



Australian
Industry and
Skills Committee

John Pollaers

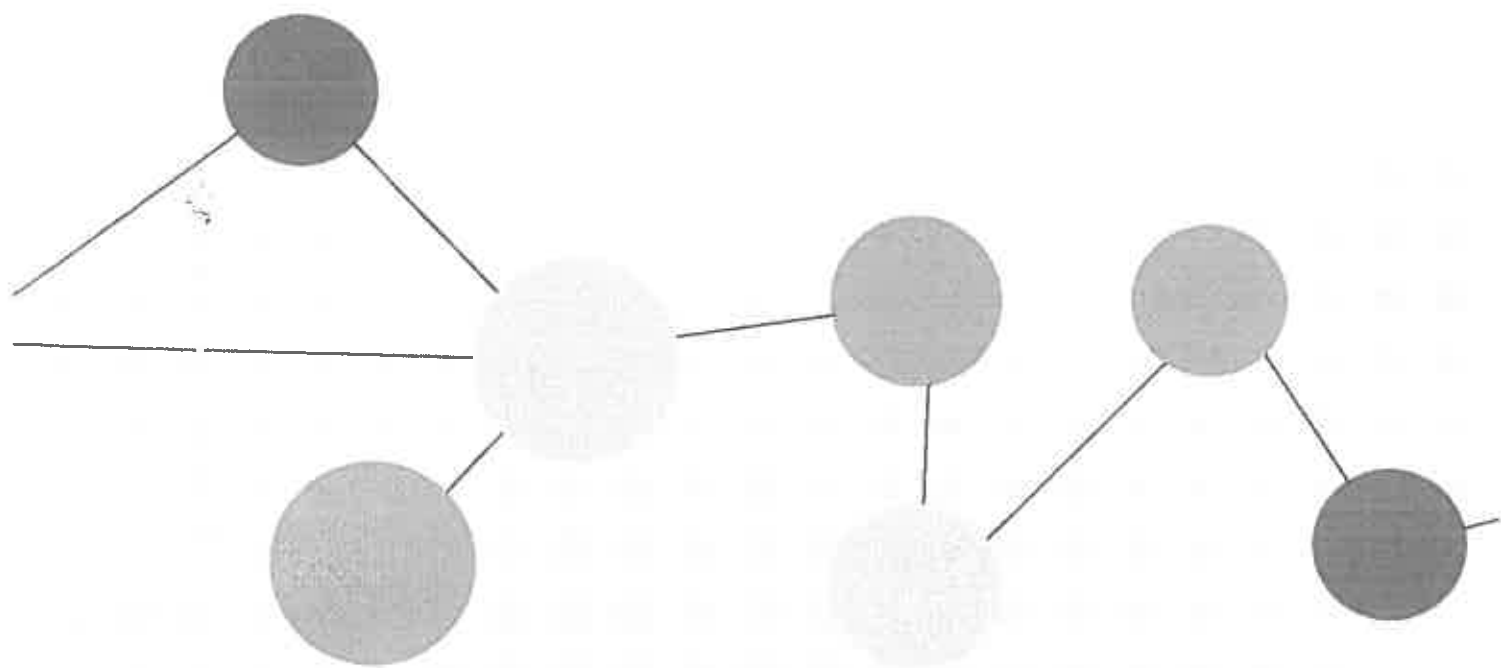
**Industry Training Solutions Summit 2017
Tourism Training Australia**

9.15-9.45am

Wednesday 31 May, 2017

(followed by Plenary Session 2-3pm)

**Four Seasons Hotel
199 George Street, Sydney**







Good morning. It's a great pleasure to be here today.

Before I begin, I respectfully acknowledge the traditional owners and custodians of the land on which we meet and pay my respect to elders past, present and future. I give a special welcome to any Aboriginal and Torres Strait Islander peoples here today.

I want to thank Bill Galvin, Chief Executive of *Tourism Training Australia* and fellow member of the Australian Industry and Skills Committee (AISC), for inviting me to speak today about National Training Directions.

The vocational education and training system has had some challenging press of late - some of it justified. We should not let this detract us from the many positives in the system.

The national VET sector plays a significant role in delivering the skills Australia needs to face economic challenges.

The VET system itself is a world-leading, well-respected and sophisticated system, drawing on the expertise of industry.

It gives people a pathway to huge range of careers, as well as practical skills and qualifications to prepare them for the future.

