

Skills Demand Snapshot

Victoria's Baking Sector

November 2019



This document outlines the skills demand profile for the baking sector in Victoria. For the purposes of this skills profile, the baking sector is defined as businesses who manufacture baking products in non-factory based settings.



Prepared by the Office of the Victorian Skills Commissioner for the Minister for Training and Skills, the Hon, Gayle Tierney MP.

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Foreword

This document outlines the skills demand profile for the baking sector in Victoria. For the purposes of this skills profile, the baking sector is defined as businesses who manufacture baking products in non-factory based settings. This profile provides a genuine understanding of the current and future (1-3 year horizon) skills and training requirements of the sector.

The success of this work relied on insights from experienced employers within this sector, to provide a sector-wide view of skills requirements and workforce challenges. A total of eight employers, spanning the full range of services and market segments were engaged across two separate meetings to develop this skills profile. Many of these employers have multiple franchise businesses, and together represent approximately 13 per cent of the Victorian market. At both meetings, insights from public data on the baking sector were presented and validated with participants.

The meetings provided the opportunity for baking employers to input their view of priorities and requirements from the VET system in addressing sector skills issues. This profile can be used by TAFE and training providers to better understand the baking sector's priorities in terms of occupation and skill demand to ensure the supply side responds appropriately to VET opportunities.

The Victorian VET system aims to deliver 'real training for real jobs' by providing up to date training for new challenges in the sector. This report is part of a series of sector profiles which will be developed by the Office of the Victorian Skills Commissioner (OVSC). The set of skills demand snapshots will complement the regional skills demand profiles to provide a richer picture of the skills needs of Victorian industry. Insights from consultations will inform Government in terms of where they should be allocating taxpayers money to sectors which value accredited training. A collaborative effort between government, employers and training providers is required to address these challenges.

This profile represents a summary of the views of consulted employers and sector representatives on the current and future needs of the baking sector. As such, the Office of the Victorian Skills Commissioner has prepared the report with care and diligence, based on information provided through consultations. Information in the profile has not subsequently been independently verified or audited.

The success of this work relied on insights from experienced employers within this sector, to provide a sector-wide view of skills requirements and workforce challenges.

Acknowledgements

The OVSC would like to acknowledge the time, contribution and insights of participating employers and to the Baking Association of Australia in supporting this process. The findings in this report would not be possible without their shared knowledge, openness, generosity, expertise and commitment.

Table 1: Participating Employers

Member	Organisation
Kieran Meier	Artisan Baker
Andrew Pajic and Luke Farrell	Bakers Delight
Brad Harris	Grainstore Bakery
Simon Gray	Gusto Bakery
Brandon Bullen and Corey Howard	Peerless Foods
Andrew O'Hara	Phillippa's Bakery
Michael Plarre	Ferguson Plarre Bakehouses
John Humphrey	Baking Association of Australia

Summary

Victoria's baking sector

Approximately
16,000 workers
across Victoria



Approximately
150 additional
apprentices
required by 2022



Three up to date,
recommended
pathways to
employment



Low risk of
automation for
entry level roles



Improving working
conditions for
entry level
workers



High job security
for qualified
bakers



Career pathways and training

Salary: \$60k - \$80k

Managing Director/Owner

Manager

Experience: 10+ years

Skills: business management

Salary: \$45k

Experience: 3+ years (5+ years for Head Baker)

Skills: baking operations coordination, organisational management, people, management, professional service approach, health and safety planning

Upskilling Post Trade

Employers were also interested in short courses by skilled bakers of local or international renown. VET skill sets in the FBP training package are not recognised or used in the sector.

Validated career and training pathways

Salary: \$50k - \$80k

Bread Baker

Experience: 3+ years

Key skills: dough making, dough proving, oven baking, problem solving - diagnosis and response, waste management, scheduling, operating at scale, knowledge of scientific processes

Recommended Training Pathway

Enrol in: Apprenticeship in Certificate III in Bread Baking

Salary: \$45k - \$80k

Cake and Pastry Baler

Experience: 0-3 years

Key skills: producing batter, preparing fillings, familiarity with pre-mixes, oven baking, problem solving - diagnosis and response, waste management, scheduling, operating at scale, knowledge of scientific processes

Recommended Training Pathway

Enrol in: Apprenticeship in Certificate III in Cake and Pastry

Salary: \$40k - \$75k

General Baker

Experience: 0-4 years

Key skills: dough making, dough proving, producing batter, preparing fillings, familiarity with pre-mixes, oven baking, problem solving - diagnosis and response, waste management, scheduling, operating at scale, knowledge of scientific processes

Recommended Training Pathway

Enrol in: Apprenticeship in Certificate III in Baking (combination of bread and cake and pastry)

Note: The apprenticeship course should be selected in consultation with individual employers, as the skills and experience offered varies based on the range of products in each business. Classroom based certificate III courses are not endorsed by employers and do not lead to employment outcomes.

Other VET courses

Certificate II in Baking

Introduction course to provide industry exposure and prepare for apprenticeship courses.

Certificate IV in Baking

Post trade course in baking operations and specialised baking techniques.

Note: The chart on the previous page shows core roles in the baking sector. Additional opportunities exist for baking assistants, administration staff, packers, industry representatives and product representatives.

