



Submission to
the Ministry of Business, Innovation & Employment
(Labour, Science and Enterprise Group)
on the
Suite of proposed changes to the Essential Skills visa

Date: 26 May 2017

Tourism Industry Aotearoa (TIA) welcomes the opportunity to comment on the suite of proposed changes to the Essential Skills visa. We would like to thank the Ministry of Business, Innovation & Employment (MBIE) for providing us with an extension on submitting on this proposal.

This submission is filed without prejudice to TIA's future position. Our ability to prepare a comprehensive submission responding to the discussion document relied on the provision by MBIE of information relevant to the connection between the discussion document and the benefits that would accrue. If any information is provided at a later date, TIA reserve the right to comment further.

EXECUTIVE SUMMARY

1. When changing policy settings, the government must demonstrate greater empathy for the specific requirements of the tourism industry. There are already acute staff shortages in certain areas, such as popular tourism hotspots, remote destinations and/or at peak times of the year. New Zealanders are often not available in these areas or may be lacking the required attributes or skills. Although the New Zealand tourism industry prefers hiring New Zealanders, this is often not an option.
2. Tightening immigration settings will only make it more difficult for the fast growing tourism industry to attract essential staff, stifling that growth potential.
3. Simply tightening immigration settings without first addressing the barriers to people coming into the industry will not create more jobs for New Zealanders as there is a lack of suitably qualified New Zealanders available to work in the tourism industry. Tightening immigration settings will directly impact on the industry's ability to deliver products and services.
4. A 'one size fits all' approach to immigration settings will fail many regions and tourism operators because of the substantial differences between local and regional economies and labour markets.
5. TIA strongly advocates for strategic leadership by the government to support industry initiatives in promoting tourism as a career and attracting New Zealanders to work in tourism.
6. When no suitable New Zealanders are available, we need immigration settings that allow tourism employers to secure quality staff.
7. We do not support the introduction of remuneration thresholds to determine skill levels and associated visa conditions.

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8. The proposed changes suggest that lower-skilled workers are seen as less valuable for the New Zealand economy. TIA does not agree with this: the tourism industry needs both lower-skilled and higher-skilled staff.
9. The introduction of a maximum three-year duration for lower-skilled Essential Skills migrants is an unnecessary burden to both the employer and the employee and TIA does not support this.
10. TIA does not support the increased restrictions on bringing family to New Zealand. The tourism industry is already struggling to attract the staff that it needs. Making it harder for lower-skilled workers to bring their family with them would mean there is less incentive to come to New Zealand. The restricted pool of suitable employees will only be tightened.
11. TIA supports seasonal occupations being exempted from the new restrictions. However, we request that MBIE undertake a fuller consultation on seasonal work, outside this current consultation on Essential Skills. TIA would like to be part of this consultation to ensure that the impact on the tourism industry is adequately represented.
12. The current Labour Market Test system does not work for the tourism industry. The Government needs to consult with the tourism industry on its specific requirements and analyse how effective the current Labour Market Test is for the tourism industry.
13. Work and Income New Zealand (WINZ) generally does not have the candidates that the tourism industry is looking for. We suggest for WINZ to work closer with the tourism industry on how to identify and place the right candidates in the right positions in the tourism industry.
14. TIA would like to see the definition for full-time employment amended from a minimum of 30 hours a week, to an average of 30 hours a week over the season/year.
15. There are very specific requirements for adventure guides and the current pool of New Zealand adventure guides is not sufficient. TIA is of the opinion that there should be a specific visa for adventure guides, similar to e.g. the foreign chef visa or the Japanese interpreter visa.

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RECOMMENDATIONS

TIA recommends for:

- Strategic leadership by the government to support tourism as a career and to attract New Zealanders to work in tourism.
- Instead of the proposed 'one size fits all' approach of immigration settings, the government needs to take into account the substantial differences that exist between local and regional economies and labour markets.
- Immigration settings that allow tourism employers to secure quality staff when no (suitable) New Zealanders are available.
- A fuller consultation on roles that fulfil criteria for seasonal work.
- Immigration New Zealand to propose a specific visa for adventure guides.
- Industry consultation on how effective the current Labour Market Test is for the tourism industry and to apply proposed changes accordingly.
- WINZ to work more closely with the tourism industry on how to place the right candidates to the positions in the tourism industry.

INTRODUCTION

16. Tourism Industry Aotearoa (TIA) is the peak body for the tourism industry in New Zealand. With over 1,500 members, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure and other activities, attractions and retail, airports and airlines, as well as related tourism services.

