SUBMISSION TO DEPARTMENT OF EMPLOYMENT AND WORKPLACE RELATIONS

A revised methodology for the Australian Apprenticeship Priority List

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Joint Submission of the Australian Hotels Association and Accommodation Australia

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Introduction

The Australia Hotels Association (AHA) and Accommodation Australia (AA) welcome the opportunity to comment on issues raised in the discussion paper on the revised methodology of the Australian Apprenticeship Priority List. The 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. Accommodation Australia, as a division of the AHA, represents more than 1000 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 significant economic contribution made by the hotel sector to the economy, its high employment value and the potential growth prospects.
- Fundamentally challenges the premise of the discussion paper, and the preceding review into apprenticeship incentives by emphasising that incentives should not put some industries and occupations above others as all industries make an economic and social contribution.
- Instead, contends that the prioritisation of incentive funding should be on delivering the strongest outcomes as measured by commencements and completions, regardless of industry.

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 (AFS - often termed "hospitality"). According to the ABS, the industry value-add (IVA) for the Accommodation and Food Service Industry in 2023-24 was $63.4 billion (compared with $60.4 billion in 2022-23) on revenue of $156.2 billion[1]. Wages and salaries paid by AFS employers to 1.22 million workers in 2023-24 totaled over$39 billion.

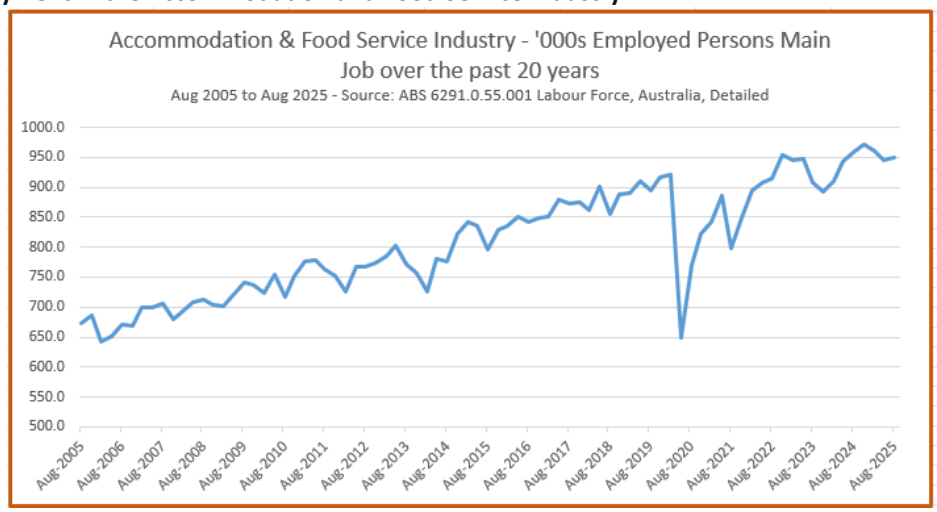
The latest business turnover figures for July 2025 issued by the ABS show that business turnover in July for the AFS was higher than the previous month, rising by 2.5% compared with June. Compared with July 2024, the increase was a significant rise of 10.5%.

Employment

Accommodation and Food Service Industry

As at August 2025, there were 950,400[2] people who identified that their main job was in the accommodation and food service (AFS) industry, of which hotels, motels, pubs and taverns are a significant part. As Figure 2 shows, jobs growth over the last twenty years has been considerable, except for the dramatic fall during the COVID-19 pandemic.

Figure 2. Employment in the Accommodation and Food Service Industry



As a subset of the broader AFS industry, as at August 2025, there were 107,000[3] people who identified that their main job was in the accommodation sector, and 118,800 employed in pubs and taverns.[4]

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[1] ABS, 81550DO001_202324 Australian Industry, 2023-24 released on 30 May 2025.
[2] ABS, 6291.0.55.001 Labour Force, Detailed, August 2025
[3] ABS, 6291.0.55.001 Labour Force, Detailed, August 2025
[4] As an illustration of how the ABS employment data for our sectors fluctuate, in the ABS figures for February 2025, employment it the accommodation sector was 117,200, and pubs, taverns and bars was 100,500. In May 2025, Accommodation was 97,800 and pubs 105,200.