Recommendations for the VET system

- TAFEs to work with schools to facilitate required increase in apprenticeship commencements - 150 additional by 2022
- TAFEs to establish a course advisory committee in partnership with employers to ensure training remains contextualised to current industry practice
- Government to consider models to support already employed apprentices and their employers to improve completion rates
- Review and continue to modernise certificate III apprenticeship qualifications within the next three years
- Make certificate III courses apprenticeship only
- Pilot independent assessment for apprenticeship qualifications
- Explore new delivery models that better align with operations of the baking sector
- TAFEs to ensure experienced bakers who are currently working in the sector are recruited to deliver apprenticeship training.

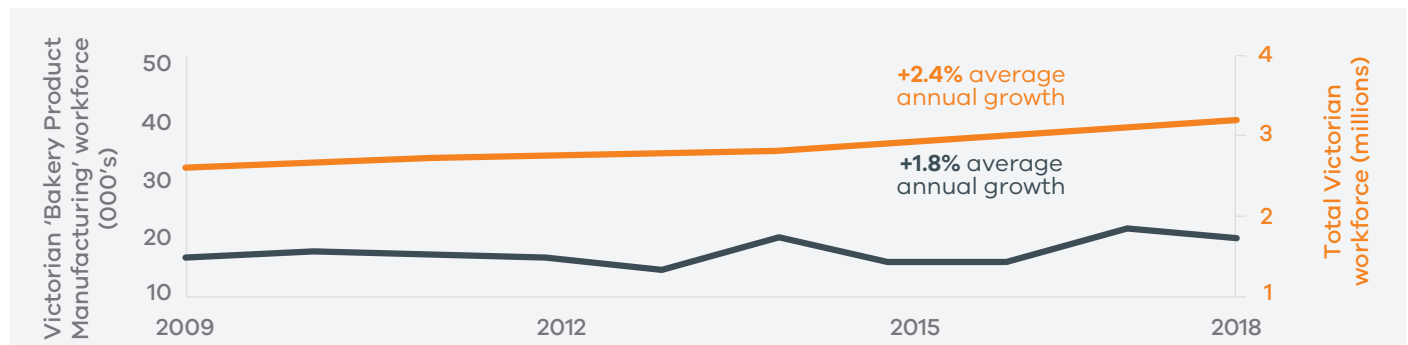


1. Sector overview

The baking sector has grown steadily over the past 10 years

Baking is a subcomponent of the broader food production industry, comprising of businesses that produce and sell baking products directly to customers on site. This excludes supermarkets, as well as cafes that sell baked goods sourced through wholesalers. Bakery products are categorised into breads, cakes and pastries. The sector had an estimated turnover of \$3.75 billion in 2018, or 0.9 per cent of the Victorian economy¹. Approximately 16,000 workers are currently employed, and the workforce has grown at an average of 1.8 per cent per annum over the past 10 years (see Figure 1).

Figure 1: 'Bakery product manufacturing' Victorian workforce growth since 2009



Note: Bakery product manufacturing covers factory based and non-factory based production. Source: ABS Labour Force Survey, 2019.

Businesses adopt a flat organisational structure to enable flexibility

As estimated 1,400 baking businesses are based in Victoria, serving the retail or wholesale markets. Most are medium sized operations, two thirds have between 1-19 staff, and 62 per cent have an annual turnover between \$200,000 and \$2 million².

Approximately 70 per cent of baking businesses are traditional style bakeries, including stand-alone bake houses or franchises as part of larger bakery chains. There are 10-15 major bakery chains that operate in the Greater Melbourne area, for example, Baker's Delight, Philippa's Bakery, Ferguson Plarre Bakehouses and Gusto Bakery³. Twenty per cent of bakeries are wholesalers, who supply baked goods for cafes, restaurants and supermarkets. These are split between niche wholesalers who provide small volumes of specialty products, and large wholesalers with wide distribution networks, such as Sweet by Nature or Swiss Bakery. The remaining 10 per cent of businesses are home-based, part-time bakers who predominantly sell goods at farmers markets or street stalls. Across all businesses, the majority of revenue is from local sales, as any exported goods must be frozen for transportation.

Most traditional bakeries have a core baking team of around 3-5 workers. This includes a head baker, with at least 5 years' experience in the relevant specialty, 1-2 qualified bakers with 3-5 years' experience, and 2-3 apprentices or baking assistants. Where employers are unable to find an apprentice, their preference is to increase the number of bakers rather than baking assistants. In smaller businesses the owner may be the head baker, who also carries out the management role with an administrative assistant. Sales assistants provide front of house customer service. Although roles are defined, businesses typically have a flat structure to enable flexibility for staff to work across multiple tasks, particularly in smaller bakeries.

Employers add various roles to this core structure based on the size and nature of their business. As bakeries grow and diversify, separate teams are sometimes established to focus on different product types, and a sales manager is often employed to supervise sales assistants (see Figure 2). Bakery chains with multiple franchises often have centralised corporate roles to provide human resources, marketing, accounts and administration support. On average 80 per cent of workers are employed full time, however bakeries that are open seven days a week have up to 40 per cent casual staff to increase flexibility, particularly in sales assistant roles.

