



Australian Government
Department of Employment

Industry Outlook

Accommodation and Food Services

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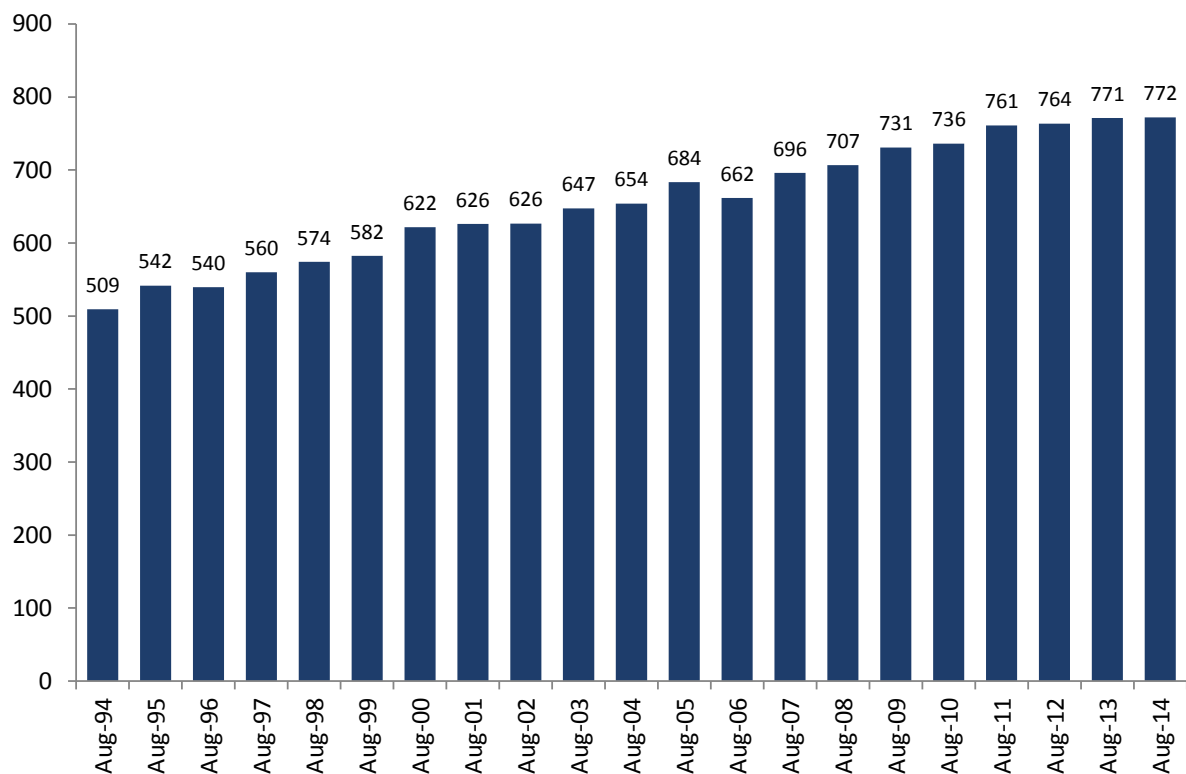
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Employment

Accommodation and Food Services is the seventh largest employing industry in Australia, employing 772,200 people (or 6.7 per cent of the total workforce) as at August 2014. The industry is comprised of four sectors: Accommodation; Cafés, Restaurants and Takeaway Food Services; Pubs Taverns and Bars; and Clubs (Hospitality). The largest contributor to employment is the Cafés, Restaurants and Takeaway Food Services sector, accounting for around two thirds (67.9 per cent) of industry employment. The Accommodation sector accounts for 15.3 per cent of industry employment, followed by Pubs, Taverns and Bars (10.5 per cent) and Clubs (Hospitality) (6.3 per cent).

Accommodation and Food Services has recorded strong employment growth over the past 20 years, increasing by 51.7 per cent (equating to 263,100 new jobs), compared with 46.0 per cent for employment as a whole, driven by strong growth in the Cafés, Restaurants and Takeaway Food Services sector.