17. The primary role of TIA is to be the voice of the tourism industry. This includes working for members on advocacy, policy, communication, events, membership and business capability. The team is based in Wellington and is led by Chief Executive, Chris Roberts.

18. Any enquiries relating to this paper should in the first instance be referred to Nienke van Dijken, TIA Policy Analyst at nienke.vandijken@tia.org.nz or by phone on 04 494 1842.

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COMMENT

Tourism 2025

19. Tourism 2025 (www.tourism2025.org.nz), an industry-led, government supported economic growth framework was launched in New Zealand in 2014 and has set an aspirational goal of reaching \$41 billion in annual tourism revenues by 2025. The industry's focus is on growing value faster than volume.

20. The Tourism 2025 growth framework is based around five key themes which are Insight, Connectivity, Productivity, Visitor Experience and Target for Value. This growth framework has recently been reviewed ([Tourism 2025-two years on](#)). While the five themes of the framework remain unchanged, the emphasis in some focus areas has shifted.

Our understanding of the issue

We understand that the Ministry of Business, Innovation and Employment (MBIE) wants to:

- Use wage or salary information to help determine the skill level and visa conditions of Essential Skills migrants
- Reinforce the temporary nature of visa and ensure settlement expectations are clear for Essential Skills migrants
- Reinforce that Essential Skills visas should only be granted for the period which the employment is offered

21. TIA accepts the stated intent of the proposed changes but is concerned about the negative impact the proposed changes will have on the ability for tourism operators to secure appropriate employees.

Industry Context

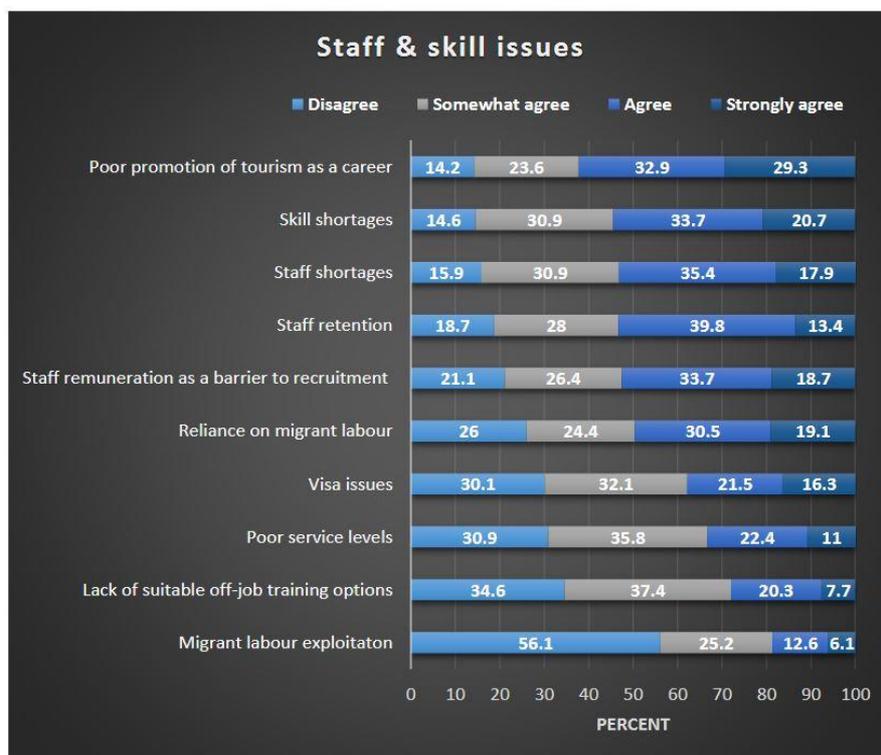
22. When the Tourism 2025 growth framework was launched in 2014, it was recognised that having the right people, in the right place, at the right time is critical in achieving the aspirational goal of \$41 billion annual revenue by 2025.

23. In 2016, TIA together with Lincoln University released the [State of the Tourism Industry 2016 \(SOI\)](#). This report gives a snapshot of the current state and performance of the tourism industry. One of the most significant challenges that tourism operators are facing are staff and skills shortages (reported by 88% of the respondents).

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24. In SOI 2016, the staff and skill issues attracting the highest level of agreement were 'poor promotion of tourism as a career' (85.8% agreed, 29.3% strongly), 'skill shortages' (85.4% agreed, 20.7% strongly) and 'staff shortages' (84.1% agreed, 17.9% strongly).

