SUBMISSION TO THE STRATEGIC REVIEW OF THE AUSTRALIAN APPRENTICESHIP INCENTIVE SYSTEM

MAY 2024

Joint Submission of the Australian Hotels Association and Accommodation Australia

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Accommodation Australia
A DIVISION OF THE AHA

Contents

Introduction

The Australia Hotels Association (AHA) and Accommodation Australia (AA) welcome the opportunity to submit recommendations to the Inquiry into apprenticeship incentives. The Australian Hotels Association (AHA) represents more than 5,000 members across Australia, including hotels, pubs, taverns and bars, serviced by a network of branches based in every state and territory, plus a Canberra-based National Office. Accommodation Australia (AA), as a division of the AHA, represents more than 1400 of those properties ranging from independent regional motels and caravan parks to the largest local and international hotel and resort groups.

This submission highlights the importance of apprenticeships and traineeships to our industry, and the vital role incentives play in the total business case for employers to take on an apprentice or trainee. At the core of our workforce needs is the food trades or cooking apprenticeship, but traineeships in food and beverage and front office also play an important, but currently reduced, role. Our key contention is that the high productivity value of the work integrated learning model that is embodied in an apprenticeship[1] justifies the public investment being made by both federal and state governments. Although this valuable learning and work experience model is a common feature of all apprenticeships, every occupation is different in that there is no "one size fits all" incentive approach that would stimulate commencements and boost retention and completion, so apprenticeship incentive approaches need to balance effectiveness with simplicity and find a middle ground or equilibrium that best achieves both.

Our submission has also been informed by extensive consultations undertaken with AHA and AA members during April 2024 which were held concurrently with discussions about the draft Core Skills List issued by Jobs & Skills Australia. A summary of comments made by members that are relevant to this inquiry are found at Attachment A.

[1] In accordance with policy nomenclature in use for over a decade, this submission uses the term apprenticeship to mean both apprenticeships and traineeships. If discussing trade apprenticeships, the term trade is added.

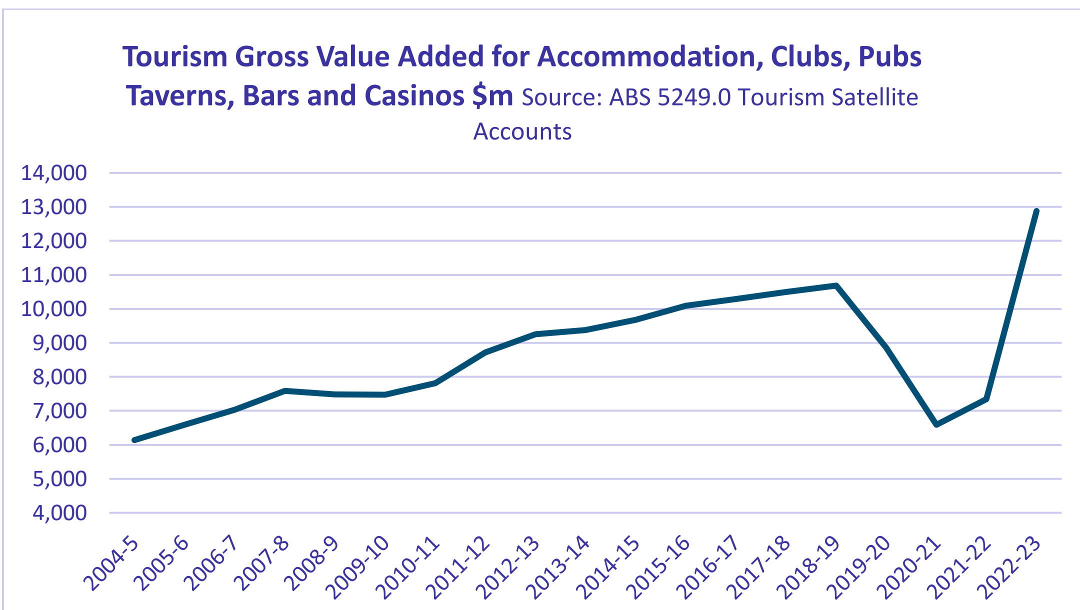
Hotel and Accommodation Sectors

Economic Contribution

The hotel, pub and accommodation sectors represented by AHA and AA fall within the ABS-defined Accommodation and Foodservice industry (often termed "hospitality"). According to the ABS, the industry value-add (IVA) for the Accommodation and Food Service Industry in 2021-22[2] was $45.7 billion on revenue of $120.2 billion. This contribution is higher than pre-COVID IVA of $44.7 billion in 2018-19 despite 2021-22 being at the centre of the COVID restrictions that so heavily impacted the AFS industry. Wages and salaries paid in 2021-22 totalled over $30 billion in 2021-22, with FBT paid $35 million and payroll tax $668 million.

According to the ABS Tourism Satellite accounts, for pre-COVID 2018-19 the gross value add to tourism by sectors represented by the AHA/AA was $10.6 billion. As can be seen in Figure 5, the impact of COVID was profound, with the contribution to tourism dropping to a low point of $6.6 billion in 2020-21, before recovering some lost ground to $7.3 billion in 2021-22[3] and more recently surpassing previous contribution levels with $12.9 billion in 2022-23, over 21% higher than pre-COVID level.

Figure 5. Direct contribution to tourism by Accommodation, Clubs, Pubs, Taverns, Bars and Casinos



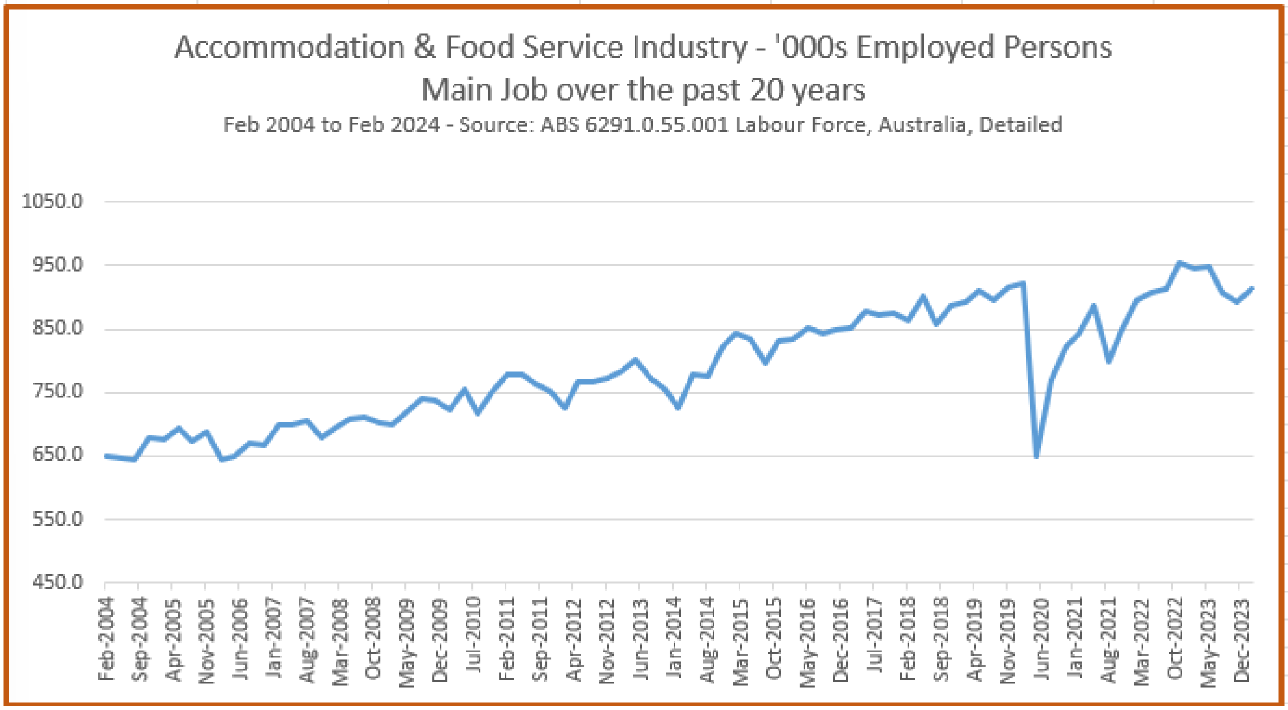
[2] ABS, 81550DO001_202122 Australian Industry, 2021-22. This is the most recent ABS industry data – the 2022-23 data is due for release on 31 May 2024.
[3] ABS, 5249.0 Australian National Accounts, Tourism Satellite accounts 2022-23 released 6 Dec 23

Employment

Accommodation and Food Service Industry

As at February 2024, there were 911,600[4] people who identified that their main job was in the accommodation and food service industry, of which hotels, motels, pubs and taverns are a significant part. As Figure 1 shows, jobs growth over the last twenty years has been considerable, except for the dramatic fall during the COVID-19 pandemic. Job numbers are now close to returning to pre-pandemic levels.

Figure 1. Employment in the Accommodation and Food Service Industry



It is important to note that this employment data underestimates the total number of people employed in the accommodation and food service industry as it categorises the labour force according to their main job. As there are many people who supplement their household income through a second job working in hospitality, the total number of employees who derive valuable income from our sector is much higher.

