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Restaurant & Catering Australia

Restaurant & Catering Australia is the peak national organisation representing the interests of restaurateurs and caterers.

The Association is a federation of State Associations that work together on matters of national importance. The State Associations have a combined membership of 5,800.

The Restaurant Industry in 2004

The Australian Bureau of Statistics reports some 28,900 restaurant, café and catering businesses that are registered for GST. Of these businesses 57% turn over between $100,000 and $499,000 and 94% turnover under $500,000. There are eight businesses that turn in excess of $20 Million[1] (see Figure 2).

The year 2004 was certainly a year of contrast for the restaurant industry. According to the ABS the industry went from nine months of high turnover to three months (October through December) where turnover dropped below 2003 levels[2].

Strong turnover in October-November 2003 (due to the Rugby World Cup) contributed to artificially high revenues at that time. It is therefore not surprising that 2004 levels dipped below 2003. December 2004 was, however, lower than 2003, without this distortion.

Despite the overall positive revenue growth, the large price increases in major inputs (food and labour) have further undermined profitability in this period. Profitability, for the predominant licensed restaurant category, was in 1998-99, cited by the ABS at 3.9%[3]. This is likely today to be 1.5% on turnover (before tax).
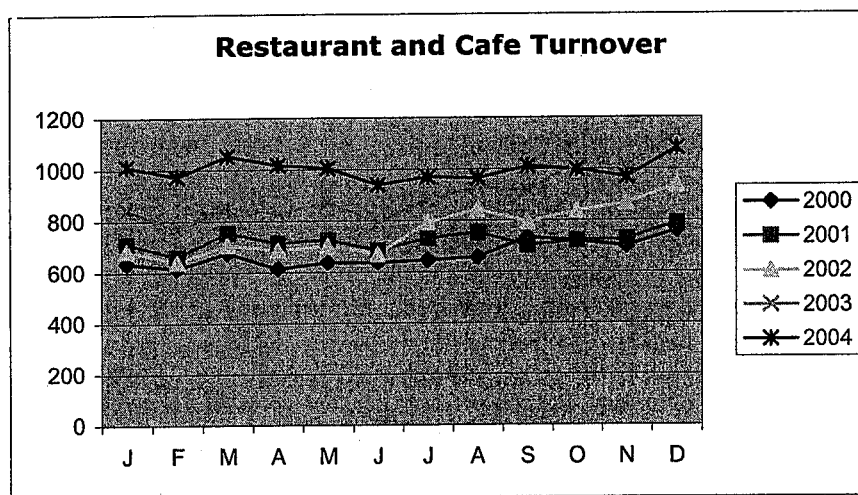

Figure 1- Restaurant Industry Turnover 2000 - 2004

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[1] ABS Business Counts, March 2002, Restaurant & Catering Australia
[2] Australian Bureau of Statistics, Retail Trade Data, December 2004
[3] ABS Café and Restaurant Series, 1998-99

Hospitality Businesses by Turnover Band

Legend:
- Unknown
- $20 Million & Over
- $500 000 - $19 999 999
- $100 000 - $499 999
- $50 000 - $99 999
- $0 - $49 999

Y-axis: 35,000 / 30,000 / 25,000 / 20,000 / 15,000 / 10,000 / 5,000 / 0

X-axis: 571 Accommodation · 572 Pubs Taverns & Bars · 573 Cafes & Restaurants · 574 Clubs (Hospitality)
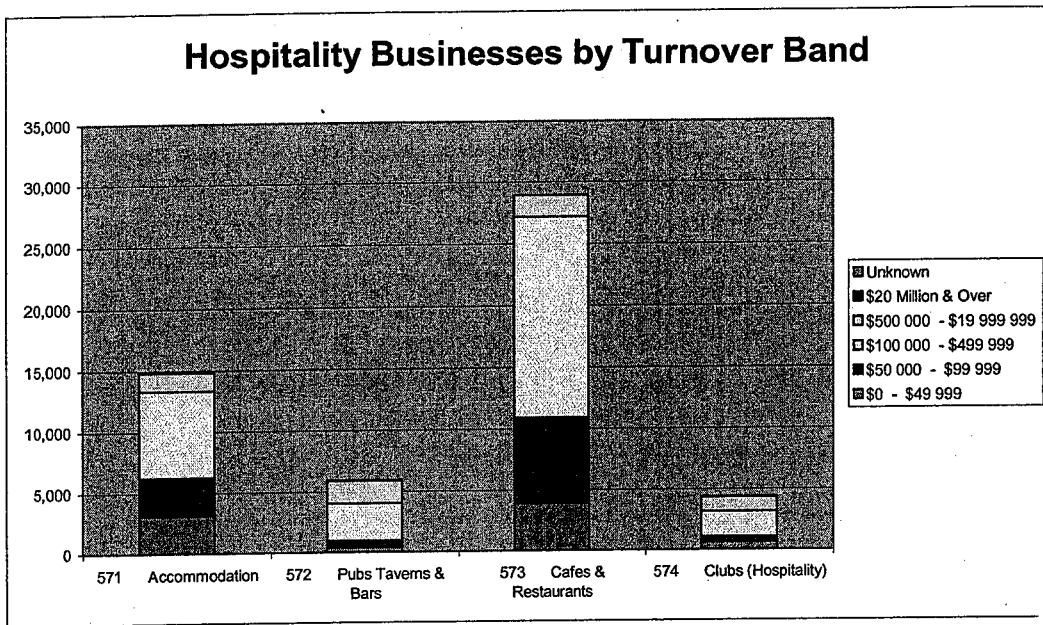
Figure 2 – Hospitality Businesses by Turnover Band, ABS Business Register

