OVERVIEW OF INDUSTRY

The Australian and New Zealand Standard Industrial Classification (ANZSIC) code for Fast Food is Division H/Sub-division 45/ Class 4512.

The Fast Food market in Australia has experienced a vigorous growth over the last decade as Australians are making eating out a way of life. Once dominated by hamburgers, the Fast Food Industry has undergone a health kick over the five years through 2013-14 which has led to a 3.0% per annum rise in industry revenue to $15 billion. Twenty-five percent is spent on hamburgers, 19% on salads and sushi, 16% on pizza, 15% on sandwiches, rolls and wraps, 11% on chicken, 6% on desserts and confectionery and 5% on pies, sausage rolls and fish and chips. The mature life cycle stage for this industry is evident with industry value added growing at an average annual rate of 3.1% over the ten years through 2012-18 compared with average GDP growth of 2.9% per annum over the same period.1

There is reported to be 24,600 Fast Food establishments across Australia, employing 214,265 people earning a total of $15 billion. Western Australia has 9% of the establishments, with New South Wales having the largest number (32.5%).2

The Fast Food market has progressively changed over the years with the market being influenced by overseas trends as well as more uniquely developed Australian eating out preferences. The increased popularity of chain outlets at the expense of independent fast food operators seems to hold up while there are shifts in the popularity of various fast food alternatives. Easy to prepare meals have risen in popularity. Supplied by supermarkets, the rise in availability of pre-packaged meals has had a negative effect on the industry. Competitive pricing and convenience has increased the appeal of easy-to-prepare meals.

IBIS World’s 2013 report on “Fast Food Services in Australia” shows that consumers aged 45 to 54 years make up the largest market for the fast food industry. This particular age group comprises 21.2% of the market, and is mostly households with working mothers. The 15 to 24 years group is the second major market, made up of young professionals, university and TAFE students. This group makes up for 20.0% of the market and is usually looking for value for money, mostly taking advantage of various promotions and deals offered by retailers. Consumers aged 35 to 44 years comprise 19.6%, followed by those aged 25 to 34 years accounting for 18.6% of the market. The smallest market in the industry is consumers in the higher age bracket such as those aged 55 to 64 years, making up 13.9%, while those aged 65 and over comprised 6.5%.3

According to a report produced by Bis Schrapnel, across Australia there has been a steady growth in fast food outlets, making it a competitive market offering consumers a wide range of different fast food options. Although hamburgers regained some of its popularity and hot
chips remain one of the most popular choices, the fast food market and consumer preferences are shifting towards new and emerging alternatives. Over the past years consumption of snack foods has also increased. For the production and sale of domestic food products, businesses must adhere to the standards put in place by regulatory body Food Standards Australia and New Zealand (FSANZ). FSANZ's main responsibility is to develop and administer the ‘Australia New Zealand Food Standards Code’ (the Code), which lists requirements for foods such as additives, food safety, labeling and GM foods.

Australia is often compared with Canada, and there are very definite cultural and economic similarities between the two countries. The fast food trends in Canada are therefore of interest to Australia and in particular those involved in the commercial food service industry that supplies this sector.

Technomic’s The Canadian Future of LSR: Fast-Food & Fast-Casual Restaurant Consumer Trend Report examines consumer behaviour, attitudes and preferences toward fast-food and fast-casual restaurants based on survey results from 1,000 consumers. The report provides an in-depth look of year-over-year findings on menu development at fast-food and fast-casual chains and found the following trends:

- Limited service restaurants (LSRs) are becoming the driving force behind the commercial food service industry in Canada. Limited service chains accounted for nearly three-quarters (73.2%) or $19.6 billion of the Top 200 Canadian chain sales and 85.5% or 20,423 units in 2011. LSRs are restaurants where patrons generally order and pay at the counter. Within this segment there are traditional fast-food locations such as McDonald’s that focus on fast service and affordable pricing, and fast-casual concepts which have a more upscale menu and ambiance and focus on made-to-order foods.

- Fast-food patronage thrives on its convenience and value, while food distinction and ambiance are key factors driving patronage at fast-casual locations. There is a blurring of the lines between fast-food and fast-casual restaurants. For fast-food restaurants it’s about offering higher quality more healthy food in an updated, more upscale setting, for fast-casual restaurants, it’s about strengthening areas of value, convenience and speed of service.

- Breakfast menu items are on the rise – Driven by new breakfast sandwiches, LSRs breakfast entrées grew by 17% on fast-food menus and 13% on fast-casual menus between 2009 and 2011.

- Fast-Food dominates – overall patronage is much higher at fast-food restaurants than at fast-casual concepts; while 30% of consumers visit fast-casual restaurants at least once a week, nearly twice as many (59%) patronize fast-food concepts weekly.

