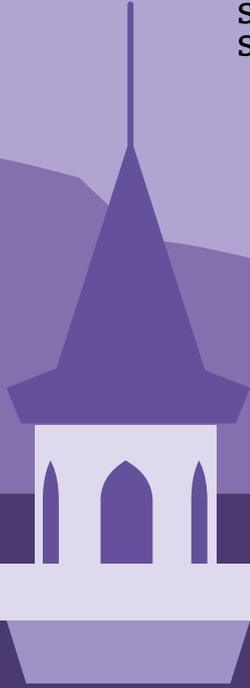


Service IQ

SMARTER PEOPLE FOR
SMARTER BUSINESSES



REGIONAL ROADMAP SERVICE SECTOR Wellington



2018/2019

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Introduction

Wellington has been described by Lonely Planet as “the coolest little capital in the world”. It has a vision to be the most prosperous, liveable and vibrant city in Australasia by 2025. A great place to live and a great place to visit. It is vital that people working in the service sector are capable of providing exceptional service to both residents and visitors to the region.

#servicesuccessnz

ServiceIQ

ServiceIQ is the Industry Training Organisation for the aviation, hospitality, retail and retail supply chain, travel, tourism and museums sectors – the service sector. We are recognised by government to set skill standards in the service sector and to arrange training in the workplace.

ServiceIQ is owned by industry. We work to empower and motivate people to provide great service to help businesses remain competitive, and for New Zealand to be internationally recognised as a great place to live or visit.

ServiceIQ advocates on behalf of industry for workforce development, and provides a national perspective and leadership for the service sector.

All employment, occupation, demographic and business data underpinning our regional and national work is supplied by Infometrics.

ServiceIQ developed the Service Sector Workforce Development Plan 2015 following extensive industry consultation over a two-year period. The Plan has been agreed by industry and is owned by industry. The Plan articulates a shared vision for the sector to respond to the challenges and changes it is facing, and a framework for workforce development.

The framework encapsulates the three primary levers a sector can use to develop the skills of the workforce; that is: attraction and retention, skill development, and skill utilisation. This framework has six priority actions and these underpin our workforce development activities. The priority actions are:

- ▶ Attract and retain people with the right attitude and aptitude
- ▶ Increase the number of able school leavers transitioning into the sector
- ▶ Increase access to and engagement with training
- ▶ Develop and maintain high quality qualifications and programmes that meet the needs of industry
- ▶ Increase productivity by developing core skills
- ▶ Improve business and management capability.

These priorities have been chosen because they are the most likely to have a significant impact on increasing business productivity and growth, and closely align to the primary levers.

Service sector regional workforce roadmap for Wellington Region

The Workforce Development Plan highlighted the need for service sector workforce development at a regional level. The service sector workforce roadmap provides a Wellington orientation and focus point for the six priorities, and provides a means for creating concrete, detailed actions for realising the vision for the service sector.

A service sector regional roadmap is a plan to meet forecast workforce growth in a region over the next five years. The plan's demand side will include detailed forecasts of workforce changes including changes in workers, changes in occupations, and changes in skill levels. The supply side will outline how we can harness Wellington knowledge and innovation to create industry-led solutions that best meet those workforce needs.

Pivotal to the success of these plans is collaboration with key organisations in the region, including city councils, regional tourism organisations, iwi, major companies, schools and tertiary education organisations.

The roadmap will link supply and demand for skills, better connect different parts of the tertiary sector, provide information to young people about where there are likely to be opportunities, and ensure that there is a pipeline to meet future sector needs.

Developing a regional roadmap for Wellington Region

ServiceIQ hosted two workshop meetings in Wellington in March and April 2017. Representatives from local businesses, membership bodies, government, education providers and business groups were in attendance in the meetings. In the workshops, the groups developed a vision for the service sector in Wellington and established a range of strategies for achieving this vision, which formed the basis of the roadmap.

A first draft of the roadmap was developed in mid-2017 and tested with members of the workshop groups for coherency and accuracy.

Critical success factors

The success of the regional roadmap action plan is dependent on the Wellington service industry taking leadership and regular measurement and updates on progress.

ServiceIQ will track and measure progress against the Wellington service sector workforce roadmap action plan.

In 2016, the Wellington region was home to a population of 504,900 people. Wellington is known as a highly liveable city and a popular visitor destination, thus it is no surprise that tourism in the region has been steadily increasing, and that the population is expected to continue growing with a medium population projection in 2023 of 518,000 people¹.

The Wellington region includes Wellington City, Porirua, the Hutt Valley, Kapiti Coast and Wairarapa. The majority of the population, 81 per cent, lives in Wellington City (207,900 people), the Hutt Valley (146,000 people) and Porirua (55,400 people). The remaining 19 per cent live in the Kapiti Coast (52,100 people) and Wairarapa districts (43,600).

The service sector is key to Wellington's reputation as the country's cultural capital and as Wellington continues to grow and attract more visitors there is a focus on supporting the region's businesses and workforce.

The service sector covers:

- ▶ Accommodation
- ▶ Aviation
- ▶ Cafés, Bars and Restaurants
- ▶ Catering
- ▶ Clubs
- ▶ Museums
- ▶ Quick Service Restaurants
- ▶ Retail and Retail Supply Chain
- ▶ Tourism
- ▶ Travel

Service sector in Wellington region

The service sector brings together industries covering retail, hospitality, museums, aviation, travel and tourism. In 2016, there were 9,974 service sector businesses in the Wellington region (18.3 per cent of all businesses) and the service sector contributed \$4.4 billion to Wellington regional GDP. This equates to 14.6 per cent of the total GDP for the region.

There were 62,345 people employed in the sector, which is 22.8 per cent of the overall Wellington workforce. By 2021 this is forecast to grow to 65,806. At the forecast rate of employment growth combined with replacement positions, the Wellington service sectors will have over 18,000 job openings by 2021.

A smaller proportion of the Wellington service sector are self-employed than in the overall regional workforce; 11 per cent compared to 15.9 per cent. Most people in the Wellington service sector work full time (30 hours or more, per week), 67.4 per cent work full time in their main role and 30.3 per cent work less than 30 hours per week in their main role.

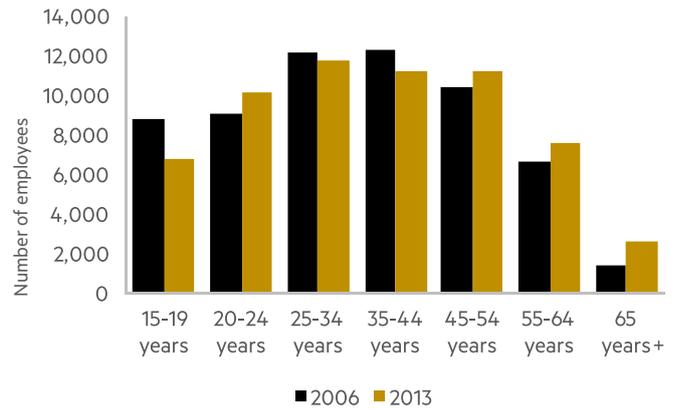
A smaller proportion of the Wellington service sector are self-employed than in the overall regional workforce; 11% compared to 15.9%

A greater number of service sector workers are part-time compared to the Wellington overall workforce, where 21.8 per cent work part-time, but it is similar to the national service sector workforce where 28.6 per cent work part-time in their main role.