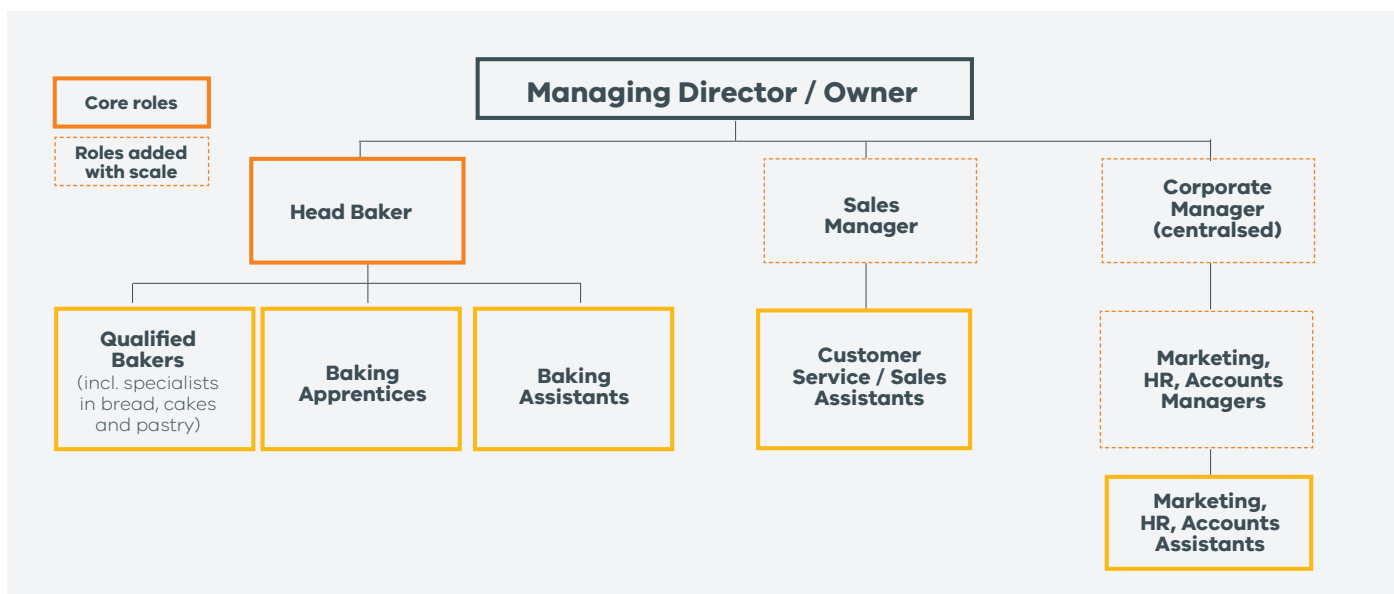
¹Parliament of Victoria, Victorian Economic Snapshot, 2016-17

²ABS Counts of Australian Businesses, 2018

³Note: other chains include Banjos Bakery, Bonbons Bakery, Breadtop, Brumbies, Brunettis and Nickles Bakery, among others.

Figure 2 below outlines the basic structure of baking businesses, which have common core production and sales roles (indicated by solid lines), and additional roles added with scale (indicated by dashed lines).

Figure 2: Indicative baking business organisational structure



The sector has a range of entry level roles, filled by young workers in metropolitan areas

The Victorian baking sector employs approximately 16,000 people, with entry level workers making up a large proportion. Approximately two thirds of the current workforce are entry level workers in apprenticeship positions, baking assistant roles or sales assistant roles. The remaining third are qualified bakers, head bakers and staff in management positions. Overall, the workforce is significantly younger compared to the broader Victorian economy (see Figure 3), with a median age bracket of 20-25 years. The higher proportion of young people reflects the intense physical nature of some baking work, a high dropout rate due to difficult work hours, and a high proportion of young people in casual sales assistant roles.

The baking sector workforce is centred around metropolitan areas in Victoria where local demand is strongest. This is illustrated in Figure 4, which shows that most of the Victorian workforce located in Greater Melbourne with a lower concentration of businesses across regional areas.

Figure 3: Victorian baking workforce age distribution

Source: ABS Census, 2016

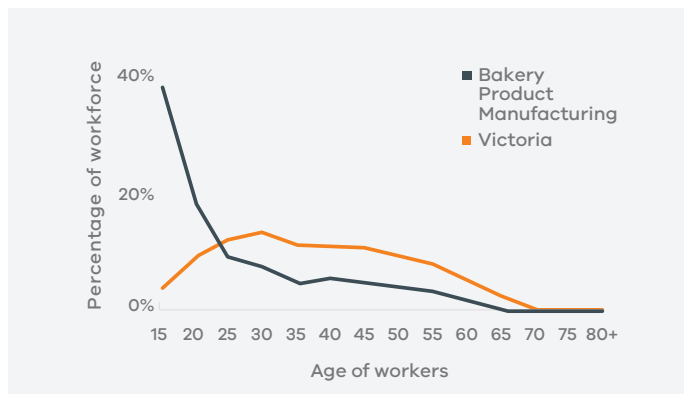
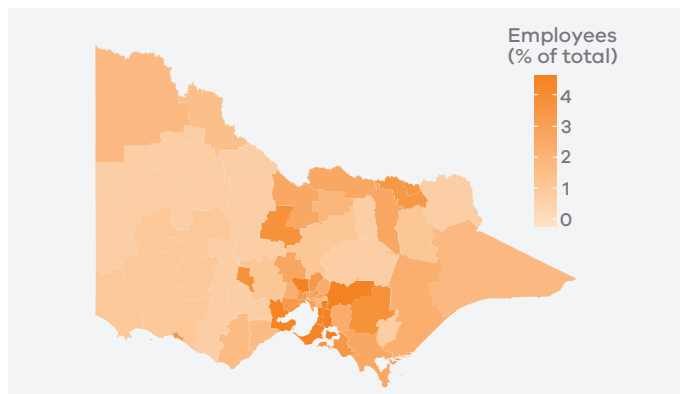


Figure 4: Geographical workforce distribution

Source: ABS Census, 2016





2. Sector outlook and workforce implications

Recommendations for the VET system:

1. TAFEs to work with schools and baking employers to support an additional 150 individuals commence a relevant apprenticeship in the next three years.
2. TAFEs to establish a course advisory committee in partnership with baking employer representatives to ensure learning materials and quality of apprenticeship training remains contextualised to current industry practice, particularly as new technology is introduced.
3. Government to consider models to support already employed apprentices and their employers during the apprenticeship to improve completion rates.

