



## EMPLOYMENT AND SKILLS SNAPSHOT – WHOLESALE TRADE

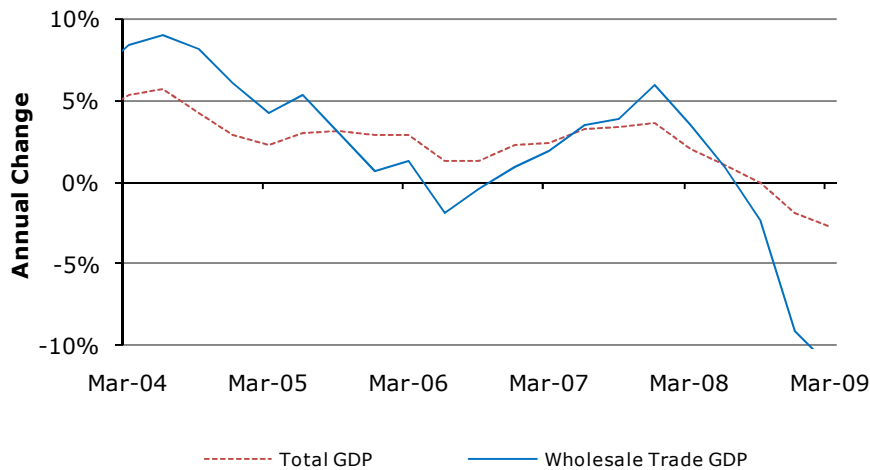
### Overview – July 2009

The wholesale trade industry is a significant employer within New Zealand, with 125,300 employees (or 5.8% of the total workforce) as of March 2009<sup>1</sup>. The term 'wholesale trade' is used in the broad sense to include the resale (as agents or principles) of new or used goods to businesses and/or institutional (including government) users.

This industry is grouped into nine sub-divisions, which are farm produce wholesaling; mineral, metal and chemical wholesaling; builders' supplies wholesaling; machinery and equipment wholesaling; motor vehicle wholesaling; food, drink and tobacco wholesaling; textile, clothing and footwear wholesaling; household good wholesaling; and other wholesaling.

Between 2004 and 2008, the Gross Domestic Product (GDP) for the wholesale trade industry moved in line with overall GDP, as shown in Figure 1 below. However, wholesale trade GDP was significantly lower than total GDP after 2008, reflecting the nature of the industry and its relative exposure to rapidly changing economic conditions.

Figure 1: Total GDP and wholesale trade industry GDP change from previous year's quarter, (Mar 2004 – Mar 2009)



Source: Statistics New Zealand, March 2009

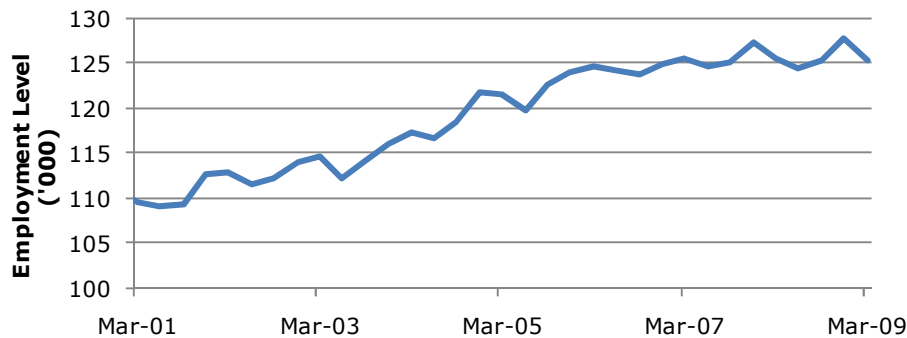
<sup>1</sup> Department of Labour Employment Estimates are calculated internally by extrapolating historical trends in employment as well as incorporating Linked Employer-Employee Data (LEED) from Statistics New Zealand.



## Employment growth

Between March 2001 and March 2005, the wholesale trade industry experienced strong employment growth (9.8% or 10,800 workers). Employment growth in the industry has, however, levelled off over the last three years (see Figure 2). Employment is currently standing at 125,300 as of March 2009, according to Department of Labour Employment Estimates<sup>2</sup>.

Figure 2: Employment Level (Mar 2001 – Mar 2009)



Source: Department of Labour Employment Estimates

The rapid growth in employment experienced by the wholesale trade industry between 2001 and 2005 can be attributed to the construction boom, which produced relatively high increases in employment within the building supplies wholesaling group when compared to other groups (see Table 1). However, a number of commentators have recently argued that we may be seeing the end of the construction boom and this may lead to a decline in employment within the building supplies wholesaling industry group.