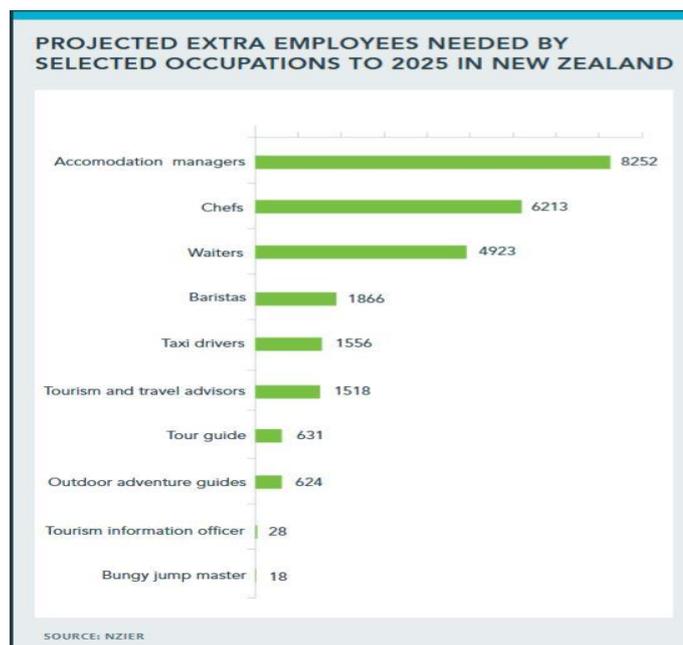


Source: TIA & Lincoln University, *State of the tourism industry (2016)* – as sourced from <http://tourism2025.org.nz/assets/Uploads/State-of-the-Tourism-Industry-2016-Report.pdf>

25. Research for TIA carried out by NZIER in 2014 shows that an extra 36,000 full-time equivalents (approx. 47,000 employees) are needed to support the aspirational goal of the New Zealand tourism industry. The following table shows some of the most common roles and the extra number of employees required by 2025.

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26. In its recently released Regional Roadmaps and Actions Plans¹, Service IQ indicated that there is a need for 200,000 more people working within the service sector.

Service sector job openings as a percentage of current jobs

	More jobs	Jobs now	Jobs in 2020
Otago & Southland	30%	43,000	55,900
Queenstown-Lakes	41%	9,500	13,400
Christchurch	36%	60,000	81,600
Bay of Plenty	39%	31,000	43,100
Auckland (Tourism)	35%	51,800	69,900
Northland	26%	14,000	17,600
TOTAL	34%	209,300	281,500

Source: Service IQ (2017)

27. It is due time the government demonstrated greater empathy for the specific requirements of the tourism industry. There are already acute staff shortages in certain areas, such as popular tourism hotspots, remote destinations and/or at peak times of the year. New Zealanders are often not available in these areas or may be lacking the required attributes or skills. Although the New Zealand tourism industry prefers hiring New Zealanders, this is often not an option.

¹ Source: Service IQ, *Regional roadmaps*, 2017 – as sourced from <http://www.serviceiq.org.nz/wfd/>
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The need for strong government support

28. In 2015, TIA released the [Tourism 2025 People & Skills framework](#). As part of this framework, three priorities (capability, career promotion and labour supply) were identified to work on with MBIE, other government agencies and industry organisations.
29. TIA strongly advocates for strategic leadership by the government to support tourism as a career and to attract New Zealanders to work in tourism.
30. When no (suitable) New Zealanders are available, we want immigration settings that allow tourism employers to secure quality staff.
31. As BusinessNZ noted in their submission on the proposed changes: *'In order for the Essential Skills Policy to deliver the skills and labour necessary to drive industry growth and competitiveness, there needs to be certainty regarding temporary work policy settings. Other policies need to be considered alongside skill and labour migration, including vocational education and training policy and investment, labour market and employment flexibility, and welfare and social services.'* TIA agrees with this.
32. From that same submission: *'There is little point in policies that increase the employment costs associated with accessing low-skilled migrant workers without at the same time having coordinated policies and programmes in place to enhance the labour market competitiveness of local marginal workers and NEETs.'*
33. We need strategic leadership by the government to support tourism as a career and to attract New Zealanders to work in tourism. Without this, we fear a potential pipeline crisis in the tourism industry. The government should work closely with industry in the development of a workforce of capable New Zealanders available to the tourism industry.

TIA Survey on Essential Skills visas

34. In order to gain a fuller understanding of the impact of the proposed changes on the tourism industry and our TIA members, we surveyed members on their use and reliance on the Essential Skills visa. We received 80 responses and many members expressed their concerns regarding the proposed changes.
35. A large proportion of respondents are from the Otago region, clearly indicating that TIA members in this region are concerned about the proposed changes.
36. The comments below are typical of many from the survey:

'The simple fact is, there aren't enough New Zealand skilled workers to fill these roles'

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'It is difficult enough to find NZ residents or citizens that want to work in the tourism industry. The business would be lost without the ability to employ from overseas and continually increase base salary levels and point system will not change New Zealander's desire to full these roles.'