In addition to being small businesses, many restaurant and catering businesses are not corporations. As evidenced below, nearly one third of restaurants are operated by sole-traders or partnerships.
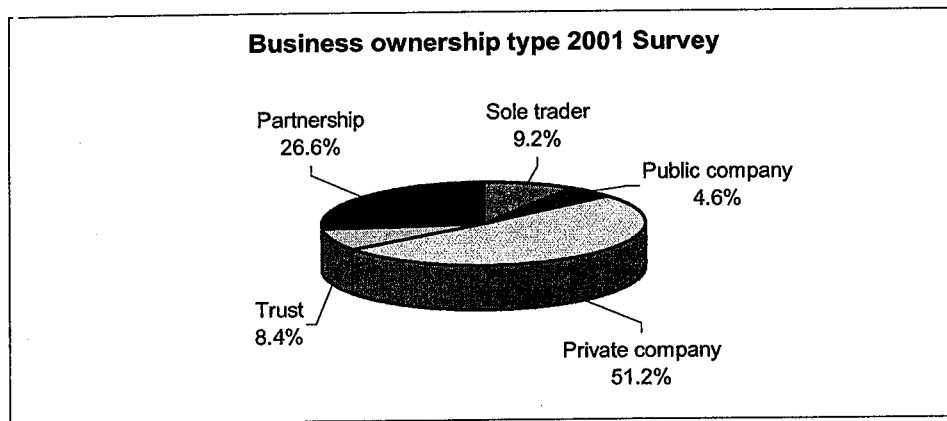
Business ownership type 2001 Survey

- Partnership 26.6%
- Sole trader 9.2%
- Public company 4.6%
- Private company 51.2%
- Trust 8.4%

Figure 3 – Business Ownership Type, Restaurant & Catering Operations Report, 3rd Edition.

Restaurant Industry Employment

In the November quarter of 2003, 239,000 people were employed in restaurants and cafes in Australia. This represented an 8.1% increase on the number employed 12 months earlier (221,000). In this period the restaurant and café industry accounted for 2.5% of Australia's workforce and 4.7% of the part time workforce.

Casual workers now make up 53%[4] of the restaurant industry. This is in contrast to the all industry average of approximately 26%. As a result there are more employees subject to loaded up rates than in other industries. The number of employees on penalty rates is compounded by the 'out of hours' nature of the work, taken in conjunction with conditions such as the Liquor And Accommodation Industry - Restaurants - Victoria - Award 1998, which requires the payment of a penalty for work undertaken outside 7.00am to 7.00pm.

