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Executive Summary

Restaurant & Catering Australia is the peak national association representing the interests of Australia's 32,000 restaurateurs and caterers

Restaurants, cafes and caterers have maintained growth all through the troubled economic times of the past year. Turnover across the sector is up over 4% on last year and employment levels have been maintained since 2006.

There are 32,000 restaurants, cafes and caterers in Australia, that, in conjunction with take-away and fast food businesses, account for 464,300 workers as at February 2009.

The industry has the largest proportion of Trainees and Apprentices of any industry (at 24.3% of the workforce) but has the lowest level of post secondary education at 58.2% (without post school qualifications).

Overseas workers are an important feature of the workforce in the restaurant, café and catering industry. Some 44,500 overseas workers are engaged across the industry. Around half of these workers are overseas students. In the main, they are studying hospitality management or cookery.

Restaurant & Catering Australia values the contribution that overseas workers make to the workforce. In order to maintain this contribution, R&CA recommends:

- That the Quality Assurance System for RTOs adopt, as a requirement, the SEAL Star Rating Scheme, for all courses / qualifications.
- That the application of the AQTF 2007 be required to have industry input, in particular in relation to facility and equipment meeting industry standard, at every site.
- That the Commonwealth rescind the right for a designated authority (the STA) to recommend that an approved provider for that State be registered under the Act to provide a specified course for that State to overseas student and that right be given to a national regulator of vocational training.
- That appropriate work experience be counted toward the application of skills for overseas student wishing to achieve trade status.
- That, in cases where work is being counted toward on-the-job learning, the 20 hour maximum need not apply.
- That the migration program facilitate the undertaking of apprenticeships by overseas workers.
- That a visa category is established that allows students to enter to complete studies in occupations in which there is a skills shortage, with a pathway to permanent residency, with a requirement to continue to work in that occupation.

About Restaurant & Catering Australia

Restaurant & Catering Australia is the peak national association representing the interests of Australia's 32,000 restaurateurs and caterers.

Restaurant & Catering Australia is made up of a federation of State Restaurant and Catering Associations. There is a member association in each State / Territory. In total there are 7,500 members of the associations nationally (in any 12 month period).

About the Restaurant and Catering Industry

The Australian Bureau of Statistics reported 15,423 employing restaurant and catering businesses at the end of the 2006/07 financial year¹. In total the number of businesses in the sector was reported by ABS at 32,000, in the following categories²:

Main State	Zero to \$50k	\$50k to less than \$200k	\$200k to less than \$2m	\$2m or more	Total
	No.	No.	No.	No.	No.
New South Wales	1335	3945	5997	396	11673
Victoria	843	2619	4401	294	8157
Queensland	693	1650	3183	243	5769
South Australia	159	546	1026	63	1794
Western Australia	288	714	1698	159	2859
Tasmania	105	234	381	33	753
Northern Territory	30	81	126	12	249
Australian Capital Territory	42	186	387	36	651
	3495	9975	17199	1236	31905

Table 1 – ABS Business Register, 2007, Cafes and Restaurants

A defining feature of the industry is the 'churn rate' of businesses. At the end of 2007 the industry experienced a modest growth but had an overall churn rate of some 20%, as follows:

Main state	Entry rate (%)	Exit rate (%)
New South Wales	22.7	21.6
Victoria	22.9	19.8
Queensland	24.7	22.1
South Australia	23.1	19.3
Western Australia	23.9	21.2
Tasmania	27.6	14
Northern Territory	25.6	19.2
Australian Capital Territory	32.5	20.6

Table 2 – ABS Business Register, 2007, Entries and Exits, Cafes and Restaurants

¹ ABS 8655.0 Cafes, Restaurants and Catering Services

² 8165.0 - Counts of Australian Businesses, including Entries and Exits

Statistical collection for the restaurant, café and catering industry has been recently changed to include fast food (traditionally counted in retail). Turnover in the cafes and restaurants sector is larger yet more inconsistent than that in the fast food sector. In seasonally adjusted terms, turnover in the industry is still growing with total for the sector for the month of May 2009 being \$2.34 Billion (with \$1.325 Billion in the café and restaurant sector)³.