Accommodation Sector

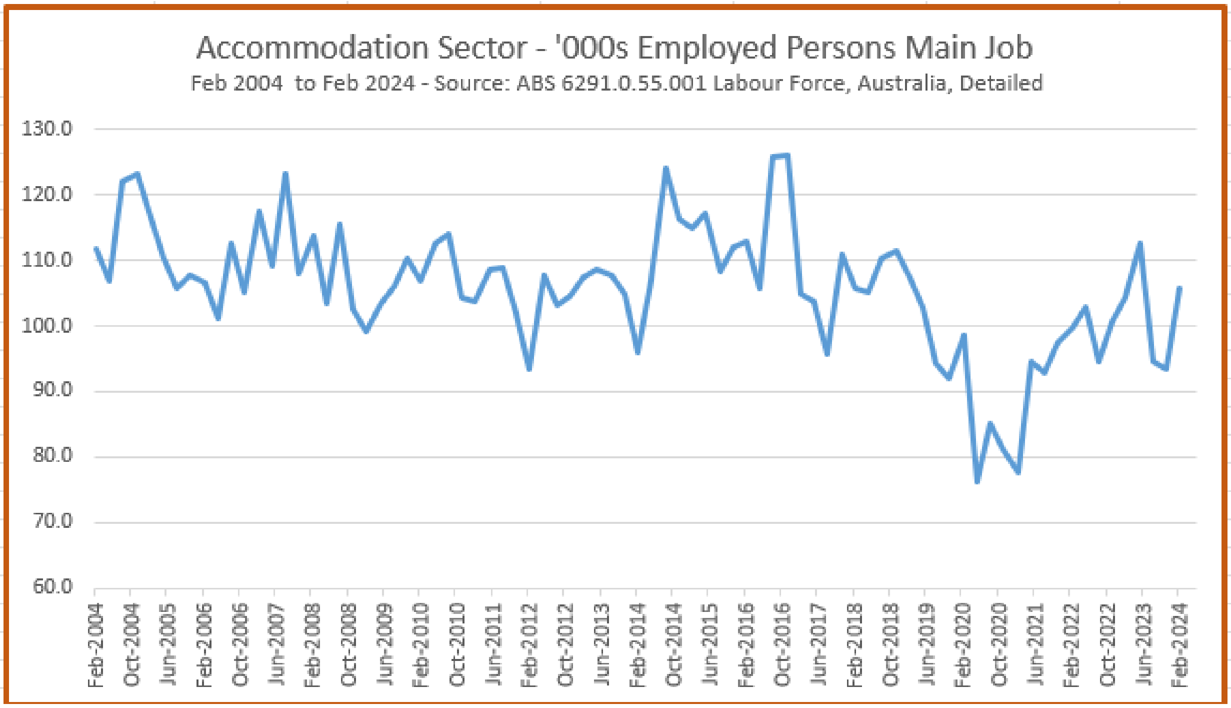
As a subset of the broader AFS industry, as at February 2024, there were 105,700[5] people who identified that their main job was in the accommodation sector, 62% of which were female. As Figure 2 shows, jobs growth during and post-pandemic in the accommodation sector has been mixed and employment levels are still over 5% below a pre-pandemic high of over 126,000 reflecting that job recovery in the accommodation sector remains incomplete. Due to difficulties recruiting labour and specialisations, there has also been an increasing trend for some accommodation properties to outsource some of their

4 ABS, 6291.0.55.001 Labour Force, Detailed, Feb 2024

5 ABS, 6291.0.55.001 Labour Force, Detailed, Feb 2024

operations, notably housekeeping services, which would shift some sector-dependent jobs into other industry categories.

Figure 2.Employment in the Accommodation Sector



Employment projections

Jobs & Skills Australia commissioned Victoria University to undertake employment projections to 2033 for industries and occupations. As Table 1 shows, overall, the Accommodation and Food Services (AFS) industry is predicted to grow by 59,400 jobs or 6.3% over the five years to May 2028, and 118,100 additional jobs in the ten years to May 2033. The accommodation sector is predicted to grow faster than the AFS average, at 17.1% over 10 years compared to the AFS average of 12.5%.

Table 1. JSA Employment Projections for AFS, Pubs and Accommodation

Industry Employment	Employment - May 2023 ('000)	Projected employment - May 2028	Projected employment - May 2033	Projected 5 yr growth		Projected 10 yr growth	
				('000)	(%)	('000)	(%)
Accommodation and Food Services	**945.0**	**1004.4**	**1063.1**	**59.4**	**6.3%**	**118.1**	**12.5%**
Accommodation	105.5	113.9	123.5	8.4	8.0%	18.0	17.1%
Pubs, Taverns and Bars	100.5	106.8	112.8	6.3	6.3%	12.3	12.2%

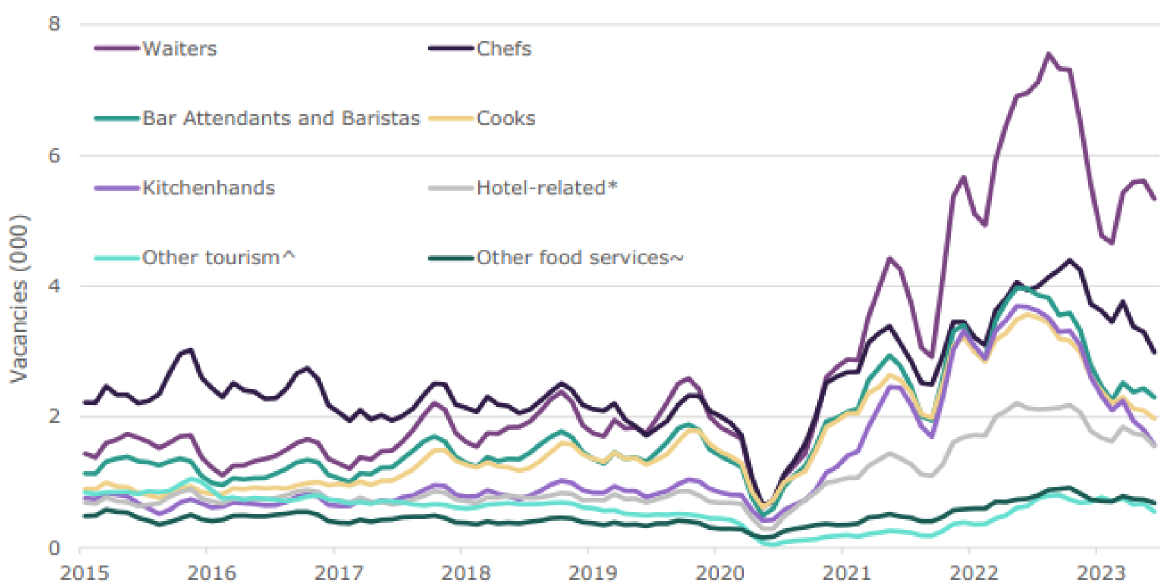
As shown in Table 2, growth projections for key occupations in hospitality are also robust, with the number reliant on the food trades career pathway rising from 201,300 in May 2023 to over 227,000 by 2033. This is a net increase of 26,000 chefs and cooks over the next ten years. Importantly, the training need is much greater as this is a conservative estimate of the net increase, and with attrition rates, the number of chefs needed to be trained will be much higher. It is also unlikely that the Victorian University model has taken into account the federal government's Thrive 2030 tourism growth projections, illustrating the limitations created when government strategies and economic modelling do not connect.

Table 2. JSA Employment Projections for key roles

Employment by Occupation	Employment - May 2023 ('000)	Projected employment - May 2028	Projected employment - May 2033	Projected 5 yr growth ('000)	Projected 5 yr growth (%)	Projected 10 yr growth ('000)	Projected 10 yr growth (%)
Food Trades Workers	***201.3***	***215.0***	***227.6***	***13.7***	***6.8%***	***26.3***	***13.1%***
Chefs	119.7	128.8	136.8	9.1	7.6%	17.1	14.3%
Cooks	38.3	41.1	43.6	2.8	7.2%	5.3	13.9%
Bakers and Pastrycooks	29.0	30.3	31.7	1.3	4.5%	2.7	9.3%
Hospitality Workers	***304.9***	***326.4***	***344.8***	***21.4***	***7.0%***	***39.8***	***13.1%***
Waiters	132.3	141.6	149.6	9.4	7.1%	17.4	13.1%
Bar Attendants and Baristas	111.5	119.3	125.9	7.8	7.0%	14.4	12.9%
Cafe Workers	32.7	34.9	36.8	2.2	6.7%	4.1	12.5%
Hotel Service Mgrs (Exec Housekeeper)	9.1	9.9	10.6	0.8	8.5%	1.5	16.3%
Gaming Workers	5.9	6.3	6.6	0.4	6.7%	0.7	12.5%
Food Preparation Assistants	***209.6***	***220.1***	***232.8***	***10.5***	***5.0%***	***23.2***	***11.1%***
Fast Food Cooks	54.1	56.6	59.5	2.5	4.7%	5.4	10.0%
Food Trades Assistants	6.0	6.1	6.3	0.1	1.9%	0.4	6.1%
Kitchenhands	148.2	156.1	165.5	7.8	5.3%	17.3	11.7%
Accommodation and Hospitality Managers	***107.8***	***113.2***	***120.5***	***5.4***	***5.0%***	***12.7***	***11.8%***
Cafe and Restaurant Managers	64.7	67.6	71.6	2.9	4.4%	6.9	10.6%
Hotel and Motel Managers	22.6	23.9	25.5	1.3	5.7%	3.0	13.1%
Other Accommodation and Hospitality Mgrs	8.9	9.5	10.4	0.6	7.0%	1.5	16.5%
Caravan Park and Camping Ground Managers	4.3	4.6	5.0	0.3	6.9%	0.7	15.7%
Accommodation workers							
Housekeepers	31.1	32.0	34.4	0.9	2.9%	3.3	10.7%
Receptionists (not just AFS)	187.0	192.6	209.7	5.5	3.0%	22.6	12.1%

Demand for workers in our industry is also strongly evidenced by on-line job vacancy figures advertised for tourism related occupations as illustrated by the graph below at Figure 3 which is an extract from the Tourism Research Australia, *Tourism Workforce Report*.