Figure 1: Accommodation and Food Services industry employment level ('000), August 1994 to August 2014



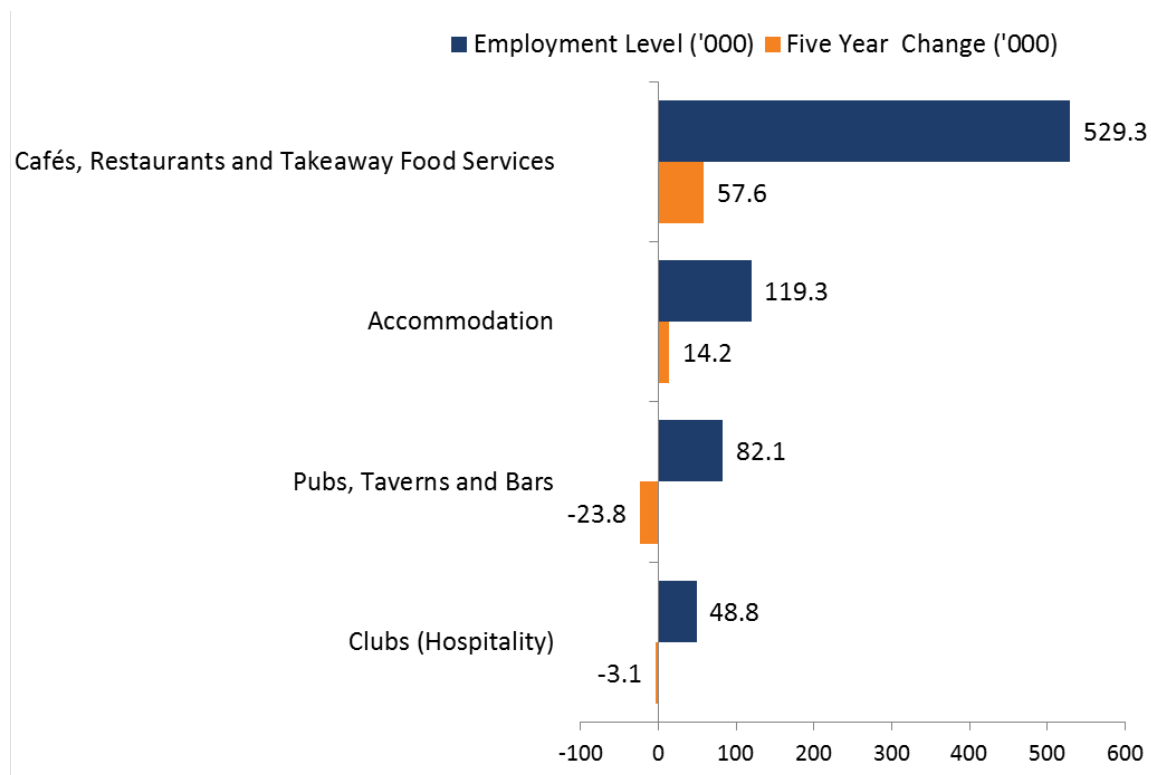
Source: ABS, *Labour Force, Australia, Detailed, Quarterly*, cat. no. 6291.0.55.003, trend.

More recently, however, growth in the industry has been weaker, with employment rising by 41,400 (or 5.7 per cent) over the five years to August 2014, compared with growth of 7.5 per cent for employment as a whole. This lower growth rate is consistent with higher consumer caution and lower spending since the Global Financial Crisis.

Sectoral Employment

Over the five years to August 2014, almost all employment growth in the industry has been concentrated in the Cafés, Restaurants and Takeaway Food Services sector (up by 57,600 or 12.2 per cent), driven by factors such as higher disposable incomes and the convenience of takeaway food for increasingly ‘time poor’ households. Employment in Accommodation also recorded an increase (up by 14,200, or 13.5 per cent). By contrast, employment declined in Pubs, Taverns and Bars (down by 23,800, or 22.5 per cent) and Clubs (Hospitality) (3,100 or 5.9 per cent) over the five years to August 2014. The notable fall in employment for Pubs, Taverns and Bars reflects, in part, reduced consumer spending and growing competition from independent liquor sellers, causing the sector’s customer base to increasingly opt for home based consumption.