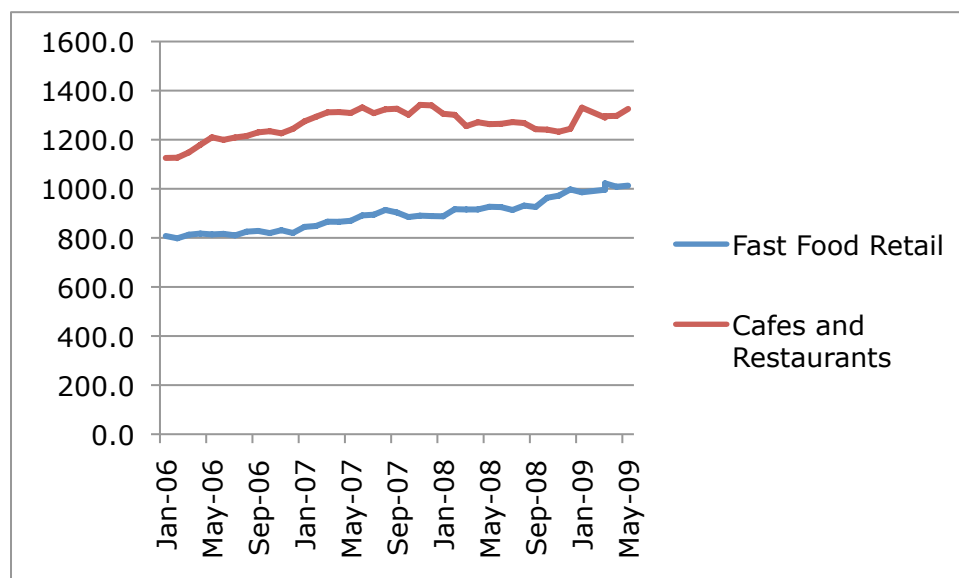


Figure 1 – ABS Retail Trade Data, May 2009, Fast Food Retail and Cafes and Restaurants, Jan 06 to May 09

Employment in the Restaurant and Catering Industry

The Cafés, Restaurants and Takeaway Food sector dominates employment in the Accommodation and Food Services industry, accounting for 464,300 workers (or 65.8 per cent of industry employment) as at February 2009.

The Department of Education, Employment and Training estimates that in the five years to 2012-13, employment in Accommodation, Cafés and Restaurants is expected to grow at an average rate of 1.7 per cent per annum (see Figure 4), which equates to around 44 100 new jobs.

As demonstrated below, employment growth in the overall restaurant industry (including quick-service / fast food restaurants) has been constant as has continued through most of the recent economic downturn.