Figure 3. Tourism and Hospitality Industry job vacancies, Source: Tourism Research Australia



* Sum of housekeepers, hotel and motel managers, hotel service managers
^ Sum of tourism and travel advisers, gaming workers, travel attendants
~ Sum of cafe workers, food trades assistants, fast food cooks
Source: Jobs and Skills Australia, IVI Data detailed occupation, March 2006 onwards. Data to June 2023, accessed August 2023.

Apprenticeship employment

The most important trade apprenticeship in hospitality is for cooks and chefs, where training is dominated by Certificate III Commercial Cookery. Much smaller numbers undertake a Certificate IV in cookery or kitchen management. There are also a relatively small number of people who undertake a trade waiter apprenticeship. In all other cases, the training is via a traineeship, with the dominant qualification being a Hospitality Certificate III. This traineeship prepares employees for a career largely in food & beverage or front office. There are other traineeships at Certificate I or II which are most commonly school-based apprenticeships where work during school terms is usually limited to one or two days per week. There are currently no employer incentives for Certificate II traineeships.

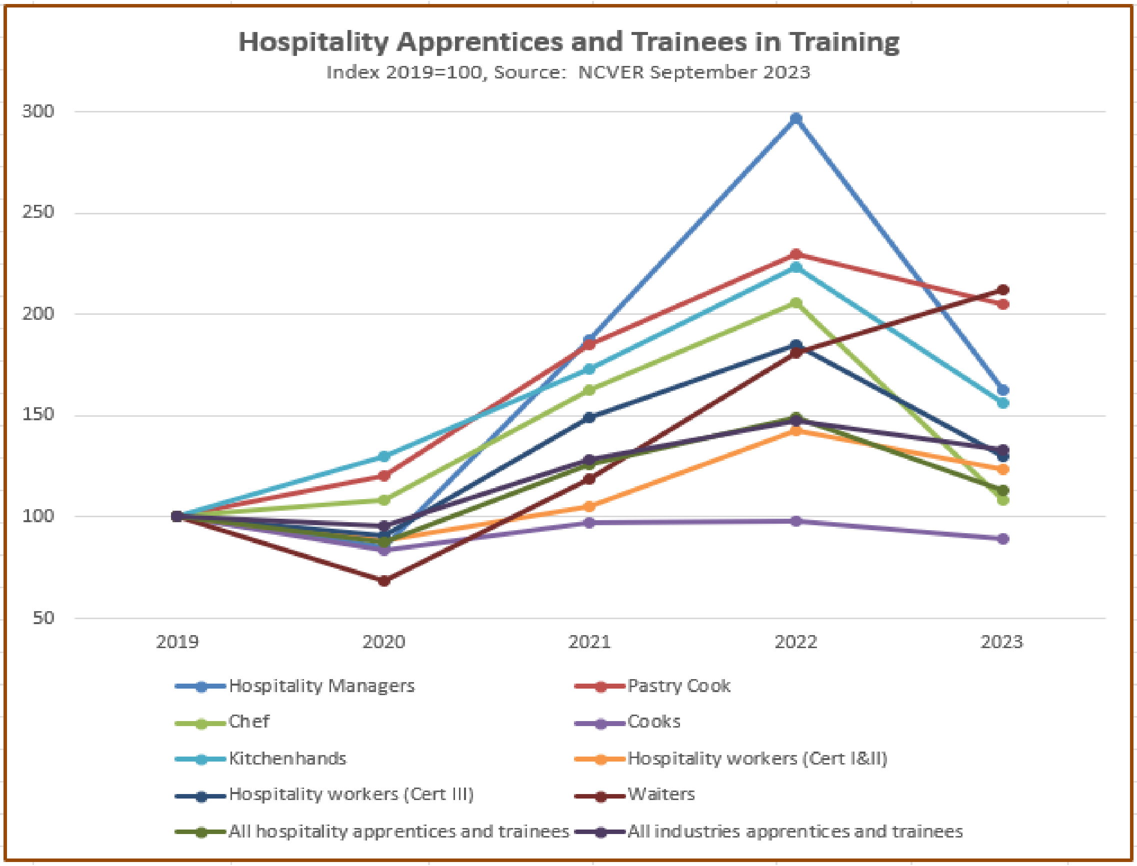
Table 3 indicates the number of apprentices and trainees in training in roles relevant to our industry, extracted from the latest NCVER data on apprentices and trainees for September quarter 2023. The table shows the recent and dramatic decline in apprentices in training in our industry, a fall which in most cases significantly exceeds the 9.8% decline experienced across all industries and occupations when compared to September 2023.

Table 3. Hospitality-related apprentices and trainees in training. Source: NCVER

NCVER Apprentices and Trainees in training as at September 2019 to 2023						
Occupation	**2019**	**2020**	**2021**	**2022**	**2023**	**2023 v 2022**
Hospitality Managers	35	50	185	315	145	-54.0
Pastry Cook	100	120	185	230	205	-10.9
Chef (Certificate IV)	240	260	390	495	260	-47.5
Cooks (Certificate III)	7445	6205	7255	7280	6665	-8.4
Kitchenhands	150	195	260	335	235	-29.9
Hospitality workers (Cert I)	105	95	80	95	105	10.5
Hospitality workers (Cert II)	525	460	585	805	675	-16.1
Hospitality workers (Cert III)	6705	6100	10,015	12,410	8695	-29.9
Hotel Service Managers	725	595	1240	1940	1090	-43.8
Waiters	80	55	95	145	170	17.2
All hospitality apprentices and trainees	16110	14135	20290	24050	18245	-24.1
All industries apprentices and trainees	274,530	263,135	352,175	405,290	365,420	-9.8

Most importantly in the context of this inquiry into apprenticeship incentives, the data demonstrates the high impact that the Boosting Apprenticeship Commencement (BAC) incentive, introduced in October 2020 (at the height of the COVID pandemic and restrictions), had on the numbers in 2021 and 2022. As it shows the relative rather than nominal shift in numbers, Figure 4 best illustrates how the number of apprentices have changed against pre-COVID times in our industry as compared with the change in the number of apprentices across all industries. It is notable that apprentice numbers in the AFS industry are much more significantly impacted by incentives than the average across all apprentice occupations. The bottom line for our industry is that incentives, as part of an overall financial business case for employers, make a major difference for our industry – far more than for most other industries.

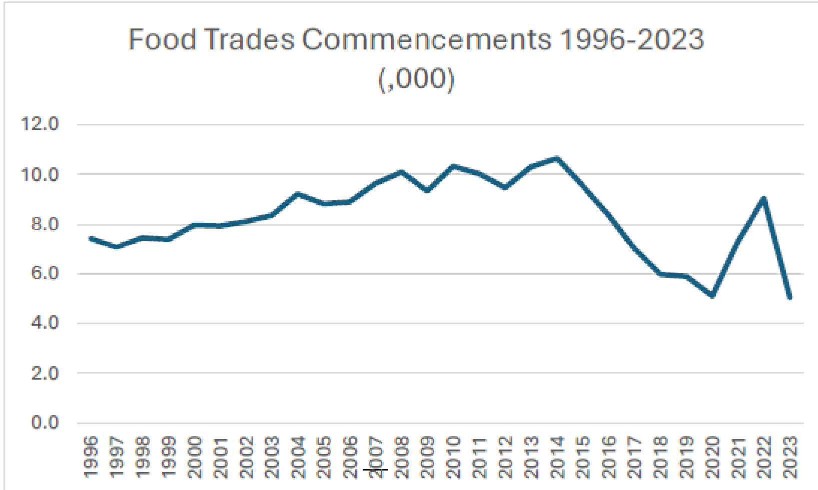
Figure 4. Hospitality Industry Apprentices and Trainees in Training, Index 2019=100



As Figure 4 illustrates, the only apprentice occupation in our industry that has risen despite the replacement of the BAC incentive in 2022 with much lower employer incentives is the trade waiter, where the numbers are relatively small. Most alarmingly for our industry, the number of critically important cooking apprentices in training has dropped below pre-COVID levels. Of even greater concern is that this trend is set to continue as the 2,760 cooking commencements in the year to September 2023 were 27% less than in the previous corresponding period. This compared with the peak of 4,255 commencements in the year to September 2021 which were stimulated by the BAC incentive.

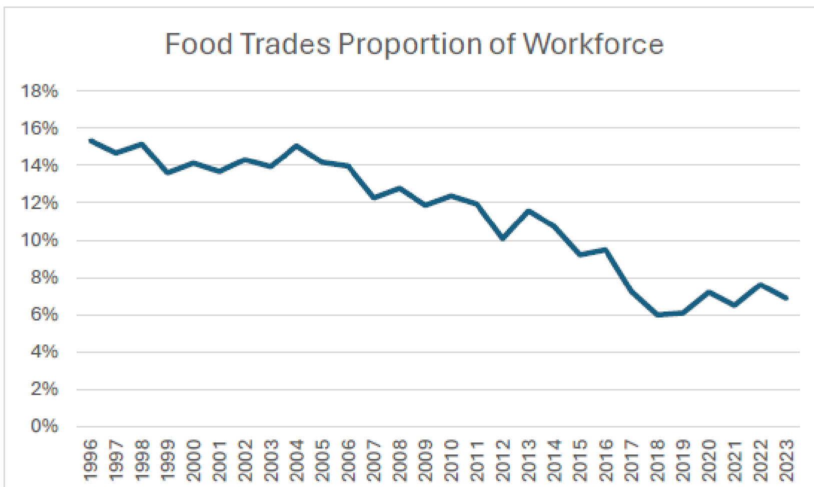
The long-term trend in food trades commencements is even more disturbing, as Figure 5 illustrates. The dramatic fall after 2013 followed a significant wage case decision in the Fair Work Commission which in our industry particularly impacted adult apprentices, noting that the first and second year rates were relatively high compared to other apprenticeships. The decline in the number of adult apprentice cooks also impacted completion rates, as they were more likely to complete than their younger counterparts. The impact of the wage subsidies introduced during COVID is also clearly shown in the graph.

