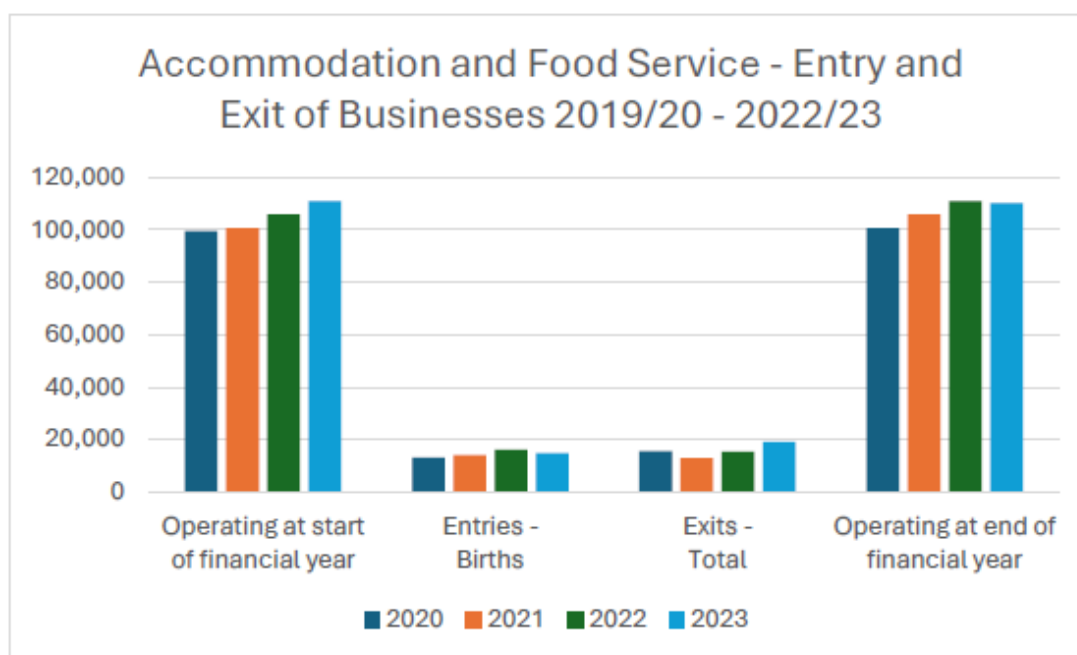


Figure: Accommodation and Food Services Business Entry and Exits

[23] The significant displacement of employees over the past few years has seen the experience and skills in the industry also be significantly varied; generally leading to a loss in years of business investment, training, and industry experience.

[24] The inflationary environment compared to last year is significantly flatter. The Reserve Bank is forecasting an ease to the Consumer Price Index (CPI).²⁸ The decline in productivity is having an adverse effect upon businesses to act profitably. This is significant because for December 2023, reporting on company gross operating profits and wages for our industry showed a fall in operating profits by 2.2 per cent, while wages rose by 0.5 per cent.²⁹ In other words, generally, during the busiest time of the year for the industry, the cost for wages increased and the operating profits decreased.

²⁸ Reserve Bank of Australia, Statement on Monetary Policy – February 2024, (Web Page, February 2024) <<https://www.rba.gov.au/publications/smp/2024/feb/>>.

²⁹ Australian Bureau of Statistics, *Business Indicators, Australia: Analysis by Industry, Accommodation and Food Services, Current Prices* (Web Page, December 2023) <<https://www.abs.gov.au/statistics/economy/business-indicators/business-indicators-australia/latest-release#analysis-by-industry>>.