Employment, Resturants and Cafes, November 2003
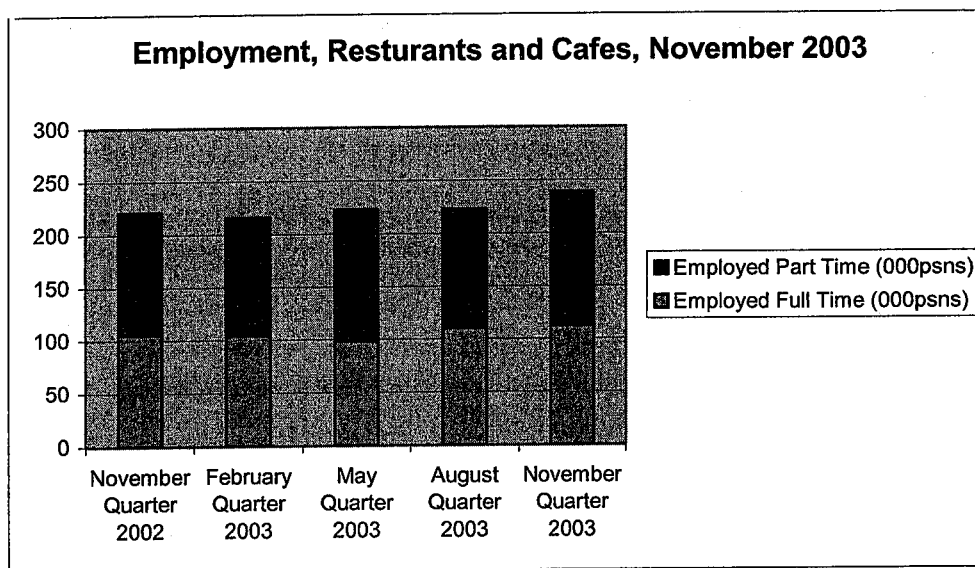
Figure 4 – Full Time and Part Time Employment, Accommodation, Cafes and Restaurants 2002 - 2003

The number of casual employees has been steadily growing by an average of 1% per annum. This casualisation of the industry has been evident over the past ten years. The largest proportion of the restaurant, cafes and catering workforce is casual females.

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[4] ABS Employed Persons, Café and Restaurant Industry, Unpublished Data, August Quarter, 2001

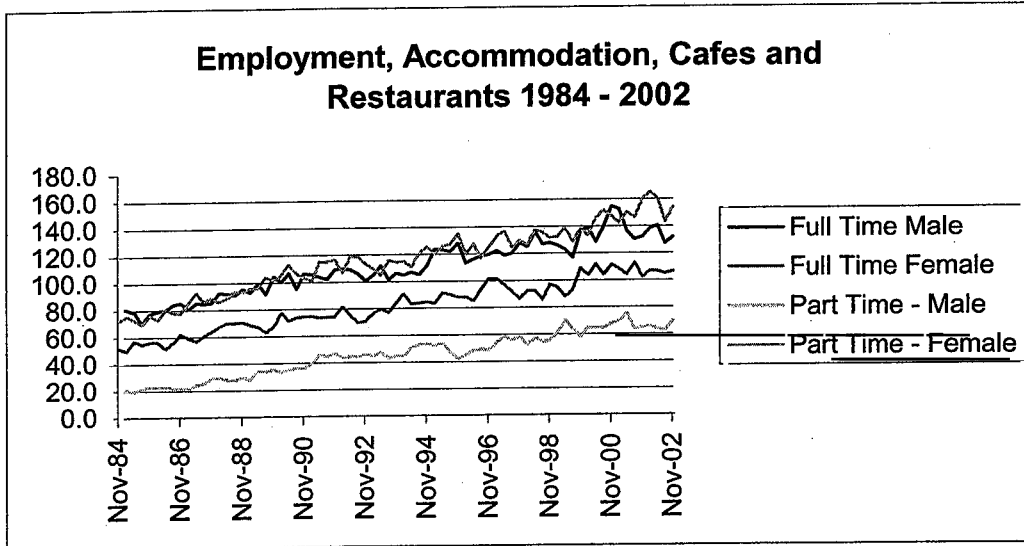## Employment, Accommodation, Cafes and Restaurants 1984 - 2002

Figure 5 - Employment, Accommodation, Cafes and Restaurants 1984 - 2002

The predominant employment type in the Accommodation, Café and Restaurant industry is 'Self-Identified Casuals'. This type of employment accounts for 49.9% of all employment (including owners and managers)[5].