For employers, VET qualifications provide tailored and specific skills that can help a business grow and allow its workforce to be upskilled in a fast and cost effective manner.

VET is an enabler - for individuals, for employers, for local communities, and for the nation as a whole.

But the system is not without its challenges.

When I headed businesses such as Carlton and United Brewery, Diageo, and Pacific Brands, I knew intimately what skills were needed to make my business successful. And I knew only too well the consequences to the bottom line if I was unable to find the right people with the right skill sets.

As Chair of the AISC, I speak with employers across the country and they tell me of the frustration they experience when finding some qualifications are out-of-date and not suited to modern ways of working.

They tell of their frustration with a system that seems to listen more to the needs of training providers, rather than the businesses on the ground that employ people with vocational education and training qualifications.

Many of you here today will have been in a similar position.

But there has been a significant shift in the system - taking it in a new direction - focused on addressing this issue.

The new arrangements for training package development are giving industry a greater voice in shaping the training delivered in the VET system so that you can get the skills you need.

These arrangements mean that you - with your in-depth knowledge of tourism, travel and hospitality - can now have a greater say about the skills your sector needs so that you can meet key challenges such as attracting staff with the right skills and upskilling them as and when you need to.

You have first-hand knowledge of what skills and competencies are needed in your industry. It makes sense that you should have a greater say in translating this into flexible and relevant training packages that meet the needs of your business - now and in the future.

And, through your Industry Reference Committee, this is now happening.

I'll talk a little more about your IRC in a moment, but each year IRCs develop a skills forecast for their sector. The most recent one for the tourism, travel and hospitality industry highlighted the fact that many international visitors book their travel online and how important it is

for you to have employees with skills in using online sales channels. They also talked about how crucial websites, social media and other digital platforms are to promoting your business, and ensuring you remain competitive.

Having the right skills to tackle these challenges head-on, in fact the skills to turn them from challenges into opportunities, will be essential for your businesses to remain competitive and to grow.

A flexible, responsive and industry-driven system

It is now just over a year since changes to arrangements for training packages were put in place.

These changes put industry at the centre of training package design and development - firstly through the AISC, which I Chair, and secondly through a network of Industry Reference Committees (IRCs), which are made up of members from big business, small enterprises, peak bodies and unions.

The AISC was established by the Australian and state and territory governments to give industry a greater decision making role in developing training packages. For those of you who are not familiar with training packages - these are really “skills standards” which set out the knowledge and skills and the standard of performance required to operate effectively in the workplace.

They are used by Registered Training Organisations as the basis of their training offerings. Students who are assessed as competent against the standard set out in the training package are awarded a nationally recognised qualification.

As well as being responsible for overseeing training package development, the AISC also provides leadership and guidance to the vocational education and training system. We advise Skills Ministers and collaborate with key bodies such as Industry Growth Centres (IGCs), to make sure that the voice of industry is amplified in the training system. This enables us to support the workforce and Australian businesses to be more innovative, productive and competitive.

The AISC is made up of industry leaders with links across the economy including in the construction, disability services, information technology, mining and hospitality and tourism sectors. Members are drawn from industry and have an understanding of the VET system. The three national peak industry bodies also have seat at the table, rotating through one position on the Committee, and we are delighted to have Business Council of Australia as our current peak body representative.

My colleague Bill Galvin makes a truly terrific contribution to the AISC, providing us with insight into the skills needs of businesses across the tourism and hospitality sector and the specific opportunities and challenges faced by businesses in New South Wales.

The AISC draws on advice from a network of around 60 IRCs. These are made up of people with expert knowledge of their industries. Your IRC is the Tourism, Travel and Hospitality IRC, and it is supported in its work by SkillsIQ, an independent professional services organisation known as a Skills Service Organisation.

Why give industry a greater voice?

All of us here today know how critical a well-trained and skilled workforce is to businesses operating in the tourism, travel and hospitality sectors.

However, having a skilled workforce has implications well beyond the commercial viability of individual businesses.

According to Austrade's Tourism Research Australia *State of the Industry* report, tourism directly contributes \$53 billion to gross domestic product. Additionally, 580,200 people are employed directly in tourism-related industries. Clearly, your industry is of critical

importance to the Australian economy and to hundreds of thousands of businesses across metropolitan, regional, rural and remote Australia.

The Tourism, Travel and Hospitality IRC Industry Skills Forecast highlights that tourism is one of Australia's five "super growth industries," and it is vitally important for the nation that your skills needs are met.