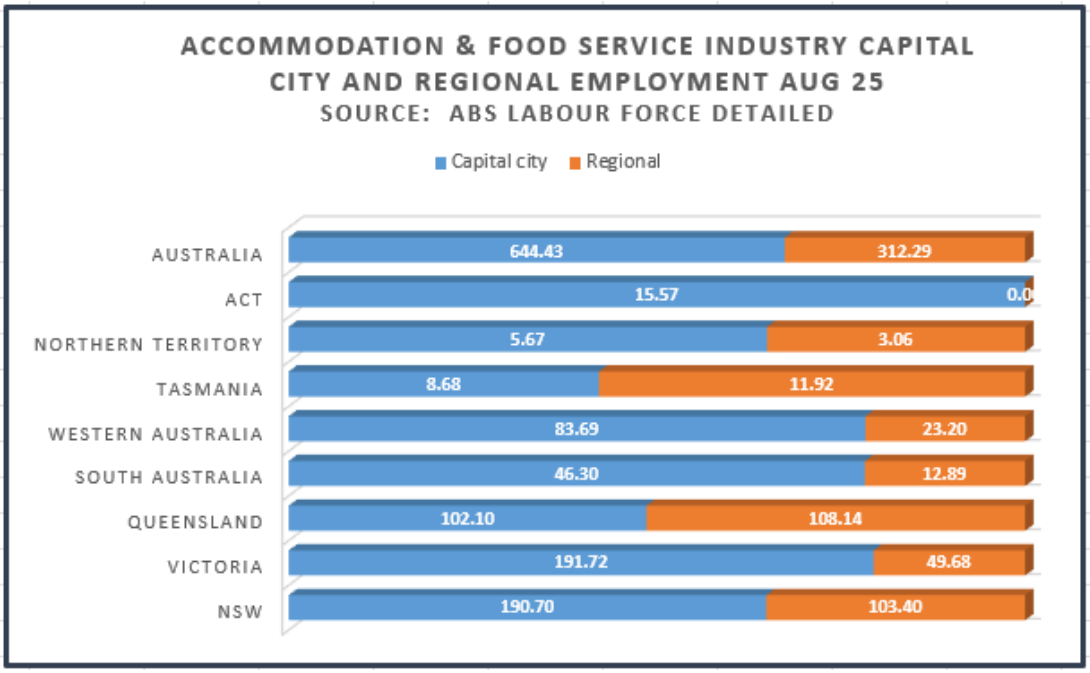
It is important to note that this employment data underestimates the total number of people employed in the accommodation and food service industry as it categorises the labour force according to their main job. As there are many people who supplement their household income through a second job working in hospitality, the total number of employees who derive valuable income from our sector is much higher. As noted previously, the ABS annual industry report for 2023-24 records total employment in the AFS industry as 1.218 million up from 1.201 million the previous year.[5]

Within the AFS, there are over 200,000 cooks, chefs and bakers, almost 100,000 hotel, accommodation and restaurant managers, 130,000 waiters and over 120,000 bar attendants.

Regional employment

In the accommodation and food service industry, almost one third[6] of all jobs are outside of the capital cities with this figure rising to over 40% if surrounding regions such as the Central Coast are included in regional. As Figure 4 illustrates, Tasmania and Queensland stand out in terms of regional employment, with over half of the AFS workforce outside of the greater capital city region. Overall, Figure 3 demonstrates the geographic spread of the industry across Australia, and the need for workers across all regions.

Figure 3. Regional employment in the Accommodation and Food Service Industry



Employment projections and their shortcomings

According to Jobs & Skills Australia/Victoria Uni projections (Table 1), the Accommodation and Food Services (AFS) industry is predicted to grow by 54,900 jobs or 5.9% over the five years to May 2029, and 110,800 additional jobs in the ten years to May 2034. However, it is noted that these projections are lower than the previous year and use as a baseline a particularly low ABS employment figure in

[5] ABS, 8155DO001 (2025), Australian Industry 2023-24 released 30 May 2025
[6] ABS, 6291.0.55.001 RQ1, Labour Force, Detailed, May 2024, labour Market regional data

May 2024. The ABS Labour Force (employed in main job) for May 2024 for the AFS was 944,600, in August 2024 it was 959,900 and by November 2024, 971,700. For the accommodation sector, the picture is even more wildly fluctuating, even though the sector has the highest level of full-time employment of all hospitality sectors. In May 2024, the ABS labour force figure for people in main job in accommodation was 91,800, by August it was 112,900 and as at February 2025 it was 117,200 which is higher than the five-and-ten year JSA projections for 2029 and 2034.