Figure 2: Employment level and five year change to August 2014, by sector ('000)



Source: ABS, *Labour Force, Australia, Detailed, Quarterly*, cat. no. 6291.0.55.003, Department of Employment trend.

Employment in the Accommodation sector has been influenced by a number of factors over the past five years. The sector (which deals with providing accommodation for visitors by operating hotels, motels and resorts) has struggled in recent years with the recessionary conditions in Europe and the soft recovery in the United States reducing international tourist numbers. Until relatively recently, there had also been stronger competition for domestic tourists, with a high Australian dollar making overseas travel more attractive and subdued business conditions impacting on business travel.

However, conditions in the Accommodation sector have experienced a modest although tentative revival over the past three years, with increases in the number of domestic overnight stays now boosted by recent falls in the value of the Australian dollar. This has translated into employment

levels shifting from the decline of recent years to a modest employment increase of 11,100 (or 1.5 per cent) over the three years to August 2014.

Geographic Distribution

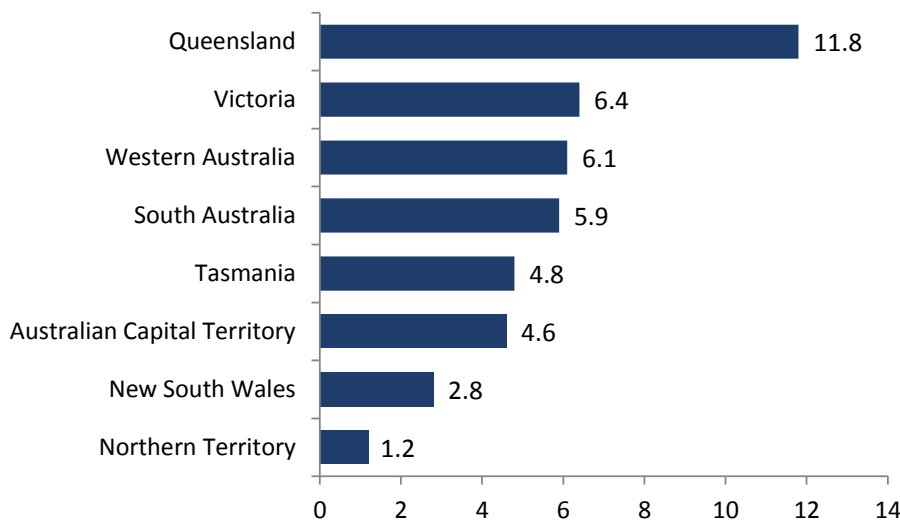
Employment in Accommodation and Food Services is concentrated along the Eastern Seaboard states which accounted for 77.6 per cent of employment in the industry at August 2014. The largest employing state was New South Wales (32.4 per cent) followed by Victoria (23.7 per cent) and Queensland (21.6 per cent).

Accommodation and Food Services employment growth over the five years to August 2014 has been concentrated in Queensland (up by 11,800), Victoria (up by 6,400), Western Australia (up by 6,100) and South Australia (up by 5,900). Together these states accounted for 69.3 per cent of growth in Accommodation and Food Services employment. Smaller gains were recorded in all of the remaining states and the two territories.

At the Labour Force Region level, over the five years to August 2014, the largest increase in Accommodation and Food Services employment was recorded in Newcastle and Lake Macquarie (up by 7,700), followed by Melbourne - Inner (up by 6,100) and Perth - South East (4,600).