Figure 5. Food Trades Commencements[6]



The significant long-term fall in food trades apprentices has seen the ratio of apprentices to cooks and chefs in the workforce also fall to almost half of what it was 30 years ago, as shown in Figure 6.

Figure 6. Food trade apprentices in training as a proportion of Cook/Chef workforce 1996-2023[7]



In relation to industry traineeships, hospitality worker traineeship commencements (Cert I, II & III) have fallen even further than food trade apprenticeships over the same period, with a 51% drop to only 6,735 commencements in the year to September 2023 compared to the previous corresponding year where they reached a height of 13,615. The industry is extremely concerned about the removal of incentives for our traineeships post 1 July 2024 as it is likely to reduce the number of hospitality traineeships to a trickle.

[6] NCVER data extracted by Tourism Training Australia (TTA) in its submission to this inquiry

[7] TTA (2024) Submission to the Apprenticeship Incentive inquiry

Key Policy Issues

There are a number of key policy questions that are highly relevant to the current inquiry:

- Is the apprenticeship model worthy of public investment in incentives to the apprentice and employer over and above the subsidisation of training delivery?
- Should there be any changes to apprenticeship delivery?
- Do incentives make a difference?
- How can retention of apprentices be improved?
- Should the primary focus be on commencements or completions?
- Can incentives be delivered in a way that is both efficient and effective?
- How are incentives best targeted?
- How can undesirable outcomes be avoided?

This submission seeks to answer these questions within the context of apprenticeships in the hospitality industry.

Value of apprenticeships

An apprenticeship is designed to take a person without any training or work experience in the occupation they intend to enter and produce a skilled individual capable of continuing a productive career in that or a related job.

It is irrefutable that a job seeker without experience finds it more difficult to get a job than an experienced worker. They are an unknown quantity whose productivity on commencement will be low, and the costs of training and supervision high compared to an experienced worker. An apprenticeship model directly addresses this significant barrier to employment by structuring wages, training and additional incentives in order to overcome employer reluctance to employ a person without experience and provide them with skills and a valuable qualification..

In the context of this design, public investment beyond the subsidisation of the training delivery is justifiable as:

- Apprenticeship models of training and work-integrated learning are proven to be a high-quality mechanism of skills acquisition and in turn productivity improvement.
- The model delivers higher employment outcomes than a student undertaking independent VET learning.
- Apprenticeships have a high international standing, and a long history that garners respect.
- Traineeships are an excellent mechanism for school to work transition, providing secure employment as well as a post-school qualification.
- Traineeship models are ideal for disadvantaged groups including long-term unemployed and people with disability as they incorporate support structures beyond the workplace.
- Apprenticeships reinforce important connections between workplaces and the training system and encourage the participation and completion of post-school qualifications.

As evidence of this additional productivity, economic and social benefit of apprenticeship compared with institutional training delivery, the latest report from the National Centre for Vocational Education Research (NCVER), *Apprentice and trainee outcomes 2023*, shows that 95.6% of apprentices and 89.7% of non-trade trainees who completed their training were employed after training, similar to 2022. The majority of trade apprentice and trainee completers (70.3%) stayed with the same employer they had during their apprenticeship or traineeship. Of the trade completers who changed employers, 28.0% cited the main reason was they were offered a better job.

Importantly the satisfaction expressed by apprentices in 2023 with their skills they acquired was also high:

- 91.4% of trade completers, up 1.9 percentage points from 2022
- 88.9% of non-trade completers, similar to 2022
- 78.4% of trade non-completers, similar to 2022
- 67.9% of non-trade non-completers, similar to 2022[8]

Reinforcing the value of apprenticeships, the relatively high level of satisfaction with the skills acquired even by the non-completers demonstrates that the process generally delivers value even if the individual does not complete their qualification. The skills outcome of non-completion is also relevant to the value delivered to employers and the broader economy. For example, in our industry, an apprentice chef who discontinues their apprenticeship mid-way through has acquired skills that are still valuable to businesses and the labour market. There are many roles for cooks in cafes and bistros that do not require the full cooking trade skills that an apprenticeship delivers. In short, lack of completion does not amount to failure. The value of commencing the training and experience within an apprenticeship model is still delivered.

Changes in apprenticeship delivery

In comments made by AHA/AA members as part of consultation for this inquiry (Attachment A), there are a number of references to the food trades model including:

- The value of better linkages with schools so that training can commence at school, particularly through school-based apprenticeships, which enable the apprentice to complete at a younger age
- That the "younger generation" is not interested in a four-year commitment to an apprenticeship and ways of shortening the time period without "dumbing down" the value of the qualification and the skills needed for a qualified chef.
- The training package should be designed so that if an apprentice leaves after the second year, they should still receive a post-school qualification at Certificate II, with the opportunity to complete their Certificate III either in their own time, or through future recognition of skills, or with the cooperation of their employer.
- There is value in mentoring.

All of these options are worthy of exploration. Over the last decade, there has been a number of attempts to look at trade apprenticeship redesign, not the least of which was the federal government funded "accelerated apprenticeship" program from a decade ago, as well as the funded mentoring program. In reality, apprenticeship redesign and acceleration can largely be achieved within the existing

[8] NCVER (2024), Apprentice and Trainee Outcomes 2023, released 21 March 2024

framework if there is a universal commitment by unions, employers and training providers to implement pilot programs and subsequent broader change. That said, it would be beneficial for the inquiry to encourage industry parties to look at the various delivery options particularly with trades apprenticeships and identify opportunities to improve the attractiveness and completion of apprenticeships. The Jobs & Skills Councils, being tripartite mechanisms, as well as JSA could have an important role to play both in facilitating discussions for change, but also in ensuring the training package could be structured in a way that delivers a mid-point qualification outcome in occupations such as food trades which don't require completion as a pathway to a licensed trade. Arising from our member consultations, the AHA/AA will also be engaging with other stakeholders and pursuing ways to improve the linkages between VET in schools and apprenticeships as well as more flexible delivery options.

Recommendation:

1. *Jobs & Skills Councils should be specifically tasked with identifying ways of improving trade apprenticeship design to improve their attractiveness, deliver mid-point qualifications (in unlicensed occupations such as food trades), and encourage full completion.*
2. *Governments, both state and Federal, should work with industry to better improve the linkages between VET delivered at school and apprenticeship completion beyond school.*

Incentives make a difference

As the data presented in the employment summary (above) demonstrates, employer incentives are proven to work in increasing the number of apprenticeship and traineeship opportunities particularly in industries such as ours. There is a long-term correlation between incentives and the number of apprenticeship commencements. There is less evidence of the impact of incentives either to the employer or the apprentice on whether they can achieve an improvement in completions, although the NCVER survey evidence and consistent feedback indicates that, for many apprentices, the wage rates are cited as a reason for discontinuing.

It is much clearer that employers respond to incentives and provide commencement opportunities when the support is sufficient to overcome the reluctance to put someone on who has no relevant skills on commencement. Although this correlation has been strongly evident since incentives were introduced in 1998, it is also clear that incentives operate in different ways on traineeships v trade apprenticeships, and also in licensed trades v unlicensed trades.

One of the most striking examples of the impact of changes to incentives on the numbers of apprentices was the reductions to traineeship employer incentives in 2011 and 2012. These had a significant downward impact on the number of commencements, firstly with the removal of the Certificate II traineeship employer incentives in the May 2011 budget, followed by the reduction in Certificate III traineeship incentives in 2012.

The removal of the Certificate II incentives was a poor policy decision. It was incorrectly based on data about overall Certificate II outcomes that did not differentiate the useful entry-level traineeship pathways to occupations such as those in hospitality which delivered productivity outcomes at a much lower public investment (measured in both training delivery subsidies and incentive level). In alignment with the industrial award, the appropriate entry level qualification for significant occupations in our industry such as waiter, bar attendant and front office attendant is Certificate II. The employer incentives were modest and effective as they often covered the cost of the training as many of the State & Territory governments did not fully subsidise the training delivery. The removal of the incentive changed the business case for both employers and training providers, causing a reduction in traineeship numbers as well as a shift to Certificate III offerings (at a higher cost). This inquiry should recommend the reintroduction of Certificate II employer incentives for school leavers, unemployed, and people with disability in industries such as hospitality where the qualification provides a productive outcome by improving the skills of front-line workers.