'There is a very genuine shortage of skilled staff in New Zealand.'

'We experience a lack of NZ resident or citizen applicants for minimum wage roles in the hotel and are finding that 95% of the applications for these roles require visa support, if not in initial employment on the expiration of current visas.'

'I would prefer to employ New Zealander's to assist our business providing a true NZ experience to our guests however we simply struggle to attract suitable NZ applicants. Even for completely unskilled roles such as kitchen-hands we can't attract applicants willing to front up and do the job. Our entry level pay is a minimum of 50c above minimum wage and then increases with experience and performance.'

'Most of the time there are too many roles to fill with New Zealanders alone.'

'Tour guides we employ as many NZers as apply, then still need more.'

'Tourism has grown to a space where there is a staff shortage. If we can't import staff then we are not able to deliver the products and service for the number of tourists. This is worse when it is out of a main city.'

37. TIA and the wider industry is of the opinion that making it harder to get a visa without first addressing the issues around people coming into the industry will not create any more work for New Zealanders, rather it will directly impact the industry's ability to deliver products and services.

Seasonal issues

38. MBIE is well aware of the seasonal issues with attracting New Zealanders to work in the tourism industry through its prior engagement with the industry.

39. After meeting with MBIE on the 16th of May regarding the Essential Skills Visa consultation, we understand that:
- a. Seasonal workers on work visas will not be impacted by the proposed changes
 - b. Seasonal workers will continue to be able to enter the country, work for the season and return the following year
 - c. Seasonal workers can only work and stay in the country for the season; they cannot work and stay outside the season unless they would apply for a specific visa for that.

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40. At the consultation meeting with MBIE, MBIE requested information on the occupations that could be regarded as seasonal and therefore exempt from the proposed changes. We were surprised this was not mentioned within the Discussion document. As the provided information could have a significant impact on the tourism industry and its operators, we request that MBIE undertake a fuller consultation on this. TIA would like to be part of this consultation to ensure that the impact on the tourism industry is adequately represented.

41. Below is an example of seasonal issues raised in the survey:

'Our industry is very seasonal with over 80% of our revenue generated over the 6 months from November to April. We only have a couple of full time positions available over the winter months. Most New Zealand guides head overseas during our winter and foreign guides come here during their winter. The sort of staff that it attracts is normally not motivated by money and is far more attracted by spending a season rafting and kayaking overseas. Therefore offering more money for them to stick around has proved unsuccessful. Due to the seasonal nature many guides will only stay in the industry for a few years before they get tired of travelling decide to do something else. We have been unable to retain a NZ trip leader for winter over the last two winter seasons.'

Regional dimension

42. In many areas, there are not sufficient New Zealanders for the positions available. For example, there are not many New Zealanders living in Queenstown. Similarly, there are not many people (both New Zealanders and foreigners) living near the Fox and Franz Josef Glaciers. This poses a significant challenge to tourism operators in filling vacant positions.

43. This regional dimension was also noted in Service IQ's Regional Roadmaps for the service sector. For example, it states:

*'While Northland attracts some high skilled people into the service sector, the numbers of highly skilled people entering the service sector in Northland is significantly lower than the national workforce.'*²

'New Zealand is competing for workers in a global marketplace, and the Bay of Plenty is no different. Over half of roles in the service sector in the Bay of Plenty are classified as 'low skilled' (Levels 3 or lower). However, close to 35 per cent of roles actually are either medium-high to high skilled, which in terms of qualification is typically Level 5-6 or higher, and in the Bay of Plenty only 18.5 per cent of people

² Source: Service IQ, *Regional Roadmap Service Sector Northland 2017/2018*, 2017 – as sourced from <http://www.serviceiq.org.nz/assets/Attachments/Workforce-Development/Northland-Regional-Roadmap-Ed1-Apr17-Web.pdf>

working in the sector are qualified at Level 5 or above. The continuous flows of workers out of the service sector and a reliance on casual and temporary workers has the potential to impact on a business' capacity for training and for growing the capability of its staff.³

44. As was noted in the recent TIA survey:

'The changes are going to make it extremely difficult to fill roles especially in a remote location on the West Coast where we struggle to attract people to live. Staff recruitment and retention in a remote location is an ongoing challenge and the proposed changes are likely to further reduce the pool of people to fill vacancies.'

'Natural Population of Queenstown residents is 35,000 people. This is not a large enough pool to sustain the thriving tourism industry. Cost of living in Queenstown and housing availability makes it unattractive for minimum wage employees to relocate from elsewhere in NZ.'