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

Industry Employment	Employment - May 2024 ('000)	Projected employment - May 2029	Projected employment - May 2034	Projected 5 yr growth		Projected 10 yr growth	
				('000)	(%)	('000)	(%)
Accommodation and Food Services	929.9	984.8	1,040.6	54.9	5.9%	110.8	11.9%
Accommodation	96.6	97.9	103.9	1.2	1.3%	7.3	7.5%
Pubs, Taverns and Bars	101.9	108.8	115.0	6.9	6.8%	13.2	12.9%

It is understood that the JSA/Vic Uni projections are based on trend growth and do not take into account external growth forecasts or current economic growth trajectory. In our industry, growth in tourism numbers (both domestic and international) has a significant impact on employment growth. Tourism Research Australia has forecast that domestic visitor nights will grow by 16% in the five years to 2029, and expenditure by 19%. The estimated growth in international tourism is even stronger, with predicted growth of 16% in international visitor nights, and 21% in visitor expenditure in the five years to 2029.

In accommodation, one of the most accurate measures of the state of the sector are average occupancy rates published by STR. In the calendar year to July 2025, Australia's average occupancy rate was 71.5% compared to 69.6% for the previous year, which was in turn higher than the 67.1% experienced in the year to July 2023. This occupancy growth has occurred in the face of an Increase In room supply, with 82 new hotels opening since July 2023, containing 8,585 rooms.[7]

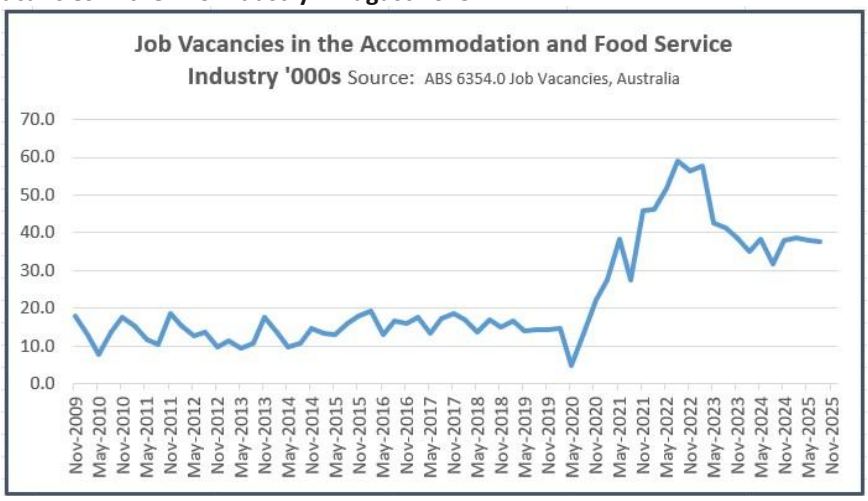
Job Vacancies

In job vacancy data released by the ABS, the Accommodation and Food Service Industry had 37,700 vacancies in August 2025, which was significantly higher than the 31,700 in August last year but around the same as the November 2024 to May 2025 period. This number of vacancies is second only to the Health Care industry and almost twice as many as industries such as manufacturing. The change in vacancies since pre-COVID (August 2019) was 160%, which is the highest change of all industries, and compares to the all-industry average increase of 44%. Demonstrating the difficulty still being experienced by members and also the growth in the industry, as Figure 4 shows, the average quarterly vacancy figure for the AFS industry pre-COVID was much lower than it is today. Since February 2021, job vacancies have been consistently higher each quarter than the larger retail industry.