³ ABS Retail Trade Data, May 2009

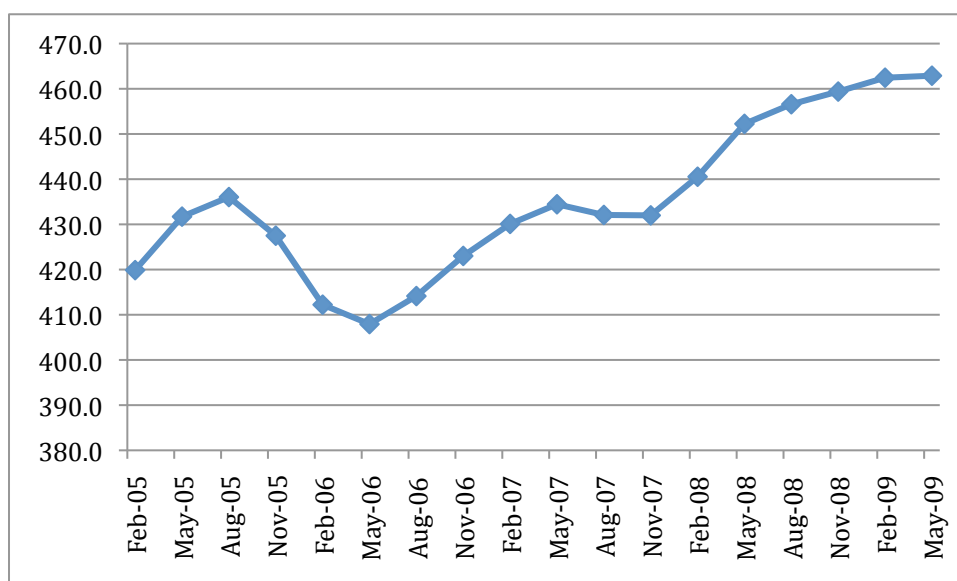


Figure 2 – ABS Labour Force, Employment Fast Food Retail and Cafes and Restaurants to May 2009

Restaurant and Catering Industry Educational Profile

The Department of Education, Employment and Training describe that Accommodation, Cafés and Restaurants as a relatively low skilled industry. Although there is a stronger emphasis now on formal qualifications in the industry, 58.2 per cent of workers were without a non-school qualification as at May 2007 (compared with 41.0 per cent for all industries) and 21.8 per cent had only obtained an educational attainment of Year 10 or below⁴. In part, this reflects the younger age profile in the Accommodation, Cafés and Restaurants industry, including students working while studying.

Nevertheless, long-term employment growth in the Accommodation, Cafés and Restaurants industry has provided many job opportunities for first-time jobseekers and low skilled workers. Over two fifths (41.8 per cent) of workers in the industry had completed a non-school qualification. The most prevalent non-school qualification was a Certificate III/IV (14.6 per cent), especially reflective of Chefs and Cooks.

Training Effort – the Restaurant and Catering Industry

Whilst the level of qualifications within the industry is relatively low, the proportion of the work in formal training, in particular Traineeship / Apprenticeship is substantially higher than other industries. In the food trades industries, in 2007, 24.3% of employment was trainees and apprentices.

In addition, as the workforce has grown, so has the commitment to Traineeship and Apprenticeship with commencements in the food trades doubled in the ten years to 2007.

⁴ Year 10 or below includes no educational attainment.

Apprentice and Trainee Commencements in Trade Occupations, 1997–2007 (‘000)

Occupation (ASCO) group	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
45 Food tradespersons	6.3	9.3	9.8	9.5	9.7	9.7	10.0	12.1	11.6	12.3	12.1

Table 3 – NCVER Apprentices and Trainees, 2007 Annual – Commencements Foods Trades 1997-2007

Training Rates of Trade Apprentices and Trainees⁹, by Selected Occupations, 97–07

Year	Occupation (ASCO) group								Total trades ⁴
	Metal trades ¹²	Automotive trades	Electrical & electronics trades	Construction trades	Food trades	Printing trades	Wood & textile trades ¹³	Hairdressers	
Training rates (%)									
1997	10.5	18.1	8.7	9.4	19.4	7.2	9.0	23.0	11.0
1998	10.1	17.4	8.7	8.7	21.2	7.9	8.3	21.3	10.8
1999	9.8	17.8	8.9	9.4	19.0	6.6	9.4	18.5	10.8
2000	8.1	18.4	9.8	10.0	19.2	5.7	9.3	22.8	11.0
2001	7.7	16.1	10.5	10.0	21.1	8.3	8.9	21.4	11.2
2002	8.2	17.2	9.3	10.8	24.2	5.8	9.2	21.9	11.5
2003	8.1	17.6	10.4	11.6	22.1	6.0	10.2	23.9	11.7
2004	9.4	20.4	11.9	12.2	23.7	6.8	9.9	23.7	12.8
2005	10.6	21.3	14.1	13.0	26.6	7.5	9.5	23.4	13.7
2006	11.7	21.3	15.1	13.9	25.9	6.3	10.7	23.2	14.2
2007	11.8	18.8	15.8	14.8	24.3	5.2	10.6	20.8	14.3

Table 4 - Table 3 – NCVER Apprentices and Trainees, 2007 Annual – Training Rates 1997-2007

Whilst there are a large number of food tradespersons (cooks) working in the restaurant, café and catering industry, there are also a large number of trainees outside trade areas. As can be seen below, the number of non-trades traineeship and apprenticeship commencements are four times that of the trades, in the Service Industry Skills Council’s coverage.