'I think the proposed changes will make it even harder for us to fill those boat host positions. It's already a nightmare trying to deal with immigration. They need to understand that we have a completely different situation down here (Southern Lakes/ Milford Sound) compared to Auckland.'

'Not many Kiwi's want to live at Milford Sound. The Kiwi's we do employ are from this area or have been in this area for at least 5 years. When we advertise for the position we get very limited interest from New Zealanders.'

'Would love to employ New Zealander's for these positions, but they are unwilling to relocate to our area.'

'Our Queenstown Branch of 25 staff has 22 staff on different forms of working visas'.

'Need to ensure that the skilled shortages in Queenstown are recognised.'

'Tonight as I complete this form a local business has closed for tonight due to lack of staff. New immigration rules will not help rural economies such as Ruapehu.'

45. TIA recommends that instead of the proposed 'one size fits all' approach, the government needs to take into account the substantial differences between local and regional economies and labour markets. The current proposed changes will fail many regions and tourism operators.

³ Source: Service IQ, *Regional Roadmap Service Sector Bay of Plenty 2017/2018*, 2017 – as sourced from <http://www.serviceiq.org.nz/assets/Attachments/Workforce-Development/Bay-Of-Plenty-Regional-Roadmap-v1-Apr17-web.pdf>

Education and Training

46. Although New Zealand tourism operators would prefer employing New Zealanders over foreigners, many feel that in the rare case that New Zealanders are available, they often lack the necessary qualifications and/or attitude to work in the tourism industry.

'We need staff to provide service but struggle to find Kiwi's who want to work.'

'The proposed change to maximum duration and stand down periods are contradicting the requirements of the tourism industry who needs suitable staff for all roles. Especially in Inbound tourism you require qualified workers from overseas to meet demand from target markets. Product knowledge is something one can learn, overseas marketing and sales experience is something that you need to achieve and we constantly have trouble finding suitable New Zealanders for this role.'

'Very few local chefs as the industry locally is growing faster than the training covers.'

'There are very few New Zealander applicants (approximately 5% on average), and almost all of them do not have any hotel and/or supervisory experience (when required for supervisory roles).'

'We need multi lingual staffs mainly.'

'Not many New Zealand Citizens or Residents apply who have the suitable qualifications.'

'Access to skills and talent in rural NZ is becoming a significant impediment to business sustainability and viability.'

47. TIA is of the opinion that the education sector is a critical partner in improving the capability and capacity of the workforce. We are concerned that investment in pre-employment training is not translating into strong flows into tourism jobs.

48. A tourism retail operator selling New Zealand made products advises that multi-lingual staff (Mandarin, Japanese, other) achieve a significantly higher average spend than staff unable to speak these languages. Access to multi-lingual staff is a significant contributor to the visitor experience and business profitability for many tourism businesses.

49. In April 2017, we submitted on the University Entrance (UE) Review 2016-17. Our main comments were that:

- Under the current system school students are deterred from taking tourism subjects at school because the associated credits do not contribute to their UE. Courses that provide only unit standards as opposed to achievement standards

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are commonly perceived by parents, students and some teachers as being only for the less academically capable.

- Because tourism is not an approved UE subject, it adds to the myth that a career in tourism is not an attractive option.

Qualifications in the adventure guiding industry

50. The adventure guiding industry has serious staff shortages.

'This is one of the most frustrating steps in the process. We are required to advertise nationally despite never having a single response to an ad in 18 years. In our industry if you are a qualified raft guide and want work all you have to do is a ring around and you will find a company to take you on. Raft guides are never going to look in the job ads.'

'There are only approximately 20 qualified guides in New Zealand. They are either working with us, working with another company based in Rotorua or retired.'

'There are not enough qualified New Zealand mountain guides to satisfy demand'.

'Hard to find NZ guides with correct skill set.'

'It takes 3 years for our guides to gain enough experience to qualify as a Senior Guide. If essential skills visa is restricted to 3 years our overseas guides would not be able to qualify as a Senior guide, which would impact on safety.'

'We have advertised over the past 2 years for a kayak guide and have never had a suitably qualified kiwi apply. The two people on work visas we employed have been excellent and combined their work with touring the country and taking good stories back to their home country. Without these immigrants we would not be able to meet our health and safety obligations as set out by government.'

51. Safety is critical to adventure tourism and correct qualifications and understanding of a specific operation/place are two fundamentals that underpin a guide's competence.