¹Statistics New Zealand Subnational Population Projections: 2013(base) – 2043 - tables

The Wellington regional service sector workforce is ageing; this is in line with the national service sector workforce and the country's workforce overall. This is a global trend seen in developed societies, as the population ages and as young people stay in school through to Year 13, rather than enter the workforce earlier. This trend has particular significance in the service sector which traditionally has relied heavily on youth workers. There were 8,841 workers aged 15-19 years old in the Wellington service sector in 2006; this dropped by 23 per cent to 6,834 workers in 2013. Conversely, the number of workers aged 65 years and over increased by 86 per cent from 1,454 in 2006 to 2,706 in 2013.

Changing Age of the Wellington Service Sector



The majority of the Wellington service sector workforce in 2013 was of European ethnicity (74.6 per cent), with 10.3 per cent Māori, 5.9 per cent Pasifika and 15 per cent Asian². Each of these ethnicities has grown since 2006. The fastest growth has been in Asian workers with an increase of 28 per cent; they also make up a higher proportion of the service sector workforce than in the Wellington regional workforce overall, (15 per cent compared to 10 per cent of the overall workforce). The other ethnicities in the service sector are in a similar proportion to the overall workforce.

Employment by Ethnicity



There is an even split of males and females working in the Wellington service sector with 50 per cent of each gender and this has remained constant over the past decade.

In 2013, just under 30 per cent of the Wellington service sector was born overseas; this is similar to the Wellington workforce overall. While Europe was the largest contributor to the overall workforce at 11.1 per cent followed by Asia at 7.3 per cent, this trend is reversed in the service sector. Asia had the highest proportion in the service sector with 11.5 per cent and Europe was second with 9.1 per cent. Following four years of negative net international migration in Wellington from 2010 to 2013, there has been significantly more migrant arrivals than departures in the region since 2014.

Low skilled roles (those typically requiring a Level 3 qualification or lower), account for 58.7 per cent of the Wellington service sector; medium skilled roles (those typically requiring a Level 4 qualification), account for 9.5 per cent; medium-high skilled roles (Level 5-7 qualification) are 14 per cent of roles and high skilled roles (those requiring a Bachelor Degree or higher) are 17.8 per cent of the sector. When we compare that to the qualifications held by the workforce, it indicates there may be a skill-gap in the medium-high skilled roles, this category includes managerial roles in the service sector.

²NOTE: Respondents can identify with more than one ethnicity

Challenges to supply and demand facing Wellington region

Nationally, the changing characteristics and expectations of the sector's workforce and customers are likely to be influencing and shaping the sector over the next five to ten years. Advancing technology is also offering new ways for the sector to engage with its customers, and in turn, this is offering new ways for engaging service sector professionals in skill development.

By 2021, the Wellington service sector is forecast to have 18,409 job openings. The rate of total job openings including new jobs and employee turnover, is 5.72 per cent.

*By 2021, the Wellington service sector is forecast to have **18,409** job openings*

Employee turnover costs between 50 to 300 per cent base salary per person. For example, retail workers, on average, earn \$47,690, and based on this estimate the cost to the business of replacing staff is at least \$23,845³.

(A review of forecast supply for each sector is included as an appendix).

Strong competition for entry-level workers

New Zealand's service sector is facing strong competition for entry-level workers, as the number of young people relative to the population decreases, and young people are staying longer in education institutions. As the service sector has traditionally relied on younger staff for many roles, (28 per cent of the Wellington service sector is under 25), attracting more young people into the service sector will become increasingly important. That being said, in 2016 the Wellington region had a NEET rate (youth aged 15 to 24 years, who are not in education, employment, or training) of 12.8 per cent, higher than the national rate of 12.0 per cent, and the rate has increased since 2014. This may represent a possible source of new service sector talent.

Availability of skilled workers

Many employers report difficulty in finding people to fill skilled roles and recruiting staff that are work-ready. Some employers are increasingly looking at short-term, younger travellers to fill these roles, due to a shortage of New Zealand citizen applicants and the high value contribution these young travellers provide.

There does appear to be a skill gap in the medium-high skilled roles; this is supported by the fact that chefs and café or restaurant managers were two of the three most common occupations for Essential Skills workers visas in the MBIE Migration Trends and Outlook 2014/2015 report.

Chefs and café or restaurant managers were two of the three most common occupations for Essential Skills visas³

³New Zealand Turnover Survey (April 2016)

High rates of staff turnover in young staff

Many parts of the service sector are characterised by relatively high staff turnover based on the structure of the industry. Youth are more likely to consider work in the service sector as a stepping stone to other sectors, rather than a career option. Factors that may contribute to a high turnover rate include higher wages in other industries, the expectations of some workers regarding work environments, work hours, advancement opportunities and different attitudes towards work.

The service sector is labour intensive and in this environment, good human resource practices and leadership competencies are critical to supporting and managing the workforce.

Changing age demographics in the workforce

While fewer young people are entering the service sector, there are also more older workers staying in employment. This has resulted in a need for balance in the workplace. It raises the opportunity for older workers to act as trainers, coaches and mentors for younger staff and benefit from their technological savvy. This generational gap results in diverse workforce and training needs, as different age groups have different work expectations and communication styles.

Changing customer expectations

The service sector relies on customers, but what these customers expect from the service sector is changing. Customers want better service and longer hours; they are better informed than ever before and expect high levels of knowledge from staff and often have specific desires regarding personalised products and service.

Increasing use of technology

Advancing technology, including the internet, social media and smart devices, has dramatically changed the service sector workplace. It has affected the way employers and staff interact; there is increased transparency due to employer/employee use of social media; it has changed the way businesses engage with customers (through online and instant feedback opportunities), and it is resulting in better informed customers.

It has also changed much of the work in the sector. Computing and technological skills now play an important part in service sector roles, and businesses need the ability to adapt and respond to the changing technology quickly.

Focus on profitability

As businesses place greater emphasis on profitability and return on investment, there is a drive to hire older and more experienced workers over new trainees and staff requiring development.

Another challenge of note: barriers to attaining a driver's licence.



The
**Wellington
service sector
—— works together; ——
managers and staff
driving a
successful
industry**

By 2021:

- ▶ The service sector is an employer of choice
- ▶ Staff are engaged and motivated
- ▶ Businesses have a pathway to sustained success

Initiatives for the Wellington region service sector



	2017				2018				2019		Future
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Attract and retain people with the right attitude and aptitude		1.1 Explore options for recruitment, induction and early training to help attract and retain the right people	1.2 Develop an understanding of what the "Wellington offer" is, to provide consistent service quality across the Wellington region	1.3 Promote a community response to addressing service sector skill shortages	1.4 Raise awareness with schools, students and parents of the service sector as a career choice						
					2.1 Increase the number of Gateway programmes operating with Wellington schools						
					2.2 Explore Youth Guarantee innovations						
					2.3 Support the roll-out of Vocational Pathways in schools						
Increase the number of school leavers transitioning into the sector						2.4 Explore portal option that can provide a pathway that links Gateway and potential employers					
Increase access to and engagement with training											
Develop and maintain high quality qualifications that meet the needs of industry											
Improve business and management capability											





Attract and retain people with the right attitude and aptitude

To help the sector thrive, effort must be put into attracting the right people and retaining them.

The right people have strong core skills, a good work ethic, and a customer-focused attitude.

Attracting the right people involves raising the profile of the services sector and persuading prospective workers of the potential career and lifestyle possibilities.

To maximise utilisation of skills, generate a return on investment in training and reduce the cost of turnover, people need to continue working in the sector for longer.

Creating incentives for people to stay in the sector through developing clear career pathways and offering realistic progression opportunities, will keep valuable skills in the sector.