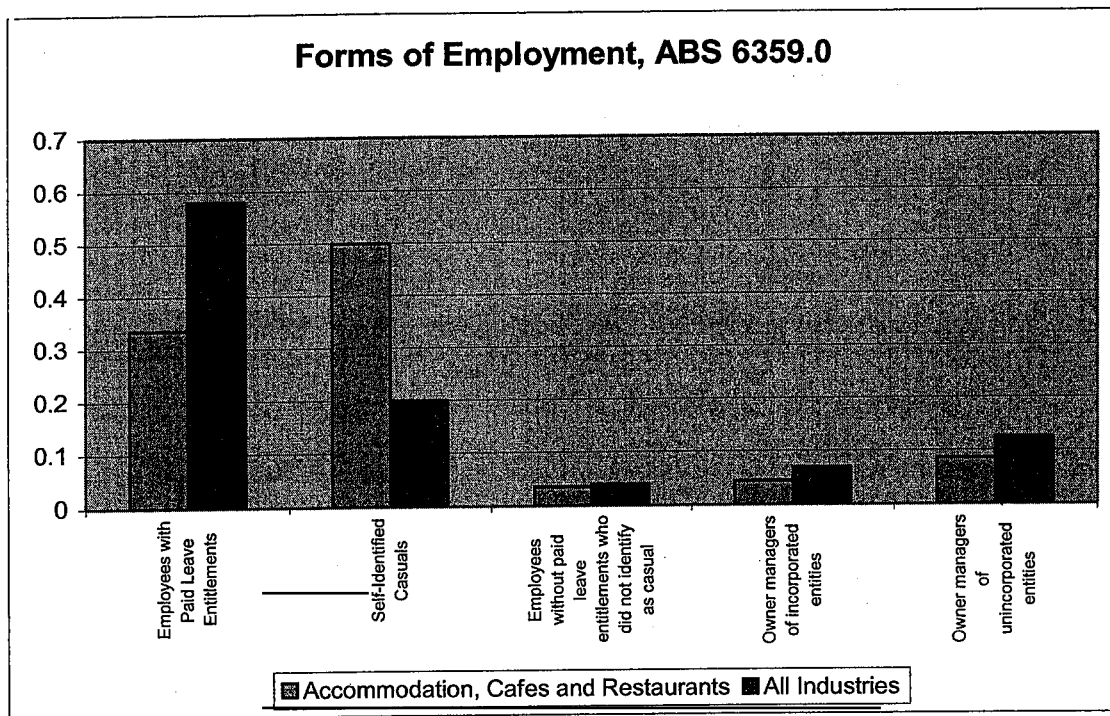## Forms of Employment, ABS 6359.0

Figure 6 - Forms of Employment, ABS 2001

The labour intensive nature of the hospitality industry also manifests itself in a lower proportion of working operators of overall employees (11.3% in contrast to the all industry average of 21%).

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[5] ABS Forms of Employment, November 2001, ABS 6359.0
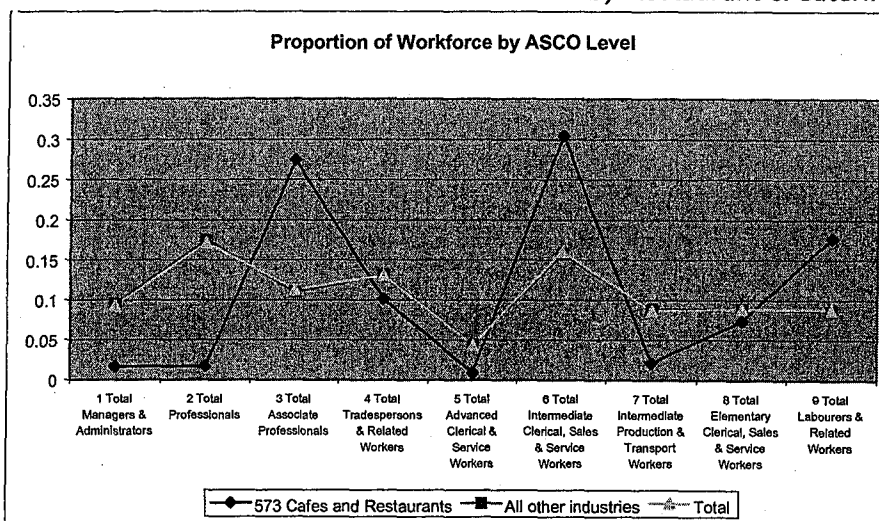
Proportion of Workforce by ASCO Level

Figure 7 – Proportion of Workforce by ASCO level

Alongside the differences in forms of employment, the café and restaurant industry also has a very different mix in levels of occupation compared to other industries. Café and restaurant employees are far more likely than the average employee to work at operative and trade levels and far less frequently work at the professional and para-professional level.