52. TIA recommends that Immigration New Zealand considers a specific visa for adventure guides, similar to e.g. the foreign (Indonesian, Thai, Vietnamese, Chinese) chef visa or the Japanese interpreter visa. As noted, there are very specific requirements for adventure guides and the pool of New Zealand adventure guides is not sufficient, especially taking the growth in the tourism industry into account. Due to these specific requirements and the time it takes to gain enough experience, this visa should have a duration of more than 3 years.

53. We would like to be involved with any consultation on this to ensure that the needs and potential impacts on the New Zealand adventure tourism industry are adequately represented.

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Lower skilled workers

54. The proposed changes seem to suggest that lower-skilled workers are less valuable than higher-skilled workers for the New Zealand economy. TIA does not agree with this: the tourism industry needs both lower-skilled and higher-skilled staff.
55. The tourism industry relies heavily on lower-skilled migrant workers in the \$16-23/hr pay range. The TIA survey showed that the majority of the employees on Essential Skills visas working in the tourism industry sit within the less than \$48.5K p.a. pay bracket. These roles vary from beauty therapists to office staff, from chefs to horse trekking guides and many other roles. Many roles in the accommodation and hospitality sector, such as F&B staff, concierges, receptionists, chefs, room attendants, kitchen hands and retail staff are under the \$48.5K p.a. pay bracket.
56. As noted, there is often a lack of New Zealanders applying for these lower-skilled roles and because of 'structural' issues such as location and the 24/7 nature of many businesses, firmer immigration settings will not lead to an increase of New Zealanders applying for these roles; it will only make it more difficult for the fast growing tourism industry to attract these essential staff.
- 'There's always preference to employ NZers, but it makes it very challenging when they are not even applying for those roles. We even have trouble finding Vehicle Groomers in South Auckland, because no one wants to do that work.'*
- 'NZ are not very interested in housekeeping work. Work ethics and attitudes of locals are not very good.'*
57. Our survey results indicated that the proposed changes and the uncertainty around whether staff can stay on after three years or not, means that current staff are already moving on to different countries as there is no guaranteed future at the moment.
58. A fast growing tourism industry, combined with New Zealanders not interested in doing these jobs, the government signalling that lower-skilled workers are less valuable than higher-skilled workers and tightened immigration settings may likely lead to a very serious staff/employment crisis in the tourism industry.

Effectiveness of labour market tests

59. As mentioned in BusinessNZ submission: *'All sides would question whether the Labour Market Test and the Essential Skills in Demand lists are effective and efficient regulatory approaches. Given this and the proposed changes to the Essential Skills policy, it would be timely to look at how effective and efficient regulatory tools such as the Labour Market Test and the Essential Skills in Demand lists are in achieving their stated objectives.'*

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60. Similar sentiments were noted in our survey:

'Labour market checks are a waste of time. The skills needed are quite specific which I can guarantee are not likely to be found.'

'I understand the need for them but can be a lengthy and pricey process for no return.'

'The LMC often returns with no candidates, only 1 or 2 candidates that are not appropriate and on occasion the position has not even been advertised.'

'These checks are only relevant and applicable to businesses in more densely populated parts of New Zealand where there is an available work force.'

'Our business is based in Hanmer Springs so a low resident population to seek employees from. Labour Market Checks always prove there are no New Zealanders available locally to fulfil roles.'

'Depending on the location of the hotel will depend on where we can advertise, we do not feel that Trade Me works in the cities, where as Trade Me does work in our country locations. We need the opportunity to decide where we advertise, and have the ability to choose our best candidates.'

'I have never had a suitable candidate come through from the Labour Market Checks in recent times. You have to wait around 2 weeks to get the Labour Response back from them.'

61. Instead of simply tightening immigration settings for essential skills workers, the Government needs to consult with the tourism industry on its specific requirements and needs to analyse how effective the current Labour Market Test is for the tourism industry and apply the recommendations based on this analysis accordingly. Based on the feedback TIA received, we do not feel that the current Labour Market Test system works for the tourism industry.

Effectiveness Work & Income NZ for the tourism industry

62. Our survey also indicated that many tourism operators are unhappy with the candidates that are being put forward by Work & Income NZ (WINZ).

63. When asked how many times they would employ a beneficiary from WINZ for the roles filled by Essential Skills visas, 50% indicated 'never' and 40% indicated 'rarely'.

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64. Feedback included the following comments:

'Extremely poor calibre of candidates - often do not meet the drugs and police check requirements. Have employed one beneficiary in last 12 months - did not turn up to work or was late, was "sick" on many days and was terminated under the 90 days after one month.'

'Rarely available, hard to get potential candidates / CVs, don't meet our criteria, don't want to do the work. Always have more than one role available so many opportunities for Kiwi's and those on visas.'