#	Initiative	Description
1.1	Explore options for recruitment, induction and early training to help attract and retain the right people	<p>Businesses that recruit well and have robust induction and training are more likely to engage and retain staff. It is important that new employees feel part of the organisation, part of a bigger purpose and that expectations are clear from day one.</p> <p>The regional roadmap workshops identified a need in the Wellington region for resources to support recruitment, induction and initial training. It was suggested that this could take the form of a website that is a one-stop shop for this sort of information.</p> <p>Service sector businesses sharing what is working well helps other businesses and can be a basis for the creation of training material/ toolkits. (See also 4.2,4.3)</p>
1.2	Develop an understanding of the “Wellington offer”, to provide consistent service quality across the Wellington region	<p>It is important to have a consistent understanding of what the Wellington service sector offer is, both for customers and for those working in the sector (or thinking of doing so). Business forums and a clear vision from local government, such as through WREDA, will help provide a focus for all businesses within the sector.</p> <p>Clarity around what support is available, and reducing barriers to accessing business groups, is likely to increase engagement of SMEs and non-profit organisations in the sector.</p>
1.3	Identify, coordinate and promote regional initiatives	Several different and intersecting initiatives are underway already, seeking to address issues associated with attracting and retaining people in the service sector.
1.4	Raise awareness with schools, students and parents of the service sector as a career choice	Use career maps to demonstrate that the service sector has more than entry level roles. That there are longer term career pathways in the sector, with progression to medium and high skilled roles.

Increase the numbers of able people transitioning to work



Young people bring energy and new ideas into the service sector.

Ensuring strong connections between schools and tertiary providers, schools and workplaces, helps to create and sustain a pipeline into service sector careers.

#	Initiative	Description
2.1	Increase the number of Gateway programmes operating with Wellington schools	<p>The Gateway programme provides school students with a work placement experience to gain workplace-based training. Gateway training helps students gain skills, experience and kick-start a career in the service sector.</p> <p>Students attain unit standards and make professional contacts that can help open doors to future jobs in the sector.</p> <p>The existing Gateway programme can be promoted and extended, bringing more employers into the scheme. ServiceIQ and other industry training organisations can help to ensure businesses are aware that they can be a part of this programme.</p>
2.2	Explore Youth Guarantee innovations	Youth Guarantee innovations allow students to study towards NCEA and work. Pathway options allow students who are ready to work, but who have not reached NCEA Level 2, to study and work during the school week. These pathways are referred to as 3+2 and 4+1, and offer flexibility to students to study 60 per cent of the time, and work 40 per cent (e.g. three days studying/ two days working), or to study 80 per cent and work 20 per cent (four days/one day).
2.3	Support the roll-out of Vocational Pathways in schools	Vocational Pathways provide a way to achieve NCEA Level 2. Vocational Pathways are aligned to 'real world' industries, and the Service Industries is one of the six pathways.
2.4	Explore portal option that provides a pathway to link Gateway with potential employers	There are employers who would like support to encourage young people into employment; a portal could provide the link that will bring these groups together.

Increase access to and engagement with training



One of the biggest issues limiting skills development is access to training.

The reasons for this are various, such as workers having limited access to training materials and resources, or limited time for undertaking training, or a lack of support from within the workplace for accessing training.

#	Initiative	Description
3.1	Ensure businesses are aware of what training material and resources are available to help develop their employees	ServiceIQ Training Advisors are available to assist businesses in accessing relevant training. They can provide advice around how to access the right training at the right time and how this can fit in with day to day business needs.
3.2	Develop insights into how training increases engagement and motivates staff, therefore providing return on investment	<p>Many businesses recognise the importance of training to develop individuals, but may not be aware that an investment in training can result in real and measurable profit to a business.</p> <p>Research into the value training can add to a business could improve access to and engagement with training.</p>

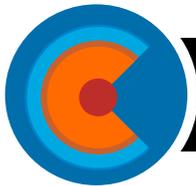


Develop and maintain high quality qualifications and programmes that meet the needs of industry

Education and training that does not meet industry's current or future needs is counterproductive.

Businesses need access to quality qualifications and training programmes tailored to the service sector if they are to attract and retain skilled workers who best meet their needs.

#	Initiative	Description
4.1	Work with the Wellington service sector to review career pathways and skill needs	The Wellington service sector is growing and it is important that businesses have the skills and support to grow and thrive along with it. Clearly expressing what skills and knowledge are most critical to business will ensure these are captured in relevant and successful training programmes. This is reviewed regularly to ensure that training keeps pace in a dynamic service sector.
4.2	Incorporate resources into training and qualification materials to support service sector businesses in attracting and selecting the right people	Effective recruitment practices are critical and this is an area where a number of Wellington businesses lack confidence and experience. The creation of recruitment training/toolbox for the service sector, based on good practice, will address this issue. This could include a basic process for service sector recruitment and templates, saving time and the cost of poor recruitment choices. (See also 1.1, 6.3)
4.3	Incorporate resources into training and qualification materials relating to new employee induction	The creation of induction and early training modules for service sector roles, based on good practice, will help to ensure new employees are work ready, with the customer service skills and knowledge to confidently perform their role. This will help with engagement and retention of staff in addition to ensuring consistency of service. (See also 1.1)



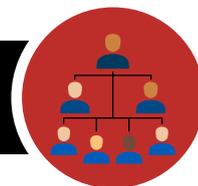
Increase productivity by developing core skills

Core skills are the 'glue' that binds vocational skills together.

The service sector has a significant opportunity to increase its productivity and profitability if it lifts the core skills of the people it employs.

No specific initiatives identified by the Wellington focus group.

Improve business and management capability



Business and management capability is fundamental to the success of any business and the service sector.

Quality management can make a business profitable, enable it to make better use of resources, and contribute to its sustainability. A good manager can ensure that worker skills are effectively utilised and best contribute to business objectives. Given the limited supply of skilled workers, effective skill utilisation is becoming more important.

#	Initiative	Description
6.1	Explore communication initiatives that incorporate multiple communication channels, catering to all age groups	<p>Honest and clear communication helps people flourish. Business communication needs to change and adapt to keep pace with technological changes.</p> <p>Multiple channels are needed for all avenues of communication, whether between management and staff or reaching customers. Different generations respond to different channels, from face-to-face to social media, and communication technology will continue to evolve at a rapid pace. To succeed, there needs to be an understanding of how to best use communication channels and how to access this information.</p>
6.2	Build leadership capability through management and leadership training packages for the service sector	<p>Management and leadership practices must meet the needs of the current and future workforce. Making training accessible increases the attractiveness of employers and updated practices will improve the management of all age groups. In particular, understanding the needs of both young people entering the workforce and older workers transitioning into the sector is key to a successful Wellington service sector workforce.</p> <p>This support can be provided with training for those in leadership positions and 'rising stars'. Training that introduces team leadership, creates understanding of leadership practice and pathways, and builds practices that motivate, will help to create effective service sector leaders.</p>
6.3	Explore ways to support employer recruitment processes	<p>It is important that those recruiting know what they really want and review job descriptions as positions become available to reflect this. Recruitment training modules or templates would provide assistance, particularly in SMEs where managers may be less experienced in recruitment. This will provide skills to attract and retain the right people. (See also 1.1, 4.2)</p>



Wellington region service sector – sector by sector

ServiceIQ sector coverage

Aviation

Aeronautical engineering and aircraft operation. Includes pilots, cabin crew, and aircrew; safety management; air traffic services; airline and airport operations; customer check-in; air cargo; and aviation ground support operations.

Museums

Includes all collections, art galleries, historical societies, and science centres – either volunteer or permanently staffed.

Tourism

Includes all aspects of visitor services; attractions; adventure providers; tourism guiding.