In an AHA WA survey conducted in August 2025, over 73% of respondents indicated they were experiencing staff shortages. Almost a third of members rated the importance of skilled permanent and temporary migrants and working holiday makers at the highest level of very important, and two thirds rated it as important to some extent.

[7] STR Supply database and occupancy figures. STR Is a specialist international accommodation data company

Figure 4. ABS Job Vacancies in the AFS Industry – August 2025



Domestic Skills supply

Detailed consultation undertaken by AA/AHA with members in the last twelve months indicates that the difficulties in attracting skilled staff are particularly impacting regional employers, with key occupations such as chef, cook and hotel and restaurant managers hard to find.

The most important 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. In all other apprenticeship contracts, the training is via a traineeship. However, the numbers undertaking hospitality traineeships have plummeted since employer incentives were removed in July last year. As a result, traineeships are no longer a significant channel for skills development for our industry.

As table 2 shows in the year to March, the number of apprentices commencing as cooks and chefs fell by 11.2% to 2,510 compared to the 2,825 that commenced the previous year. The numbers commencing a the core Certificate III apprenticeship fell even more dramatically by 18%, and it is only a rise in Certificate IV apprenticeships in commercial cookery or kitchen management that made up some of the shortfall. These numbers compare unfavourably to the pre-COVID levels when the number of cooking apprentices in training in September 2019 were 7,685 with 3,725 commencing their training in the year to September 2019.

Table 2. Commercial Cookery Apprenticeships and Hospitality Traineeships

NCVER Chef Apprentices in training Mar 2020 to Mar 2025						
	2021	2022	2023	2024	2025	2025 v 2024
Chefs Cert IV	420	630	540	515	720	39.8
Cooks Cert III	7360	7550	7125	6025	5410	-10.2
Total	7780	8180	7665	6540	6130	-6.3
NCVER Chef Apprentices commencements year to 31 Mar						
Chefs Cert IV	255	410	255	265	410	54.7
Cooks Cert III	3485	3865	3180	2560	2100	-18.0
Total	3740	4275	3435	2825	2510	-11.2
NCVER Hospitality Traineeships in training Mar 2020 to Mar 2025						
Cert I to Diploma	11245	15765	12530	8725	6520	-25.3

Without intervention, the number of apprentice chefs currently in training is sure to fall even further as those that commenced in COVID when wage subsidies were in place either drop out or complete their training, and the number of new commencements, which fell 6.7% in the year to 31 December 2024 is not sufficient to replenish this reduction.

Although the industry reports difficulties in attracting people to become cooking apprentices, the above figures show that if the employer incentives are sufficient, the numbers rise.

As further background to the difficulties in finding chefs, frustrated and at times desperate employers are turning to migration, despite the cost. The number of temporary skilled visa applications lodged by the accommodation and food service (AFS) industry more than doubled in 2024-25 compared to the previous year. AFS applications totalled 16,910, up 111.5% and accounted for almost one fifth of applications lodged across all industries. During 2024-25 the AFS industry had 10,770 applications granted (up 125.2% on 2023-24), with many of those processed under the previous Temporary Skilled Shortage visa.

The occupation of chef remains the most granted temporary skilled visa, with 6,380 granted in 2024-25, up 179.2% on the previous year, and accounting for 9.3% of all occupations where visas were granted. Cooks were the 7th highest, with 1,560 visas granted, up 132.1%.

Addressing the chef shortage

Although chef shortages have been a structural long-term problem for the industry over many years, the current confluence of factors has seriously exacerbated the situation. Such factors include the fall in apprenticeship numbers, as well as issues around migration including the changes to international student settings. Through our current consultation with members concerning the critical chef shortage, it is very clear that a key source of skilled chefs has, particularly since the pandemic, been international students studying commercial cookery at international schools. Although the government is right to crack down on undesirable practices when students were not genuine, the imposition of “caps” through processing directives on the number of enrolments has had a very detrimental impact on well-respected education providers of cooking qualifications.

There is no single solution to the chef shortage crisis. Action is needed on all policy fronts including apprenticeships, innovative training approaches, migration, and attracting more people to choose cooking as a career. Some of these solutions are in industry’s hands, while others require governments, both federal and state, to act.