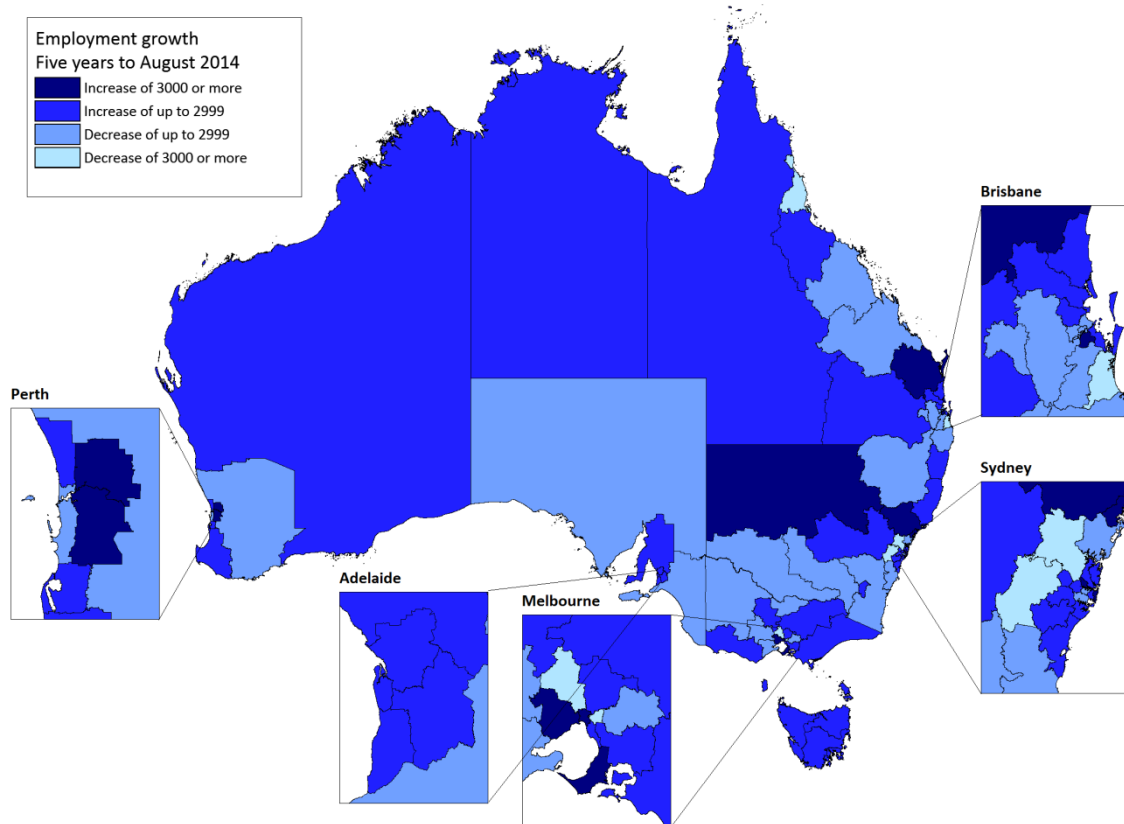
The three largest employment declines over the five years to August 2014 were recorded in Cairns (down by 4,800), followed by Melbourne - Inner East and Sydney - Outer West and Blue Mountains which both declined by 4,500.

Figure 3: Five year Accommodation and Food Services industry employment change by State and Territory ('000)



Source: ABS, *Labour Force, Australia, Detailed, Quarterly*, cat. no. 6291.0.55.003, Department of Employment trend.

Figure 4: Five year Accommodation and Food Services industry employment growth by region ('000)



Source: ABS, *Labour Force, Australia, Detailed, Quarterly*, cat. no. 6291.0.55.003, four quarter average of original data.