Travel

Includes all forms of retail, wholesale and corporate based sales through stores, online and travel reservation centres; and the packaging or brokering of inbound and outbound travel and tourism products.

Accommodation

Includes all hotels, motels and other commercial accommodation establishments such as backpackers, hostels, holiday accommodation parks, bed and breakfasts, lodges, resorts, halls of residence and apartments.

Cafés, bars, restaurants

Includes licensed or unlicensed cafés, bars, taverns, pubs and restaurants.

Catering

Includes food service premises, on-premises catering and food services carried out in hospitals, residential, prisons, education facilities, offices, airports, factories and other workplaces, stadium and event catering, and off-premises catering.

Clubs

Includes licensed or unlicensed clubs such as sport and recreation clubs, social clubs, working men's clubs, cosmopolitan clubs, chartered clubs, town and country clubs, community clubs and Returned and Services' Associations.

Quick service restaurants

Includes fast-food and take-away national and regional chains, franchises and independent outlets.

Retail and retail supply chain

Includes the operation of all forms of consumer based sales of goods and services including store-based, online, national and regional chains, franchises and independent outlets.

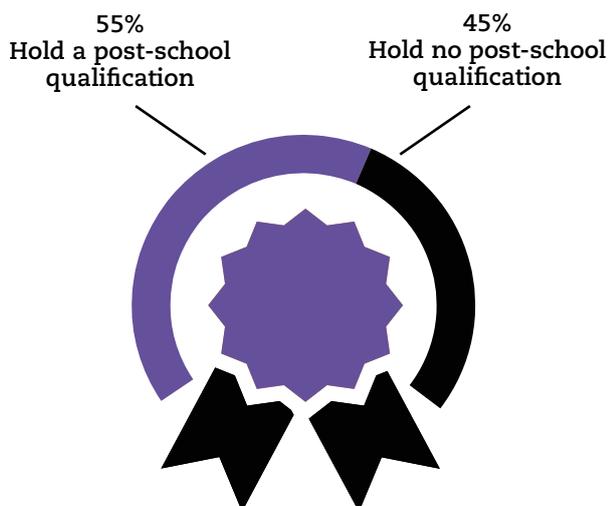
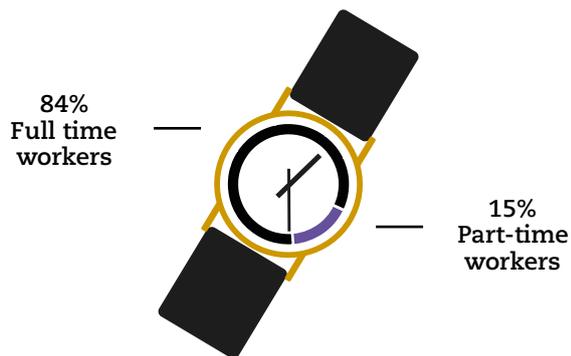
Aviation

The aviation sector in the Wellington region accounted for 1,485 jobs in 2016 (1,416 FTEs) and grew by three per cent. The 112 aviation businesses in Wellington in 2016 equates to a 7.9 per cent increase from 2015.

Aviation in Wellington contributes \$204 million to GDP annually, and this grew 2.7 per cent in 2016. Aviation makes a significant GDP per FTE contribution of \$144,202.

Wellington aviation workers contribute
\$144,202 to GDP per FTE

The sector is predominantly European (78 per cent or 1,008 people) which reflects the overall Wellington regional workforce, but notably the sector has 10.2 per cent Pasifika compared to 5.6 per cent in the Wellington regional workforce.



The aviation sector is predominantly male (66 per cent). Most of the people working in the sector are born in New Zealand (75.3 per cent) or Europe (11.3 per cent).

The age breakdown of the sector is comparable with the Wellington workforce. In the Wellington aviation sector 67.3 per cent are aged between 30 and 59.

Of the people working in aviation 84 per cent are working full time; only 15 per cent work fewer than 30 hours.

Over half (55.3 per cent) of the Wellington aviation sector has a qualification, up from 53.4 per cent in 2006. The percentage of people with a qualification at Bachelor Degree level or above has increased from 16.5 per cent to 21.8 per cent since 2006.

Employment in the aviation sector has been growing since 2013 following four years in decline. The total number of people working in this sector has grown from 1,292 to 1,485 in this time - an increase of 14.9 per cent. Employment numbers are forecast to continue increasing in the next five years, with peak job opening in 2017 with 139 openings (79 new and 60 replacement jobs) and a total of 547 job openings over that time (226 new and 321 replacement jobs).

Museums

The museum sector in Wellington accounted for 739 jobs in 2016 (640 FTEs) and grew by 6.2 per cent compared to 2015.

The sector contributes \$67.1 million to GDP and this grew by 1.7 per cent in 2016. Museums contribute \$104,807 to GDP per FTE.

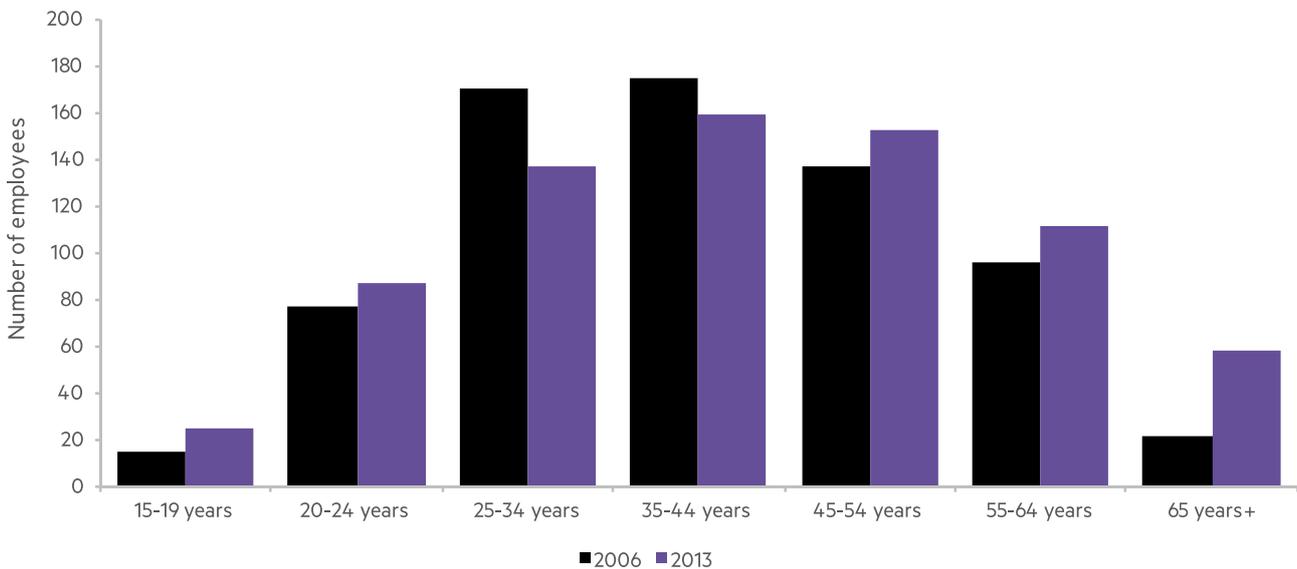
In 2016 there were 30 museum businesses in Wellington, which was an 11.8 per cent increase on the previous year.

The sector is 85.2 per cent European and 10.6 per cent Māori. There are slightly more females (54 per cent) than males (46 per cent).

Most of the people working in the museum sector are from New Zealand (73.1 per cent) or Europe (14.1 per cent), which is similar to the museum sector throughout New Zealand.