Employees in the accommodation, café and restaurant industry are three times as likely to be award only employees as those in other industries (60.2% versus 19.9%)[6]. Collective agreements have been under utilized in the industry and individual agreements have had a take-up equitable with other industries. Working operators are again recognised as a being under-represented in the hospitality labour market.
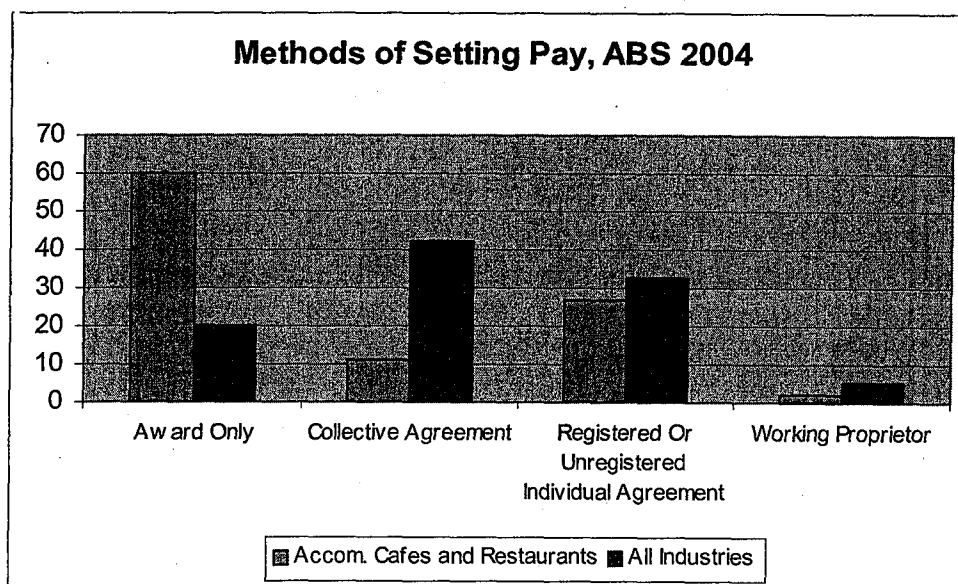

Figure 8 – Methods of Setting Pay, ABS Employee Earning and Hours, May 2004

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[6] Employee Earnings and Hours, ABS 6305.0.55.01, May 2004

Projections for the Restaurant and Café Industry

Accommodation, cafes and restaurants (of which cafes and restaurants are one sector) is projected to be the third fastest growth industry to 2010-2011[7]. The hospitality industry is projected to grow by 2.4% per annum between now and 2011. This growth will require an additional 12,700 employees per annum.

Projected Employment Growth by Industry
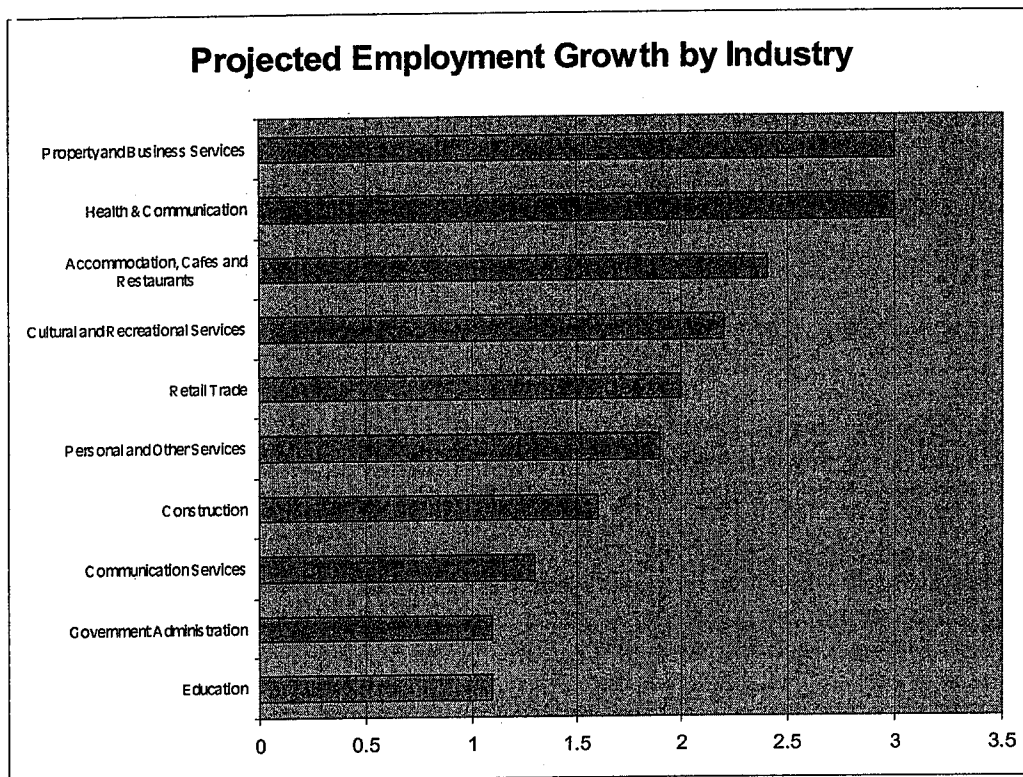
Figure 9 – Projected Employment Growth by Industry, DEWR, June 2004

Skill Shortages

For the purposes of this report, R&CA defines skills shortage as occupations in which there is either a shortage of individuals with skills or a deficiency in the level of skills of those employed.