Table 1: Industry employment by sub-industries, Mar 2009 and employment growth (Mar 2004 – Mar 2009)

Sub-Industry	Employment (Mar 09)	Share of industry employment	Employment growth (Mar 04 - Mar 09)
Machinery and Equipment Wholesaling	30,100	24%	3%
Food, Drink and Tobacco Wholesaling	21,500	17%	9%
Other Wholesaling	20,300	16%	-4%
Builders Supplies Wholesaling	20,000	16%	23%
Motor Vehicle Wholesaling	10,000	8%	5%
Mineral, Metal and Chemical Wholesaling	7,200	6%	8%
Farm Produce Wholesaling	7,200	6%	8%
Textile, Clothing and Footwear Wholesaling	5,200	4%	4%
Household Good Wholesaling	3,900	3%	2%
<b>Wholesale Trade</b>	<b>125,300</b>	-	<b>7%</b>
<b>Total (All Industries)</b>	<b>2,173,300</b>	-	<b>5%</b>

Source: Department of Labour Employment Estimates

<sup>2</sup> Ibid



## Skills profile

Table 2: Highest qualification held by employees within the industry, 2006

Occupation	No Qualification	School Qualification	Vocational	Bachelor Degree or Higher
Specialised Managers	13%	42%	26%	18%
Finance and Sales Associate Professionals	15%	45%	28%	12%
Salespersons and Demonstrators	20%	50%	23%	7%
General Managers	13%	40%	27%	20%
Material Recording and Transport Clerks	29%	47%	18%	7%
<b>Wholesale Trade Industry</b>	<b>19%</b>	<b>42%</b>	<b>25%</b>	<b>14%</b>
<b>All Occupations in New Zealand</b>	<b>19%</b>	<b>35%</b>	<b>27%</b>	<b>19%</b>

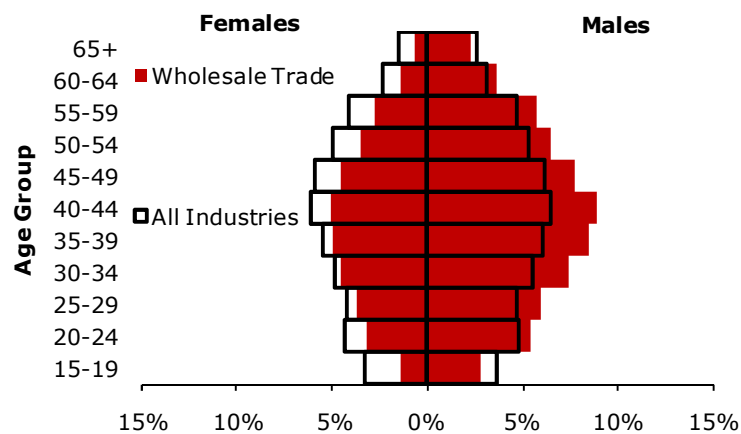
Source: Census of Population and Dwellings, 2006

According to the 2006 Census, almost half of the workers (42%) employed in the wholesale trade industry had a school qualification as their highest qualification. The wholesale trade industry employed a smaller percentage of workers than the national average with a bachelor degree or higher. Although formal qualifications are becoming more important in the wholesale trade industry, around one fifth (19%) of workers had no formal qualifications.

## Age and gender profile

The wholesale trade workforce employed a higher proportion of males (64%) than females (see Figure 3 below).

Figure 3: Age and gender profile of wholesale trade industry employees compared to the working age population, 2006

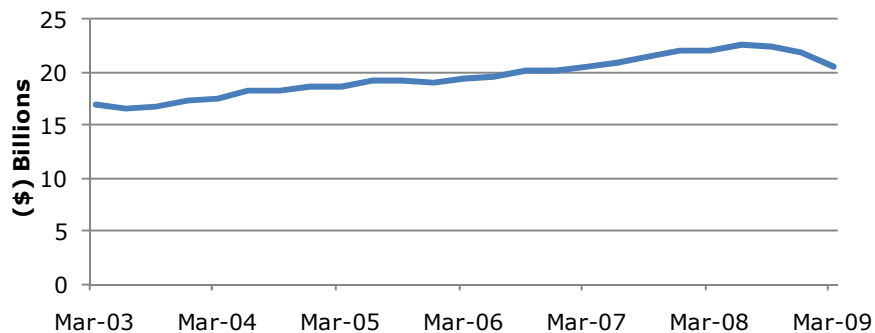


Source: Census of Population and Dwellings, 2006



## Industry outlook: wholesale trade sales

Figure 4: Seasonally adjusted total wholesale trade sales (Mar 03 – Mar 09)



Source: Statistics New Zealand

In the March 2009 Wholesale Trade Survey, seasonally adjusted total wholesale trade sales fell 5.9% (\$ 1.3 billion). The falling sales were driven by petroleum product (down 16.9% or \$351 million), unprocessed primary product (down 11.4% or \$214 million) and metal and mineral product wholesaling (down 25% or \$208 million). Other than petroleum sales which have dropped in line with international prices, significant decreases in sales are likely to be due to falling demand within domestic markets, as discretionary spending decreases due to the recession.

### Forecast employment

The Department of Labour prepares periodic updates of employment projections for industries and occupations for the next five years<sup>3</sup>. These are based in part on the GDP forecasts by industry produced by the New Zealand Institute of Economic Research (NZIER), but also take into account recent productivity trends within industries. It should be noted that a certain degree of uncertainty is attached to these industry employment projections which can be affected by changes to industry prospects.

In the five years to 2013, employment in the wholesale trade industry is expected to increase by 1.0% on an annual average basis. This compares with slightly lower employment growth forecast for the wider economy of 0.7%.

### Summary

Following several years of strong growth in both employment and sales that was in line with the rest of the economy, the employment outlook within the wholesale trade industry now appears relatively uncertain, given the current domestic and international economic climate.

<sup>3</sup> Department of Labour Employment Projections, 2008-2013