The museum sector is older than most of the other service sectors in the region, with 56.2 per cent of the workforce aged 40 years and over. The percentage of people aged 60 years and over working in the museum sector has increased from 9.2 per cent in 2006 to 14.6 per cent in 2013, a 58.7 per cent increase.

Changing Age of the Wellington Museum Sector



Most people working in the museum sector are working full time (72.8 per cent) and 60 per cent (439 people) are working 40 hours or more. 71.9 per cent of the workforce has a qualification and 52.5 per cent have a qualification at Bachelor Degree level or higher. This is higher than the Wellington workforce overall and the museum sector throughout New Zealand.

Employment in the museum sector grew 6.2 per cent in 2016 after four years of decline. Employment is forecast to continue to grow over the next five years, although beyond 2019, job openings will largely be replacement jobs rather than new jobs.

Travel

The travel sector accounted for 845 jobs (778 FTEs) in the Wellington region in 2016 and grew by 1.2 per cent.

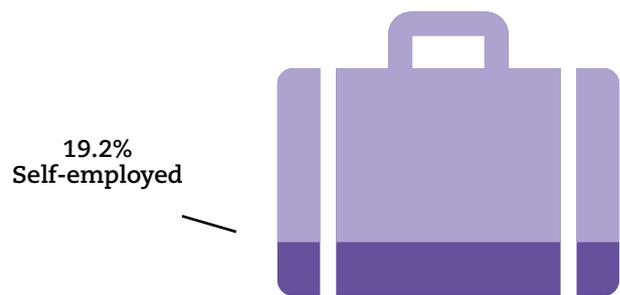
The travel sector's contribution to Wellington's GDP grew by 1.2 per cent in 2016 to \$41.3 million. The GDP per FTE contributions were \$53,058; this has been declining slightly since 2012.

In 2016 there were 182 travel related businesses in Wellington which was a 6.6 per cent increase (11 businesses) on the previous year. Almost one in five people working in the travel sector are self-employed (162 or 19.2 per cent) and this has been growing. This is higher than the overall Wellington workforce which remains steady at 15.9 per cent self-employed.

There have been changes in the demographics of the travel sector in Wellington since 2006, with increases in the number of workers identifying as Māori, Pasifika or Asian. Most people working in the sector were born in New Zealand (74.2 per cent), the second largest group born in Europe (13.8 per cent) and third largest from Asia (5.0 per cent).

Most people in the Wellington travel sector are aged between 25 and 49 years old (59.5 per cent or 473 people). The sector is predominantly female with 73 per cent of the workforce female.

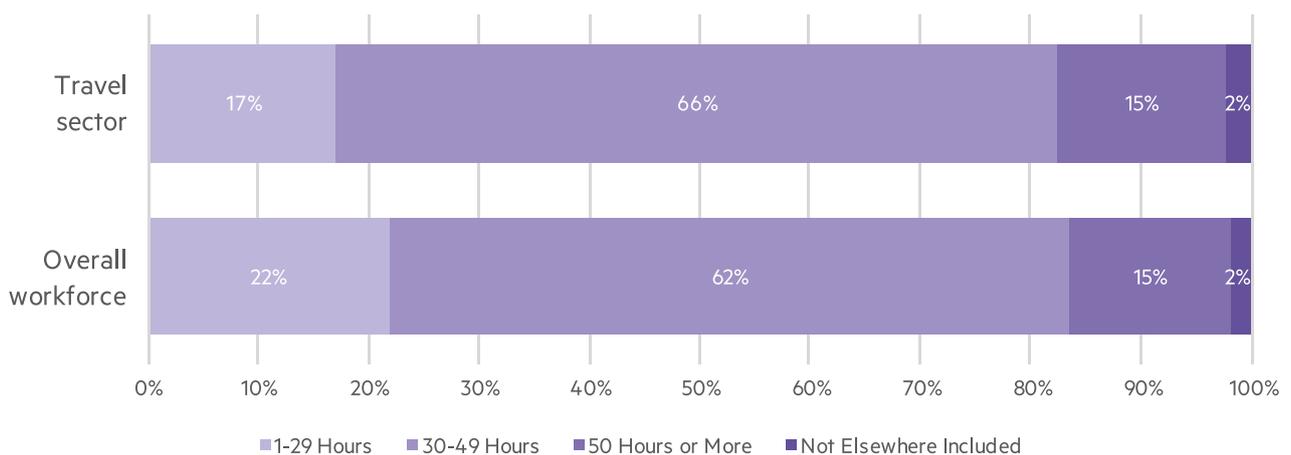
Self-employment in the Wellington Travel Sector



People working in the Wellington travel sector are qualified to a higher level than the sector nationally. 61.5 per cent have a qualification versus 56.1 per cent for the travel sector overall. Over half of the people employed in the sector are qualified at Levels 4 and above (53.8 per cent), which is very similar to the rest of the Wellington workforce (53.3 per cent).

Eighty-one per cent of people working in the travel sector are working full time which is higher than the overall Wellington workforce (76.4 per cent).

Hours Worked in Travel Sector and Overall Workforce



The travel sector is likely to have reached peak levels and is forecast to decline over the next five years. Replacement job openings are forecast to remain steady, but the overall number of people employed in the sector will decrease.

Tourism

The Wellington tourism sector accounted for 21,880 jobs (18,561 FTEs) and grew by 0.9 per cent in 2016. This is eight per cent of Wellington's total workforce.

The tourism sector's contribution to Wellington's GDP was \$1,321 million in 2016, which was a 0.6 per cent reduction when compared to 2015. The GDP per FTE contributions for the sector were \$71,182.

In 2016 there were 3,312 tourism-related businesses in Wellington, which was a year on year increase of 1.3 per cent (41 businesses). On average these businesses are employing more staff than other businesses in the region (6.6 compared to 5 staff). The rate of self-employment within the Wellington tourism sector has remained steady at 12.1 per cent.

Under 25 year olds make up 26.5 per cent of the people working in the tourism sector in Wellington, which is considerably higher than in the overall Wellington workforce where 14.1 per cent are under 25 years old. There has been a 55.7 per cent increase in the number of people aged over 60 working in the Wellington tourism sector, from 1,505 to 2,343 people. This group now represents 11.1 per cent of the sector.

Most people working in the tourism sector are working full time, while 33.2 per cent work less than 30 hours. This is more than the total Wellington workforce where 21.8 per cent work less than 30 hours.

The gender make-up of the Wellington tourism sector has remained steady in the last decade with 47 per cent male and 53 per cent female.

Of the people working in the tourism sector, 74.5 per cent are European. The other ethnic groups that are largely represented are those identifying as Asian (which has increased from 11.2 per cent to 14.1 per cent since 2006) and Māori (which has remained at 10.7 per cent). Most people were born in New Zealand (68.2 per cent) with increases in those born in Asia (10.8 per cent) and Europe (10.3 per cent)

Ethnicity of the Wellington Tourism Sector Workforce



Within the tourism sector, 45.4 per cent hold no post-school qualification but this is gradually decreasing. 34.9 per cent now have a qualification at Level 5 or above, up from 31 per cent in 2006. However, this sector has 41.2 per cent medium-high skilled and highly skilled jobs which may indicate a skills shortage.

Employment in the Wellington tourism sector has grown consistently in the past five years and this is forecast to continue. It is estimated that in the next five years the sector will need to fill 6,918 job openings, comprising 1,842 new jobs and 5,076 replacement jobs. This is 8.7 per cent of Wellington's expected job openings.

Accommodation

The accommodation sector in Wellington accounted for 3,153 jobs in 2016 (2,645 FTEs) and grew by 1.6 per cent (3.2 per cent increase in FTEs).