In the immigration context, the most relevant aspect of the industry's skills shortage is occupational skill shortages. All of the major occupations in the restaurant and catering industry are in shortage, however, it tends to be only the trades that are considered 'skilled' occupations. This is predominantly due to the history of data collection in trade areas.

The two trade occupations in the hospitality area are cookery and waiting (suspended awaiting reinstatement as a trade in some jurisdictions). Cookery has been on the Migration Occupations in Demand List (MODL) for some time.

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[7] DEWR Job Outlook, June 2004

Cooks / Chefs

In a report into the cookery skills shortage[8], in 2001, it was noted that 'there is a lack of clear distinction between chefs and cooks'. This is certainly so through statistical collection, where the majority of those working in the industry self-classify as chefs, rather than cooks. For most purposes the two occupations are considered as one.

Both Cooks (4513-11) and Chefs (3322-11) are on the MODL. They are the only nested occupations (where the skills of one occupation are subsumed into the other) on the MODL.

In the Department of Employment and Workplace Relations Job Outlook report, both Cooks and Chefs are listed in the Top 20 Skilled Vacancies by Occupation. Cooks register 75 vacancies and Chefs 305 (as a weekly average vacancy rate). When taken together the cookery occupations top the list of vacancies (at 375).

In addition to the largest vacancy rate Chefs are listed in the high growth occupations (3.5% per annum) and cafes and restaurants are the third highest growth industry (at 49.8% over five years).

There are 42 200 chefs and 21 300 cooks working in accommodation, cafes and restaurants[9]. It is estimated that the industry needs an additional 2,000 cooks / chefs[10].

The industry has looked to migration to assist in addressing the skills shortage for some ten years. In the last three years, of which reporting is available, (2000-01 to 2002-03) 6844 chefs arrived in Australia[11]. In the same period 6552 qualified cooks / chefs left Australia. The net benefit to Australia's hospitality industry was 292 (or an average of 97 per annum).

Waiting Staff / Managers

It is estimated that the shortage of front of house staff[12] exceeds that of cooks/chefs. The DEWR Job Outlook estimates that there are 131,700 of these two major occupations employed in the Accommodation, Café and Restaurant industry.

Restaurant and Catering Managers are included among the high growth occupations (at 3.7% - Higher than cooks/chefs). In a recent report for the National Skill Shortage Strategy (for the Australia Department of Education, Science and Training)[13] the highest ranked (other than cooks and chefs) was Food & Beverage Supervisors.

This report went on to note that the shortage was in the number of applicants with appropriate skills and/or commitment to the industry. Both front of house occupations were consistently ranked against this characteristic of the shortage.

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[8] A Recipe for Change, DEST, July 2001
[9] DEWR Job Outlook, June 2004
[10] A Recipe for Change, DEST, July 2001
[11] Skilled Movements in the New Century, B Birrell et. al., CPUR, April 2004
[12] Waiting Staff and Restaurant and Catering Managers
[13] The Waiting is Over, R&CA for DEST, 2005

Summary

Australia's restaurant and catering industry has a dire skills and labour shortage of cooks / chefs and front of house staff. This shortage is the most acute of any occupational shortage of any occupation in any industry.

The skilled migration program has helped the industry to keep pace with the export of cooks and chefs but has not made any significant dent in the skills shortage to date.

The Inquiry

Terms of Reference

It is understood that the terms of reference for the inquiry are:

1. Investigate and report on current arrangements for overseas skills recognition and associated issues of licensing and registration for:
   - Skills stream migrants who obtain assessment prior to migrating;
   - Families of skill stream migrants, family stream migrants and humanitarian entrants who seek assessment / registration / upgrading after arrival;
   - Temporary residents who need skills assessment/recognition;
   - Australian citizens returning after significant time overseas, with overseas qualifications.

2. Consider how Australia's arrangements compare with those of other major immigration countries.

3. Identify areas where Australia's procedures can be improved including in terms of:
   - Communication of processes to users
   - Efficiency of processes and elimination of barriers
   - Early identification and response to persons needing skills upgrading (e.g. bridging courses)
   - Awareness and acceptance of recognised overseas qualifications by Australian employers
   - Achieving greater consistency in recognition of qualifications for occupational licensing by state and territory regulators
   - Alternative approaches to skills assessment and recognition of overseas qualifications.