Entry level and skilled bakers are in high demand as numbers have not increased with sector growth

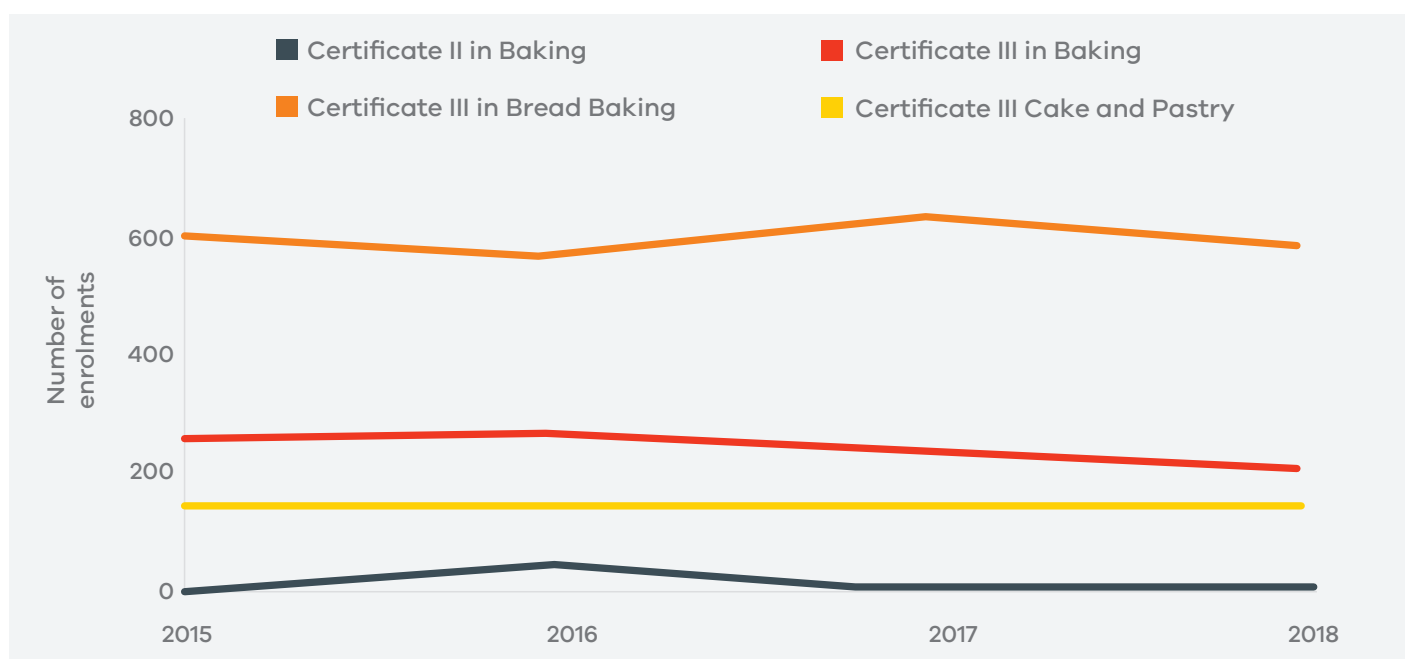
Demand for skilled labour has increased as the baking sector has grown steadily over the past 5 years. However, the number of entry level bakers in apprenticeship training as well as retention rates for workers completing qualifications and transitioning into skilled roles, have not increased accordingly. This has resulted in challenges for employers to fill vacant positions.

Finding suitable apprentices is the number one workforce challenge for most employers. Employers estimated that there is a current shortage of at least 50 apprentices across the sector. However, businesses who advertise through mainstream channels receive little interest from suitable candidates. The lack of success with public job advertisements means employers rely on social media, personal connections and word of mouth to recruit apprentices. In the absence of suitable apprentices, employers generally need to employ fully qualified bakers in their place, depending on business requirements. Some employers choose to hire general baking hands, however a high dropout rate was reported, with one worker in every six staying on for the long term.

Employers reported that career perception, unsocial work hours and physical work are the main reasons for a lack of interest from suitable entry level bakers. This is particularly difficult in metropolitan areas, where young people are increasingly focused on tertiary education through university. In regional areas, a stronger trades focus and better connections between employers and local schools means suitable apprentices are easier to source.

The challenges in attracting new apprentices are reflected in trends in apprenticeship enrolments, which have declined by 2 per cent overall each year from 2015-18. In 2018, there were approximately 950 apprentices across all courses. Relative enrolments across different courses reflect the size of different market segments. Certificate III in Bread Baking was by far the most common apprenticeship, with approximately 600 enrolments, while Certificate III in Cake and Pastry, and Certificate III in Baking had 200 and 150 enrolments respectively (see Figure 5).