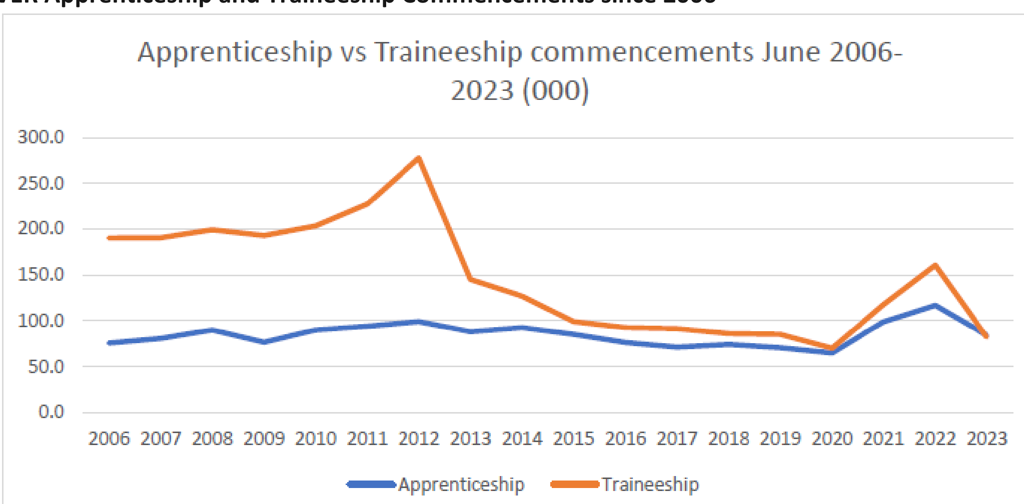
Recommendation:

3. *Consider the reintroduction of employer incentives for Certificate II traineeships for school based traineeships, school leavers, unemployed, and people with disability in industries such as hospitality,*

2012 also saw the removal of regular monthly payments "Support for Adult Australian Apprentices" and replaced with a $4000 payment at end of 12 months and resulted in a significant decline in recruitment of adult apprentices. Adults (21 plus) are seen as a significant and valuable cohort for apprenticeship recruitment, particularly in our industry where maturity in handling the highly pressured kitchen environment can be a big plus. However, once again, cost is a major barrier and adult apprentice wages are a major inhibitor as it damages the business case for the employer to consider hiring an apprentice aged over 20. The reintroduction of an adult trade apprenticeship incentive for employers focusing on the commencement would yield positive dividends. This recommendation was supported by evidence from member consultation seen in Attachment A.

In relation to traineeships, the 2012 reduction in traineeship incentives at Certificate III level also resulted in a significant reduction in traineeship numbers, as illustrated by the history of apprenticeship commencements since 2006 in Figure 7.

Figure 7. NCVER Apprenticeship and Traineeship Commencements since 2006[9]



[9] NCVER (2023) Apprenticeship data extracted by the ACCI submission to this inquiry.

This dramatic fall in traineeship numbers after 2012 is evidence that the business case for the employer matters. In industries such as ours, the cost to the employer often includes training delivery as state and territory governments have all too frequently not chosen to fully subsidise the cost of training of hospitality and retail traineeship which shifts the cost onto the employer. The employer incentive was important, therefore, in offsetting this cost, and their removal significantly reduced the attractiveness of offering a traineeship opportunity. Even in situations where the training is "fee free", the training provider often still charges resource, administration or tuition fees that are passed on to the employer.

This example of the interplay between employer incentives and cost of training also demonstrates that a review of incentives cannot be done in isolation, as it is the total business case to employers that makes the difference in committing to hiring an apprentice. The inquiry should recommend that State and Territory Governments commit to fully fund the cost of training of an apprentice or trainee regardless of the industry or occupation. The employer is also making a commitment by offering the job opportunity and agreeing to supervise and train a person who commences with no skills or experience in that vocation.

In relation to the structure of employer incentives, we recommend based on member feedback that employer incentives should be paid quarterly as fixed amounts, as a percentage based on wages is an administrative burden. It is also noted there is an increasing reluctance by some stakeholders to use the term wage subsidy in relation to apprentices, and although we are more ambivalent about the terminology, the effectiveness of incentive payments to employers in the early period of an apprenticeship when the apprentice is least productive and requires the most supervision is very real.

With regard to hospitality traineeships specifically, the removal of employer incentives entirely post 1 July 2024 will rapidly increase the already declining trend in traineeship numbers in our industry. This will lead to further significant disengagement between workplaces and the training system and will do nothing to contribute to the rise in post-secondary qualifications held by workers in an industry that employs close to a million people.

Recommendation:

4. *In recognition of the economic and social value of apprenticeships, State and Territory governments should fully subsidise the cost of training delivered as part of an apprenticeship or traineeship regardless of the industry or occupation.*
5. *Payments to employers in the early period of an apprenticeship are critically important in encouraging commencements as they directly address the early costs in supervision and the lower productivity value of a new apprentice.*
6. *Payments to employers should be fixed amounts paid quarterly rather than wage subsidies based on a percentage of apprentice wages.*
7. *Retain/reintroduce employer incentives for hospitality traineeships so as to realise the benefits of the apprenticeship model and encourage continuing connection between the industry and the training system as well as delivering post-secondary qualifications to hospitality workers.*
8. *There should be a targeted commencement incentive relating to the employment of first year adult (over 20 yo) trade apprenticeships.*

Retaining apprentices

Research and industry experience has shown that the reasons why an apprentice does not complete their apprenticeship are many and often overlap, meaning that there is usually more than one reason why an apprentice does not complete. There is high value in the apprentice completing their formal qualification, and even if they do not complete the full apprenticeship, the longer they work within the training contract, the more skilled, experienced, productive and employable they become.

In this context, mentoring particularly in the early period of a trade apprenticeship, has proven to be very effective in raising the completion rates of apprenticeships. The industry based mentoring program that was funded in the 2012 Budget was more successful than the more recent attempts to bundle mentoring in with the administration of apprenticeship contracts which is undertaken by apprenticeship centres. Industry based mentoring best targets the situation faced by apprentices in each industry.

Recommendation:

8. *Retaining apprentices delivers high value, and the most effective mechanism to increase retention is through industry-based mentoring which can be provided with government support.*

Commencements v Completions

Although it is clear from the Terms of Reference of this inquiry that it is to examine both "take up and completion", the emphasis in the narrative around the Inquiry has been on completions. Quoting from the overview of the TOR:

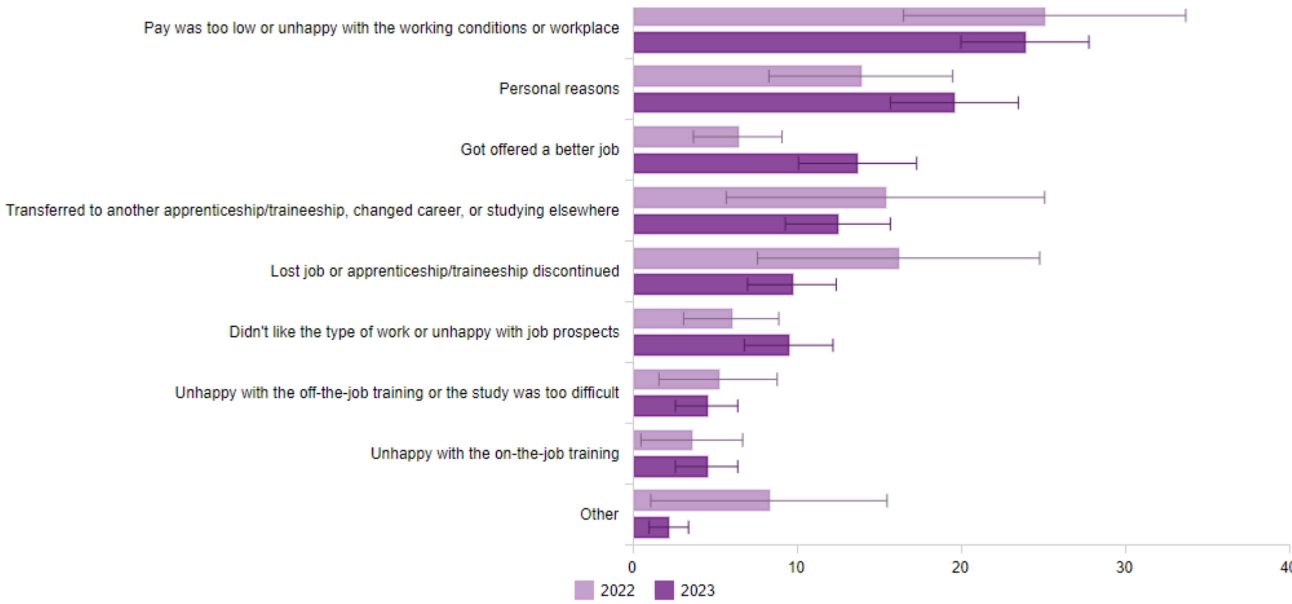
> *Considering the long-term trend of declining completion rates and skill shortages across the Australian economy, the Government has decided to commission a Strategic Review of the Incentive System (the Review), to ensure that incentives and other non-financial support are designed to optimise completion rates and address skill shortages to provide the skilled workers needed for Australia's growing economy.*

Although it is conceded that completion rates are important, we strongly contend that as much, if not more, emphasis in apprenticeship incentive policy should be on commencements rather than completions, for the following reasons:

- it is very clear from the evidence that financial incentives operate most effectively on commencements.
- Much of the benefits of the apprenticeship model outlined above are still delivered to the economy, the employer and the individual regardless of whether they complete.
- Apprenticeship non-completion is a complex picture of a wide range of reasons which often overlap.
- A sustainable improvement in numbers of completing apprentices in absolute terms (rather than a percentage) cannot be achieved without increasing commencements.
- Non-completion percentage rates can be misleading, and often confuse contract cancellation with qualification non-completion. The overall average also masks the wide difference between licensed and non-licensed trades where the drivers are vastly different.

A demonstration of the complexity of completion barriers, the NCVER survey seeks to identify the main reason for not completing, and Figure 8 presents those results.

Figure 8. Main reason for not completing a trade apprenticeship or traineeships 2023 and 2022 (%)[10]



An analysis of these reasons and non-completions generally also needs to be viewed in the context of the complex picture that emerges about any employee's reason for leaving a job in any three to four-year period of their working career. This complexity, and indeed the reality of a worker's relationship with their workplace, makes it more difficult to assess the benefit of incentives targeted at improving completions. Many of the reasons (outside of the training provider issues) cited by apprentices and illustrated in Figure 4 are shared by workers generally.