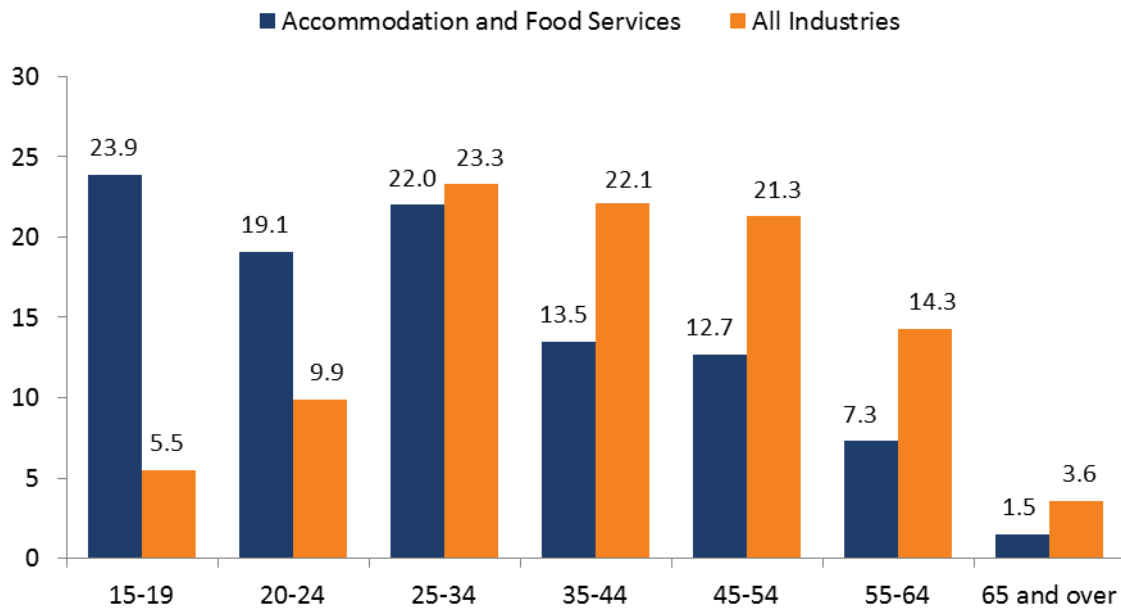
Workforce Characteristics

Workforce Age Profile

The median age for Accommodation and Food Services is 27 years (as of 2013), the lowest of all the 19 broad industry groups and significantly lower than the median age for employment as a whole (40 years). Within the industry, the Cafés, Restaurants and Takeaway Food Services and Pubs, Taverns and Bars sectors have the youngest age profiles (with median ages of 24 years and 28 years respectively). Workers in the Accommodation sector have a much higher median age (42 years), which is consistent with the higher level of educational attainment of workers in this sector.

A large proportion of workers employed in Accommodation and Food Services is aged between 15 and 24 (43.0 per cent compared with 15.4 per cent for employment as a whole). By contrast, 20.0 per cent of workers in the industry are aged 45 to 64, which is significantly lower than for employment as a whole (35.5 per cent). The youth of workers is reflected in their educational attainment, and the occupations in which they are employed.

Figure 5: Employed persons by age, August 2014 (% share of employment)



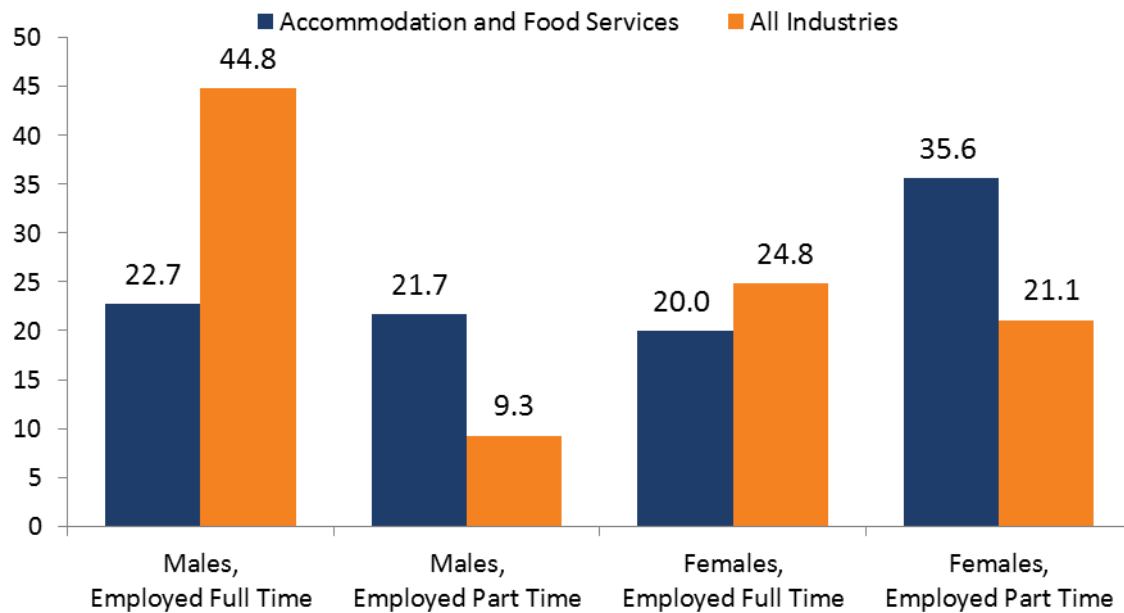
Source: ABS, *Labour Force, Australia, Detailed, Quarterly*, cat. no. 6291.0.55.003, four quarter average of original data.