Figure 5: Baking apprenticeship enrolments 2015 to 2018



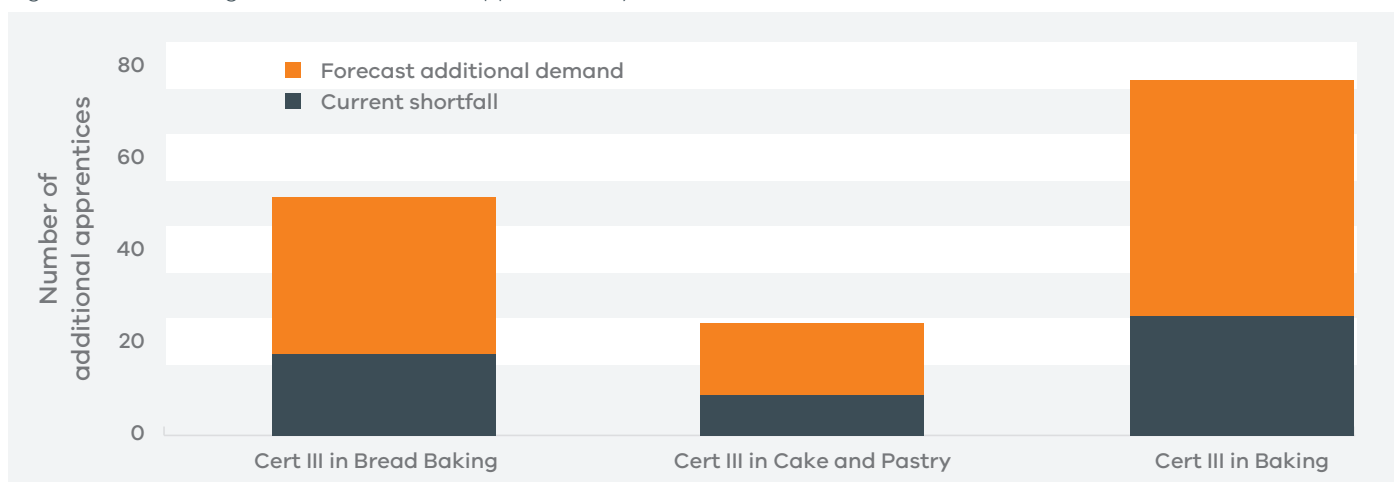
Source: NCVER, Government funded students and courses, 2018

Retention of apprentices until they have completed their training is another challenge for employers. Approximately one third of commencing apprentices complete their qualification. In some cases, employers pay above recommended rates to keep high performing apprentices. This is common for mature apprentices as remuneration rates are designed for younger workers. Once bakers are qualified, they are in high demand and typically stay in the industry, although they frequently move between employers. The biggest drain on qualified workers for smaller bakeries are supermarket chains, who have aggressively expanded their baking in the last few years. Employers increasingly hire qualified migrant workers to fill gaps temporarily, however they are often unable to hold a long-term position due to visa requirements.

An additional 750 workers, including 150 apprentices will be required by 2022

Overall population size and trends in retail preferences are predicted to continue to drive demand for skilled workers over the next 3 years. The workforce is predicted to grow at 1.1 per cent, resulting in an additional 750 workers required by 2022. Employers anticipate that this will include at least an additional 150 apprentices (see Figure 6), which is equivalent to increasing commencements by 50 per year on year for three years (assuming current attrition rates apply). Cake and pastry products are expected to be the fastest growing aspect of the market, driven by increases in discretionary spending. Artisan wholesalers who supply specialty products such as muffins and bagels directly to cafes are predicted to grow strongly while growth in demand for traditional bread products will be slower, as the market typically increases in line with overall population growth. Further, traditional strip shop bakeries are expected to experience low growth or a slight decline due to increased competition by supermarkets.

Figure 6: Estimated growth in demand for apprentices by 2022





Employers seek core and specialist skills in workers

Baking businesses rely heavily on skilled workers. The cost of labour is high relative to most industries, constituting between 40–45 per cent of total business expenses, so an efficient and productive workforce is a high priority. Head bakers need at least five years of experience in the relevant specialty, as well as strong organisational, communication and people management skills. In qualified bakers or current apprentices, employers seek a range of core and specialist skills depending on the type of products they offer (see Table 2). In some cases, businesses that produce a wide range of products may require qualified bakers to have skills across both bread baking and cake and pastry baking. Tickets in health and safety and food safety are also standard requirements for apprentices to complete during training. For new apprentices, employers look for a genuine interest in the sector and an understanding of basic baking processes.