Bill Galvin has told me that one of the greatest challenges for your sector is a major shortage of skilled staff - especially apprentice chefs.

Your IRC's Skills Forecast identified the following issues as having a direct influence on the skills needs of your workforce:

- difficulty attracting and retaining staff, particularly in regional and remote locations
- the impact of seasonality on the availability of workers
- difficulty finding staff with the right skills, and
- an ageing population and workforce.

There are many factors at play when it comes to the complexities of the labour market, and these apply across the service industry. Training packages that meet industry's needs are an important piece of the

jigsaw as they help shape the skills that are so necessary for driving growth, productivity, and innovation.

Future reform

All of the mechanisms are now in place to ensure that the system is responsive to industry, and the IRCs play an essential role in this.

At our most recent meeting of IRC Chairs, we actively sought their feedback on the system and how we can improve it.

We are now looking at ways to make it faster to get training packages to market, and are also considering ways to remove unnecessary processes and increase transparency around decision-making.

In another exciting area of reform, we are looking across sectors to identify common skills needs, and working with all of the relevant industry sectors to translate these into training packages that can be applied across occupations and industries.

These cross sector projects are a game-changer and are only possible because of the new arrangements.

We are beginning with six innovative project areas that include big data skills, automation skills, coding skills, consumer engagement through social and online media, cyber security and green skills.

The idea is to have all key players - across all relevant industry sectors - at the table to develop the case for change and to develop the relevant training package components.

This new approach will drive more collaboration across industries where there are common skills needs.

As well as breaking down industry silos, the training packages developed in this way will be much more efficient and flexible. Cross-sector competencies will be developed, owned and used by a range of sectors, and people will gain skills that will be useful across a range of occupations and industry sectors.

Preparing for the future

We are also actively thinking about the future world of work.

You have probably been thinking about what the travel, tourism and hospitality sector will look like in five, ten or even 20 years' time.

We know that your sector is already experiencing massive change, and the only certainty will be that there will be even more change.

How will emerging trends in society, economics, technology, the environment and in politics affect you?

The AISC does not have all the answers, however we are helping IRCs prepare for the future by developing a relevant, robust evidence base for them to work with.

We have commissioned two research projects that will make it easier for industry to access intelligence about their sector to underpin their work in adapting to the changing nature of work.

The first of these is the **Future Priority Skills** report which will give an overview of how emerging trends may impact Australian workplaces. The report gives a snapshot of emerging trends, future skills scenarios for Australia and the impact of these on future workplaces and workers.

It explores future ways of working through the lens of social and digital-media based conversations and reports, as well as more traditional avenues of knowledge and data.

As well as examining future trends, the report identifies four future scenarios that may apply in varying degrees to different sectors across the economy.

The report estimates - as other similar reports do - that a significant proportion of jobs in Australia will be automated within the next 10-20 years.

However rather than destroying jobs, the report looks at how automation can redefine them by reducing costs and boosting demand for workers in related occupations or industries.

As both knowledge and technologies risk rapid obsolescence and tasks become susceptible to automation, it will be crucial to have systems that support people to retrain and upskill quickly.

The report observes that cooperation between industry and education is crucial for developing a dynamic, appropriately skilled workforce, and that education and learning is moving away from traditional settings to informal settings such as digital and offline platforms.

The second research project is the **National Industry Insights Report**, which will bring together industry intelligence gathered from IRC Industry Skills Forecasts and other research.

We are collaborating with NCVET on this project to provide a consolidated evidence base across all IRCs. It will be made available later this year through a contemporary, dynamic, user-friendly web platform.

About the Tourism, Travel and Hospitality IRC

One of the key aspects of our reform efforts over the last 12 months has been to review the structure and membership of our IRCs to make sure they include all of the right people to provide relevant, up-to-

date advice to support training package development for their industry.

We are making sure real employers and businesses are represented, and that there is a good geographic spread of members so that jurisdictional issues can be considered and addressed. We are also keen to see a balance between people with experience and expertise, as well as some new voices at the table.

The review of IRCs has been a major task, and one that is nearly complete. We have undertaken extensive stakeholder engagement to make sure that we are fully engaging with industry, and are encouraging businesses - both big and small - peak bodies, unions, individuals with expertise and others to get involved in their IRC.

Around 20 people, from a range of businesses and organisations, have nominated to be members of the Tourism, Travel and Hospitality IRC - demonstrating a strong interest. The final make up of your IRC will be announced shortly on the website.