Despite the importance of chefs across a range of industries, current apprenticeship policies do not prioritise chefs or the hospitality industry generally. The current $5,000 hiring incentive to the employer of apprentice chefs is not increasing the apprenticeship numbers sufficiently to meet industry needs.

Encouraging more Australians to pursue chef apprenticeships requires financial incentives that support both apprentices and employers. A well-structured subsidy model can alleviate those financial pressures on both businesses and apprentices.

One of the largest barriers to increasing apprentice chef commencements is the cost to the employer in the first year. A new apprentice knows little about operations in the kitchen, their productive output is low and supervisory costs high. These costs are even higher in hospitality due to the 24/7

nature of the industry and the rostering complexities of ensuring adequate supervision for the apprentice.

it is also important to encourage more apprentices to complete. Being an unlicensed trade, many apprentices leave before completion due to the high demand for cooks as, unlike an electrician or plumber, they do not need a licence to utilise their skills. While the skills of a non-completer are still very valuable in the industry, finishing their apprenticeships delivers even more value to both the apprentice and the industry.

Comments on the discussion paper

The summary above provides important background and context to our comments on the proposed methodology for the apprenticeship priority list. It highlights the size, scope and potential for the hospitality industry as well as pointing to the many challenges.

Despite accommodation and food services being one of the four industries from which a third of the jobs of the future will come, the industry is no longer well served by the vocational training system on which it is primarily reliant. Government prioritisation of investment in vocational training requires a rethink, and the discussion paper does not provide any optimism that this change in thinking is occurring. It represents more of the same which has been an increasing trend to picking winners amongst industries and occupations, coinciding ironically with a decline in overall publicly funded student numbers and a fall in apprenticeship and traineeship numbers.

Apart from cooks and chefs, most of the key qualifications relating to accommodation, particularly those in food & beverage, are no longer eligible for federal apprenticeship support and also have dropped off the training subsidy priority lists of a number of the State and Territory Governments. The data above shows a 25% drop in traineeships in training in hospitality in the year to March 2025.

Developing skills in all industries should be the priority

Industry and occupational prioritisation of training funding is not serving industries such as tourism, hospitality and retail well. In addition to the removal of traineeship incentives from these industries (July 2024), the independent panel review of apprenticeship incentives conducted by Iain Ross and Lisa Paul that preceded this process of discussing APL methodology identified qualifications including chef as potentially being ineligible for any apprenticeship incentive funding as they assessed those occupations as not being relevant to the government's "current social and economic priorities." If employer incentives are removed from commercial cookery apprenticeships, then the number of apprenticeships will be decimated and the chef crisis significantly exacerbated.

The conclusions of the panel review of incentives as well as the discussion paper, in suggesting economic priorities can be met by picking winners from amongst industries and occupations, flies in face of reality that the economy is an interconnected, complex ecosystem. At the occupational level, skills are spread throughout the economy such that, for example, chefs are employed not just in hospitality but in hospitals, aged care, mining camps, and staff canteens and catering facilities across all industries including in the public sector (including detention centres and correctional facilities). The hospitality and retail industries sell, prepare and serve food and beverages to workers in all industries, including the much-heralded clean energy, health and construction sectors. Indeed, it would be impossible for people in any industry to work without the consumption of products and services from the retail and hospitality sectors.

Under previous Labor Governments, encouraging skills development across **all industries** was a priority. Indeed, it was a central feature of award restructuring in the 1980s and 1990s and connected industrial awards to the national VET training system. Ensuring more Australians had post-school qualifications was also a priority. But these priorities are not supported by the current approach of picking winners, where some industries receive support, while others are left to suffer. Apprenticeships and traineeships were a mechanism to build engagement between employers and the structured training system. Lack of apprenticeship support to some industries has led and will lead to lower post-secondary qualifications across large sections of the workforce. Hospitality and retail alone employ 2.5 million Australians - that is a lot or people who will become disinherited from the opportunity to obtain formal, nationally recognised VET qualifications.

Managing the apprenticeship investment

This process, and the independent panel before it, has interpreted the proposition that incentives align with economic and social priorities as being about putting some industries and occupations above others. All industries, particularly in the private sector, contribute to the economy, and our own adds over $63 billion in economic value and employs over 1.2 million Australians. Why is our industry not seen as an economic priority on the basis of these dimensions?