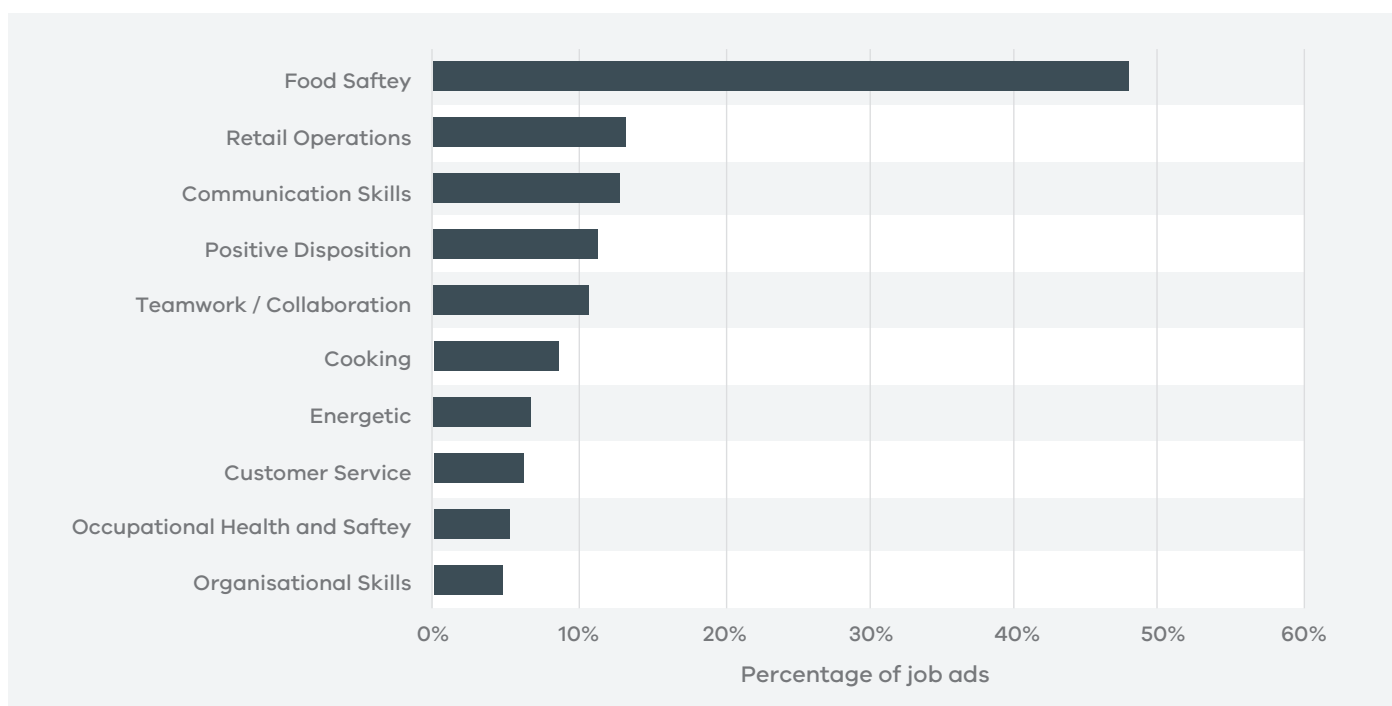


Table 2: Core and specialist skills identified by employers

	 Bread baking	 Cakes and Pastry
Specialist skills	<ul style="list-style-type: none"> • Dough making (weighing, mixing) • Dough proving (temperature management) 	<ul style="list-style-type: none"> • Produce sponge, cake and cookie batter • Preparing fillings • Familiarity with pre-mixes
Core skills	<ul style="list-style-type: none"> • Oven baking • Problem solving – diagnose faults and respond • Waste management • Scheduling • Operating at scale • Knowledge of scientific processes 	<ul style="list-style-type: none"> • Same as bread baking
Tickets	<ul style="list-style-type: none"> • OH&S • Food safety 	<ul style="list-style-type: none"> • Same as bread baking

Analysis of job advertisements by baking employers showed skills that employers list in addition to apprenticeship requirements. Food safety is the most common skill employers advertise for, listed in approximately half of all advertisements (see Figure 7). Business skills such as retail operation and organisational skills, and interpersonal skills such as communication, teamwork, customer service and business skills were also identified. In entry level sales and retail assistant roles, employers look for an energetic, positive disposition and do not require any formal qualifications.

Figure 7: Most common skills identified in Melbourne baking job advertisements



Source: Nous analysis of data from Burning Glass job advertisements

Sector trends will drive new skills needs and risks

Several trends have immediate implications for the sector. Increased competition, changing customer preferences and the introduction of new technology all require businesses and workforce to adapt to remain competitive.

Employers reported that business models are shifting in response to increased competition. Cafes which offer freshly baked goods provided by wholesalers are reducing the portion of the retail market held by traditional bake houses, particularly in metropolitan areas. This increased competition has reduced profit margins and baking businesses have responded by diversifying products. For example, some bakeries have increased the range of bread products they offer from 2-3 to up to 15 different varieties across the same sales volumes. Employers are also placing a greater focus on efficiency. Waste management, and worker flexibility (ability to perform multiple tasks as required) are two areas of focus. Customer experience has also increased in focus, with most bakeries now offering fresh barista coffee and a place to sit.

Changing customer preferences, such as greater health consciousness and changing dietary requirements, also present challenges for baking businesses. Demand for vegan goods and products made from seasonal ingredients has grown, and allergies such as nuts and gluten free are an increasingly important influence. Some bakeries have chosen to specialise in meeting specific requirements to capture this aspect of the market. However, this introduces a level of complexity which is challenging for most bakeries, and some are unable to guarantee that their products meet strict requirements.

New technologies provide options to increase productivity and flexibility for the workforce. Employers estimate that approximately 50 per cent of workers already interact with technology as part of their role. New technology is being used to enhance the role of a baker, through minimising hands on work at various points in production, rather than replacing workers entirely. For example, the introduction of retarder prover technology has provided efficiencies and lifestyle improvements for bakers. By enabling an overnight proving process, this technology reduces the time required to make fresh bread in the morning and allows bakers to begin work up to 2 hours later each day. Larger bakeries have a strong focus on

investing in a wider range of technologies to provide economies of scale through replacing repetitive tasks with machinery, for example pie racking machines. Employers identified several other freezing technologies which are commonly used in Europe and will soon be more widely adopted in Australia. Workers will require additional on the job training in order to develop the skills required to operate new technologies.