MIGRATION SOLUTIONS

[25] In 2023-24 to 31 December 2023, a total of 2,050 primary visa applications were granted for the Accommodation and Food Services Industry.³⁰ This is despite 2,390 applications that were lodged.³¹ Immediately, the variation of 16.5% (340 applications) demonstrates the demand for skilled labour that was not met in the industry that had the fourth highest primary applications lodged at 9.1%, and an increase in applications lodged by 21.6% from 2022-23.³²

[26] From the 2,050 primary visa applications that were granted in 2023-24 to 31 December 2023,³³ 49.75% were for a ‘Chef’ (1,020 applications), and 20.5% were for a ‘Café or Restaurant Manager’ (420 applications).³⁴ When compared to the top 15 nominated occupations for a primary visa holder in Australia as at 31 December 2023 by nominated position, the occupation for a ‘Chef’ was the highest with 4,700 visas from 67,760 people. In other words, 6.9% of all occupations for a primary visa holder in Australia was for a ‘Chef’.³⁵

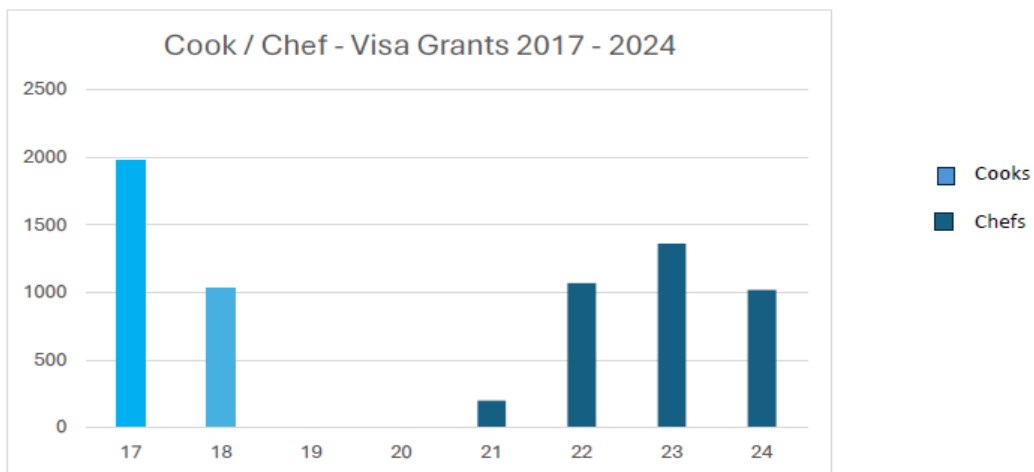


Figure: Visa Grants – Cooks and Chefs 2017-2024

[27] Provided the earlier migration opportunities under the 457 program, in the 2016-17 period, 1,980, and in 2017-18 period 1,030 visas were granted for Cooks. The transition to the TT Visa in 2021, saw the reduction in visas granted to Chefs to only 200. In other words, for these occupations, the number of visas granted for 2023 represented less than 30% of the demand for those occupations, and 11.9% for Café or Restaurant Managers.

³⁰ Australian Government - Department of Home Affairs, *Temporary Resident (Skilled) Report*, (Report, 31 December 2023) 7 < <https://www.homeaffairs.gov.au/research-and-stats/files/temp-res-skilled-quarterly-report-31122023.pdf>> ('Skilled Report').

³¹ Ibid 2.

³² Ibid.

³³ Ibid 7.

³⁴ Ibid 11.

³⁵ Ibid 14.

[28] Also listed on the top 15 nominated occupations for primary visa holders in Australia as at 31 December 2023, were a ‘Café or Restaurant Manager’ with 1,270 visas (1.87%), and a ‘Cook’ with 1,190 visas (1.75%).³⁶ All of these occupations amount to a total of 10.5% of all occupations for primary visa holders in Australia as at 31 December 2023.³⁷ Further, all these occupations account for 92.75% of the total number in the ‘Accommodation and Food Services’ sponsor industry for the number of primary visa holders in Australia as at 31 December.³⁸

TRAINING AND SKILLS

[29] The pathways to becoming a ‘Chef’ or a ‘Cook’ are reliant on the successful completion of an apprenticeship to a Certificate III in Commercial Cookery. Historically, between the period of 1996 and 2014, commencements in food trades were growing, with a sharp drop during Covid. However, there was an increase in the commencements in 2021-2022 as the sector engaged with new apprentices and the support of BAC payments.

