



EMPLOYMENT AND SKILLS SNAPSHOT – ACCOMMODATION, CAFES AND RESTAURANTS

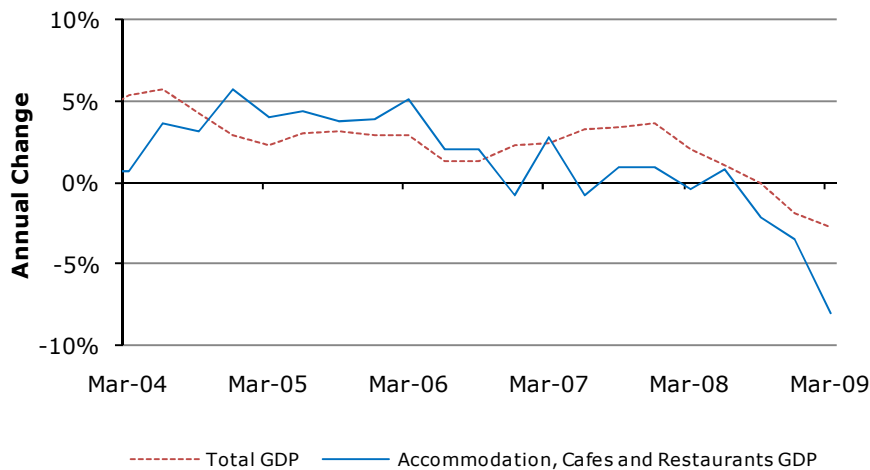
Overview – June 2009

The accommodation, cafes and restaurants industry is a major employer in New Zealand with 125,800 workers (or 5.8% of the total workforce) as of March 2009 according to Department of Labour Employment Estimates (DEE)¹. Employment grew rapidly between 2003 to 2007, as did the Gross Domestic Product (GDP) of the industry. The discussion below focuses on employment characteristics, trends and prospects in the industry, and highlights specific sectors where historical job growth has been strongest.

The accommodation, cafes and restaurants industry is divided into four sub-industries, which are: accommodation; pubs, taverns, and bars; cafes and restaurants; and clubs (hospitality).

In recent years, accommodation, cafes and restaurants GDP has moved closely with overall GDP (see Figure 1). However, the industry's GDP has dropped since early 2008, reflecting the nature of the industry and its relative exposure to changing economic conditions.

Figure 1: Total GDP and accommodation, cafes and restaurants GDP change from previous year's quarter, (Mar 2004 – Mar 2009)



Source: NZIER Quarterly Predictions (Dec 2008)

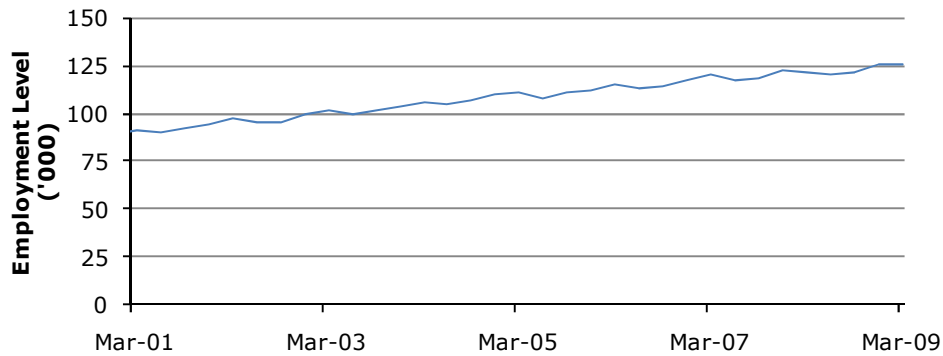
¹ Department of Labour Employment Estimates are calculated internally by extrapolating historical trends in employment as well as incorporating Linked Employer-Employee Data (LEED) from Statistics New Zealand.



Recent employment growth

In recent years, employment in this industry has had strong growth (see Figure 2). In the five years to March 2009, employment in the industry rose by 19,700 (or 18.5%) to 125,800. This represents an annual average growth rate of 3.5% in the past five years, the third largest increase in employment of all industries at the aggregated level.

Figure 2: Number employed (Mar 2001 – Mar 2009)



Source: Department of Labour Employment Estimates

Employment in the accommodation, cafes and restaurants industry is influenced by not only international economic factors, but is also sensitive to the discretionary income of New Zealand residents, and the spending of international visitors.

Table 1 shows that employment within this industry is dominated by cafes and restaurants, accounting for 73,800 workers (or 59% of the industry's employment) in March 2009. Accommodation employed 35,100 workers and pubs, taverns and bars employed 14,000 workers (or 28% and 11% of the industry's total employment respectively). A small share of industry employment (2,900 workers or 2%) was in clubs (hospitality).

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

Industry	Employment (Mar 09)	Share of industry employment	Employment growth (Mar 04 - Mar 09)
Cafes and Restaurants	73,800	59%	24%
Accommodation	35,100	28%	11%
Pubs, Taverns and Bars	14,000	11%	16%
Clubs (Hospitality)	2,900	2%	2%
Accommodation, Cafes and Restaurants	125,800	100%	19%
Total (All Industries)	2,173,300	100%	5%

Source: Department of Labour Employment Estimates



Skills profile

Generally, employees in the accommodation, cafes and restaurants industry hold a higher proportion of school qualifications only, when compared to all industries.