In terms of structure, your IRC comprises:

- five employers (from small, medium or large enterprises)
- seven industry associations
- one government representative, and

- one union representative.

While nominations for membership of your IRC are now closed, it is not too late to get involved.

Key to an IRC's success is its consultation with businesses and organisations in its sector. This is crucial in developing skills forecasts, and in ensuring there is a case for change and industry support for changes to training packages. Your IRC is keenly interested in knowing your skills needs so that it can translate these into meaningful, flexible training packages that are right for your industry.

You can also get involved by joining a Technical Advisory Committee, which may be established by your IRC. Typically, these committees are made up of industry experts, industry associations, regulators and training providers. The role of the TAC is to provide technical input into the review and development of training packages, or to inform new work.

If you would like to find out more about your IRC, I encourage you to get in touch with SkillsIQ. You can also find out more about the AISC by visiting our website at AISC.net.au

Creating opportunities

On a final note, I would like to tell you about upcoming work by the AISC to identify ways to assist people with disability.

I strongly believe in the importance of creating opportunities for others. This is part of my motivation for being involved in the AISC - to create the right architecture so that businesses - and the people they employ - can succeed.

People with disability remain under-represented in the Australian workforce, and there needs to be more recognition about how they can contribute.

I believe that the training system should be an enabler - an enabler for people of all ages and abilities to have a rewarding and fulfilling career.

To this end, the AISC is identifying ways that the training system can assist young people with disability in the transition from school to work.

For example there are a number of industry sectors, including travel, tourism and hospitality, where improved knowledge and skills for assisting learners with disability to access and participate in training could improve their employment outcomes.

This includes ensuring that educators and employers have the right skills and knowledge to create an inclusive workplace environment for people with disability.

This is a piece of work I am passionate about and which you will hear more about as it progresses.

Conclusion

On that note, I would like to thank Bill again for the invitation to speak with you.

It is clear that the Travel, Tourism and Hospitality industry is fast paced, constantly evolving and of vital importance to the Australian economy.

In my view, the best way for a business to remain competitive in this sort of environment is by ensuring their employees have the right skills and expertise to help the sector grow and prosper.

The work that the AISC and your IRC are doing is aimed at ensuring just that.

I hope you now have a greater awareness of the range of work underway, and that I have inspired many of you to get involved and to have a greater say in the skills needs of your sector.

I would now like to give you the opportunity to ask questions.

[following questions]

Thanks for having me here today. I am also looking forward to being part of the plenary panel discussion this afternoon.

ENDS

INDUSTRY TRAINING SOLUTION SUMMIT 2017
Apprenticeships for Australia – Solving the Puzzle
11.45am Wednesday 31 May 2017
Four Seasons Hotel, Sydney

Hospitality labour force data

- As at November 2016 ABS labour force data for Accommodation and Food Services industry (AFS) (representative of the hospitality sector)
 - employed 843,200 people nationally
 - 269,000 (31%) people employed in NSW - marginal growth of 0.5% in people employed
 - majority of employment in AFS is part-time
 - 162,900 people employed part-time in NSW (61% of total industry employment)
 - 53.7% of accommodation sector workers employed full-time.
- Australia's largest employing industry sector - cafés, restaurants and takeaway food services projected to make largest contribution to growth over the five years to November 2020 - up by 84,300 or 14.9 per cent (using 2016 projections).
- Skilled migration has been used as a short term solution to skills shortages in the industry. Longer term solution is increasing supply through training including government subsidised training.

How is the NSW Government helping address skills challenges in the hospitality industry?

- Key qualifications in the industry funded under Smart and Skilled include:
 - Certificate III in Asian Cookery
 - Certificate III in Commercial Cookery
 - Certificate III in Catering Operations (occupation: cook)
 - Certificate IV in Commercial Cookery (occupation: chef)
 - Certificate IV and Diploma in Hospitality
 - Diploma and Advanced Diploma of Hospitality Management (occupation: hotel or hospitality managers).

Cooks and chefs are mostly trained through apprenticeships. The Certificate IV in Hospitality is also offered as a traineeship.

