Accommodation Australia
A DIVISION OF THE AHA

Achieving Fairness in Government Investment in Hospitality Skills

July 2026

Government expenditure on apprenticeship incentives for hospitality occupations has declined sharply in recent years and is projected to continue falling over the forward estimates. Total funding has decreased from approximately $33.9 million in 2023-24 to a forecasted $6.4 million in 2026-27 - an 81 per cent reduction. There has been a similar reduction in funding since pre-pandemic 2018-19, before the one-off major boost to incentives that occurred during the pandemic. This dramatic decline reflects both the cessation of employer hospitality traineeship incentives from July 2024 onwards and the progressive reduction in financial support for employers and apprentice cooks and chefs.

Estimated Government Hospitality Industry Apprenticeship Expenditure, 2018-26, $million				
Financial Year	Trade incentive - Cook		Traineeship incentive	Total Government apprentice funding
	Employer	Apprentice	Employer	
2018-19	9.5	-	23.9	33.4
2023-24	12.2	8.5	13.2	33.9
2024-25	14.2	8.2	-	22.4
2025-26 est	7.0	4.8	-	11.8
2026-27 est	3.6	2.9	-	6.4

This reduction in funding has resulted in hospitality apprenticeship and traineeship commencements and completions now being well below historical levels (see table below), despite persistent workforce shortages across the hospitality industry. The two most recent substantial reductions in food trades incentives risks a further decline in apprenticeship uptake going forward, weakening the future pipeline of qualified cooks and chefs and exacerbating labour shortages. Without targeted investment to support both apprentices and employers, the sector's ability to rebuild its workforce and meet future demand will become increasingly constrained.

Chef Apprentices 12 months to December (Source: National Centre for Vocational Education Research)							
	2021	2022	2023	2024	2025	2025 v 2021 (%)	2025 v 2024 (%)
In training	7030	6900	5850	5290	4590	−34.7	−13.2
Commencements	3825	3470	2660	2150	2040	−46.7	−5.2
Completions	1440	1385	1815	1110	1330	−7.5	19.7

Hospitality Traineeships 12 months to December (Source: National Centre for Vocational Education Research)							
	2021	2022	2023	2024	2025	2025 v 2021 (%)	2025 v 2024 (%)
In training	11235	11180	7995	6055	4620	−58.9	−23.7
Commencements	10945	11455	6905	5135	4380	−60	−14.7
Completions	2625	3585	4175	2930	2470	−5.9	−15.6

The dramatic decline in federal government funding for hospitality skills is in stark contrast to the amount of money contributed by our industry from two highly relevant sources of revenue to the Federal Government:

- An estimated $72 million* per annum (based on 2024/25 activity) contributed to the Skilling Australians Fund (SAF) by hospitality industry employers sponsoring both permanent and temporary skilled migrants. A similar amount, if not higher, is estimated to have been contributed by hospitality employers in 2025/26 based on visas granted in the 9 months to March 2026.
- An estimated $69 million† per annum collected by the Australian government as a tax on superannuation contributed by hospitality employers of working holiday makers (WHM) and temporary skilled migrants departing Australia relating to their work in the hospitality industry during their time here.

It is important to note that the SAF replaced training benchmarks in the migration system that enabled employers to demonstrate a spend on training including the employment of apprentices rather than pay a levy, or alternatively to contribute 2% of payroll to a specific industry training fund approved by the Government. When it was introduced in 2018, the SAF was hypothecated to a partnership agreement on apprenticeships. Since that agreement concluded in 2022, SAF funds effectively go into consolidated revenue with no transparency on where the money is spent, and importantly, no obvious link to any funding going to the industries that are actually paying the SAF. This is clearly a downward spiral that detrimentally affects the hospitality industry, with reduced training and apprenticeship funding leading to increased reliance on migration which results in higher SAF payments which are not being returned to the industry.

Achieving Fairness

It is clear that the Government is reaping the benefit of substantial revenue and employment growth in the hospitality industry not just through the general taxation system, but specifically through the Skilling Australians Fund and the tax on superannuation earnings withheld from departing WHM and skilled migrants. Through these two mechanisms, **$141 million is collected from the hospitality industry compared with only $6.4 million in training funding flowing through to the industry**.

It is only fair that the Australian government reinvest in the development of skills in the hospitality industry a funding amount that is equivalent in whole or substantial part to $141 million per annum. This can be achieved through:

- The establishment of a training fund for the hospitality industry (not unlike what existed prior to the SAF) where monies can be specifically applied to apprenticeships and innovative training approaches to increase the skills base of the industry.
- Substantially increasing the apprenticeship incentives for both employer and apprentice cooks and chefs and reintroducing an employer incentive for hospitality traineeships
- Halving the SAF levy to reduce the cost of sponsoring both permanent and temporary skilled migrants

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* Based on 10,765 temporary skilled migrants sponsored by the hospitality industry, and 2,199 employer-sponsored permanent migrant hotel managers, restaurant managers, pastry cooks, chefs and cooks, estimating that half the applicants would be large businesses. This is a conservative estimate as the levy would have been paid on some of the unsuccessful applications.

† WHM: Estimates assume average casual earnings of $30 per hour, 35 hours per week, and a 65% tax on 12% superannuation contributions. Based on a Flinders University study, 30% of WHM work in the hospitality industry and work, on average, for two-thirds of their time in Australia over an average stay of 1.2 years (estimated based on the composition of first/second/third visas of the 2024-5 WHM population). The estimate is also based on a forecast of 80,000 WHM departing Australia in 2025-26. Depending on how many are successful in transitioning to another visa, the number of departing WHM will rise in the next few years as the lag factor of the 220,000 WHM in country flows through.