Some businesses choose not to invest in technology despite the range of potential benefits. Modern machinery is often expensive and difficult to effectively integrate with current processes. Further, most businesses do not have the requisite scale to justify the cost. Others, particularly artisan bakers, make a deliberate choice to specialise in hand made products to suit customer preferences. This also avoids any limitations due to the range of recipes and products that are compatible with different machinery. Some smaller bakeries, which are often run by the head baker rather than a business manager, do not have the time and understanding to identify potential productivity gains through technology.

New technologies provide options to increase productivity and flexibility for the workforce. Employers estimate that approximately 50 per cent of workers already interact with technology as part of their role.



3. The role of training

Recommendations for the VET system:

4. Review and continue to modernise certificate III apprenticeship qualifications within the next three years.
5. Make certificate III courses on the funded course list apprenticeship only. This includes the Certificate III in Baking, Certificate III in Bread Baking, and Certificate III in Cake and Pastry.
6. Pilot independent assessment of an individual's competencies at completion of apprenticeship courses including Certificate III in Baking, Certificate III in Bread Baking, and Certificate III in Cake and Pastry.
7. Explore new delivery models that better align with operations of the baking sector. This may include early start times and changes to block delivery.
8. TAFEs to ensure experienced bakers who are currently working in the sector are recruited to deliver apprenticeship training.

Apprenticeships are the preferred model of training for most of the sector

Accredited training activity in the baking sector is concentrated amongst traditional bakeries, with the majority using apprenticeships to develop entry level workers into qualified bakers. Approximately half of the traditional baking businesses in Victoria employ one apprentice, and a quarter (typically larger bakeries) have two apprentices. The remaining quarter seek qualified staff. This is also common for larger wholesale bakeries, who operate centralised factory-style operations, and prefer to use qualified bakers supported by teams of general hands rather than apprentices.

Employers emphasised the importance of a range of skills for bakers and genuine experience in applying these skills in a bakery setting, something only provided through an apprenticeship. The type of apprenticeship depends on each business, but all provide the necessary foundations for a career in the sector. Once qualified, bakers need another 2-5 years of experience in their chosen specialty and experience in a supervisory role, before being ready to move into a head baker position. In larger bakeries, head bakers can often move into management roles, whereas in smaller bakeries the next step may be business ownership.

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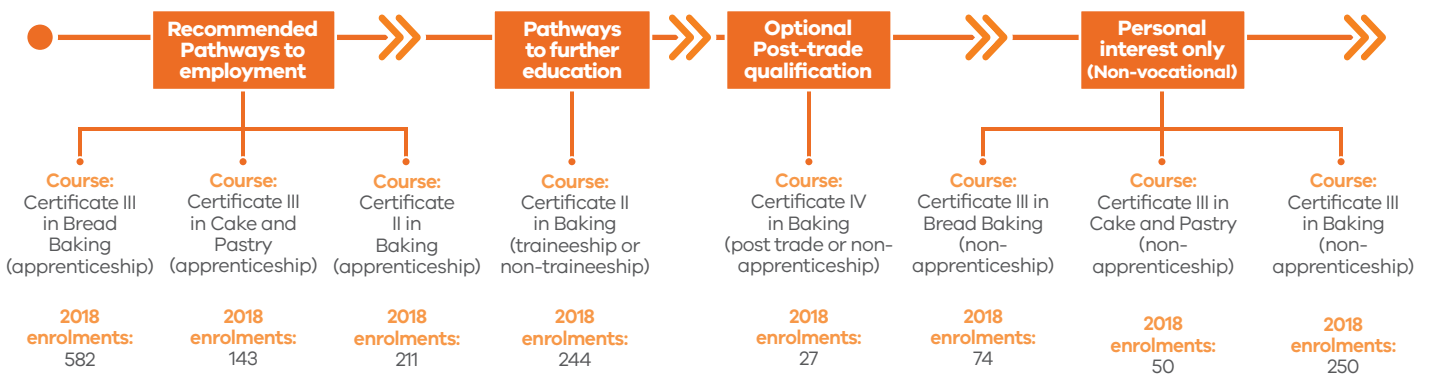
On completion of an apprenticeship bakers continue to build skills on the job. Larger employers create their own training resources and activities to develop competencies such as technical skills, scheduling, ordering, team rostering and staff management while baking skills are developed through exposure to skilled bakers of local or international renown. Attendance at short courses, experimentation on the job or movement between employers are most common forms of professional development. A small number of employers use accredited post-trade qualifications (Cert IV) to support ongoing professional development. However, the majority indicated that accredited post trade professional development has little value to the sector. Skill sets outlined under the FBP training package were not recognised by the sector as useful for new or existing workers seeking to upskill and have negligible to no enrolments.



Classroom based certificate III courses are not valued by employers and undermine apprenticeship programs

Employers reported that only four qualifications on the funded course list are supported by the sector (see Figure 8) and only apprenticeship courses were reported to have direct employment outcomes. A small number of employers identified the Certificate IV in baking as useful for post trade professional development and the Certificate II in Baking as pathway to further education. Employers asserted that non-apprenticeship pathways were not valued by the sector, are suitable for personal interest only and are not equivalent for vocational purposes

Figure 8: Baking VET courses on the funded course list



Employers were concerned by the number of students enrolled in non-apprenticeship pathways, which may act as a substitute for potential apprentices. Although numbers have declined significantly since 2016 (see Figure 9), there were still more than 350 enrolments across the three courses in 2018. The Certificate III in Baking qualification was the most popular, with 250 enrolments.