GTO Pre-Apprenticeship Pre-Traineeship Training Partnering Program

- To improve the uptake of apprenticeships and traineeships and increase completions, the Department funds the GTO Pre-Apprenticeship Pre-Traineeship Training Partnering Program.
- Four GTOs targeting apprenticeships in the hospitality industry:

- Hospitality Training Network (HTN) Ltd
- Recruitment Solutions Group Australia Pty Ltd
- Skillset Ltd
- WPC Group.
- GTOs receive funding for recruiting, screening and referring suitable applicants for pre-apprenticeship training (\$700) and \$800 when participants complete training.
- Since implementation of the program in January 2017, HTN has enrolled 20 students into hospitality pre-apprenticeships training. Five of the students have commenced training.

Apprenticeship Completion Incentive Program

- An additional GTO incentive program was introduced in 2017, the Apprenticeship Completion Incentive Program. Through this program GTOs support apprentices to completion and receive a payment of \$1,000 for each completed apprenticeship.

Front End Pilot

- The Department has been working with Restaurant & Catering Australia and HTN to implement two front end hospitality apprenticeship pilots.
- TNI forms have been approved for the pilots.
- Front end apprenticeships will present a better prepared, more capable Stage 1 apprentice; encourage accelerated progression early in an apprentice's indentured employment period; and provide an employer with an apprentice who is more productive earlier in their apprenticeship.

Smart and Skilled Prevocational and Part Qualifications Program

- The Smart and Skilled Prevocational and Part Qualifications Program provides fee-free short training which can upskill existing workers.
- For the period 1 July 2016 (when reporting by occupations commenced) to 25 January 2017 there have been nearly 1,000 commencements in hospitality-related skill sets.

Partnership between Noma Australia, Restaurant & Catering Australia and the NSW Government

- In 2016, 16 hospitality students had the opportunity to serve part of their training for the Diploma of Hospitality at one of the world's best restaurants, through a 10 week residency with Noma at a pop up restaurant at Barangaroo.

- The internship program, under head chef René Redzepi and his team saw the NSW Government contribute \$2,114 respectively for each student for their training. Following the Noma work placement, the students continued their training with R&CA.
- This initiative was made possible through a partnership between Noma Australia, Restaurant and Catering Australia and the NSW Government.

Further strategies to address hospitality skills shortages should be industry-led

- While the NSW Government has ensured access to government-subsidised training, the level of uptake and completions has not resolved skill shortages. For example, the national estimated completion rate for government-subsidised programs in food, hospitality and personal services in 2014 was particularly low, at 29 per cent (NCVER Research report: 'The likelihood of completing a government-funded VET program 2010-2014').
- Further strategies should be industry-driven, with the Department providing assistance as appropriate. There is a role for industry to promote apprenticeship and traineeship opportunities to young people and employ strategies to boost completion rates.

Strategies may include better recruitment and selection practices, workplace support and training for employers and supervisors, and mentoring for apprentices. Industry can also enhance its engagement with schools to promote hospitality careers. The Department and the Office of the Small Business Commissioner can help industry engage with networks of small businesses, local business advisors, and schools.

Hospitality Industry Statistics

In training

- Currently there are 5,595 apprentices and trainees – 2,783 are apprentices undertaking the following qualifications:
 - Certificate II in Hospitality
 - Certificate II in Kitchen Operations
 - Certificate III in Asian Cookery
 - Certificate III in Catering Operations
 - Certificate III in Commercial Cookery
 - Certificate III in Hospitality
 - Certificate IV in Commercial Cookery
 - Certificate IV in Hospitality.
- There are 4,612 students – includes 1,078 apprentices undertaking hospitality qualifications under Smart and Skilled Entitlement Full Qualifications.

Approvals

- In 2016 apprenticeship approvals in the Certificate III in Commercial Cookery increased by 8.2% - from 1,230 in 2015 to 1,341 in 2016.
- For information: As at 30 April 2017 approvals for Certificate III in Commercial Cookery is down by 14% when compared to the same period in 2016.

Completions

- The completion rates for apprentices and trainees expecting to complete in 2016 in these hospitality qualifications is 54%, compared to the overall completion rate of 61% for all apprentices. This is a significant improvement on previous years, which ranged from 32% to 41% for apprentices and trainees in the Tourism industry.