Temporary skilled migrants: Estimates assume an average of four years in-country, with primary visa holders earning $60,000 per year, and a 35% tax rate on 12% superannuation contributions. Of the estimated 119,500 primary visa holder temporary skilled migrants in Australia, 13.8% work in accommodation and food services and 8.4% depart each year. The estimates further assume that half of temporary skilled migrants are primary visa holders, and their secondary visa holders earn an average of $25,000 per year.

Background Information on Apprenticeship Incentives

2018-19

Prior to the COVID-19 pandemic, Australia's apprenticeship system was primarily supported through the Australian Apprenticeships Incentives Program (AAIP), which provided financial incentives to employers of apprentices in eligible occupations. Employers received a $1,500 commencement payment and a further $2,500 upon successful completion of the apprenticeship. Estimated government expenditure under these arrangements has been calculated using NCVER commencement and completion data.

AAIP Expenditure, Apprentice Cooks, 2018–19				
	Contract Stage	**Cohort size**	**Estimated expenditure**	**Total, $000s**
Apprentice Cooks	Commencements	3,400	5,100	9,465
	Completions	1,746	4,365	
Hospitality Traineeships	Commencements	7,997	11,996	23,899
	Completions	1,282	11,904	
Total				**33,364**

2023-24

Following the pandemic, the apprenticeship incentive framework was substantially redesigned. For eligible employers of apprentices in occupations on the Australian Apprenticeships Priority List (including Commercial Cooks), the Australian Apprenticeship Incentive System wage subsidy accounted for 10% of wages in Years 1 and 2, and 5% of wages for a third-year apprentice. Estimated expenditure on this subsidy in the 2023-4 financial year is presented in the table below.

2023-24 Wage Subsidy Estimated Expenditure				
Cohort	**Award wage 2023-24 per hour**	**Quarterly subsidy**	**Est. cohort size**	**Est. expenditure, $000s[‡]**
1st year	14.40	711.42	2,435	5,197
2nd year	17.02	840.77	2,236	5,264
3rd year	20.94	517.40	1,032	1,709
4th year	24.87	-	172	-
Total in-training	-	-	5,875	**12,169**

Apprentice cooks also received Australian Apprentice Training Support Payments totalling $5000, paid in four instalments over two years, while employers of hospitality trainees received $2500 in two instalments over the trainee's first year. Estimated expenditure under these incentive arrangements is presented in the tables below.

2023-24 Cook Training Support Payments		
	Est. cohort size	**Est. expenditure, $000s[‡]**
1st year apprentices	2,435	4,566
2nd year apprentices	2,236	3,913
Total		**8,479**

2023-24 Trainee Hiring Incentive Payments		
	Est. cohort size	**Est. expenditure, $000s[§]**
6-month payment	4,445	7,779
12-month payment	3,112	5,445
Total		**13,224**

[‡] Assumes an attrition rate of 25% during the first year of the apprenticeship, 30% during the second, 20% during the third. This aligns with the historical 57% attrition rate of apprentice chefs.

[§] Assumes an attrition rate of 30% in the first six months and 30% in the second six months, which aligns with the historical 51% attrition rate of hospitality trainees.

2024-25

From 1 July 2024, the wage subsidy was replaced by the Priority Hiring Incentive. Eligible employers received $5,000 for each apprentice commencing in a priority occupation, paid in two instalments during the apprentice's first year, while apprentice cooks continued to receive Training Support Payments of $5,000 over their first two years. Employer incentives for hospitality traineeships ceased from this date.

Estimated Expenditure, 2024-25			
	Apprentices, $000s‡	Employers, $000s‡	Total, $000s
Grandfathered payments	3,196	7,149	10,345
Hiring incentive payments	-	7,088	7,088
2024-25 apprentice incentives	4,961	-	4,961
Total est. expenditure, $000s	12,110	10,283	22,394

2025-26

Until 1 January 2026, payments for employers and apprentices remained at $5,000, paid according to the same instalment schedule as the previous financial year.** From 1 January 2026, these payments were reduced by half, from $5,000 to $2,500 for both apprentices and employers.††

Estimated Expenditure, 2025-26			
	Apprentices, $000s‡	Employers, $000s‡	Total, $000s
Grandfathered payments	1,808	2,254	4,061
Hiring incentive payments	-	4,770	4,770
2025-26 apprentice incentives	2,950	-	2,950
Total expenditure, $000s	4,757	7,024	11,781

2026-27

For the 2026–27 financial year, payments to apprentice cooks and their employers were restricted to businesses with fewer than 200 employees. Based on NCVER commencement data from 2023-25, approximately 80 per cent of commencing apprentice cooks were estimated to be employed by small and medium sized businesses.

Estimated Expenditure, 2026-27			
	Apprentices, $000s‡	Employers, $000s‡	Total, $000s
Grandfathered payments	1,176	-	1,176
Hiring incentive payments	-	3,581	3,581
2026-27 apprentice incentives	1,680	-	1,680
Total expenditure, $000s	2,856	3,581	6,437

‡Assumes an attrition rate of 25% during the first year of the apprenticeship, 30% during the second, 20% during the third. This aligns with the historical 57% attrition rate of apprentice chefs.

** Commencement figures estimated using the 5.2% decline in apprentice cook commencements between 2024 and 2025. The estimates for 2025-6 and 2026-7 assume commencement numbers remain unchanged from 2025, reflecting a conservative view that there may be a floor to the numbers. As such, these estimates are likely to overstate actual commencement figures.

†† The impact of the mid-year policy change was estimated using the average proportion of apprentice commencements occurring in the second half of the calendar year. Based on NCVER data for the 2023-5 calendar years, an average of approximately 42% of commencements occurred between July and December.