



HM Industry Leaders Forum Edition  
10 January 2019

### **Focusing on future-proofing our industry**

*Chris Roberts, Chief Executive, Tourism Industry Aotearoa*

Many people who work in the vast tourism industry will tell you that what they love about their career is the knowledge that no two days are the same.

They're absolutely right. Whether you work in food and beverage, accommodation or adventure tourism, the wonder of our industry is in the people you meet and the experiences you can enable.

It can be exhilarating being part of such a dynamic industry, especially one that has just surged through a period of intense growth. It led to our success in growing the total value of tourism to New Zealand's economy to \$39.1 billion. We are well ahead of our projected markers to reach our Tourism2025 goal of being a \$41 billion industry by 2025.

Now is the time to consolidate our achievements. The expected slowed rate of growth over the next few months presents an opportunity for us to play 'catch-up' and turn our focus towards ensuring the growth helps, not hinders, our industry players.

The aforementioned dynamism of working in tourism means New Zealand is well known for providing outstanding customer service, visitor experiences and good old Kiwi hospitality. A key focus of the New Year will be in ensuring that the growth of the hospitality and accommodation sectors don't come at the expense of maintaining our famous Kiwi welcome, and I can identify three areas as particularly crucial to this.

The first issue of importance is workforce staffing. Data from the recent Tourism Satellite Account shows that across the country, 216,000 people are directly employed in tourism – 13.5% of New Zealand's total workforce. However, regional staff shortages have been and will continue to be of particular cause for concern, and we need to focus on bringing workers to the regions and sectors that historically struggle to find adequate numbers of staff.

One of the ways TIA worked to combat these shortages in 2018 was by researching the causes of the Kiwi worker shortage. Together with Auckland Tourism, Events and Economic Development (ATEED), we researched young people's perceptions of careers in tourism to identify areas where we can improve tourism's viability as a secure and attractive career. As a result of the research findings, we are now developing a supporting strategy to help attract young people to the sector.

And the Government has committed to addressing this issue too, with its recent announcement of consultation on a new framework for employer-assisted temporary work visas. The proposed changes would ensure that access to overseas staff is better

matched to where there are genuine skill shortages. This directly affects the accommodation sector as many businesses rely on overseas workers.

We believe the Government's proposed changes are a step in the right direction to provide relief for our regional tourism operators, recognising the significant regional differences in requirements for workers. TIA will be submitting on improvements to the visa process, and we look forward to seeing these changes benefit workers and business owners alike.

The next way to ensure the hotel sector retains strong growth is in recognising investment opportunities.

The hotel sector has seen an influx of 5 star hotel properties being built across the country, but there is a market for 3 star hotels, a star band which is often underinvested and doesn't have the capacity needed to meet this demand. The hotel sector reached 80% national occupancy rates in 2018, with many of our traditionally busy regions such as Auckland and Wellington reporting falls in occupancy and a flattening in rate growth over this period.

And lastly, the everlasting issue of taxes. Many councils are looking towards taxes and targeted rates to offset the concerns of the accommodation sector, and alleviate inequality in rate collection.

Industry taxes were a focus of TIA's work last year, particularly with the Auckland Council's new 'Airbnb' rate. In our submission on the targeted rate last year, we noted the difficulty of identifying those who should be paying it, and this prediction was proven correct as the Council has been unable to implement the rate fully.

We acknowledge that peer-to-peer accommodation offers additional choice to consumers and that it fills an important need, especially over peak periods. However, this sector needs appropriate management, particularly of those operators that provide short term visitor accommodation on a year round basis. The sector should provide fairness, insight, and provision of a safe and compelling visitor experience.

Future-proofing our frontline tourism sectors will ensure that our industry remains successful, and that our 216,000 workers keep excelling at sharing the wonder of our country with our visitors and locals.