Table 2: Qualifications held by employees within the industry, 2006

Occupation	No Qualification	School Qualification	Vocational	Bachelor Degree or Higher
Housekeeping and Restaurant Services Workers	18%	51%	24%	6%
Specialised Managers	17%	44%	26%	13%
Building Caretakers and Cleaners	47%	36%	14%	3%
Client Information Clerks	13%	44%	30%	13%
General Managers	13%	41%	26%	20%
Accommodation, Cafes and Restaurants	20%	46%	24%	11%
All Occupations in New Zealand	19%	35%	27%	19%

Source: Census of Population and Dwellings, 2006

Qualification levels vary according to occupation within the accommodation, cafes and restaurants industry. In 2006, we see from Table 2 that general managers had the highest proportion of employees identified as having bachelor degrees or higher (20%). This was slightly above the national average of 19% for all occupations in New Zealand.

All the occupational groups above were identified as having school qualification only levels above the national average, which could in part reflect the nature of employment in the industry, and the significant proportion of young people who work in the industry.

The lower average levels of qualifications within the accommodation, cafes and restaurants industry may mean that employees are likely to experience difficulty in a time of high unemployment. If laid off, they are likely to have restricted employment prospects, and will be competing for jobs with more qualified applicants from other industries.

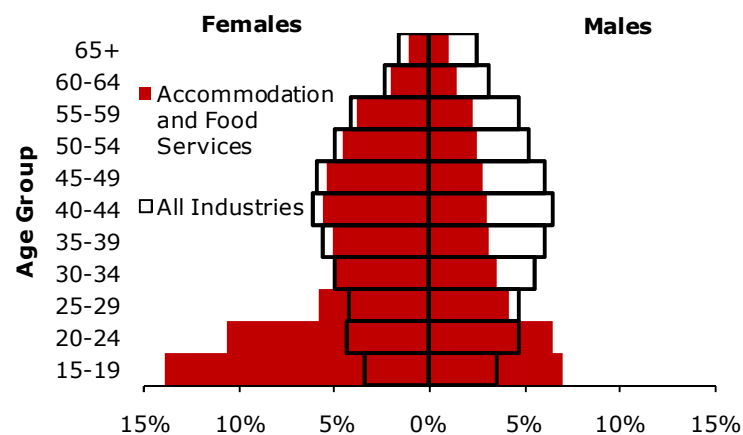


Age/gender profile

The accommodation, cafes and restaurants workforce has a higher proportion of females, accounting for 62.5% of industry employment. Accommodation, cafes and restaurants have the third largest share of female employment of all industries. From the 2006 Census, the latest date for which information is available, males made up 37.5% of the industry's workforce, compared with 52.9% for all industries.

Figure 3 shows that there was a significantly high proportion of younger females within the accommodation, cafes and restaurants industry, which could mean young people are at risk should employment fall due to recessionary pressures.

Figure 3: Age and gender profile of employees in accommodation, cafes and restaurants industry compared to the working age population, 2006



Source: Census of Population and Dwellings, 2006

Industry outlook: international visitor arrivals

The current trend in international visitor arrivals as well as total guest nights from the Accommodation Survey gives an indication of the current and future prospects for the accommodation, cafes and restaurants industry. In March 2009, international visitor arrivals were down 9.7% (24,300) from March 2008.

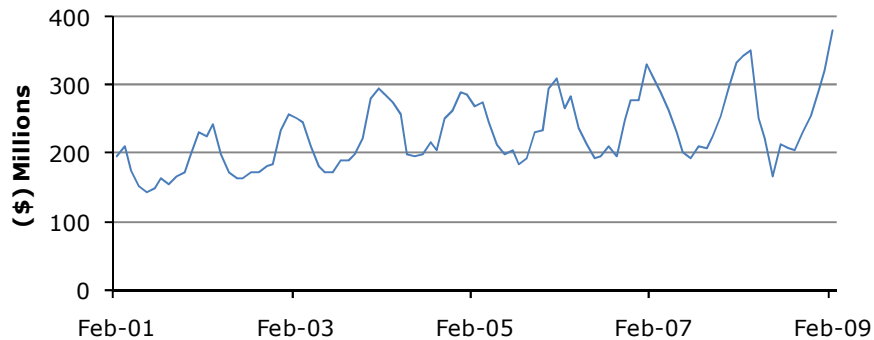
This decrease in international visitor arrivals was due mainly to drops in visitors from the United Kingdom (down 9,400), Australia (down 4,300), Japan (down 1,400) and Korea (down 1,300). Information from the March 2009 Accommodation Survey also showed that total guest nights were 11% lower in March 2009, when compared to March 2008.



Employer perspectives

With business and consumers feeling the pinch of the current recession, non-essential spending is decreasing. The latest data for the February 2009 period has shown, however that total net sales within this industry have actually increased by 11% between February 2008 and February 2009, to \$379 million.

Figure 4: Total Net Sales, accommodation, cafes and restaurants, (Feb 01 – Feb 09)



Source: Business Activity Indicator, monthly net sales by industry, Statistics New Zealand

Forecast employment

The Department of Labour prepares periodic updates of employment projections for industries and occupations for the next five years². These are based in part on the GDP forecasts by industry produced by the New Zealand Institute of Economic Research, 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 are often influenced by changes to industry prospects.

In the five years to 2013, employment in the accommodation, cafes and restaurants industry appears relatively stable, but a slight decline of around 0.4% per annum is expected. This compares with an annual average forecast growth rate of 0.7% across all industries over the same period. The projected decline is in contrast to the strong employment growth that has occurred over the past five years.

Summary

After several years of strong growth in line with the rest of the economy, the accommodation, cafes and restaurants industry appears in a good position to weather the current economic environment.

² Department of Labour Employment Projections, 2008-2013