Apprentice and trainee commencements, trade and non-trade occupations^{4,5} by industry skills councils²¹ and selected training characteristics, 2007 (‘000)

	Trades	Non-trades							
	Tradespersons & related workers	Managers & Professional administrators	Professional s	Assoc. professional s	Advanced clerical & service workers	Intermediate clerical, sales & service workers	Intermediate production & transport workers	Elementary clerical, sales & service workers	Labourers & related workers
Services	12.8	0.3	0.3	3.5	0.0	43.5	0.0	10.5	0.5

Table 5 – NCVER Apprentices and Trainees, 2007 Annual – Commencements Service Non-Trades 2007

The Current Economic Climate

Restaurants, cafes and caterers have had only a very slight impact from the onset of the so-called Global Financial Crisis. In fact, as noted above, there has been a modest increase in business over 2008/09 Financial Year. As a result, there has only been a very moderate drop in traineeship / apprenticeship commencements.

The industry has maintained its commitment to traineeship / apprenticeship throughout this period. Restaurant and Catering Australia believes that strategies that focus on the current climate should focus on industries that have shown underlying strength in this period, as they are likely to be the industries that will be strongest when the overall economy returns to strong growth.

The Importance of Overseas Workers / Students to the Restaurant & Catering Industry

The Association is well aware of the exposure that the industry has to overseas workers. There are three primary categories of overseas workers in the restaurant, café and catering industry in Australia. They are:

- Overseas students working up to 20 hours per week;
- Working Holiday Makers; and
- Skilled Migrants (in either temporary or permanent migrant programs)

Overseas Students

Information from the Commonwealth Register of Institutions and Courses for Overseas Students suggests that in 2007 there were 30,036 students studying Hospitality Management and 7,378 students studying cookery.

Whilst these students may work across the entire hospitality industry, it is expected that approximately 60% would be working in the industry given (a) the restaurant sector accounts for over 50% of employment in the hospitality sector, and (b) over 90% of ethnic cuisine restaurants are in the restaurant industry (not in hotels, taverns, pubs and clubs).

In total it is estimated that 22,500 overseas students are working in the restaurant, café and catering industry.

The level of exposure of the restaurant, café and catering industry to overseas students is extensive. Specifically, the industry deals with the students as employees when they work whilst studying (up to 20 hours per week) and during periods of work placement (up to 900 hours for a cookery student).

In a total workforce of some 236,000 the equivalent of 22,064 full time positions are occupied by overseas students. Or, in other words, 10% of the work output in the industry is undertaken by overseas students.

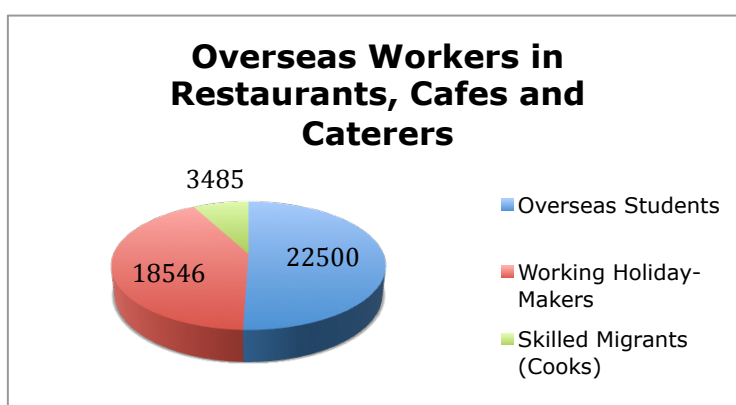


Figure 3 – Overseas Workers employed in the Restaurant, Café and Catering Industry

Working Holiday Makers

Estimates of working holiday makers (WHM) in the industry are based on 2005-2006 data when 123,045 WHM visas were granted. It is estimated on the basis of survey data on the usage of overseas workers that 15% of working holiday-makers are working in the restaurant, café and catering industry. This would account for 18,456 workers at any given time.