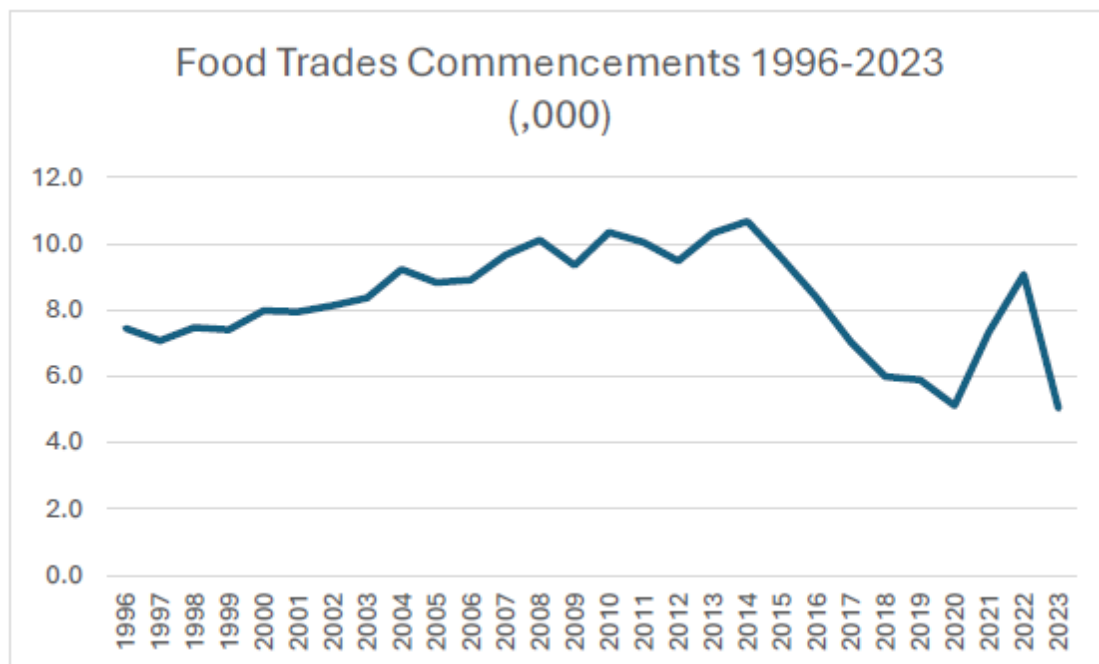


Figure: Longitudinal Data on Apprenticeship Commencements

[30] However, commencements were affected by the removal of the BAC program, and the decrease of new apprenticeships had a flow on effect on the pipeline for skilled employees, generally, being 3-4 years.

³⁶ Ibid.

³⁷ Ibid.

³⁸ Ibid.