2016 completions:

- there were a total of 1,656 apprentice & traineeship completions in 2016 in Hospitality qualifications
- 115 of these hospitality apprentices and trainees were employed by GTOs
- traineeship with the most completions is Certificate III in Hospitality, with 875 completions in 2016 – 10 with a GTO
- apprenticeship with the most completions is Certificate III Commercial Cookery, with 593 completions in 2016 – 84 with a GTO

Source of all data: IVETS A&T Data Warehouse

HTN Stakeholder Forum



National Training Summit 20-21 May, 2017

Plenary

Recommendations:

1. Conduct a survey of high school students to better understand why or why not a career in hospitality is something they would pursue/consider. **NSW Government to finance a comprehensive survey of public, catholic and private high schools to determine why high school students do not engage with the hospitality industry through Australian Apprenticeships (or VET more broadly).**
2. Coordinate a marketing campaign that promotes industry success stories/ambassadors (who are contemporary), as well as framing clear pathways (including front of house) and improve campaign reach to parents, teachers and prospective candidates. **Develop a medium to long term strategy involving engagement with Training Services NSW's current VET campaign and ensure that hospitality and food service apprenticeships and traineeships are front and centre as well as target a younger cohort of students (e.g.: Year 7 & 8). To establish costs and funding opportunities available.**
3. Work with Government to establish further "front ended/pre-apprenticeship" models with articulation into post training employment options such as internships or cadetships. **12-week front ended pre-apprenticeship in cookery commences May 2017. State Government to commit to continue funding same on a perpetual basis.**

NATIONAL TRAINING SKILLS

RESPONSE:

VET in Schools Campaign:

A recent survey by Year 13 (sample size 2000) revealed that 55% of students believed that schools cared more about their ATAR over their student's future. Hence there is a very real need to coordinate a campaign throughout high schools to promote VET/industry success stories/ambassadors (who are young and contemporary). The campaign should reach parents, teachers and prospective candidates.

Pre-Apprenticeship Programs critical:

Pre-apprenticeship programs are critical to ensuring increased up take and improved retention for Australian Apprentices. Short programs that provide participants with some basic skills and knowledge of the industry have improved outcomes for apprenticeship employment but require sufficient funds up front to resource a suitable recruitment campaign. Attracting suitable candidates is problematic and requires solid investment from Government to recruit those candidates with the best chance of success in an Australian Apprenticeship.

Reinstate Employer Wage Subsidies for Adult Apprentices:

The number of "in training" commercial cookery apprentices has declined by over 26% in the last 10 years in NSW. Some of this decline can be attributed to the introduction of adult apprentice rates of pay to Modern Awards. Thin margined industries such as the hospitality sector are unwilling to pay the 80% of trade rates to apprentices over the age of 21 years and will rather seek out apprentices under the age of 21 years (therefore only pay 55% of trade rates). An employer wage subsidy should be re-introduced to encourage employers to take on Adult Apprentices.

Relax Australian Apprenticeship eligibility in industries experiencing significant skills shortages:

"Non" residents and "Non" citizens should be able to undertake an Australian Apprenticeship in certain industries where demand outstrips supply (HTN is currently recruiting for 120 commercial cookery apprenticeship positions vacant). This could be on the premise that they do not attract any Commonwealth Employer incentives and that they pay full fees for their qualification attainment. I.e: No state sponsored qualification as is the case for Australian Apprentices.

Michael Bennett – CEO

HTN



**Australian
Industry and
Skills Committee**

Drivers seat for industry in shaping skills

Businesses now have a greater say about the skills delivered in the vocational education and training (VET) system, thanks to reforms that put industry at the centre of training package development.

The new system gives industry a central decision-making role through the Australian Industry and Skills Committee (AISC), and its network of Industry Reference Committees (IRCs). These committees are made up of people with close links to industry, ensuring nationally recognised training packages are more responsive to businesses' needs and the changing needs of the workplace.

The Australian Industry and Skills Committee

The AISC is an industry/government collaboration focused on:

- simplifying and demystifying the VET system
- amplifying the voice of industry in skills training development, and
- building employer's confidence in VET qualifications.

The AISC is made up of industry leaders with links across the economy including in the construction, disability services, information technology, mining and hospitality and tourism sectors. The national peak industry bodies are also represented.

The AISC collaborates with other industry leaders, including through the Australian Government's Industry Growth Centres (IGCs), and advises Commonwealth and State Skills Ministers to make sure that the voice of industry is heard.

The AISC is focused on ensuring Australian businesses have the workforce they need to be more innovative, productive and competitive, and to power our economy.

Industry Reference Committees

The AISC draws on advice from its network of over 60 IRCs. IRCs are made up of members who are leaders in their own sectors – from big business, small enterprises, peak bodies and unions.