Skilled Migration

The top ten occupations for skilled migrants lists cooks as 3,485 visas being granted in this occupation in 2007-08.

In total 44,531 overseas workers are estimated to be employed in the restaurant, café and catering industry. This equates to 18.8% of the workforce. As noted above, the industry is still gripped by a significant skills and labour shortage. Restaurant & Catering Australia is concerned that any reduction in any of the sources of overseas workers will further exacerbate the shortage of skilled, semi-skilled and unskilled workers.

Issues in Relation to Overseas Student Welfare

It is noted that the Terms of Reference of the inquiry include:

- a) the roles and responsibilities of education providers, migration and education agents, state and federal governments, and relevant departments and embassies, in ensuring the quality and adequacy in information, advice, service delivery and support, with particular reference to:
 - i) student safety,
 - ii) adequate and affordable accommodation,
 - iii) social inclusion,
 - iv) student visa requirements,
 - v) adequate international student support and advocacy,
 - vi) employment rights and protections from exploitation, and
 - vii) appropriate pathways to permanency;
- b) the identification of quality benchmarks and controls for service, advice and support for international students studying at an Australian education institution; and
- c) any other related matters.

Restaurant & Catering Australia considers that there is a number of parties that share in the responsibility for the welfare of overseas students. Most particularly, the providers of education, migration and education agents and, at times, their employers. In addition, Governments have a role in the regulation of each of these parties.

For an industry perspective, Restaurant & Catering Australia does not directly have any direct welfare responsibility, however, the stake that the industry has in the continuation of a significant source of skills and labour, is high.

The provision of very high quality authentic ethnic cuisine is one of the great strengths of the dining scene in Australia. Overseas students working in Australia (whilst they are studying) and graduates working in the industry add to the culture of restaurant businesses and are an important part of the workforce on which they draw.

As training in hospitality is a large part of provision to overseas students, Restaurant & Catering Australia is keen to provide some workable recommendations on the issues raised by the Committee.

These are dealt with by each stakeholder area in turn.

Vocational Education and Training Initiatives

Restaurant & Catering Australia believes that one of the most important issues to be resolved is the quality of vocational education provision. This is brought into focus by the issues in relation to overseas students but is just as important an issue in relation to local students.

The quality assurance system (for vocational education) regulates all providers through the same system. State Training Authorities (STAs) operate a provider registration regime that registers a provider as a Registered Training Organisation (RTO) with a scope of delivery (described in terms of training package qualifications or accredited courses).

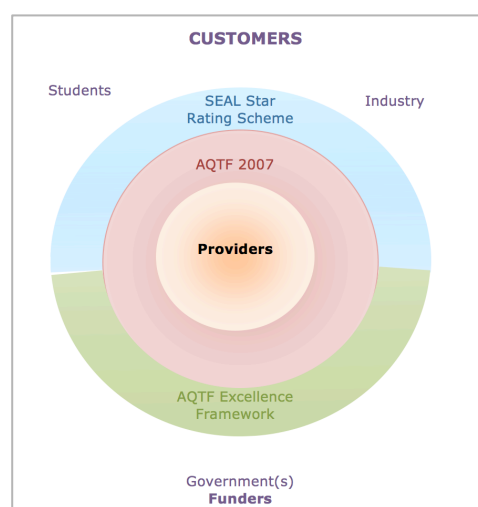


Figure 4 – RTO Quality Circle

The reality is there are a large number of providers (to both overseas and local students) that are delivering high-quality, effective training. There are some providers, however, that are not graduating students that can do the tasks and do not have the skills that are expected at the end of their courses.

Restaurant & Catering Australia believes that, at least in part, this phenomenon is the result of the regulators looking predominantly at the administrative capacity of a provider, rather than what the students can do when they graduate, as the criteria for registration.