- Patronage spikes at lunch – consumers visit fast-food and fast-casual restaurants for lunch more often than for any meal: 28% of fast-food consumers purchase lunch at these restaurants at least once a week, 38% of fast-casual restaurant customers visit these concepts for lunch once a week or more often.
- Eat healthier – Natural, premium and gluten-free options and the growing importance of better-for-you kids’ meals continue to guide better-for-you LSR menu development.

- Street food influences continue – Rustic, handheld street foods with a global spin pop up as unique and craveable offerings on LSR menus. Consumers are looking for new flavour supplements for their sophisticated palette.

**Labour and Skills Needs**

Information regarding the Fast Food Industry is often embedded within the Retail Industry statistics and reports. To-date specific information relating to the Fast Food Industry has not been available to RAPS Training Council.

Anecdotal evidence suggests, as with Retail, the Fast Food Industry has a high percentage of part-time employees, mostly sourced from the 15 – 24 year age range. Further research undertaken by the RAPS Training Council indicates employment vacancies in Western Australia for Fast Food chains, has decreased by 38.67% from 2011.

Media reports indicate a strong reliance on 457 visas to fill vacancies, particularly in the fast food industry.

Entry point to this Sector is at Certificate II. All core units of Certificates II, III and IV are provided from the Retail Training Package, with streamlined electives being offered to suit the Fast Food stream at the employees’ workplace.

The SIR07 v2 Retail Services Training Package included 10 retail industry specific qualifications, six revised and four newly developed, ranging from AQF Certificate I to Vocational Graduate Certificate level. The new qualifications address job outcomes in fast food, supervisory and management and business to business environments.

**Impact of Government Policy/Decisions**

The removal of the Federal Government employer incentives for Certificate II level traineeships has shown a marked decline in numbers while the numbers in training in Certificates III and IV are not showing an increase to compensate for this decline. The requirements of industry appear to have been overlooked with policy decisions being made without consultation with industry and the potential workers it most affects.

The Retail and Personal Services Training Council of Western Australia, undertook a survey in late 2013 to establish reasons for the decrease in uptake of Certificate II, III and IV within its respective industries. The report on the results collated found that commencements in Certificate III in Retail Operations declined from 1,330 in 2011 to 780 in 2013. The main reason employers cited for not employing trainees was the withdrawal of employer incentives.

Additionally, the Australian Workforce and Productivity Agency (AWPA) conducted a Retail Workforce Study in March 2014. The study recommended that the Government provide funding for Certificate II level qualifications in Retail service sectors where a Certificate II is demonstrated to be the industry standard entry level qualification, and preferably where the training is integrated with structured workplace learning.
There is the risk that the reduction of funding for retail qualifications will result in a loss of productivity for the industry, which is crucial given the intensified competition from online and international outlets. This also places an extra burden on small and micro enterprises struggling to upskill their staff. Additionally, at the federal level, the August 2013 decision to cease standard completion incentive payments for employers engaging existing worker trainees in non-priority occupations, including retail, is likely to have a detrimental effect on the industry’s training effort.9

**Deregulated trading hours**

The Australian National Retailers Association (ANRA) has called for unrestricted retail trading hours which would allow all shops to have the option of trading 24 hours a day, seven days a week with the exception of Christmas Day, Good Friday and the morning of Anzac day.10

Coles and Woolworths support the call for national consistency of retail trading hours stating that it would improve economic growth, reduce cost-of-living pressures on consumers and help stores compete against online retailers.11

The Australian Retailers Association (ARA) Executive Director Russell Zimmerman said although the ARA supports the retail industry trading hours, caution must be taken to keep smaller independent businesses alive. Mr Zimmerman stated that the call for uniform trading hours may assist in economic growth in the short term, however smaller businesses will be unsustainable with the pressures it will involve, and long term it may not prove to give positive economic growth. If consumers want longer trading hours, then employment cost and penalty rates must also be part of the discussion - without penalty rates being reviewed, wages and on costs will be unsustainable for the independent retailers in Australia.12

The main union representing retail workers, the Shop Distributive and Allied Employees’ Association argues the main challenge facing industry is online sales by overseas retailers, not labour costs and “sees no justification in any further extension of retail trading hours”.13

**Western Australia**

A study conducted in April by Patterson Research Group for independent grocers revealed that almost nine out of ten (88 per cent) of metropolitan shoppers believe that current shopping hours are adequate for their needs.

The study showed satisfaction with the current system was not influenced by gender, with 88 per cent of men and the same number of women saying they were satisfied. Three quarters of those in the 18 to 39 age group were satisfied with current hours.