General Premise

Restaurant & Catering Australia believes that the process of skills recognition should not operate independently to the Vocational Education and Training (VET) system. One of the key tenets of the VET system is that competency is the objective, not training completed. This fits well with the concept of skills recognition.

The Australian vocational training system is an industry lead system that focuses on individuals being prepared for the world of work by achieving competency against industry defined skill sets. These skill sets are detailed in industry

training packages. The compilation of industry training packages in undertaken by bodies set up to fulfill this role – industry skills councils.

A quality framework is set up around the system that ensures that providers of education and training deliver outcomes that meet with requirements detailed in the training packages. This framework is the Australian Quality Training Framework (AQTF).

The key objective of the AQTF is to provide the basis for a nationally consistent, high quality vocational education and training (VET) system.
There are two sets of standards under the AQTF:
1. Standards for Registered Training Organisations (RTOs)
2. Standards for State and Territory Registering/Course Accrediting Bodies.

RTOs are registered with a scope that determines what qualifications they can deliver. They are then required under the standards mention above, to have 'systems in place to plan for and provide quality training and assessment across all of its operations - The RTO must keep written policies and procedures for ensuring quality training and assessment consistent with its scope of registration and scale of operations.'

In relation to assessment (skills recognition) Registered Training Organuisations must undertake to (in standard 8. 1:

8.1 The RTO must ensure that assessments (including RPL):
I. comply with the assessment guidelines included in the applicable nationally endorsed Training Packages or the assessment requirements specified in accredited courses
II. lead to the issuing of a statement of attainment or qualification under the AQF when a person is assessed as competent against nationally endorsed unit(s) of competency in the applicable Training Package or modules specified in the applicable accredited course
III. are valid, reliable, fair and flexible
IV. provide for applicants to be informed of the context and purpose of the assessment and the assessment process
V. where relevant, focus on the application of knowledge and skill to the standard of performance required in the workplace and cover all aspects of workplace performance, including task skills, task management skills, contingency management skills and job role environment skills
VI. involve the evaluation of sufficient evidence to enable judgements to be made about whether competency has been attained
VII. provide for feedback to the applicant about the outcomes of the assessment process and guidance on future options in relation to those outcomes
VIII. are equitable for all persons, taking account of individual needs relevant to the assessment
IX. provide for reassessment on appeal.

The vocation education and training system has a clear focus on skills recognition and has a quality assured assessment system that sits around this process to ensure its integrity. In practice, however, the system falls short of these principles.

The Current Situation

Trade recognition, at least off-shore, is predominantly undertaken by two bodies, Trades Recognition Australia and Vocational Education and Training Assessment Services (VETASSESS). In the main TRA recognizes trade skills and VETASSESS professional skills.

Restaurant & Catering Australia is predominantly concerned with occupations in the trade area (cooks and chefs). The work of TRA is therefore the focus of this section.

In 1946 when Trades Recognition Australia was established the system of vocational education was very different with a delivery based model prevailing. At that time (nearly 60 years ago and directly after the 2nd World War), the profile of trades looked very different and the issues that faced the training system quite a contrast from that of today.

In 2005, Australia has a competency-based vocational training system and as a matter of course, focused on the assessment of current competency of individuals. This system should be engaged in the assessment of those seeking to have their skills assessed for migration purposes, both on and off-shore.

There is an extensive network of Registered Training Organisations (RTO) in Australia that deliver qualifications in both Commercial Cookery and front of house occupations at trade level.

There are **170** providers of the Certificate III in Hospitality[14] (Commercial Cookery) – the Cookery Trade Level Qualification. In the front of house area there are **49** RTOs registered to deliver the Certificate III in Hospitality (Food and Beverage) and **131** providers delivering the Diploma of Hospitality Management (THH51202). This demonstrates the breadth of provision and therefore the availability of assessment services across Australia.

Provision off-shore is also extensive. It is understood that, system wide, 18,300 students undertook VET courses off-shore (in 24 Countries) with public providers in 2003[15]. Of the vocational providers delivering off-shore, the vast majority have the hospitality qualifications within their scope.

Shortcomings of the VET System

In hospitality at least, the VET system's in principle commitment to the assessment of skills against the training package competencies is not being achieved in practice. The system requires a strong push toward the outcomes (or competency / skills recognition) paradigm which being allocated the responsibility for skills assessment, for immigration purposes, may provide (or at least assist).