Figure 4 is a representation of the quality process for providers (RTOs). The provider is first registered on the basis of the Australian Quality Training Framework (the 2007 version of this Framework is known as the AQTF 2007). This provides an all round registration for the provider against some basic criteria (mostly administrative). As of 2007, the provider can also seek further recognition (on a voluntary basis), against additional standards of administrative capacity, under the AQTF Excellence Framework. This provides a measure of additional quality from the point of view of State Governments as 'funders' of a lot of vocational training.

This system does not look at the outcomes (i.e. the skills that the students get before they graduate). The only system that examines outcomes is the Star Rating Scheme (that was established by the Institute for Trade Skills Excellence). This scheme was offered in the Trades Areas only and WAS NOT really relevant

for non-apprenticeship trades courses (e.g. overseas students cookery courses). This Star Rating Scheme provided an indicator of quality to both industry and students that was based on the following core criteria:

- Identification of learner and enterprise needs through training needs analysis and business diagnostics
- Development of client-driven customised programs
- Use of nationally endorsed competency standards and qualifications and their adaptation to meet local needs
- Formal recognition of existing skills through up-front assessment
- Delivery of training at a time, place and pace to meet business and learner needs
- Provision of structured support for the enterprise, workplace supervisors and assessors for on-the-job delivery and assessment
- Arrangement of industry placement to consolidate institutional delivery
- Conduct of assessments in conjunction with the enterprise and learner to reflect holistic work activities
- Provision of regular feedback on learner performance to the enterprise and learner
- Employment of trainers and assessors who have:
 - Up to date knowledge
 - Recent industry experience
 - A good understanding of the skill and workforce issues confronting local, regional and national industry
 - A leadership role amongst their peers
- Maintenance of industry networks that include peak industry bodies, professional organisers, regulators and licensing bodies
- Maintenance of training and education networks which include schools, universities and group training companies
- Provision of contemporary equipment, facilities and resources through partnering with suppliers, enterprises and other RTOs where necessary
- Provision of expert advice to enterprises and learners to enable them to make decisions on training, including factual and unbiased information on: program content and delivery options, expected outcomes from training, fees and charges, support services available
- Provision of a range of support services for learners including career counseling and learning support
- Provision of prompt and seamless service by working with Australian Apprenticeship Centres, Regional Industry Careers Advisors, Local Community Partnerships and Group Training Companies
- Organisation of promotions and events to showcase innovative delivery models and promote trade occupations

Restaurant & Catering Australia contends that the RTO quality system should include criteria such as those found in the Star Rating Scheme. The Association considers that these are the most important criteria in the interests of the industry and the users of the training, the students.

Recommendation

That the Quality Assurance system for RTOs adopt, as a requirement, the SEAL Star Rating Scheme, for all courses / qualifications.

In addition to the Star Rating Scheme, Restaurant & Catering Australia, through the industry Skills Council, Service Skills Australia, has operated a quality scheme in New South Wales, known as the 'Pink Slip'. This scheme involves an industry practitioner assessing the quality of each delivery site that a provider is delivering from as to whether it meets industry standards. This process is for deliverers to overseas students only.

The need for this scheme shows up a gap in the application of the AQTF 2007 in so far as it demonstrates that the providers registration should be site by site, qualification by qualification and that some aspects of the audit need to have industry input.

Recommendation

That the application of the AQTF 2007 be required to have industry input, in particular in relation to facility and equipment meeting industry standard, at every site.

The Institute for Trades Skills Excellence is soon to be wound up and it is proposed to transfer its operating structure to SEAL (Skills Excellence Australia Ltd). In the same period it is understood that the Commonwealth and the States are looking at (through COAG), the establishment of a National Regulator of Vocation Training. This process would be ideal for the mandating of the Star Rating Scheme.

It is anticipated that there will be some resistance from State Governments to the establishment of a national regulator. In respect of overseas students, the States operate their regulatory role under the authority of the Education Services For Overseas Students Act 2000 (Cth). At section 9 of that Act the Commonwealth gives the right for a designated authority (the STA) to recommend that an approved provider for that State be registered under the Act to provide a specified course for that State to overseas students. Given the move to a national regulator, it is suggested that the Commonwealth rescind this right.