'Because of this roles being a general shortage in New Zealand, there are never any work and income people available.'

'We always contact Work and Income but they are normally unable to find candidates in our region with the necessary skills.'

'The process with Work & Income is time consuming and takes time to get the role advertised, then the account managers do not seem to understand the roles that we have in the industry and therefore the recommendations for candidates does not match our requirements.'

'We work closely with W&I and a gate way programme here in Rotorua. However we find these people come and work their 5 weeks, then quit with the reason being the work is too hard for them. Finding it very difficult to get kiwi's who want to work?'

'We cannot ever find anyone who is qualified, in the area (or willing to move to the area) through WINZ.'

'There are never any beneficiary applicants for these positions as they do not have the necessary skill set or experience. We do however, regularly employ beneficiaries from Work & Income in other roles where they do have the necessary skills.'

'We advertise almost all our positions with Work & Income, regardless of whether or not they are for a Labour Market Check; however we rarely receive suitable candidates that we can employ for any positions.'

'Very concerned that candidates referred via Work and Income are not qualified before they are referred. I.e. no face to face interview with WINZ, just matching CV's and candidate's word on their capabilities and work history. Very poor communication with our allocated person from WINZ. She does not answer emails, never has her "out of office" on if she is not in the office and I often do not know if she has actioned requests or not. Unprofessional.'

65. Based on the feedback we received from our members, we are of the opinion that

WINZ does not seem to be able to provide the candidates that the tourism industry is

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looking for. We suggest that WINZ works more closely with the tourism industry on how to identify and place the right candidates in the right positions in the tourism industry.

Averaging of hours

66. Full-time employment is currently a requirement for an Essential Skills visa. INZ defines full-time as a minimum of 30 hours a week. Many tourism operators, especially in the adventure tourism industry, are dependent on the weather and the number of employable hours per week is not consistent from week to week. This means that their staff will sometimes only work for 20 hours in a specific week, followed by a week of 60 hours of work. Similarly, in a quiet week a hotel might only need a certain room attendant for 25 hours, followed by a 35 hour work week in a busy week.

67. In TIA's view, the interpretation of full-time employment needs to be amended from a minimum of 30 hours a week, to an average of 30 hours a week over the period of the visa.

Industry's own efforts

68. The tourism industry is taking responsibility for its people and skill issues, and many operators already have actions and initiatives in place in an effort to attract New Zealanders. One activity survey respondent advised the activities and initiatives they undertake to attract, recruit and retain New Zealanders:

- Providing internships and apprenticeships to New Zealanders
- Providing career talks at tourism schools, attending the annual career expo for NZ School of Tourism, holding graduate recruitment seminars for Otago University/ Otago polytechnic students, expanding the famil currently offered to Queenstown Resort College to include local schools
- Setting up recruitment and promotional criteria that is weighted and scored with NZ Citizens/Residents getting a higher rating
- Establishing an improved applicant tracking system to get a better understanding of applicant demographics and how to target NZ Citizens/Residents
- Offering qualifications through NZQA, Bachelor of Applied Management opportunities, developing an "internal university" for employees
- Establishing partnerships with other seasonal employers to create year round opportunities for NZ workers
- Annual inflationary increases plus a pay for performance pay scale applicable to all staff
- Holding staff recognition events
- Career progression opportunities through inter-hotel transfers
- Changing regular days of work to attract people to Queenstown (normally require a weekend day from staff, but have created Monday to Friday jobs)

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69. Similarly, many hotels are actively involved in training and developing young New Zealanders through a variety of initiatives:

- Industry associations, collaboration and recruitment from hospitality training institutes
- Work place learning through the tertiary sector's Gateway programme
- In-work apprenticeships
- Cross-training and promotion of staff within the business
- ServiceIQ National Certificate training
- Paid industry placement for Pacific International Hotel Management School (PIHMS) students and other initiatives in collaboration with PIHMS.

70. Another example of the industry's own efforts in attracting New Zealanders to the industry is the 'Building Futures' programme by Accor Hotels. This programme is focused on attracting beneficiaries to the accommodation sector and currently run in Auckland and Rotorua. It involves pre-selection of up to 12 beneficiaries, followed by the beneficiaries undertaking a five week training programme. The initial three weeks is a combination of classroom and on site, followed by two weeks on site in the hotel. A requirement post the five weeks is that each beneficiary who completes the programme is offered a role with a minimum of 25 hours per week. In the initial five week period, there is about a 10% drop off but for those that go on, the retention rate for Accor has been over 80%. The 'Building Futures' programme is funded by the Ministry of Social Development.