In his statement of new directions for vocational education and training, the Minister for Vocational and Technical Education, the Hon. Gary Hardgrave MP detail a vision which included 'removing the final elements of a time-based approach . . . moving instead to a genuine competency based base approach' . This demonstrates that the system is yet to fully embrace competency based training.

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[14] National Training Information Service, www.ntis.gov.au
[15] A National Strategy for Australian Transitional Education and Training, DEST, April 2005

The true competency based approached is not only desired by Government, industry too is keen on the VET system embracing this approach. In *The Waiting is Over*[16], 80% of respondents suggested that 'it would be extremely valuable or quite valuable for themselves or their organization to be able to gain recognition for their skills'.

The VET system is on the verge of being able to manage a full skills recognition process as part of its main-stream responsibility. This direction has been agreed to all stakeholders. The process of skills recognition for immigration purposes should be able to contribute to the necessary transition of the VET systems to a truly outcomes based model.

Issues for the Inquiry

Investigate and report on current arrangements for overseas skills recognition and associated issues of licensing and registration.

There are a number of licensing and registration issues in the restaurant, café and catering industry. These are all linked to the vocational training system and therefore providers registered, under the training quality assurance systems, deliver training leading to what are mainly outcome focused schemes. Many of these requirements are administered by State authorities.

Licensing and registration schemes include:
- Industry Certification / Licensing Programs
- Liquor Licensees requirements
- Responsible Service of Alcohol
- Food Handler Training requirements

The R&CA Restaurateurs certification program and the Caterers Gold License program are linked to units of competency from the National Hospitality Training Package and/or work experience in the industry. The skills related aspects of these schemes are only able to be attested to by an RTO in the Australian system.

There is a great deal of inconsistency in liquor licensing regulations across the States of Australia. This cornerstone licensing activity for the hospitality industry is at times linked to the VET system is generally a separate regime. A competency standard THHBFB09B has been established for responsible service of alcohol. This is not accepted in all jurisdictions.

Under the food code there is a requirement for food handlers to have skills commensurate with their level of responsibility. One way on demonstrating these skills is by holding the core competency GHS01B (from the Hospitality Training Package).

These links to the training system demonstrate that there is great utility in ensuring that the skills recognition process, both off-shore and locally (for temporary residents and migrants in other categories) is undertaken by Registered Training Organisations recognised under the Australian system.

The assessment of skills, against qualifications, must be undertaken in a holistic fashion. Whilst the VET system is capable of undertaking the skills recognition process, it must be undertaken in such a way as to stop individual units of competency blocking overall recognition.

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[16] The Waiting is Over, R&CA for DEST, 2005

Identify areas where Australia's procedures can be improved.

Every aspect of skills recognition would be enhanced by the full and total integration into the mainstream vocation education and training system.

The process surrounding the development of training packages (that underpin the Australia VET system) is supported by industry and therefore should be used for all skills recognition.

Trades Recognition Australia applies a Uniform Assessment Criteria in assessing international stream applications, not the Units of Competency from the National Training Packages. The current assessment of skills is therefore out of step with the industry licensing and recognition processes. The industry does not support this approach.

Training providers (operating both locally and off-shore) are more than familiar with the assessment processes required for the occupations in which they offer qualifications. Assessment would therefore be able to be undertaken and recognition provided in both the individual units of competency and the overall qualification. This would suit, not only the recognition process for immigration, but provide a pathway for these people to undertake further education and training once in Australia.

It is understood that in 2003–04, the total number of trade skills assessment applications received by TRA increased by 14.8 per cent over the previous year (from 9632 to 11 054 applications)[17]. Restaurant & Catering Australia questions how effectively those that have immigrated on the basis of this recognition have been able to integrate with the Australian training and education system.

Summary

Restaurant & Catering Australia represents the interests of the 28,900 restaurants and catering businesses that employ some 239,000 Australians.

There are several key occupations represented in this employment base that are in very severe skills shortage, including cooks / chefs and front of house staff. The industry is increasingly turning to immigration to provide at least part of a short term solution to the skills shortage.

There is industry support for the vocational training system that operates in Australia. This support is garnered by industry being involved at some of the key points in the system, including the development of skills profile (competency standards). These are used as the basis for skills assessment of all those in the training system.

The training system is tied to industry licensing and certification as well as state based skills requirements for the service of food and alcohol.

The Training system, in tourism and hospitality, is well developed and far reaching, including off-shore.

Skills recognition, for immigration purposes, must use the Australian training system and the quality assurance framework linked to the training system, to assess individuals. In so doing full recognition can be granted for licensing and regulatory purposes, as well as providing a basis for skills enhancement.

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[17] DEWR Annual Report, 2004