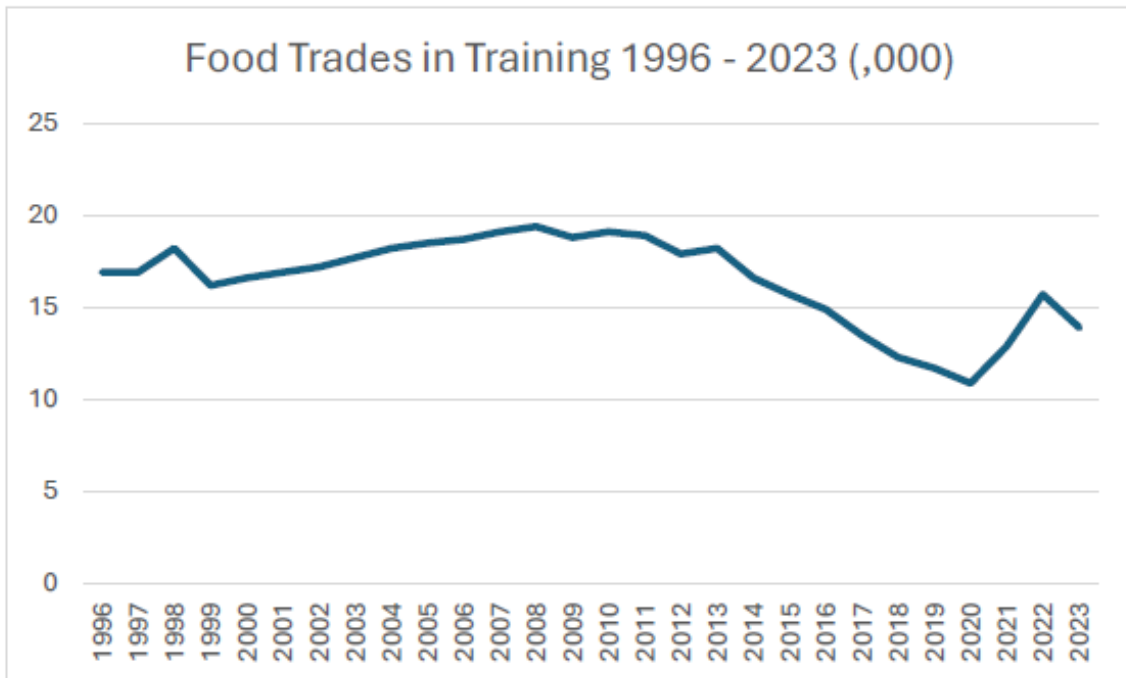


Figure: Food Trades Apprentices in Training

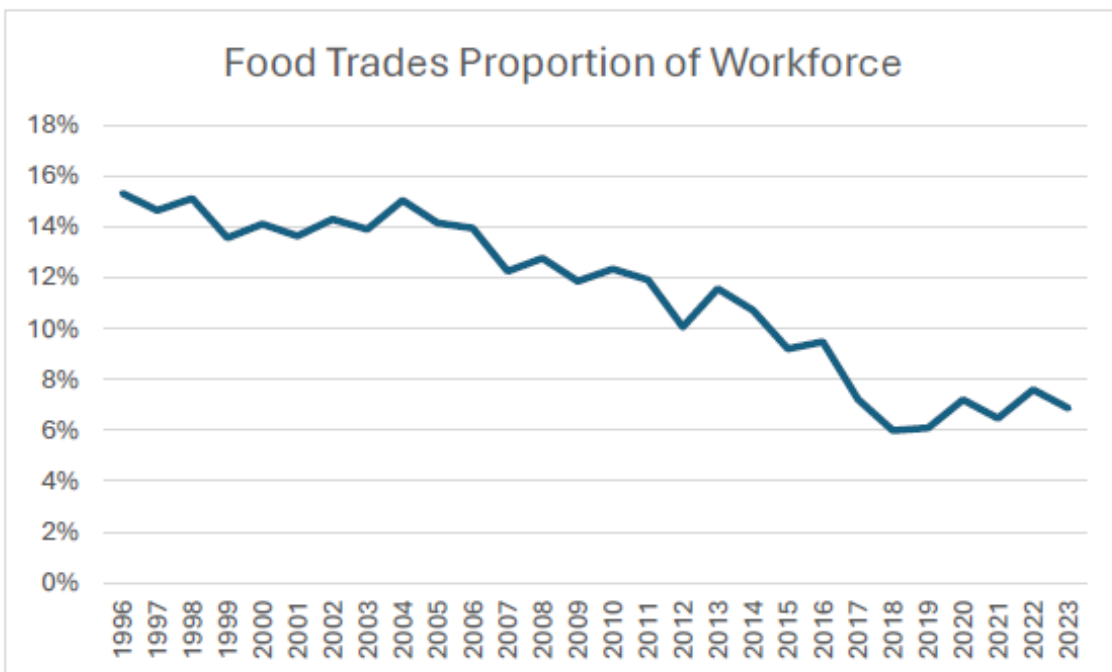


Figure: Food Trades Apprentices as a Proportion of Cooks and Chefs in the Workforce

[31] The proportion of apprentices to the hospitality workforce has changed significantly as the commencements of apprenticeships have remained disproportionately low when compared to the sector. The completion rate for food trades in 2018 was 42.6% whereas it appears to have declined to 33.3%.