Fundamentally, balancing the fiscal constraints on total spend with outcomes should not be about putting industries and occupations above others. Prioritisation of apprenticeship incentives should be about putting the money where it can deliver maximum outcome - in other words invest the money in a way that it is most likely to change behaviour and increase apprenticeship commencements and completions, regardless of which industry.

The proposition advanced by ACCI, to which both AHA and AA belong, in its APL submission, namely that there should be a principle of universality with the opportunity to top up is supported.

Those top ups should be focused on getting the best “bang for buck”. In our industry, we know that employer incentives, when sufficient, work – they make a material difference to the business case in employers taking on an apprentice and overcoming that first-year supervision and low productivity problem. This is particularly important in trades such as commercial cookery where the qualification is highly valuable but not essential to a career in the trade. Ironically, given that there is often a focus in VET policy and funding on licensed trades, it could be argued that apprenticeship numbers (particularly completions) in many cases would not require the same level of incentive in licensed trades as compared with an industry such as ours. Where there are other drivers such as licensing and government regulatory require, the business case changes.

Another top up that should be considered is for adult apprentices. This was a much-valued additional incentive in the past. Adult apprentices are highly valued, but their wage in year one, where they share similar issues of lack of experience, need of supervision and low productivity with their younger colleagues makes the business case even harder for employers.

Across the apprenticeship system, in the last few years almost all new funding for incentives has gone to apprentices rather than employers, particularly those in clean energy sectors and house building trades. However, with trade apprenticeships numbers falling across the board, it is questionable whether the money redirected from employers to apprentices is having any positive impact. It is

essential that evidence is obtained and publicly released as to whether this investment is delivering increased commencements and completions in those trades where this considerable extra investment has occurred.

Extensive feedback undertaken by AA and AHA as part of addressing the chef shortage questioned whether cash to apprentices was the most appropriate mechanism to encourage completion. There was much support for the return of the previous tool allowance

Social priorities

As identified in the discussion paper, employer incentives to hire apprentices from disadvantaged groups such as people with disability and indigenous Australians is essential to achieving good outcomes. We would strongly add to this list the importance of incentives to take on people who have been out of the workforce for some time and young people seeking their first job in the workplace.

This latter cohort deserves particular attention as commentary on the value of apprenticeships and traineeships in assisting people into their first job was almost completely lacking in the panel review and the discussion paper and certainly has been lacking in policy decisions to remove traineeship employer incentives from industry qualifications in retail and hospitality.

A traineeship, with its combination of national training wage, structured training and on the job experience is an ideal model for young people commencing full time work for the first time. The removal of incentives from hospitality and retail traineeships, and the subsequent plummeting in numbers, represents a lost opportunity to support young people into jobs and hopefully from that first job, into a life-long learning and working career.

The value of the apprenticeship and traineeship model is strongly and effectively canvassed by the first part of the ACCI submission to the APL methodology engagement. These sentiments are strongly endorsed by the hotel sector, where we have seen the benefit of involvement in the nation VET system, and its delivery of post-secondary qualifications, evaporate by the loss of employer incentives for hospitality traineeships.

Conclusion

Apprenticeship policy has lost its way and this is reflected in the declining numbers. This submission has purposely not followed the questions posed in the discussion paper, as we challenge the basic premise of this process, where the prioritisation is proposed to be based on prioritising industries and occupations rather than on what apprenticeship incentives deliver in terms of commencements and completions. The apprenticeship model which combines a nationally recognised qualification with structured learning, on the job experience and an industrially specific wage structure remains a highly valued model, even within a discussion on the specifics in industries such as ours about the training package content and length of the trade apprenticeship. However, the model is most successful when governments support employers in overcoming the initial cost of supervision, low productivity and inexperience. This support should be available to all industries and invested to a level that changes the decision to take on an apprentice and the encouragement on both employer and apprentice to complete.

About us

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 250,000 workers, 60% of which are female. 65% of businesses are family owned with family members working in the business

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 1,000 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 Australian Hotels Association.