Gender and Full Time/Part Time Status

Accommodation and Food Services has a significantly lower than average share of full time employment (42.7 per cent compared with 69.7 per cent across all industries). This is particularly notable in Cafés, Restaurants and Takeaway Food Services where the share of full time employees was only 38.3 per cent in August 2014, reflecting the high proportion of part time occupations such as Waiters, Kitchenhands and Sales Assistants (General).

Females account for 55.6 per cent of employment in Accommodation and Food Services (compared to 45.9 per cent for all industries). There is a high concentration of female part time employment in the industry (35.6 per cent), in part owing to the significant number of female workers employed in occupations such as Housekeepers, Café Workers and Waiters.

Figure 6: Full time workers as % of employed total, by gender, August 2014



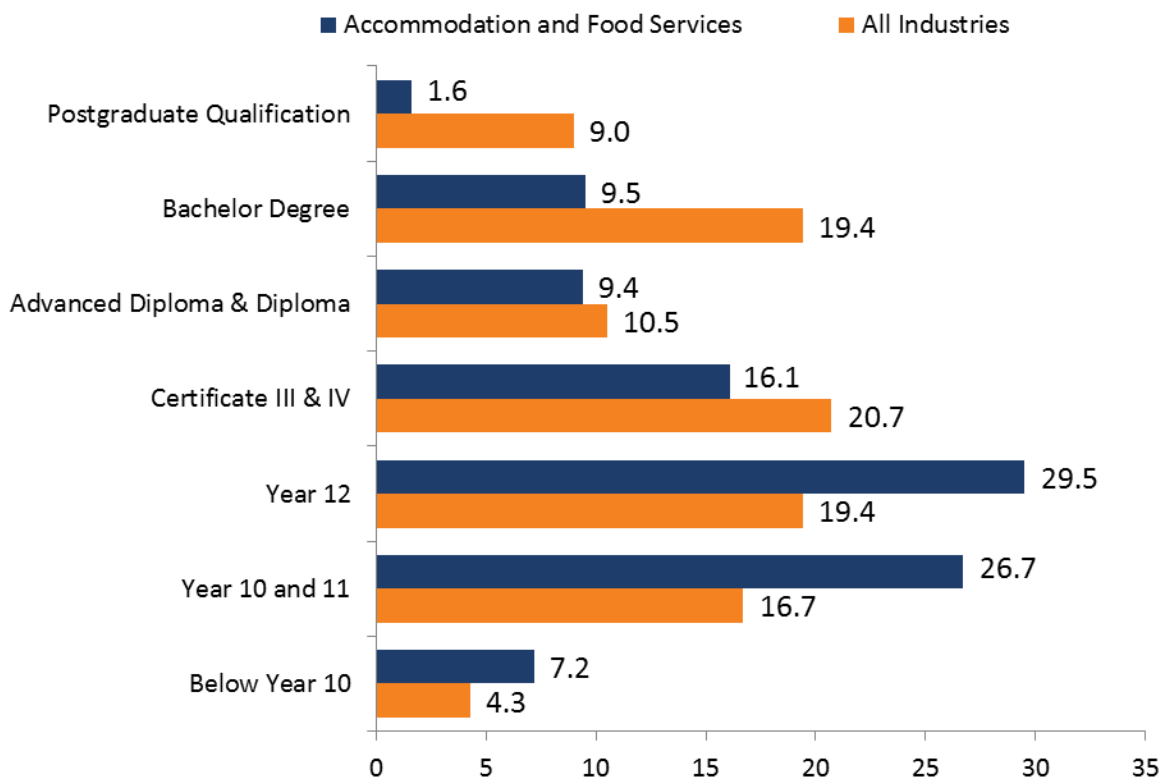
Source: ABS, *Labour Force, Australia, Detailed, Quarterly*, cat. no. 6291.0.55.003, four quarter average of original data.