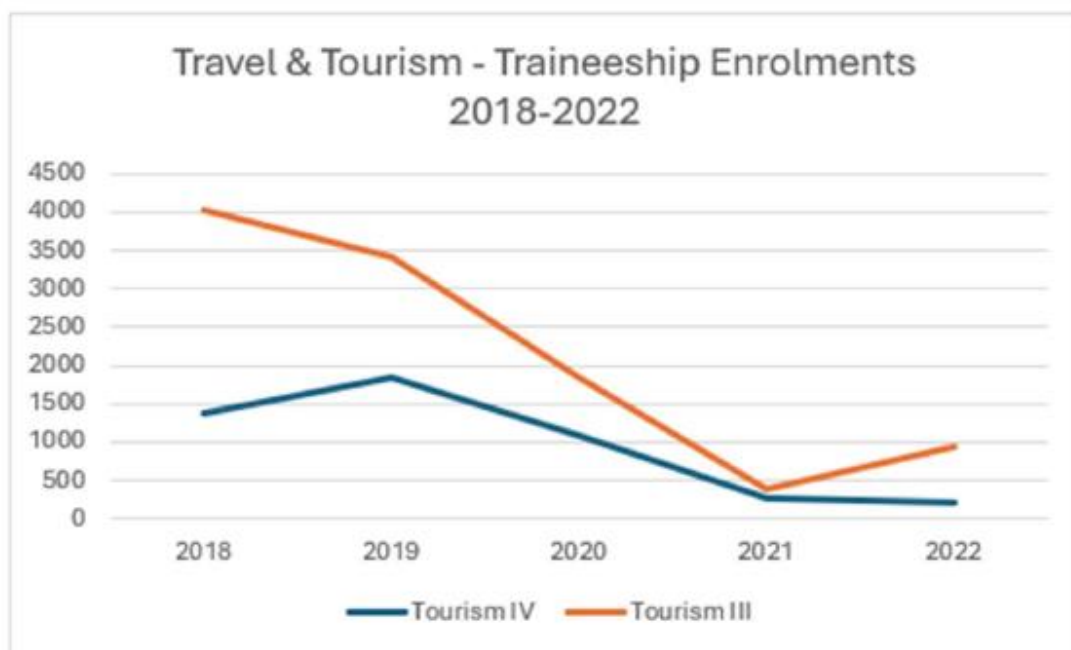


Figure: Total Commencements in Tourism and Hospitality Diploma

[32] Diploma and Advanced Diploma qualifications provide management opportunities for the accommodation and hospitality sector. The growth in the sector and demand for managers is far greater than the enrolments in 2022, being just 50. In 2023-24, enrolments in the VET system were less than 1% of workforce demand. Further, for the same period, the employment in 2011 was 75% of those in 2024.

OUR POSITION

[33] R&CA highlight the ongoing challenges with skills shortages in our sector and the lowest productivity for our industry covering nearly 1 in 5 employees on a modern award. The local supply of skilled Chefs and Cooks will yield a maximum of 17% of the growth only demand per annum between 2024 and 2026.

[34] R&CA notes and supports the submissions of other employer associations and the industry in general who continue to face skills shortages and productivity concerns. Our submission has been in collaboration with other peak industry bodies and partners like Tourism Training Australia and VETASSESS.

[35] Given all of the above, R&CA submits the following recommendations:

- (1) The 'Café' or Restaurant Manager (ANZCO Code 141111) should be on the 'confident on list';
- (2) The 'Chef' (ANZCO Code 351311) should be on the 'confident on list';
- (3) The 'Cook' (ANZCO Code 351411) should be on the 'confident on list'; and
- (4) Where there are going to be changes to the Occupations List, there be a transition period of no less than 3 years.

[36] R&CA thank Jobs and Skills Australia for their consideration, and welcome engagement on 1300 722 878 or policy@rca.asn.au.