That said, there is no doubt that trade support loans, the (old) tool assistance and wage subsidies paid directly to apprentices have been popular and have all played their part in assisting to overcome the concern about apprentice wage rate levels and costs of undertaking an apprenticeship.

However, of much greater importance than government incentives, the real "incentive" to complete particularly in trade apprenticeships is driven by the need to achieve the full qualification in order to maximise the job opportunities in that occupation. This is especially evident in the significant difference in completion rates of licensed and unlicensed trades. There is also a strong driver for completion in industries where qualifications form part of the quality frameworks such as in childcare or health.

None of these drivers to complete are in place in the food or waiting trade apprenticeships, let alone in hospitality traineeships. In our industry, the lure of higher wages as a cook working outside of an apprenticeship is a strong incentive to opt out early. Both the AFS industry and the worker still benefit from the skills acquired, but the productivity benefit of completing the qualification is not fully realised. In order to achieve a post-school qualification, a completion incentive to the apprentice should be considered to be paid to the worker regardless of whether they complete their qualification within or beyond their apprenticeship contract.

[10] NCVER (2024) [Apprentice and trainee outcomes 2023 (ncver.edu.au)]

Recommendation:

9. *While acknowledging the importance of completions, emphasis in apprenticeship incentive policy should be as much if not more on commencements given the more effective outcomes that can be achieved through incentives.*
10. *To achieve a full qualification outcome in an unlicensed trade, and qualification completion incentive should be paid to the apprentice even if they completed that qualification after the cancellation of the apprentice training contract.*

Achieving an Efficiency and Effectiveness balance

As mentioned above, it is strongly contended that there can be no "one size fits all" approach to incentives. One of the most difficult challenges in reviewing apprenticeship incentives is to not sacrifice effectiveness for simplicity. This is not to support a complex system of incentives, but it is paramount that the system is effective. To achieve effective outcomes requires a recognition that the incentives required are different, for example, for an employer offering a traineeship for a school leaver or unemployed person to incentives needed for an apprentice to be attracted to a licensed trade is different again to the incentives needed for an apprentice to complete an unlicensed trade.

This incentive inquiry provides an opportunity to co-design a system that is effective and seeks to be as simple as possible while recognising that a single solution is not suitable. There should be consideration of incentives aligned to four or five different categories that recognise that effectiveness as measured by achieving a rise in both commencements and completions requires more than one approach.

This recommendation is illustrated by an example of a possible approach:

Category 1

Trade apprenticeships in licensed trades (eg. Plumbers, electricians)

Payment to employer - $2,000 per quarter across the first two years with no completion incentive

Direct payment to apprentices - A payment of $6,000 to be paid directly to the apprentice/trainee during the first 18 months – no completion incentive

Category 2:

Trade apprenticeships (not licensed) such as in hospitality and 2-year traineeships

Payment to employer to $2,000 per quarter across the first year, plus a $4000 completion payment

Direct payment to apprentices - A payment of $4,000 to be paid directly to the apprentice/trainee during the first 18 months – $5,000 completion incentive paid on completion of the qualification regardless of whether this is achieved as part of or beyond the training contract.

Category 3:

Traineeship – 12 month – new employee, or trainee who has only worked casually for less than 15 hours per week (ie. School casuals still eligible) Cert III and above:

Payment to employer – $1,500 per quarter across the first six months, $2000 completion incentive

Trainee - $3,000 paid directly to trainee over the course of the traineeship plus $1000 on completion

Cert II could be considered at half of the above figures.

Category 4:
Traineeship in industries where qualifications are essential or part of a quality framework, eg. Child care, aged care – 12 month – new employee, or trainee who has only worked casually for less than 15 hours per week (ie. School casuals still eligible)

Payment to employer - $2,000 per quarter across the first six months $2000 completion incentive
Trainee - $4,000 paid directly to trainee over the course of the traineeship plus $1000 on completion

The above is illustrative of a number of important points of difference:

- An apprentice in a licensed trade does not need an incentive to complete, but he or she would be more likely to keep going if they received a decent direct wage supplement.
- In all situations, the employer needs a supplement to cover the period when the worker is unproductive or can't tackle things without direct supervision.
- For unlicensed trades such as in cooking the incentive to opt out of the apprenticeship and earn more money is very high so the incentive to complete for both the employer and the employee needs to be higher, but as a financial balance, by the second year they are much more likely to be adding value to the business, so wages are only supplemented in year 1.
- With traineeships, it could be argued that there only needs to be one category but there would be value having separate categories, as the quality frameworks and industry practices do create different drivers.
- It retains traineeship incentive for industries such as hospitality, as they encourage employers to stay with the system and enabling employee to receive formal post-secondary qualifications.

As it relates to our industry, the incentives contained within the above illustrative example of an overall approach to incentives would be sufficient to make a difference. In addition, as mentioned above, there should be a targeted commencement incentive relating to the employment of first year adult trade apprenticeships.

Recommendations:

11. *Apprentice incentives effectiveness should not be sacrificed for simplicity, and that there is not a "one size fits all" approach.*
12. *As part of a targeted approach to incentives, employer and apprentice incentives for hospitality apprenticeships should be:*
    a. ***Food and Waiting Trade apprenticeships -***
        i. *Payment to employer to $2,000 per quarter across the first year, plus a $4000 completion payment*
        ii. *Direct payment to apprentices - A payment of $4,000 to be paid directly to the apprentice/trainee during the first 18 months – $5,000 completion incentive paid on completion of the qualification regardless of whether this is achieved as part of or beyond the training contract*
    b. ***Traineeship** – Cert III and above- new employee, or trainee who has only worked casually for less than 15 hours per week (ie. School casuals still eligible)*
        i. *Payment to employer – $1,500 per quarter across the first six months, $2000 completion incentive*
        ii. *Trainee - $3,000 paid directly to trainee over the course of the traineeship plus $1000 on completion*

Recommendation (contd):

c. ***Traineeship Cert II***
    i. *Payment to employer – $750 per quarter across the first six months, $1000 completion incentive*
    ii. *Trainee - $1,500 paid directly to trainee over the course of the traineeship plus $500 on completion*

Targeting apprenticeship incentives

Currently, apprenticeship incentives are targeted to occupations on the Apprenticeship Priority List issued by Jobs & Skills Australia which primarily focuses on skill shortages as well as historical support factors. This assessment does not serve industries such as hospitality well and only food trades are included in the list. Although we support it being one measure, public benefit should be measured by more than an assessment of current skill shortages including:

- Economic benefit derived from productivity improvement obtained through training prior to a person securing a relevant job role.
- Social benefit derived from supporting valuable school-to-work entry pathways which had previously been delivered by food and beverage, front office and other accommodation-related traineeships.
- Future skill and labour needs.

On each of these measures, the public benefit in supporting training and apprenticeships relevant to the accommodation sector is very strong. As cited above in the employment summary, according to the labour force projections undertaken by Victoria University for Jobs & Skills Australia (JSA), Accommodation and Food services will generate an additional 59,400 jobs by 2028 and 118,100 by 2033. For the food & beverage occupations of bar attendants and baristas, the net increase in jobs by 2033 is **14,400** to 125,900 and for waiters, **17,400** to 149,600. Despite this significant demand, traineeship qualifications for food and beverage attendants are not on the 2024 Apprenticeship Priority List, but the qualifications relating to the following occupations, by way of example, are on the list despite the forecasts of having only modest net job increases over the next ten years:

Agricultural technicians	net increase of only 200 jobs
Nursery person	700 jobs
Picture framer	200 jobs
Sound technician	1800 jobs
Tour Guide	600 jobs

The targeting of apprenticeship incentives, and indeed training support generally, requires a rethink. A well-trained workforce in a labour-intensive and high growth industry such as hospitality delivers major economic and productivity dividends. Despite this, our needs are not given the priority that the economic and social benefit deserves.

In terms of targeting, there is a strong argument that all apprenticeships and traineeships matter regardless of industry due to the value of the model and the outcomes it achieves. If there is to be targeting, then growth industries such as hospitality should be on the priority list for support.

Recommendations:

11. *In relation to the targeting of apprenticeship incentives, there is a strong argument that all apprenticeships and traineeships matter regardless of industry due to the value of the model. If there is to be targeting, then growth industries such as hospitality should be on the priority list for support.*

Avoiding undesirable outcomes

In the history of apprenticeship incentives there have been times when incentives have not driven the best outcomes. For example, experience has shown that incentives for existing workers need to be carefully applied. Part of the reduction in traineeships after 2012 followed the removal of existing employee incentives. With the implementation of BAC, for a short time it was introduced to include existing employees but was hastily redesigned to prevent training provider driven behaviour which encouraged employers to shift workers into contracts that enabled upskilling training and access to attractive wage subsidies.

Although these lessons need to be well learned, it is important that a casual employee who commences, say, a retail or hospitality job while at school is not denied the offer of a valuable traineeship on leaving school. This valuable transition model should still be supported.

Ultimately, the design of apprenticeship incentives should focus on delivering the value of the model – taking someone with little to no experienced and delivering them skills and a qualification that is of value to their own career as well as the business and the economy.

Skilling Australians Fund

In its final decision on apprenticeship incentives, the government is going to mindful of the total cost of the incentive program. We have aimed in this submission to demonstrate that this investment is worthwhile and delivers economic and social benefits.

Although the cost of apprentice incentives significantly exceeds the revenue raised from the Skilling Australia Fund Levy imposed on migrant sponsors, it is relevant that there be some link drawn between this levy and the current inquiry. The imposition of the SAF levy on skilled migration in 2017 has been a huge burden on businesses and has comprehensively and non-transparently under-delivered on training outcomes. Initially, the SAF levy funded a partnership agreement on apprenticeships with the State and Territory Governments which, due to its structure and settings, did not demonstrably deliver any additional apprenticeships (with perhaps the exception of South Australia), and to which two states did not even sign up given the uncertainty over the levy proceeds. Since then, there has been no transparency over the proceeds of the levy. It is just a tax to consolidated revenue.