The WA Independent Grocers Association president, John Cummings, said results were a damning indictment of unsupported claims by major national retailers and big shopping centre owners that consumers were demanding more shopping hours.14

**Penalty rates**

Following a decision by the Fair Work Commission (FWC) on the Restaurant and Catering award to reduce penalty rates by 25 percent on Sundays for casual employees, the Australian Retailers Association (ARA) is hopeful they will see a common sense outcome in this year’s
Retail Award Review due later this year. The ARA believes there is sound economic and social argument to bring penalty rates in line with Saturday rates.  

Mr Ian Blandthorn of the Shop Distributive and Allied Employees’ Association totally rejects the idea that wage and or labour costs are an impediment to effective competition in the retail industry and argues that the modern retail award is flexible and has no limits on the numbers of casuals that can be employed.

**Regional Aspects**

Although there are no identified shortages in the fast food industry, due to the crowding out effect, the lack of availability of skilled labour and a lack of accommodation to house workers in regional areas impacts on all the service industries. During consultations with stakeholders in the Goldfields and Esperance regions, RAPS became aware of the limited career opportunities available to females in these regions.

There is also a need to develop training programs for Indigenous youth, particularly females in the Broome and Fitzroy Crossing regions.

**Technological**

itakeaway is 100% Australian owned and operated, and is the first company worldwide to develop and offer an online iPhone, iPad or iPod Touch App for ordering takeaway food. The system has helped generate more business for restaurants and takeaway food outlets and at the same time make it more convenient for consumers to order from the widest variety of foods possible. Recognising that 1 in 33 people in Australia have an iPhone or iPod Touch, an interactive self-administered website was developed that would save the restaurant time, staff and money. It also enables consumers to order takeaway food online with a free iPhone, iPod Touch or iPad App. There were 10.9 million active internet subscribers in Australia at the end of June 2011. Another feature of itakeaway is the use of Google Maps, whereby if you are out of town or in an area you’re not familiar with, you can still order takeaway and locate the restaurant easily.

Business owners will no longer have to invest in costly website, iPhone, iPod Touch or iPad design and development as itakeaway has produced all the technical software for them.

Itakeaway’s interactive website is dynamic in that restaurant orders are automatically generated and confirmed, customer databases are automatically updated and the restaurants receive comprehensive financial and sales reports as well as live online technical support 24/7. The technology is designed to streamline takeaway operations by freeing up staff attending to phone orders, providing total accuracy with each order and eliminating the ‘stand-up order’, with the added benefit of not having customers standing around the entrance waiting for their orders. Over 300 businesses have already signed up and many more are doing so on a daily basis.

**Qualification Profile of Workforce**

Entry point to this Sector is at Certificate II. All core units of Certificates II, III and IV are provided from the Retail Training Package, with streamlined electives being offered to suit the fast food stream at the employees’ workplace.
Qualifications currently being delivered in Western Australia are as follows:

- Certificate II in Retail Fast Food

**Continuous Improvement**

The SIR07 Retail Services Training Package is currently undergoing the continuous improvement process to ensure it meets the needs of industry and the National Skills Standards Council (NSSC) Standards for Training Packages. It is anticipated that this will be submitted for endorsement in early 2015.

**Issues, Barriers and Opportunities**

The negative perception of employment within the Fast Food Industry is a concern as many describe it as a “dead end job” where workers suffer from stress, underemployment and reduced job and life opportunities.\(^{19}\) Fast Food is seen as a form of secondary labour employment characterised by low pay, poor working conditions, little training, little chance of advancement and high staff turnover.

The Federal Workplace Ombudsman is concerned that large numbers of young people and migrant workers might be being short-changed by Fast Food employers. The State Director reported the preliminary findings of random audits of the Fast Food sector suggest there is a lack of awareness among employers of their workplace obligations. The Western Australian office is asking more than 230 take-away outlets to open their books as part of a nation-wide food services campaign. Of employers audited in WA so far, 48 per cent had breaches - mostly minor - but many relating to underpayment of staff. Maximum penalties of $33,000 apply to breaches of the Workplace Relations Act.

**Emerging Occupations**

There are no identified emerging occupations.

**Declining Occupations**

There are no identified declining occupations.
ENDNOTES


5 Australian Food News: Differences blurring between fast-food and fast-casual restaurants, says Technomic (2012).  

6 Australian Food News: Differences blurring between fast-food and fast-casual restaurants, says Technomic. (2012).  

7 Service Skills Australia. (2013). Retail, Wholesale and Floristry Environmental Scan.

8 Service Skills Australia. (2013). Retail, Wholesale and Floristry Environmental Scan.

9 Service Skills Australia. (2014). Wholesale, Retail and Floristry Environmental Scan.


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