71. TIA would like to see similar programmes, including programmes focused on other tourism sectors who are struggling to attract staff, rolled out over the wider country. As noted, tightening immigration setting without first addressing issues around people coming into the industry will not create any more work for New Zealanders.

72. The industry is already doing its part in attracting the New Zealand workforce; it's time for the government to step up and lead the strategy of attracting New Zealanders to the tourism industry.

Comments on specific sections of the proposal

Proposal 1: introduction of remuneration thresholds to determine skill levels and associated visa conditions

73. As noted, many employees in the tourism industry fall under the \$48.5K p.a. salary threshold. These lower-skilled workers are equally as essential to the tourism industry as higher-skilled workers. The industry would not be able to operate without these lower-skilled workers. They deserve the same rights and opportunities as higher-skilled workers. As such, we do not agree with this hurdle preventing lower skill migrants a pathway to residency.

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Proposal 2a: Introduction of a maximum duration for lower-skilled Essential Skills Migrants

74. If an employer has continued to employ the same lower-skilled worker for three years, and each year has proven to INZ that there is no suitable New Zealander available for the role, they should be given the opportunity to stay. A stand-down period of one year is an unnecessary burden to both the employer and the employee.
75. Feedback from our members shows that many tourism operators consider three years is not sufficient to develop an entry-level worker to a position where they have the skills to hold a management position role in the mid-higher level and pay bracket. The proposed introduction of a maximum duration will make it harder to retain the talent that the tourism operators have already developed.
76. We do not support this proposal.

Proposal 2b: Introduction of stand down period for lower-skilled Essential Skills migrants

77. As noted, lower-skilled workers deserve the same rights and opportunities as higher-skilled workers. A stand down period will severely disrupt businesses, it increases non-wage costs for employers who will be required to source, employ and train new staff once an employee's work visa has reached its three years' maximum duration, and it reduces the pool of talent from which to develop future leaders. There will likely be a reduction in dedication, commitment and service levels in the tourism industry.
78. As the tourism industry is already facing serious issues recruiting suitable staff, especially in lower-skilled positions, we are of the opinion that a stand down period will only have negative effects. It will definitely not increase the number of New Zealanders employed in the tourism industry.
79. We do not support this proposal.

Proposal 3: Require the partners of lower-skilled Essential Skills visa holders to meet the requirements for a visa in their own right and Proposal 4: Require the children of lower-skilled Essential Skills visa holders to meet the requirements for a visa in their own right

80. The tourism industry is already struggling to attract the staff that it needs. Making it harder for lower-skilled workers to bring their family to New Zealand would mean there is less incentive to come to New Zealand. This would mean that the restricted pool of suitable employees will only be tightened.
81. Feedback from our operators indicated that workers with families are more motivated to succeed, work harder, party less and are more reliable employees.

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82. Especially in the accommodation sector, many operators are of the opinion that this will severely impact on the number of applications they will receive for lower-skilled roles, specifically in regions such as Queenstown with a low local-population base.

83. TIA does not support this proposal; it will only make it harder to attract the workers that are essential to our industry.

Proposal 5: Make it explicit how the 'period of employment' condition applies to seasonal work

84. As noted, after meeting with MBIE on the 16th May regarding the Essential Skills Visa consultation, we understand that seasonal workers on work visas will not be impacted by the proposed changes.

85. Seasonal workers are essential to the tourism industry and any decision made by the government on this could have a significant impact on the tourism industry and its operators.

86. We request MBIE undertake a fuller consultation on this seasonal work, outside this current consultation on Essential Skills. TIA would like to be part of this consultation to ensure that the impact on the tourism industry is adequately represented.

FOLLOW-UP PROCESS

87. TIA wishes to participate further in any follow-up process, including any formal meetings, to ensure that the potential impacts on the tourism industry are adequately represented.

BACKGROUND

88. Tourism for New Zealand is big business as the country's largest export sector. The brand positioning built by a vibrant tourism industry has become an important source of national confidence and identity and a front window for "Brand New Zealand". Indeed, the clean and pure offer that is synonymous with New Zealand tourism has been widely adopted and used to promote New Zealand exports in a range of other industries as well.

89. The tourism industry delivers the following value to New Zealand's economy:

- Tourism in New Zealand is a \$95 million per day and \$34.7 billion a year industry. Tourism delivers around \$40 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributes another \$55 million in economic activity every day

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- The tourism industry directly and indirectly supports 13.2% of the total number of people employed in New Zealand. That means 332,322 people are working in the visitor economy.
- Tourism is one of New Zealand's biggest export industries, earning \$14.5 billion or 20.7% of New Zealand's foreign exchange earnings (year ended March 2016).

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