The SAF levy replaced training benchmarks in the migration program that allowed for sponsoring companies to demonstrate a spend on training that was commensurate with their total payroll. Under the current migration system there is no equivalent encouragement for employers to train in order to sponsor. Of relevance to this inquiry, and as an incentive for employers to take on apprentices, the government should waive the SAF levy where there is appropriate evidence of apprenticeship employment in the occupations being sponsored. Bringing in skilled and experienced workers assists in the training and supervision of apprentices.

Recommendation:

12. As an incentive for employers to take on apprentices, the government should waive the Skilling Australians Fund migration levy where there is appropriate evidence of apprenticeship employment in the occupations being sponsored.

About the Australian Hotels Association

The Australian Hotels Association (AHA) is an organisation of employers in the hotel and hospitality industry registered under the *Fair Work (Registered Organisations) Act 2009.* Its diverse membership of more than 5,600 businesses includes pub-style hotels plus three, four and five-star international accommodation hotels. AHA members provide a wide range of services to the Australian public including accommodation, food, beverage, wagering, gaming, retail liquor, functions, events, live music, and entertainment.

The AHA's members are serviced by branches located in every Australian state and territory and a Canberra-based national office. As well as being members of their respective state or territory branch, accommodation hotels are represented by Accommodation Australia.

The Australian hotel industry is a 24/7 labour intensive service industry and is a key element of Australia's tourism industry. The makeup of the hotel workforce is extremely diverse and includes adults of all genders and ages. The AHA member workforce comprises:

- Over 300,000 workers
- 50% of members offer apprenticeships
- 60% of employees are female
- 65% of businesses are family owned with family members working in the business

About Accommodation Australia

Accommodation Australia (AA) is the nation's only peak body representing the entire accommodation sector. AA was formed on 1 July 2023 after the merger of Tourism Accommodation Australia and the Accommodation Association of Australia. AA represents more than 1400 properties ranging from independent regional motels and caravan parks to the largest local and international hotels and resort groups, including Best Western, Choice, Golden Chain, Lancemore, Ovolo, Crystalbrook, Accor, Hyatt, IHG, Marriott, Crown, Pan Pacific, TFE, Minor, Ascott & Quest Apartments, EVT Group, Star, Hilton and Wyndham Destinations.

AA is the accommodation division of the peak hospitality body – the Australian Hotels Association.

AHA/ACCOMMODATION AUSTRALIA
WORKFORCE DEVELOPMENT MEETING NOTES

This document provides a summary of comments made by members about apprenticeships, traineeships and staff shortages. Dates of the consultations and organisations represented can be found at the end of the document.

Apprentices and Trainees

The meetings provided a brief explanation to members about the apprenticeship inquiry and the likely direction, with the submission due in mid-May. Inquiry aims to tease out what can be done and what are the right incentives.

Focus on cooking / food trades but need to ensure we don't forget food and beverage trainees. During COVID saw an increase in traineeships and apprenticeship incentives. Over 40% reduction in commencement in food trades. Numbers in training is now lower than pre-COVID and need to unpack this.

Chefs – Why have the numbers fallen? What are the main barriers?

- Attraction from numerous candidates but not all interested in role once explained
- Plenty of apprenticeship vacancies to be filled
- Some venues agree to pay apprenticeship at adult rates regardless of candidate age but not all venues can afford this
- During COVID, most colleges moved their training online which was not available for cookery so students and apprentices lost their connections and interactions
- Money and hours required are not always attractive as well has requiring skilled trainers and supervisors.
- Generational shift, current generation not interested in split shifts, hours, salary, working nights and weekends (customer service required 24/7)
- Finding suitable candidates but not able to access incentives when they are on a visa – they can't be enrolled as apprentices
- School-based connections to be rejuvenated, highest reasons for drop-outs is lack of support (either from parents or school) or conflict with supervisor. Need to ensure trainer has the skills to manage the trainee
- Appetite for sub-qualification to be offered when trainee drops out or have units to complete at their own pace
- Create a flexible model for trainees to make more attractive and better aligned to certificate training
- One venue creating a trade pathway program with Asian background but no western chef experience
- Lack of support structure apprentices in cookery

- Specialised roles rely on overseas candidate having experience in cuisine styles
- Barriers include money, hours, skilled chef managers able to provide the training
- Post Covid, the hospitality industry was seen not as attractive to job applicants
- Better information needs to be shared across schools for future apprentices.
- The cost of living has made a huge impact & agree salary is a big factor
- Applicants sometimes can't relocate to where the jobs are due to higher rents
- It's not seen as an attractive opportunity - plumber, sparkies set up on their own at the end of their apprenticeship and enjoy the spoils - chef apprentices/junior chefs look above them and see years of hard slog ahead of them. If the training can be focusing on how to run a business/kitchen - appropriate communication, managing numbers, costing recipes - as well as the technical cooking skills
- There are a lot of entry level staff who find the hours preferable to fit in with other activities. Different for more mature workers
- The inception of many new industries, mostly tech are also not working in our favour. I don't believe young workers find it attractive to be working in high pressured environment anymore
- Yes definitely we find that same, drop out due to a problem at work or lack of consistency with training from RTOs e.g. changing over of trainers etc
- If an apprentice dropped out mid-way through there would definitely be an appetite for the opportunity to go back to the qualification
- Hard to find due to lack of candidates available
- Recently had 25 apprentices reaching 80% completion which showed that "Grow your own" model was more successful than through an RTO but had to cease this program as the trainer was no longer available and enrolments for the program dropped.
- Hospitality and Restaurant industry get negative press about underpaid, long hours, hostile environment and not enticing for new candidates or those seeking alternative career path
- Not seen as a stable environment when COVID hit as the first industry to completely close down and stay closed
- Butchers and Pastry chefs are key to source product to venues and when don't have the supporting trades, will make the chef shortage even worse.
- Image problem, long hours, working weekends, unsupportive parents, stigma of negative media
- Generational comments heard that candidates do not want to spend 4yrs on low income and compare themselves to other industries instead of higher education candidates doing longer training and incurring HECS debts
- Influence of schools and parents, expectation of balance to lifestyle, values system. Need to find a way to keep them in the industry and a 4yr training course would be considered a lifetime to the current generation
- Retention issue is a challenge not just for training but also culturally
- Career attractiveness, old school mindset about kitchens. We need to show how companies are evolving and needs to be amplified. Marketing of female chefs and show change to archaic views, opportunity to travel the world, lot of pros that could be amplified in campaign.
- CIV Cookery (Kitchen management) is proving not to be a high demand qualification. Lean is more towards business degree at that stage (specialisation in Hospitality & Hotel Management)

- Time to tell a different story, amazing opportunities and experiences, working with quality teams – no longer see apprentices being forced to wash cars, working in hostile environments

Can apprenticeships be better designed?

- Better understanding of the system, working with the trainer to provide flexibility to each apprentice rather than having a one model that is applied to everyone. Offer more hands-on training for better experience and practical application
- Can 1st year apprentices be included in school-based traineeships – working one day a week in the kitchen and getting theory content covered in schools
- Do more “career selling” in younger years rather than just in yrs 10+
- What encouragement is provided post Cert 3
- Cross training is a big investment for many companies and having CEOs and Senior Managers of venues who were previously chefs and cooks through structured management training programs
- Bigger organisations are able to offer training across multiple venues. Is there something that smaller organisations could tap into for exposure
- Individual states could offer cross training but would depend on qualified trainers available to deliver
- Remote / Regional locations have to send away for training in blocks rather than smaller periods of time (half/full day per week)
- Competency level required for apprentice can be achieved early if everyone agrees to sign off
- Don’t want to dumb down the industry but tap into the new generation and what is attractive to them (institutional training versus on the job)
- Length (4 yr) of apprenticeship too long. Dropping out for various reasons (minimum required to get better paid role, conflicts with trainer, lack of support). Need to get them workforce-ready sooner
- I have a number of apprentices starting at school which really helps reduce their time.
- I have had some success with school based apprentices as well. 1 day out of school suits some students well and we have transitioned them to full time and had them signed off before their 19th birthday. It also benefits the business throughout the busy Christmas etc. when they are on school holidays and want to earn some extra money.
- Starting the apprenticeship at school helps 100% both the student and business
- I believe it comes down to the school. I have one school with 3 students

How valuable were the 50%wage subsidies that were put in place post-COVID for commencing chefs? How important are the current incentives and wage subsidies – on commencement, on completion.