Educational Attainment

Reflecting the predominance of lower skilled occupations in the industry (see figure 8), 63.4 per cent of workers employed in Accommodation and Food Services have a level of educational attainment of Year 12 or below, compared with 40.4 per cent for employment as a whole. However, around one third of workers employed in the industry are studying either full time or part time (compared with 12.0 per cent across all industries)¹. Only 11.1 per cent of Accommodation and Food Services workers have attained a Bachelor Degree or higher qualification compared with 28.4 per cent of all workers.

Educational attainment in the industry varies by sector. For example, 16.7 per cent of workers in the Accommodation sector have attained a Bachelor Degree or higher qualification, compared with 10.0 per cent in the Cafés, Restaurants and Takeaway Food Services sector.

Figure 7: Highest educational attainment - share of employment (%)



Source: ABS Survey of Education and Work, 2013.

¹ ABS, 2011 Census of Population and Housing.

Main Employing Occupations

Many of the largest occupations within the Accommodation and Food Services industry are lower skilled, such as Waiters (employing 105,400 workers), Kitchenhands (88,200), Bar Attendants and Baristas (83,300) and Sales Assistants (General) (74,500). By contrast, the industry also has relatively large employing occupations that are commensurate with an Advanced Diploma or Diploma, such as Chefs (65,400), Café and Restaurant Managers (52,600), Retail Managers (31,900) and Hotel and Motel Managers (23,300), illustrating that the industry provides job opportunities across a range of skill levels.

Figure 8: Main employing occupations in the Accommodation and Food Services industry ('000)



Source: ABS Labour Force Survey, four quarter average, custom data request, 2013.

Earnings

Median full time weekly earnings in the Accommodation and Food Services industry are \$852, well below the median across all industries (\$1,152). This reflects both the large proportion of lower skilled occupations and the large number of younger workers in the industry.

The Cafés, Restaurants and Takeaway Food Services sector has the lowest median weekly earnings (\$800 per week), followed by Accommodation and Pubs, Taverns and Bars (both \$900 per week). The Clubs (Hospitality) sector has the highest median weekly earnings of all the sectors of the industry (\$949 per week), however, this is still more than \$200 per week lower than the median across all industries.

Figure 9: Accommodation and Food Services industry sectors - median weekly earnings (full time and before tax)



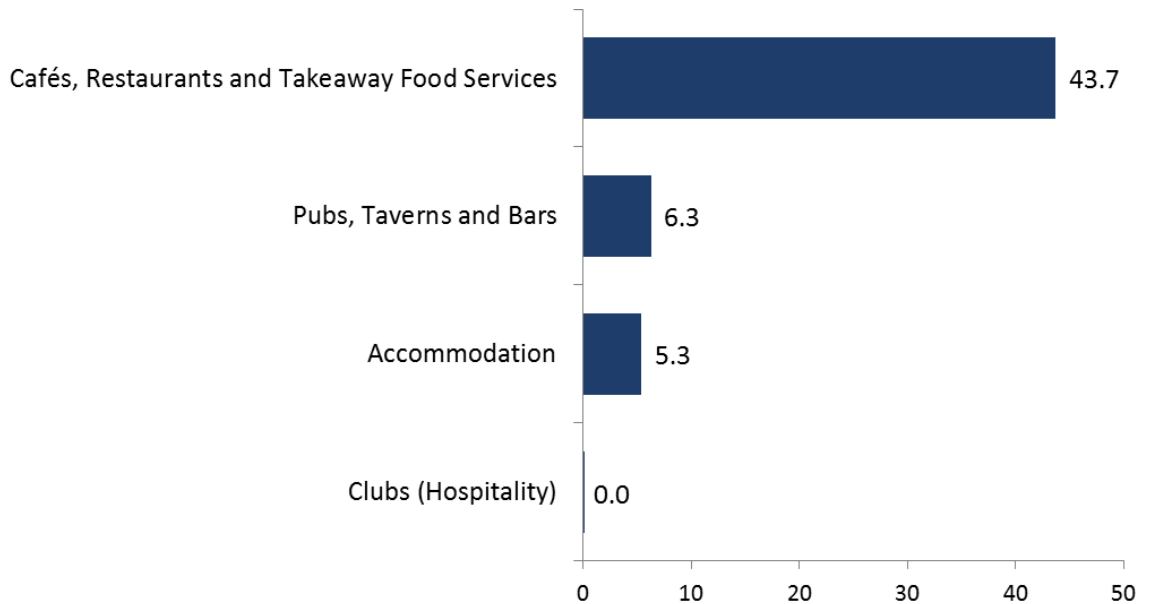
Source: ABS Employee Earnings, Benefits and Trade Union Membership, custom data request, August 2013.

