

## **CASE STUDY**

### **RE: BOOSTING APPRENTICESHIP COMMENCEMENT (BAC) 50% WAGE SUBSIDY**

Fictional restaurant XYZ Bar & Grill (XYZ) is a cosmopolitan dining and bar destination in the ACT. XYZ offers a modern-fusion menu, sophisticated ambiance, and vibrant service. Like the majority of hospitality establishments around the world, XYZ suffered badly from the effects of the pandemic. The loss of trade and consequential loss of talent has put the business in a difficult position. Now that customers are starting to come back, XYZ needs to employ or re-employ staff. Unfortunately, many of their previous and highly trained employees have now moved on and gained secure work in different industries. The critical skills and labor shortages in hospitality is also proving to be extremely challenging for XYZ recruitment activities.

XYZ needed a new strategy to attract and retain employees. Management decided to focus their attention on providing training and professional development opportunities for their people and incorporate this into their employment offering. The biggest challenge, however, was the cost of implementation. Nationally recognised qualifications are expensive, especially when you add the cost of paying staff to undertake the training. How could XYZ commit to such a financial undertaking considering the immense impact of the pandemic?

By chance, XYZ management heard about the Federal Government's Boosting Apprenticeship Commencement Wage Subsidy (BAC). They discovered they could receive a 12 month locked in 50% wage subsidy for trainees and apprentices they employ prior to 31st March 2022. The subsidy applied for a 12 month period from the date of commencement with a maximum subsidy amount of \$7,000 per quarter or \$28,000 per annum.

As XYZ was madly recruiting in the lead up to the Christmas period of 2021, they decided to employ all the new workers in either a part-time or full-time capacity through an apprenticeship pathway (see Table 1). Currently, the ACT Government funds apprenticeship pathways all the way to an advanced diploma level which provides enormous flexibility for hospitality employers to engage employees through apprenticeship pathways at all levels across the organisation. The move to increased levels of permanent employees was a considerable move away from XYZs usual heavy reliance on casual workers and required significant changes to the structure of the roster. This was difficult and resulted in some loss of flexibility and increased payroll administration costs, however, XYZ management were of the firm belief the benefits far outweighed the costs. Each new employee was enrolled into a relevant qualification according to their role and level of responsibility (see Table 1).

XYZ nominated Access Recognised Training (ACCESS) as the Registered Training Organisation (RTO code 88203) to deliver the training to the employees through a work based training model. Tuition fees were only \$500 per person.

The staff training commitment was 3 hours per week which must be incorporated into the normal paid working hours of the employee. The training involved structured online or face-to-face theory based training provided by the RTO and practical on-the-job training provided by XYZ. ACCESS worked closely with XYZ management to ensure they were aware of the practical training requirements they were responsible for. XYZ management found that much of the practical training was no different to the normal on-the-job training provided to any new employee or existing employee moving into a new area or role.

**(Table 1)**

<b>Position</b>	<b>Salary p.a</b>	<b>Wage subsidy amount p.a</b>	<b>Qualification</b>	<b>Tuition Fees</b>
1 x FT restaurant manager	\$70,000	\$28,000	Diploma of Hospitality	\$500
1 x FT restaurant supervisor	\$50,000	\$25,000	Certificate IV in Hospitality	\$500
3 x FT food and beverage attendants	\$45,000 (\$135,000)	\$67,500 ( 3 x \$22,500)	Certificate III in Hospitality	\$1,500
5 x PT food and beverage Attendants	\$20,000 (\$100,000)	\$50,000 (5 x \$10,000)	Certificate III in Hospitality	\$2,500
2 x FT apprentice cooks	\$20,000 (\$40,000)	\$20,000 (2 x \$10,000)	Certificate III Hospitality	\$1,000
1 x FT qualified cook	\$55,000	\$28,000	Certificate IV in Commercial Cookery	\$500
<b>Total</b>	<b>\$451,000</b>	<b>\$218,500</b>		<b>\$6,500</b>

As can be seen in the table, the strategy to employ all staff through an apprenticeship pathway has yielded a \$218,000 wage subsidy for the 12 month period. This has considerably eased the pressure on the cost structure. In addition to the wage subsidy the Federal Government also provides employer incentives of up to \$4,000 for eligible full-time apprentices and \$1,500 for eligible part-time apprentices. This provides potential additional income for XYZ of \$39,500 if all employees are found to be eligible for employer incentives and they complete their training.

XYZ management are planning to employ more people prior to 30th June 2022 to ensure they can receive the full benefit of the BAC.

**For more information on the BAC please contact Peter Hayes from Access Recognised Training on 0402 021 782 or peterh@accessrt.edu.au**