- Regularity of payments should be moved to quarterly instead of current six-monthly and completion of training
- Candidates with mature aged apprentice – looking for vision to have apprentice in every venue (95 and counting). Currently have 5 apprentices and 1 school based.
- incentives for apprentices - good in a short term but I don't think it will attract them to look for roles within the industry

- Aussie kids do not see commercial cookery as a trade following school
- Remote postings for younger candidates brings new challenges of mental health, separation anxiety, transition period and generational differences between candidates and trainers. Need to find a way to remove stigma and promote benefits
- Look for ways to entice apprentices to continue training, arrange sub-qualifications at 2 yrs
- School Based Apprentices and Traineeships are great but lots of complex stakeholder relationships to manage
- Training should be structured in blocks. We choose to partner with RTOs based on flexibility and option for in workplace delivery
- Need to address the admin burdens – to the employers with pay slips and to the trainee accessing funds.
- Will there ever be a national portal for processing claims?!
- There is also on the job training which is happening in venue with employees that don't have that necessary skill set in their roles
- RTO's responsibility is to ensure you exit with a qualification, is generally funded by states, TAFE is strong advocate of Australian employment network providing support for all apprentices in all trades. Perhaps look at wage subsidy or if government subsidised mentoring role is available
- Drop-outs can come from employers so desperate to hire chefs, trainers in senior roles they employ without the skills required to mentor apprentices and they are also predominantly sponsored employees.
- Small businesses are not in a position to pay adult wages or have a range of trainers available so a subsidy would be beneficial to them
- Would government balance sponsorship with training levy for sponsored employees and consider waiving training levels if on-site apprentices were provided?
- TAFE NSW does not believe government would introduce training subsidy for sponsored international apprentices
- Incentives could be offered to younger demographic as a carrot to continue
- Students never compare themselves to higher ed students with HECS debts
- Numbers were already in decline at the beginning of COVID and then we had the commencement of incentives wage subsidy and reduction
- There is certainly a shift in the expectations of what Gen z and Gen Alpha want. There is also the non-trade pathway. Retention/incentive strategies for both employers and apprentices is key. Applied learning is key
- Comparison on sponsored candidates without qualifications getting better roles than apprentices doing training.
- Generational shift may not be open to incentives to complete training if don't get supported outside (parents / school etc)
- Incentives will not always work but could be used as part of a business retention program by business owner
- Need to increase investment in development in the workforce rather than prior to entry
- Comparison made on Yr 2 or Yr 3 apprentice on 80% minim wage whereas 482 visa holder on minimum $70K can cause conflict in the workplace

- TSMIT levels also prevents some positions due to market rates for that role falling below level and eventually some cookery roles will be priced out of market

Traineeships – food & beverage, front office and other (e.g. administration).

Are they still valuable to the industry? How important are the incentives? Is the industry aware that those incentives will largely disappear after 30 June? How well does the interaction between employer and training provider work? Is the training considered high quality? As employers do you have to pay for any of the training, and if so is that a barrier? Why do trainees not complete?

- Employment of more trainees but focussed on low-cost training and reductions in funding models
- Higher incentives are not what is the driving force for candidate but could be used as business incentive strategy for property
- Using training to encourage retention and increased hospitality skills for current workforce (better for marketing also)
- Consider better options for transition across entry levels
- Consider sharing incentive dollars with employee
- Formal qualification training used when marketing at schools
- Partner with RTO that shares vision, language and training program to fit needs of venue
- Training organisations requiring copies of payslips and will not accept formal payroll report which makes burden heavy with reporting
- Initial processes for start-up are quite clunky so would like to see interface that is less complicated and more attractive.
- With School-based traineeships, incentive and effort for young student to get them to a standard to work autonomously. Incentive would be valuable to this generation and would be a shame to remove
- Some schools are putting them through a qualification at school which makes them ineligible for training post school. Federal Government needs to look at KPIs and consider what message is being sent for the industry as a priority
- An incentive is a good idea for completion for apprentices. There are various levers for traineeships that could be reviewed ....the apprenticeship centres could have KPI's for sign ups in traineeships that have the same value as an apprenticeship.
- As we came out of COVID, incentives went up and were being used across part-time work force and could claim subsidies back, and max hrs rather than how they should have been used.

Staff Shortages (edited for relevance to apprentices and trainees)

Is it better or worse than pre COVID as well as 12 months ago?

- Difficulty in getting Australian applicants as majority of applicants are looking for visa sponsorship
- Experience pre-COVID comparison is now lesser quality post-COVID
- Candidates lost to other industries during COVID

- Post-COVID burnout, particularly at management level
- Front line roles easier to fill but mostly casual positions. Skilled roles are more of a struggle (i.e. chefs, maintenance, tech service roles) as are those requiring licences (i.e. electrician, HR driver licence)
- Shift in customer service expectation and spend of money in the industry post-COVID,
- Partnering with TAFE to "grow your own" program to change numbers and difficulty in finding apprentice or trainee candidates
- We have had visa chefs with no experience apply to come into the country as "qualified" as well as TAFE graduates apply for a Head Chef roles less than 6months out of their course with minimal trade experience. I feel we get the locals apply because they know we are needing chefs and the standard is lower at the moment.

What is the confidence of whether it is going to get better? How important is it to have a migration sponsorship option?

- Loss of skilled workers to other trades, (mature aged apprenticeship in other trades earn more money), aged care is only one area of many that chefs and cooks moved to (i.e. civil engineering, construction, mining)
- Looking at applicants and understanding that the skill level is limited or applicants not yet completed their training
- Need to fill numerous positions in the kitchen not just chefs so need a broad range criteria when reviewing applications
- Applicants looking for salary usually reserved for top 20% of roles so having to pay more for less and accepting that this is now average standard and acceptable
- Super increases 0.5% plus national wage possibly +4.5%, in a high demand v supply we all experience market increases to pay rates being negotiated with preferred working rosters. Larger organisations can offer more to stay and or head hunt that creates a knock on effect and impact smaller and medium hospitality businesses. At apprentice level its less attractive for many than other industries ie civil construction that offers
- Last December had 50 adverts running across numerous platforms and received two responses but now getting 15-20 responses with little or no quality. Most are new immigrants with permanent residency, little skills and no qualifications
- Cultural exchange specialist running exec chef positions on behalf of employee partners to try different approach to get skilled labour but there is definitely a skills shortage in chefs
- Losing potential to attract and retain apprentices and chefs from civil construction when business hours and better money available than cookery (particularly in TAS)
- Question was asked how industry would work if chefs were not on migration list
- It is not expected to ease anytime soon and customer expectations are not met when kitchens close early or not able to meet demand and work efficiently
- Labour shortages have eased in CBD but not reflected in regional areas
- Requirement for level of experience for sponsorship. Entry level positions all on visa but
- Need speedier response (eg currently looking to fill 10,000 positions but apprentices will not be available for 4-5 yrs following training) -will need skilled trainers to take on these apprentices

- If hiring from overseas and sponsorship was removed, would devastate the industry.
- Domestic workers are not applying for jobs in Sydney CBD. This is similar to pre covid. DM shortage and cooks/chefs being recruited are now mostly international.
- Applicants now have shorter experience. This was a view strongly agreed with by others. Loss of experience during COVID.
- There was burnout in senior mgmt. after working in covid.
- The impact if migration was not an option would be drastic – we couldn't staff our regional venues if this was the case

Member input on the specific occupations

- Cooking team can be recruited but find it difficult to find someone with experience to manage department with costings, recruitment, team
- Talent hard to get to remote locations (NT) and applicants all international but not willing to travel for the salary on offer
- Numerous categories in the Chef role and needs to be separated
- Relocation of manager roles to higher level in list than where currently placed.
- Difficulty in filling Café & Restaurant manager and should not be removed from list, can also be quite seasonal with majority requesting sponsorship
- 40% of tourism roles on Seek.com.au are looking for Café & Restaurant managers
- Struggle to find international applicant to match skills with regulated experience in finance roles
- Pastry chef difficult position to fill with some venues choosing to outsource product and using existing staff to dress and serve
- Head chef position applicants needing visa to work but now have a higher TSMIT so cannot sponsor due to minimum wage and therefore cannot keep them employed
- Having pay transparency (same role / same pay) makes it difficult when you have a mix of sponsored and non-sponsored employees
- Disparity about names for Chefs and Cooks regardless of qualifications
- Roles difficult to fill - Sous Chef/Chef De Partie level sponsoring is needed
- Pastry, Chef de Partie's and senior chefs
- Need to sponsor Pastry Cooks due to lack of skilled Australian applicants.
- HIGA is out of step with TSMIT - would want to see Cook/Chef's in the new visa stream for under TSMIT level
- Finding chefs is absolutely difficult! Was shocked it was not on the confident to remain list. That is echoed in our hotels we have heard this week in some info sessions we held- paying above market to get anyone in chef positions.
- Being able to sponsor chefs is critical if our businesses are to survive - the skills requited to manage a kitchen aren't there - managing costs, understanding budgets, building and leading teams just aren't there - the domestically trained chefs don't seem to have these skills
- Sometimes we are opening and closing positions quickly to attract more talent
- We would be seeking for a specialized understanding of the type of international cuisine for the restaurant that we are opening. A knowledge of that particular area is going to be substantial part of our selection process. I am not convinced that we will be able to find anyone locally.

ATTENDING MEMBERS

SESSION 1 Thursday 18th April 2024 (42 registered)

AHA QLD
AHA SA
AHA WA
Ajuria Lawyers
ALH
Australian Venue Co
Autograph Hotels
DOMA Group
Double Tree by Hilton NT
EVT
Hilton
Hilton Perth
Hospitality Group Training
Hotels Melbourne
Hyatt Regency Brisbane
Hyatt Regency Sydney
IHG
Marriott Hotels
Melbourne Place
PARKROYAL Hotels (PPHG)
Perdaman Global Services
Riverland Group
TAFE NSW
TFE Hotels
Tasmanian Hospitality Association
The Ritz Carlton, Perth

SESSION 2 Friday 19th April 2024 (18 registered)

Accor
Discovery Parks
Discovery Parks
Endeavour Group
IHG
Meriton Suites
Merivale
Sheraton Mirage Port Douglas
TAFE NSW
TAFE NSW
Village Roadshow Theme Parks

SESSION 3: (Cook and Chef focus) 22 April 2024 (41 registered)

1 Hotels Melbourne
Accor
Ajulia Lawyers
ALH
ALH Group
Alliance Abroad
Discovery Parks
EDUPI Migration
EVT
Hilton
IHG
NSW DET
Sheraton
TAFE NSW
Tasmanian Hospitality Association
Timbers Hotel