Future Employment Prospects

Over the five years to November 2018, employment in the Accommodation and Food Services industry is projected to increase by 7.1 per cent (compared with 7.2 per cent for employment as a whole), equating to around 55,200 new jobs in the industry.

Employment growth in the industry is projected to continue to be driven by Cafés, Restaurants and Takeaway Food Services (up by 43,700). Pubs, Taverns and Bars (up by 6,300) and Accommodation (5,300) are projected to make smaller contributions to employment growth in the industry. The employment level for Clubs (Hospitality) is expected to remain virtually unchanged from the current level of 48,800.

Figure 10: Projected employment growth ('000) by sector - five years to November 2018



Source: Department of Employment, 2014 Employment Projections to November 2018.

Recruitment Difficulty

The results of the Department of Employment's *Surveys of Employers' Recruitment Experiences*, conducted in the 12 months to June 2014, show that recruitment difficulty in the Accommodation and Food Services industry has eased compared with the previous 12 months, although high staff turnover remains a challenge for employers in the industry.

A lower proportion of employers (43 per cent) reported recruitment difficulty compared with 50 per cent in the previous year and it is now in line with results across all industries. Nonetheless, vacancies for Chefs and Cooks were frequently reported as difficult to fill.

The recruitment rate (28 vacancies per 100 staff) was almost double the average across all industries (16 vacancies per 100 staff), reflecting high staff turnover in the industry. Additionally, some 15 per cent of employers reported that staff retention was a challenge compared with 8 per cent across all industries.

More than half of all employers in the industry expected to recruit in the 12 months following the survey, compared with 37 per cent across all industries. While many of these employers will be recruiting to replace staff, they expect to have less difficulty doing so than in the previous 12 months.

Skill Shortages

Many occupations in this industry do not generally require formal qualifications. The industry does, though, employ a number of food trades (for which training is most commonly through the apprenticeship system). Chef and Cook are the only food trades in the top 20 employing occupations (see Figure 8), but Bakers and Pastrycooks are also key to this industry, although their employment numbers are relatively small.

Shortages of these food trade occupations have been persistent over most of the past decade and have not abated even at times when the supply of newly qualified workers has been relatively high or during economic downturns.

- This appears to be driven, in part, by the limited transferability of skill sets between specialisations and business types within the food trades, relatively high turnover and employers' reluctance to hire applicants who have undertaken short courses or have limited work experience.
- Employers note that wastage (people leaving the occupation for which they trained) is a major factor contributing to the persistent shortages of food trades workers, with relatively low remuneration, undesirable working hours and challenging working conditions contributing to recruitment and retention difficulties.
- ABS data² show that labour turnover for the food trades is higher than the average for all occupations.

Despite the shortages, some employers recruiting for these trades workers sometimes attract very large fields of candidates (more than 50) in response to their advertisements.

² ABS, *Labour Mobility*, February 2013

The vast majority of employers³ seek food trades workers who have trade qualifications and relevant experience and skills, and most applicants are considered to be unsuitable.

- That said, some employers (particularly those recruiting for Cooks) are willing to employ applicants who have relevant experience in lieu of qualifications.
- A number of employers seeking Chefs, Cooks and Pastrycooks consider candidates who have undertaken short course qualifications to be unsuitable due to a lack of practical experience and skills.

Labour Market Research and Analysis Branch

Department of Employment

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³ Department of Employment, *Survey of Employers who have Recently Advertised*