Accommodation contributed \$113 million to Wellington's GDP in 2016, which was an increase of 2.2% on 2015. The accommodation sector in 2016 had one of the lowest GDP per FTE contributions of the service sectors: \$42,540. This is second only to quick service restaurants in the Wellington service sector.

In 2016 there were 430 accommodation businesses in Wellington, which was an increase of 3.5 per cent from the previous year (14 businesses). This is likely to have contributed to the 51 additional people employed in the sector.

The sector is mostly European (67.4 per cent) or Asian (20.7 per cent) and over half are female (56 per cent). Most of the people working in the sector were born in New Zealand (60.4 per cent) and the majority of the remaining people were born in Asia (16.9 per cent) or Europe (9.6 per cent).

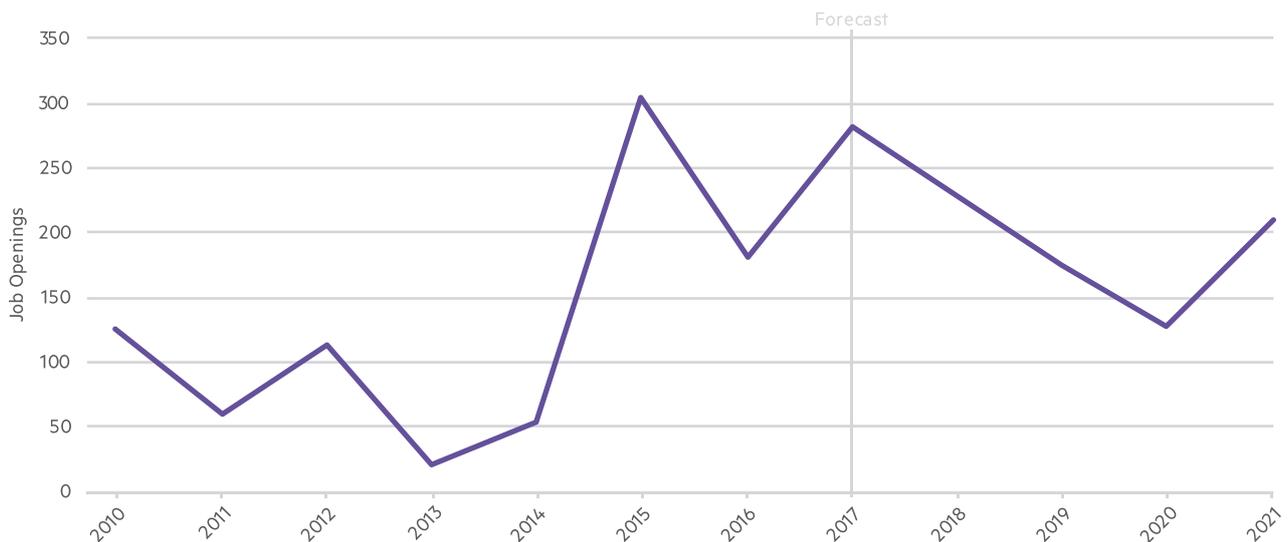
The Wellington accommodation sector has a relatively young workforce. 31.9 per cent are in the 20 - 29 year age group and 54.4 per cent are aged under 40, compared to 44 per cent of the Wellington workforce overall.

Over half of the people working in the accommodation sector in Wellington are working 40 hours or more (52.6 per cent). Another 12.9 per cent work 30-39 hours. There are fewer people working 50 hours or more, 486 in 2013 compared to 532 in 2006 (16.3 per cent and 18.3 per cent respectively).

Less than half of the people working in the accommodation sector in Wellington have no post-school qualification (46.8 per cent), compared to 50.1 per cent in 2006. 39.6 per cent have a qualification at Level 4 or higher.

The accommodation workforce grew in 2015 and 2016 following four years of small declines. In 2016 the sector reached its highest level with 3,153 people employed. Employment is forecast to continue to grow in the next five years with an expected 3,436 people working in the sector by 2021. Including new and replacement job openings, this equates to 1,022 job openings over the next five years.

Forecast Job Openings in the Wellington Accommodation Sector



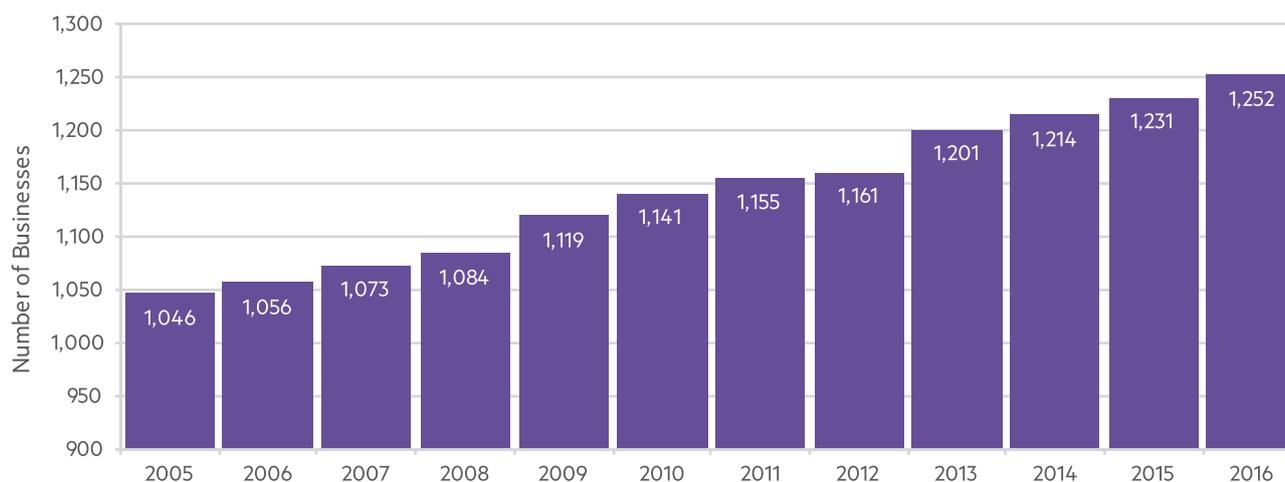
Cafés, bars and restaurants

The café, bar and restaurant sector in Wellington accounted for 10,338 jobs in 2016 (8,454 FTEs) and grew by one per cent.

Cafés, bars and restaurants in Wellington contributed \$371 million to GDP in 2016, which was an increase of 1.7 per cent on 2015. Cafés, bars and restaurants had a GDP per FTE contribution of \$43,866.

In 2016 there were 1,252 cafés, bars or restaurants in the Wellington region, which was a 1.7 per cent increase (21 businesses) on the previous year. The percentage of cafés, bars and restaurants employing 20 or more people is 12.4 per cent compared to 4.1 per cent of all businesses in the Wellington region.

Café, Bar and Restaurant Businesses in Wellington



The sector is predominantly European (71.1 per cent) or Asian (19.8 per cent). The percentage of people in the workforce who were born in New Zealand has declined from 72.1 per cent in 2006 to 65.2 per cent in 2013. There have been increases in the percentage of the workforce born in Asia (12.8 per cent to 16.7 per cent) and Europe (6.5 per cent to 9.3 per cent).

The majority of people working in the sector are under 30 years old (59.9 per cent) and 76.6 per cent are under 40. There has been an increase in the number of people over 60 but they currently make up a very small part of this sector (3.3 per cent) compared to 12.1 per cent of the Wellington workforce.

