



2nd Quarter Hospitality Dashboard

Quarterly Dashboard 2023

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State of Hospitality

Sales statistics source: Stats NZ, Business confidence source: RA member survey

Industry at a glance...

\$14.8B	Annual sales revenue to year end March 2023 20.9% YoY change
\$3.8B	Q1 2023 sales revenue -5/1% QoQ change +24.0% YoY change
\$1.4B	Auckland Q1 2023 sales revenue -6.7% QoQ change +25.3% YoY change
\$99M	Regional sales insight Q1 2023 Hawke's Bay \$99.2 million Gisborne \$24.4 million
38%	Business confidence Q2 2023 38% believe business conditions will have deteriorated in 12 months.

Overview of: 2nd quarter 2023

The second quarter saw many regions recover from the extreme weather events experienced earlier in the year, however, ongoing impacts are still being faced for operators in Hawke's Bay, Gisborne and Coromandel regions. Members in these regions, and Auckland, report feeling a lot of unease when bad weather reappears. Customers also appear to be affected, showing a reluctance to book ahead when storms are forecast. The weather events are having a lasting impact on people's mental health.

Despite this, industry sales figures remained strong in the first half of 2023. While operators have noted changes in customer dining habits due to cost-of-living pressures (for instance, choosing cheaper meal options, sharing, or foregoing, dessert), people are still dining out. However, there are concerns about further changes in customer habits during the recession.

The upcoming election and the hospitality industry Fair Pay Agreement bargaining are top of mind for the upcoming quarter, particularly the impact an FPA may have on wage rates. In a recent RA member survey 46 percent cited managing wage costs as the number one challenge affecting their business.

Supply chain price increases are also having a significant impact on the hospitality industry with 29 percent of respondents in the member survey citing this as their biggest challenge. While restaurant meal prices have increased, the haven't matched the increase in food prices.

The return of international tourists has had a positive effect, and this will improve further, however the market remains unpredictable. The focus for many hospitality operators continues to be on business survival, and the hope for more stability moving forward.

Most regular feedback



Business conditions

Only 20% expect business conditions to improve over the next 12 months. The recession, upcoming election and legislation changes are factors creating unease.



Cost increases

With profit typically sitting at between 4-7 percent, finding the delicate balance between managing costs and achieving a profit remains crucial for hospitality.



Fair Pay Agreements

At this stage there is a lot of uncertainty around Fair Pay Agreements and what the outcome of bargaining will be.



Health & Wellbeing

Nationwide, 61% of owners indicate their health & wellbeing is currently impacted (June 2023)

Recruitment spotlight

Restaurant Association member survey (May/June 2023)

At a glance...

52%	Percentage of respondents that say they are not fully staffed (down from 80% in February 2023)
67%	Number of operators who have been recruiting for senior roles over past two months.
82%	Percentage of employers saying it is Difficult or Extremely Difficult to recruit for senior roles (down from 90% in February 2023)
58%	Percentage of employers saying it is Difficult or Extremely Difficult to recruit for junior roles (56% in February 2023)
45%	Percentage of employers saying that recruiting for staff has improved over past two months.

Member commentary

"We have had a lot of people with working holiday visas asking about work. Their work at other places has finished and they still have more time in NZ. I hope the number of whv holders continues going into next summer."

"It's role-dependent as to how easy/ difficult recruitment is. Most of my successful applicants are through word of mouth or applications via in store flyers."

"We recruited from overseas but it took 4 months for them to get their visa. By which time summer was over.."

"We have stopped advertising - and I am filling the gap myself for the next few months while its quieter, then we will try again in the spring."

"There is a lack of skilled chefs who want to and are available to work weekends. Generally people are not wanting to work weekends - we are a 7 day a week cafe - and rely on school aged team members to fill the gaps."

"Seeing the return of working holiday visas, however candidates only want work for 3 months approx, that once you invest the time in training they are leaving!"

Most regular feedback



Slight easing in staff challenges

Operators report a *slight* easing of staffing pressures. The move into quieter trading months reduces demand, with international workers also providing some relief.



AEWV process

Operators still expressing frustration with the AEWV process, time delays and inconsistency from Immigration officials.



Managing wage costs

Many operators comment on the challenge of seeing wage costs climb close to 40 percent. Managing wages costs is identified as the key challenge currently.

Association Activity

At a glance...