Recommendation

That the Commonwealth rescind the right for a designated authority (the STA) to recommend that an approved provider for that State be registered under the Act to provide a specified course for that State to overseas student and that right be given to a national regulator of vocational training.

Immigration Issues

One of the drivers behind the type of educational practice that has grown up around cookery training for overseas students is the lack of capacity for overseas students to undertake an integrated training and work program, such as an apprenticeship. Whilst the benefits of blending work and learning (and thereby continually applying what has been learned) are often under-valued, the results are usually effective skills acquisition.

In the case of overeats students, because the migration program does not promote or even enable students to undertake an apprenticeship, the result is institutionally based training followed by a period of work experience. This leads to a period of employment at the end of the study period (for which no clear industrial arrangements exist), upfront un-contextualised learning and for most, a long period of adjustment to a new working environment after they have finished study.

In many cases the student has been working whilst they have been studying (within the bounds of the maximum 20 hours per week), yet, they receive no credit for this component of work. This can often be the most productive part of their on-the-job experience as it is happening at the same time as their *classroom* learning.

Recommendations

That appropriate work experience be counted toward the application of skills for overseas student wishing to achieve trade status.

That, in cases where work is being counted toward on-the-job learning, the 20 hour maximum need not apply.

That the migration program facilitate the undertaking of apprenticeships by overseas workers.

In relation to cooks, the pathway from studying in Australia to permanent residency is an important pathway to retain. Based on the experience of the last 53 years, it is unlikely that the skills shortage of cooks will be resolved in the short term. Therefore, Australia will be faced with the prospect of importing cooks to satisfy this skills shortage for some time. The question then becomes whether Australia is better served by importing cooks, that have been trained off shore, or importing cooks who have been trained in Australia.

In terms of benefit to the Australian economy, students trained in Australia, who are overseas students, is very clear. They pay for their education and pay to live in Australia whilst they study. In addition, if the training they receive is of high standard (see recommendations above in relation to quality assurance in VET provision), their level of skill is as would be expected in Australia (alleviating the need for any form of skills test).

In summary, if the student seeking residency, and they are looking to continue to work in the occupation in Australia, and that occupation is in demand and in Australia's interest, there should be a pathway to enable a transition from study to residency.

Recommendation

That is visa category is established that allows students to enter to complete studies in occupations in which there is a skills shortage, with a pathway to permanent residency, with a requirement to continue to work in that occupation.

Workplace Relations Issues

The interface between the migration program and Australia's workplace relations system is problematic. Areas of clear overlap are:

- Rates of pay for those undertaking training (i.e around apprenticeship as noted above);
- The relationship between the Minimum Salary Level (for 457s) and award rates; and
- Compliance activity (where an overseas worker may be covered by both an award and the MSL).

Restaurant & Catering Australia has held a number of forums around the country that have dealt with rates of pay and conditions for overseas workers. At these sessions, it has been evident that the confusion as to which regulations apply is very high. As outlined in the third discussion paper released as part of the Deegan review, 'The monitoring and compliance process has to manage in an environment of complexity in legislation and systems⁵'.

One of the areas of concern for R&CA over many years has been the lack of capacity of Industry Associations to provide migration advice. Section 280 of the Migration Act precludes those other than registered migration agents, MPs and solicitors. This does not assist in overcoming the confusion. To rectify this situation, in its submission to the Deegan Review, R&CA suggested '*that an amendment should be made to the s 280 of the Migration Act 1958 (Cth) to allow for employer organisations to provide migration advice to their members*'.

In addition, the Association promoted in that submission, that wherever possible wages and conditions for overseas workers should be the same as for locals. In this way levels of compliance will increase and exploitation can be dealt with by the workplace relations experts in the field.

⁵ Issues Paper no. 1 - Minimum Salary Level (MSL) and Labour Agreements (LA), Barbara Deegan, for DIAC 2008