46.8% of the Wellington café, bar and restaurant workforce are under 25 years old, compared to 14.1% of the overall workforce

There has been an increase in the number of people working in the sector with a qualification at Level 4 or above (from 24.9 per cent in 2006 to 29.8 per cent in 2013), but over half of the people working in the sector have no post-school qualifications (56.7 per cent). In part this will be due to the high number of young workers who are still in school, as 19 per cent of the workforce is 15 to 19 years old.

There is a fairly even balance of males and females working in Wellington's cafés, bars and restaurants, with 49 per cent male and 51 per cent female.

Fifty-seven per cent of people working in cafes, bars and restaurants are doing so full time. The total hours worked in a week in this sector has remained steady since 2006.

In the café, bar and restaurant sector, employment has grown continuously since 2012 and this is forecast to continue to grow for the next five years. It is expected that there will be 11,315 people working in the sector by 2021, with 3,661 job openings over that five year period.

Catering

The Wellington catering sector contributed \$125 million to GDP in 2016 which was a small increase of 0.4 per cent on 2015. The sector contributed \$62,804 to GDP per FTE.

Catering in the Wellington region accounted for 2,387 jobs in 2016, which was a decrease of 1.2 per cent on the previous year. The number of catering businesses in Wellington reduced from 271 in 2015 to 251 in 2016 (a 7.3 per cent reduction). This is the lowest number of businesses since 2003. It appears that, at least in part, the workload has been absorbed by the existing workforce as the number of FTEs grew slightly (0.4 per cent) between 2015 and 2016.

The Wellington catering sector has a higher percentage of young people (26.8 per cent aged under 25 years) than the catering sector nationally (21 per cent). There has also been an increase in people over 60 years old working in this sector from 153 people (7.4 per cent of the sector) to 290 (10.7 per cent of the sector).

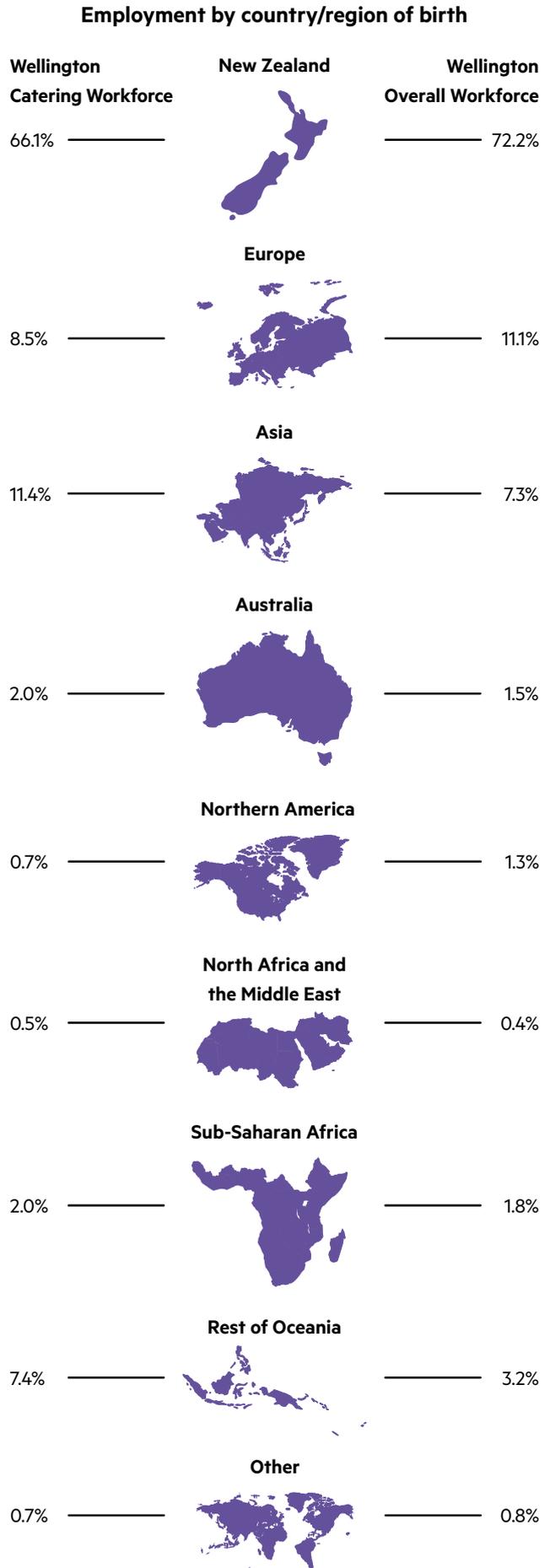
The Wellington catering sector has a higher percentage of young people than the catering sector nationally

The sector is predominantly European (69.9 per cent) and the workforce also includes Asian (13.9 per cent), Māori (12.7 per cent) and Pasifika (10.7 per cent). Most people in the catering sector workforce were born in New Zealand (66.1 per cent), with an increasing number born in Asia (11.4 per cent) and Europe (8.5 per cent).

The catering sector in the Wellington region is predominantly female, with 61 per cent female and 39 per cent male.

Over half of the Wellington catering sector workforce have no post-school qualification. Of those that do have a qualification, 33.7 per cent have a qualification at Level 4 or above and this is comparable to the catering sector nationally (34.8 per cent).

Employment in the catering sector declined in 2014 and 2016 but grew in 2015. Employment growth is forecast for the next five years with 798 job openings forecast through to 2021.



Clubs

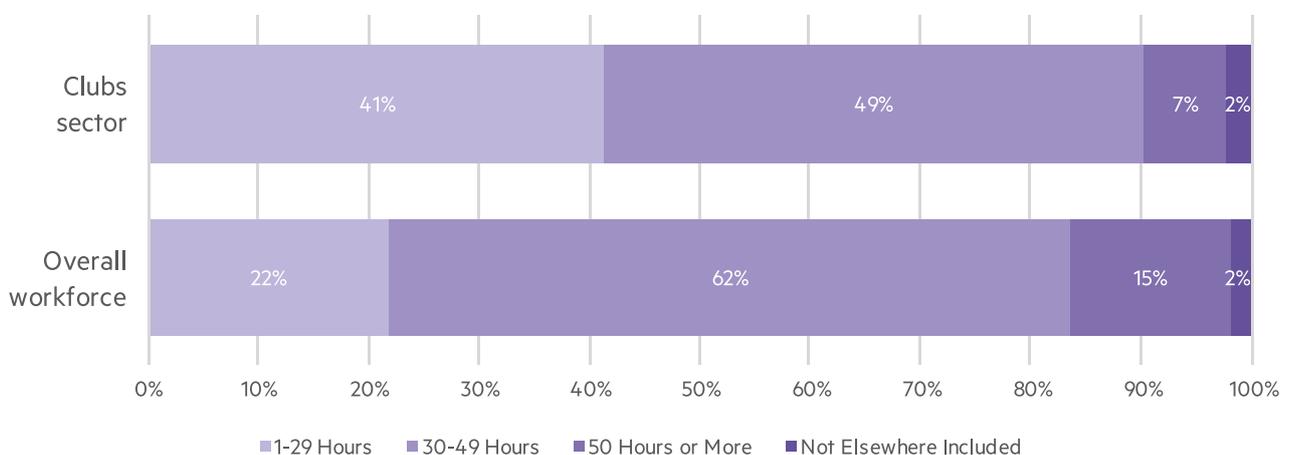
In 2016 clubs in Wellington accounted for 463 jobs (367 FTEs) which was a drop of 2.8 per cent on the previous year. There were 63 businesses in the Wellington region, an increase of 5 per cent on the previous year.

The Wellington clubs sector GDP contributions declined 1.8 per cent in 2016 to 18.4 million. The sector contributes \$50,197 to GDP per FTE.