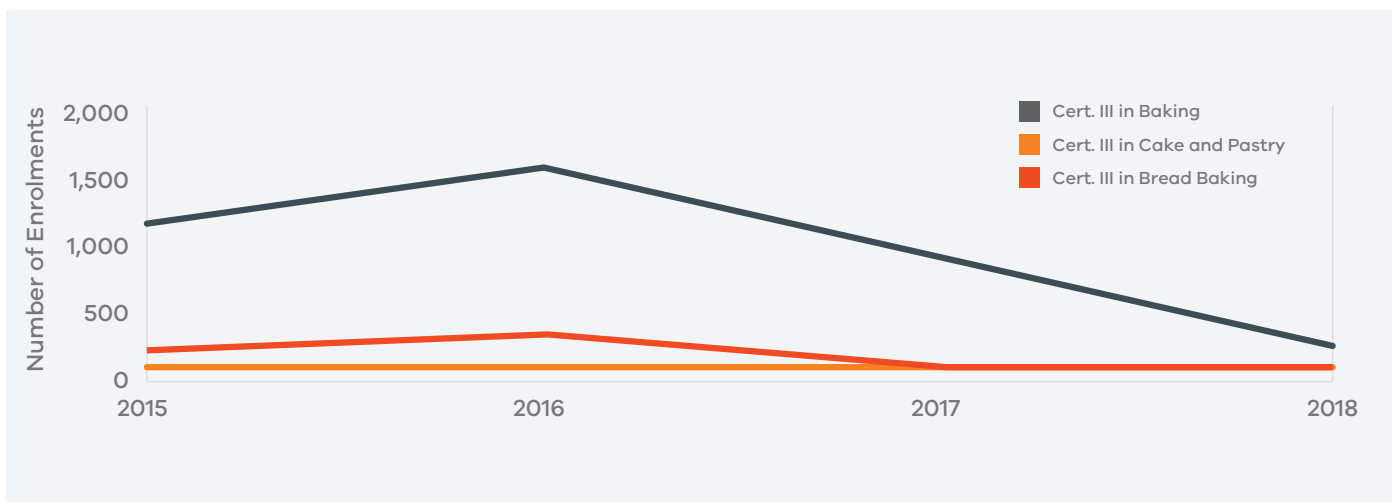




Employers reported that students who complete classroom-based courses do not have the required industry experience or the core skills to enter the sector as productive workers. Students have a basic knowledge of baking theory and techniques, but no understanding of how a bakery works or how to operate in the work environment. Employers also criticised the minimal standards and requirements for students, a lack of training in skills such as waste management and scheduling, as well as completion of out of date modules no longer required by the sector.

Realistic expectations of employment outcomes are not set with students who, despite their lack of experience, often expect to be paid at qualified baker rates. Employers hypothesised that approximately 50 per cent of students in classroom-based courses would be suitable for the full apprenticeship program. However, once students have completed a certificate III course, under Skills First they cannot complete an apprenticeship as they are no longer entitled to subsidised training.

Figure 9: Classroom-based enrolments in certificate II, III and IV baking courses



Opportunities exist to improve the standard of training delivery

There are opportunities to improve the quality and consistency of apprenticeship training delivery. Employers reported that certificate III apprenticeship qualifications have been recently revised through the national system to address past issues by increasing training volume, repetition and reinforcement of core skills. However, challenges exist with variation in the interpretation of requirements and quality of training from TAFEs and regional training providers.

Training can vary significantly depending on the quality of the trainer, even within individual training organisations. Employers reported situations where courses can miss key skills if trainers do not have experience or interest in the area. Additionally, assessors sometimes do not follow standard requirements when completing on-site assessments of apprentices' competency in core skills. Apprentices are not always observed completing tasks independently, and do not always work with assessors to create a plan to address any gaps in their skill set. Employers advocated for the development of independent assessment of training outcomes at completion of an apprenticeship to provide confidence that training delivers a consistent level of competency. Inflexibility of the block training format and training times that are inconsistent with business practices for worker hours were cited as further challenges with delivery.

Most employers agree that recent revisions in 2018 to the structure and content of apprenticeship pathways improved the suitability of training for the sector. However, some employers noted that the breadth of the revised qualifications can create challenges for business where products covered by the qualification are not part of their offer to customers. These employers suggested it might be possible to refine the qualification further and still retain value to the sector.

All agreed, the revision of these qualifications required in depth consultation and placed a significant burden on the sector. Therefore, employers would support a regular review of apprenticeship pathways every 3-5 years to identify ongoing improvements and reduce the scale and impact of any required changes. This would also ensure that training keeps up with skills requirements, particularly as new technology is introduced to the sector.



**Office of the
Victorian Skills Commissioner**

Level 1, 21 Degraeves Street
Melbourne VIC, 3000

PO Box 354, Flinders Lane
VIC, 8009

T: (03) 8892 1602

E: enquiries@vsc.vic.gov.au

www.vsc.vic.gov.au

Level 1, 21 Degraeves Street
Melbourne VIC, 3000