8.4%	<p>Wage growth 2023</p> <p>Wage rates within the hospitality sector grew by a significant 8.4 percent compared to 2022, further building on the previous year's rise of 8.2 percent.</p>
\$26.48	<p>Average hourly rate 2023</p> <p>The average hourly rate across all hospitality roles; a rate that exceeds the 2022-2023 living wage by 12 percent. (Source: 2023 RA Remuneration Survey)</p>
3	<p>FPA employer bargaining parties</p> <p>Three organisations, including the RA have been approved as employer bargaining parties for the hospitality Fair Pay Agreement.</p>
#1	<p>Potential FPA proposals</p> <p>Penal rates (eg for evening/weekend work) is a proposal that would cause most concern for employers ahead of Fair Pay Agreement bargaining.</p>
3	<p>Submissions made over the quarter</p> <ul style="list-style-type: none"> Climate Change Commission Draft Advice on 2nd Emissions Reduction Plan Improving Economic Resilience Green list recommendation for chefs

Association activity snapshot

Advocacy

www.restaurantnz.co.nz/advocacy/

The Association consulted with industry and made submissions on:

- Climate Change Commission's 2nd Emissions Reduction Plan
- Improving Economic Resilience
- Recommendation for chefs to be included on the Green list x2 (initial feedback and final submission)

Hospo Hop - Labour

We view the election year as a vitally important time to continue to raise awareness of the value of our industry. Over the quarter the Association held meetings with local MP's to discuss our key priorities for the industry in election year 2023.

Better Work Plan

Launched at the end of Q1, the Better Work Plan is an action plan aimed at making the hospitality and tourism workforce stronger, more sustainable, and resilient. There are 6 proposals, or Tirohanga Hou (meaning new outlook and ways of thinking), in the Action Plan which are underpinned by 14 initiatives to address these challenges. CEO, Marisa Bidois represents the hospitality industry on the Better Work Plan's leadership group.

Fair Pay Agreement (FPA) activity

www.restaurantnz.co.nz/fairpayagreements/

Fair Pay Agreement bargaining preparations are underway. We are keeping members informed of key steps they need to undertake during the process. We have a clear area for member and non members to sign up to receive key updates.

FPA industry advisory group - The Association has formed an industry advisory group to consult and provide feedback on FPA negotiations.

Restaurant Association approved as bargaining party - Unite Union's application to initiate Fair Pay bargaining was approved on 29 May, which gives 3 months for bargaining parties to be formed. The Association applied to be an employer bargaining party on 30 May and was approved on 26 June.

On the radar for Q3



Hospitality Fair Pay Agreement

Hospitality industry Fair Pay Agreement bargaining will be underway by Q4. Unite Union's application to initiate Fair Pay bargaining, has been approved and the Association has been approved to be a bargaining partner.



Business safety & security

Through our discussions with members we know that safety and security is something of heightened concern. The Association is focused on providing guidance and training for operators.



Election 2023

The forthcoming election is front of mind for business owners. The Association's 2023 Election Manifesto is guidance on the industry's priorities for the next Government.



Summer recruitment

Looking ahead to the Summer trading period, operators will be looking to prioritize staffing to fully leverage the busy season.

On the Frontline



Jonny Marinovich

Owner, Gamma Rays
New Plymouth

The BEST M@#%^&*^\$#@N Burgers in the galaxy! This is the tag line for Jonny Marinovich's Gamma Rays burger joint in New Plymouth and it's not far wrong.

Check out this rave review earlier in the year by Stuff.

Operating out of the Liardet Street precinct, Gamma Rays has been joined by Neon Robot, pumping out super tasty pizzas in neo-Neapolitan style. These have a crispier, firmer base and topping that Neapolitans would find unfamiliar.

Both Gamma Rays and Neo Robot produce food that has clearly had a lot of love and thought put into the finished product. The pizzas are new and still being constantly refined to produce a better product but have started with rave reviews.

Jonny's career started off with a move from New Plymouth to Auckland to study cooking at AUT. In 2000 during the America's Cup, he was working as a commis chef at Wildfire down on Auckland's waterfront doing 350 covers a night.

From there he moved to the Hyatt Regency as a chef de partie and ended up running the hot section.

After that he went overseas for a while then ended up back in New Plymouth working for the McFarlane group where he helped open Elixir and Fredrics. His version of mince on toast is still on the menu at Elixir and is still incredibly popular. Jonny then helped open the Ozone coffee and hospitality brand, another McFarlane's venture, into the London market. Then it was on to a corporate kitchen before winding up in Melbourne helping Ben Shewry with his large catering events.

Finally, it was back to New Plymouth with the McFarlane group before opening Gamma Rays four years ago.

New Plymouth has many great places to eat and drink however, next time you're there, make some time so grab a burger or pizza, you won't regret it