The sector is predominately European (79.9 per cent or 415 people) and Māori (19 per cent or 99 people). The majority of people working in the sector were born in either New Zealand (77.3 per cent or 402 people) or Europe (9.2 per cent or 48 people).

While 30.1 per cent of the people employed in the clubs sector are under 25 years old, an increasing number of the workforce are over 65 years, from 3.8 per cent of the sector in 2006 to 8.1 per cent by 2013. 33 per cent of the clubs sector are now aged over 50. There are slightly more females (54 per cent) than males (46 per cent) working in the sector in Wellington.

Hours worked in Clubs and Overall Workforce



Of the people working in the clubs sector, 56.5 per cent are employed full time and 41.2 per cent are part-time. The average hours worked per week is 31.8.

While over half of the staff have no post-school qualifications (55.7 per cent or 289 people); almost one third of the staff have a qualification at Level 4 or above (29.7 per cent or 155 people).

The clubs sector reached peak employment levels in 2008 and has declined since then. This is forecast to continue with most job openings being replacement jobs and the overall number of jobs in the sector declining slightly.

Quick Service Restaurants

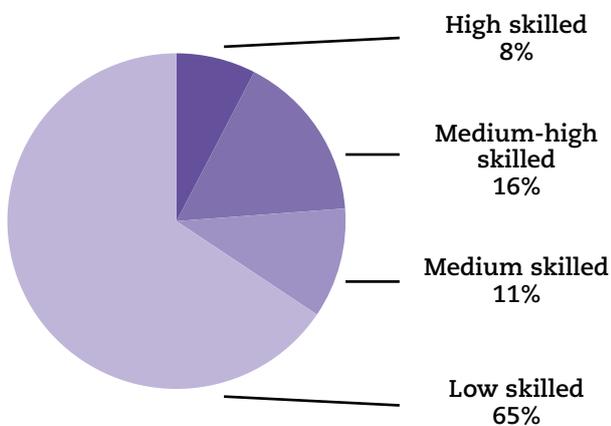
Quick service restaurants in Wellington accounted for 3,382 jobs (2,633 FTEs) and grew by 7.5 per cent in 2016.

Quick service restaurants contribute \$104 million to Wellington GDP, and this grew 7.9 per cent in 2016. The sector has the lowest GDP per FTE contribution of the 10 service sectors, at \$39,592 per FTE.

In 2016, there were 654 quick service restaurant businesses in the Wellington region, which was an increase of 5.8 per cent on the previous year.

The sector is predominantly European (54.6 per cent or 1,473 people) and Asian (37.6 per cent or 1,015 people). Most people working in the sector were either born in New Zealand (54.2 per cent) or Asia (32.6 per cent). The percentage of people born in Asia is high compared to the overall Wellington workforce where only 7.3 per cent were born in Asia.

Roles by Skill Level in the Wellington Quick Service Restaurant Sector

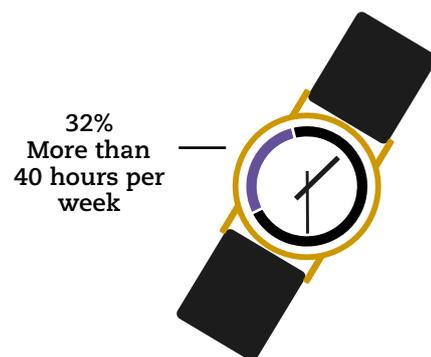


Forty-five percent of people working in the quick service restaurants sector are working full time. Just over half (51.7 per cent or 1,397 people) work less than 30 hours a week, and 32 per cent are working 40 hours or more (863 people).

Employment in quick service restaurants has grown every year since 2010, and this is forecast to continue over the next five years with a total of almost 4,000 people expected to be working in the sector by 2021. There are 1,424 forecast job openings over this period due to new job growth and employee turnover.

The percentage of males and females working in Wellington quick service restaurants is the same as for the overall Wellington workforce with 51 per cent male and 49 per cent female.

The sector is younger than most of the other service sectors with over half of the workers under 25 years old. The majority of people working in quick service restaurants have no post-school qualifications (71.1 per cent or 1,917 people). The high number of young people working in the sector, some of whom will still be in school or study, will account for some of this (30.3 per cent are aged 15-19 years and 23.8 per cent are aged 20-24 years). However, almost a quarter of the jobs in the quick service restaurant sector are medium-high to high skilled roles (24 per cent) and only 15 per cent of the workforce have a qualification at this level, which indicates a potential skill shortfall.



Retail and retail supply chain

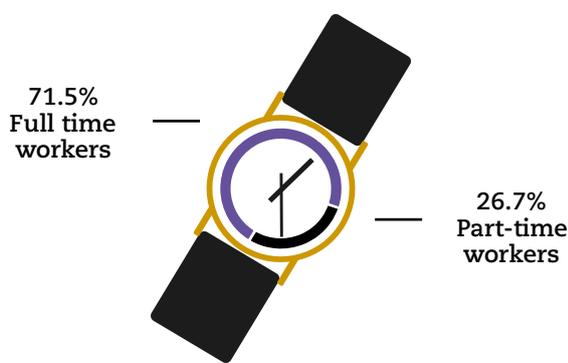
The retail and retail supply chain sector is the largest sector within the service sector. Retail and retail supply chain in Wellington accounted for 39,667 jobs in 2016 (35,242 FTEs) which was a small decline of 0.7 per cent. This sector is responsible for 14.5 per cent of all jobs in the Wellington region.

The sector's GDP contributions increased 0.2 per cent in 2016 to \$3,330 million. The sector contributed \$94,480 to GDP per FTE.

The number of retail and retail supply chain businesses grew slightly (0.2 per cent) in 2016 to 7,033 (an increase of 15 businesses).

*The retail and retail supply chain sector contributes **11.1%** of the total regional GDP*

Wellington's retail and retail supply chain sector is predominantly European (77.1 per cent or 31,197 people), with 12.7 per cent Asian and 9.9 per cent Māori. The majority of people were born in New Zealand (73.4 per cent or 29,694 people) and an increasing number were born in Asia (9.1 per cent) and Europe (9.0 per cent).



While 22.2 per cent of people employed in the retail and retail supply chain sector are under 25 years old, there has been a decrease in 15-19 year olds from 12.4 per cent to 8.5 per cent. Half of the workforce is now aged over 40 and 11.3 per cent is over 60 years old (increased from 7.2 per cent in 2006).

Gender distribution in the retail and retail supply sector is the same as in the overall Wellington workforce, with 51 per cent male and 49 per cent female.

While the retail and retail supply chain sector accounts for some part-time and casual work, 71.5 per cent of people in the sector are working full time.

Over half of people have no post-school qualifications (52.3 per cent or 21,161), which is an improvement of 7.3 per cent since 2006. Over a quarter of the workforce (28.5 per cent or 11,558 people) have a qualification at Level 5 or above. Qualification levels are similar to the retail and retail supply chain sector nationally.

The retail and retail supply chain sector reached peak employment levels in 2008 and it is unlikely to reach these levels again. Some small growth in employment is forecast until 2021, after which numbers are expected to decline. Employee turnover is forecast to average 4.6 per cent over the next five years; combined with new roles, this equates to 10,500 job openings.

Gender in the Wellington retail and retail supply chain sector



AVIATION ▲ TOURISM ▲ TRAVEL ▲ MUSEUMS ▲ CATERING
CAFES, BARS, RESTAURANTS ▲ QUICK SERVICE RESTAURANTS
CLUBS ▲ ACCOMMODATION ▲ RETAIL AND RETAIL SUPPLY CHAIN

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